

SHAPING THE FUTURE WITH TREES



NIPPON PAPER GROUP
ESG Databook 2025

Photo : Kitayama company-owned forest, Nippon Paper Industries

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NIPPON PAPER GROUP publishes this ESG Databook every year to report to a wide range of stakeholders on its ESG (Environment, Society, Governance) initiatives. The Group also publishes an Integrated Report to communicate its long-term value creation.

The ESG Databook sets out initiatives related to the seven core subjects of ISO26000 as responsibilities related to management, the sustainable use of forest resources, the environment, customers, human rights and employment and labor, and communities and society, organizing each item according to the Group's important issues (materiality).



NIPPON PAPER GROUP Integrated Report 2025 (P.24-27)

https://www.nipponpapergroup.com/english/csr/npg_ir_e_2025_24-27.pdf

Period Covered

Fiscal 2024: April 1, 2024–March 31, 2025

Includes information from before April 1, 2024 and after March 31, 2025. Dates are indicated in such cases.

Scope of Organizations Covered

The reporting entity is Nippon Paper Industries Co., Ltd. Data, however, were compiled as of March 31, 2025 for Nippon Paper Industries Co., Ltd. and all 54 of its consolidated subsidiaries.



List of Group Companies

<https://www.nipponpapergroup.com/english/about/group/>

Scope of Environmental Coverage

Regarding environment-related policies, systems, and environmental performance data^{*1}, the following 32 companies are covered in the report, including non-consolidated subsidiaries (10 companies) and affiliates (1 company) with production sites, and all major production sites are included.

- Consolidated: Nippon Paper Industries; Nippon Paper Crecia; Crecia Kasuga; Nippon Paper Papyrus; Kokuei Paper; GAC; Nippon Paper Sacks; Kyoei Seitai; Nippon Paper Ishinomaki Energy Center; Yufutsu Energy Center; Nanei; Nichimoku Fancy Materials; N&E; Nippon Paper Development; Flowric; Nippon Dynawave Packaging; Opal; Jujo Thermal; Siam Nippon Industrial Paper; TS Packaging; Amapá Florestal e Celulose^{*2}

^{*1} PRTR and VOC data are for domestic production sites only

^{*2} In some cases referred to as AMCEL in this report

[The contribution to total consolidated sales of the companies listed here was 92% (Sales data includes trading companies that are members of NIPPON PAPER GROUP and sell Group-made products to outside buyers)]

- Non-consolidated: Mishimakako; Osakakako; Kochikako; Nippon Paper Liquid Package Product; Iwaki Lumber Industry; Nichimoku Pallet; NICHIMOKU FOREST HOKKAIDO; MANTSUNE PACKAGE; Seikosha Printing; Akita Jujo Chemicals

- Affiliated company: Fukuda Paper MFG

Referenced Guidelines


- Environmental Reporting Guidelines (2018) of the Ministry of the Environment
- Global Reporting Initiative(GRI) Standards
- United Nations Global Compact
- SASB Standards ● ISO 26000, etc.




Guideline comparison table

<https://www.nipponpapergroup.com/english/csr/gri/>

Links in this Report

 P00 ...Click to go to the related page of this Report.

 WEB ...Click to go to the related website.

Disclaimer

This report includes not only statements of fact and historical data but also plans, forecasts, and estimates (forward-looking statements) based on the business plans and policies of NIPPON PAPER GROUP. These forward-looking statements are the result of assumptions or judgments based on currently available information as this report was prepared. It should be noted that these statements may differ significantly from actual results due to the impacts of a number of important factors.

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Sustainability Website <https://www.nipponpapergroup.com/english/csr/>

NIPPON PAPER GROUP Integrated Report 2025

<https://www.nipponpapergroup.com/english/ir/library/Annual/>

Sustainability Management

1 Basic Policy

Nippon Paper Industries signed and joined the United Nations Global Compact in 2004. The Company promotes sustainability management that pursues both social and environmental sustainability and the future growth of the Company by realizing the Group Mission based on the Ten Principles of the United Nations Global Compact in four areas (human rights, labor, environment, and anti-corruption).

In 2023, the Japan Paper Association, of which the Company is a member, established the "Japan Paper Association Basic Principles for Sustainability" based on discussions among member companies. The Company will adhere to these principles and fulfill our social responsibility through business activities.



→WEB

Participation in the United Nations Global Compact (Japanese only)

<https://www.nipponpapergroup.com/csr/admin/ungc/>

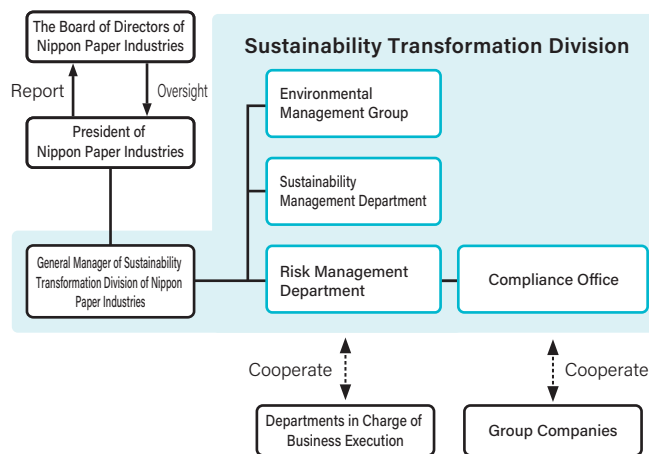


→WEB

Japan Paper Association Basic Principles for Sustainability (Japan Paper Association Sustainability Report 2024, P.5)

https://www.jpaa.jp/sustainability/report/pdf/en_report2024.pdf

2 Promotion Structure



- Under the oversight of the Board of Directors of Nippon Paper Industries, a Sustainability Transformation Division was established directly under the Company's President and Representative Director to promote environmental management, enhance risk management, share ESG-related information, and strengthen relationships with stakeholders.
- The Sustainability Transformation Division has previously reported to the Board of Directors on sustainability-related activities, and in FY2024 the division presented four reports on climate change, crisis response training, the status of evaluations by ESG rating agencies, and other matters.
- Since 2011, the Company has been conducting CSR surveys once a year at Group companies in Japan and overseas in order to confirm the status of the companies' responses to issues such as the environment, human rights, and regulatory compliance. In FY2024, as in the previous fiscal year, the survey analysis results were reported at the [Group CSR Liaison Meetings](#) → P10 to share issues with the CSR representatives of Group companies.

3 Employee and other Personnel Training and Development

Achievements in Sustainability-related Training and Development (FY2024)

	Target participants	Number of participants	Number of events (frequency)
e-Learning	Employees of NIPPON PAPER GROUP	9,615	1 (once a year)
Sustainability training	New employees of NIPPON PAPER GROUP	98	1 (once a year)
	New managers of Nippon Paper Industries	49	1 (once a year)
Sustainability lectures	NIPPON PAPER GROUP employees and Nippon Paper mill contractors	3,715	1 (once a year)
The School of Friendship for Forests and Paper → P78	Elementary and middle school students and their guardians	58	2 (twice a year)

CASE STUDY

Human Rights Awareness-raising (Nippon Paper Industries)

The Company regularly holds lectures from experts and conducts internal training to provide opportunities for raising stakeholder awareness regarding sustainability. In FY2024, the Company provided all Group employees with e-learning and an on-demand lecture on the theme of human rights. The e-learning presented opportunities for employees to learn the fundamentals of business and human rights. In the lecture, attorney Emi Omura (partner at CLS Hibiya Tokyo Law Office) talked about the impact that respect for human rights has on workplaces and companies and introduced some of the Company's initiatives. Attendees and online viewers shared a great deal of feedback, such as saying that they learned that human rights are involved in each and every one of the Company's business activities, that they wanted to improve their workplace environments by paying mutual attention to their words and behavior, or that they wanted to make sure that they didn't make unreasonable requests of business partners.



Lecture in session

Enhancement of Corporate Governance

1 Basic Policy

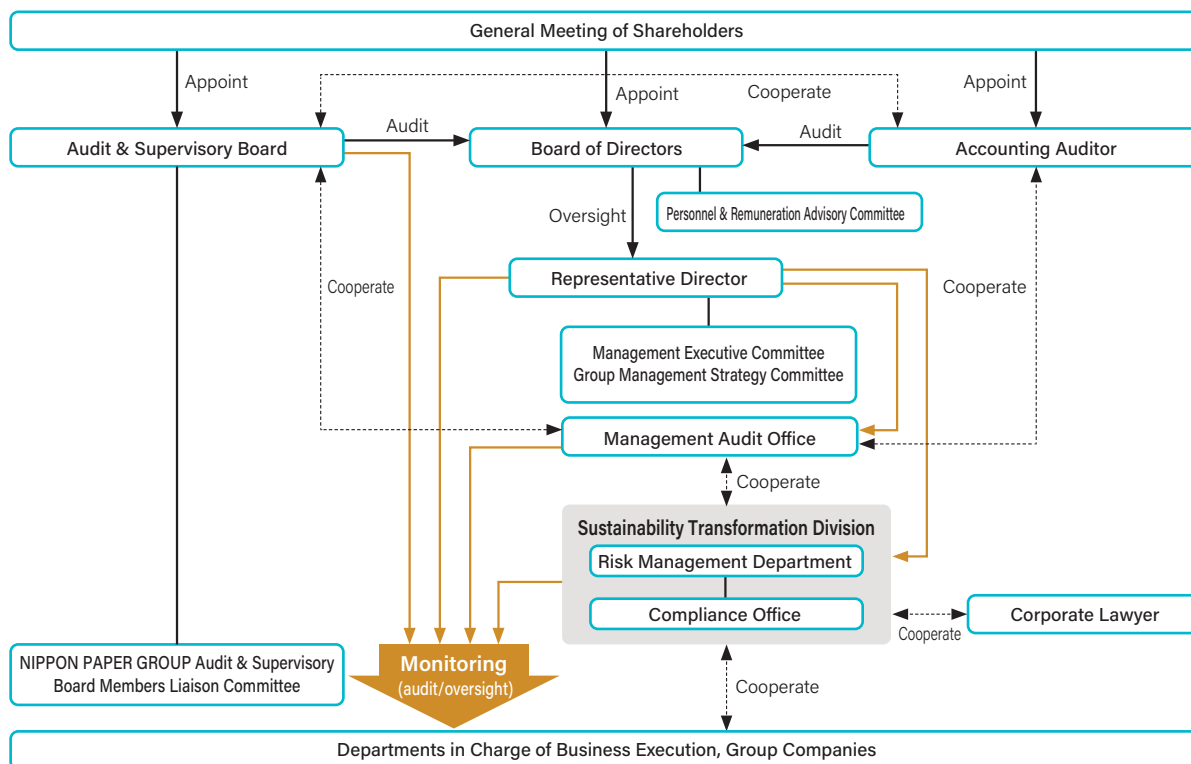
→P83 **Corporate Governance Policy**

→WEB **Corporate Governance Report**
<https://www.nipponpapergroup.com/english/ir/governance/>

→P87 **Basic Policy to Establish the Internal Control Systems**

2 Corporate Governance Structure

Corporate Governance Structure (As of July 1, 2025)



● Nippon Paper Industries is a company with an Audit & Supervisory Board.

● The Company's accounting auditor is Ernst & Young ShinNihon LLC.

1. Board of Directors

● The Board of Directors has a supervisory function for overall management, ensures the fairness and transparency of management, and also makes the most appropriate decisions for the Company in the form of decisions on the execution of important operations, which are legally required to be made by the Board of Directors. The Board also supervises the execution of duties by the representative director and executive officers. The Chairman of the Company also serves as the Chairman of the Board of Directors and does their utmost to exercise and strengthen the supervisory functions of the Board.

● In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall raise awareness among corporate officers and employees, strive to facilitate the sustainable development of society, and enhance the corporate value of NIPPON PAPER GROUP by promoting active efforts to resolve challenges while giving consideration to stakeholders.

Status of Meetings of the Board of Directors (FY2024)

Number of Board of Directors meetings: 13

Average rate of attendance by directors: 99.1% (outside directors: 100%)

Average rate of attendance by Audit & Supervisory Board Members: 100% (outside Audit & Supervisory Board Members: 100%)

2. Management Executive Committee

● Usually, the Management Executive Committee meets once a week to deliberate on important business issues under the authority of the president to assist in the execution of the president's duties.

● The Committee membership is basically composed of the president, vice presidents, and general managers.

● Meetings of the Management Executive Committee, held once a month, are attended by outside officers and general managers of the Company's mills in order to share information on monthly financial results among management.

Enhancement of Corporate Governance

3. Group Management Strategy Committee

- The Company's Group Management Strategy Committee meets as necessary and deliberates on management strategies by business segment and other important matters related to the Group.
- The Committee comprises internal directors and internal Audit & Supervisory Board Members, the presidents of major Group companies, and executive officers in Tokyo and general managers. Outside officers also participate.

4. Audit & Supervisory Board Members and Audit & Supervisory Board

- In addition to meetings of the Board of Directors, Audit & Supervisory Board Members attend other important meetings, such as the Management Execution Committee and the Group Management Strategy Committee, and strictly monitor the execution of duties by directors. They also conduct on-site inspections of the Company's departments, offices and Group companies, and also strictly audit whether company operations are being carried out legally and appropriately.
- The Audit & Supervisory Board periodically holds regular meetings with the representative director, working to deepen mutual understanding.
- The Audit & Supervisory Board also strives to enhance group audits by strengthening cooperation with Audit & Supervisory Board Members of each Group company.
- The Audit & Supervisory Board consists of four Audit & Supervisory Board Members.

Status of Meetings of the Audit & Supervisory Board (FY2024)

Number of Audit & Supervisory Board meetings: 14
Average rate of attendance by Audit & Supervisory Board Members: 100% (outside Audit & Supervisory Board Members: 100%)

5. Management Audit Office

- The Management Audit Office is directly under the President's control. It conducts an internal audit of the Company and each Group company. It also conducts a comprehensive evaluation of the maintenance and operation of the internal control system as it relates to financial reporting. In FY2024, the results of the internal audit were reported twice to the president and representative director of the Company, full-time Audit & Supervisory Board Members, etc., and twice to outside directors and Audit & Supervisory Board Members.
- The Management Audit Office coordinates between audits by Audit & Supervisory Board Members and internal audits, such as by holding monthly information exchange meetings with Audit & Supervisory Board Members.

6. Personnel & Remuneration Advisory Committee

- To further enhance corporate governance, the Company has established the Personnel and Remuneration Advisory Committee as an advisory body to the Board of Directors, which consists of three outside directors who are independent officers, the President and Representative Director of the Company, and the General Manager of the General Affairs and Human Resources Division.
- The Committee is chaired by the Company's president and representative director, and appropriate involvement and advice are obtained from independent outside directors who are members of the Committee. In principle, the chairperson chairs the Committee, but for deliberation items that require particular independence and objectivity, it is chaired by independent outside directors.
- The Committee receives questions from the Board of Directors regarding the selection processes, qualifications, and reasons for nomination of candidates for Directors and Audit & Supervisory Board Members, the criteria for judging the independence of independent outside officers, and the remuneration system for corporate officers of the Company, and considers the appropriateness of these matters, with appropriate involvement and advice from independent outside directors, and reports back based on an assessment of the Company's business performance and other factors.
- The Board of Directors shall make decisions regarding nomination of directors and Audit & Supervisory Board Members, and compensation for directors etc., after receiving reports from the Personnel & Remuneration Advisory Committee.

Meetings of the Personnel & Remuneration Advisory Committee (FY2024)

Number of meetings: 6

Average attendance rate of outside directors: 100%

April 2024

Exchange of opinions
on corporate officer
appointments

Exchange of opinions on
system of remuneration
for corporate officers

June

Exchange of opinions
on remuneration for
corporate officers

November

Exchange of opinions
on business execution
system and corporate
officers

February 2025

Exchange of opinions
on structural changes
to the representative
director system

March

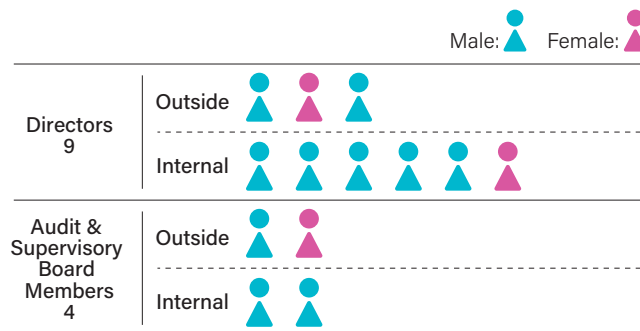
Exchange of
opinions on
corporate officer
appointments

Enhancement of Corporate Governance

3 Composition of the Board of Directors

- The Board of Directors comprises internal directors who excel in their respective business performance and management skills and outside directors who have specialized knowledge and extensive expertise. This ensures a balance and diversity of knowledge, experience, and skills throughout the Board.
- Three of the nine directors are outside directors (including 1 female director).
- Two of the four Audit & Supervisory Board Members are outside Audit & Supervisory Board Members (including 1 female member).
- The skills that the Company expects to be demonstrated by each director are identified based on the basic policy of the "2030VISION" and the important management issues (materiality) for realizing the Group Mission.

Composition of the Board of Directors (As of June 27, 2025)



  **WEB** **List of corporate officers of Nippon Paper Industries**
<https://www.nipponpapergroup.com/english/about/corporate/officers/>

  **WEB** **Skill Matrix of Directors**
(NIPPON PAPER GROUP Integrated Report 2025, P.55)
https://www.nipponpapergroup.com/english/csr/npg_ir_e_2025_54-55.pdf

1. Nomination Policy of Director Candidates

Director candidates are determined by the Board of Directors, on condition that they meet all of the following requirements.

- (1) A person who has a wealth of knowledge and experience in the business management and business operations of the Group
- (2) A person who fully understands the social responsibilities and mission of the Company's business activities and who can fairly and accurately carry out business management and business operations based on principles of strict self-discipline

2. Nomination Policy of Candidates for Audit & Supervisory Board Members

Audit & Supervisory Board Member candidates are determined by the Board of Directors from among a wide range of diverse talent, on condition that they meet all of the following requirements.

- (1) A person who has a wealth of knowledge and experience in the business management and business operations of the Group
- (2) A person who is capable of auditing the status of business execution by the Company's directors from a fair and objective standpoint, and of contributing to the improvement of the soundness and transparency of management.

3. Outside Directors and Outside Audit & Supervisory Board Members

- The Company designates three outside directors and two outside Audit & Supervisory Board Members as independent officers who meet the qualifications for independent officers.
- Candidates for outside director and outside Audit & Supervisory Board Member are selected from a wide range of diverse talent, on the condition that they meet both of the following requirements, in addition to the requirements for externality stipulated by laws and regulations (not having been a director, employee, etc., of the Company or its subsidiaries in the past).
 - (1) Persons who meet the independence criteria set by the Tokyo Stock Exchange and are recognized as having no risk of conflicts of interest with ordinary shareholders
 - (2) Persons who understand the Company's management philosophy and fully understand the Group's social responsibilities and roles
- In addition to requirements (1) and (2) above, outside director candidates will be selected by the Board of Directors on condition that they are fully aware of their role as outside directors and are able to utilize their specialized knowledge and experience in fields such as corporate management, economics, legal affairs, accounting, taxation, and auditing, and to supervise the directors and management of the Company and provide accurate and appropriate opinions and advice.
- In addition to requirements (1) and (2) above, outside Audit & Supervisory Board Member candidates will be selected by the Board of Directors, and with the consent of the Audit & Supervisory Board, on condition that they are fully aware of their role as outside Audit & Supervisory Board Member, and are able to utilize their specialized knowledge and experience in fields such as corporate management, economics, legal affairs, accounting, taxation, and auditing, and to audit the directors' execution of their duties from a neutral and objective standpoint, and to contribute to the soundness and transparency of management.

Enhancement of Corporate Governance

4. Successor to the President

- Candidates for the president's successor are developed by having them successively hold important positions such as executive officers and directors.
- In the Personnel & Remuneration Advisory Committee, established as an advisory body to the Board of Directors, the president explains medium- to long-term management issues and exchanges opinions with the outside directors to win the confidence of the committee. At the same time, ever deepening discussions are being held on the qualities that a president should possess and the responsibilities that a president should fulfill in light of future management issues.
- The Personnel and Remuneration Advisory Committee discusses corporate officer personnel affairs, including the appointment and dismissal of the president, and reports to the Board of Directors. Having received these reports, the Board of Directors examines the contents of the reports, the progress of discussions, and other relevant aspects and then decides on candidates.
- Through these processes, the Board of Directors supervises the formulation and operation of the president succession plans.
- Further, from the perspective of securing talent who will be capable of shouldering responsibility for the running of the Company in the future, the Company implements rotations between various job types and business sites, especially for career-track employees, and promotes them quickly to important posts and positions where they can assist management, such as general manager positions or top management positions at affiliated companies and overseas subsidiaries, thereby exposing them to high level and high intensity operations and duties, to develop and select the next generation of corporate officer candidates.

5. Policy for Training of Directors and Audit & Supervisory Board Members

- The Company continuously provides information on a range of matters (economic conditions, industry trends, regulatory compliance, corporate governance, financial accounting, etc.) necessary for executive officers and directors to fulfill their roles and functions and also provides support for the execution of duties by executive officers and directors by securing opportunities for them to participate in the external training that they desire.
- At the time of their appointment and in a timely manner during their terms of office, the Company provides outside directors and outside Audit & Supervisory Board Members with briefings about the Group's management strategies, management plans, the status of various businesses, the management environment, and management challenges, etc., given by the various related departments or staff members in charge. This ensures opportunities for the formation of sufficient understanding among them.

4 Policy for Determining Remuneration for Directors and Audit & Supervisory Board Members

- The remuneration system for internal directors consists of fixed, performance-linked, and stock remunerations. The composition ratios are set appropriately based on the purpose of each type of remuneration.
- The standard amount of monthly remuneration for internal directors shall be decided according to their responsibilities within the Company. Of that, 70% shall be fixed and the remaining 30% shall be, in principle, paid after adjustment based on the degree of achievement of the Medium-Term Business Plan. The standard amount is determined using objective survey data from outside sources and considering factors including the Company's performance, the scale of business, and managerial circumstances. Performance indices are established to effectively function as motivation to achieve performance targets and reevaluated as necessary in response to changes in circumstance.
- Following a report by the Personnel & Remuneration Advisory Committee, the achievement of greenhouse gas emissions reductions targets under 2030VISION and the achievement of employee engagement targets were included as non-financial indicators in the performance evaluation criteria for internal directors from July 2024.
- The Company has introduced "Board Benefit Trust (BBT)" as a stock compensation plan since FY2019 for internal directors separately from their monthly compensation. The objective of BBT is to further clarify the link between the compensation provided to directors and the Company's share value and thereby increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its corporate value by sharing the benefits and risks associated with share price fluctuations with shareholders.
- Monthly remuneration for outside directors and outside Audit & Supervisory Board Members shall be fixed. In light of their responsibilities, contributions to the executive shareholding association are on a voluntary basis.

Enhancement of Corporate Governance

Remuneration for Internal Directors (Nippon Paper Industries)

	Fixed remuneration	Performance-based remuneration	Stock remuneration
Method	Cash payment		Points granted
Payment allowance	Up to ¥700 million per year		Up to 25,000 points per year (1 point = 1 share)
Payment period	Monthly (no bonuses or retirement benefits)		Director resignation (cumulative points converted to shares)
Calculation method	Determined according to their respective responsibilities		Points granted according to their respective responsibilities
	70% paid as fixed remuneration	30% paid, in principle, after adjustment based on the degree of achievement of the Medium-Term Business Plan	
Performance standards	—	Financial Indicators 70%: Consolidated results (net sales and operating income) 30%: Non-consolidated results (net sales and operating income) Non-financial Indicators 1. Achievement of greenhouse gas emissions reduction targets under 2030VISION 2. Achievement of employee engagement targets	—
Other	Fixed amounts contributed to the Company's executive shareholding association		—

5 Assessment of Board Effectiveness

- Since FY2015, an evaluation of the effectiveness of the Board of Directors has been conducted once a year.
- The Secretariat of the Board of Directors evaluates the effectiveness of the Board of Directors by conducting a questionnaire survey of Directors and Audit & Supervisory Board Members regarding the operation of the Board of Directors and discussions at its meetings.
- The Company receives advice from an external organization on self-assessment and analysis obtained from the surveys. The anonymity of the surveys is ensured by sending the responses to the external organization.



Assessment of Board Effectiveness

<https://www.nipponpapergroup.com/english/ir/governance/evaluation/>

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members* (FY2024) (Nippon Paper Industries)

	Number of executives	Total amount of remuneration, etc. by Type			Total amount
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	9	¥306 million	¥89 million	¥26 million	¥422 million
(Outside directors)	(3)	(¥43 million)	(—)	(—)	(¥43 million)
Audit & Supervisory Board Members	4	¥62 million	—	—	¥62 million
(Outside Audit & Supervisory Board Members)	(2)	(¥15 million)	(—)	(—)	(¥15 million)

* Figures are rounded down to the nearest million yen

Risk Management

1 Basic Policy

Basic Policy

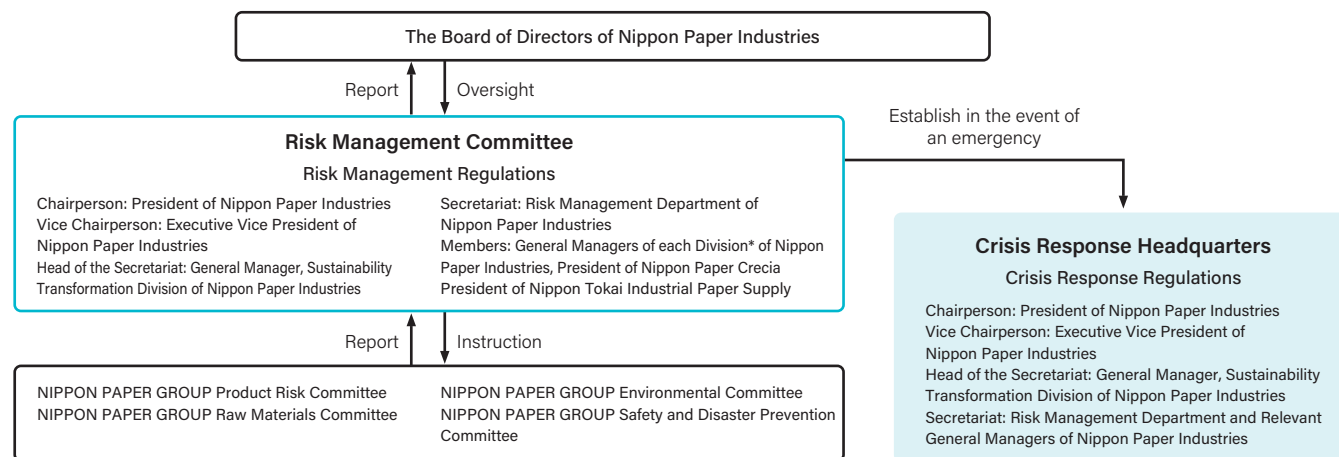
- ① Prioritizing human life and safety
- ② Continuing business

Under these policies, the Group will follow and comply with the guidance and recommendations of national and regional governments.

Risks for NIPPON PAPER GROUP are all possibilities that may cause physical, economic, or credit loss or disadvantage to the Group, specifically the following seven items:

- (1) Legal and regulatory compliance risk
- (2) Labor-related risk
- (3) Business-related risk
- (4) Finance-related risk
- (5) Disaster-related risk
- (6) Information systems-related risk
- (7) Other risks

2 Promotion Structure



* Sustainability Transformation Division, Personnel & General Affairs Division, Corporate Planning Division, Biomass Material Business Division, Financial Division, Raw Materials and Purchasing Division, Research & Development Division, Technical & Engineering Division, Energy Business Division, Sales Planning Division, Paper-Pak Sales Division, Chemical Sales Division

1. Risk Management System

- Under the supervision of the Board of Directors of Nippon Paper Industries, the Company has established its Risk Management Committee, which is chaired by the president and representative director, and holds meetings at least once a year (FY2024: 1 meeting).
- In normal times, the Risk Management Committee periodically identifies and evaluates the Group's risks in accordance with the Risk Management Regulations, and discusses and deliberates measures to mitigate its risks and measures to be taken when they occur.
- In times of emergency, a Crisis Response Headquarters is established in accordance with the Crisis Response Regulations. The Crisis Response Headquarters promptly implements initial emergency responses and BCP (Business Continuity Plan) in response to risks such as earthquakes, typhoons, and outbreaks of infectious diseases.

- Risks related to product safety, raw materials procurement, the environment, and safety and disaster prevention are discussed and deliberated by committees that are chaired by the general managers of the relevant division.

2. Reports to the Board of Directors

- The results of discussions and deliberations by committees chaired by the general managers of each responsible division of risks related to product safety, raw material procurement, the environment, and safety and disaster prevention are reported to the Board of Directors through the Risk Management Committee.
- In FY2024, in addition to the Group's business risks and the content of reports from the various committees, the Board of Directors also received reports on the response status of crisis response training for the scenario of a Tokyo Inland Earthquake and BCM (Business Continuity Management).

Risk Management

3 Risk Management Activities

1. Risk Identification

- In FY2024, risk surveys were conducted for the Company's head office and mills, consolidated subsidiaries in Japan, three non-consolidated subsidiaries, and three overseas consolidated subsidiaries. In addition to identifying risks, the surveys also confirmed risks that materialized in FY2024 and those whose significance will increase in the future.
- Based on the results, the relevant departments and the Risk Management Committee have discussed and identified the business risks of the Group as follows.

Major Business Risks of the Corporate Group (FY2024)

	Summary	Main initiatives to mitigate risks
Major risks associated with management strategies	Risks related to securing human resources	<ul style="list-style-type: none"> ● Proactive recruitment and development of human resources with diverse backgrounds ● Creation of a work environment that supports flexible work styles ● Automation and labor-saving at operational sites
	Risks related to delays in the improvement of profit from Opal	<ul style="list-style-type: none"> ● Optimization of manufacturing footprint at Maryvale mill and stabilization of operations ● Increase of production capacity and improvement of productivity through capital investment in the Packaging Business
	Risks related to climate change	<ul style="list-style-type: none"> ● Reduction of GHG emissions by energy savings and increasing the proportion of renewable and waste energy ● Utilization of J-Credit scheme ● Promotion of elite trees
	Risks related to declines in demand for graphic paper	<ul style="list-style-type: none"> ● Improvement of competitiveness through reorganization of production structure for graphic paper ● Maintenance and expansion of sales volume through development of environmentally friendly products and expansion of their lineup ● Expansion of exports through development of products for overseas markets and reinforcement of sales and supply chain structure
	Risks related to delays in the expansion of Biomass Material Business	<ul style="list-style-type: none"> ● Application development, commercialization, and sales expansion for biomass material products ● Promotion of open innovation ● Aggressive intellectual property strategies
	Risks related to supply chain management	<ul style="list-style-type: none"> ● Procurement from multiple regions and multiple sources ● Review of inventory levels ● Expansion of flexibility and procurement network by strengthening horizontal cooperation within NIPPON PAPER GROUP ● Joint marine shipping with other companies ● Introduction of a truck arrival booking system
	Risks related to natural disasters and infectious diseases	<ul style="list-style-type: none"> ● Establishment of the Crisis Response Headquarters ● Maintaining BCP ● Regular implementation of various drills based on disaster scenarios ● Thorough measures to prevent outbreaks of infectious diseases
Main risks associated with the business environment and business activities	Risks related to production facilities	<ul style="list-style-type: none"> ● Planned measures against deterioration with aging ● Preventive maintenance
	Risks related to compliance	<ul style="list-style-type: none"> ● Regular education and training ● Compliance awareness surveys
	Risks related to worker health and safety	<ul style="list-style-type: none"> ● Operation of the occupational safety and health management system
	Risks based on product liability	<ul style="list-style-type: none"> ● Supervision by the Group Product Risk Committee ● Utilization of product liability insurance
	Risks related to environmental laws and regulations	<ul style="list-style-type: none"> ● Dissemination and compliance with environmental laws and regulations
	Risks related to information systems	<ul style="list-style-type: none"> ● Construction and operation of systems in preparation for cyber-attacks ● Enhancement of the personal information management system
	Risks related to intellectual property disputes	<ul style="list-style-type: none"> ● Protection of intellectual property rights ● Internal training

2. Maintaining BCP

- In response to the large-scale natural disasters that have occurred frequently in recent years, the Company continues to develop BCP based on the BCM framework that was worked on in FY2020.
- Each department of the Company (head office) compiles the BCP and disseminates them internally. Based on the BCP, in addition to stockpiling food and daily necessities, the Company has added equipment that will be needed when the Crisis Response Headquarters is set up, and has also selected priority operations.
- The Company (mills) is working to revise the existing BCP to incorporate earthquakes, tsunamis, typhoons, floods, and volcanic eruptions as expected disasters.
- 30 Group companies have prepared their crisis response rules.

3. Enhancement of Crisis Management

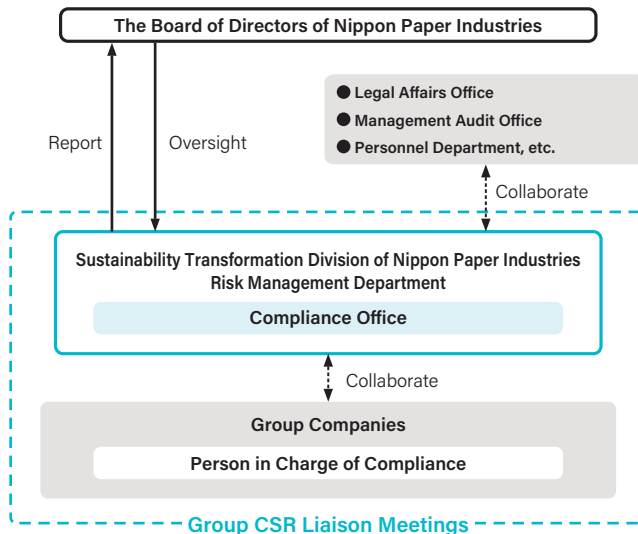
- The Company (head office) conducts training on the smooth establishment of Crisis Response Headquarters under the BCM framework to improve crisis management capabilities, including initial incident response.
- In FY2023, Crisis Response Headquarters setup training was conducted online for the scenario of a large-scale disaster on weekends and holidays.
- In FY2024, crisis response training was conducted for the scenario of a Tokyo Inland Earthquake, the transfer of part of the functions of the head office to the Iwakuni mill, and the setting up of a Crisis Response Headquarters.

Compliance

1 Basic Policy

-  [→P88](#) **NIPPON PAPER GROUP Standards of Business Conduct**
-  [→P89](#) **NIPPON PAPER GROUP Code of Conduct**
-  [→P83](#) **Corporate Governance Policy**
-  [→WEB](#) **Basic Policies of Nippon Paper Industries Concerning Privacy Protection**
<https://www.nipponpapergroup.com/english/terms/#ancPolicy>
-  [→P90](#) **Nippon Paper Group Basic Policy on Prevention of Bribery to Public Officials**
-  [→P91](#) **Nippon Paper Group Basic Policy on Compliance with Competition Laws**
-  [→P87](#) **Basic Policies to Establish the Internal Control Systems**

2 Promotion Structure



- In the NIPPON PAPER GROUP CSR Liaison Meetings, the Compliance Office in the Sustainability Transformation Division works to enhance cooperation on compliance with the staff responsible for compliance at Group companies.
- The Division reports to the Board of Directors on compliance-related activities. In FY2024, reports were made on the operational status of the internal whistleblower system and the achievements of compliance training.
- The operational status of the internal whistleblower system is reported to the Board of Directors of the Company, and in addition, to Audit & Supervisory Board members and the Management Executive Committee, on a quarterly basis.
- A compliance awareness survey was conducted of the Company and selected Group company employees in FY2023, and of the employees of the remaining Group companies in FY2024, to assess the actual status of compliance. The survey results were reported in Management Executive Committee meetings and the like, and the Company is using the results to implement measures such as making the whistleblowing system easier to use.

3 Standards of Business Conduct and Code of Conduct

- To realize the Group Mission and live up to the Group's social responsibility as a modern corporation, in October 2024, what were then known as the Action Charter and the Codes of Conduct were revised with the approval of the Board of Directors.
- Previously, only the Action Charter applied to the entire Group, and each company created its own codes of conduct. The Company revised the Company's Codes of Conduct, making it a code shared by the entire Group, to earn the trust of society and heighten the brand value of the Group by having all employees share the same values and engage in conduct governed by consistent standards.
- The Sustainability Transformation Division is the driving force working on firmly establishing the Standards of Business Conduct and the Code of Conduct throughout the Group.

4 Personal Information Protection

- The "Basic Policies of Nippon Paper Industries Concerning Privacy Protection" has been established to facilitate the management of personal information.
- In accordance with the intention of the Act on the Protection of Personal Information, the Company tracks and manages the timing of acquisition and purpose of use of personal information held by each department in management ledgers.
- The ledgers are reviewed annually to ensure proper management.
- No formalized complaints were reported on customer data loss in FY2024.

5 Information System Security

- The Company has established "Information System Security Measures Rules" and is implementing information system security measures.
- The Company has established an information system security structure in which the General Manager of the Financial Division is the Chief Information System Security Supervisor (officer in charge of information system security). Security incidents and other matters are reported to the Board of Directors every year through the Risk Management Committee.
- One security incident in a Group company was reported in FY2024.
- In order to stop the spread of damage and prevent recurrence in the event of an incident such as a cyber-attack or virus infection, the Company has established a response system and procedures, and is providing training on this for Group employees. [→P12](#)

Compliance

6 Preventing Corruption

- To realize the Group Mission, the Group has set "Fairness" as a priority value for employees.
- In its various training programs, the Group educates its employees on the content related to anti-corruption (prevention of bribery and compliance with competition laws), such as inappropriate relationships with local governments and public officials in Japan and overseas with whom business activities are conducted, and not giving inappropriate benefits to, or receiving them from, customers and business partners in sales and purchasing activities. Also, the Company strives to correct any suspicious cases that may occur.
- In FY2023, the Japan Fair Trade Commission issued a cease and desist order and another order to a Group company. All Group companies, including the Group company in question, have been thoroughly implementing initiatives for ensuring compliance with the Antimonopoly Act, including various types of training, and are working to prevent any reoccurrence.
- In its "Declaration of Partnership Building," the Company declares that it will strive to comply with desirable business practices between main contractors and subcontractors, and actively work to correct any business practices and trading practices that may hinder the building of partnerships with business partners.

7 Intellectual Property Rights Protection

The Group appropriately manages the information it receives through its business activities and respects others' intellectual property rights.

8 Whistleblower System (Remedial Measures)

1. Mechanism of the Internal Whistleblower System

- The Company has established a "NIPPON PAPER GROUP Helpline," which allows employees to directly report and consult regarding human rights (harassment, working conditions, and other potential risks or concerns), corruption (bribery, violations of competition laws, and other illicit activities), environment-related laws and regulations, outside the everyday chain of command.

- Upon receiving reports, the Compliance Office conducts fact-finding investigations regarding any concerns about violations of laws or corporate ethics. In accordance with the seriousness of the incident, the Company takes corrective actions and measures to prevent recurrence, such as internal disciplinary action, warnings and guidance, and awareness-raising activities for employees through e-learning, etc., while giving consideration to the whistleblower.
- Reports and requests for advice are accepted through multiple channels such as telephone, email, and mail. In addition, contact via chat service has been available since April 2024.
- The utmost care is taken to protect the privacy of whistleblowers.
- The whistleblower system can be used anonymously, but if a report is anonymous, there is a limit to how far the report can be investigated. Therefore, it is recommended that reporters provide their real names as much as possible.
- In accordance with the amended Whistleblower Protection Act of June 2022, employees who have left the company not more than one year ago are added to the scope of users of the system, and the Company prohibits any disadvantageous treatment as a result of whistleblowing, and protects the whistleblower's personal information, as stipulated in the Company's internal rules.
- The Company regularly informs employees about the consultation desk by distributing compliance cards to all group employees, contractors and other parties, and by including information about it in each corporate newsletter.

2. Operational Status of the Whistleblower System and Responses

- In FY2024, there were 69 requests for consultation and reports (FY2023: 43 cases, FY2022: 61 cases,) of which about 50% were related to harassment, and about 20% were doubts about labor-related rules and their operation, while about 10% had doubts about business instructions and responses.

- In order to further strengthen efforts to prevent harassment, which occurs frequently, the Company is continuing to conduct the following harassment training.

- e-learning and video-based training for all employees* (ongoing initiative started in FY2023)

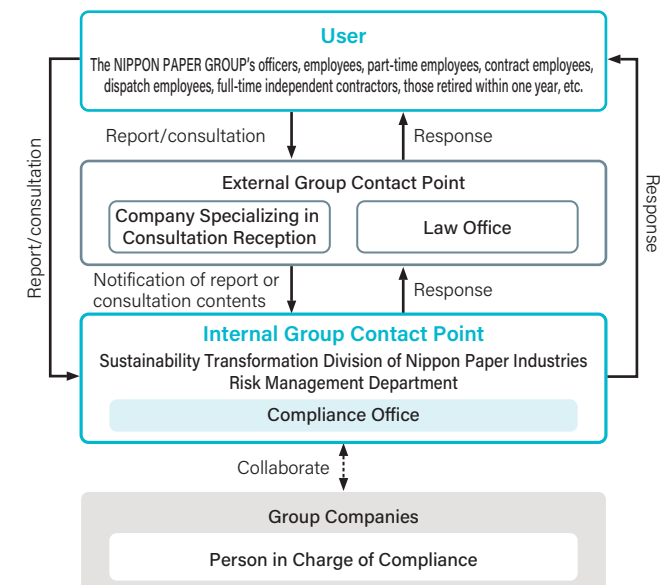
* This includes both dispatched and part-time employees

- Online training for head office managers (FY2024)
- Face-to-face training for head office department heads (FY2024)

3. Receipt of Opinions from Those Who Are Not Eligible for the Use of the Helpline

Opinions from third parties (customers, business partners, and other agencies) not covered by the NIPPON PAPER GROUP Helpline are accepted through "Contact Us" on the Group's website [→ WEB](#) and are handled appropriately by the Company's Compliance Office and other relevant departments.

Internal Whistleblower System



Compliance

9 Employee Training and Education

Achievements in Compliance-related Employee Training and Education (FY2024)

The Group systematically and continuously conducts activities to raise awareness of the importance of compliance among employees.

Responsible department	Topic / Title	Target participants	Number of participants	Number of events (frequency)
Risk Management Department/ Compliance Office	Compliance General	New employees of NIPPON PAPER GROUP	94	1
		New managers of Nippon Paper Industries	48	1
		Newly appointed corporate officers of NIPPON PAPER GROUP and mill managers of Nippon Paper Industries	22	1
		Corporate officers and mill managers of Nippon Paper Industries	40	1 (once a year)
	Harassment-related topics	Group employees	7,915	1
	The Antimonopoly Act	Group employees	2,176	2
	Quality compliance	Employees of Nippon Paper Industries	56	1
	Thoroughly establishing the Standards of Business Conduct and the Code of Conduct	Group employees	6,606	1
Legal Affairs Office ^{*1}	Compliance with anti-bribery/competition laws	Group employees(excluding mill operators)	4,470 ^{*2}	1
	Raising sensitivity to legal risks	Managers of Nippon Paper Industries	1,401 ^{*2}	1
Intellectual Property Department	Basic information, etc. concerning patents	Group employees	817 in total	23 sessions in total
Information Systems Department	Prevention of information leakage incidents, etc.	Group employees	6,435 ^{*2}	1 (once a year)

^{*1} Semi-annual lectures are held one at a time in order. The lectures cover the six topics of prevention of insider trading, exclusion of anti-social forces, protection of personal information, preparation and storage of contracts, compliance with anti-bribery/competition laws, and raising sensitivity to legal risks

^{*2} For those including contractors, etc.

Communication with Stakeholders

1 Basic Policy

 [→P88](#) **NIPPON PAPER GROUP Standards of Business Conduct**

 [→P83](#) **Corporate Governance Policy**

 [→WEB](#) **Corporate Governance Report**
<https://www.nipponpapergroup.com/english/ir/governance/>

 [→P91](#) **Disclosure Policy**

2 Communication with Investors

1. Annual General Meeting

- In order to vitalize general shareholders' meetings and facilitate the exercising of voting rights, Nippon Paper Industries works to provide and disclose company information in a timely and appropriate manner, including the notices of convocation of the general meeting of shareholders.
- The Company is working hard to improve the notice of convocation of the general meeting of shareholders from the standpoint of enhancing its content, in addition to making it easier to read and understand. The "Issues to be Addressed" section of the Business Report includes details on the progress and challenges facing initiatives aimed at achieving the goals of Medium-Term Business Plan 2025.
- The notice of convocation of the general meeting of shareholders is disclosed in Japanese and English, and the English version also includes the contents of business reports and financial statements.
- In addition to participating in the electronic voting platform, the Company is working to raise awareness of how to exercise voting rights using smartphones, and other devices, and is creating an environment for exercising voting rights, which is an important right for all shareholders.

2. IR Activities

- The Company's Corporate Planning Department, along with other relevant departments, engages in constructive dialogues with shareholders and investors, and gathers management analysis and opinions from the perspective of capital providers.

- In addition, IR activities are regularly reported at the Group Management Strategy Committee Meeting.
- The Company mails shareholder newsletters to shareholders twice a year.

IR Activities (FY2024)

	Number of events
Financial results and Management briefings	2
Financial results briefings	2
Individual meetings	135
of which, ESG related meetings	4
Small meetings with Outside directors	1
R&D presentation meeting	1 *
Publication of integrated reports	1

* Conducted in April, 2025

CASE STUDY

R&D Presentation Meeting (Nippon Paper Industries)

In April 2025, analysts, institutional investors, and members of the media were invited to R&D presentation meeting to explain the roles of the Group's Research and Development Division and the latest technology trends related to the transformation of the Group's business structure. The Group explained its strategies for using its technologies, which leverage wood resources to their fullest, to expand new businesses in a wide range of areas. The briefings covered the markets and features of individual new products, the status of development and sales, future outlook information, and more, and there were also question-and-answer sessions.

 [→WEB](#) **IR Library**
<https://www.nipponpapergroup.com/english/ir/library/>

3 Communication with Stakeholders other than Investors

- NIPPON PAPER GROUP publishes information on its corporate activities on its website and on social media, and it welcomes questions and opinions.
- The Company is striving to improve its corporate activities and initiatives by conducting communication activities, including individual dialogues, with diverse stakeholders.

Main Communication Activities

Stakeholder	Primary means of communication
Employees	● Employee Engagement Survey →P73 (once a year)
	● Labor-management conference →P73 (usually twice a year)
	● Personnel request surveys/interviews (once a year)
	● Helpline (internal whistleblower system) →P11
	● Corporate newsletter (printed version: 4 times a year; online version: as needed)
	● Intranet
	● Digital signage
Customers/ Consumers	● Dialogue through sales activities
	● The information desk
Suppliers	● Dialogue through sales activities
	● Supplier questionnaire surveys →P16 (once a year)
	● Local interviews and exchanges of opinion
Local communities	● The School of Friendship for Forests and Paper →P78
	● Environmental communication →P27
	● The information desk
NPOs/NGOs	● Exchange of opinions on human rights →P65 (at least once a year)
Students	● Internships/open day
	● Lectures
	● Seminars in schools

 [→WEB](#) **NIPPON PAPER GROUP Social Media Gallery (Japanese only)**
<https://www.nipponpapergroup.com/about/sns/>

Sustainable Procurement of Raw Materials

1 Basic Policy

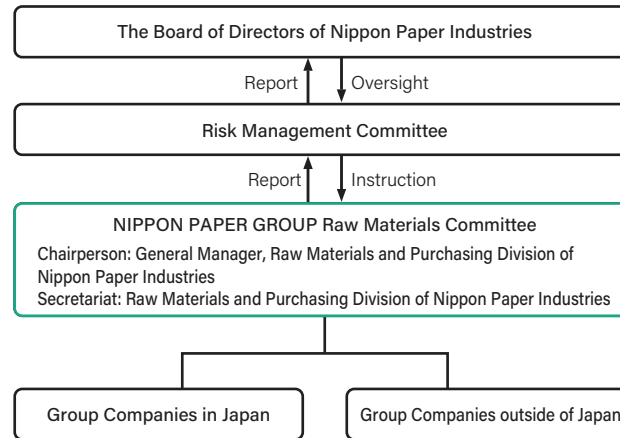
→P92 Principles and Basic Policies Concerning Raw Materials Procurement

- NIPPON PAPER GROUP revised the "Principles and Basic Policies Concerning Raw Materials Procurement" (hereinafter, Procurement Policy) in September 2022.
- In the process of its revision, the Group repeatedly engaged in dialogue with external experts and reflected the opinions of stakeholders in the revised content.
- The Group also communicates the content of the Procurement Policy to suppliers around the world by making both Japanese and English language versions and displaying them on its website.

→P94 Wood Resources Procurement Guidelines

- To strengthen the procurement system for wood resources, the "Wood Resources Procurement Guidelines" (hereinafter, Procurement Guidelines) has been newly established, based on the Procurement Policy revised in September 2022.
- The Group also communicates the content of the Procurement Guidelines to suppliers around the world by making both Japanese and English language versions and displaying them on its website.

2 Promotion Structure



- The Group has established the NIPPON PAPER GROUP Raw Materials Committee, which is chaired by the general manager of the Raw Materials and Purchasing Division at Nippon Paper Industries. This committee discusses key issues related to raw materials procurement for the entire Group, such as policies on raw materials procurement, and reports on these issues to the Board of Directors through the Risk Management Committee.
- In FY2024, the Committee reported to the Board of Directors through the Risk Management Committee on strategies and important issues related to raw material procurement.

3 Sustainable Procurement of wood Resources

1. Procurement of wood Resources

- The Group procures wood resources in accordance with the following points based on the Procurement Policy and the Procurement Guidelines.

Key points in NIPPON PAPER GROUP's procurement of wood resources

- 1) Sourcing from sustainable forests (sustainability)
- 2) Clearly identifying the origin of timber (traceability)
- 3) Maintaining full accountability (accountability)

- The Group has formulated and implemented an [action plan](#) →P15 for sustainable procurement of wood resources into practice.
- The Group uses a forest certification system to confirm that wood resources are being procured appropriately.
- All wood used in the manufacturing of the Company's products is all FSC® or PEFC-certified. The Group procures only wood materials sourced from forests that have acquired FM certification*1 under the forest certification system or that have undergone risk assessment as part of CoC certification*2.

*1 FM (Forest Management) certification: Certification of forests with sustainable forest management

*2 CoC (Chain of Custody) certification: Certification of certified materials that are properly distributed and processed

→WEB Forest Certification (Japanese only)

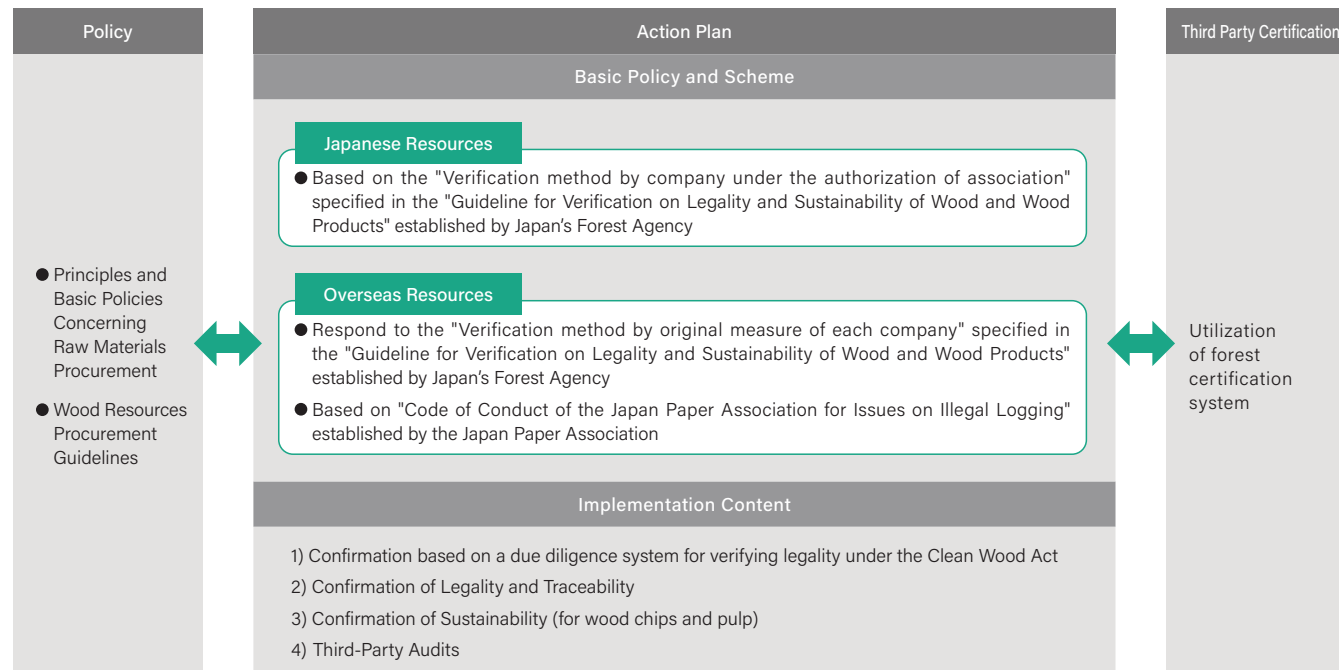
<https://www.nipponpapergroup.com/csr/forest/sustainability/certification/>

Sustainable Procurement of Raw Materials

2. Action Plan for Wood-based Raw Material Procurement

- The Group conducts risk minimization and improvement processes by implementing an action plan established based on the Procurement Policy and the Procurement Guidelines. It works with suppliers to build a sustainable supply chain.
- In the action plan, following the basic policies for Japanese and overseas resources, the Group conducts 1) confirmation based on a due diligence system for verifying legality under the Clean Wood Act, 2) confirmation of legality and traceability, 3) confirmation of sustainability, and 4) third-party audits.
- Before commencing any transactions with new suppliers, the Group conducts on-site inspections and questionnaire surveys to confirm compliance with the Procurement Policies and the Procurement Guidelines and whether there is any risk, the status of acquisition of forest certification, and resource backgrounds.
- In the case of existing suppliers, the Group continues to do business with them after confirming whether there is any risk in executing the action plan.
- Corrective action is taken in the case of suppliers that are deemed to be high-risk or non-compliant with the action plan.
- In FY2024, the Company confirmed compliance with the action plan in all domestic and overseas materials suppliers.
- Starting in FY2023, the Company expanded the scope to include critical suppliers of general raw materials in the Paper and Paperboard Business, working to conduct action plans at the same level as woody materials.

Overview of Action Plan



Number of Implementation of Action Plan (Nippon Paper Industries, FY2024)

Japanese resources	304 wood chip suppliers, 5 pulp suppliers (Implemented for all suppliers and confirmed compliance with all)
Overseas resources	26 wood chip suppliers, 14 pulp suppliers, 9 woody fuel suppliers (Implemented for all suppliers and confirmed compliance with all)

 [→ WEB](https://www.nipponpapergroup.com/csr/forest/sustainability/actionplan/index.html) **Action Plan for Wood-based Raw Material Procurement (Japanese only)**
https://www.nipponpapergroup.com/csr/forest/sustainability/actionplan/index.html

1) Confirmation based on a due diligence system for verifying legality under the Clean Wood Act

- Nippon Paper Industries, Nippon Paper Papylia and Nippon Paper Crecia have established a "Legality Certification Due Diligence System (hereinafter, Legality Certification DDS) manual" based on the Clean Wood Act [→ P16](#) for the purpose of confirming the legality of the wood resources that they procure.
* Risk assessment of Legality Certification DDS includes anti-corruption measures
- The companies use the Legality Certification DDS to conduct due diligence on all wood raw materials procured in Japan and overseas.

 [→ WEB](https://www.nipponpapergroup.com/csr/DDmanual.pdf) **Legality Certification Due Diligence System Manual (Japanese only)**
https://www.nipponpapergroup.com/csr/DDmanual.pdf

2) Confirmation of legality and traceability (eradicating illegal logging)

- For Japanese resources, in addition to Legality Certification DDS, traceability is assured. Compliance with laws and regulations related to forestry operations, as well as other basic information such as tree species and whether or not forest certification has been acquired, are confirmed in accordance with the Forestry Agency's "Guideline for Verification on Legality and Sustainability of Wood and Wood Products."
- For overseas resources, in addition to the Legality Certification DDS, checks are performed on related documents on a ship-by-ship basis to ensure that "the logging areas and suppliers are in compliance with relevant laws and regulations and that shipments do not contain illegally harvested wood" and staff assigned to local offices conduct questionnaire surveys and local interviews (to confirm basic information such as laws and regulations related to forestry operations and compliance with these, tree species, and whether forest certification has been obtained, thereby enhancing traceability).

* Based on surveys and shipping documents provided by the suppliers, the Company has confirmed that no wood chips or pulp purchased in FY2024 contained illegally logged timber

- Confirmation of legality is carried out for new business partners at the start of transactions and regularly on an annual basis for existing business partners.

Sustainable Procurement of Raw Materials

3) Confirmation of sustainability

- The Group confirms sustainability through supplier questionnaire surveys* (once a year) and local interviews.

* For wood chips and pulp

- The Group disseminates the Procurement Policies and the Procurement Guidelines in its supplier questionnaires in Japanese and English.

Contents of Supplier Questionnaire Survey (Excerpt)

- Confirmation of the Procurement Policies and the Procurement Guidelines.
- Policies or systems have been established for addressing human rights and labor matters.
(Workers' collective bargaining rights and free association rights, No forced labor, No child labor or discrimination, Being protected in health and safety, Considering the rights of indigenous peoples)
- Fair transactions have been conducted.
- Social contribution initiatives have been undertaken to improve relations with local communities.
- The environment has been considered.
(Response to climate change issues, reduction of environmental impact, effective use of resources, consideration for water resources)
- Logging and forest management activities that are considered to protect biodiversity have been conducted.
- Biodiversity surveys have been conducted.
- Forest certification has been obtained.

4) Third-party audits

All procured wood resources are audited annually by the Japan Paper Association's "Illegal Logging Monitoring Project," and assessed for risks by the due diligence system of forest certification PEFC.

3. Response to the Clean Wood Act

Nippon Paper Industries, Nippon Paper Papylia, Nippon Paper Crecia and Nippon Paper Lumber completed their registrations as both a Type 1 and Type 2 Wood-related Businesses under the Act on Promotion of the Distribution and Use of Legally Harvested Wood (the Clean Wood Act). In compliance with this law, the companies confirm the legality of the covered items they handle.

Registration Details

Business registered	Registration number	Effective registration period	Institution conducting registration	Products
Nippon Paper Industries	JIA-CLW-I, II No. 17024	March 19, 2023 to March 18, 2028	Japan Gas Appliances Inspection Association	Wood pulp and copier paper, form paper, coated paper for inkjet color printers, uncoated printing paper, coated printing paper, and tissue paper and toilet paper that use wood pulp
Nippon Paper Papylia	JIA-CLW-I, II No. 19001	April 26, 2024 to April 25, 2029		
Nippon Paper Crecia	JIA-CLW-I, II No. 19002	April 26, 2024 to April 25, 2029		
Nippon Paper Lumber	JPIC-CLW-I, II No. 54	July 6, 2023 to July 5, 2028	Japan Plywood Inspection Corporation	Logs, sawn boards and square timbers, single and sliced veneers, plywood and laminated veneer lumber and laminated wood, wood materials for wooden pallets, chips, or flakes

4 Employee Training and Education

Raw Material Procurement Related Training Sessions (FY2024)

Topics	Target participants	Number of sessions (frequency)
Principles and Basic Policies Concerning Raw Materials Procurement, Wood Resources Procurement Guidelines	Staff in charge of forest certification	5 (when staff in charge were replaced)
Forest Certification	Staff in charge of forest certification	5 (when staff in charge were replaced)

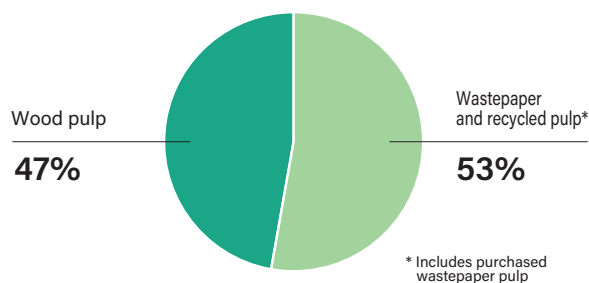
Sustainable Procurement of Raw Materials

5 NIPPON PAPER GROUP Raw Materials Procurement

1. Major Raw Materials for Paper Products

The main raw materials for the Group's paper products are wood pulp, wastepaper, and recycled pulp.

Breakdown of Major Raw Materials for Paper Products (Consolidated companies in Japan, FY2024)



2. Stable Wastepaper Procurement

The Group continues to maintain the stable procurement system that it has built over the course of many years in cooperation with the wastepaper industry. ([Initiatives for Using Wastepaper](#) →P42)

- Building a Closed Loop System
- Collection and utilization of previously unused and difficult-to-treat wastepaper such as used food containers
- Circular use of wastepaper in collaboration with local governments

Amount of Wastepaper and Recycled Pulp Procured* (FY2024)

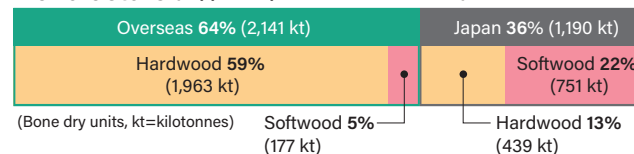
wastepaper (kt)	Recycled pulp (kt)	Total (kt)
2,055	8	2,063

* Target of aggregation: Consolidated companies in Japan excluding Cresia Kasuga

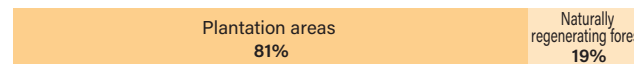
3. Stable Wood Resources Procurement

- The Company procures most of the wood resources as wood chips and some as pulp.
- About 64% of wood chips are procured from overseas, and about 36% from Japan.
- To ensure stable procurement, sources of wood chip imports are diversified between Asia, Australia, and South America, and other parts of the world.
- The Group procures wood resources with proper planning and management.
- The Company and overseas plantation subsidiaries have obtained forest certification for all its company-owned forests.
- To ensure stable procurement using the Group's own resources, the Group is [promoting overseas plantation business](#) →P20 and [utilizing company-owned forests in Japan.](#) →P18
- In the case of external procurement, the Group has strengthened its supply chain management and built a procurement system that traces back to the forests where wood resources are sourced.

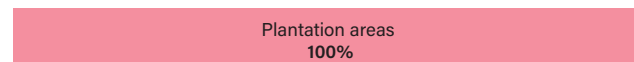
Geographic Breakdown of Wood chips for Paper Manufacture (Nippon Paper Industries, FY2024)



Hardwood Resource Breakdown (2,402 kt)



Softwood Resource Breakdown (928 kt)



Countries of Origin and Tree Species for Overseas Wood Chips Procured for Paper Manufacture (Nippon Paper Industries, FY2024)

Hardwood

Country	Percentage*	Species
Vietnam	35%	Acacia
South Africa	25%	Acacia, Eucalyptus
Australia	13%	Eucalyptus
Thailand	12%	Eucalyptus
Brazil	9%	Eucalyptus, Acacia
Chile	5%	Eucalyptus
Total	100%	

* Figures are rounded, so the total may not add up to 100%

Softwood

Country	Percentage	Species
Australia	100%	Pinus radiata

Sustainable Forest Management

1 Basic Policy

Forests possess tremendous value to NIPPON PAPER GROUP as a management resource. For this reason, the Group nurtures forest resources on its own while also procuring sustainable wood resources from outside sources. The Group will continue to provide diverse value by appropriately managing its 160,000 hectares of forests in Japan and overseas, leveraging the unique technology and knowledge the Group has cultivated to date.

The NIPPON PAPER GROUP Definition of Sustainable Forest Management

- 1) Biodiversity is preserved.
- 2) The productivity and soundness of the forest ecosystem are maintained.
- 3) Soil and water resources are conserved.
- 4) Diverse social needs are satisfied.

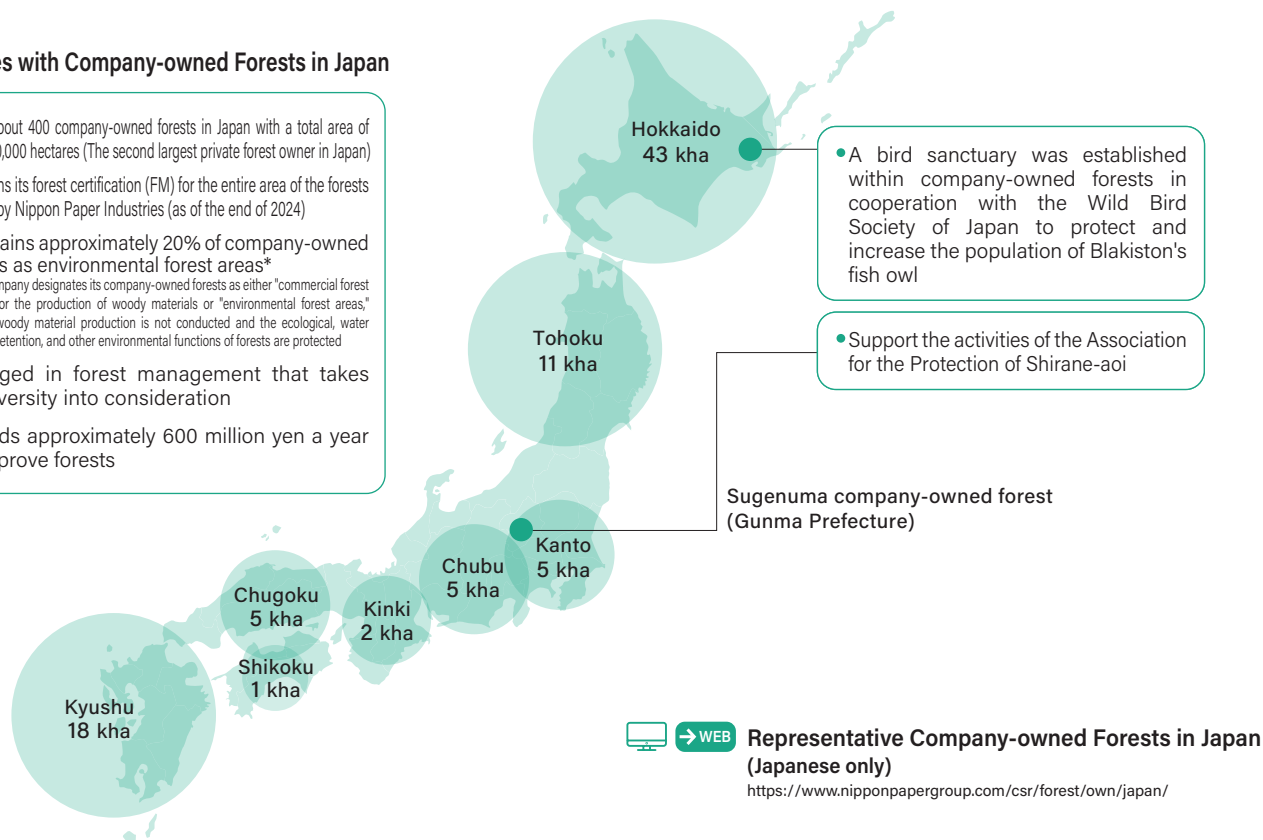
2 Utilization of Company-owned Forests in Japan

1. Sustainable Forest Management in Company-owned Forests in Japan

Nippon Paper Industries as a company owning forests and utilizing forest resources, aims to enhance the productivity of company-owned forests and carries out balanced and sustainable forest management which can fully demonstrate public interest functions such as forest biodiversity conservation and water source retention.

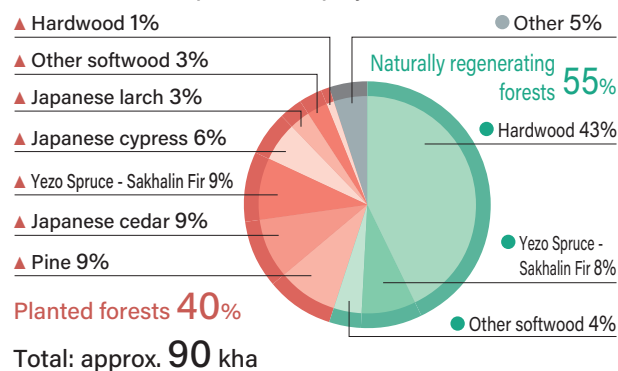
Initiatives with Company-owned Forests in Japan

- Owns about 400 company-owned forests in Japan with a total area of about 90,000 hectares (The second largest private forest owner in Japan)
- Maintains its forest certification (FM) for the entire area of the forests owned by Nippon Paper Industries (as of the end of 2024)
- Maintains approximately 20% of company-owned forests as environmental forest areas*
* The Company designates its company-owned forests as either "commercial forest areas" for the production of woody materials or "environmental forest areas," where woody material production is not conducted and the ecological, water source retention, and other environmental functions of forests are protected
- Engaged in forest management that takes biodiversity into consideration
- Spends approximately 600 million yen a year to improve forests



<https://www.nipponpapergroup.com/csr/forest/own/japan/> **Representative Company-owned Forests in Japan (Japanese only)**

Breakdown of Tree Species in Company-owned Forests (as of the end of 2024)



Forest Certification Status of Company-owned Forests in Japan (Nippon Paper Industries)

Company-owned forests in Japan (by Region)	Certification system name	Date acquired
Hokkaido	SGEC	Dec. 2005
Tohoku	SGEC	Oct. 2007
Kanto, Chubu, Kinki (partial)	SGEC	Oct. 2007*
Kinki, Chugoku, Shikoku	SGEC	Dec. 2006
Kyushu	SGEC	Mar. 2005

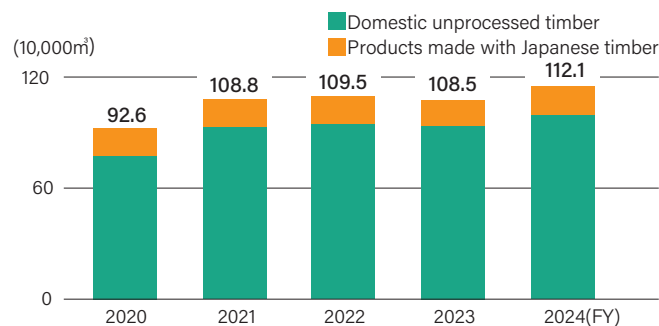
* Obtained for Kitayama company-owned forest in Shizuoka Prefecture only in December 2003

Sustainable Forest Management

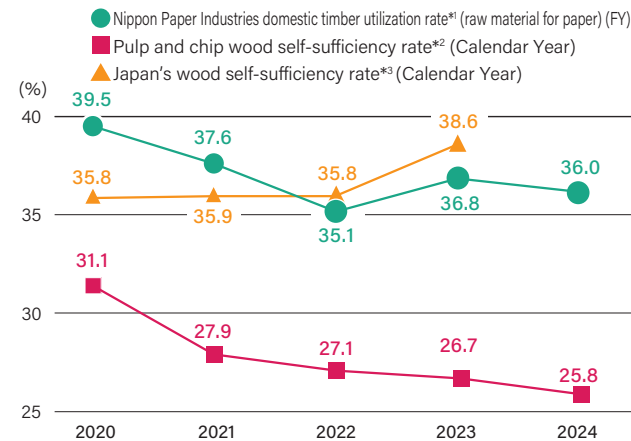
2. Invigorating Japan's Forest Industry

- The Group promotes the strengthening of the domestic supply chain and the use of domestic timber under a forestry policy based on the basic policy of "green growth through the forest, forestry and timber industries" promoted by the Government of Japan.
- Domestic timber is considered an important raw material for paper as well, and we promote its continued use. The usage rate for this material was 36.0% in FY2024.
- The volume of domestically produced wood chips used in paper manufacture accounts for about 10% of the total demand for domestic timber. The Company's usage ratio of this material is one of the highest in Japan.
- With its network for domestic timber collection, which is one of the largest in Japan, and its ability to handle a lineup of products for diverse applications—ranging from timber for lumber use to lower grade timber for use as wood chips for paper manufacture and wood biomass fuels—Nippon Paper Lumber is actively developing its domestic timber business with the goal of "annual sales* of domestic unprocessed timber of 1 million m³."
- * Does not include wood chips for paper manufacture
- The Company is also working to utilize company-owned forests in Japan as fields to support revitalizing the domestic forestry industry.

Domestic Timber Sales Results by Product Type (Nippon Paper Lumber)



Domestic Timber Utilization Rate (Nippon Paper Industries)



*1 It includes sawmill residues

*2 Source: "Pulpwood Supply and Demand" Japan Paper Association

*3 Source: "Supply and Demand of Lumber" (Lumber material self-sufficiency rate) issued by the Forest Agency of Japan

CASE STUDY

Expansion of Business of Elite Tree Seedlings for Forestry* and Utilization of Company-owned Forests (Nippon Paper Industries)

The Company is working on the business of elite tree seedling for forestry in collaboration with the Forestry Agency, local governments, and seedling producers. The Company has received certification as a specified breeding company from the governors of six prefectures (Kumamoto, Oita, Tottori, Hiroshima, Shizuoka and Akita) and has developed elite tree seed plantations and scion plantations. Its aim is to use the seeds gathered at these seed plantations and scion plantations to produce elite tree seedlings with seedling producers across the country and establish a production system capable of producing 10 million seedlings per year by FY2030. The Company is also working to create a model for the revitalization of the domestic forestry industry by planting elite trees in company-owned forests that have been reforested.

* Varieties of Japanese cedar and Japanese cypress with excellent characteristics such as 1.5 times more growth and CO₂ absorption and less than half the amount of pollen production

CASE STUDY

Conclusion of Agreement on Sustainable Forestry Partnership with Kosai City, Shizuoka Prefecture (Nippon Paper Industries, Nippon Paper Lumber)

The Company developed forest management plans for the thinning of a planted Japanese cedar and Japanese cypress forest on the contracted profit-sharing afforestation land in Kosai City in 2024. Through sustainable forest management, Kosai City aims to achieve carbon neutrality, and the Company concluded an agreement with the aim of contributing to this goal. This framework was developed through the use of Shizuoka Prefecture's "Mori no Chikara (Forest Power) Restoration Project." Local forestry unions provided significant support by performing thinning work as part of forest management. The Company will continue to engage in sustainable forest management with an eye toward collaboration with and contributing to local governments in other parts of Japan.

Public-private Collaboration in the Formation of Large-Scale Forestry Business Complexes (Nippon Paper Industries)

Since 2011, as a private-sector company that owns a forest in the Itsuki region of Kumamoto, the Company has been involved in an agreement to promote forest management in the region, alongside Kyushu Regional Forest Office, Itsuki Village, ITSUKI Forest Owner's Cooperative, and others. Currently, the field environment is a large-scale forestry operation of over 20,000 hectares, and the partnership is engaged in reasonable road building and efficient forestry operations. The Company continued cooperative shipments in FY2024 and aims to increase shipments in the future.

Supply of SGEC-Certified Wood (Nippon Paper Industries, Nippon Paper Lumber)

Nippon Paper Lumber received CoC certification of SGEC for the first time in Japan. In 2018, the Company used Nippon Paper Lumber's CoC certification to supply SGEC-certified material from its Kitayama company-owned forest (Fujinomiya, Shizuoka) to the Exhibition Building Wooden Grid Project at the Mt. Fuji World Heritage Centre, Shizuoka. This is the first case of acquiring "SGEC/PEFC CoC Project Certification" in Japan. SGEC-certified lumber from company-owned forests was also supplied for use in the construction of the Japan National Stadium, which was completed in 2019.

Sustainable Forest Management

3 Promotion of Overseas Plantation Business

1. Sustainable Forest Management in Overseas Plantation Projects

- The Group manages approximately 70,000 hectares of plantation areas in Brazil and Australia.
- All plantation areas managed by overseas plantation subsidiaries have obtained forest certification (as of the end of 2024).
- The Group conducts its forest management considering the natural environment/ecosystem, local residents, and local culture/traditions.

<Consideration for the natural environment and ecosystem>

- For plantation areas, the Group utilizes grasslands, vacant farms, pastures, and harvested plantation land.
- The Group selects and plants tree species that are suited to local climates and are good as raw materials for paper manufacturing, with a focus on the fast-growing Eucalyptus.
- In order to maintain a balance between areas planted with Eucalyptus and biodiversity in the region, the Group manages plantation areas appropriately with consideration for the landscape, such as retaining native waterside forests where the potential effects on the ecology are significant as riparian forest areas.
- The Group has set up protected areas on company-owned land for biodiversity conservation, and conducts habitat surveys of animals and plants. →P49

<Coexistence with local communities>

- When conducting new development, the Group carries out environmental and social impact assessments, and gives consideration to indigenous peoples, and provides support for educational activities for local residents.
- The plantation companies conduct regular visits and meetings for communities surrounding the plantation areas they own, in order to confirm the opinions and demands of local people with regard to their activities.
- Based on requests obtained through dialogue with stakeholders, the Group establishes procedures for evaluating and reviewing social contribution activity programs.

Overview of Overseas Plantations under NIPPON PAPER GROUP Management (as of December 31, 2024)

Company name	Country	Plantation area (10 k ha)	Company Type
Amapá Florestal e Celulose S.A. (AMCEL)	Brazil	6.5	Wholly owned subsidiary of Nippon Paper Industries
Nippon Paper Resources Australia Pty. Ltd. (NPR)	Australia	0.4	Wholly owned subsidiary of Nippon Paper Industries (Management of PTP, BTP, etc.)

Status of Forest Certification Acquisition for Overseas Plantation Business

Overseas plantation business and projects	Country	Certification system name (License no.)	Acquisition year
PTP	Australia	Responsible Wood	2006
BTP	Australia	Responsible Wood	2006
AMCEL	Brazil	FSC®(FSC®C023383)	2008
		FSC®(FSC®C001931)	2009
		CERFLOR	2014



Overseas Plantation of NIPPON PAPER GROUP (Japanese only)

<https://www.nipponpapergroup.com/csr/forest/afforest/>

Examples of Activities to Coexist with Local Communities

Country	Examples of activities to coexist with local communities	
	Contributions to local communities	Respect for indigenous peoples
Brazil	<ul style="list-style-type: none"> ● Vocational training for local residents in communities surrounding plantation areas ● Distribution of compost made using bark and biomass residues to farmers around plantations ● Donation of goods to elderly care facilities, etc. ● Partnership with military police (sponsorship of education and sports classes for children from low-income families run by military police) ● Financial support for protection of wild animals and environmental education activities 	<ul style="list-style-type: none"> ● Designation of areas with indigenous heritage sites identified on company-owned land as permanent protected zones
Australia	<ul style="list-style-type: none"> ● Cooperation with firefighting activities in times of forest fires in the local area, as members of a fire brigade consisting of local plantation-related companies 	<ul style="list-style-type: none"> ● Protection of indigenous heritage sites identified in plantation areas



Main Activities for Coexistence with Communities and Society, and Social Contribution Activities

Sustainable Forest Management

2. Improving the Productivity of Forest Resources

- The Group is striving to stabilize wood-based raw materials procurement, improve quality and reduce costs, and improve productivity by utilizing its proprietary technologies.
- By FY2030, the Group plans to expand forests where it can secure resources to around 100,000 hectares, mainly in Asia.

CASE STUDY

Improved Productivity Utilizing its Proprietary Technologies (AMCEL)

AMCEL is developing eucalyptus plantation trees that grow quickly in tropical regions and are suitable as raw materials for paper manufacturing. AMCEL has shortened the time required for selection using its proprietary breeding and propagation technologies, and has greatly improved the productivity of its plantations in a short period of time. The Group has significantly improved business profitability and CO₂ fixation efficiency per unit area by reducing the costs associated with improving productivity.

Securing New Forest Resources

(Nippon Paper Industries, Nippon Paper Lumber)

By utilizing its productivity improvement technology, the Company will expand forests that can secure resources, particularly in the Asia region. The Company aims to strengthen its wood product-related business foundation by developing a new afforestation business, and by procuring and selling raw materials and fuel, primarily in Vietnam, Thailand, and Malaysia, where NPL RESOURCES ASIA of NIPPON PAPER GROUP operates.

4 Participation in Forestry Initiatives

In April 2025, the Company became a member of the International Sustainable Forestry Coalition (ISFC), an organization established by forestry-related companies from around the world. ISFC aims to address global issues such as climate change, the loss of biodiversity, and deforestation. Furthermore, it seeks to increase the value of forests through activities such as the development of natural capital accounting standards. Through ISFC's activities, the Group seeks to coordinate even more closely with global forestry companies, strengthen initiatives for creating a sustainable society, and help maximize forest value.

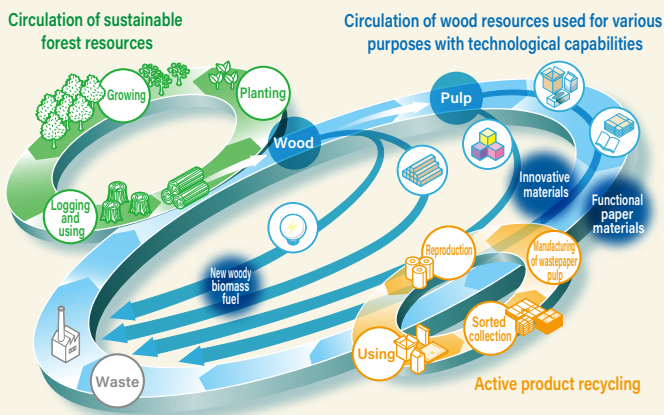


Building a nature positive bioeconomy

Sustainable Forest Management

Value Created by the Three Circulations

NIPPON PAPER GROUP coordinates with local communities in Japan and overseas with the aims of pursuing sustainability for society and for the Group and realizing the "Three Circulations." Inside Japan, in particular, it seeks to effectively utilize resources from forests, which cover roughly 70% of Japan, to vitalize regional economies, such as the forest and timber industries, and, by doing so, to increase the Group's corporate value.



Initiative in Tottori Prefecture "Transitioning to the Circulation of Sustainable Forest Resources"

In March 2025, the Company joined Tottori Prefecture and related associations in signing the joint declaration on "Forest Resource Development and Circulation in the New Era."

Roughly 74% of Tottori Prefecture is covered by forest. Of that, roughly 55% is planted forest. Much of this forest was planted in the post-war years, so over 60% of this planted forest is ready for harvesting. The time has come to effectively use these forest resources while promoting forestry that addresses social problems such as global warming and pollen allergies.

Through this declaration, based on the concept of a "Forest Resource Development and Circulation in the New Era" in which there is a transition to circulating sustainable forest resources, the following initiatives are being carried out.



Circulation of Forest Resources

<Initiatives>

New Forest Creation in Concert with Seedling Producers in the Prefecture Stable Supply of Elite Tree Seedlings and Maintenance & Management of Company-owned Forests in the Prefecture

To maintain a steady supply of elite trees with features such as exceptional growth and little pollen production, in 2022, the Company created a seed plantation in Kurayoshi City, Tottori Prefecture, and began producing and supplying seedlings with the cooperation of seedling producers in the prefecture. The company will continue to contribute to new forest creation through the practice of "planting and nurturing."



(Top left) Signing of the joint declaration in Tottori Prefecture in March 2025 (published in the Nihonkai Shimbun on March 27, 2025)
(Top right) Japanese cedar cone, packed with elite tree seeds, that had been artificially pollinated in the spring of 2024 and harvested in the fall of the same year
(Bottom left) Inside of a closed seed plantation
A greenhouse is used to keep out pollen from outside trees, and artificial pollination of elite trees makes it possible to produce high quality seeds



Circulation of Wood Resources

<Initiatives>

Promotion of the Effective Utilization of Materials Produced within the Prefecture and Circulation of Wood Resources Expanding Utilization of Wood Resources

The Group uses lower grade timber such as offcuts from the Chugoku region, including Tottori Prefecture, as raw material for the manufacture of biomass materials for food and other applications in the Gotsu Mill, Shimane Prefecture. This material is also sold to power plants as biomass fuel.

As the planted forests that have reached the ends of their cutting cycles are logged, the supply volume of material from Tottori Prefecture is expected to rise. The Company will continue to collaborate with the prefectural government and related associations to practice "logging and using" woods. Through this, they will expand utilization of wood resources and help vitalize the local lumber industry.



Active Product Recycling

<Initiatives>

Promotion of Recycling within the Prefecture through Closed Loop Recycling of Wastepaper Effectively Utilizing Resources and Reducing CO₂ Emissions

In collaboration with the Shin Nihonkai Shimbun Co., Ltd., the Company has begun closed loop recycling of printing wastepaper produced during the newspaper printing process. Furthermore, both companies are deliberating closed loop recycling of old newspapers collected from readers. Wastepaper recycling is being promoted in the prefecture through this initiative, and the companies are striving to promote the circulation of wood resources and the reduction of CO₂ emissions.

Closed Loop Recycling System in Tottori Prefecture



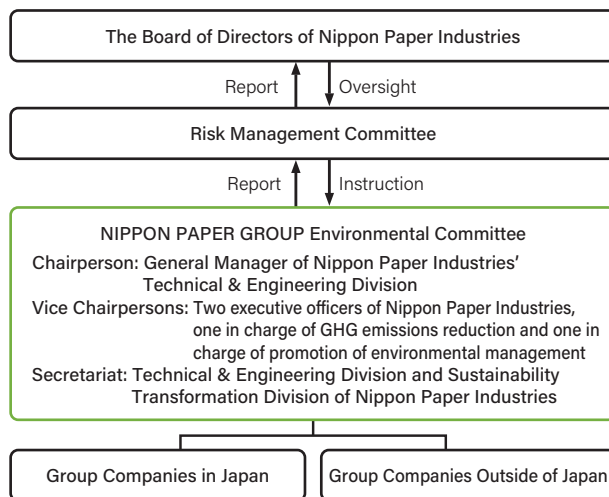
Environmental Management

1 Basic Policy



→P94 NIPPON PAPER GROUP Environmental Charter

2 Promotion Structure



- NIPPON PAPER GROUP's management risks related to the environment are identified, and countermeasures are implemented by the NIPPON PAPER GROUP Environmental Committee. The committee is chaired by the General Manager of the Nippon Paper Industries' Technical & Engineering Division, who is the Representative Director of the Company.
- The Committee consists of major Group companies in Japan that have production sites.
- Under the supervision of the Board of Directors, the Committee manages, evaluates, and deliberates on the achievement status of environmental targets based on the NIPPON PAPER GROUP Environmental Charter.
- Once a year, the operational status and deliberations of the Committee are reported to the Board of Directors through the Risk Management Committee.

- In FY2024, the Committee reported to the Board of Directors through the Risk Management Committee on environmental law violations and risks related to the transition to a carbon neutral society.

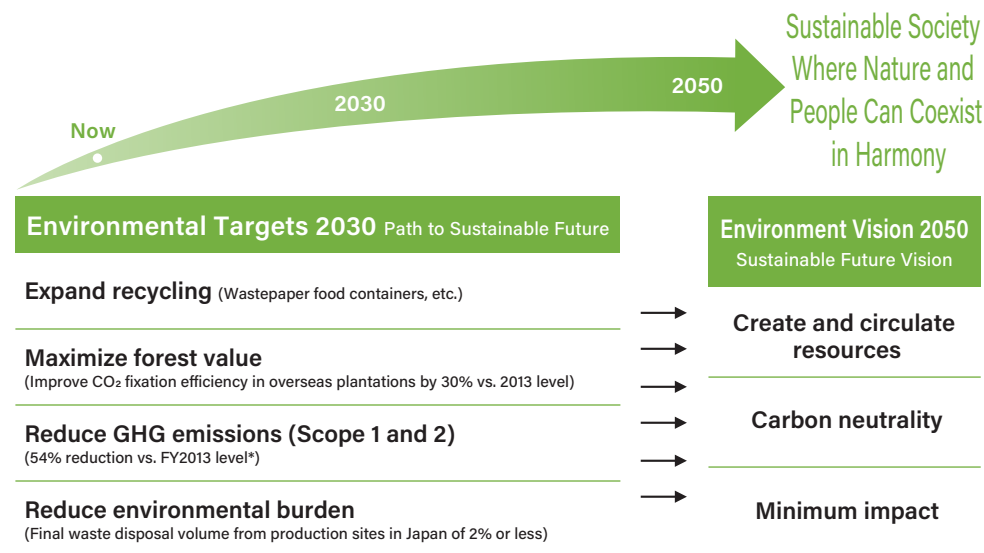
3 NIPPON PAPER GROUP Environmental Vision 2050, NIPPON PAPER GROUP Environmental Targets 2030

- The Group has set a vision for 2050 and the ideal state of the Group in 2050, and is working on the Environmental Targets 2030 formulated to achieve it.
- In the Environmental Targets 2030, the Group will promote the reduction of greenhouse gas (GHG) emissions, the maximization of forest value, the expansion of recycling, and the reduction of environmental burden throughout the value chain in order to realize a sustainable society.
- The Group aims to achieve a sustainable society where people and nature coexist by providing products that have a low environmental impact throughout their life cycle.

NIPPON PAPER GROUP Environmental Charter

[Philosophy]

NIPPON PAPER GROUP is committed to helping preserve the global environment over the long term and contributing to the development of a recycling based society by carrying out its corporate activities in recognition of the importance of biodiversity.



* Emissions related to production except for the Energy Business field

Environmental Management

NIPPON PAPER GROUP Environmental Vision 2050 (Sustainable Future Vision)

1. Carbon Neutrality

Reduce greenhouse gas emissions to virtually zero.

- Minimize greenhouse gas emissions through the efficient use of energy and the use of renewable energy sources.
- Minimize greenhouse gas emissions in the value chain through collaboration with stakeholders.
- Become carbon neutral by offsetting residual emissions through CO₂ absorption and fixation in forests and CO₂ removal technologies.

2. Creation and Circulation of Resources

Create sustainable forests that preserve biodiversity and procure and supply resources.

- Maintain and expand forests with multifaceted value and maximize forest value.
- Procure and supply a variety of woody biomass resources that can be used as raw materials for various products.

Promote the utilization of woody biomass resources to contribute to better living in a circulation-oriented society.

- Provide a variety of materials and products made from woody biomass resources.
- Promote resource circulation and product recycling as a social infrastructure.

3. Minimum Impact

Minimize the environmental impact of the Group's business activities.

- Minimize the input and output of resources that impact the environment.
- Provide society with products and services that have a low environmental impact throughout their entire life cycle.

Environmental Management

Progress and Status of Initiatives in NIPPON PAPER GROUP Environmental Targets 2030 (FY2024)

1. Reduce greenhouse gas emissions

Reduce greenhouse gas emissions through fuel conversion and energy conservation measures.

Target	Progress and status of initiatives
● Reduce direct greenhouse gas emissions by 54% from FY2013 levels* ¹ .	The Group reduced GHG emissions (Scope 1 and 2) by 41% compared with FY2013 levels (progress rate: 76%).
● Accelerate fuel conversion and increase the ratio of non-fossil energy use to at least 60%.	The non-fossil energy ratio to energy used was 44% (progress rate: 73%).
● Improve total energy consumption per unit of production and distribution by 1% from the previous year.	Compared with 2023, the total energy consumption per unit of Nippon Paper Industries in its production processes decreased by 2.8% in the Paper Business and 2.2% in the Paperboard Business, while increasing by 3.8% in logistics processes.
● Reduce greenhouse gas emissions from product transportation in the Paper and Paperboard Business in Japan by 23% relative to FY2020 levels through modal shift and other measures* ² .	Greenhouse gas emissions from product transportation in the Paper and Paperboard Business in Japan decreased by 15% relative to FY2020 levels (progress rate: 66%).
● Collaborate with stakeholders to reduce indirect greenhouse gas emissions.	The Group calculated Scope 3 emissions from major pulp and paper companies in Japan, identified categories where efficient reductions are possible, and began considering reduction measures.

*1 Emissions related to production except for the Energy Business field

*2 Applied to Nippon Paper Industries

2. Promote the creation and circulation of resources

Promote the protection and cultivation of forest resources and biodiversity-conscious forest management.

Target	Progress and status of initiatives
● Improve CO ₂ fixation efficiency in overseas forest plantations by 30% compared to 2013 levels.	In AMCEL (Brazil), the chip productivity, used as an indicator for CO ₂ fixation efficiency, increased by 23.9% compared to FY2013.
● Obtain and maintain forest certification for all company forests in Japan and overseas.	The Company and overseas plantation subsidiaries have obtained and maintained forest certification (FM) (FSC* ¹ , PEFC, and SGEC) for all of the company-owned forests in Japan and overseas.
● Ensure the traceability and sustainability of all woody biomass resources used.	The Group has worked to confirm sustainability and enhance traceability by making use of forest certification systems, and through other efforts. The wood chips and pulp used for papermaking in FY2024 were all made from wood approved by FSC* ² or PEFC (including controlled wood and controlled sources).
● Promote the use of domestic forest resources.	The use of domestic wood at all Nippon Paper Industries mills reached 36.0% in FY2024 (based on actual purchases).

*1 FSC® Logo License No. FSC® C023383 (AMCEL: Brazil)

*2 FSC® Logo License No. FSC® C001751 (Nippon Paper Industries)

Promote the circulation of resources.

Target	Progress and status of initiatives
● Work to build a recycling system that promotes resource circulation.	The Group is working with our customers, including processing manufacturers, to establish a recycling scheme for hard-to-use paper products made from laminated paper, which has been a material that could not be recycled. In consultation with various local authorities, the Group has established its own collection routes for paper waste and has begun to achieve results in the recycling of used release paper, beverage paper cups, and other materials.
● Utilize 12,000 t/year of unused wastepaper which has been difficult to recycle, through the development of recovered paper utilization technology.	The actual use of unused and difficult-to-treat wastepaper was 11,908 tonnes in FY2024. (Breakdown: 4,680 tonnes of wastepaper for food and beverage containers, 7,228 tonnes of other difficult-to-use wastepaper)

3. Reduce environmental burden

Reduce the environmental burden of manufacturing processes.

Target	Progress and status of initiatives
● Reduce air pollutants by 15% and water pollutants by 15% compared to FY2018 levels.	Reduction rate at production sites in Japan: SO _x 50%, NO _x 26%, dust 27%, COD/BOD 35%, and SS 17%
● Reduce the final disposal of industrial waste at production sites in Japan to 2% or less.	The final disposal of industrial waste at production sites in Japan was 1.6%.
● Provide society with products and services that have minimal environmental impact throughout their entire life cycle.	By replacing mechanical pulp with chemical pulp, the Company has developed and launched the "N.Polaris43 Yuki®," a publication paper product, which reduces GHG emissions during production by approximately 17% compared to conventional products.

Environmental Management

4 Strengthening Environmental Compliance

The Group is strengthening its environmental compliance from a preventive standpoint, using a two-pronged approach of building systems to prevent problems and establishing a framework that ensures all problems are covered, and engaging in its business activities while giving priority to legal compliance.

Two-Pronged Approach

(1) Building Systems to Prevent Problems

- Building a workplace that emphasizes the importance of the environment (environmental compliance training)
- Strengthening the system for identifying applicable laws and regulations
- Implementing measures from both the facility and technology perspectives

(2) Establishing a Framework that Ensures All Problems are Covered

- Enhancement of environmental audits
- Enhancement of the environmental management system
- Engaging in environmental communication and active information disclosure

1. Building a Workplace that Emphasizes the Importance of the Environment (Environmental Compliance Training)

To promote the creation of workplaces that emphasize the importance of the environment, the Group is working on systematic environmental training for employees.

- Encourage employees to obtain qualifications related to pollution prevention and to participate in external training to acquire specialized knowledge.
- Photo contest "NIPPON PAPER GROUP Eco Photo Award" (Environment Month every June)
- Environmental e-Learning
- Dissemination on the in-house portal site of environmental education materials and environmental information from each mill and office (FY2024: Posted 8 environmental education materials)

Achievements in Environment-related Employee Education (FY2024)

Topic/Title	Target participants	Number of participants	Number of sessions
Basic Course on Life Cycle Assessment	Sales Department staff (Nippon Paper Industries)	319	1

2. Strengthening the System for Identifying Applicable Laws and Regulations

To respond appropriately to revisions to environment-related laws and regulations, the Group uses a law search system and other means to share information on revisions of laws and their trends and has established a system to ensure compliance with laws and regulations.

3. Implementing Measures from Both the Facility and Technology Perspectives

- The Group extracts the risk of environmental accidents from two perspectives: the possibility of an accident and its impact on the environment, and introduces equipment and measurement equipment necessary for preventing accidents.
- Each Group company is engaged in continuous measures to prevent large-scale leaks of oil or chemical agents, including the installation of liquid containment barriers (oil fences, etc.) and measuring devices.

4. Enhancement of the Environmental Management System

- The Group conducts regular environmental audits based on "The Approach to Environmental Management for Pollution Prevention," which is the action guideline for environmental management efforts issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
- Audits are double-checked by an internal audit by each mill or office, and by an audit by the environmental department at head office.
- In addition to document audits (confirmation of management records for wastewater and other waste materials) and on-site audits (confirmation of facilities such as chemical tanks), the environmental department at head office accompanies internal audits by the Management Audit Office to strengthen audits of the environmental management of Group companies.
- The Group thoroughly manages its environmental impact, including factory wastewater and exhaust gases, on a daily basis through regular measurements by third parties and, at some of the mills, constant monitoring using measuring equipment and inspectors' measurements.

Environment-related* Fines and Penalties

Environment-related fines and penalties (FY2024)	0 Yen
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* Laws and regulations regarding the environment of water intake, wastewater, air, and waste

Environmental Management

5. Engaging in Environmental Communication and Active Information Disclosure

- The Group has also established the "NIPPON PAPER GROUP Risk Communication Guidelines" and is implementing initiatives based on the guidelines.
 - Risk communication for local residents and local governments held at each mill/office (in principle, held at least once a year)
 - Preliminary briefing session on the environmental impact of construction and operation when introducing large equipment, etc.
- The Group tries to listen to the opinions of all, including accepting opinions and questions on its website, establishing complaints and inquiries desks at mills, and utilizing an environmental monitor system to request information from local residents.
- When a complaint is received, the Group moves swiftly to determine possible causes, and implement emergency and permanent solutions.
- The Group also explains to the person who lodged the complaint what happened and what was done to resolve the situation, so that they can be satisfied that the Group has responded appropriately.

Environment-related Complaints in Japan (FY2024)

Complaints	Noise/ Vibration	Odor	Dust and mist dispersal	Smoke	Other	Total
Number	1	1	2	0	0	4

5 Acquisition of Major Environmental Certifications and Awards

Status of ISO 14001 Certification Acquisition (as of March 31, 2025)

Company name	Mills/Operating division/Production subsidiaries
Nippon Paper Industries	Asahikawa Mill, Siraoi Mill, Akita Mill, Ishinomaki Mill, Iwanuma Mill* ¹ , Nakoso Mill, Ashikaga Mill, Soka Mill, Fuji Mill, Gotsu Mill, Otake Mill, Iwakuni Mill, Yatsushiro Mill, Higashimatsuyama Mill
Nippon Paper Crecia	Tokyo Mill, Kaisei Mill, Koyo Mill, Kyoto Mill
Crecia Kasuga	Shin-Fuji Mill
Nippon Paper Papyrus	Harada Mill, Suita Mill, Kochi Mill
N&E	Head Office Plant
NP Trading	Head Office, Sapporo Branch Office, Chubu Branch Office, Kansai Branch Office, Chugoku Branch Office, Kyushu Branch Office, Shizuoka Sales Office
Nippon Paper Ishinomaki Technology	Head Office (Excluding Power Section, Machinery Section I, and Construction Section I)* ²
Opal	Opal Kiwi Packaging Auckland, Opal Kiwi Packaging Christchurch, Opal Kiwi Packaging Hastings, Opal Australian Paper Maryvale Mill
Juho Thermal	Kaattua
Siam Nippon Industrial Paper	Siam Nippon Industrial Paper
Nippon Paper Liquid Package Product	Egawa Mill, Miki Mill, Ishioka Mill

*1 Certified for production of pulp and paper such as newsprint paper, second and lower grade paper

*2 Certified for the design and construction related to civil engineering, architecture, electrical equipment, mechanical equipment, steel structures, pipe work, and related incidental work (excluding construction work ordered by NIPPON PAPER GROUP)

- Nippon Paper Industries has obtained ISO 14001 certification for 100% of its production sites.

Status of Eco-Action 21 Acquisition (as of March 31, 2025)

Company name	Mills/Operating division/Production subsidiaries
Akita Juho Chemicals	Head Office Plant

External Awards for Environmental Conservation Activities (FY2024)

Company name	Award
Nippon Paper Industries	"The Minister of Agriculture, Forestry and Fisheries' Award," from the 33rd Grand Prize for the Global Environment Award
Nippon Paper Industries	"The National Forestry Extension Association President's Award," Competition of Forestation with Low Pollen Trees 2024

Response to Climate Change

1 Basic Policy

📖 → P94 **NIPPON PAPER GROUP Environmental Charter**

2 Achieving Carbon Neutrality in 2050

● Based on one of the basic policies of the 2030VISION, "respond to the rapidly changing social landscape including GHG emissions reduction and environmental issues," the Group is working on reducing greenhouse gas (GHG) and implementing green strategy to achieve carbon neutrality in 2050.

● The Group's GHG emissions reduction initiatives are based on three pillars: "fuel conversion," "energy conservation in the production and logistics processes," and "absorption and fixation of CO₂ through appropriate management of company-owned forests."

● In May 2023, the Group revised its original plan for the GHG emissions reduction target for FY2030 and decided to reduce GHG emissions (Scope 1 and 2) by 54% compared to FY2013*. The Group is also working toward obtaining certification of Science Based Targets (SBT) to realize transition to carbon neutrality that is consistent with the standards of the Paris Agreement.

* Emissions related to production except for the Energy Business field

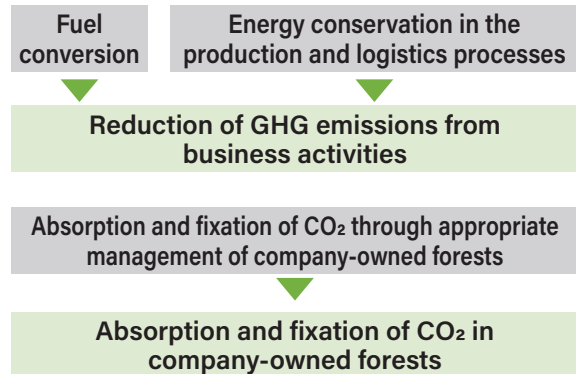
● To accelerate GHG emissions reduction, the Company introduced internal carbon pricing in FY2021. However, this operation has been temporarily suspended since FY2022, due to the soaring price of coal and other fuels.

● In the long term, the Group aims to achieve carbon neutrality by 2050 through a multifaceted approach that includes CO₂ absorption by forests, the introduction of carbon-free fuels and CCUS.

● In 2021, the Japan Paper Association, of which the Company is a member, established the "Countermeasures against Global Warming aiming at Net Zero GHG Emissions from the Paper Industry – Long-Term Version 2050" and is working to realize the creation of a carbon-neutral industry by 2050 through the proactive introduction of a range of measures aimed at reducing CO₂ emissions.

● The Company is actively working on various measures to realize the Vision advocated by the Japan Paper Association. Since FY2023, the Company has worked on the development of rules for calculating GHG emissions generated throughout the product lifecycle (carbon footprint).

NIPPON PAPER GROUP's GHG Reduction Initiatives



● In the GX League, where groups of companies work together with government and academia to realize green transformation, the Company participates in initiatives such as the formation of market rules and voluntary emissions trading (Green Transformation Emissions Trading Scheme, or GX-ETS*). Its active implementation of measures to reduce GHG emissions resulted in reductions of up to 39% in FY2023. The Company will continue to consider and implement various measures to achieve the targets. In addition, the Company will actively contribute to the "creation of green markets" which is one of the GX League's activities, by providing society with materials and products that have a low environmental impact through GHG emissions reduction.

* Participating unit: Nippon Paper Industries only

Reduction Target (compared to FY2013) and Achievement through GX-ETS

	Target		Results
	FY2025	FY2030	FY2023
Scope 1 and 2	37%	52%	39%



NIPPON PAPER GROUP's FY2030 Targets

Reduce GHG emissions (Scope 1 and 2) by 54% compared with FY2013*

● Reduce fossil fuel use through energy saving and fuel conversion

Pursuit of green strategy

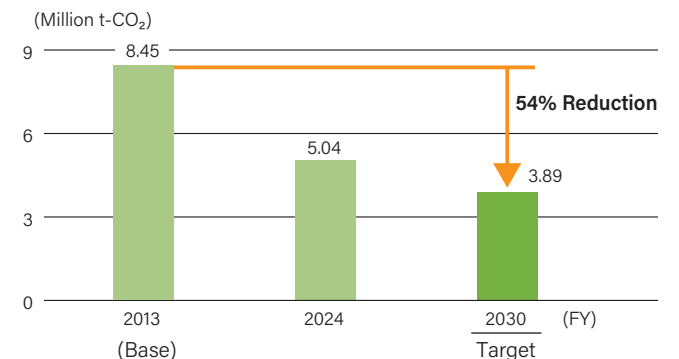
● Maximize forest value (30% improvement in CO₂ fixation efficiency at overseas plantations, compared to 2013)

● Establish a system to produce 10 million elite tree seedlings (FY2030) and register projects to create forest absorption J-Credits equivalent to 200,000 tonnes-CO₂ (FY2027) (increase forest absorption sources)

* Emissions related to production except for the Energy Business field

Carbon neutrality in 2050

GHG Emissions (Scope 1 and 2)



Response to Climate Change

GHG Emissions (Scope 3, FY2024)

	Category	Emissions (thousand t-CO ₂)
1	Purchased goods and services	1,891
2	Capital goods	125
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	1,142
4	Upstream transportation and distribution	741
5	Waste generated in operations	171
6	Business travel	4
7	Employee commuting	10
8	Upstream leased assets	Not applicable
9	Downstream transportation and distribution	216
10	Processing of sold products	317
11	Use of sold products	0
12	End-of-life treatment of sold products	1,168
13	Downstream leased assets	Not applicable
14	Franchises	Not applicable
15	Investments	Not applicable
	Others (upstream)	Not applicable
	Others (downstream)	Not applicable
	Total	5,785

Coverage: Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papyrus, Opal, Nippon Dynawave Packaging

Target business: Paper and Paperboard Business, Dairy-Life Products Business, Energy Business
Category11: It is assumed that paper and paperboard products, which are our main products, do not use energy during product use.

3 Fuel Conversion

- The Group uses black liquor (produced as a byproduct of the production of pulp) and construction waste materials as woody biomass fuels.
- In addition to woody biomass fuel, the Company actively uses waste fuels such as used tires and RPF*. Its non-fossil energy utilization rate in FY2024 was 44%.

* RPF: Refuse derived paper and plastics densified Fuel. This is a high-grade solid fuel made mainly from those paper and plastic industrial waste materials which are difficult to recycle (From the website of Japan RPF Industry Association)

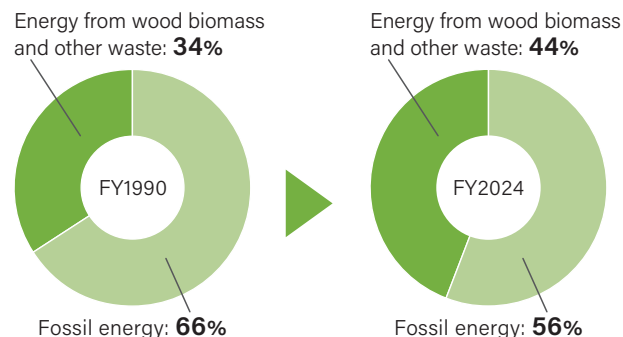
- In its Energy Business, the Company uses biomass fuel appropriately procured in Japan and overseas to expand its renewable energy supplies.
- In 2023, Nippon Paper Crecia, at its Kaisei Mill, introduced a solar-power generation facility under a Power Purchase Agreement (PPA), and from September 2024 it expanded the PPA model to the Tokyo Mill, Koyo Mill, and Kyoto Mill in succession, expecting an annual reduction of approximately 2,183 tonnes of CO₂.

CASE STUDY

Initiatives in the Energy Business

The Yufutsu Energy Center, one of Japan's most extensive power generation facilities that exclusively burn biomass, has been steadily operated since its launch in February 2023. As fuel, the plant uses wood chips, palm kernel shells (PKS), and unused wood, such as forest residue leftovers from Hokkaido. In addition, Nippon Paper Ishinomaki Energy Center carried out renovation work to convert to high biomass cofiring (completed in December 2023) and increased the biomass ratio from 26% to 42%. This will help the center to contribute more to reducing GHG emissions.

Ratio of Fossil Energy Usage (calorie conversion)



CASE STUDY

Business to Strengthen Biomass Product Competitiveness by Significantly Reducing the Amount of GHG Emissions (Nippon Paper Industries)

The Company's Ishinomaki Mill has launched a fuel conversion project to significantly reduce the amount of GHG emissions by installing a high-efficiency black liquor recovery boiler and discontinuing one coal boiler. This project was granted by the Ministry of Economy, Trade and Industry of Japan under the "Energy and Manufacturing Process Conversion Support Program for industries in hard-to-abate sectors." Not only does this securely reduce transition risks related to climate change but also provides society with biomass materials, which emit little GHG during manufacturing, along with environmental value. With this project, the Company will work on the "creation of green markets," achieving both carbon neutrality and economic growth—GX.

<Overview of the capital investment plan>

Installation location Nippon Paper Industries Ishinomaki Mill

Investment scale ¥55.0 billion (including government support funding of up to ¥18.3 billion)*1

Investment details High-efficiency black liquor recovery boiler with an evaporation production capacity of 390 t/h

Steam turbine and generator with an electricity production capacity of 56 MW

Start of operation Fourth quarter of FY2028

Amount of GHG emissions reduction*2 500,000 tonnes of CO₂e (accounting for 10% of the Company's emissions*3)

*1 At time of adoption

*2 Including reductions from the discontinuation of the existing coal boiler

*3 Emissions related to production except for the Energy Business field

In-house Production of Solid Fuel from Waste (Nippon Paper Industries)

At the Company's Otake Mill in Otake City, Hiroshima Prefecture, paper sludge*1 and wastepaper residues*2 generated in the production of containerboards are solidified within the mill and used as fuel. Since April 2019, the mill has also accepted and utilized plastic waste produced in Otake City. In-house production and use of waste fuel are beneficial not only by reducing coal consumption and contributing to regional shift to carbon neutrality, but also by extending the lifespan of final waste disposal sites.

*1 A sludge produced in the manufacture of paper, containing mainly cellulose fibers and minerals drained during the paper dewatering/drying process

*2 Foreign matter produced when processing wastepaper

Response to Climate Change

4 Energy Conservation in Production and Logistics Processes

1. Promotion of Energy Conservation in Production Process

- The Group is working hard to conserve energy in Japan and overseas by introducing high-efficiency equipment and reviewing its production processes.
- As for effective initiatives, the Group is expanding them to the mills of Group companies in Japan and overseas in an effort to increase their effectiveness.

<Examples of energy saving in production process>

- Optimization of the number of screens that remove foreign matter from materials and their capability
- Control of dissolved oxygen (DO) in the biological treatment tank in the drainage facility
- Utilization of a co-generation system (Use of steam with high temperature and pressure obtained in combustion at a boiler in power generation and production processes)

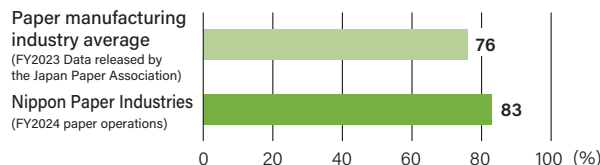
2. Promotion of Energy Conservation in Logistics Processes

From the perspectives of "improving loading efficiency" and "shortening transport distances," the Group is working on green logistics that will lead to a reduction in GHG emissions.

<Promoting energy-saving in logistics processes>

- Promoting a modal shift (Long-distance transportation by loading a large amount of goods at one time on railroads and coastal vessels)
- Promotion of joint transportation in cooperation with distributors

Comparison of Modal Shift Rates



Green Management Certifications*¹ (as of March 31, 2025)

Company name	Number of offices with Green Management certification* ²
NIPPON PAPER LOGISTICS	5
Nanko Logistics Support	1
HOUTOKU	1
NP-UNYU-KANTO	3
NP-UNYU-FUJI	2
NP-UNYU-KANSAI	1
NP-UNYU-IWAKUNI	2

*¹ A system in which the Foundation for Promoting Personal Mobility and Ecological Transportation acts as a certification body and certifies and registers businesses that are making efforts above a certain level based on the Green Management Promotion Manual

*² Awarded the "Green Management Certification Permanent Award" for all business sites that have been certified and registered continuously for 10 years from the first year of registration

Eco Rail Mark Certifications* (as of March 31, 2025)

Company name	Certification type
Nippon Paper Industries	Eco Rail Mark for companies
	Eco Rail Mark for products (paper, white paperboard)

* The certification, established by the Ministry of Land, Infrastructure, Transport and Tourism, applies to companies (and the products of companies) which use more than given percentage of rail freight transportation, which generates lower unit CO₂ emissions

CASE STUDY

Started Modal Shift Consolidation Transport with NISSIN FOOD PRODUCTS (Nippon Paper Industries)

In FY2024, the Company started modal shift consolidation transport with NISSIN FOOD PRODUCTS CO., LTD. ("NISSIN FOOD") to transport both roll paper and instant noodles in the same cargo between the Tokyo metropolitan area and the Kansai area. Before the initiative, products were transported to the Kansai area by each company's truck. Now, roll paper is loaded into containers at the Nakoso Mill first, and then instant noodles are loaded at the NISSIN FOOD PRODUCTS Kanto Plant. These products are transshipped to a domestic vessel provided by UTOC LOGISTICS CORPORATION and transported by sea from Tokyo Port to Osaka Nanko Port. With this shift, the Company will contribute to creating a sustainable society while reducing GHG emissions from transport by both companies and addressing the "2024 problem" (of reduction of transport capacity expected to result from regulations set to take effect in Japan that year) in the logistics industry, such as the diversification of transport methods.

Response to Climate Change

3. Absorption and Fixation of CO₂ through Appropriate Management of Company-owned Forests

- The Group is in compliance with the Clean Development Mechanism (CDM) under the Kyoto Protocol and considers that the forests absorb CO₂ while growing and the CO₂ is deemed emitted to the atmosphere when trees are harvested.
- The forests owned by the Group in Japan and overseas are harvested and replanted based on the business plan for the purpose of using resources.
- Part of the amount of CO₂ absorbed through proper forest management and continuous thinning has been certified as "J-Credits*" after inspection.
* A system in which the government certifies as "credits," the amount of CO₂ emissions reduced through the introduction of energy-saving equipment, the use of renewable energy, and the absorption of CO₂ through appropriate forest management
- The net amount of CO₂ absorbed by forests in company-owned forests in Japan and overseas (absorption amount minus logging amount) was about 1 million tonnes-CO₂ from 2022 to 2024, and the total fixation amount was about 32 million tonnes-CO₂ as of the end of 2024.
- The Group estimates that the amount of sequestered CO₂ in forests in environmental protection area established in plantation projects overseas is approximately 10 million tonnes-CO₂.

J-Credit Sales Performance

Company name	Credit name	FY2021	FY2022	FY2023	FY2024
Nippon Paper Industries	Fuji/Kitayama company-owned forest thinning promotion project	2 cases	2 cases	3 cases	1 case
Nippon Paper Lumber	Gunma/Sudagai company-owned forest thinning promotion project	2 cases	3 cases	3 cases	2 cases

CASE STUDY

Initiatives to Create 200,000 tonnes-CO₂ of J-Credits (Nippon Paper Industries)

As one of the themes to be covered in the 2030VISION, the Company has worked toward registering projects to create at least 200,000 tonnes-CO₂ of J-Credits by FY2027. In FY2024, the Company registered Itsuki, Company Forest Carbon Project and the Kosai City-Nippon Paper Industries Forest Partnership Project to make progress on the initiatives as planned.

Response to Climate Change

Information Disclosure on Climate Change Issues

In April 2021, NIPPON PAPER GROUP endorsed the Task Force on Climate-related Financial Disclosures (TCFD) to ensure appropriate disclosure of information on its response to climate change issues.

Governance

The Group has positioned the reduction of GHG emissions as a management issue and is working toward quantitative targets it set in 2008.

The Company's Board of Directors positions responding to climate change issues as vital for realizing the Group Mission. It receives reports on related activities from the Risk Management Committee (at least once a year) and from two executive officers, one in charge of GHG emissions reduction and one in charge of promotion of environmental management (at least four times a year), and supervises the execution of these operations.

Risk Management

The assessment of and responses to climate change-related risks are integrated into the Group's [risk management system](#) → P08 and managed by the Risk Management Committee. In order to carry out appropriate risk prediction, NIPPON PAPER GROUP Environmental Committee, established under the Risk Management Committee, collects and analyzes information in order to identify climate-related risks and promote measures against them. In addition, the Group has set up the Climate Change Strategy Working Group that gathers related information and anticipates risks.

Indicators and Targets (FY2030)

In the 2030VISION, the Group set a goal to achieve a 45% reduction in GHG emissions (compared with FY2013). However, as the path to achieving the target has become clearer due to the implementation of various measures and as societal demand for reducing GHG emissions is accelerating, the Group decided to accelerate its efforts toward decarbonization and in May 2023 raised the reduction target to 54%*.

* Emissions related to production except for the Energy Business field

Indicators	Targets		
FY	2030	2024 (Implementation results)	2050
GHG Emissions Reduction Rate	54% Reduction (compared with FY2013)*	41% Reduction 5.04 million t-CO ₂	Carbon neutrality
Non-fossil energy use ratio	60% or more	44%	—

* Emissions related to production except for the Energy Business field

- Amount of investment to address climate-related risk: ¥52.0 billion
- Internal carbon price: Introduced in FY2021 but temporarily suspended since FY2022 due to the rising prices of coal and other fuels

Strategy and Scenario Analysis

The Group has envisioned a future society amid a backdrop of growing awareness of ESG issues. Using two types of scenarios (1.5°C scenario and 4°C scenario), the Company conducted qualitative and quantitative assessments of the impact that climate change risks and opportunities in 2030 and 2050 will have on its financial plans, focusing mainly on its business, and reported the results to the Board of Directors.

Scenario Analysis Methods

(1) Establishing an Image of Society

1.5°C scenario (RCP 2.6)

All kinds of policies will be introduced to keep temperature rise below 1.5°C, and at the same time, society as a whole will take action to limit temperature rise. As a result, temperatures will rise slowly, and therefore, by 2030, there will be little change from the current situation in terms of severe disasters, temperature rises, and precipitation patterns. In markets, production and consumption activities giving priority to environment conservation such as an expansion in ethical consumption, will increase.

4°C scenario (RCP 8.5)

No policies will be introduced to control temperature rise. While some stakeholders will take actions to limit temperature rise from the perspective of promoting ESG management, regardless of whether policies are introduced or not and regardless of what society as a whole is doing, society generally will not take actions to limit temperature rise. As a result, temperatures will

rise more rapidly than in the 1.5°C scenario, and the frequency of severe disasters will increase, temperatures will rise, and precipitation patterns will be more changeable in 2030 than in the current situation.

(2) Evaluation Items

Risk: likelihood of occurrence, timing of occurrence, timing of impact, financial impact

Opportunity: likelihood of occurrence, timing of occurrence, timing of impact, financial impact, market growth

Summary of Analysis Results

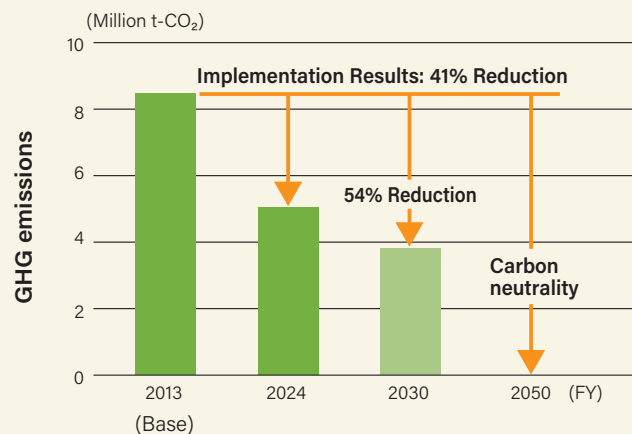
As the pulp and paper industry is energy-intensive, not only transitional factors, such as the introduction of policies and changes in market needs, but also physical factors, such as the increase in severe natural disasters, pose significant risks. Based on the results of analysis, the Company has been focusing on reducing GHG emissions through fuel conversion and energy conservation measures and advancing its green strategy. In particular, to address the increasing social demand to reduce GHG emissions and the trends of various policies, the Company brought forward the scenario presented in the 2030VISION and in May 2023 raised its GHG reduction target to 54% compared to FY2013*. The Company aims to ensure strategic resilience by promptly achieving the GHG reduction target.

At the same time, there are many opportunities for the Company to leverage its strengths to enter and grow in markets that are being created and expanded due to government policy introductions and changes in market needs. Moreover, in response to adaption to climate change, measures to establish multiple production bases will lead to sales expansion, and the development and sales of environmentally friendly and adaptable products that are needed by society will be a growth opportunity for the Company in markets where expansion is expected.

* Emissions related to production except for the Energy Business field

Response to Climate Change

NIPPON PAPER GROUP Plan for Shift to Carbon Neutrality



Period	Short-term	Mid-term	Long-term
Target	54% reduction compared with FY2013 (Scope 1 and 2)*		Carbon neutrality in 2050
Priority measures	Continuation and reinforcement of energy-saving measures Improve the basic unit by 1% or more compared to the previous fiscal year		
	Conversion to non-fossil fuels Non-fossil energy ratio of 60% or more by FY2030		
	Improved production efficiency Reorganization of production systems		Introduction of carbon-free fuels and CCUS
	Maximizing forest absorption of CO ₂ Sustainable forest management and utilizing breeding/propagation technology		

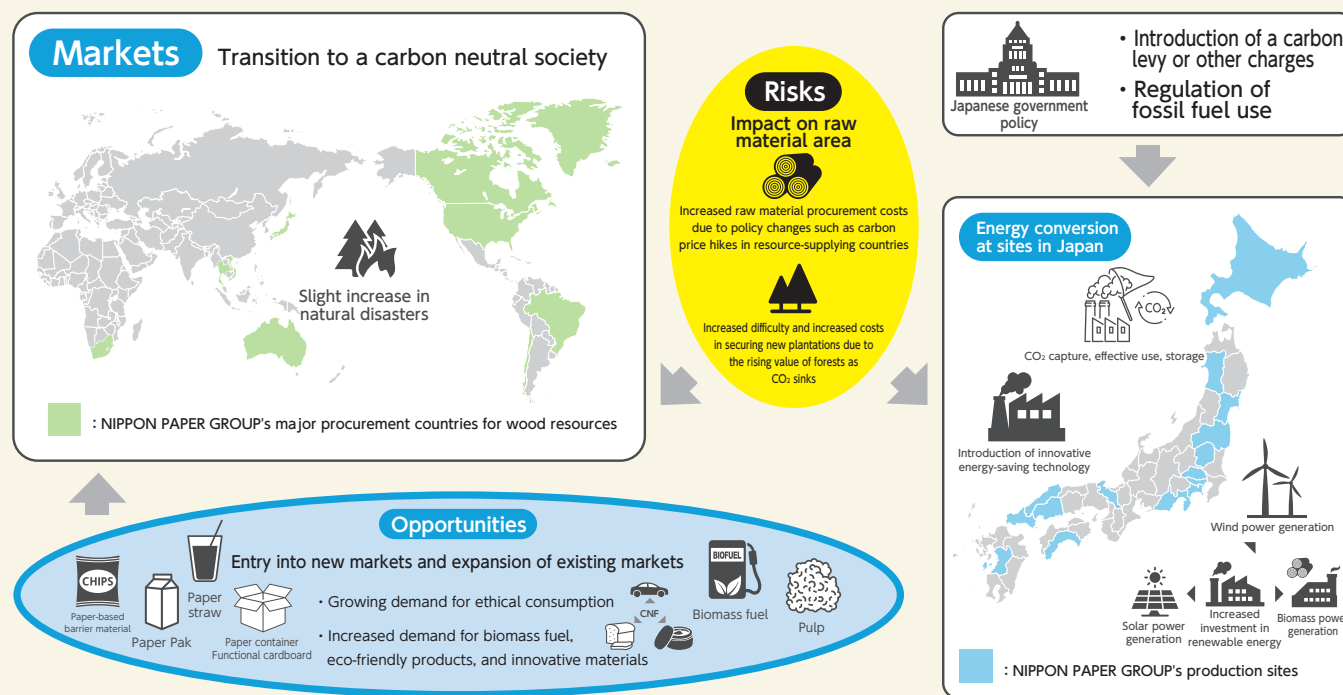
* Emissions related to production except for the Energy Business field

[1.5°C scenario]

2030

Costs, such as a carbon levy, increase.

On the other hand, new business opportunities such as biofuels, environmentally friendly products, and innovative materials will emerge.



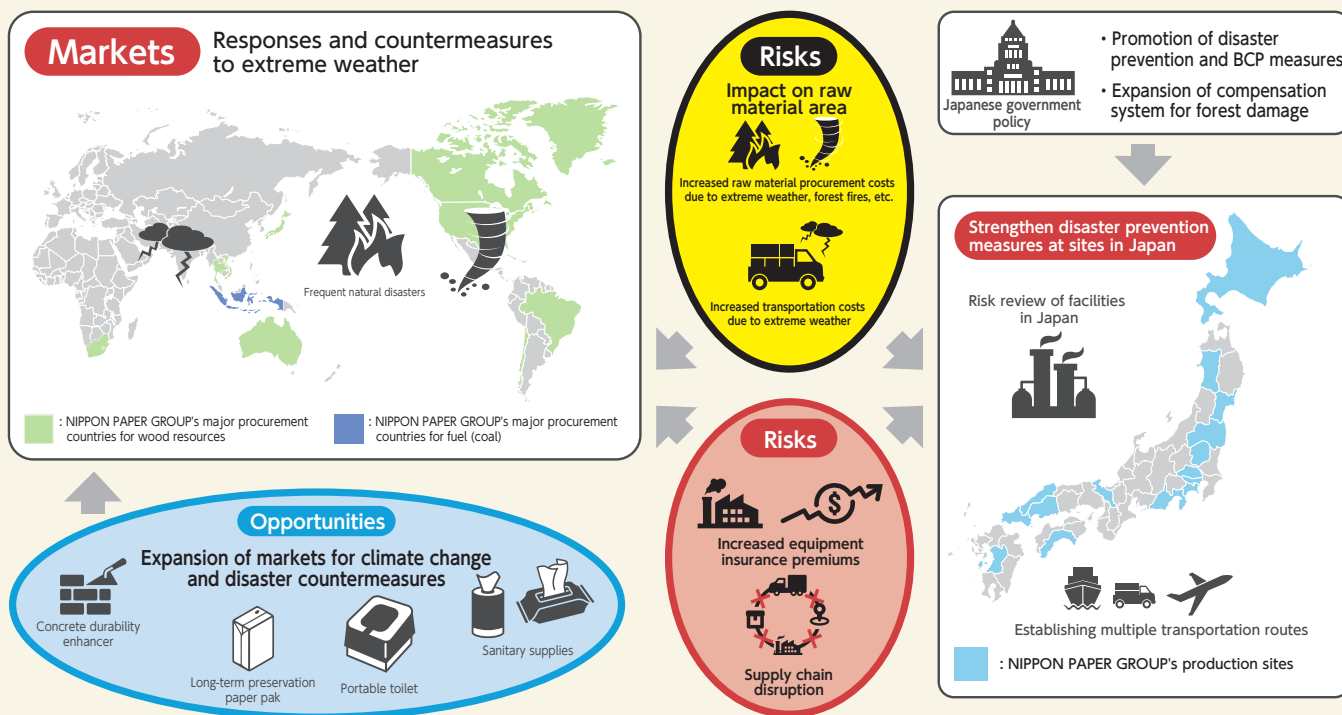
Response to Climate Change

[4°C scenario]

2030

Increased physical risk.

On the other hand, business opportunities for climate change and disaster-response products will expand.



Response to Climate Change

Climate Change-Related Risks

Risks as of 2030

	Factors	Impact on the Group	Financial impact	
			1.5°C scenario	4°C scenario
Transition factors	Policy introduction	Carbon prices and energy procurement costs will increase.	High*	Low*
		Capital investment costs for fuel conversion and energy conservation will increase.	High	Low
		Raw material procurement costs will increase.	High	Low
		Increased acquisition cost of plantation project sites.	High	Low
	Changes in market needs	Increased procurement costs for certified wood chips.	Medium	Medium
		Development costs and capital investment costs for reducing environmental impact will increase.	Medium	Low to Medium
		Sales from non-renewable power generation projects will decrease.	High	Low
Physical factors	Increase in the number of severe disasters (frequent typhoons and heavy rains)	Stoppage of raw material procurement, production, product transportation, etc., resulting in reduced production volume and delayed or halted deliveries of products.	Medium to High	High
		Procurement, manufacturing, and logistics costs will increase.		
		Increase in turbidity of rivers, etc., from which water is taken, resulting in production stoppage and delay or stoppage of deliveries of products.		
	Increase in temperature and change in precipitation patterns	Losses in the company's plantation assets.	Medium	High
		Raw materials will become difficult to procure and procurement costs will increase.		
		Costs for search for alternative materials and technology development will increase.		
		Sales volume decreases or sales price declines due to difficulty in maintaining quality.		

* Amount of impact: less than 10 billion yen (Low), 10 billion yen or more but less than 50 billion yen (Medium), 50 billion yen or more (High)
Qualitative evaluations, except for those marked with "*"
Carbon prices are set based on the IEA's NZE (Net Zero Emissions) scenario

1. Transition Factors

1-1. Risks Mainly Due to the Introduction of Policy

<Hikes in carbon and fuel prices due to the introduction of carbon pricing policy>

In the 1.5°C scenario, the introduction of policies such as carbon levies, emissions trading schemes, and the prohibition of coal-fired power generation is expected to be the main factor in raising carbon prices and fossil fuel prices, which will increase fuel procurement costs. As the pulp and paper industry is energy-intensive, there is a risk that introducing these policies could significantly impact its financial planning.

Under the 4°C scenario, carbon prices will not increase and fossil fuel prices are not expected to rise significantly because no policies will be introduced, but changes in supply and demand for fossil fuel will occur and fuel prices will fluctuate. This is already part of the Company's normal risk management and the risk of being affected is considered small.

In response to the risk of higher fossil fuel prices expected in the 1.5°C scenario in which all manner of policies are introduced, to reduce this risk the Company will accelerate the shift to non-fossil fuels by maximizing the biomass procurement network of Nippon Paper Lumber, which has one of the most extensive timber procurement records in Japan.

Regarding the rise in carbon prices due to the introduction of emissions trading schemes and carbon levies, the Company aims to accelerate the reduction of GHG emissions to reduce the risk of impact on its financial plans related to carbon price rises as soon as possible. To reduce GHG emissions, the Company continues to implement energy-saving measures at its paper and paperboard mills to reduce coal consumption, with an index of improvement of 1% or more in energy consumption per unit each year. At the same time, the Company is also working on conversion to recycled fuels, such as biomass and waste fuels, and is maximizing the use of black liquor,* which is a carbon-neutral fuel.

By studying the reorganization of the production systems and GHG emissions reductions in an integrated manner, proceeding with the output reduction and shutdown of coal boilers, and transitioning to low-carbon consumption at an early stage, the Company will reduce, at an early stage, the risk of impact on financial plans related to carbon price hikes.

Although carbon prices are likely to increase in Japan in the future due to the introduction of emissions trading schemes and carbon levies, the Company will work to reduce risks by actively participating in the development of systems

and rules and other activities in the [GX League](#) → [P28](#) so that such policies will be conducive to corporate growth.

* Black liquor is comprised mainly of a wood component, lignin, and created as a by-product during the course of pulp manufacturing

<Changes in energy composition>

In the 1.5°C scenario, there is a risk that the demand for biomass fuels will increase due to policies to promote the introduction of renewable energy, causing fuel prices to rise and procurement costs to increase. At the same time, under the current FIT system, there is a risk that the procurement cost of wood chips for paper production will also increase due to competition with biomass fuels.

This phenomenon is already apparent, but under the 4°C scenario, no further policy tightening will take place, and price fluctuations will remain within the Company's normal risk management.

In response to the procurement risks associated with the increased demand for biomass fuel due to the introduction of various policies, the Company believes that it can procure biomass fuels stably and at a relatively attractive price by making maximum use of its Nippon Paper Lumber biomass procurement network, which has among the best wood procurement performance in Japan. With regard to wood chips for papermaking, the Company will reduce risks by securing raw materials and stabilizing purchase prices by strengthening relationships of trust based on our long track record with existing suppliers, and developing and adopting inexpensive local resources.

<Impact on raw material procurement>

Since the Company imports most of the raw materials necessary for its manufacturing from overseas, it may be affected by the policy trends of resource-supplying countries. In the 1.5°C scenario, there may be a risk of increased raw material procurement costs due to higher carbon trading prices arising from stricter policies in resource-supplying countries and CO₂ emissions levies imposed on raw materials and transportation.

By diversifying its supply sources, the Company is working to mitigate risks from geopolitical factors, policies in resource-supplying countries, and climate change.

Response to Climate Change

<Expansion of the carbon credit market>

In the 1.5°C scenario in which the world aims to become carbon neutrality (net zero CO₂), the market is expected to expand due to increased demand for carbon credits. Along with this, the demand for credits from forest absorption is also expected to be higher. As forest investment aimed at creating credits increases, there is a risk that the price of land suitable for plantation will rise, increasing the cost of acquiring land suitable for the Company's plantation business. This trend is already being seen.

On the other hand, under the 4°C scenario, some stakeholders may obtain plantations in view of government policies, social trends, and the promotion of ESG management. However, risks to the plantation business from such activity are considered insignificant.

While expanding the plantation business requires large areas of land suitable for plantation, and rising land prices may pose a risk to the Company, the amount of fixed CO₂ can be increased to generate credits by harnessing the Company's strengths, including utilizing its unique technology for breeding and proliferating highly efficient CO₂-fixing trees and promoting the plantation business in cooperation with third parties.

1-2. Risks Arising Primarily from Changes in Market Needs

<Rapid increase in demand for environmentally friendly products>

Under the 1.5°C scenario, demand for environmentally friendly products is expected to increase, and there is a risk that technology development costs, capital investment costs, etc. will increase in response to this demand while products and services with high environmental burden will no longer be selected in the market. In the future, the market is expected to favor products and services derived from renewable raw materials, due to expectations of being environmentally friendly. Therefore, the Company believes that by accurately identifying and forecasting customer needs and further promoting the "paperization" that it is already working on, the Company will be able to promote the replacement of materials with renewable biomass materials, reduce risks associated with changes in market needs, and at the same time seize this as an opportunity to expand its business. The Company will further accelerate reduction of GHG emitted over the course of product manufacturing. At the same time, by taking advantage of the fact that its production sites are dispersed throughout Japan, the Company will offer products that contribute to the reduction of GHG emissions throughout the supply chain by

shortening the transportation distance to delivery destinations and reducing GHG emissions during transportation through the use of multiple production sites.

In addition, regarding changes in market needs, the 1.5°C scenario predicts that greater public awareness of the importance of proper forest management and use will result in even greater demand than now for certified paper made from sustainable forest resources, such as those verified by a forest certification system. Certified wood chips are a limited resource, and higher demand may result in the risk of increased procurement costs.

To reduce this risk, the Company will continue to maintain good relationships with certified wood suppliers, while at the same time working to expand certified resources by obtaining certification for new plantations and supporting its suppliers, thereby ensuring a stable and efficient supply of certified resources.

2. Physical Factors

2-1. Risks Caused by an Increase in Severe Disasters

<Damage to production sites and distribution networks>

Under the 4°C scenario, severe disasters such as typhoons and torrential rains are expected to become more frequent, and the probability of damage to production sites and distribution networks is expected to increase, so the risk of a decrease in production volume due to temporary production stoppages and delays or stoppages in deliveries will become greater. In addition, in the event that the power supply is interrupted due to damage to power lines or other essential services, there is a risk that production sites that do not have their own power generation facilities will be forced to temporarily suspend production.

Although the Company cannot control the occurrence of natural disasters, it is working to reduce risks by establishing elaborate systems to ensure business continuation, such as backup systems for production and inventory controls. The Company is also trying to reduce risks by promoting measures to adapt to climate change, such as bulking up equipment installation sites and installing in-house power generation equipment for use in times of disaster.

<Deterioration of water intake quality>

The Company's main business, pulp and paper, uses water in its manufacturing process. If the water quality (turbidity) of the rivers, etc. from which water is taken deteriorates due to typhoons or heavy rains, product quality cannot be maintained, and there is a risk that production will be

suspended until the water quality improves. This event is already occurring, but is expected to become more frequent under the 4°C scenario.

Natural disasters are unavoidable, but the Company is taking measures to ensure that operations can continue as long as possible by strengthening its water intake purification facilities and methods, and at the same time, working to reduce risks by developing a detailed system for business continuity in case production is suspended.

2-2. Risks Caused by Rising Temperatures and Changes in Precipitation Patterns

<Forest fire occurrence>

As temperature rises, under the 4°C scenario, forest fires are expected to occur more frequently around the world.

As the Company has developed a business model based on forest resources, fires in forests owned by wood chip suppliers or company-owned forests could result in a significant risk in terms of stable procurement of raw materials and procurement costs. Moreover, if a company-owned forest is destroyed by fire, there is a risk that its value will decrease, and the profitability of the Company's plantation business is likely to deteriorate.

In order to mitigate this risk, the Company is strengthening the fire prevention and extinguishing systems in its own forests, and decentralizing its forests and suppliers to multiple countries and regions.

<Deterioration in plant growth>

The growth of plants is greatly affected by temperature and precipitation. Since the Company uses plant-derived raw materials such as wood chips, various types of pulp, starch, etc., there is a risk that procurement of raw materials will become difficult and procurement costs will rise in the 4°C scenario where plant growth is expected to decline due to rising temperatures and changes in precipitation patterns. In the event that the Company has difficulty in procuring raw materials, it would be hard to maintain the quality and function of its products, which may be a risk that its sales volume and price decrease. However, the Company is working to reduce these risks by diversifying its raw material supply sources and continuing to search for alternative materials.

Response to Climate Change

Opportunities for Business Expansion

Opportunities as of 2030

Factors			The Group's opportunities	The Group's strength	Market growth	
					1.5°C scenario	4°C scenario
Transition factors	Policy introduction (e.g., carbon levies, changes in energy mix)	Renewable energy will be introduced	Demand for power generation facility locations will increase	<ul style="list-style-type: none"> Company-owned forests and land in Japan, etc. Procurement network for domestic wood materials Biomass fuel production technology Procurement network for non-fossil fuels Utilization of existing boilers 	Expansion	Stable
			Demand for biomass fuels will increase			
			Waste-derived fuels, such as RPF (refuse derived paper and plastics densified fuel), waste tire-derived fuel, and other fuels, will be utilized more often			
		Next-generation vehicles are becoming increasingly popular	Storage batteries will spread and demand for raw materials for storage batteries will increase	<ul style="list-style-type: none"> CMC Technology and Production Facilities CNF Technology and Production Facilities 	Significant expansion	Expansion
			Demand for CNF will increase due to the need to reduce the weight of automobiles			
		Carbon credit market will be activated	Demand for forest absorption credits will increase	<ul style="list-style-type: none"> Company-owned forests in Japan Overseas plantation business Breeding and propagation technology 	Significant expansion	Stable
		Resources will become more difficult to obtain due to stricter policies in resource-supplying countries	Demand for domestic lumber will increase	<ul style="list-style-type: none"> Company-owned forests in Japan Elite tree seedling business Overseas plantation business Forest management technology Breeding and propagation technology 	Expansion	Stable
			Demand for wastepaper will increase			
		Carbon recycling is advancing (utilization of carbon resources)	Increasing demand for carbon fixation and utilization by forests	<ul style="list-style-type: none"> Breeding technology for high-efficiency CO₂-fixation trees Elite tree seedling business Overseas plantation business 	Expansion	Stable
			Growing demand for chemical raw materials using wood-derived CO ₂			
	Transition to a decentralized society	Increasing local production and local consumption of energy	Small scale fuel demand will increase	<ul style="list-style-type: none"> Procurement network for domestic wood materials Company-owned forests in Japan 	Expansion	Stable
		Decentralization of product consumption	Increased opportunities to sell products with reduced CO ₂ emissions during distribution while handling shipments from each production site	<ul style="list-style-type: none"> Multiple production sites 	Expansion	Stable
	Changes in market needs	Demand for environmentally friendly products will increase	Demand for biomass materials will increase as the need for paperization increases due to decarbonization	<ul style="list-style-type: none"> Woody biomass materials development technologies (CNFs, paper-based packaging materials, liquid containers, functional corrugated cardboards, biocomposites, etc.) Technologies to extract and utilize lignin Technology for recycling unused wastepaper 	Significant expansion	Expansion
			Demand for lignin products will increase			
			Demand for paper made from sustainably sourced forest materials will increase	<ul style="list-style-type: none"> Track record of procuring certified forest materials Relationship of trust with excellent suppliers Sustainable forest management 	Expansion	Expansion
			Demand for products that reduce GHG emissions from livestock farming will increase	<ul style="list-style-type: none"> Cellulose material utilization technology 	Expansion	Stable
			Demand for halogen-free resins with low environmental burden will increase	<ul style="list-style-type: none"> Increased demand for functional coating resin "AUOREN[®]" 	Expansion	Expansion
			Demand for sustainable aviation fuel will increase	<ul style="list-style-type: none"> Technology for producing bioethanol from wood resources Multiple kraft pulp manufacturing facilities 	Expansion	Expansion
Physical factors	Increase in the number of catastrophic disasters	A rise in demand for stable product supply	Growing demand for purchasing from suppliers with established flexible BCP systems	<ul style="list-style-type: none"> Multiple production sites 	Expansion	Significant expansion
		Overseas raw material suppliers and distribution networks are damaged	Demand for domestic wood materials will increase. Demand for elite tree seedlings will increase due to greater area for reforestation in Japan	<ul style="list-style-type: none"> Company-owned forests in Japan Elite tree seedling business Wastepaper procurement network Procurement network for domestic wood materials Forest management technology Breeding and propagation technology Procurement network for non-fossil fuels Collaboration with Stakeholders Unused wastepaper recycling technology 	Expansion	Significant expansion
			Demand for wastepaper will increase			
			Domestic demand for waste-derived fuels and biomass fuels will increase			
		Increasing need to strengthen buildings	Demand for concrete admixtures and other materials will increase	<ul style="list-style-type: none"> Admixture for concrete (fly ash) technology 	Expansion	Expansion
		Demand for long-term food storage will increase	Increasing demand for aseptic paper cartons for long-term storage of contents	<ul style="list-style-type: none"> Total system supplier 	Expansion	Expansion
	Increase in temperature and change in precipitation patterns	Decline in plant growth	Demand for environmental stress tolerant trees will increase	<ul style="list-style-type: none"> Breeding and propagation technology 	Expansion	Expansion

Response to Climate Change

1. Transition Factors

1-1. Opportunities Associated with the Introduction of the Policy

<Increase in demand for renewable energy>

In the 1.5°C scenario, policies are expected to promote the introduction of renewable energy, which will increase the demand for locations to install solar, wind, and small hydroelectric power generation facilities, as well as the demand for biomass fuels.

The Company owns its forests and land in Japan, and it has an opportunity to expand its business of supplying renewable energy in cooperation with power generation companies. Increasing demand for biomass fuels will provide an opportunity to expand the biomass fuel sales business by making maximum use of the procurement network of Nippon Paper Lumber, one of the largest wood collection and sales companies in Japan.

In the 1.5°C scenario, where a rapid increase in demand for renewable energy is expected, the Company believes that it has the tangible and intangible assets, such as biomass boilers and facilities and technologies that use black liquor, a carbon-free fuel, to meet this demand, and can quickly respond to this market expansion and capture business opportunities.

<Dissemination and expansion of next-generation vehicles>

Since the transportation sector accounts for about 20% of Japan's CO₂ emissions, it is predicted that next generation vehicles such as electric vehicles will become more popular in the future.

In 2021, the New Industry Creation Hatchery Center (NICHe) at Tohoku University announced that it had discovered that CNF*'s have a powerful energy storage effect, and that it had succeeded in developing the world's first dry, lightweight supercapacitor by using the Company's TEMPO-oxidized CNF to create an uneven surface with a controlled CNF surface shape. The Company participated in the Expo 2025 Osaka, Kansai, Japan, from June 10 to 16, 2025, as Nanocellulose Japan (NCJ) and unveiled a prototype device that uses this CNF supercapacitor in the Future Life Experience exhibition facility of the Future Life Expo. In addition to enabling high-voltage charging in a shorter period of time than conventional lithium-ion batteries, CNF-based energy storage is a technology that is expected to solve the problem of increasing energy storage capacity, which is currently an issue for electric vehicle batteries, and could make a significant

contribution to the spread of electric vehicles, etc.

The global market for supercapacitors was worth US\$5.16 billion in 2023 and is predicted to grow at a compound annual growth rate (CAGR) of 20.35% from 2024 to 2032 to reach US\$27.33 billion by 2032*².

In addition, with the spread of next-generation vehicles, the need for lighter-weight vehicles is expected to be even greater in the future. The market for composite material fiber-reinforced plastics (FRP), which reinforce a polymer matrix with fibers such as glass, carbon, or aramid, is projected to be worth US\$85.69 billion in 2023 and US\$92.8 billion by 2024 and is predicted to grow at a CAGR of 8.38% to reach US\$150.6 billion by 2030*³. While glass (glass fiber) and carbon (polymer-reinforced carbon fiber) are the most widely used fibers for reinforcing materials at present, due to the spread of electric vehicles, etc., there is a rising need for lightweight materials to achieve even greater fuel efficiency. The relative gravity (weight per unit volume) of CNF is lower than that of other fibers, making it an extremely lightweight fiber. Furthermore, CNF is a carbon-neutral, plant-derived material with multifaceted value in environmental conservation, as it suffers less performance degradation due to material recycling than glass fiber-reinforced plastics does. The global market for CNF is projected to be worth ¥6.29 billion in 2024. However, it is projected to expand to around ¥7.7 billion in 2025 as more businesses use it for composite reinforcement material, including in automotive components (from 132 tonnes in 2024 to 221 tonnes projected for 2025)*⁴.

The dissemination of next-generation vehicles is a highly feasible event in both scenarios, with or without the introduction of policies, but in the 1.5°C scenario, the diffusion will be rapid due to policy support. The Company believes that it has the technological superiority and technological development capability to respond to this rapid spread, and that it can promptly respond to the rapid market expansion and grow the Company's business.

*1 Cellulose Nano Fiber

*2 Straits Research "Supercapacitors Market Size and Share Report, 2032" (report dated July 22, 2024)

*3 360iResearch "Fiber-Reinforced Plastic Market by Material (Aramid, Basalt, Carbon), Application (Gas Distribution Networks, Oil Flow Lines, Water Injection Lines), Industry - Global Forecast 2025-2030" (report dated October 31, 2024)

*4 Yano Research Institute "CNF (Cellulose Nanofiber) Market 2024"

<Expansion of the carbon credit market>

In the 1.5°C scenario where the world is aiming for carbon neutrality (net zero CO₂), the carbon credit market is expected to expand due to increased demand, and the demand for forest absorption credits is expected to increase accordingly.

The Company owns approximately 90,000 hectares of its forests in Japan and is expanding its overseas plantation business in various countries. In addition to forest management technology cultivated through the management of company-owned forests in Japan and overseas plantation business, the creation of carbon credits by utilizing the Company's unique breeding and propagation technology that enables highly efficient CO₂ fixation is expected to enable the Company to enter the expanding market and capture business opportunities. Specifically, the Company will work toward registering projects that will create 200,000 tonnes of J-Credits in company-owned forests in Japan by FY2027. The Company is committed to contributing to the formulation of rules regarding how forest absorption credits should be shaped and utilized from a forest owner's perspective, through such initiatives as the GX League advocated by the Ministry of Economy, Trade and Industry.

<Strengthen the policies of resource-supplying countries>

Since a significant portion of its raw materials and fuel for manufacturing are imported from overseas, the Company could be impacted by policy trends in resource-supplying countries. In the 1.5°C scenario, there may be a risk of increased raw material procurement costs due to higher carbon trading prices arising from stricter policies in resource-supplying countries. On the other hand, the Company owns forests in Japan and utilizes such resources, and at the same time, it operates a seedling business that contributes to creation of new resources. The Company has also established diversified procurement networks in Japan for resources such as fuels and wastepaper. Accordingly, the Company is able to make a shift to utilization of domestic resources. In addition, the Company has already become one of the top-ranked companies in Japan in terms of the domestic timber utilization rate.

The Company is working with stakeholders to create a closed-loop recycling system for wastepaper and at the same time, it is leveraging its strengths to make efficient and stable use of diverse resources, such as utilizing technologies to make use of paper that is difficult to recycle, such as used paper containers for food and beverage applications.

In order to develop a used paper container recycling business, the Company began operating recycling facilities for food and beverage paper containers at the Fuji Mill in 2022, and its Group Company also began operating shredding and washing plant in 2023.

Response to Climate Change

The Company is working on recycling paper containers used in restaurants, shopping malls, and sports events such as marathons, increasing the recycling volume every year. By 2030, the Company aims to stably collect and utilize unused wastepaper (12,000 tonnes per year), such as used paper containers. Under the 1.5°C scenario, the Company expects the impact of the policies of resource-supplying countries to occur within five years, but the Company believes it can maintain and expand its business by taking advantage of its access to domestic resources.

<Promotion of carbon recycling >

In the 1.5°C scenario, carbon recycling, which is the process of capturing and reusing CO₂ from the atmosphere, is expected to progress rapidly, along with the reduction of GHG emissions through the reduction of fossil fuel use. In the overseas plantation business, the Company uses wood materials as a woody biomass resource by continuing the cycle of planting, nurturing, harvesting (wood chip production), and then replanting, allowing forests to freshly absorb and fix CO₂ from the atmosphere every year. As an example, the annual production volume of wood chips by AMCEL (Brazil), the Group's plantation company, is equivalent to approximately 1.5 million tonnes of forest CO₂ absorption. By positioning its overseas plantation business as a carbon recycling business and promoting the use of its proprietary breeding and propagation technologies that enable highly efficient CO₂ fixation, the Company can improve its CO₂ absorption and fixation capacity and contribute to the recycling of carbon resources, not just in the Company's own forests.

The Company aims to improve the CO₂ fixation efficiency in overseas plantation business by 30% by FY2030, as compared with 2013. The Company intends to secure future resources for the Company by contributing to improvement of productivity of forests across the globe and an increase in CO₂ fixation through provision of our breeding and propagation technologies, and plantation technologies to other companies. As an example, the Company entered into a strategic partnership agreement concerning an afforestation project in Indonesia with Marubeni Corporation in 2022, and commenced provision of technological support. In addition, the Company aims to secure about 100,000 hectares of new plantation resources mainly in Asia. In Japan, the Company has developed

tree breeding and propagation technologies based on its knowledge accumulated overseas to promote a business that produces selective seedlings of Japanese cedar and cypress that are called elite trees. Elite trees have their excellent properties, with growth rates more than 1.5 times faster and pollen production less than half that of conventional varieties. The Japanese government also supports the spread of elite trees to expand the forestry industry and combat pollen allergies. The Company aims to establish a system to produce 10 million elite tree seedlings by 2030. By promoting the widespread use of elite tree seedlings, the Company will not only ensure a stable supply of domestic raw materials, but also contribute to promoting the carbon recycling in Japan, expanding GHG sinks, enhancing resource security and self-sufficiency, supporting balanced land development through the return of economic benefits to local regions, and more. Since CO₂ derived from biomass obtained from sustainable forests is considered carbon neutral, carbon negativity (negative emissions) can be achieved by separating and recovering the CO₂ generated from the combustion of biomass fuels and storing it underground or recycling it. In the future, with the practical application of technologies for CO₂ separation, underground storage, and recycling, the Company can expect to achieve carbon negativity using CO₂ generated from biomass boilers and black liquor-fueled recovery boilers operating in Japan.

1-2. Opportunities Associated with Transition to a Decentralized Society

Under the 1.5°C scenario, the transition from a metropolitan-intensive society to a decentralized society is expected to proceed. As a result, local production and local consumption of energy will increase, and small-scale demand for fuel will likely increase. This trend has already begun, but it is expected to accelerate under the 1.5°C scenario. In response, the Company will have the opportunity to expand its biomass fuel sales business by making full use of the biomass procurement network of Nippon Paper Lumber, which is one of the largest wood collection and sales networks in Japan. In addition, with the shift to a decentralized society, the places of consumption of products are also expected to become more dispersed.

In the 4°C scenario, regardless of the temperature rise, there will be a shift to decentralization, but at a slower rate than in the 1.5°C scenario, in part due to the impact of increased risk of infectious diseases. In both scenarios,

the Company believes that it can maintain and expand its business by taking advantage of the fact that the Company's mills are dispersed throughout Japan and by responding to the decentralization.

1-3. Opportunities Arising from Changes in Market Needs

<Increase in demand for biomass materials>

The Company has built a business model based on carbon neutral forest resources, which enables it to provide products that meet the needs of customers who prefer environmentally friendly products. The shift in packaging materials from plastic to paper has continued as one way to address the marine plastics problem. Under the 1.5°C scenario, this trend is expected to accelerate further in conjunction with the problem of climate change, leading to increased demand for the use of biomass materials in a variety of products other than packaging materials.

As part of the Company's strategy to meet the increasing demand for biomass materials, it is promoting "paperization" under the slogan, "Let paper do what it can do." In addition to developing and marketing "SHIELDPLUS®," a paper packaging material with unprecedentedly excellent barrier properties against oxygen and water vapor, the Company has developed and begun selling other products, including "Waterproof Liner," a multifunctional containerboard that is a sustainable packaging material alternative to styrofoam boxes, "SPOPS®," a replaceable paper container that reduces plastic use by replacing plastic pouches with paper containers, and "School POP®," a strawless drinking carton. "SPOPS®" has been adopted mainly for hotel amenities in Japan since 2019, when products using this container were launched, and it was also adopted in South Korea in 2024. The Company has promoted it globally as an environmentally friendly container made in Japan. "School POP®" was first adopted by a dairy product manufacturer in January 2021, and since then, it has been increasingly adopted amid growing environmental awareness. In FY2025, about 600 million School POP® containers are expected to be used, accounting for 40% of school milk cartons. The Company also developed "LiterLyte®," which uses base paper that is 8% lighter than conventional products, as a new line of paper carton NP-PAK products, and has supplied it since October 2023. As a reduction in pulp use also reduces GHG emissions, the Company has promoted it as an environmentally friendly product to expand its application.

Response to Climate Change

Moreover, biomass composites, which are made of "KC FLOCK®," powdered cellulose created by finely grinding pulp, and plastic, are under consideration for various applications as a material with low environmental burden, as the Company can reduce the use of plastic while improving the strength by using biomass composites. It believes that, by providing powdered cellulose suitable for composite material, it can respond to changing market needs and capture and expand business opportunities.

<Increased demand for products derived from sustainable forests>

The Company confirms the legality and sustainability of all woody raw materials it procures and ensures traceability through its supplier questionnaires, site visits and audits. Additionally, all of its woody raw materials are either FM (Forest Management) materials under the forest certification system or risk-assessed and controlled wood.

In addition to utilizing the forest certification system, the Company has adopted a due diligence system to confirm the legality and sustainability of its woody raw materials, and it has established a system that enables it to promptly respond to inquiries from customers regarding raw material procurement. Furthermore, in order to supply certified paper, for which demand has been increasing in recent years, the Company has been working to strengthen its procurement system to secure certified forest materials. This includes securing new plantation sites, mainly in Asian regions, and establishing NPL Resources Asia as a base for resource procurement activities in the region.

The Company's sustainable procurement of forest resources ensures reliability through supply chain management, which is based on the trust it has built with its suppliers over many years, and the creation of forest resources. In 2022, the Group updated its "Principles and Basic Policies Concerning Raw Materials Procurement" to enhance its content and established the "Wood Resources Procurement Guidelines" under that policy. The Company continues to strengthen its efforts to further improve the reliability of the wood-based raw materials used and will continue to meet customer requests. With the aim of fully utilizing its wood resources, the Company produces pulp and various products, including industrial dispersants and additives for lead-acid batteries made from lignin. The Company is committed to continuing to provide environmentally friendly products that use sustainable wood resources as raw materials.

<Increase in products that reduce greenhouse gas emissions>

The amount of greenhouse gases from livestock accounts for about 30% of the total emissions from the agriculture, forestry, and fisheries sectors in Japan, and research is being conducted to reduce these emissions.

By utilizing its unique technology to extract from wood chips only cellulose fibers that are easily digestible by cattle, the Company has sold "Genki MoriMori™," a livestock feed high in fiber content and nutritional value. Feeding cows with easily digestible feed is expected to lower the amount of excrement and reduce GHG emissions generated when compost is made. Reducing GHG emissions from the livestock industry has become a global issue. In the 1.5°C scenario, efforts to address the problem may accelerate and create greater market demand for feed with this reduction effect. The Company believes that it can capture this business opportunity by utilizing the technologies it has accumulated in the Pulp and Paper Business.

<Increased demand for sustainable aviation fuel (SAF)>

SAF*¹ is often used for decarbonization in the aviation sector, but the supply of waste cooking oil-derived SAF, which is currently the most common, is limited. Therefore, the market for ethanol-based SAF (ATJ)*² is expected to grow. This ethanol is assumed to be bioethanol, which is derived from corn or sugarcane, but it induces competition with food use, and its domestic demand is covered by imports.

Having strengths in the procurement of domestic wood materials that produce less GHG emissions due to short transport distances, the Company makes pulp-based non-food bioethanol using these materials to respond to climate change and expand the range of applications of pulp. Specifically, the Company has launched the "Morisora Project" with the slogan "Turning the Power of Forests into the Power of Flight" in collaboration with Sumitomo Corporation and Green Earth Institute Co., Ltd., and is considering starting to produce tens of thousands of kiloliters of bioethanol using domestic wood materials per year by FY2030. Japan Airlines Co., Ltd. and Airbus SE have also joined the project, and all the companies will work together on producing SAF from bioethanol in Japan.

At the same time, the Company will raise the environmental value of non-

food bioethanol made from domestic wood materials as a pilot operator of the SAF Certification Task Group of the Public-Private Council to Promote the Introduction of Sustainable Aviation Fuel (SAF) and a member of "ACT FOR SKY," which aims to commercialize and promote the use of SAF produced in Japan. By incorporating its propagation business of elite trees, which absorb more CO₂ and grow faster than conventional varieties, into this project by leveraging the "Power of Forests," the Company will contribute to the circulation of forest resources, the revitalization of local communities, and the creation of a carbon neutral society.

*1 SAF: Sustainable Aviation Fuel. This sustainable aviation fuel significantly reduces CO₂ emissions in its lifecycle, from production and collection to manufacturing and combustion, compared to conventional fuels, and can be utilized as is with existing infrastructure

*2 ATJ: Alcohol to Jet. This refers to aviation fuel made from alcohol (ethanol or butanol)

2. Physical Factors

2-1. Opportunities Due to the Increase in the Number of Severe Disasters

<Increase in demand for stable supply of products>

Severe weather disasters, such as typhoons and torrential rains, are expected to cause damage to production sites and distribution networks, further intensifying the demand from customers to maintain a stable supply of products.

In response, the Company is working to formulate a detailed system for business continuity. It is developing a system that will allow it to manufacture products at multiple plants. Since severe disasters are expected to become more frequent in the 4°C scenario, the Company believes that it can take advantage of the fact that its mills are dispersed throughout Japan to accelerate the transition to a more flexible production system and further strengthen its system for business continuity, thereby leading to business expansion.

Also, in the event that its overseas raw material suppliers are damaged and opportunities for domestic timber, wastepaper and domestic non-fossil fuel use expand significantly, the Company can take advantage of its strong timber, wastepaper and fuel procurement network as well as its efforts to secure wastepaper raw materials in collaboration with its customers. Furthermore, it believes that it can also maintain and expand its business by utilizing its unused wastepaper recycling technology and making extensive use of domestic resources.

Response to Climate Change

<Increase in demand for long-term storage food containers>

The market for containers for long-term storage is expected to grow, as local governments and households are becoming increasingly concerned about the importance of storing emergency food supplies to prepare for severe disasters that are expected to occur not only in a 4°C scenario but also in a 1.5°C scenario.

In addition to "FUJIPAK[®]," which enables room-temperature distribution and long-term storage of beverages and tofu, the Company sells a "non-aluminum FUJIPAK," which allows room-temperature distribution without using aluminum foil. This product has drawn attention as an environmentally friendly container that improves recyclability and reduces GHG emissions. The Company has also developed and launched "NSATOM[™]" as a new container designed for solid-particle, long-fiber, and high-viscosity beverages, which can hold a wider variety of contents and has a long-term storage function. As paper containers capable of long-term storage are believed to help eliminate plastic and reduce food waste, the Company will continue to develop new containers that meet market needs and strengthen its system of stable supply.

2-2. Rising Temperatures and Changing Precipitation Patterns

<Increasing demand for environmental stress tolerant plants>

Plants cannot move on their own, which means that environmental changes like higher temperatures can stress them and hinder their growth. So, efforts have been made for many years to breed plants that can withstand high temperatures, salt damage, dry conditions, and the like.

Under the 4°C scenario, the demand for environmental stress tolerant plants may increase because the appropriate areas for plant growth are expected to change and decrease due to climate change.

The Company has been developing tree breeding and propagation technologies for many years and has developed a number of proprietary technologies for these.

Because tree breeding takes time, it will be difficult to expand the business rapidly in 2030, but the Company will work to expand its business quickly after 2030, when the value of forests will further increase toward carbon neutrality.

Promotion of Resource Circulation

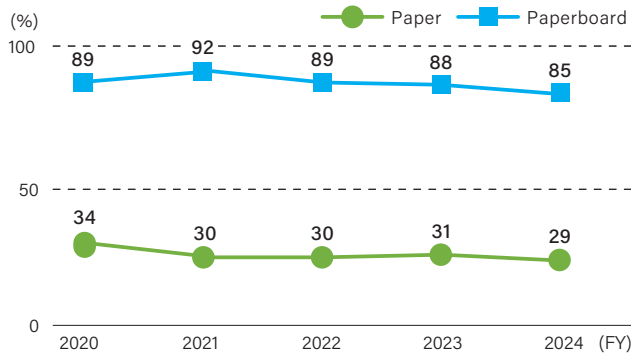
1 Basic Policy

📖 →P94 NIPPON PAPER GROUP Environmental Charter

2 Initiatives for Using Wastepaper

NIPPON PAPER GROUP considers wastepaper as important raw material and is working on the recycling of unused wastepaper.

Trend of Wastepaper Utilization Rate (in Japan*)



* From FY2021, Crecia Kasuga is also included in the scope

CASE STUDY

Launch of Recycling Facilities for Food and Beverage Paper Containers (Nippon Paper Industries)

In 2022, the Company's Fuji Mill began operating facilities dedicated to producing recycled pulp from wastepaper of food and beverage paper containers, and in 2023, the Company began operating shredding and washing plant in the Kanto region. Using wastepaper derived from food and beverage paper containers that have been sorted accurately makes it possible to produce high-quality recycled pulp that has a high degree of brightness. By leveraging the characteristics of recycled pulp produced at this plant and promoting their recycling into various paper products with high added value, the Company will popularize the recycling of used paper containers and build a new resource circulation business.

CASE STUDY

Paper Cup Recycling through Three-Company Collaboration with JAL and TOKAN KOGYO

(Nippon Paper Industries)

Since 2022, the Company has collaborated with Japan Airlines Co., Ltd. (JAL) to recycle paper cups and other items. The JAL Group properly sorts and collects the paper cups used in some domestic in-flight services, while NIPPON PAPER GROUP provides a unique route for their transportation, accumulation, and packing. This recycling project was initially limited to materials such as containerboards. However, through a three-way collaboration with paper cup manufacturer TOKAN KOGYO CO., LTD., in 2024, the Company became the first in Japan*¹ to achieve horizontal recycling, turning paper cups back into paper cups*².

*1 According to research by the Company

*2 Recycled paper containing used paper cups is used as part of the raw material

Recycling of Paper Containers from Restaurants, Sporting Events, and the Like (Nippon Paper Industries)

Since 2024, the Company has collaborated with McDonald's Company (Japan), Ltd., collecting used paper cups from four of its stores in Saitama Prefecture and recycling them.

The Company recycled the paper cups used by roughly 40,000 runners in Tokyo Marathon 2025. Similar recycling efforts are being carried out in marathons nationwide.

The Company has also begun collecting and recycling used paper containers at games played by Alvark Tokyo, a B. LEAGUE professional basketball team.

In this way, the Company is working to tackle environmental issues by recycling difficult-to-use wastepaper in various situations and by supplying recycled paper products.

It is also continuing its efforts with Kandu to foster greater awareness among the children who will be responsible for the recycling of the future, aiming to raise future recycling rates.

Upcycling Project of Used Paper Containers Centering on "choito®" (Nippon Paper Industries, NP Trading)

In 2024, the Group launched "choito®," a brand of fabric products partially made of paper yarn from used food and beverage paper containers. Through this project, the Company has begun recycling collected used paper containers into high-quality recycled pulp at the Company's Fuji Mill and producing fabric products, such as towels and aprons, using paper yarn created from the pulp. Products with original tags and embroidery have been sold based on requests from Japan Airlines Co., Ltd., Kyobashi-Sembikiya, Ltd., and the UCC Group. Through this project, the Company is promoting collaboration with many business partners and is helping expand the recycling of used paper containers which were previously disposed of.

Initiatives to Recycle Release Paper (Nippon Paper Industries)

The Company produces base paper for the release paper used for stickers and labels. It is implementing initiatives to recycle release paper, which has been disposed of in the past, from the perspective of extended producer responsibility. Currently, used release paper is collected and recycled into materials such as containerboards and notebook covers. The Company also coordinates with Japan-Earth Conscious Labeling association* (J-ECOL) to collect used release paper from users such as Nichiban Co., Ltd. and recycle it. To make it easier to recycle release paper, the Company proposes the use of base paper for release paper (paper coated on one side) that does not need a layer of PE laminate, thereby contributing to the reduction of plastic consumption.

* This association was founded in May 2023 to promote the resource circulation of used release paper. It consists of companies and organizations related to the use, production, and recycling of stickers and labels

Promotion of Resource Circulation

CASE STUDY

"Closed Loop" Initiatives (Nippon Paper Industries)

The Company has established a "closed loop" scheme in which it directly purchases wastepaper from its customers in order to make long-term, stable use of collected waste newspaper and catalog paper as a raw material. In April 2023, the Company signed a new contract with DINOS CORPORATION regarding the sale and recycling of wastepaper, for the purpose of domestic circulation of resources by building a "closed loop" of catalog wastepaper, and started operations.

Collection and Recycling of Paper Cups (Nippon Paper Industries)

Since 2019, the Company has been collecting used paper cups at its head office and recycling them as raw materials for containerboards at its Ashikaga Mill. In FY2024, the Company collected approximately 175,000 paper cups.

Paper Carton Recycling "PakUpcycle®" (Nippon Paper Industries)

The Company has conducted various initiatives with a catch phrase of "PakUpcycle®," coined by the Company by combining "Pak" (beverage paper pack) and "Upcycle" (to reuse unnecessary items through processing to add value as a product).

<Paper-Pak Carton Collection and Recycling>

The Company has installed Paper-Pak collection boxes at Group company sites and is working to increase employee awareness of paper pack recycling. In addition, the Company has positioned the collection of paper packs as an activity that enables society as a whole to make effective use of resources, and is working with collection companies to strengthen the efforts to promote recycling at various facilities and schools. In 2017, the Company commenced collection activities using a proprietary method, primarily in Nerima City, Tokyo. The collected paper packs are used as raw material for household paper products. (Results for FY2024: 4.3 tonnes)

<Recycling of Beverage Paper Packs with Aluminum>

The Company is working with RIPRO Corporation, Japan, and Hagiwara Industries Inc. to jointly develop uses for a mixture of polyethylene and aluminum ("PolyAl") in order to perform material recycling* of the mixture that is processed as waste during the process of recycling beverage paper cartons made with aluminum. Boundary piles made from PolyAl are used by several forest cooperatives.

* Recycling method in which waste is recycled as raw material for a new product

<Recycling of Milk Paper Packs from School Lunches>

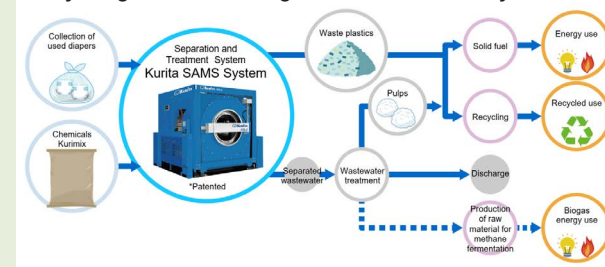
In 2023, School POP® → **P62** was adopted by CHUOMILK, which supplies milk for school lunches in areas surrounding Toyohashi City. In response, Toyohashi City began recycling school lunch milk paper packs to reduce waste and recycle resources, and to promote environmental education at schools it also holds activities such as visiting lectures. Employees of the Company, together with employees of CHUOMILK, participated in this visiting lecture to help with instruction and with a paper-making workshop. The Company has received feedback from schools that says that the lectures stimulated students' interest in recycling and taught them the importance of milk.

Joint Development of Environmentally Friendly Paper Diapers with Kurita Water Industries (Nippon Paper Crecia)

Most of the used diapers in Japan are incinerated in general or industrial waste treatment plants. As Japan's population ages, the volume of used paper diapers is forecast to increase, so there is a rising need to recycle them. Group company Nippon Paper Crecia is developing environmentally friendly paper diapers with Kurita Water Industries Ltd. ("Kurita Water Industries"). In this development project, Nippon Paper Crecia is providing information regarding paper diaper products and Kurita Water Industries is providing information about separation and processing performed using the Kurita SAMS System. Together, they are deliberating product specifications for paper diapers

that would increase the quality of separated and processed plastic and pulp materials. Through the project, the companies are helping create a recycling-based economy and society and realize a decarbonized society with the aim of further contributing to societal sustainability.

Recycling Process Using the Kurita SAMS System



Start of Empty Tissue Box Recycling Verification Testing in Soka City (Nippon Paper Crecia)

Group company Nippon Paper Crecia has signed an agreement on initiatives for creating a recycling-based society with Soka City, Saitama Prefecture. From April 2024, it has launched an empty tissue box recycling verification project in five public facilities within the city. The collected empty boxes are reused by the Group as raw material for cardboard, and Nippon Paper Crecia is donating toilet paper to elementary schools and junior high schools in the city based on the amount of empty tissue boxes that are collected. Some of the collected boxes are turned into miscellaneous paper storage bags and distributed to elementary schools in Soka City to deepen students' understanding of recycling. Nippon Paper Crecia will continue to strengthen its collaboration, promoting paper recycling and contributing to the realization of a sustainable society.

Reduction of Environmental Burden

1 Basic Policy

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2 Effective Management of Water Resources

- NIPPON PAPER GROUP sources water for its production activities from tap water, industrial water, groundwater, and rivers.
- For the sustainable use of water resources, the Group is working to reduce water consumption and the amount of water pollutants in its wastewater.
- In FY2024, the Group did not receive any information from the government or local residents that the Group's mills and business offices were impacting the environment due to their water intake.
- The Group conducts assessments in order to identify water risks for each major production site in Japan and overseas, such as the frequency of risks to water supply and flooding, and to formulate appropriate countermeasures.
- In FY2024, the Group conducted a comprehensive water risk analysis, using the Baseline Water Stress (5-point scale) in the Aqueduct 4.0 Water Risk Atlas tool by the World Resources Institute (WRI), at 42 sites (27 production sites and 15 non-production sites) in Japan and 47 sites (33 production sites and 14 non-production sites) overseas. The sites both in Japan and overseas have achieved high efficiency of water usage, maintaining a stable risk management system. No extreme water risks were found in the production sites in Japan, and each site continues to manage water according to its characteristics. Going forward, the Group is committed to using sustainable water resources and reducing risks.

1. Reducing the Amount of Water Used

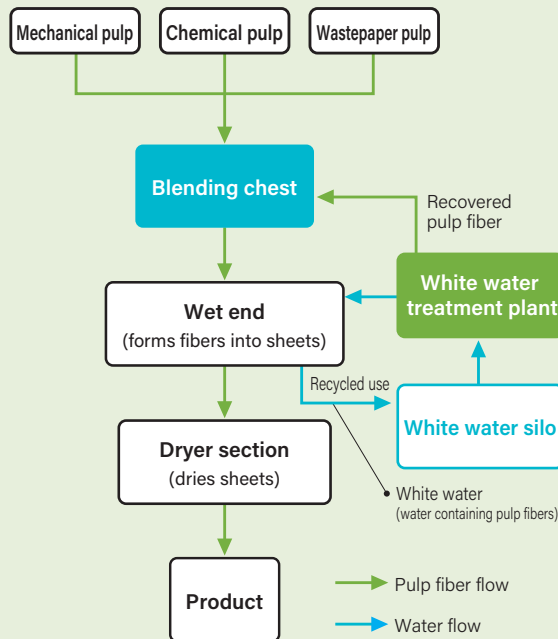
- The Group actively reuses water in production processes to reduce the amount of water used.
- The reuse of water in the production process leads to energy saving of equipment by reducing the amount of inflow water.

CASE STUDY

White Water Recycling

At the Group's paper mills, they collect water containing fine pulp fibers generated in the wet end called white water. The collected white water is separated into pulp fibers and reused water by the treatment equipment, the pulp fibers are returned to the blending chest and the reused water is returned to the wet end for recycling, in an effort to reduce water consumption.

White Water Circulation Flow Diagram



CASE STUDY

Recycling of Water Using Jet Nozzles (Nippon Paper Industries)

As the amount of recycled water in the manufacturing process increases, hydrogen sulfide is generated due to fouling within the system caused by closed processes and the rotting of accumulated fine pulp. In order to save water and achieve improved operational efficiency by controlling the production of unpleasant smells, submersible jet nozzles that utilize the eductor* effect have been installed in the Company's mills in Japan. The powerful liquid flow cleans the system by removing dirt and deposits from the bottom of the pit, thereby promoting the circular use of water.

* Sucking up the liquid inside the pit and discharging it with supplied water using pressure difference

2. Reducing Water Pollutants

- The Group is working toward reducing water pollutants by 15% compared to FY2018 by FY2030.
- The Group purifies wastewater using activated sludge treatment equipment and other equipment to reduce the amount of organic substances in the wastewater to below the standard values stipulated by laws and regulations and agreed upon with local governments before discharging it into public waters and sewerage systems.
- Wastewater from some of the mills and business offices is thoroughly controlled through constant monitoring using measuring equipment and daily water quality inspections by inspectors.

Reduction of Environmental Burden

3. Initiatives in Collaboration with Other Companies

The Group is working with other companies to implement initiatives for the sustainable use of water resources.

CASE STUDY

Participation in the JOKI Programme (Jujo Thermal)

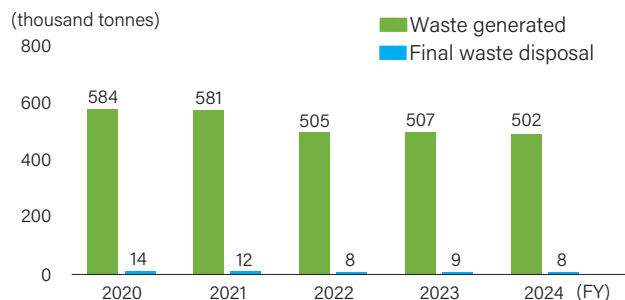
Jujo Thermal (Finland) participates in the JOKI programme, which aims to strengthen the protection of water resources in operating areas and improve water quality.

3 Waste Reduction

1. Waste Recycling

The Group is advancing initiatives such as revising production processes and making effective use of boiler ash as civil engineering material in order to reduce the amount of industrial waste sent to landfill and other forms of final disposal.

Waste Generated and Final Waste Disposal (in Japan*)



* From FY2021, Crecia Kasuga is also included in the scope

CASE STUDY

Circular Use of Quicklime (Nippon Paper Industries)

At its papermaking mills, the Group uses quicklime to recover chemicals used in the pulp manufacturing processes and to manufacture fillers that impart functionality to paper. Quicklime waste is generated in this process. The Group has so far disposed of this material as an industrial waste. However, the Company's Ishinomaki and Iwanuma mills have started collaborating with a supplier that can recycle quicklime waste. Under this collaboration, the Ishinomaki and Iwanuma mills are working to reuse quicklime waste as a resource.

Processing Coal Fly Ash from a Boiler into a Construction Material (Nippon Paper Industries)

The Ishinomaki Mill operates a coal boiler to privately generate electricity on site. In the process, combustion ash is generated in its coal boiler. The Company processes the combustion ash through heat modification, and sells the material as CfFA® (Carbon-free Fly Ash) concrete admixture. Mixing CfFA® into concrete has the effect of making it more durable and longer lasting. CfFA® has so far been adopted in earthquake recovery construction (bridges and seawalls, etc.) in the Tohoku region of Japan.

Effective use of local waste (Nippon Paper Industries)

At the Company's Nakoso Mill, waste generated in neighboring areas is actively used as fuel. This waste includes shiitake mushroom beds and rubber chips from artificial turf. The use of waste as fuel allows the Nakoso Mill to reduce its use of fossil fuels. The local production and consumption of fuel has not only contributed to reducing GHG emissions from the Nakoso Mill, but it has also helped to reduce waste generated in local areas. In 2022, the Company won the Special Award of the 7th Fukushima Industrial Award sponsored by the Fukushima-Minpo Co., Ltd.

Recycling of Paper Pallets

The Group is contributing to the effective use of renewable resources by collecting and reusing pallets through Pallet Recycle Co., Ltd.

2. Response to the Plastic Resource Circulation Act

The Group is working on the control of generation and discharging of waste plastic and its recycling pursuant to the "Plastic Resource Circulation Act," established in April 2022.

<Control of generation and discharging>

- Through the Japan Paper Association, the Group encourages wastepaper suppliers to reduce plastic contamination in wastepaper.
- The Group chooses high-strength and long-life plastic products for use in production.

<Recycling>

- The Group prioritizes the outsourcing of work to processing companies that can recycle resources.
- Waste plastic that is difficult to recycle is used by the Group internally as fuel. → P29

<Others>

- The Group develops and provides products that can help reduce the amount of plastic used in society as a whole.

4 Controlling Chemical Substances

- The Group examines the chemical substances it uses in its production processes in accordance with its Chemical Substance Management Guidelines. The Group implements risk management by monitoring how much of these substances is used and how much is released into the environment. The Group also takes corrective actions as necessary.
- At risk communication → P27 held at its mills and business offices, the Group discloses to local stakeholders the amounts of released and transferred chemical substances subject to the PRTR system.

Reduction of Environmental Burden

Amounts of Substances Subject to the PRTR System Released and Transferred*1 (FY2024)

Chemical Substance	Amount released	Amount transferred	Total released and transferred
Water-soluble compounds of zinc	300.0	0.0	300.0
Acrylamide	6.9	0.0	6.9
Acrylic acid and its water-soluble salts	13.0	0.0	13.0
Acrylonitrile	0.8	0.0	0.8
EPN	1,500.0	0.0	1,500.0
Ethylbenzene	0.2	0.0	0.2
Ethylene glycol monoethyl ether	580.0	5,300.0	5,880.0
Xylene	132.8	0.0	132.8
Glutaraldehyde	24.1	1.6	25.7
Chloroform	54,190.4	44,588.4	98,778.8
Tetrachloromethane	0.0	39,656.1	39,656.1
Cyclohexylamine	700.0	0.0	700.0
Methylene chloride	9,000.0	180.0	9,180.0
N,N-Dimethylacetamide	23.0	167.2	190.2
N,N-Dimethylformamide	110.0	410.0	520.0
Mercury and its compounds	7.3	0.0	7.3
Selenium and its compounds	0.4	0.0	0.4
Dioxins*2	1,130.3	13,334.4	14,464.7
O,O-Dimethyl O-(3-methyl-4-nitrophenyl) phosphorothioate	9.0	0.0	9.0
Water-soluble copper salts (except for complex salts)	2.6	0.0	2.6
Toluene	23,618.1	51,174.0	74,792.1
Naphthalene	0.4	0.0	0.4
Carbon disulfide	5,301.0	0.0	5,301.0
Arsenic and its inorganic compounds	0.4	0.0	0.4
Hydrogen fluoride and its water-soluble salts	15,112.0	0.0	15,112.0

Chemical Substance	Amount released	Amount transferred	Total released and transferred
Hexane	0.9	0.0	0.9
Benzene	0.1	0.0	0.1
Boron compounds	17,833.9	0.0	17,833.9
PCB	0.0	3,977.0	3,977.0
Poly(oxyethylene) alkyl ether	1,366.2	0.0	1,366.2
Formaldehyde	440.9	0.0	440.9
Manganese and its compounds	685.0	0.0	685.0
Methacrylic acid	2.1	0.0	2.1
Methyl methacrylate	21.0	0.0	21.0
Methylnaphthalene	816.4	0.0	816.4
1,3-Dichloro-2-propanol	1.4	0.0	1.4
Methyl benzimidazol-2-ylcarbamate	2,400.4	0.0	2,400.4
Polycondensation products of adipic acid / 2-(chloromethyl)oxirane	26,214.7	2.1	26,216.8
Alkan-1-amine, (Z)-octadec-9-en-1-amine, -octadeca-9,12-dien-1-amine	432.0	0.0	432.0
Mixture of polyaddition products of oxirane to alkan-1-amine, polyaddition products of oxirane to (Z)-octadec-9-en-1-amine and polyaddition products of oxirane to -octadeca-9,12-dien-1-amine	9,213.0	0.0	9,213.0
Alpha-Alkyl-omega-hydroxypoly	15.1	0.0	15.1
Salt of alkyl(benzyl)(dimethyl)ammonium (limited to those the alkyl group is C=12-16)	920.0	0.0	920.0
Ethylene glycol monobutyl ether	58.0	410.0	468.0
Ethylenediaminetetraacetic acid and its potassium and sodium salts	3,640.0	0.0	3,640.0
Chloric acid and its potassium and sodium salt	4,502.5	0.0	4,502.5
Cyclohexane	1,242.0	7,929.0	9,171.0
Salt of N,N,N-trimethyldodecan-1-aminium	1,560.0	0.0	1,560.0
Trimethylbenzene	86.7	0.0	86.7

Reduction of Environmental Burden

Amounts of Substances Subject to the PRTR System Released and Transferred*1 (FY2024)

Chemical Substance	Amount released	Amount transferred	Total released and transferred
Nitrilotriacetic acid and its sodium salt	400.0	0.0	400.0
1-Hydroxyethane-1,1-diyl diphosphonic acid	3,224.0	0.0	3,224.0
Hexahydro-1,3,5-tris-1,3,5-triazine	178.1	0.0	178.1
Methyl isobutyl ketone	360.0	5,900.0	6,260.0
2-(2-Methoxyethoxy)ethanol	8,551.1	0.5	8,551.6
Total*3 Unit : kg	194,798	159,696	354,494

*1 A summary of the volumes Group companies reported in accordance with the PRTR system

*2 Unit : mg-TEQ

*3 Dioxins are not included in total data

5 Prevention of Soil and Air Pollution

- The raw materials and chemicals used by the Group's mills and business offices contain almost no heavy metals, trichloroethylene, or other soil contaminants.
- The Group is working toward reducing air pollutants by 15% compared to FY2018 by FY2030.
- The Group has introduced NOx removal equipment, desulfurization equipment, and a dust collector to reduce atmospheric pollutants, such as sulfur oxides (SOx) and nitrogen oxides (NOx) generated in fuel combustion, to below the standard values stipulated by laws and regulations and agreed upon with local governments before discharging them.

6 Preventing Noise and Vibration

The Group is engaged in efforts utilizing IoT technologies to prevent the occurrence of noise and vibrations. →P61

7 Centralizing Environment-Related Data

The Group has introduced an environment-related data collection and aggregation system for all the Group companies. Environment-related data, such as water quality, air, waste, and chemical substances, is centralized to share and use environmental information within the Group.

Preservation of Biodiversity

1 Basic Policy

📖 →P94 **NIPPON PAPER GROUP Environmental Charter**

📖 →P94 **Basic Policy on the Preservation of Biodiversity**

2 Preserving Biodiversity in the Value Chain

- The Group strives to reduce its impact on biodiversity throughout the entire value chain, from procurement of raw materials and fuel to paper and other manufacturing processes, wastewater treatment, and GHG emissions control.
- The Group sustainably procures wood resources, which are the raw materials for the Group's products, from properly managed forests.

3 Preserving Biodiversity in Forest Management

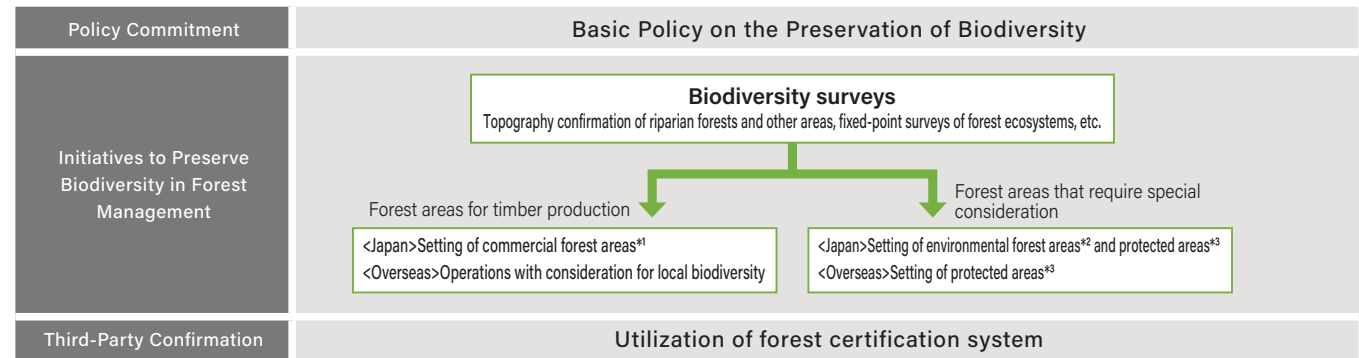
1. Initiatives to Preserve Biodiversity in Forest Management

- The Group manages sustainable forests in the company-owned forests in Japan and overseas.
- The Group conducts biodiversity surveys based on its "Basic Policy on the Preservation of Biodiversity" in the company-owned forests in Japan and overseas.
- In existing businesses, the Group confirms topographical information that should be considered, such as riparian forests, and conducts fixed-point surveys of forest ecosystems.
- Based on the results of biodiversity surveys, in areas that require special attention, the Group has established environmental forests, protected areas, and protected forests where logging is not performed.
- In commercial forest areas where lumber is produced, the Group appropriately manages the forests by considering the location and timing of logging and implementing operations that consider local biodiversity.

2. Third-Party Confirmation

- By utilizing the forest certification system, the Group can have third-party confirmation that its forest management is being implemented, considering biodiversity.
- Nippon Paper Industries and overseas plantation subsidiaries have obtained forest certification for all company-owned forests in Japan and overseas.

Initiatives to Preserve of Biodiversity in Forest Management



*1 Forest areas that are operated for the sustainable production of timber *2 Forest areas that are not cultivated or logged for the production of timber

*3 Forest areas where logging and other operations are restricted to preserve biodiversity

CASE STUDY

Ministry of the Environment: Participation in the Nature Positive* Management Promotion Platform

The Nature Positive Management Promotion Platform, which is based on the National Biodiversity Strategy and Action Plan of Japan, was established as a platform through which companies and local governments would work together to further the adoption of nature positive management and technologies and to promote business matching. The Group is registered in the platform as an NPE Partner, promoting nature positive management, and as an NPE Solution Partner possessing nature positive technologies. Based on the NIPPON PAPER GROUP Environmental Charter, the Group engages in business activities that take biodiversity into consideration, practices sustainable forest management, and uses unique technologies such as elite tree seedling propagation technologies to coordinate with a broad range of stakeholders and promote nature positive management.

* Stopping and reversing biodiversity loss in order to set nature back on a recovery track

Certified as a site of "Nationally Certified Sustainably Managed Natural Sites" by the Ministry of the Environment (Nippon Paper Industries)

The Company has participated in the "30by30 Alliance for Biodiversity," run by the Ministry of the Environment, since the alliance was founded in FY2022. "30by30" is an international commitment to achieve nature positivity by preserving at least 30% of land and sea as natural environmental areas by 2030. After taking part in the trial and verification of the screening process in FY2022, the Ho-oh company-owned forest (1,359 ha in Yamanashi Prefecture) was certified as a "Nationally Certified Sustainably Managed Natural Sites"* by the Ministry of the Environment when the certification system began in October 2023. In the future, the Company will consider expanding the target area.

* In this project, to achieve "30by30," the Ministry of the Environment certifies areas where biodiversity is preserved through private initiatives

Preservation of Biodiversity

CASE STUDY

Preserving Blakiston's Fish Owl* Habitat While Pursuing Timber Production Business

~Collaborating with the Wild Bird Society of Japan~ (Nippon Paper Industries)

The Company is collaborating with the Wild Bird Society of Japan to preserve the precious habitat of the Blakiston's fish owl while pursuing timber production activities.

In 2015, standards which included forestry operation restrictions were defined for areas of a company-owned forest which were frequently used by Blakiston's fish owls. These standards were revised in 2024, and Blakiston's fish owl habitats are being protected based on the bird's actual behavior while the Company also continues its timber production. Multiple chicks have been confirmed as successfully leaving artificial nesting boxes installed in the company-owned forest, and the collaboration is assisting in the restoration of biodiversity. Through this initiative, the Company is contributing to the realization of "Nature Positive."

* Blakiston's fish owl was identified as a national protected species in 1971, and placed on the Red List of critically endangered species by Japan's Ministry of the Environment

Collaborating with the Wild Bird Society of Japan

Year	Activities
2010	Entered into an agreement on the protection of wild birds with which forestland owned by the Company in Eastern Hokkaido was identified as a sanctuary
2015	Set new standards for the compatibility of business activities with the preservation of Blakiston's fish owl habitat in a company-owned forest in Eastern Hokkaido. Won Biodiversity Action Award of the Ministry of the Environment
2020	Installation of artificial nest boxes to support Blakiston's fish owl breeding
2021	Won "Hokkaido Biodiversity Conservation Awards" of the Hokkaido Government
2023	Introducing the initiatives at the NIPPON PAPER GROUP sustainability lecture → P02
2024	Revised the standards set in 2015 in line with the actual behavior of Blakiston's fish owl

Conducting Biodiversity Surveys on Overseas Company-owned Land (AMCEL)

AMCEL (Brazil) has about 170,000 hectares as protected areas of approximately 300,000 hectares of company-owned land. The protected areas are a habitat for many wildlife species and they also include forests with high conservation value where rare and endangered species live. AMCEL conducts biodiversity surveys on the company-owned land.

Biodiversity Preservation Initiatives of AMCEL

Activities	Description
Periodic water quality inspections	Water quality and water level monitoring equipment was installed within the plantation and is being used for periodic inspections
Wild animals and plants habitat research in company-owned land	AMCEL conducts habitat research and monitoring of wild animals and fish in plantation areas in a joint effort with ecologists
Monitoring of vegetation in protected areas	AMCEL conducts continuous monitoring research of vegetation in protected areas

Supporting the Activities of the "Association for the Protection of Shirane-aoi"

To protect the Shirane-aoi, the "Association for the Protection of Shirane-aoi (Japanese wood poppy)" was established in 2000 by Gunma Prefectural Oze High School and Katashina Village, Tone District, Gunma Prefecture. Nippon Paper Development, which manages the Sugenuma company-owned forest, has provided operational support since the association's establishment and has opened a portion of the company-owned forest to the public. Since 2002, Group employees have participated in these activities as volunteers.

* Plants of the Ranunculaceae (buttercup) family designated as an endangered species in Gunma Prefecture

Eradicating Invasive Plant Species from Iriomote Island ~Cooperation with the Iriomote Island Ecotourism Association~ (Nippon Paper Industries)

Following an agreement concluded in 2017 with the Okinawa Forest Office of the Kyushu Forestry Department of the Forestry Agency, in about 9 hectares of national forest on Iriomote Island, the Company has collaborated with the NPO Iriomote Island Ecotourism Association in efforts to eradicate Bay Biscayne creeping oxeye*, an invasive species, and is investigating invasion by exotic plants. The island is registered as a world natural heritage site and is home to rare wild animals and plants such as Iriomote cats, which have been designated by the Japanese government as a natural monument. Measures must be taken to prevent the intrusion of invasive plants. The creeping-oxeye is almost never seen anymore within the activity area, and based on this project achievement, in March 2022, the project agreement was renewed for another five years.

* A plant in the Asteraceae family which originated from the Americas, but was introduced throughout Okinawa for greenifying slopes and embankments, etc. It has strong propagating capabilities, and there are concerns over its impact on local ecosystems

Mutual Cooperation in Forest Management with Coca-Cola Bottlers Japan

The Company and Group company MARUNUMA KOGEN RESORT are coordinating with Coca-Cola Bottlers Japan, Inc. ("CCBJ") in the conservation and protection of forest and water resources. They are working together to maintain "healthy forests" that nurture "bountiful water." Part of the Sugenuma company-owned forest in Katashina Village, Gunma Prefecture (1,747 ha), is located in the water source area of CCBJ's Saitama Mill and Iwatsuki Mill. To maintain its water source retention capability, the Group promotes forest conservation and maintenance activities.

Preservation of Biodiversity

Information Disclosures Based on TNFD

1. Basic Stance on Natural Capital

Under its philosophy of "carrying out its corporate activities in recognition of the importance of biodiversity," NIPPON PAPER GROUP provides society with biomass products that contribute to its sustainability by utilizing forest resources.

The Group's business activities heavily rely on natural gifts such as water resources, wood resources, and soil health, all of which are supported by biodiversity.

Therefore, the Group recognized the preservation of biodiversity as a critical management issue when it established its "Basic Policy on the Preservation of Biodiversity" in 2016.

In compliance with this basic policy, the Group conducts business activities to promote nature-positive initiatives and achieve a society in harmony with nature, by achieving both "preservation and restoration of biodiversity" and "sustainable business growth."

2. Disclosure Items

The Group is actively working to disclose information based on the information disclosure framework of TNFD (Taskforce on Nature-related Financial Disclosures).

The Group is conducting an assessment of nature-related risks using the LEAP approach* in accordance with the final TNFD Recommendations v1.0 published in September 2023.

This fiscal year, the Group is disclosing analysis results covering the A (Assess risks and opportunities) and P (Prepare countermeasures) stages, in addition to the L (Locate interface with nature) and E (Evaluate) stages of direct operation (manufacturing) and the upstream supply chain (procurement).

* This is a process proposed by the TNFD to systematically assess nature-related risks and opportunities based on scientific evidence. It proceeds in the order of the following four steps: L (Locate your interface with nature), E (Evaluate your dependencies and impacts on nature), A (Assess your nature-related risks and opportunities), and P (Prepare to respond to nature-related risks and opportunities and to report to stakeholders on your material nature-related issues)

(1) Governance Structure

The Group is promoting the protection, development, and utilization of forest resources while taking into consideration biodiversity. The Board of Directors pursues business activities that are in harmony with the sustainable use of ecosystem services by recognizing the preservation of biodiversity as a critical management issue. It receives reports on the progress of initiatives related to biodiversity, risk analysis results, and other key data points from two executive officers, one in charge of GHG emissions reduction and one in charge of promotion of environmental management (at least twice a year) and the Risk Management Committee (at least once a year), and supervises the execution of these operations.

(2) Strategy

In FY2024, risk analysis was performed utilizing ENCORE¹ for direct operation (manufacturing of paper products) and the upstream supply chain (coal, plantations, and production of wood chips). Analysis determined that there was a high level of dependence on water supply services in both the plantation and paper manufacturing businesses. In particular, the plantation business was confirmed to have an especially high level of reliance not only on water resources but also on ecosystem regulating and maintenance services such as climate regulation, water flow and soil maintenance, disease and pest control, and the like. In identifying priority locations, the WWF Biodiversity Risk Filter² was utilized to perform Tier 1 evaluation for wood chips, for which procurement volume is high, and tracing was performed through Tier 3 for suppliers with major impacts. Dependence on ecosystem services and impacts on natural capital were evaluated in detail.

Also, with respect to water risk, from FY2024, the Company has utilized the World Resources Institute (WRI) Aqueduct to perform comprehensive analysis of domestic and global production sites and sales sites. Based on the results of these analyses, the Company expanded the evaluation scope to the A and P portions of the LEAP approach and performed analyses.

¹ ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an analysis tool that enables users to understand the impact of corporate activities on nature and the degree of their dependencies

² WWF Biodiversity Risk Filter is a tool for evaluating biodiversity risks that is offered by the World Wide Fund for Nature (WWF)

Preservation of Biodiversity

(3) Results of Analysis Utilizing ENCORE (LEAP approach: L)

Dependencies on Ecosystem Services

	Dependencies													
	Supply services ^{*1}				Control services ^{*2}									
	Ground-water	Surface water	Fiber and other materials	Animal-derived energy	Soil	Water quality	Flood prevention	Erosion prevention	Contaminant filtration	Epidemic preparedness	Pest control	Pollination	Preservation of the water cycle	Climate control
Manufacturing of paper products	Very High	Very High	Medium	—	—	—	—	—	—	—	—	—	Medium	Very Low
Upstream supply chain (forest and wood products)	Very High	Very High	Very High	—	High	High	Very High	Very High	—	High	High	High	Medium	Very High
Upstream supply chain (coal)	High	High	—	—	—	—	—	Medium	—	—	—	—	High	High

*1 Supply services provide the necessities of life, such as water, food, wood, clothing, and pharmaceuticals

*2 Control services purify the air and water and control the climate

Impact on Natural Capital

	Impacts											
	Change due to use of land, freshwater, or seawater (land transformation)			Use and supplementation of resources		Climate change	Pollution and removal of pollution					Invasion and removal of invasive species
	Use of terrestrial ecosystem	Use of freshwater ecosystem	Use of seawater ecosystem	Use of water	Use of other resources	Greenhouse gas emissions	Air pollutants other than greenhouse gas	Water pollutants	Soil pollutants	Solid waste	Nuisance	—
Manufacturing of paper products	—	—	—	Very High	—	—	Medium	High	High	—	—	—
Upstream supply chain (forest and wood products)	Very High	—	—	—	—	High	—	High	High	—	—	—
Upstream supply chain (coal)	Very High	High	—	Very High	—	High	High	High	High	High	High	—

(4) Identifying Priority Locations (LEAP approach: E)

In identifying priority locations, the WWF Biodiversity Risk Filter was used to evaluate 35 items related to biodiversity impact for directly operated areas and procurement areas (Tier 1) in Japan and overseas. Priority locations were defined as areas with a high level of dependence and impact on nature and which were material and important to business. WWF evaluation results and locations with high procurement volumes were taken into consideration in their selection. These analyses identified Tier 1 wood chip suppliers in South Africa and Vietnam, and a plantation company in Brazil, as priority locations, so the scope of analysis was expanded to Tier 3 for South Africa and Vietnam. The Company will extend its analyses to other procurement areas in the future.

(5) Initiatives by an Overseas Plantation Business (Brazil) (LEAP approach: E)

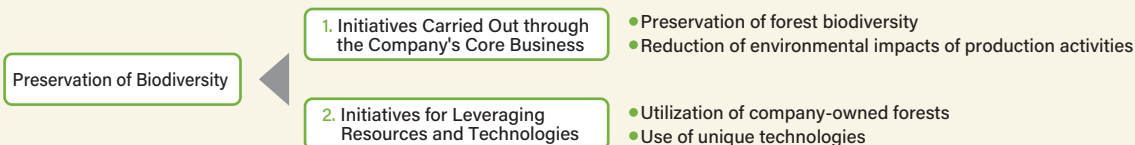
The overseas plantation business (in Brazil) is a habitat for many wildlife species. It is a forest with a high conservation value that contains rare and endangered species. Various initiatives, such as habitat studies, are being conducted to confirm biodiversity conditions.

Activities	Description
Periodic water quality inspections	Water quality and water level monitoring equipment was installed within the plantation and is being used for periodic inspections
Wild animals and plants habitat research in company-owned land	AMCEL conducts habitat research and monitoring of wild animals and fish in plantation areas in a joint effort with ecologists
Monitoring of vegetation in protected areas	AMCEL conducts continuous monitoring research of vegetation in protected areas

Preservation of Biodiversity

(6) Biodiversity Preservation Initiatives (LEAP approach: A)

The Group is working not only to preserve forest biodiversity and reduce the environmental impact of production activities, but also to use resources sustainably while preserving the ecosystem through company-owned forest management and the use of unique technologies.



(7) Water Risk Evaluation Using WRI AQUEDUCT (LEAP approach: E)

ENCORE confirmed that due to the nature of its business, the Group was highly dependent on and had a major impact on water. In FY2024, the Company conducted water risk analysis using the Water Risk Atlas Baseline Water Stress (5-point scale) in the WRI/AQUEDUCT (4.0)* tool. This analysis was performed at 42 sites (27 production sites and 15 non-production sites) in Japan and 47 sites (33 production sites and 14 non-production sites) overseas, for a total of 89 sites.

* WRI/AQUEDUCT (4.0) Water Risk Atlas Baseline Water Stress (5-point scale): This indicates latent competition for water usage with other water users. The higher the number, the more severe the competition risk

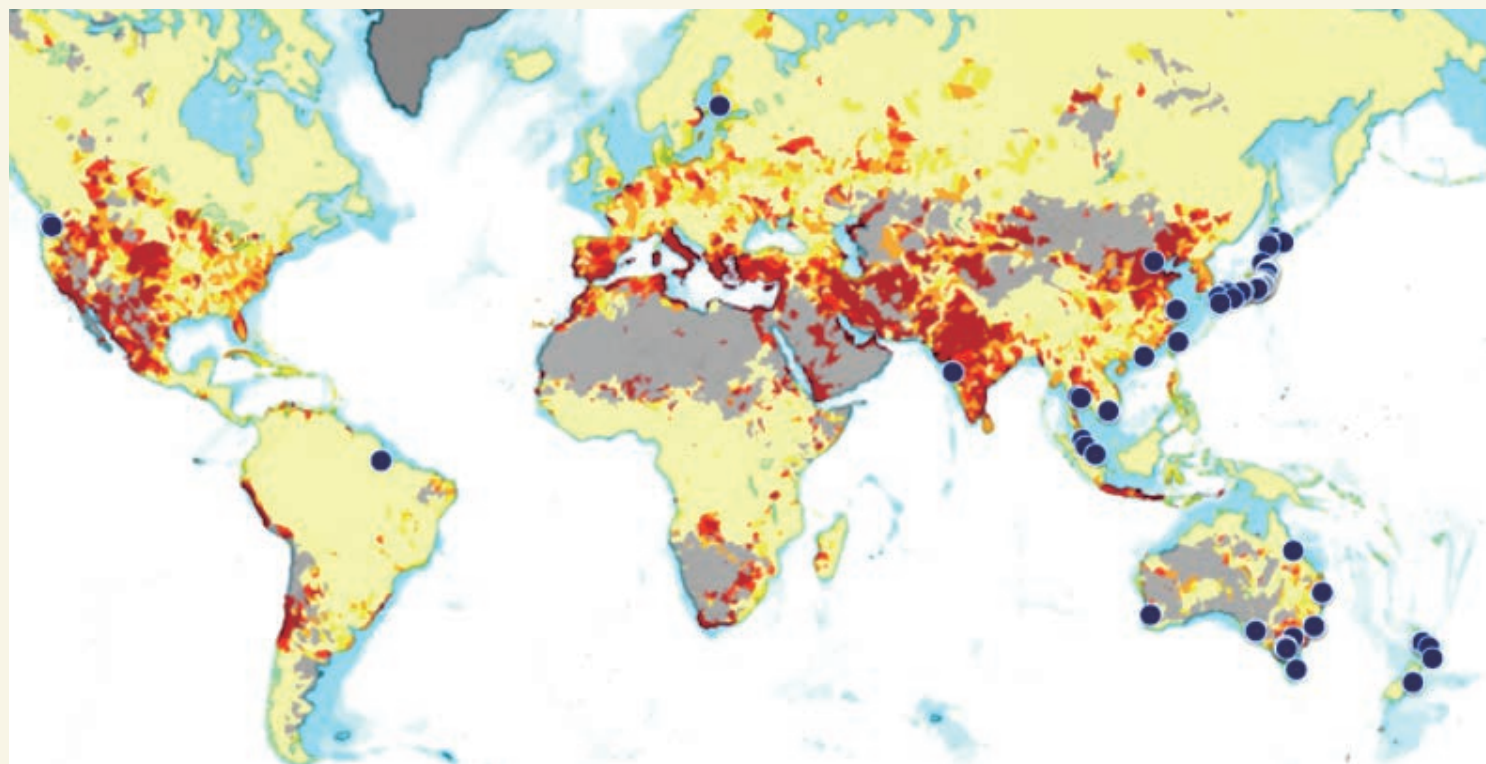
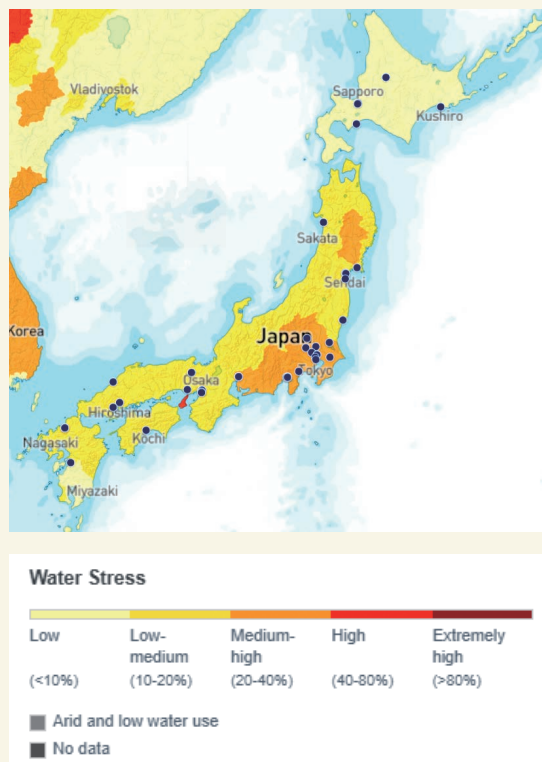
	Japan		Overseas												Japan		Overseas	
	Japan		Asia		Southeast Asia		Oceania		North America		South America		Europe		Percentage	Percentage	Percentage	Percentage
	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites	Production sites	Non-production sites
Low	4	2			1	3	10		1	2	1				15%	13%	39%	36%
Low to Medium	11	9	1	2		2	1						1		41%	60%	9%	29%
Medium																		
Medium to High	12	4			1										44%	27%	3%	
High						1	13	1									39%	14%
Extremely High				3			3										9%	21%
Total number of sites	27	15	1	5	2	6	27	1	1	2	1		1		100%	100%	100%	100%

		FY2022		FY2023		FY2024	
		Japan	Overseas	Japan	Overseas	Japan	Overseas
Water intake	Million m ³	779.5	119.7	761.9	100.7	767.0	107.2
Wastewater	Million m ³	741.1	117.9	728.8	99.0	734.7	105.1
Consumption volume	Million m ³	38.4	1.8	33.2	1.7	32.4	2.1
Consumption ratio	%	4.9	1.5	4.4	1.7	4.2	2.0
Wastewater ratio	%	95.1	98.5	95.6	98.3	95.8	98.0

Preservation of Biodiversity

NIPPON PAPER GROUP

Water risk and mills, business sites, plantations, branches, and sales sites



Analysis results

(1) Japan

- ◆ Within Japan, the majority of sites were sites with "Low to Medium" or "Medium to High" risk, and there were some sites with "Low" risk. There were no sites with "High" or "Extremely High" water risks, and overall the risk distribution has been kept steady. 44% of mill sites had "Medium to High" risk, so the Group will perform continuous monitoring and promote water-saving measures. The Company is steadily reducing its water intake and wastewater emissions, and it is maintaining a high level of water usage efficiency in Japan, with a water consumption rate of 5% or below.

(2) Overseas

- ◆ At overseas sites, the risk distribution is wide, ranging from "Low" to "Extremely High" due to regional characteristics and location conditions. In Oceania, in particular, there are numerous production sites, and due to regional characteristics, water risks are "High" or "Extremely High" for some sites. This is because of Oceania's dry climate, geographical disparities in the amount of rain, and the distribution of water resources. The Group is enhancing its water resource management based on local conditions. On the other hand, production sites in other regions (such as North America or Europe) primarily have "Low" or "Low to Medium" water risks, and they do business in stable water resource environments. Additionally, risk was "Extremely High" for some overseas non-production sites. These sites, such as branches, are primarily responsible for administrative functions, and do not have a direct impact on production activities. Therefore, these are not considered to involve major risks in terms of business continuity. The Group is actively reducing its water intake and wastewater emissions at overseas sites, as well, and it has achieved an even higher level of water usage efficiency than in Japan, with a water consumption rate of 2% or below. The Group will continue to manage water risk based on the characteristics of individual sites and further lower risk levels.

Preservation of Biodiversity

(8) Risks and Opportunities (LEAP approach: A)

Nature-related risks and opportunities were identified based on the results of evaluations of dependence and impact on nature. The key risks, opportunities, and countermeasures involving biodiversity and natural capital related to business activities are as indicated below.

<List of risks in priority locations>

Category	Risks	NIPPON PAPER GROUP Initiatives
Physical	Lower timber productivity due to extreme weather and forest fires	<ul style="list-style-type: none"> Utilize fire insurance usage and enhance monitoring systems Strive to level forest age composition ratios to create diverse forests that are resistant to natural disasters
	Lower timber productivity due to water pollution or water shortages	<ul style="list-style-type: none"> Conserve water sources in company-owned forests including forest reserves such as water source retention forests through forest management and reforestation
	Reduced tree growth due to ecosystem deterioration	<ul style="list-style-type: none"> For planted forests and secondary forests, strive to level out forest age composition ratios to rejuvenate forests and increase forest biodiversity ⇒ In company-owned forests, promote regeneration cutting to rejuvenate forests and maintain their diverse functions ⇒ In third party-owned forests, improve logging efficiency and develop innovative biomass products and materials to maintain and expand timber demand, indirectly regenerating forests Deepen Company users' understanding of the diverse functions of forests, promote conservation and restoration activities in company-owned forests, and strive to maintain sustainable forest ecosystems
Policies	Limitations on land that can be used for plantations as a result of the expansion of protected areas, lower timber productivity	<ul style="list-style-type: none"> Perform zoning of environmental forests and economic forests Reduce the pressure put on developing precious forests that should be preserved by increasing forest productivity When forests, even economic forests, are confirmed to be habitats for rare wildlife, collaborate with NPOs, etc., to protect and conserve species while continuing timber production ⇒ Case study: Protect Blakiston's fish owls and promote their breeding in forestland owned by the Company in Eastern Hokkaido while also continuing with timber production

<List of Opportunities>

Category	Opportunities	NIPPON PAPER GROUP Initiatives
Markets	Increase in economic value of the diverse functions of forests (CO ₂ , biodiversity, soil, nutrition, water source retention)	<ul style="list-style-type: none"> Implement projects that will create 200,000 tonnes of J-Credits in company-owned forests in Japan As part of natural capital accounting, participate in ISFC and take part in establishment of system for quantifying forest value to increase value of company-owned forests in Japan and overseas plantations Use Nationally Certified Sustainably Managed Natural Sites support certification system, etc., to share environmental protection initiatives and value with third parties, spreading the importance of sustainable forest management to society at large
	Increase in inquiries regarding sustainable wood resources	<ul style="list-style-type: none"> In forests with solid development histories, utilize high quality tree species and elite trees to increase forest productivity, thereby supplying sustainable wood resources
	Development of business through technologies for improving forest productivity	<ul style="list-style-type: none"> Expand elite tree seedling business in Japan, establishing 10-million-unit production system by FY2030 (forest industry demand for seedlings is predicted to reach 100 million units by 2030) Develop and popularize logging technologies and implement consistent forestry cost reductions to expand forest resource business in Japan Overseas, supply technologies for performing early selection of high quality varieties and plantation technologies to existing plantation operators, connecting them with the Company's overseas procurement activities
Products	Increase in sales of environmentally friendly products made from wood resources	<ul style="list-style-type: none"> Meet rising demand for paper and biomass-derived products driven by moves away from plastic and the growth of sustainable consumption. Develop and expand sales of environmentally friendly products to capture new markets and increase brand value. At the same time, expand the biomass material business through biomass power generation, biochemicals, cellulose nanofiber, SAF (sustainable aviation fuel), and the like
	Increase of environmental value by utilizing forest certification system to procure sustainable raw materials and by managing the supply chain	<ul style="list-style-type: none"> Build in-house Due Diligence System (DDS), including supplier questionnaires and engagement, local confirmation, etc., perform supply chain management and procure sustainable woody material Expand in-house DDS to all raw material procurement
	Increase in the number of inquiries regarding domestic timber and products derived from it as a result of rising environmental awareness and the uncertain international situation	<ul style="list-style-type: none"> Reinforce and expand the Group's domestic material supply chain by leveraging the strength of Nippon Paper Lumber, a Group company, which possesses one of Japan's largest domestic timber distribution networks (approx. 4 million m³ per year) Perform stable paper raw material procurement (approx. 36% of paper raw material used by the Group is procured in Japan, which is higher than the industry average of 26%, based on actual figures for FY2024)

Preservation of Biodiversity

(9) Indicators and Targets (LEAP approach: P)

Global core disclosure indicators based on TNFD recommendations v1.0

	Drivers of natural change	Metric No.	Indicators	Data (as of March 2025)			Remarks
Drivers of nature change (dependencies and impacts)	Climate change	-	GHG emissions (Scope 1, 2, and 3)	Scope 1	4.1	Million t-CO ₂	
				Scope 2	0.9	Million t-CO ₂	
				Scope 3	5.8	Million t-CO ₂	
	Land/ freshwater/ ocean-use change	C1.0	Total spatial footprint	Company-owned forests in Japan	90	kha	Owns about 400 company-owned forests in Japan with a total area of about 90,000 ha
				Overseas plantation	69	kha	Owns approximately 65,000 ha of forestland in Brazil and approximately 4,000 ha of forestland in Australia
		C1.1	Area where sustainable forestry management is implemented	Company-owned forests in Japan	90	kha	Equivalent to 100% of the plantation business
				Overseas plantation	69	kha	
	pollution/ pollution removal	C2.1	Wastewater total	Public waters + sewage	840	Million t	
			Concentrations of key pollutants in the wastewater discharged	COD/BOD	43	Thousand t	
			Concentrations of key pollutants in the wastewater discharged	SS	22	Thousand t	
			Concentrations of key pollutants in the wastewater discharged	Nitrogen	1.5	Thousand t	
			Concentrations of key pollutants in the wastewater discharged	Phosphorous	0.4	Thousand t	
		C2.2	Amount of industrial waste generated		771	Thousand BDt	
			Amount of final waste disposal		91	Thousand BDt	
			Amount effectively utilized		680	Thousand BDt	
		C2.4	Total amount of Non-GHG air pollutants	Nitrogen oxides	9.0	Thousand t	
				Sulfur oxides	2.1	Thousand t	
		C3.1	Rate of maintenance of forest certifications in Japan and overseas within the plantation business and paper production business		100	%	FSC® forest certification and PEFC forest certification have already been acquired
			Percentage of procured timber confirmed as legal		100	%	Conduct supplier questionnaires

Global disclosure indicators other than those above are currently being deliberated on.

Targets

Category	Indicators	FY2030 target
Response to climate change	GHG reduction	54% Scope 1 and 2 reduction compared to FY2013
	Energy consumption per unit	1% reduction from the previous fiscal year
Protection of forests, maintaining of biodiversity, nature positive initiatives	Forest resource conservation	Establishment of a production system for 10 million elite tree seedlings/year for forestry
	Improving forest productivity and increasing CO ₂ -fixing through use of breeding/propagation technologies	30% improvement in CO ₂ fixation efficiency at overseas plantations compared to 2013
	Expansion of plantation areas	Securing of roughly 100,000 ha of plantation area, primarily in Asia
	Creation of J-credits for company-owned forests	Fixing of 200,000 tonnes of CO ₂ by company-owned forests nationwide (by FY2027)
Reduction of Environmental Burden	Reduction of environmental impact of manufacturing processes	Reduction rate at domestic manufacturing sites (compared to FY2018): 15% reduction in air and water pollutants
Realization of a circulation-oriented society	Promotion of use of difficult-to-treat wastepaper	12,000 t/year utilized domestically

Other Environment-related Data

1 Environmental Accounting (Domestic)

- Calculation standards are based on the Environmental Accounting Guidelines 2005
- Scope of organizations covered
 - Consolidated: Nippon Paper Industries; Nippon Paper Crecia; Crecia Kasuga; Nippon Paper Papylia; GAC; Nippon Paper Sacks; Nippon Paper Ishinomaki Energy Center; N&E; Nippon Paper Development
 - Non-consolidated: Osakakako; Nippon Paper Liquid Package Product; Nichimoku Pallet; MANTSUNE PACKAGE; Seikosha Printing; Akita Jujo Chemicals
 - Affiliated company: Fukuda Paper MFG

Environmental Conservation Costs (FY2024)

(Millions of Yen)

Categories	Main contents	Investment	Cost
(1) Business area costs	—		
1. Pollution prevention costs	Ex) Measures against air pollution, water pollution, noise and vibration	1,558	13,366
2. Global environmental conservation costs	Ex) Cultivation of company-owned forests in Japan, overseas plantation business, energy-saving investment	4,123	586
3. Resource circulation costs	Ex) Efficient use of resources, cost of waste management	277	9,343
(2) Upstream/downstream costs	Expenses related to collection, recycling, and disposal of pallets and packing materials	—	3,122
(3) Administration costs	Ex) Costs for employee training, maintaining ISO 14001, analysis of air and water quality, and management of various conferences	—	348
(4) R&D costs	Ex) Product development that contributes to environmental conservation, such as promoting the use of wastepaper, and reduction of environmental impact at the manufacturing stage	—	4,260
(5) Social activity costs	Ex) Social contribution activities, support for organizations, corporate action report	—	44
(6) Environmental remediation costs	Pollution Health Compensation Levy	—	379
Total		5,958	31,448

Environmental Benefits of Environmental Conservation (FY2024)

(Millions of Yen)

Effect	Amount
Income from company-owned forests in Japan	538
Reduced expenses from energy saved	3,364
Reduced disposal expenses through the effective use of waste	3,193
Gain on sales from the recycled waste	458
Reduced expenses through the recycling of shipping material	1,458
Total	9,011

Environmental conservation impacts (FY2024)

Categories	Environmental impact indicators		Results	YoY change
Effects related to resources introduced to business activities	Overseas plantation business	Overseas plantation areas	69kha	Down 3kha
	Energy-saving measures	Fuel reduction (Heavy oil equivalent)	43,588kl	UP 2,025kl
Effects related to environmental impact and waste from business activities	Greenhouse gas emissions		4.24Mt	Down 0.11Mt
	Air pollutant emissions	NOx emissions (NO equivalent)	6,442t	UP 144t
		SOx emissions (SO ₂ equivalent)	1,784t	Down 609t
		Soot and dust emissions	840t	Down 101t
	Effluent		735Mt	UP 6Mt
	Water contaminant emissions	COD/BOD emissions	33,790t	UP 320t
		SS emissions	16,550t	Down 130t
	Final waste disposal		8kt	Down 1kt
Effects related to goods and services produced from business activities	Product recycling	Wastepaper utilization rate (paper)	29%	Down 2.2%
		Wastepaper utilization rate (paperboard)	85%	Down 3.1%
	Shipping material recycling	Pallet recovery rate	42%	Down 1%

Other Environment-related Data

2 Balance of Materials

Balance of Materials for All Businesses (Principal Materials) (3 years)

		Unit	FY2022*1	FY2023*1	FY2024*1
Input					
Energy Input	Purchased electricity	GWh	1,931	1,681	2,184
	Oil	Thousand kl	178	157	154
	Coal	Thousand t	1,192	1,156	1,304
	Gas	Thousand t	399	372	292
	Other fossil fuels	Thousand t	19	17	21
	Non-fossil fuels*2	Thousand t	5,268	5,103	6,667
	(Of which Black liquor)	Thousand t	3,995	3,496	3,550
Chemical substances subject to the PRTR system*3	Amount handled	t	10,840	29,700	29,324
Water intake (water consumption)	Total amount of water intake (water consumption)	Million t	899	863	874
	River water	Million t	660	639	650
	Industrial water	Million t	190	177	176
	Well water	Million t	48	46	46
	Public water supply	Million t	2	2	2
	Rainwater	Million t	0	0	0
	Seawater, sea, ocean	Million t	0	0	0
Raw Material	External wastewater	Million t	0	0	0
	Wood chips	Thousand BDt	5,640	5,226	5,191
	Logs	Thousand BDt	1,305	1,157	1,035
	Pulp	Thousand ADt	670	604	660
	Wastepaper (Pulp)	Thousand ADt	3,335	3,260	3,467
	Base Paper	Thousand ADt	136	163	153
	Others	Thousand ADt	103	107	102

*1 Covered: FY2022 https://www.nipponpapergroup.com/english/csr/npg_esgdb2023_e_contents.pdf
FY2023 https://www.nipponpapergroup.com/english/csr/npg_esgdb2024_e_contents.pdf
FY2024 https://www.nipponpapergroup.com/english/csr/npg_esgdb2025_e_contents.pdf

*2 Biomass fuels (including black liquor) and waste fuels

*3 Japan only, including unintentionally generated substances. Dioxins are not included in total data.

*4 Coverage: Nippon Paper Industries, Nippon Paper Crexia, Nippon Paper Papyrus

*5 Only in Japan, Aggregated by specially controlled industrial waste

[Units] GWh = Gigawatt hours, BDt = Bone-dry tonnes, ADt = Air-dry tonnes Note: t indicates Tonnes(also called Metric Tons)

		Unit	FY2022*1	FY2023*1	FY2024*1
Output					
Gas Emissions	GHG emissions (Scope 1 and 2)	Million t-CO ₂	5.95	5.30	5.04
	(Scope 1)	Million t-CO ₂	4.86	4.40	4.10
	(Scope 2)	Million t-CO ₂	1.09	0.90	0.94
	Emissions by type of greenhouse gas (Scope 1)				
	CO ₂	Million t-CO ₂	4.43	4.22	3.95
	CH ₄	Million t-CO ₂	0.03	0.01	0.01
	N ₂ O	Million t-CO ₂	0.40	0.17	0.14
	SOx emissions	Thousand t	3.41	2.84	2.06
	NOx emissions	Thousand t	8.15	8.16	9.04
	Soot and dust	Thousand t	1.11	1.03	0.95
Chemical substances subject to the PRTR system*3	Amount released	t	131	2,290	195
	Amount transferred	t	89	141	160
VOCs (volatile organic compounds)*4	Emissions	t	97	93	90
Wastewater	Wastewater total	Million t	859	828	840
	Public water	Million t	849	818	830
	Sewerage	Million t	10	9	9
	COD/BOD	Thousand t	48	43	43
	BOD	Thousand t	9	8	9
	COD	Thousand t	39	35	35
	SS	Thousand t	25	22	22
	Nitrogen	Thousand t	1.2	1.2	1.5
	Phosphorous	Thousand t	0.2	0.2	0.4
	Total Waste Generated	Thousand BDt	743	735	771
Waste	Final disposal subtotal	Thousand BDt	102	92	91
	Recycled subtotal	Thousand BDt	585	643	680
	Hazardous waste generation*5	BDt	4,484	11,236	8,075
Products manufactured	Paper, Household Paper	Million t	3.8	3.2	3.3
	Paperboard	Million t	2.2	2.0	2.6
	Pulp	Thousand t	283	325	271
	Paper container	Thousand t	83	83	78
	Chemical products	Thousand t	92	100	82
	Building materials+others	Thousand t	214	207	182
Electricity	Electricity	GWh	2,241	2,603	2,615

Other Environment-related Data

Balance of Materials in the Pulp and Paper Businesses in Japan (Principal Materials) (3 years)

		Unit	FY2022 ^{*1}	FY2023 ^{*1}	FY2024 ^{*1}
Input					
Energy Input	Purchased electricity	GWh	765	618	1,054
	Oil	Thousand kl	173	151	151
	Coal	Thousand t	1,166	1,127	1,047
	Gas	Thousand t	137	126	113
	Other fossil fuels	Thousand t	19	17	21
	Non-fossil fuels ^{*2}	Thousand t	3,804	3,535	4,300
	(Of which Black liquor)	Thousand t	2,737	2,481	2,570
Chemical substances subject to the PRTR system ^{*3}	Amount handled	t	490	17,246	18,052
Water intake (water consumption)	Amount of water intake	Million t	709	662	668
	Water intensity	t/product-t	158	163	166
Raw Material	Wood chips	Thousand BDt	3,745	3,383	3,517
	Logs	Thousand BDt	14	8	8
	Pulp	Thousand ADt	480	439	491
	Wastepaper (Pulp)	Thousand ADt	2,324	2,134	2,269
	Base Paper	Thousand ADt	98	99	93
	Others	Thousand ADt	16	15	21

^{*1} Coverage : FY2022 Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, Crecia Kasuga, Fukuda Paper MFG
FY2023 Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, Crecia Kasuga, Fukuda Paper MFG
FY2024 Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, Crecia Kasuga, Fukuda Paper MFG

^{*2} Biomass fuels (including black liquor) and waste fuels

^{*3} Including unintentionally generated. Dioxins are not included in total data. Excludes Chemical Business

[Units] GWh = Gigawatt hours, BDt = Bone-dry tonnes, ADt = Air-dry tonnes Note: t indicates Tonnes(also called Metric Tons)

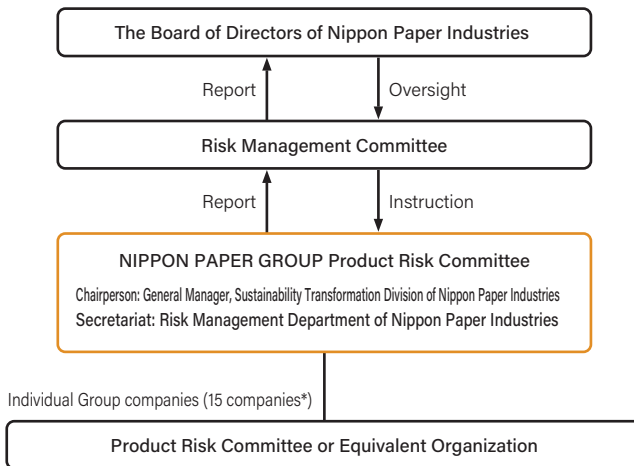
		Unit	FY2022 ^{*1}	FY2023 ^{*1}	FY2024 ^{*1}
Output					
Gas Emissions	GHG emissions (Scope 1 and 2)	Million t-CO ₂	4.80	4.29	4.18
	(Scope 1)	Million t-CO ₂	4.24	3.83	3.67
	(Scope 2)	Million t-CO ₂	0.56	0.46	0.51
	GHG emissions intensity during production	t-CO ₂ /product-t	1.07	1.05	1.04
	Emissions by type of greenhouse gas (Scope 1)				
	CO ₂	Million t-CO ₂	3.81	3.65	3.52
	CH ₄	Million t-CO ₂	0.03	0.01	0.01
	N ₂ O	Million t-CO ₂	0.40	0.17	0.14
	SOx emissions	Thousand t	2.3	1.8	1.5
	NOx emissions	Thousand t	5.8	5.3	5.4
Chemical substances subject to the PRTR system ^{*3}	Amount released	t	90	2,223	241
	Amount transferred	t	90	19	37
VOCs (volatile organic compounds)	Emissions	t	60	50	69
Wastewater	Wastewater total	Million t	671	636	644
	Public water	Million t	669	634	638
	Sewerage	Million t	2	2	6
	COD/BOD	Thousand t	28	26	26
	SS	Thousand t	15	13	13
	Nitrogen	Thousand t	1.1	1.0	1.3
	Phosphorous	Thousand t	0.1	0.1	0.4
Waste	Total Waste Generated	Thousand BDt	494	468	466
	Final disposal subtotal	Thousand BDt	8	8	8
	Recycled subtotal	Thousand BDt	484	460	458
Products manufactured	Paper, Household Paper	Million t	2.8	2.5	2.4
	Paperboard	Million t	1.5	1.5	1.5
	Pulp	Thousand t	158	122	125

Stable Supply of Products, Enhanced Safety

1 Basic Policy

📖 → P95 **Philosophy and Basic Policy on Product Safety**

2 Promotion Structure



* Nippon Paper Industries, Nippon Paper Creia, Nippon Paper Papyrus, Kokuei Paper, GAC, Nippon Paper Sacks, Kyoei Seitai, Nippon Paper Lumber, NP Trading, Flowric, Opal, Jujo Thermal, Siam Nippon Industrial Paper, Nippon Dynawave Packaging, Akita Jujo Chemicals (As of June 30, 2025)

- NIPPON PAPER GROUP's product safety activities are overseen by the NIPPON PAPER GROUP Product Risk Committee, which the General Manager of the Sustainability Transformation Division chairs.
- The Group complies with laws and regulations in Japan and overseas, and strives to ensure product safety through management methods suited to the characteristics of its business and products.
- In FY2024, the Committee reported to the Board of Directors through the Risk Management Committee on the progress of strengthening product risk management at the Group and other matters.

3 Enhanced Product Safety

1. Efforts to Improve Product Safety

- The Group ensures product safety by conducting management based on laws and regulations such as the Food Sanitation Act and the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceuticals and Medical Devices Act), according to the characteristics of its business and products. Management methods are reviewed as appropriate.
- Under relevant laws and internal regulations, the Group discloses information on the quality and safety of its products and provides this information on products and labels.
- In FY2022, major Group companies formulated and began implementing product risk management regulations based on minimum standards for product safety and quality assurance.
- With regard to food-related products, the Group engages in management in accordance with legal regulations on food safety, management systems and standards, and acquires certifications such as FSSC 22000 as necessary.

2. Response to the Positive List System for Food Product Utensils, Containers, and Packaging

- Food product utensils, containers, and packaging (made of synthetic resin) produced by the Group are in conformance with the Positive List System (which allows only substances that have been evaluated as safe. Hereinafter, "PL System") for synthetic resins stipulated by the Food Sanitation Act.
- Paper and paperboard will also likely be subject to the PL system in the future. To respond to this system, the paper industry is revising its voluntary standards. Prior to the revision of the industry's voluntary standards, Nippon Paper Industries revised its internal guidelines in FY2024.

4 Quality Management

1. Common Initiatives among Group Companies and Businesses

- Nippon Paper Industries has acquired ISO9001 certification, an international standard for quality management, as necessary.
- The Company has built quality management systems that match the characteristics of its products.
- The Company has established management systems to prevent product defects from occurring, and provide a response in the unlikely event that a defect does occur.
- Each management system is reviewed as necessary.

2. Quality Initiatives in the Paper and Paperboard Business (Nippon Paper Industries)

- Each sales department has technical staff in place who listen directly to customer requests.
- Utilizing an in-house database that connects production, sales, and technology departments together, the Company shares the necessary information with all personnel involved in quality control.
- The Risk Management Department audits the above operations conducted by the quality management division to ensure the proper procedures are followed.
- In preparation for possible product defects, the following measures are being implemented.
 - Establish reporting lines in case of a defect and launch an emergency organization as necessary
 - Ensure traceability
 - Take out product liability insurance (PL insurance) for main products
 - Implement countermeasures horizontally to prevent similar defects

Stable Supply of Products, Enhanced Safety

● The Company has established respective management systems in order to respond to customer requests, such as waste paper pulp blending ratios, forest certification, use of wood from forest thinning, etc.

- At the head office, procedures have been established and followed for identification of brands subject to management, issuance of certificates, etc.
- The Company manages production procedures at each of the Group's mills, based on the ISO 14001 environmental management system.
- Operational management of the foregoing is confirmed through internal and third party audits, and each department makes revisions as necessary.

3. Initiatives in the Packaging Business (Nippon Paper Industries)

Paper-Pak Sales Division provides quality and technical support (as needed), local quality meetings, and product safety and health audits (once a year) at each business location of Nippon Paper Liquid Package Product, which are production sites.

4. Occurrence of Product Incidents

The Group had no "Product Incidents" or "Serious Product Incidents"* in FY2024.

* "Product Incidents" and "Serious Product Incidents" as stipulated in Article 2, Paragraphs 5 and 6 of the Consumer Product Safety Act

5 Acquisition Status of Major Certifications Related to Product Safety

Acquisition Status of Major Certifications Related to Product Safety at Japanese Production Sites (As of March 31, 2025)

Company name	Quality management system (ISO9001)	Quality management systems for food product safety and other certifications
Nippon Paper Industries	Shiraoi Mill ^{*1} , Akita Mill, Nakoso Mill, Ashikaga Mill, Soka Mill, Fuji Mill (Yoshinaga), Gotsu Mill ^{*2} , Otake Mill, Iwakuni Mill ^{*3} , Higashimatsuyama Mill	FSSC22000: Gotsu Mill ^{*4} Halal Certification: Gotsu Mill ^{*5}
Nippon Paper Industries (Related to cellulose derivative business such as CNF) ^{*6}	Fuji Innovative Materials Research Laboratory, Ishinomaki Mill's Cellulose Nanofiber Development Section, Biomass Material Sales Promotion Department	—
Nippon Paper Crecia	Tokyo Mill	—
Nippon Paper Papylia	Harada Mill, Suita Mill, Kochi Mill	ISO22000: Kochi Mill
GAC	Head office/Mill, Marketing Division	—
Nippon Paper Sacks	Hokkaido Office, Maebashi Mill, Saitama Mill, Kansai Office	—
Kyouei Seitai	Head office, Koganei Mill, Hokkaido Mill	—
N&E	Head Office Plant	—
Flowric	Head office, Concrete Research Center, Nagoya Mill	—
Nippon Paper Ishinomaki Technology	Head office	—
NIPPON PAPER UNITEC	Head office, Kasukabe Office	—
Nippon Paper Liquid Package Product	—	FSSC22000: Egawa Mill, Miki Mill, Ishioka Mill
Akita Jujo Chemicals ^{*7}	—	Akita Prefecture HACCP: Head Office Plant

*1 Certified for the production of pulp and base paper for food on No.9 and 10 paper machine and No.32 coater

*2 Certified for the production of CMC (carboxymethyl cellulose), CM-CNF (carboxymethylated cellulose nanofiber), powdered cellulose, ribonucleic acid and enucleated yeast

*3 Chemical Production Department is certified

*4 Certified for the production of CMC, CM-CNF, powdered cellulose, stevia and licorice sweeteners (all for use in food)

*5 Certified for dissolving pulp, CMC (including CM-CNF), ribonucleic acid, stevia products (partial)

*6 Certified for the design, development, and manufacturing of cellulose derivative business at Fuji Innovative Materials Research Laboratory

*7 Certified for food additives (heme iron, butter oil flavoring)

Stable Supply of Products, Enhanced Safety

Acquisition Status of Major Certifications Related to Product Safety at Overseas Production Sites (As of March 31, 2025)

Company name	Quality management system (ISO9001)	Quality management systems for food product safety and other certifications
Nippon Dynawave Packaging	Longview Washington Mill ^{*1}	FSSC22000: Longview Washington Mill ^{*2}
Opal	Acquired at 28 sites	FSSC22000: Acquired at 5 sites. ISO22000: Acquired at 5 sites.
Jujo Thermal	Kauttua	ISO22000: Kauttua
Siam Nippon Industrial Paper	Siam Nippon Industrial Paper	Good Manufacturing Practice: Siam Nippon Industrial Paper
TS Packaging	Ipoh	FSSC22000: Ipoh

^{*1} Certified for the manufacture of liquid packaging board rolls which are sold uncoated and coated to converting plants

^{*2} Certified for the manufacture of liquid packaging boards for use in food applications

6 Stable Supply of Products

- The Company is securing stable supplies of raw materials and systematically developing and updating production facilities to supply its customers with the quantity they need when needed.
- Sales departments and production departments coordinate in developing flexible and lean production plans and inventory management.
- Anticipating that carrying out normal business operations will become difficult in the event of large-scale disasters, outbreaks of infectious diseases, and other serious consequences, each department formulates a BCP (business continuity plan) based on the BCM (business continuity management) scheme and reviews it as necessary.

7 Employee Training and Education

- The NIPPON PAPER GROUP Product Risk Committee conducts training on product safety twice a year.
- The Group provides technical personnel and others with information on laws and regulations centered on chemical substance management.

CASE STUDY

Establishment of a System to Respond to Earthquakes and Other Disasters (Nippon Paper Industries)

If the supply of newsprint becomes difficult due to disasters or other reasons, the Company has developed a system to ensure smooth supply jointly with member companies under the emergency response guidelines established by the Japan Paper Association's Newsprint Committee.

Development and Introduction of "e-musen junkai"[™] (e-wireless patrol) System

(Nippon Paper Industries, NIPPON PAPER UNITEC, and Sakurai)

"e-musen junkai"[™] is a facility monitoring system developed independently by the Group. In the past, signs of equipment abnormality were mainly detected by people patrolling the production site. By using "e-musen junkai"[™], temperature and vibration acceleration data of machinery in operation are collected wirelessly, and trends can be monitored with graph data. This helps to prevent sudden stoppages caused by equipment problems for stable machinery operation and further contributes to resolving labor shortages by reducing the burden on on-site workers. While being successively introduced to all the Company mills in Japan, the system has been adopted by a growing number of companies outside the Group, including major automotive and textile companies. The Company has also obtained wireless certification and begun sales in Thailand.

Responses to Changes in the Social Environment

1 Basic Policy

As a comprehensive biomass company, NIPPON PAPER GROUP responds appropriately to changes in the social environment and customer needs, while providing products and services that contribute to the building of a sustainable society, through which the Group aims to improve its corporate and economic value, thereby realizing the Group Mission.

2 Products that Contribute to the Building of a Sustainable Society

- The Group will continue to contribute to building a sustainable society and achieving SDGs (Sustainable Development Goals) by providing products and services that leverage its diverse technologies and know-how in the field of renewable wood resources.
- Each of the companies in the Group promotes the development of environmentally friendly products at each stage of the product life cycle, including raw material procurement, product manufacturing, use, post-use, and disposal.

CASE STUDY

Strawless Paper Pack for School Milk "School POP®" (Nippon Paper Industries)

The product is designed to be easy to open and hygienic so that you can drink directly from the carton, and a straw hole in the carton is left in consideration of those who need straws. Nippon Paper Industries contributes to addressing climate change issues by cutting CO₂ emissions by reducing the use of disposable straws. The product has been adopted in 24 prefectures as of April 2025.

CASE STUDY

"Long-lasting Roll" Series (Nippon Paper Crecia)

The "SCOTTIE® Toilet Rolls FLOWERPACK 3 times long use 4 Rolls (Series)" lasts 3 times longer than the conventional product*, so you can reduce the hassle of replacing and save storage space. In addition, it contributes to a reduction of environmental impact, such as reducing the core of rolls and reducing CO₂ emissions by improving the loading rate during delivery.

* SCOTTIE® FLOWERPACK 12 Rolls (Series)

Cellenpia® (Nippon Paper Industries)

The CNF Cellenpia® series is a biomass material created using technology that breaks down the fiber of cellulose to the nano-level. Its plant-based fiber origin reduces the environmental impact of production and disposal, and the material has various properties, including lightweight, high strength, high oxygen barrier properties, and thermal stability. In addition to its growing applications in food and cosmetics, Cellenpia® was adopted for mass-produced parts of transportation equipment in 2023, the first case in the world*.

* According to research by the Company

Genki MoriMori™ (Nippon Paper Industries)

Genki MoriMori™ is a new cattle feed made by utilizing pulping technology to remove lignin from wood material and extract highly digestible fiber (cellulose). The feed is high in energy and easy to digest, and its stable quality and supply are both ensured by using wood sourced in Japan and manufacturing in a domestic mill. The Company contributes to the sustainable development of livestock farming with products that make effective use of wood resources.

3 Addressing Customer Issues

The Group works on proactive communication with customers, from daily sales activities by sales departments to quality patrols by technical staff, in order to understand and respond to a wide range of customer issues and needs.

Main Initiatives

Company name	Method	Details
NIPPON PAPER GROUP	Inquiries on the website	Acceptance of inquiries on businesses, products, activities, etc. are accepted in Japanese and English.
NIPPON PAPER GROUP	Factory tours and inspections	Acceptance of factory tours for local students and residents, and factory audits by certification bodies, etc.
Nippon Paper Industries	Technical lectures for customers	Conducting technical lectures (Paper-Pak School) for customers in charge of filling machine at dairy and beverage companies.
Nippon Paper Crecia	Customer consultation desk	Offering a system whereby the opinions and questions of customers can be utilized for the further development and improvement of products.

4 Participation in ESG Information Sharing Platform

As a supplier, the Group participates in international platforms that share information on and improve companies' environmental and social practices in the supply chain.

Platform Participation and Assessment

Company name (site)	Name of platform	Year of participation	Assessment/Audit
Nippon Paper Industries	EcoVadis	2016	Awarded the bronze medal in 2024
Nippon Paper Liquid Package Product (Egawa Mill)	Sedex	2019	Undergone "SMETA Audit" for CSR assessment



→WEB

Products that Contribute to the Building of a Sustainable Society

<https://www.nipponpapergroup.com/english/csr/sdgs-product.html>

Respect for Human Rights

1 Basic Policy

→P95 NIPPON PAPER GROUP Human Rights Policy

- This policy was approved by the Board of Directors of Nippon Paper Industries in May 2022.
- The policy is available in Japanese and English and disclosed on the NIPPON PAPER GROUP's website to inform all stakeholders, including the Group employees and suppliers.
- In addition to this Policy, all business entities of the Group comply with laws and regulations including minimum wages.

→P92 Principles and Basic Policies Concerning Raw Materials Procurement

- In September 2022, "Principles and Basic Policies Concerning Raw Materials Procurement" was revised.
- During the preparation process, the Group repeatedly engaged in dialogue with external experts and reflected stakeholders' opinions in the revised content.
- The document was prepared in Japanese and English and disclosed on the website of the Group to convey the content to its suppliers worldwide.

NIPPON PAPER GROUP's Commitments Relating to Human Rights

Year	Topics	
2004	Signed and began participating in the United Nations Global Compact	● Expresses support for the 10 Principles in 4 fields, including human rights
2004	Established the Philosophy and Basic Policy on Human Rights, Employment and Labor	● Declaration of respect for basic human rights and prohibition of forced labor and child labor
2005	Established the Principles and Basic Policies Concerning Raw Materials Procurement	● Stated consideration of human rights throughout the supply chain
2022	Established the NIPPON PAPER GROUP Human Rights Policy by revising the Philosophy and Basic Policy on Human Rights, Employment and Labor	<ul style="list-style-type: none"> ● Revised in accordance with international human rights norms, endorsing the UN's Guiding Principles on Business and Human Rights ● Declared respect for human rights in all business activities of the Group
2022	Revised the Principles and Basic Policies Concerning Raw Materials Procurement	● Revised the content to allow more effective responses to social issues, such as respect for human rights and climate change

2 Promotion Structure

The Group has established its Risk Management Committee, which is chaired by the president and representative director, operates under the supervision of the Board of Directors of the Company, and holds meetings at least once annually. This risk management promotion structure handles risks related to the Group's human rights.

→P08 Risk Management Promotion Structure

3 Human Rights Due Diligence

1. Human Rights Due Diligence Initiatives

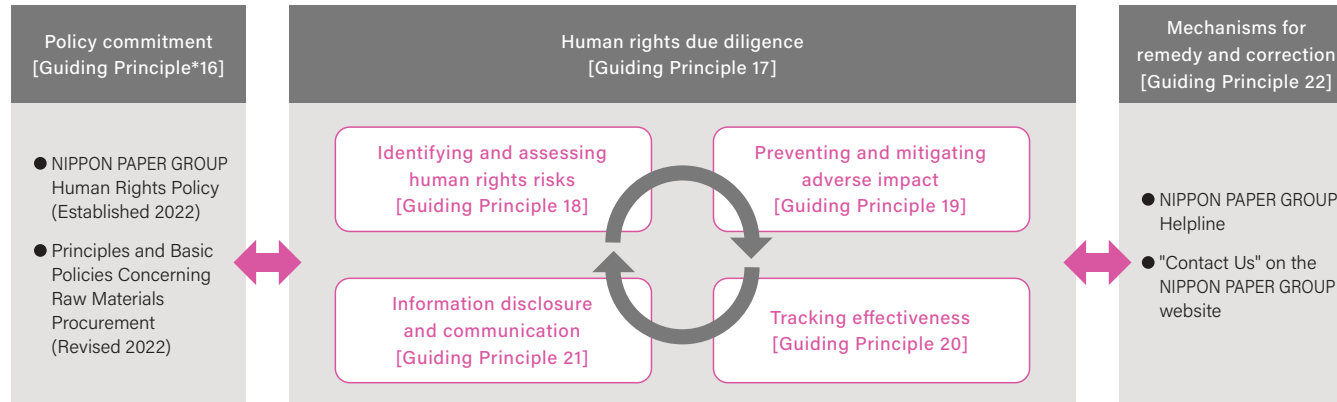
- The Company launched the Human Rights Working Group and introduced human rights due diligence in 2021.
- The Company has constructed a human rights due diligence system based on the "corporate responsibility to respect human rights" required by the United Nations "Guiding Principles on Business and Human Rights."
- In 2022, the Company evaluated human rights risks (forced labor, child labor, freedom of association, discrimination, customer-related risks, and community-related risks) for all stakeholders (employees and customers of the Company itself, Group companies, suppliers, local communities, etc.) in value chains related to the Paper and Paperboard Business, the Paper-Pak Business, and the Chemical Business. Then the Company identified human rights issues that are high-risk and should be prioritized.
- The Company is working to address high-priority human rights issues, for example, by expanding the content and scope of the survey for its business partners.
- The Company will continue to conduct human rights risk assessments regularly, working with business partners to reduce risks and expanding the assessment scope.

Initiatives to Confirm Respect for Human Rights in the Value Chain

Year	Content
2007~	● Confirmed initiatives related to human rights in audits for overseas chip suppliers based on the Action Plan for Wood-based Raw Material Procurement
2011~	● Confirmed initiatives related to human rights in <u>CSR surveys</u> →P02 for overseas consolidated subsidiaries (For all consolidated subsidiaries from 2021)
2015~	<ul style="list-style-type: none"> ● Conducted on-site interviews concerning human rights at overseas chip suppliers ● Conducted interviews concerning human rights at contractors of mills in Japan
2021~	● Conducted human rights due diligence by the Human Rights Working Group
2023~	● Expanded the supplier survey, which was previously limited to the woody material suppliers, to include critical suppliers of general raw materials for paper and paperboard products
2024~	● Started working on initiatives for products such as paper cartons, chemical, household paper and healthcare, and specialty paper, in the same way as for paper and paperboard

Respect for Human Rights

Overview of Human Rights Due Diligence (Nippon Paper Industries)



* The United Nations Guiding Principles on Business and Human Rights

2. Identification of Human Rights Issues

The Company identified human rights issues that should be prioritized through the following process.

- (1) Referring to various kinds of international guidance, such as the human rights guidance tools formulated by the United Nations Environment Programme Finance Initiative and the Caux Round Table Japan's "Important Human Rights Issues by Industry (9th edition)," the Company has organized the human rights issues in the Company's* value chain and made a list of human rights risks for each stakeholder.

* The Paper and Paperboard Business, the Paper-Pak Business, and the Chemical Business

- (2) All human rights risks on the list were scored from the perspectives of "adverse impact on human rights," "probability of occurrence," and "relationship/distance with the Company," and the Company identified human rights that should be prioritized.

3. Human Rights Surveys at Contractors of Mills in Japan

- The Company sends survey forms to contractors of mills in Japan and has them conduct self-checks to confirm compliance with labor and safety laws and regulations (once a year).
- Survey results are shared with the human resource managers of each mill for the purpose of support for improvements.
- Follow-up surveys have been conducted since FY2019.
- In FY2022, the Company reviewed the survey contents based on the results of the human rights risk assessment and has conducted a survey using the revised version since FY2023.
- In FY2024, the Company received survey replies from a total of 82 contractors at 15 sites in Japan.

4. Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

- Based on the "Principles and Basic Policies Concerning Raw Materials Procurement," the Company has employees in charge of procurement or local representatives visit overseas wood chip suppliers to conduct interviews covering matters

such as health, hygiene, safety, disaster preparedness, working conditions, and local environmental concerns.

- The target area of the surveys is all countries from which the Company procures wood chips, with priority given to countries with high-volume transactions or high risks.
- The Company is improving the current surveys by reviewing the contents of the interviews every year based on the results of previous interviews and dialogue with external stakeholders.

Results of On-Site Surveys of Overseas Chip Suppliers

Year of Survey	Country	Results
FY2020	Thailand	No problems found
FY2021	Australia	No problems found
FY2022	Vietnam	No problems found
FY2023	Brazil, Thailand	No problems found
FY2024	Vietnam	No problems found

5. Expansion of Confirmation of Human Rights Issues for Material Suppliers

- Under the "Principles and Basic Policies Concerning Raw Materials Procurement," the Company formulated an action plan for the procurement of all raw materials in FY2022.
- Based on the action plan, the Company expanded the confirmation of human rights issues through a survey, which was previously limited to the suppliers of woody materials such as chips and pulp, to include critical suppliers of general raw materials not only for paper and paperboard products but also for paper cartons, chemical, household paper and healthcare and specialty paper. Surveys have been conducted successively since FY2024.

6. Human Rights Surveys within the Group

The Group conducts annual [CSR surveys](#) → P02 to confirm the status of human rights initiatives at each Group company.

Respect for Human Rights

4 Remedy Mechanism

- The Company accepts inquiries regarding concerns about any possible violation of human rights through the "NIPPON PAPER GROUP Helpline," which the Company set up as an internal whistleblower system.
- The Group's website also accepts inquiries in Japanese and English through the "Contact Us" page, which is open to anyone.
- The Company's Compliance Office and associated departments respond to inquiries received through the NIPPON PAPER GROUP Helpline and the Group's corporate website. In FY2024, there were 29 human rights-related complaints (harassment-related).
- The Group was subject to no legal actions whatsoever regarding human rights in FY2024.



→P11

Whistleblower System (Remedial Measures)

- ・NIPPON PAPER GROUP Helpline
- ・"Contact Us" on the NIPPON PAPER GROUP website

5 Other Initiatives

1. Training and Development Activities for Employees, etc.

- In pursuit of personnel management cognizant of human rights, the Group has employees responsible for personnel matters at each company and office participate in training courses hosted by government agencies.
- The Group conducts compliance training to encourage all employees to help prevent harassment in the workplace.
- In FY2024, based on the "NIPPON PAPER GROUP Human Rights Policy," the Company held e-learning training →P02 for all Group employees, with a total of 9,615 participants (Theme: "Fundamentals of Business and Human Rights").
- The sustainability lecture, →P02 which is held regularly by the Company, featured human rights in FY2024 to raise awareness among all Group employees and contractors of its mills.



→P12

Achievements in Compliance-related Employee Training and Education

2. Labor Initiatives

The Group implements the following initiatives regarding respect for human rights in labor.

- Support for the universal principles advocated by the United Nations Global Compact (freedom of association and recognition of the right to collective bargaining)
- Continuous dialogue between labor and management →P73
- Stipulating the prohibition of harassment in the Company's employment rules (Nippon Paper Industries)

3. Local Community Initiatives

The Group implements the following initiatives to protect the human rights of people in the areas where the Group conducts its business.

- Environmental communications →P27
- Coexistence with local communities in overseas plantation projects →P20

4. Relationships with Other External Organizations and Other Institutions

- The Company holds dialogues with external experts to confirm objective evaluations of its human rights initiatives and consider improvements.
- The Company has been a member of Amnesty International Japan since 2007 and has the opportunity to share opinions at least once a year. In FY2024, the parties discussed the human rights training for all Group employees, the human rights issue survey for contractors of mills in Japan, and the expansion of the scope of human rights issue confirmation through a survey for raw material suppliers.
- The Company participates in the Global Compact Network Japan's Human Rights Due Diligence Subcommittee to collect information and exchange opinions on the latest trends in human rights and the initiatives of each company.

Realization of Diverse Work Styles

1 Basic Policy

Nippon Paper Industries states that one of the requirements of its Vision for the Group Mission is "instill pride in employees." Since employees' values regarding career building are diversified, the Company is promoting the development of an internal environment that realizes diverse work styles.

  **NIPPON PAPER GROUP Human Rights Policy**

  **Human Resource Strategy**
(NIPPON PAPER GROUP Integrated Report 2025, P.48-51)
https://www.nipponpapergroup.com/english/csr/npg_ir_e_2025_48-51.pdf

2 Improving the Internal Environment to Enable Diverse Work Styles

1. Support for Balancing Childcare and Work

- The Company has implemented systems that exceed the provisions stipulated under the Act on Childcare Leave/Caregiver Leave to support the achievement of a balance between childcare and work.
- The Company issued a "Childbirth and Childcare Guidebook" summarizing information necessary for achieving a balance between childcare and work. The handbook has also been posted on the Company's intranet to provide information for employees.
- In 2016, the Company acquired "Kurumin" certification as a childrearing support company.

<Main systems for supporting a balance between childcare and work>

- Childbirth leave when spouse gives birth (5 days, paid)
- Childcare leave (can be taken until a child is 1 year and 2 months old)
- Childcare support measures (shorter working hours, exemption from overtime work, and other benefits) can be used until the end of the school year in which the child is in the third grade of elementary school
- Abolition of rules restricting uniform pay increases for employees taking childcare leave
- Expired annual paid leave (held over leave) can be taken for the purposes of raising a child or short-term childcare leave

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

The Company has formulated the following action plan to enable all employees to achieve their full potential by creating an environment where employees can balance work and childcare and where all employees can work comfortably.

1. Planning period

Four years from April 1, 2023 to March 31, 2027

2. Contents

Goal 1 Implement a system to limit jobs, work locations, etc., for workers who wish to do so.

<Details of initiatives>

Examination of measures to be implemented in April 2023

Introduction of the system after April 2026

Goal 2 Redevelop a re-employment system for those who retired due to childbirth or childcare.

<Details of initiatives>

Consider measures to promote the use of the system in April 2023 and implement the steps after October 2023.


2. Support for Balancing Caregiving and Work

- The Company has implemented systems that exceed the provisions stipulated under the Act on Childcare Leave/Caregiver Leave to support the achievement of a balance between caregiving and work.
- The Company issued a "Caregiving Guidebook" summarizing information necessary for achieving a balance between caregiving and work. The handbook has also been posted on the Company's intranet to provide information for employees.

<Main systems for supporting a balance between caregiving and work>

- Caregiving leave (up to 1 year in total for each eligible family member)
- Abolition of rules restricting uniform pay increases for employees taking caregiving leave
- Expired annual paid leave (held over leave) can be taken for the purposes of leave for caregiving for family members

3. Other Systems and Initiatives

- The Company promotes flexible working styles by introducing systems that encourage diversity  (a flextime system that does not set a core time, a system for taking annual paid leave in hourly increments, and a system to work from home).
- The Company is working towards reducing working hours by ensuring employees depart before 19:00, enforcing no overtime work days, and improving operational efficiency in each department.
- Financial assistance for employees transferred alone (without their family) who are not the head of their household* is provided.
* 12 times a year round-trip transportation expenses for returning home or other incidental costs
- A spouse overseas accompaniment leave system is available.
- A self-declaration leave system* is available.
* Leave for self-development, international contributions, and volunteer activities
- Expired annual paid leave (held over leave) can be taken for purposes such as volunteering, absence from work related to fertility treatment or pregnancy, and intermittent absence from work associated with treatment of a disease.

- Rules for guaranteeing exercise of civil rights* have been defined.
* If employees exercise their right to vote or any other civil rights or perform a public duty during working hours for an unavoidable reason, they must be given the time required for such action based on their request and they shall be deemed to have worked during that time

- A system for overseas personnel* is available separately from that of employees in Japan.

* A hardship allowance based on climate, security, medical care, etc. is added to the salary of employees stationed overseas. Bonuses are paid according to the same standards as in Japan. Operation of systems suitable for each region

4. Welfare

The Company has welfare programs that include the development of company housing and singles dormitories, the ownership of recreational facilities, and property formation (property accumulation savings, employee stock ownership association, etc.). A cafeteria plan is also available for employees to freely choose the welfare services they need according to their life plans and preferences.

Realization of Diverse Work Styles

5. Achievements Related to Diverse Work Styles

Status of Use of Systems Related to Childbirth, Childcare, and Caregiving

(— is unaggregated)

	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Employees taking childcare leave	Consolidated companies in Japan	Persons	28	30	166	160	175
Male	Consolidated companies in Japan	Persons	5	13	146	146	155
Female	Consolidated companies in Japan	Persons	23	17	20	14	20
Employees taking childcare leave	Nippon Paper Industries	Persons	11	12	113	101	115
Male	Nippon Paper Industries	Persons	5	8	104	98	104
Female	Nippon Paper Industries	Persons	6	4	9	3	11
Rate of taking childcare leave (Male)	Consolidated companies in Japan	%	—	—	82.0	84.4	84.2
Rate of taking childcare leave (Female)	Consolidated companies in Japan	%	92.0	94.4	100.0	100.0	100.0
Rate of taking childcare leave (Male)	Nippon Paper Industries	%	—	—	91.2	90.7	86.0
Rate of taking childcare leave (Female)	Nippon Paper Industries	%	85.7	80.0	100.0	100.0	100.0
Rate of returning to work after childbirth	Consolidated companies in Japan	%	100.0	99.0	100.0	99.4	98.9
Employees taking caregiving leave	Consolidated companies in Japan	Persons	0	1	2	0	3

* Until FY2021, employees taking childcare leave are calculated for those who used childcare leave system. From FY2022, they are calculated for those who used childcare leave system, etc. and who used leave system for the purpose of childcare under the Act on Childcare Leave/Caregiver Leave

Total Working Hours and Rate of Taking Annual Paid Leave

	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Total working hours (All employees*)	Nippon Paper Industries	Hours per person	1,888	1,905	1,884	1,872	1,870
Total working hours (Union members)	Nippon Paper Industries	Hours per person	1,861	1,870	1,850	1,842	1,842
Rate of taking annual paid leave	Consolidated companies in Japan	%	64.7	70.8	74.2	78.5	75.9
Rate of taking annual paid leave	Nippon Paper Industries	%	67.9	73.6	78.4	80.3	78.8

* All employees = union members + managers

3 Employee Training

As part of its initiatives to realize diverse work styles and active participation of diverse human resources, the Company holds diversity study sessions for its employees.

Recent training sessions

Year	Topics
FY2020	Employee Engagement
FY2021	(Canceled due to the spread of COVID-19)
FY2022	Systems Related to Childbirth and Childcare That Are Offered by the Company
FY2023	Employment of People with Disabilities
FY2025	Female-Specific Health Support and Career Support

CASE STUDY

Diversity Study Session on Female-Specific Health Support and Career Support

Women who are pursuing their careers while handling female-specific health issues sometimes end up quitting their jobs, especially in a work environment where there are more men than women, due to a lack of understanding and support for these issues. In June 2025, the Company invited Ms. Mineko Shoji, a career consultant and infertility peer supporter, to give a seminar for managers to help them deeply understand female health issues and establish a career support system at the workplace.

The seminar featured examples of "quiet quitting" based on female health issues, examples of balancing fertility treatment and work, period or menopause-related changes in physical or mental conditions and their effects on work, and how managers should respond to and support female workers.

The Company will continue implementing diversity education for its employees to realize diverse work styles and active participation of diverse human resources.

Active Participation of Diverse Human Resources

1 Basic Policy

Nippon Paper Industries states that one of the requirements of its Vision for the Group Mission is "instill pride in employees." The Company is promoting organizational development that enables diverse work styles and allows diverse human resources to maximize their potential, aiming for better engagement (building relationships to ensure growth for both employees and companies).

  **NIPPON PAPER GROUP Human Rights Policy**

  **Human Resource Strategy**
(NIPPON PAPER GROUP Integrated Report 2025, P.48-51)
https://www.nipponpapergroup.com/english/csr/npg_ir_e_2025_48-51.pdf

2 Employment and Recruitment Efforts and Status

- NIPPON PAPER GROUP strives to maintain stable employment and continue hiring new employees.
 - The Group employs and recruits without discrimination based on the "NIPPON PAPER GROUP Human Rights Policy."
 - Instruct interviewers in training sessions to prohibit discrimination based on race, religion, nationality, place of origin, gender, educational background, etc.
 - Clearly and formally communicate the recruitment process to all recruitment candidates
 - The Group carries out employment based on the place of operation.
- ### 1. Recruitment of New Graduates and Mid-career Employees
- The Company discloses information on the hiring of new graduates and mid-career employees on its website.
 - To secure diverse personnel, the Company is working on expanding its recruitment channels.
 - <Initiatives in FY2024>
 - Global Apply recruitment (a system to hire students with language skills who are interested in working abroad as candidates for working overseas in the future)
 - Referral recruitment (a system to hire people recommended by employees)
 - Implementation of a lecture that helps deepen the understanding of the Company's sustainability management and green strategy to maximize forest value (open day)
 - Implementation of a mill tour and a research laboratory tour to help deepen the understanding of the Company's technologies, products, and business model (open day)
 - The Company has introduced the "Mid-career Employee Onboarding" e-learning program to facilitate the smooth integration of new mid-career hires, mostly in career-track positions, into the workplace. This training helps foster shared knowledge and mutual understanding in both new employees and existing employees to help new mid-career hires play an active role as soon as possible.
- ### 2. Employment of People with Disabilities
- The Company's employment rate of people with disabilities is 2.56%, above the statutory employment rate of 2.5% (as of April 1, 2025). The Company will continue to work to maintain and improve the employment rate at each site.
 - The Company aims to achieve an employment rate of people with disabilities of 2.8% by 2030 (the statutory employment rate is 2.7% for FY2026).
- ### 3. Employment of Elderly Persons
- The Company operates a re-employment system up to age 70 so that retired employees can continue to work according to their motivation and ability, at least until they are old enough to receive their pension.
 - For general employees, the retirement age was extended to 65 years of age in April 2024.
- ### 4. Rehiring Retired Employees
- The Company has established the "NICORE (Nippon Paper Comeback & Re-entry) system*" as a boomerang hiring system, allowing former employees to take advantage of the experience and skills they have cultivated over the years to play an active role in the company once more.
- * If a former employee registers in the human resource bank in advance in preparation for when they want to work or are able to work again, the Company will notify the registrant system that provides detailed information on job vacancies. There is no question about the reason for leaving when registering for the human resources bank
- ### 5. Dispatched Workers
- The cost of accepting dispatched workers is borne by the Company.

Active Participation of Diverse Human Resources

6. Statue of Regarding Employment, Recruitment, etc.

Number of Employees (Consolidated companies, as of the end of each fiscal year)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees on a consolidated basis	Persons	16,156	16,129	15,959	15,557	15,145
Male	Persons	13,984	13,926	13,593	13,273	12,879
Female	Persons	2,172	2,203	2,366	2,284	2,266

Number of Overseas Employees (Consolidated companies, as of the end of each fiscal year)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of overseas employees	Persons	5,961	6,050	6,062	5,748	5,399
Male	Persons	4,965	5,038	4,927	4,716	4,432
Female	Persons	996	1,012	1,135	1,032	967
Ratio of upper management* from the local community	%	94.7	94.6	94.9	94.0	95.2

* Managerial personnel at the level of section manager or positions higher

Number of Employees by Region (Consolidated companies, as of the end of FY2024)

	Unit	Japan	Oceania	Asia	North America	Other
Number of employees	Persons	9,818	3,675	261	517	874
Male	Persons	8,511	2,983	202	445	738
Female	Persons	1,307	692	59	72	136

Number of Employees by Age Group (Nippon Paper Industries, as of the end of FY2024)

	Unit	Less than 30	30 to 50	Over 50	Total
Number of employees	Persons	850	2,318	1,815	4,983
Male	Persons	725	2,132	1,653	4,510
Female	Persons	125	186	162	473

Average Age of Employees and Average Years of Employment (Consolidated companies in Japan, as of the end of each fiscal year)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Average age of employees	Age	43.6	44.4	44.5	44.9	45.2
Male	Age	43.6	44.4	44.5	45.1	45.5
Female	Age	43.5	43.9	44.2	43.9	43.5
Average years of employment	Years	18.8	19.0	19.0	19.1	19.4
Male	Years	19.1	19.3	19.2	19.5	19.9
Female	Years	17.0	16.9	17.1	16.6	16.3

Number of Hires and Turnover Rate (Consolidated companies in Japan)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of new graduates hired	Persons	214	209	174	145	157
Male	Persons	167	166	133	104	115
Female	Persons	47	43	41	41	42
Number of mid-career recruits	Persons	172	122	167	277	357
Male	Persons	149	109	143	231	290
Female	Persons	23	13	24	46	67
Turnover rate (Includes employees leaving at the mandatory retirement age)	%	3.0	3.3	6.0	5.7	5.4

Retention Rate after Joining the Company (Nippon Paper Industries, as of the end of each fiscal year)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Retention rate after 10 years of employment	%	66	60	63	50	71

Active Participation of Diverse Human Resources

Number of Employees Seeking Reemployment after Retirement / Employees Reemployed after Retirement Age

	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees seeking reemployment after retirement	Nippon Paper Industries	Persons	80	126	155	69	49
Number of employees reemployed after retirement age	Nippon Paper Industries	Persons	81	126	155	69	49
Number of employees reemployed after retirement age	Consolidated companies in Japan	Persons	301	591	401	296	273

Number of Managers / Ratio of Female Employees in Management (At the end of each fiscal year)

	Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of managers	Nippon Paper Industries	Persons	1,132	1,218	1,162	1,111	1,098
Female	Nippon Paper Industries	Persons	30	33	37	33	36
Ratio of female employees in management	Nippon Paper Industries	%	2.65	2.71	3.18	2.97	3.28
Number of managers	Consolidated companies in Japan	Persons	2,385	2,404	2,393	2,358	2,303
Female	Consolidated companies in Japan	Persons	67	69	82	83	93
Ratio of female employees in management	Consolidated companies in Japan	%	2.81	2.87	3.43	3.52	4.04
Number of managers	Consolidated companies outside Japan	Persons	358	556	531	470	516
Female	Consolidated companies outside Japan	Persons	82	129	119	112	128
Ratio of female employees in management	Consolidated companies outside Japan	%	22.9	23.2	22.4	23.8	24.8

Number of Dispatched Workers and Part-time Workers (Consolidated companies in Japan, as of the end of each fiscal year)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of dispatched workers	Persons	111	105	121	127	120
Male	Persons	46	38	44	50	51
Female	Persons	65	67	77	77	69
Ratio of dispatched workers	%	1.1	1.0	1.2	1.3	1.2
Number of part-time workers	Persons	514	465	536	566	306
Male	Persons	290	279	287	311	187
Female	Persons	224	186	249	255	119

7. Other Employment-related Information

- The Company conducts risk assessments and responds to labor issues related to new business and existing business.
- The Company did not carry out layoffs in FY2024.
- There were no employees affected by the Company's M&A in FY2024.
- Average annual salary (including bonuses and extra wages) of the Company as of the end of FY2024 was 6,772,567 JPY.
- Calculated based on the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace," the wage gap between male and female regular employees (ratio of female employees with male employees as the denominator) at the Company in FY2024 was 74.2%. Regarding the gender gap, there is no difference in wages for doing the same work, and the difference mainly depends on whether allowances are paid for shift work that male employees are engaged in.

Active Participation of Diverse Human Resources

3 Promotion of Women's Participation and Advancement in the Workplace

1. Responding to the Act on Promotion of Women's Participation and Advancement in the Workplace

Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

In order to create an employment environment in which diverse human resources can demonstrate their abilities and play an active role throughout their lives, the Company will formulate an action plan as follows.

1. Planning period

Five years from April 1, 2021 to March 31, 2026

2. Contents

Goal 1 The Company will set the ratio of female employees, compared to male employees, promoted to section manager from a lower rank in the previous three business years at 80% or higher.

Goal 2 At head office divisions, which have no production sites, the rate of usage of systems such as flextime, taking leave in hourly increments and working from home will be set at 70% for both male and female employees to promote diversity.

3. Intermediate performance (FY2024)

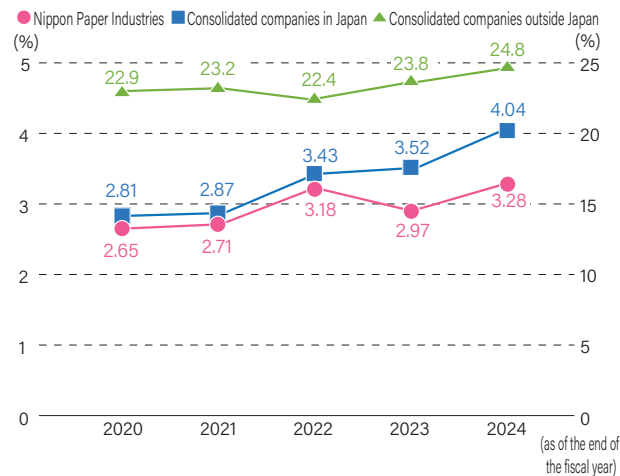
Goal 1 101%

Goal 2 84.4%

- In February 2022, the Company received "Eruboshi Certification (Stage 2 certification)."

2. Ratio of Female Employees in Management and Hiring of New Graduates for Career-track Positions

Ratio of Female Employees in Management



Hiring of New Graduates for Career-track Positions (Nippon Paper Industries)

	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Career-track hires	Persons	43	48	43	63	74
Female	Persons	13	19	21	23	35
Ratio of female career-track hires	%	30	40	49	37	47

4 Human Resources Development

The Company is working to develop human resources who take on change as an investment in human capital to promote business structure transformation and yield results. The Company will take various measures to nurture employees who will be the source of expanding profitability of growing businesses and reinforcing competitiveness of foundation businesses, while also enabling employees themselves to improve their individual skills and realize personal growth through their careers.

1. Recruitment and Development of Career-track Employees

The Company defines the ideal type of person that career-track employees should aim to be as "leaders who will promote change." The Company is implementing the following initiatives to secure such personnel.

- Hiring human resources with the abilities to continue attempting new challenges, to exercise fair judgement and to engage in teamwork by involving those around them, and the mental strength to overcome difficulties
- Strengthening the development of "autonomous human resources" with global perspectives that can face the "challenge" of new things

2. Leadership Training System

The Company works to develop its leadership personnel through OJT, systematic rotations and OFF-JT, including job-level-based training and optional training.

- Fostering leaders with broad perspectives who do not become fixated on a single issue, by transferring them to various positions both within and outside their department, and at affiliate companies in a planned manner
- Besides job-level-based training at OFF-JT, the Company has established a dispatch system for career-track employees to overseas business sites
- After employees are promoted to management positions, the Company also conducts training related to management and other skills

Active Participation of Diverse Human Resources

3. Priority Initiatives in Human Resources Development

The Company provides its employees with equal learning opportunities, and has developed a system that enables motivated and capable employees to further improve their skills, with a focus on the following key points.

(1) Support for voluntary skill development

- Job-level-based training
 - Job-level-based training for new hires and for assistant manager-level employees is conducted jointly throughout the Group
 - Training at the head office: Career training for young employees and new manager training
 - Training at mills: Some job-level-based training is conducted not just for a single mill but together with neighboring mills
- Optional training
 - Group training (technical skills [DX, accounting], conceptual skills, human skills, etc.)
 - Distance learning (approximately 300 courses including business skills, qualifications/certifications, languages, digital skills, etc.)
- Other systems
 - Systems that pay rewards for qualifications

(2) Assignment of the right people to the right positions

- Constructing a talent management system*
 - * An information system that centrally manages and visualizes basic employee information and talent information, such as abilities, experience, and skills, and leads to strategic human resource development and placement
- Implementation of employee surveys to ascertain what kind of job assignments they wish to have (target: all employees, once a year)
- Establishment of an internal recruitment system, so that individual employees can consider their skills and how they want to develop their careers, and then apply for positions posted by any of the Group companies
- Selective education for local mill hires (with a program for change of career track*)
 - * Programs for local mill hires in general positions to help employees with outstanding skills to maintain and improve their motivations, such as dispatching to colleges/universities in Japan (to obtain a degree), developing and promoting to managers, and changing to career track positions
- Establishment of an "in-house side jobs system*" (Number of employees who used the system in FY2024: 13)
 - * Without being transferred, employees can be involved in the work of another department that they are interested in for up to 20% of the prescribed working hours, allowing them to take on the challenge of new operation while working on the main business of the department to which they belong
- "Self-recurrent Program" (reskilling for employees who have been internally transferred to a job in which they have no prior experience)

(3) Development of employees capable of acting on a global stage

- Open invitation to applicants and implementation of long-term dispatch to overseas bases of the Group

(4) Reinforcement of production frontline capabilities

- Creating a committee to strengthen frontline capabilities in FY2006 in all mills. Organizing and operating systems under which technologies and skills that should be carried forward at individual production sites are identified, and training is prioritized based on analyses of the strengths and weaknesses of, and skills needed by, individuals

(5) Initiatives to promote the assignment of employees in line with business structure transformation

- Supporting general employees who are transferred (a system to pay special preparation expenses, a special transfer allowance, and the cost of a return trip home for caregiving to local mill hires for transfers that require relocation)
- Job-type change allowance (a system to reward local mill hires for their efforts to change their mindsets to take an optimistic view on career building, including transfer, and their commitments toward business structure transformation)

(6) Life plan design support

- Offering Life Plan Seminars and other types of seminars to enhance employee understanding of the Company's and the government's programs, as well as the need to develop meaningful life plans that include health management

4. Provision of Education and Training

- The Company's educational expenses related to human resource development, supervised by the Personnel Department, in FY2024 amounted to 83,128,765 JPY. The average training cost per employee targeted for such training was 44,959 JPY, and the average training time was 10.0 hours.

Active Participation of Diverse Human Resources

5 Reinforcing Engagement



→WEB

Initiatives to Increase Engagement

(NIPPON PAPER GROUP Integrated Report 2025, P.50-51)

https://www.nipponpapergroup.com/english/csr/npgr_ir_e_2025_48-51.pdf

1. Initiatives for Fair Evaluation and Compensation

- The Company carries out the following as part of a fair and transparent personnel examination.
 - Inform employees of wage regulations, including wage structure and the criteria for pay raises and promotions
 - Clarify evaluation criteria and items
 - Conducting review sessions where managers provide feedback on performance evaluations and results to employees (for all general employees, twice a year)
 - Introduction of outside companies specializing in human resource assessment to enhance objectivity for decisions on promotions to management and other positions
- The Company has adopted a "Performance Evaluation System" under which employee compensation is determined based on performance.
- The Company has established programs such as president awards, mill manager/business site manager awards, president awards for patents, and outstanding technician awards, to recognize special achievements.
- The Company has established a system under which incentives are paid to achievements of employees.
 - e-Kaizen Program: A proposal system for business improvement. The impact of proposals is evaluated in points and incentives are paid according to the points
 - Invention Compensation System: Appropriate consideration will be paid to employee inventions in accordance with the Patent Act

2. Employee Engagement Survey

- The Company has conducted employee engagement surveys since FY2019 and in FY2023 the Company changed the survey frequency from once every two years to once a year.
- This survey is positioned as essential to further strengthen the relationship between employees and the Company so that both can grow.
- The Company reports the survey results to general managers and executives, and strives to improve communication within the workplace, education and training, and the working environment based on advice from external consultants in order to achieve a smooth business structure transformation.

<Recent initiatives>

 - Periodic conferences between general managers (in management) and junior career-track employees in other departments (designed for junior career-track employees to learn about the Company's wide range of business and job areas, the thoughts of management, and growth opportunities to improve their engagement)
 - Coaching skill training for mill line managers (reinforcing communication skills to improve work environments)

6 Industrial Relations

- The Company participates in the United Nations Global Compact and supports the universal principle of labor standards advocated by the United Nations regarding "approval of freedom of association and the right to collective bargaining."
- The Company and principal consolidated subsidiaries have formed labor unions. They maintain harmonious labor-management relations even at companies without labor unions.
- The Company has adopted a union-shop system, and 100% of employees subject to labor agreements are members of the labor union (number of labor union members: 4,370 [as of March 31, 2025]).
- With the common labor-management aim of "developing the company and improving the welfare of union members," the Company has established various specialized labor-management committees, such as the "Agreement Management Expert Committee" and the "Manpower Measures Expert Committee." Along with this, based on the agreements between labor and management, the Company is working on various measures and improving working conditions and environments. The Company also holds "labor-management conferences" twice a year (in the spring and fall) to facilitate communication between labor and management, such as by explaining management policies, management plans, and business performance trends to the labor union.
- Under the labor agreements, the Company takes into fair consideration the requests, health conditions, and skills of union members when transferring them to other departments due to administrative reasons. It also informs the labor union without delay when conducting personnel transfers and organizational changes.

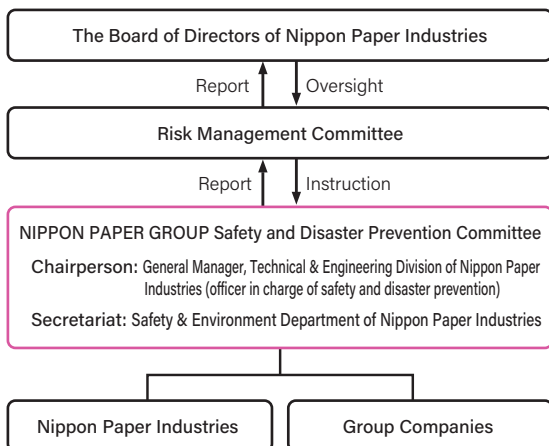
Promotion of Occupational Health and Safety

1 Basic Policy

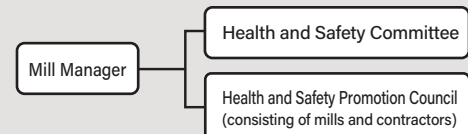
📖 → P97 Philosophy and Basic Policy on Safety and Disaster Prevention

- The policy also applies to contractors and temporary site visitors working on the Company's premises.

2 Promotion Structure



Example of a Mill's Health and Safety Organization Structure (Nippon Paper Industries)



1. Occupational Health and Safety Promotion Structure

- Nippon Paper Industries regularly holds health and safety meetings attended by both labor and management including health and safety personnel from the head office, mills, and labor unions, where the opinions of employees are represented.

- Meetings of the Health and Safety Committee and Health and Safety Promotion Council (consisting of mills and contractors) are held separately at each location including mills and offices, once a month.
- The Company promotes health and safety management activities by cooperating and collaborating with labor and management, as well as contractors and temporary site visitors working at each location.
- The Company has established a communication system between the mills and the head office, as well as between departments within the head office, to report necessary information in the event of a disaster to the NIPPON PAPER GROUP Safety and Disaster Prevention Committee and its management.

2. Reporting to the Board of Directors

- The Group's occupational health and safety and disaster prevention activities are overseen by the NIPPON PAPER GROUP Safety and Disaster Prevention Committee, chaired by the officer in charge of safety and disaster prevention, and reports to the Board of Directors through the Risk Management Committee.
- In FY2024, the committee reported to the Board of Directors on risks and examples of safety and disaster prevention, as well as the status of occupational accidents.

3 Occupational Safety and Health Management System

- The Group operates its own Nippon Paper Occupational Safety and Health Management System (NPSS*).

* The NPSS was established under the "Guidelines on Occupational Safety and Health Management Systems" presented by the Minister of Health, Labour and Welfare

NPSS (Nippon Paper Occupational Safety and Health Management System)

NPSS incorporates specific, ongoing, and voluntary activities at each mill and business site as health and safety plans, following company policies and measures relating to health and safety. The system is helping to improve health and safety levels by preventing occupational accidents, promoting worker health, and creating comfortable working environments. It also implements measures to predict and prevent health and safety risks, not only for existing work but also for new work and where changes in work have been made.

- The Company formulates annual plans for Occupational Safety and Health Management Systems at all manufacturing and research sites (18 sites) and conducts risk assessment and training.

- The Company has a system for reviewing and improving the content of education and the target employees, as necessary.
- The Group formulates and promotes health and safety plans for each mill, business site, and Group company and conducts "Mill Safety Audits" at least once a year as part of its drive to maintain and improve safety standards.
- The Company also incorporates into its safety activities any advice from external experts on ways to improve its standards, including safety diagnoses conducted by the Japan Industrial Safety and Health Association.

4 Acquisition of Occupational Safety Certifications and Awards

Acquisition of ISO 45001 Certification (As of March 31, 2025)

Company name	Number of certified sites
Opal	18 sites
Jujo Thermal	1 site

* 2 out of 54 in Japan and overseas consolidated companies certified (Consolidated companies in Japan: 0 out of 28 companies, overseas consolidated companies: 2 out of 26 companies)

External Awards for Safety Activities (FY2024)

Company (office) name	Award
Nippon Paper Industries (Nakoso Mill)	64th National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award 1st Class)
Nippon Paper Papylia (Kochi Mill)	64th National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award 1st Class)
Nippon Paper Industries (Iwanuma Mill, Iwakuni Mill)	64th National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award)
Nippon Paper Industries (Ishinomaki Mill Health and Safety Cooperation Association, Iwanuma Mill Health and Safety Cooperation Association, Gotsu Mill Health and Safety Cooperation Association)	64th National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award)

Promotion of Occupational Health and Safety

5 Efforts regarding Health and Hygiene

- In cooperation with the health insurance union, the Group implements the following initiatives to promote employees' health and prevent and detect illness early.
 - Regular physical examinations and lifestyle-related disease checkups at all Group companies that are members of the Nippon Paper Industries Health Insurance Union
 - Improve work environments based on the results of regular workplace visits by industrial physicians
 - Health examinations for spouses of employees
 - Walking events and providing health-related information using health promotion apps
 - Quit smoking program (health insurance support project)
- The Company implements the following mental health initiatives for our employees.
 - Mental health counseling for all employees and their families in collaboration with external EAP (Employee Assistance Program)
 - Consultation by a specialist for employees who are judged to require care in a "stress check" (conducted once a year)
 - Rehabilitation work system when returning to work (a system that allows employees to come to work and work on a trial basis before fully returning to work)
- The Company implements the following initiatives for employees posted abroad regarding global health issues such as infectious diseases.
 - Regular physical examinations, lifestyle-related disease checkups, and complete medical examinations at the time of assignment and return for employees stationed overseas and their accompanying spouses
 - Vaccinations as required, according to the situation of the overseas posting/business trip destination

6 Initiatives Related to Safety and Disaster Prevention

1. Ensuring Safety within Mills

Medium-term Safety Activity Plan (Established July, 2020)

Plan pillars	(1) Developing safe working environments, (2) Managing risks, (3) Training personnel to work safely
Ultimate environment	Ensuring that nobody*1 is injured within the premises of its mills
The goal	To build a foundation for achieving zero disasters based on an independent safety-conscious climate
Plan duration	2020-2025
Performance indicators*2	2020-2022 Serious occupational accident eradication measures period (Serious occupational accidents: 0, Lost-time injury frequency rate: 0.4)
	2023-2025 Period for preparing for zero occupational accidents (Serious occupational accidents: 0, Lost-time injury frequency rate : 0.1)

*1 This ultimate environment includes all stakeholders on NIPPON PAPER GROUP premises including Group employees, employees of contractors of mills working on site, and visitors from outside

*2 Mill management indicators are determined every 12 months

- With its mission of "Ensuring that nobody is injured within the premises of its mills," the Company conducts safety patrols in collaboration with labor unions and contractors, and gives instructions and guidance to correct unsafe practices.
- Provide personal protective equipment and other safety equipment for health and safety-related work.
- Safety inspections of equipment are conducted for employee health and safety.
- Provide guidance to contractors and promote voluntary safety activities, including risk prediction and risk assessments.

2. Other Safety and Disaster Prevention Countermeasures

- The Group implements the following measures for operations with a high risk of injury.
 - Manage facilities in accordance with the Industrial Safety and Health Act and other laws and regulations, and regularly evaluate workplace environments
 - In locations where chemical substances are handled, the Group investigates the dangers and toxicity of these substances and uses what it learns to take appropriate risk reduction measures and manage residual risks
 - Special medical examinations for employees engaged in certain types of hazardous work
- The Group implements the following measures to prepare for emergencies such as natural disasters and fires.
 - Create disaster preparedness manuals reflecting local hazard map information
 - Participation in regular disaster drills and lifesaving courses in collaboration with local fire departments and other public safety agencies
 - Undergo regular disaster prevention surveys by specialist risk assessment companies (Nippon Paper Industries)
- The Group implements the following initiatives aimed at raising awareness of traffic safety.
 - Traffic safety training and lectures
 - Participate in traffic safety campaigns hosted by local police stations

Promotion of Occupational Health and Safety

7 Occurrence of Occupational Accidents

Occurrence of Occupational Accidents (Calendar year)

		2020	2021	2022	2023	2024
Lost-time injury frequency rate* ¹	Nippon Paper Industries	0.39	0.51	0.95	0.98	0.71
	NIPPON PAPER GROUP* ³	0.37	0.46	0.86	0.78	0.68
	NIPPON PAPER GROUP* ³ contractor	1.10	0.62	0.52	0.69	0.95
	Manufacturing industry	1.21	1.31	1.25	1.29	1.30
	Pulp, paper and converted paper product manufacturing industry	1.54	1.85	1.59	1.33	2.07
Occupational Accident Severity Rate* ²	Nippon Paper Industries	0.01	0.04	0.12	0.04	0.03
	NIPPON PAPER GROUP* ³	0.01	0.03	0.09	0.03	0.03
	NIPPON PAPER GROUP* ³ contractor	1.10	0.09	0.11	0.64	0.05
	Manufacturing industry	0.07	0.06	0.08	0.08	0.06
	Pulp, paper and converted paper product manufacturing industry	0.39	0.06	0.19	0.05	0.08
Number of work-related employee/ contractor fatalities	Nippon Paper Industries	0	0	0	0	0
	NIPPON PAPER GROUP* ³	0	0	0	0	0
	NIPPON PAPER GROUP* ³ contractor	2	0	0	1	0

*1 Indicates how often occupational accidents occur in terms of the number of accidents causing injuries or deaths per million work hours

*2 Indicates the seriousness of occupational accidents in terms of the number of workdays lost per 1,000 work hours

*3 Scope: Manufacturing locations of Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, and Nippon Paper Liquid Package Product

Number of Violations of the Labor Standards Act* (Nippon Paper Industries)(Calendar year)

2020	2021	2022	2023	2024
0	0	0	0	0

* Number of cases subject to judicial disposition for violations of the Labor Standards Act

8 Training and Education for Employees, etc.

- The Group promotes the dissemination and establishment of health and safety awareness by conducting safety training for employees, contractors, and temporary site visitors.
 - The Company provides e-learning training on safety for employees. In FY2024, training was held on "safety education for elderly employees" and "fall accident prevention."
 - The Company ensures providing the education mandated under the Industrial Safety and Health Act based on the Guidelines on Safety and Health Education established by the Ministry of Health, Labour and Welfare.
 - The Company also provides training on emergency lifesaving, heat stroke prevention, and traffic safety, as well as safety education for its contractors, including temporary site visitors.
 - The Company encourages participation in safety-related qualifications (e.g., RST*) and external training to gain specialized knowledge.
- * Roudosyo (Ministry of Labour in Japanese) Safety and Health Education Trainer
- The Company conducts a survey once a year to keep abreast of the status of health and safety education at each of its mills and offices.

Coexistence with Local Communities and Society

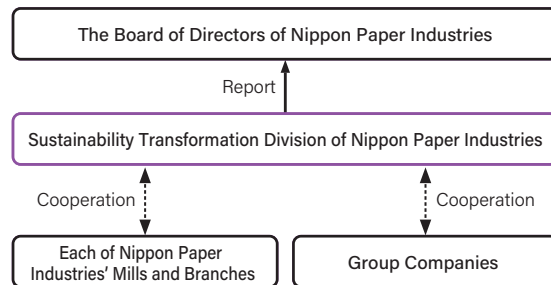
1 Basic Policy

As a member of society, NIPPON PAPER GROUP wants to contribute to the development of society as a whole. While continuing to supply products that society needs, the Group wants to contribute to protecting the global environment, developing culture and local communities. Accumulating activities for that purpose will lead to gaining society's trust and continuing our business activities while coexisting with the local community.



→P97 **Philosophy and Principles for Social Contribution Activities**

2 Promotion Structure



- The Group continues to carry out activities to deepen coexistence with each community while utilizing the Group's expertise and resources.
- The Group widely disseminates the description and significance of activities throughout the Group through digital signage and corporate newsletters to internally foster the understanding and promotion.
- The Group accepts opinions from local residents through its website and other channels.

3 Main Activities for Coexistence with Communities and Society, and Social Contribution Activities

List of Main Activities for Coexistence with Communities and Society, and Social Contribution Activities

Activity classification	Activity description
Local community activities	
Activities for regional cleaning, safety, disaster prevention and disaster support activities	<ul style="list-style-type: none"> ● Cleaning activities around business sites, etc. ● Children's "emergency 110" patrol project (110 is the number to dial for emergency assistance in Japan) ● Traffic safety initiatives ● Participation in fire brigades in plantation areas* ● Contribution of relief funds in the event of natural disasters and provision of relief supplies ● Sharing of stockpiles for disasters with local communities
Preserving local culture and respect for indigenous peoples	<ul style="list-style-type: none"> ● Protecting indigenous heritage sites* ● Designating indigenous heritage sites as permanent protected zones* ● Participation, sponsorship, and cooperation in local events
Social welfare activities	<ul style="list-style-type: none"> ● Copier-paper sale in support of the Pink Ribbon Campaign ● Distribution of compost using bark and biomass residuals to farmers around plantations* ● Participating in and cosponsoring social welfare events ● Support for breast cancer network* ● Provision of stockpiles for disasters to children's cafeterias and other facilities ● Opening company-owned welfare facilities such as gymnasia to the local residents, various organizations, individuals, and other general public
Providing awareness-raising opportunities	<ul style="list-style-type: none"> ● Sustainability lectures →P02
Advancing science and technology	<ul style="list-style-type: none"> ● Supporting the Fujihara Foundation of Science
Environmental activities	
Utilization of company-owned forests and preservation of biodiversity	<ul style="list-style-type: none"> ● Supporting the activities of the Association for the Protection of Shirane-aoi →P49 ● Preserving Blakiston's fish owl habitat while pursuing business activities →P49 ● Improving breeding conditions for the Blakiston's fish owl by installing artificial nesting boxes ● Eradicating invasive plant species from Iriomote Island →P49
Promoting recycling activities	<ul style="list-style-type: none"> ● Collection and recycling of paper cups →P43 ● Paper Carton Recycling →P43 ● Effective use of local waste →P45
Responsibility to local communities	<ul style="list-style-type: none"> ● Environmental communication →P27 ● Participation in programs aimed at protecting and improving local water resources* →P45
Educational activities	
Workshops and visiting classes	<ul style="list-style-type: none"> ● Conducting the "School of Friendship for Forests and Paper" ● Cooperation in teaching school classes
Providing opportunities to tour group companies and their mills	<ul style="list-style-type: none"> ● Acceptance of mill tours
Employment support, provision of products to educational sites	<ul style="list-style-type: none"> ● Internships that welcome students for opportunities to experience a workplace ● Implementation of vocational training for community residents around plantations* ● Providing in-house products to educational institutions
Providing educational opportunities through music and sports	<ul style="list-style-type: none"> ● Sponsorship of music competitions and sports events ● Supporting educational projects for children from low-income families* ● Baseball classes held by the corporate baseball team ● Tennis classes held by the corporate tennis club

* Overseas activities

Coexistence with Local Communities and Society

CASE STUDY

Participating in and Cosponsoring Social Welfare Events

The Company and NP Trading, etc., gather pet bottled beverage caps collected in-house and donate them to NPOs. After the donated caps are sold, the proceeds are replaced with vaccines and provided to children worldwide. In addition, many of the Group companies in Japan cooperate with the Japanese Red Cross Society in blood donation.

Provision of Company Products for Temporary Toilets and Other Facilities around the Kyoto

Fukuchiyama Marathon Course (Nippon Paper Crecia)

Nippon Paper Crecia has cooperated with the Kyoto Fukuchiyama Marathon, which is held on November 23rd every year, since its 9th event in 1999. It supplies toilet rolls and tissues to over 100 temporary toilets and other facilities around the marathon course.

At its booth(tent) in the event, there are product displays, quizzes, and prizes available.

Community Contributions by NIPPON PAPER GROUP BASEBALL TEAM (Nippon Paper Industries)

While participating in games as a corporate baseball team, NIPPON PAPER GROUP BASEBALL TEAM holds baseball clinics for youth locally and during trips to away games to continuously engage with the community through sports.

In addition to cleaning activities around the mill, to ensure community beautification and safety, and support the emotional well-being of children, the team members also volunteer to stand outside local elementary schools to greet students while ensuring their safety.

Sharing of stockpiles for disasters (Nippon Paper Industries)

In preparation for disasters, such as tsunamis, the Shiraoi Mill has provided the emergency shelter with stockpiles (generators, cold-weather items, food, etc.) to share with local residents. Stockpiles are regularly managed by the mill in cooperation with the local neighborhood association, raising regional awareness of disaster prevention.

Conducting the "School of Friendship for Forests and Paper" (Nippon Paper Industries)

The "School of Friendship for Forests and Paper" is a natural environment classroom that utilizes Nippon Paper Industries' company-owned forests. The school provides opportunities for guardians and children to experience the connection between nature and paper, which is essential to our daily lives. The Company has hosted the school in its company-owned forests in Gunma and Kumamoto Prefectures for over ten years, where the Company and Group employees serve as instructors and staff. In FY2022, the web-based "Online School of Friendship for Forests and Paper" was held in consideration of preventing the spread of COVID-19.

In FY2023, the school was hosted in a company-owned forest in Toyono, Kumamoto Prefecture, for the first time in four years. Additionally, based on the experience of holding the school online, which highlighted the importance of providing self-learning programs that connect with local communities, the Company organized the "School of Friendship for Forests and Paper in Shiraoi" at the Shiraoi Mill as its new initiative, with the support of the non-profit organization Tarumae arty+ and Tomakomai City Museum. In FY2024, following on from the previous fiscal year, it was held in person again in both Toyono and Shiraoi.

Coexistence with Local Communities and Society

CASE STUDY

Contributing to Local Communities by Utilizing the Company's Packaging and Design Technologies (Opal)

Opal (Australia) has been working with Breast Cancer Network Australia (BCNA), an Australian breast cancer patient support group, for many years to raise support for the patient, their families and families of the deceased by providing cardboard dolls and tribute boxes at events where the organization participates.

In New Zealand, Opal has been engaging in an initiative to deliver kiwifruit to local primary schools and other facilities in cooperation with its customers. Opal also designs and supplies delivery boxes, contributing to both reducing food waste and maintaining the well-being of primary school children through the initiative.

Supporting Women's Empowerment Through Sports (Opal)

As part of its support for women in sports, Opal (Australia) has been a founding sponsor of an Australian Football League Women's team of St Kilda Football Club. Together with the club, Opal is working on various initiatives to empower women, such as improving sports performance, enhancing diversity, and supporting women's leadership.

In 2023, Opal organized the Opal Little Saints Cup, a football event for primary school girls, welcoming over 100 participants.

AMCEL (Brazil) has been engaging in various initiatives to enhance its coexistence with local communities utilizing its expertise.

Designating Indigenous Heritage Sites as Permanent Protected Zones (AMCEL)

AMCEL currently has a Petroglyph (geometric rock engravings) archaeological site, discovered by the survey carried out between August 2013 and January 2014, located in the municipality of Tartarugalzinho. The Company has designated the entire area as a permanent protected zone and carries out constant monitoring to ensure the preservation of the site, in collaboration with local government institutions.

Distribution of Compost Using Bark and Biomass Residuals to Farmers around AMCEL's Plantations (AMCEL)

AMCEL distributes free compost made from biomass residues such as bark generated during tree planting and forestry activities to local farmers around its plantations. This activity promotes agriculture in the local community and has been praised by the farmers as leading to the organic cultivation of crops. It also leads to the effective utilization of unused biomass residue.

Implementation of Vocational Training for Community Residents Around Plantations (AMCEL)

AMCEL owns vast tracts of land, including plantation land, and engages to improve its relationship with local residents. As part of this, it asks what the community wants to learn for employment, and continuously holds seminars on themes that match those questions. Since 2023, AMCEL has implemented its own social project called "Between Cultures and Agricultures," aimed at farming families, encouraging sustainable management through technical assistance focused on agroecology, contributing to income generation and improving the quality of life of local communities. In 2024, it expanded the scope to include additional communities.

Supporting Educational Projects for Children from Low-income Families (AMCEL)

AMCEL supports external projects from governmental and non-governmental organizations. These projects encourage the practice of sports and environmental education for children in local communities, with the aim of healthy development of children from low-income families and preventing them from becoming involved in crime or drug use. AMCEL continues to support this initiative by providing support materials for activities and uniforms for students.

Social Contribution Activity Expenses (Nippon Paper Industries)

	FY2022	FY2023	FY2024
Social contribution activity expenses (Donation amount) (Million Yen)	49	62	72























4 Support for Employees' Social Contribution Activities

The Company systematically supports employees' participation in volunteer activities.




- A system to allow employees to take leave for volunteering (Japan Overseas Cooperation Volunteers, etc.)
- System for taking leave for volunteer activities (use of expired annual paid leave <held over leave>)

ESG (Environmental, Social, Governance) Data











● Environmental data

-   P25 Forest Certification Acquisition Rate
-   P29 GHG Emissions (Scope 3)
-   P29 Ratio of Fossil Energy Usage
-   P45 Waste Generated and Final Waste Disposal
-   P56 Environmental Accounting
-   P57 Balance of Materials
-   P57 GHG Emissions (Scope 1 and 2)
-   P57 Emissions by type of greenhouse gas (Scope 1)
-   P57 Energy Input
-   P57 Water Intake (Water Consumption) / Wastewater
-   P57 COD/BOD

● Social data

-   P25 Forest Certification Acquisition Rate
-   P67 Status of Use of Systems Related to Childbirth, Childcare, and Caregiving
-   P67 Total Working Hours / Rate of Taking Annual Paid Leave
-   P68 Employment Rate of People with Disabilities
-   P69 Number of Employees
-   P69 Number of Overseas Employees / Number of Employees by Region
-   P69 Number of Employees by Age Group
-   P69 Average Age of Employees / Average Years of Employment
-   P69 Number of Hires / Turnover Rate / Retention Rate after Joining the Company
-   P70 Ratio of Female Employees in Management
-   P70 The wage gap between male and female regular employees
-   P72 Training Time / Training Costs
-   P76 Lost-time Injury Frequency Rate / Occupational Accident Severity Rate
-   P79 Social Contribution Activity Expenses

● Governance data

-   P03 Number of Board of Directors Meetings Held / Average Rate of attendance
-   P05 Number of Female directors / Number of Female audit & supervisory board members
-   P05 Number of Outside Directors / Number of Outside Audit & Supervisory Board Members
-   P07 Remuneration for Directors
-   P13 IR Activities

Other Data

Main External Evaluation (Nippon Paper Industries)

<Main ESG Indices Adopted> (As of June 2025)



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index



2025



Sompo Sustainability Index



Morningstar Japan ex-REIT Gender Diversity Tilt Index

S&P Japan 500 ESG Index

(Disclaimer)

• FTSE Russell confirms that Nippon Paper Industries has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

<Other Main Evaluations>

Evaluations	Acquisition year	Organizers, evaluation groups, and others
"Kurumin" mark acquired 	2016	Ministry of Health, Labour and Welfare
Eruboshi Certification (Stage 2 certification) acquired 	2022	Ministry of Health, Labour and Welfare
DBJ Environmental Rating: "Efforts in consideration of the environment are particularly advanced"* 	2018	Development Bank of Japan Inc.

* In November 2018, the Company received an environmental rating loan from the Development Bank of Japan (DBJ), and the rating result was evaluated as "Efforts in consideration of the environment are particularly advanced"

Participation in Initiatives

Initiatives	Organizer	Year of participation
United Nations Global Compact	—	2004
GX League	Ministry of Economy, Trade and Industry	2022
TCFD	—	2021
30by30 Alliance	Ministry of the Environment	2022
Nature Positive Management Promotion Platform	Ministry of the Environment	2025
TNFD Adopter	—	2025
International Sustainable Forestry Coalition	—	2025
Keidanren Nature Conservation Council	KEIDANREN (Japan Business Federation)	1992
Japan Partnership for Circular Economy	KEIDANREN (Japan Business Federation)	2021
Keidanren Initiative for Biodiversity Conservation	KEIDANREN (Japan Business Federation)	2021

Principal Organization Memberships (As of July 2025)

Organization	Position
Japan Paper Association	Chairman
Japan Technical Association of the Pulp and Paper Industry	Director
Forest Management Association of Japan	Director
Japan Woody Bioenergy Association	Director
Agricultural Resource Certification Council	Director
Paper Recycling Promotion Center	Vice President
Japan Paper Exporters' Association	Director
Japan Paper Importers' Association	Director
Japan Association of Milk Packaging and Machinery	Vice Chairman
Committee for Milk Container Environmental Issues	Vice Chairman
Association of Large-scale On-site Power-plant Owners	Director
Japan Clean Ocean Material Alliance	Executive Secretary

Political Contribution Amount (Nippon Paper Industries)

	FY2022	FY2023	FY2024
Political contribution amount (thousand yen)	7	16	38

Status of CoC Certification Acquisition at Main Production Sites (As of July 31, 2025)

Company name	FSC®		PEFC							
	Mill, production company	License no.	Mill, production company	License no.						
Nippon Paper Industries	Asahikawa Mill	FSC®C001751	—	—						
	Shiraoi Mill		Shiraoi Mill	PEFC/31-32-1515						
	Akita Mill		—	—						
	Ishinomaki Mill		Ishinomaki Mill	PEFC/31-32-1515						
	Iwanuma Mill		—	—						
	Ashikaga Mill		—	—						
	Soka Mill		—	—						
	Fuji Mill		Fuji Mill	PEFC/31-32-1515						
	Otake Mill		Otake Mill							
	Iwakuni Mill	Iwakuni Mill								
	Yatsushiro Mill	Yatsushiro Mill								
	Gotsu Mill	FSC®C154187	—	—						
Other NIPPON PAPER GROUP Companies	Nippon Paper Papylia Harada Mill, Kochi Mill		FSC®C005984		Nippon Paper Papylia Harada Mill, Kochi Mill		PEFC/31-32-1540			
	Nippon Paper Crecia Kaisei Mill, Koyo Mill, Kyoto Mill, Tokyo Mill, Miyagi Mill		FSC®C124287		—		—			
	Crecia Kasuga		FSC®C128733		Nippon Paper Liquid Package Product Egawa Mill, Miki Mill, Ishioka Mill		PEFC/31-31-171			
	Nippon Dynawave Packaging		FSC®C131932		Nippon Dynawave Packaging		PEFC/29-31-336			
	Siam Nippon Industrial Paper		FSC®C135609		—		—			
	Jujo Thermal		FSC®C012566		Jujo Thermal		PEFC/02-31-124			
	Opal	Opal Bag Solutions Thomastown		FSC®C127957		Opal	Opal Bag Solutions Thomastown		PEFC/21-31-08	
		Opal Functional Coatings Campbellfield					Opal Functional Coatings Campbellfield			
		Opal Cartons NZ Auckland					Opal Cartons NZ Auckland			
		Opal Cartons NZ Christchurch					Opal Cartons NZ Christchurch			
		Opal Cartons Botany					Opal Cartons Botany			
		Opal Cartons Regency Park					Opal Cartons Regency Park			
		Opal Fibre Packaging Brooklyn					Opal Fibre Packaging Brooklyn			
		Opal Fibre Packaging Scoresby					Opal Fibre Packaging Scoresby			
		Opal Fibre Packaging Launceston					Opal Fibre Packaging Launceston			
		Opal Fibre Packaging Revesby					Opal Fibre Packaging Revesby			
		Opal Fibre Packaging Bibra Lake					Opal Fibre Packaging Bibra Lake			
		Opal Fibre Packaging Rocklea					Opal Fibre Packaging Rocklea			
		Opal Fibre Packaging Athol Park					Opal Fibre Packaging Athol Park			
		Opal Fibre Packaging Wodonga					Opal Fibre Packaging Wodonga			
		Opal Australian Paper Maryvale Mill					Opal Australian Paper Maryvale Mill			
		Opal Packaging Australia Botany Mill*		FSC®C113466			—		—	
		—		—			Opal Kiwi Packaging Auckland		PEFC/21-31-08	
		—		—			Opal Kiwi Packaging Christchurch			
	—		—		Opal Kiwi Packaging Hastings					
	TS Packaging		FSC®C181943		—		—			

* Opal Paper and Recycling Botany Mill site

Basic Policy, etc.

Corporate Governance Policy

Chapter 1 General Provisions

Article 1 (Purpose)

This Policy defines guidelines of basic views on the Company's corporate governance so that the Nippon Paper Group (hereinafter referred to as the "Corporate Group") can achieve sustainable growth and medium- to long-term increases in corporate value based on the Corporate Group's philosophy itemized below:

Corporate Group's Philosophy

Mission

- Reason for existence in society and significance -

The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business

Vision

- Vision for implemented the philosophy -

A corporate group that meets the following requirements and is sustainably needed by society

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

Values

- Values to which employees attach importance to implement the philosophy, and judgment criteria -

Challenge : Embrace new challenges

Fairness : Be fair

Teamwork : Champion teamwork

Slogan

-Near-term policy factored in the business environment -

Nippon Paper Group : Shaping the future with trees

Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.

Over many years, we have nurtured trees, made paper, and offered a wide range of products that support people's life and culture.

We have managed forests in an appropriate manner, and pursued a variety of businesses by fully utilizing wood resources out of sustainably managed forests. Those businesses address social issues such as global warming and depletion of resources on earth, and contribute to running sustainable society.

Going forward, we will continue to provide a wide range of products and services that make the most of the outstanding properties of wood, as we strive to maximize the value of sustainable forest resources for the future.

Article 2 (Basic views on corporate governance)

1. The Company shall make the top priority of management further enhancing management transparency among its stakeholders including shareholders, in order to achieve fair management. To ensure separation between business execution and management supervision, the Company shall adopt the executive officer system and strive to strengthen the supervisory function of the Board of Directors. In addition, the Company shall, as the headquarters for managing the Group, promote its growth strategy, monitor businesses under its control, and promote legal compliance. The Company shall work on further reinforcing corporate governance by providing the following policies:

- (i) The Company shall, having respect for shareholders' rights, work to put in place an environment where its shareholders can exercise their rights in an appropriate manner and ensure the substantive equality of shareholders.
 - (ii) The Company shall recognize the importance of social responsibilities and public duties, strive to appropriately collaborate with various stakeholders including shareholders, employees, customers, business partners, creditors, and local communities, and develop a corporate culture and climate for business to be operated in a sound manner based on strict self-discipline.
 - (iii) The Company shall provide for its disclosure policy separately, make appropriate disclosures of corporate information including non-financial information, and strive to ensure the transparency of corporate management.
 - (iv) The Company shall work on strengthening the functions of the Board of Directors based on fiduciary responsibility and accountability to shareholders. It shall promote the use of independent outside directors, establish voluntary committees to ensure the transparency of procedures concerning executive appointments and compensation in particular, and have independent outside directors as key members. It shall make analyses and evaluations on the effectiveness of the Board of Directors as a whole and strive to improve the functions of the Board of Directors.
 - (v) The Company shall have constructive dialogues with shareholders, in order to contribute to its sustainable growth and medium- to long-term increases in corporate value.
2. The Board of Directors shall, as core management principles that all of the Company's officers and employees share, and on which all activities rely, separately provide the Nippon Paper Group Standards of Business Conduct and the Nippon Paper Group Code of Conduct.

Basic Policy, etc.

Chapter 2

The Company's Corporate Governance Structure

Article 3 (Roles of the Board of Directors)

1. The Board of Directors shall bear the supervisory function of management as a whole including the execution of duties by executing persons, ensure fair and transparent management, and make the most appropriate decisions for the Company through decisions, etc. on the important execution of business that are to be made by the Board of Directors under laws and regulations.
2. Regarding the execution of business other than the execution of important business set forth in the preceding Paragraph and its decisions, its authority shall be delegated to the President & Representative Director and other Corporate Officers, and the Board of Directors shall supervise the status of the execution of duties by the President & Representative Director and other Corporate Officers.
3. Outside directors shall, to enhance the Corporate Group's sustainable growth and medium- to long-term corporate value, supervise the execution of business by the Board of Directors, the senior management, etc., and conflicts of interest between the Company and the senior management, etc., from the viewpoint of stakeholders.
4. In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall provide various philosophies and basic policies regarding social responsibilities to be performed by Corporate Group companies, raise awareness of officers and employees, and strive to facilitate the sustainable development of society and enhance the corporate value of the Corporate Group by promoting active efforts to resolve challenges while giving consideration to stakeholders.

Article 4 (Composition of the Board of Directors)

1. The Company's board members shall number 12 or fewer members as provided for by the Articles of Incorporation. While based on the necessary and appropriate number to ensure the effective management system required for a holding company that bears the supervisory function for executing the Group's business and substantive discussions at board meetings, the composition of the Board of Directors shall also be decided by fully taking into account the viewpoint of ensuring diversification and expertise in the Board of Directors.
2. The Company's Board of Directors shall ensure a balance of knowledge, experience, and abilities within the Board of Directors as a whole and diversification by having it composed of inside directors who have excellent abilities to execute and manage each business in charge, and outside directors who have specialized knowledge and extensive experience.

Article 5 (Nomination policy of nominees for directors)

1. The Board of Directors shall decide nominees for directors of the Company from among a wide variety of human resources on the condition that they have all the requirements listed below:
 - (i) Those who have extensive knowledge of and a wealth of experience in the Corporate Group's management controls and business operations; and
 - (ii) Those who fully understand the social responsibilities and missions of the Company's business, and can exercise management control and perform business operations in a fair and precise manner based on strict self-discipline.
2. Notwithstanding the provision set forth in the preceding Paragraph, nominees for outside directors shall be decided from among a wide variety of human resources on the condition that they meet all the requirements listed below:

- (i) Those who meet the criteria for judging independence provided for by the Tokyo Stock Exchange and are deemed not likely to generate conflicts of interest with general shareholders;
- (ii) Those who understand the Company's management philosophy and have a full understanding of the Corporate Group's social responsibilities and roles; and
- (iii) Those who fully recognize the role of an outside director, can supervise the Company's directors and management, and can offer precise and appropriate opinions and advice using expert knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, tax affairs, auditing, etc.

Article 6 (Nomination policy of nominees for statutory auditors)

1. The Board of Directors shall, with the consent of the Board of Statutory Auditors, decide nominees for the Company's statutory auditors from among a wide range of human resources on the condition that they meet all the requirements listed below:
 - (i) Those who have extensive knowledge and a wealth of experience of the Corporate Group's management controls and business operations; and
 - (ii) Those who can conduct audits on the status of business execution by directors from a fair and objective standpoint and can contribute to enhancing the soundness and transparency of management.
2. Notwithstanding the provision set forth in the preceding Paragraph, nominees for outside statutory auditors shall be decided from among a wide range of human resources with the consent of the Board of Statutory Auditors on the condition that they meet all the requirements listed below:

Basic Policy, etc.

- (i) Those who meet the criteria for judging independence provided for by the Tokyo Stock Exchange and are deemed not likely to generate conflicts of interest with general shareholders;
- (ii) Those who understand the Company's management philosophy and have a full understanding of its social responsibilities and roles;
- (iii) Those who fully recognize the role of an outside statutory auditor and can audit the status of business execution by directors from a neutral and objective viewpoint and contribute to enhancing the soundness and transparency of management using expert knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, tax affairs, audit, etc.

Article 7 (Policy for directors and statutory auditors training, etc.)

1. The Company shall continuously provide information on economic circumstances, industry trends, legal compliance, corporate governance, financial accounting, and other matters that directors and statutory auditors require for performing their roles and functions, as well as give support for the execution of duties of directors and statutory auditors by ensuring opportunities to participate in external training that each director and statutory auditor desires.
2. In addition to the preceding Paragraph, the Company shall ensure outside directors and outside statutory auditors have opportunities for forming a full understanding through explanations from each division in charge, director in charge, or other suitable persons of the Corporate Group's management strategy, business plans, status of each business, business environment, business challenges, etc., when they assume the relevant post, and in a timely manner during their tenure of office.

Article 8 (Policy for deciding compensation, etc. of directors and statutory auditors)

1. Regarding a director's monthly compensation, his/her base compensation shall be decided according to his/her job responsibilities at the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid on a sliding scale based on the achievement of the mid-term management plan. The base compensation shall be determined by using objective external survey data and taking into consideration the Company's business performance, business size, business environment, etc. Performance indicators shall be set to function effectively as motivation for achieving performance targets, and reviewed as necessary according to changes in the business environment. In addition, directors shall contribute a certain amount of their monthly compensation to the Directors' Shareholding Association to acquire treasury shares. Meanwhile, they shall receive neither bonuses nor directors' retirement benefits.
2. The Company shall pay stock-based compensation to directors by way of the Board Benefit Trust in order to further clarify the linkage between director compensation and its stock value and have them share with its shareholders not only the benefits of an increase in share prices but also the risks of a decline in share prices, thereby increasing their consciousness of the need to contribute to the improvement of the Company's business performance and to increasing its corporate value over a medium- to long-term. For share-based compensation, treasury shares acquired through a trust with the monetary contributions from the Company and monetary equivalent of treasury shares converted at market value shall be given to directors through the trust. The number of shares to be provided shall be calculated based on the number of points according to job responsibilities. In principle, share-based compensation shall be paid upon retirement of directors. The composition ratio of fixed compensation, performance-linked compensation, and share-based compensation for directors shall be appropriately set in light of the purpose of each compensation.

3. Regarding outside directors and outside statutory auditors, monthly compensation shall be fixed. Meanwhile, in view of their job responsibilities, contributions to the Directors' Shareholding Association shall be left to their discretion.

Article 9 (Personnel & Remuneration Advisory Committee)

1. The Company shall, as an advisory body to the Board of Directors, establish the Personnel & Remuneration Advisory Committee, whose key members are independent outside directors, to further enhance corporate governance.
2. The Personnel & Remuneration Advisory Committee shall, with regard to the nomination process, quality and the reason for nomination of nominees for the Company's directors and statutory auditors, the criteria for judging the independence regarding independent outside directors, directors' compensation structure, etc., study their appropriateness, etc. upon receipt of inquiries from the Board of Directors, and submit recommendations in consideration of evaluations of the Company's business performance, etc.
3. The members of the Personnel & Remuneration Advisory Committee shall be composed of the President & Representative Director, General Manager for Personnel & General Affairs Division and independent outside directors, and Manager of Personnel Department shall serve as the secretariat of the Committee.
4. The Personnel & Remuneration Advisory Committee shall proceed with its studies while receiving appropriate involvement and advice from independent outside directors.
5. The Board of Directors shall, after receiving recommendations from the Personnel & Remuneration Advisory Committee, make a decision on nominations for directors and statutory auditors, compensation for directors, etc.

Basic Policy, etc.

Chapter 3 Responses to Protect Stakeholders' Interests

Article 10 (Management system for related-party transactions)

In case the Company conducts transactions with its officers, major shareholders, etc. (related party transactions), it shall, in advance, submit the said transactions to the Board of Directors and obtain its approval, except in clear cases where the said transaction terms and conditions are similar to those of general transactions, so that such transactions may not harm the Company, common interests of shareholders, etc. Material facts on the said transactions shall be reported to the Board of Directors.

Article 11 (Policy for strategic holding of stocks, etc.)

1. The Company considers it critical to build cooperative relationships with various companies to expand business and achieve sustainable development. From the long-term viewpoint of enhancing the Company's corporate value, the Company shall hold stocks that it deems strategically necessary, taking into comprehensive account importance on business strategy, relationships with business partners, etc.
2. Of listed stocks held based on the preceding Paragraph (hereinafter, "strategic holdings of stocks"), major stocks shall be verified with regard to the effects of holding them, etc. in terms of the medium- to long-term economic rationale for holding, maintaining, and reinforcing comprehensive relationships with business partners, and reports thereon shall be made to the Board of Directors on a regular basis every year.

3. Regarding the exercise of voting rights on strategic holdings of stocks, the Company shall closely examine the contents of proposals and appropriately exercise rights after making a judgment on whether or not the said proposals will contribute to increasing the corporate value of the Company and the investee company. Regarding proposals that impair the corporate value of the Company and the investee company, the Company shall not agree to vote for them.

Article 12 (Whistle-blowing system)

1. The Company shall set up a whistle-blowing system (Nippon Paper Group Help Line) so that the Corporate Group's employees, etc. may directly report to or consult with a contact within the Group or external contact office outside day-to-day reporting lines with regard to acts violating laws and regulations, social norms, corporate ethics, company rules, etc., or inappropriate acts without having concerns about the risk of suffering disadvantageous treatment, and also so that such reports and consultations may be objectively verified and dealt with in an appropriate manner.
2. The operational status of the whistle-blowing system shall be reported to the operating manager by the unit responsible for operations on a case-by-case basis, and the operating manager shall make reports to the Board of Directors where appropriate. In addition, the unit responsible for operations shall make regular reports to the statutory auditors with regard to the status of whistle-blowing from the Corporate Group's employees, etc.

Chapter 4 Dialogues with Shareholders, etc.

Article 13 (Policy for constructive dialogues with shareholders, etc.)

1. The Company shall attach importance to constructive dialogues with shareholders, etc. and strive to have dialogues with them at various opportunities.
2. The Company shall, through constructive dialogues with shareholders, etc., make efforts to obtain their understanding on the Corporate Group's management policy, and simultaneously work on the Corporate Group's sustainable growth and medium- to long-term increase of corporate value by listening to the opinions of shareholders, etc., and absorbing analyses of management and opinions from the standpoints of capital providers, etc. to reflect them in its management.

Supplementary Provisions

Article 1 (Enforcement of the Policy)

The Policy shall come into force as from November 5, 2015.

Article 2 (Amendment and repeal of the Policy)

Amendment and repeal of the Policy shall require approval from the Board of Directors.

(Established on November 5, 2015, and revised on April 28, 2025)

Basic Policy, etc.

Basic Policies to Establish the Internal Control Systems

1. "System to ensure execution of duties by Directors in conformity with laws and ordinances or the Articles of Incorporation"

- (1) For appropriate and sound execution of the Company's business, the Board of Directors establishes an effective internal control system and establishes an organizational structure that complies with laws and ordinances or the Articles of Incorporation.
- (2) The Audit & Supervisory Board audits the effectiveness and function of the internal control systems.

2. "System to ensure the propriety of business operation of the Company and its subsidiaries"

- (1) System for preservation and management of information related to execution of duties by Directors
The statutory documents and any other documents related to execution of duties by Directors shall be appropriately preserved and managed in accordance with the rules for documents management, etc.
- (2) Rules and other systems related to the management of risks of loss of the Company and its subsidiaries
For risks related to execution of the business of the Company and its group companies, depending on the type of individual risk, the department in charge of such risk will endeavor to prevent risk by means such as implementing education and training under manuals, in addition to establishing necessary rules and guidelines. If any problem occurs, the parent company will, together with its subsidiaries, prevent enlargement of damage to the Company Group, and lay out a framework necessary to minimize such damage.
- (3) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries
 - (i) Establish a system with which each body and organizations including the Board of Directors functions effectively and

exercises its duties properly and efficiently in accordance with the rules for decision-making such as the rules of the Board of Directors, rules of approval, and rules for segregation of duties.

- (ii) Introduce the Executive Officer System and separate the function of overall management supervision and decision making by the Board of Directors from the function of execution of each individual department's business by the Executive Officers, to clarify where the responsibility and authority lay.
 - (iii) Each business sector and each group company will not only establish a medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
 - (iv) To pursue the development of the entire Company Group, the Company shall hold meetings of the Group Management Strategy Committee as needed to deliberate on important matters related to the Company Group such as management strategies for each business field.
- (4) System to ensure execution of duties by employees of the Company and its subsidiaries in conformity with laws and ordinances or the Articles of Incorporation
 - (i) Establish the "NIPPON PAPER GROUP Standards of Business Conduct" and "NIPPON PAPER GROUP Code of Conduct," and familiarize all employees with compliance thereto.
 - (ii) The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
 - (iii) Establish "Nippon Paper Group Help Line" as an internal report system within the Company Group and operate this system strictly.
 - (5) Systems related to the reporting of the matters concerning execution of duties by Directors, etc., of the Company's subsidiaries to the Company

- (i) In order to ensure appropriate operation of business within the Group, the Company shall establish a fundamental policy for the Group companies' business management and operation rules for affiliated companies, and appropriately manage business operations in the Group according to such systems as application for approval, advance and ex post facto report to the Company, etc.
 - (ii) The Audit & Supervisory Board Members ensure appropriate operation of business within the Group through presiding over the "Nippon Paper Group Audit & Supervisory Board Member Liaison Committee," which consists of the Audit & Supervisory Board Members of the primary group companies of the Company, and the Audit & Supervisory Board of the Company, and have periodic discussions about audit policy and audit method, etc., and enhance mutual collaboration by exchanging information, etc.
 - (iii) The Company shall hold Presidents' Meetings of associated companies to receive reports on the current situation and issues of the primary group companies of the Company.
- (6) System related to employees who assist in execution of duties by the Audit & Supervisory Board Members, matters related to the independence of such employees from the Directors and matters related to ensuring the effectiveness of the instructions given to such employees
 - (i) Assign some employees of the Company as the assistants of the Audit & Supervisory Board Members who assist the Audit & Supervisory Board Members in executing their duties. For such assignment, prior consent by the Audit & Supervisory Board Members is required.
 - (ii) The Company's employees who assist the Audit & Supervisory Board Members in executing their duties shall follow the instructions from the Audit & Supervisory Board Members and prioritize performing the duties related to their instructions.

Basic Policy, etc.

(7) System for Directors and employees to report to the Audit & Supervisory Board Members; other system related to the report to the Audit & Supervisory Board Members; and system to ensure effective audit by the Audit & Supervisory Board Members

(i) Directors, Executive Officers and employees will report to the Audit & Supervisory Board without delay when he/she becomes aware of any material breach of laws and ordinances or the Articles of Incorporation, concerning the execution of duties, any fact of wrongdoing or any possibility of material damage to the Company. And the Audit & Supervisory Board Members may, at any time, request that the Directors, Executive Officers and employees make a report to them.

(ii) Further, in order to appropriately convey the Company's information to the Audit & Supervisory Board Members, without limiting to the reports from the Directors, Executive Officers and employees, the Company shall facilitate an environment to allow the Audit & Supervisory Board Members to exchange information closely with the Accounting Auditor and legal advisors, etc.

(iii) Representative Directors endeavor to communicate closely with the Audit & Supervisory Board Members through such means as holding meetings as often as possible with Audit & Supervisory Board Members, etc. Moreover, Representative Directors ensure, upon request by the Audit & Supervisory Board Members, attendance of the Audit & Supervisory Board Members at any material meetings.

(iv) At meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, the Audit & Supervisory Board Members of the Company shall receive explanation from the Audit & Supervisory Board Members of the group companies on the content of reports received from the officers and employees of such group companies.

(v) The department in charge of the Company's Nippon Paper Group Help Line shall report regularly to the Company's

Audit & Supervisory Board Members on the status of internal reporting from the officers and employees of the Company Group.

(vi) The Company shall provide rules for operation of the Nippon Paper Group Help Line, in which it is to be clearly stipulated that users of the internal reporting system should not suffer disadvantageous treatment and that an internal disciplinary measure might be imposed on those who give disadvantageous treatment to such users.

(vii) Based on the audit plans formulated by the Audit & Supervisory Board Members, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Audit & Supervisory Board Members.

(viii) When the Audit & Supervisory Board Members request the Company to make an advance payment of expenses based on Article 388 of the Companies Act that are necessary to execute their duties, the Company shall process such expenses or debts promptly.

(8) System to ensure the reliability of financial reports of the Company and its subsidiaries

In order to ensure the reliability of financial reports, the Company shall improve an internal control system for financial reporting and operate such system properly in accordance with rules of internal control for financial reports. Further, the Company shall evaluate the system's effectiveness on a continuing basis and take necessary measures to improve the system.

(9) System of the Company and its subsidiaries toward elimination of anti-social forces

The Company and its subsidiaries shall never have any relationship with any anti-social force or organization. The Company and its subsidiaries shall take a resolute stand against unreasonable demand and respond to such incident in coordination with outside specialized agencies, as needed.

(Established on May 25, 2006, and revised on April 28, 2025)

NIPPON PAPER GROUP Standards of Business Conduct

1. We will contribute to realizing a sustainable future for society through our business operations, and strive to enhance our corporate value across the entire Group in order to generate steady profits and give back to society.

2. We will act ethically and exercise common sense and good judgment, comply with relevant laws and regulations, and respect the letter and spirit of international norms.

3. We will actively work to address environmental issues in order to create a circular world as well as conserve and restore the global environment.

4. We will respect the human rights of all people through our business practices.

5. We will properly manage the information obtained through our business practices and respect intellectual property rights.

6. We will implement comprehensive crisis management across our organization to prepare for any threats to our corporate activities.

7. We will develop and provide products and services that are safe and socially beneficial in order to delight our customers and win their trust.

8. We will disclose corporate information actively and fairly, and engage in constructive dialogue with all our stakeholders.

9. We will strike a balance between our corporate development and the well-being of individual employees, and respect diverse work arrangements, in order to create a company where each employee can work with pride and positive outlook in a safe and healthy workplace.

(Established on April 1, 2004, and revised on October 1, 2024)

Basic Policy, etc.

NIPPON PAPER GROUP Code of Conduct

1. We will contribute to realizing a sustainable future for society through our business operations, and strive to enhance our corporate value across the entire Group in order to generate steady profits and give back to society.

- We continue to create new value with the aim of addressing social issues.
- We generate steady profits and pay appropriate taxes.
- We safeguard and manage company assets properly, and use them only for legitimate business purposes.
- As a good corporate citizen, we work with communities and engage in activities that help develop a better society.

2. We will act ethically and exercise common sense and good judgment, comply with relevant laws and regulations, and respect the letter and spirit of international norms.

- We observe and comply with relevant laws and regulations, as well as our company rules. We strive to always act with integrity and take responsibility for our own actions.
- We clearly separate business and private matters at all times, and do not use our professional positions for personal gain.
- We engage in fair and free competition, appropriate transactions, and responsible procurement.
- We do not bribe public officials. We do not engage in any behavior that may be perceived as collusion with political bodies or government agencies.
- We do not offer nor accept entertainment or gifts that deviate from social norms.
- We do not engage in insider trading.

3. We will actively work to address environmental issues in order to create a circular world as well as conserve and restore the global environment.

- We engage in sound forest management in order to develop sustainable forest resources and maximize their value.
- We actively work on saving resources and recycling to promote resource circularity.
- We properly manage and work to reduce emissions and waste from our business operations, and ensure that we procure raw materials produced in an environment where chemical substances are properly controlled.
- We conduct research and development on manufacturing technologies as well as products and services that are in harmony with the environment.
- We work to reduce our greenhouse gas emissions and save energy to address climate change. We also undertake measures to adapt to climate change.
- We conserve the air, soil, water and biodiversity in recognition of the importance of natural capital, and strive to balance our business operations with the sustainable use of ecosystem services, with the aim of thriving together with local communities.

4. We will respect the human rights of all people through our business practices.

- We do not tolerate any form of discrimination or harassment and respect diversity, identity and individuality, and act with consideration for others.
- We respect the basic rights of workers and will not tolerate forced labor or child labor.
- We promote efforts that respect human rights and the rights of local communities in our supply chain, and strive to live in harmony with local communities while working for their development without violating human rights.

5. We will properly manage the information obtained through our business practices and respect intellectual property rights.

- We properly and rigorously manage important information, including business information, information concerning intellectual property rights, customer information, other personal information, and other non-public information obtained in the course of business or within the company.
- We do not obtain customer information or information on competing businesses through unlawful means, nor use such information for private purposes.
- We respect the intellectual property rights of others and work to create superior inventions that will help develop a better society.

6. We will implement comprehensive crisis management across our organization to prepare for any threats to our corporate activities.

- We work to develop and operate a crisis management system across our organization.
- We prepare for any emergencies such as terrorist attacks, cyberattacks and natural disasters in order to enhance our business continuity capabilities.
- We do not create any ties with organized crime groups.

7. We will develop and provide products and services that are safe and socially beneficial in order to delight our customers and win their trust.

- We consistently provide high-quality, safe and environmentally responsible products and services that are produced with respect for human rights.
- We provide accurate and fair product information such as quality labeling, and communicate in good faith so that our customers can make rational choices.
- We take every opportunity to properly meet the needs of our customers and earn their satisfaction and trust.

Basic Policy, etc.

8. We will disclose corporate information actively and fairly, and engage in constructive dialogue with all our stakeholders.

- We actively disclose not only management-related information but also fair and reliable information on our environmental initiatives and community engagement efforts to all our stakeholders, including customers, consumers, shareholders, investors, business partners, local communities, government agencies and employees.
- We work to promote understanding from a wide range of stakeholders through constructive dialogue, collect feedback from the public, and reflect it in our business operations.

9. We will strike a balance between our corporate development and the well-being of individual employees, and respect diverse work arrangements, in order to create a company where each employee can work with pride and positive outlook in a safe and healthy workplace.

- We promote occupational health and safety in the workplace in order to create a safe and comfortable working environment for all workers.
- We work to enhance physical and mental health.
- We share goals, value teamwork, and act to fulfill our individual roles within the organization.
- We work to improve our skills and abilities that benefit both the company and the individual.
- We always act with a spirit of challenge in the face of various changes in the social landscape.

(Established on October 1, 2024)

Nippon Paper Group Basic Policy on Prevention of Bribery to Public Officials

The Group formulates this basic policy in relation to the prevention of bribery to public officials and compliance with related laws and regulations in relevant countries (including Japan) based on the Group Mission and the provisions of the Standards of Business Conduct as well as the spirit thereof.

1. Prohibition of bribery

Officers or employees*² of Nippon Paper Group*¹ must not, either directly or indirectly*⁴, provide a bribe in any form (whether the amount is large or small) to public officials*³.

2. Compliance with laws and regulations of relevant countries

Officers or employees of Nippon Paper Group must not, either directly or indirectly, give, offer or promise entertainment, gifts or other benefits that would violate laws and regulations of relevant countries (including Japan) to public officials.

3. Duty of record keeping

If you make a payment to or give entertainment or gifts to public officials with the intention of it not constituting a bribe or violating laws or regulations, you must accurately record*⁵ such payment, entertainment or gifts in their entirety.

4. Provision of education/training

Nippon Paper Group will provide education/training for its officers and employees on a regular basis based on these guidelines in order to prevent bribes to public officials and ensure the appropriateness of business execution.

*1 Nippon Paper Group: Refers to Nippon Paper Industries Co., Ltd. and its subsidiaries (meaning companies of which Nippon Paper Industries Co., Ltd. controls decisions on the financial and business policies, including indirect investment subsidiaries).

*2 Officers or employees: Refers to directors and auditors, as well as executive officers, full-time employees, contract employees, employees on a short-term contract, temporary employees, part-time employees and other persons who are employed by Nippon Paper Group.

*3 Public officials: Refers to those who hold legislative/administrative/judicial office, officials of public agencies/public corporations, officials of public international institutions and any other persons similar or equivalent to the foregoing.

*4 Indirect bribe: Refers to a bribe provided through a third party such as a distributor, agent, or consultant.

*5 Accurately record: Refers to keeping accurate books and records in reasonable detail.

(Established on November 8, 2017)

Basic Policy, etc.

Nippon Paper Group Basic Policy on Compliance with Competition Laws

The Group formulates this basic policy in relation to the compliance with competition laws of relevant countries (including Japan) based on the Group Mission and the provisions of the Standards of Business Conduct as well as the spirit thereof.

1. Compliance with competition laws of relevant countries

Officers or employees*² of Nippon Paper Group*¹ must not in any way take part in a cartel or bid rigging that would violate laws and regulations of relevant countries (including Japan), or in any act that could be suspected of being involved in the foregoing with competitors or trade associations.

2. Contact with competitors

Do not have contact with any competitors unless there is a good reason. If you have had contact with a competitor, you must accurately record the background and correspondences thereof, and properly keep such records. You should conduct activities regarding trade associations in an extremely restrictive manner to the extent that does not cause suspicion under competition laws, taking into account that such activities are opaque and may easily give rise to the suspicion that they tend to suppress competition.

3. Agreement with competitors

No agreement that would impede fair trade*³ must be entered into with competitors.

4. Interventions to distributors, unjust discrimination

Do not unreasonably restrict prices, quantity, sales territories, suppliers, marketing method, etc. in relation to deals entered into by distributors with their suppliers. Furthermore, do not unjustly discriminate against distributors in relation to prices, quantity, payment terms, and other terms and conditions.

5. Dumping

Do not sell any products or services at an unfairly low price without regard for profit.

6. Abuse of superior bargaining position

Do not impose unreasonable conditions on suppliers regarding raw materials, subcontractors, distributors, etc., taking advantage of your superior bargaining position.

7. Misrepresentation

Do not make any false indication or representation, or misleading or unfounded indication or representation in operating activities or promotional activities.

8. Provision of education/training

Nippon Paper Group will provide education/training for its officers and employees on a regular basis based on these guidelines in order to prevent a violation of competition laws and ensure the appropriateness of business execution.

*1 Nippon Paper Group: Refers to Nippon Paper Industries Co., Ltd. and its subsidiaries (meaning companies of which Nippon Paper Industries Co., Ltd. controls decisions on the financial and business policies, including indirect investment subsidiaries).

*2 Officers or employees: Means directors and auditors, as well as executive officers, full-time employees, contract employees, employees on a short-term contract, temporary employees, part-time employees and other persons who engage in the business of Nippon Paper Group.

*3 An agreement that would impede fair trade: Typical examples include price cartels, bid rigging, division of markets/sales territories/customers, etc.; regardless of whether they are in writing or oral, or in whatever form.

(Established on November 8, 2017)

Disclosure Policy

1. Basic Disclosure Stance

NIPPON PAPER GROUP (the Group) pursues a fundamental policy of disclosing corporate information proactively and fairly to all Group stakeholders, and raising the level of management transparency in accordance with NIPPON PAPER GROUP Standards of Business Conduct and NIPPON PAPER GROUP Code of Conduct.

2. Criteria for Disclosure

1. The Group conducts expeditious disclosure based on the principles of transparency, fairness and consistency, in line with the Japanese Corporate Law, Financial Instruments and Exchange Act and other relevant laws, as well as the Rules on Timely Disclosure of Corporate Information (the Rules on Timely Disclosure) stipulated by the securities listing regulations of security exchanges.
2. Even for information that does not fall under the categories stipulated in the relevant laws and the Rules on Timely Disclosure, the Group carries out rapid and accurate disclosure of information useful to stakeholders and the broader society, to the fullest extent possible, regardless of any advantages or disadvantages that may accrue to the Group as a result of such information disclosure.

Basic Policy, etc.

3. Methods of Disclosure

1. Information disclosure pursuant to the Rules on Timely Disclosure is conducted through the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange (TSE) and media organizations such as press clubs affiliated with these securities exchanges.
2. For information that does not fall under the categories stipulated in the Rules on Timely Disclosure, depending on the importance and urgency of the information in question, the Group carries out disclosure through an appropriate method or methods, including the issuing of press releases and the holding of press conferences.
3. The information disclosed in accordance with the two methods outlined above is posted promptly on the Group's Web site.

4. Silent Period

To prevent unauthorized release of earnings information and ensure fairness, the Group observes a "silent period" from the day following the closing date of each fiscal period until the date on which each set of financial results is announced. During the silent period, as a rule, the Group refrains from responding to questions regarding its financial results and from making related comments. However, in the event that during the silent period it becomes clear to Group management that results are likely to differ substantially from forecasts previously disclosed, the Group will effect an information disclosure in the appropriate manner.

5. Disclaimers

1. Any information disclosed by the Group that is not historical fact comprises forward-looking statements, which have been made based on judgments and assumptions using the best information available at the time of disclosure. Actual results may differ materially from forecasts due to a range of contingencies, including, but not limited to, macroeconomic conditions and other external factors.
2. While the Group endeavors to ensure the accuracy of the information it discloses, the Group does not guarantee or give any warranty as to the accuracy, timeliness or completeness of the information or material it discloses, or of any information provided by external Web sites linked from the Group's Web site. Furthermore, the Group assumes no liability or responsibility for any damage to users of this Web site, or to users' computers or other property, arising from users' access, use or downloading of any information or materials provided on this Web site.
3. Information disclosed by the Group is provided solely for the purpose of facilitating greater understanding of the Group. No information is disclosed for the purpose of soliciting investments. Any investment decisions made by users of this information are made at the user's own discretion and risk.

6. Changes to Information Disclosed and Disclosure Policy

1. Any information disclosed by the Group is subject to change without notice.
2. The Group may, without notice, amend or change this disclosure policy, as it deems appropriate.

(Established on October 1, 2005)

Principles and Basic Policies Concerning Raw Materials Procurement

Since the establishment of the "Philosophy and Basic Policy Concerning Raw Materials Procurement" on October 5, 2005, NIPPON PAPER GROUP (the "Group") has been developing a raw materials procurement system that can be deemed credible by a wide range of stakeholders. The Group has been striving to implement this through managing its global supply chain in a way to address relevant environmental and social challenges. To achieve its mission, which is "to contribute to better living and cultural progress everywhere it does business," the Group has revised the Group's procurement policy to the "Principles and Basic Policies Concerning Raw Materials Procurement" (the "Policies"). The revision is intended to enable the Group to address issues such as human rights and climate change more effectively. At the same time, the Group has recently established the "Wood Resources Procurement Guidelines" (the "Guidelines") for forest resources, which are the core resources of the Group's business operations.

The Policies and the Guidelines were prepared by studying relevant guidelines such as the "OECD Due Diligence Guidance for Responsible Business Conduct" and other guidelines, and based on advice from external experts. Moreover, both the Policies and the Guidelines conform to the "NIPPON PAPER GROUP Human Rights Policy," which has been developed according to international standards relating to human rights. The "NIPPON PAPER GROUP Human Rights Policy" is based on the "Guiding Principles on Business and Human Rights" developed by the United Nations, and also aligns with the "International Bill of Human Rights" and the "ILO Declaration on Fundamental Principles and Rights at Work."

The Policies and the Guidelines are communicated to all stakeholders by publishing them on the Group's website in both Japanese and English. The Group also works to build a sustainable supply chain in cooperation with suppliers through risk minimization and improvement processes in accordance with the Policies and the Guidelines.

Basic Policy, etc.

■ Governance

The Policies and Guidelines are reviewed once a year by the NIPPON PAPER GROUP Raw Materials Committee under the supervision of the Board of Directors of Nippon Paper Industries Co., Ltd., based on changing social situations and business trends.

■ Scope of Application

The Policies and Guidelines cover all raw materials and fuels procured by Nippon Paper Industries Co., Ltd., and its consolidated subsidiaries, for the manufacture of products.

[Principles]

We shall strive to contribute to better living and cultural progress everywhere it does business through implementing sustainable procurement practices for raw materials in collaboration with our suppliers. To do this, we shall make our best effort to identify social and environmental issues relating to our procurement practices and to address the challenges identified.

[Basic Policies]

1. Legal compliance and fair and equitable transactions

- (1) We respect international standards and comply with relevant laws and regulations.
- (2) We conduct fair business transactions and provide equitable opportunities for competition.
- (3) We adequately manage information obtained through our procurement activities.

2. Addressing social issues

- (1) We ensure prevention of human rights violations and workers' rights violations by facilitating the efforts to respect human rights issues* within our supply chains.
* Anti-discrimination or harassment, anti-forced labor or child labor, respect for workers' rights (the right to organize, bargain and act collectively), prevention of low-wage labor and excessive working time, ensuring occupational health and safety, etc.
- (2) We promote our initiatives to respect the rights of local communities* in the regions where we procure raw materials. By doing so, we aim to harmoniously coexist with local communities and to contribute to the community development.
* Ensuring provision of sufficient information in advance and seeking the understanding of local communities in utilizing land and resources in the relevant area, respect for the rights and culture of indigenous peoples, provision of support and employment opportunities to local residents, etc.
- (3) We carry out confirmation to ensure that we do not procure illegally harvested wood, conflict minerals and other resources that may involve human rights violations.
Note: This Paragraph 2 of the Policies aligns with the "NIPPON PAPER GROUP Human Rights Policy."

3. Addressing environmental issues

- (1) We use forest and water resources sustainably for the conservation of such resources.
- (2) We minimize our negative impact on biodiversity and take measures for its conservation.
- (3) We carry out procurement in a manner that contributes to energy saving and reduction of greenhouse gas emissions as part of our response to climate change.

- (4) We seek to make effective use of resources and to reduce waste by promoting the use of recycled materials, such as used paper, to contribute to building a society based on a circular economy.
- (5) We work to mitigate any potential environmental impact by procuring raw materials with chemical substances that have been properly managed and handled.

4. Ensuring traceability and monitoring

- (1) We ensure traceability according to the levels of associated risks and implement Paragraphs 1 to 3 of the Policies above throughout our supply chain during our procurement activities.
- (2) We conduct monitoring and aim to minimize the risk and impact of the implementation of Paragraphs 1 to 3 of the Policies.
- (3) We conduct interviews with suppliers who do not conform with Paragraphs 1 to 3 of the Policies, request improvement, and provide support to help with such improvement. If no improvement is made, we review whether to continue transactions with them.

5. Communication with stakeholders

- (1) We reflect on our dialogues with stakeholders on our processes to improve our procurement activities.
- (2) We actively disclose information about the Group's procurement activities.

(Established on October 5, 2005, and revised on September 1, 2022)

Basic Policy, etc.

Wood Resources Procurement Guidelines

NIPPON PAPER GROUP is committed to addressing social and environmental challenges including human rights issues in accordance with the "Principles and Basic Policies Concerning Raw Materials Procurement." The Group strives to source its raw materials according to the "Wood Resources Procurement Guidelines" below in order to use forest resources sustainably.

* Applicable to whole logs, wood products, woodchips and pulp for paper manufacture, and wood biomass for fuels that have been procured by Nippon Paper Industries Co., Ltd. or its consolidated subsidiaries in order to manufacture their relevant products.

1. We do not procure illegally harvested wood.
2. We are committed to the promotion of zero deforestation and do not engage in procurement that is complicit in forest reduction or degradation.
3. We do not engage in procurement that contributes to the degradation of forests that are categorized as High Conservation Value (HCV), such as forests with biodiversity importance, and forests with High Carbon Stock (HCS).
4. We promote forest resource management and resource procurement that contribute to the increase of CO₂ absorption and fixation from forests.
5. We strive to vitalize the forestry industry of relevant countries and promote the use of wood resources originating from the countries where products are manufactured for the Group.
6. We promote the use of recycled materials such as sawmill residues, wood construction waste, and unused wood materials.
7. We aim to increase procurement of wood resources that are audited or certified by third parties such as forest certification systems.
8. We ensure traceability of the wood resources we procure to confirm the point of origin, the forest type, and the forest management method.
9. We actively hold dialogues and engage with our suppliers to promote communication throughout the supply chain.

(Established on September 1, 2022)

NIPPON PAPER GROUP Environmental Charter

[Philosophy]

NIPPON PAPER GROUP is committed to helping preserve the global environment over the long term and contributing to the development of a recycling based society by carrying out its corporate activities in recognition of the importance of biodiversity.

[Basic Policy]

1. Act to counter global warming
2. Protect and develop forest resources
3. Increase use of recycled resources
4. Comply with environmental statutes and work to minimize our environmental impact
5. Develop environmentally friendly technologies and products
6. Engage in active environmental communication

(Established on March 30, 2001, and revised on March 30, 2007)

Basic Policy on the Preservation of Biodiversity

[Principle]

NIPPON PAPER GROUP, a corporate group to which forest resources are of fundamental importance, appreciates the natural gifts bestowed by biodiversity and, by preserving biodiversity, aims to help create a sustainable society that can continuously enjoy ecosystem services.

[Basic Policy]

1. Recognizing the protection of biodiversity as a critical social issue, we will work to pursue business activities that are in harmony with the sustainable use of ecosystem services.
2. In supply-chain management, we acknowledge the impacts on biodiversity of cross-border use of ecosystem services, and will manage our ecosystem service usage properly.
3. In an effort to reduce environmental impacts on biodiversity, we will actively work to recycle and save resources.
4. We will promote the development of technologies, products, and services that contribute to the preservation of biodiversity and the sustainable use of ecosystem services.
5. Endeavoring to raise employees' awareness of biodiversity, and collaborating with stakeholders, we will contribute to the building of a society that nurtures biodiversity.

(Established April 1, 2016)

Basic Policy, etc.

Philosophy and Basic Policy on Product Safety

[Philosophy]

We pledge to work to improve safety at every stage of the life cycle of our products, from design to manufacture, supply, and disposal, and to provide products and services that the public can trust.

[Basic Policy]

1. To provide safe products and services in response to the continued trust of our customers.
2. To respect related laws and standards in order to guarantee the safety of our products and services. We pursue safety not only as expected under Japanese laws but also from a global perspective.
3. To provide customers with precise information on the safety, features, and correct usage of our products.
4. To set up a product and service safety management structure and ensure that all group employees have a thorough awareness of the importance of product safety.

(Established on October 1, 2004, and revised on August 1, 2014)

NIPPON PAPER GROUP Human Rights Policy

NIPPON PAPER GROUP adopted the "Philosophy and Basic Policy on Human Rights, Employment and Labor" on October 1, 2004, stipulating respect for human rights, including non-discrimination, prohibition on forced labor and child labor. We also adopted the "Philosophy and Basic Policy Concerning Raw Materials Procurement" on October 5, 2005, stipulating respect for human rights through the entire supply chain as a basic policy, and thereby promoting dialogues with stakeholders concerning raw materials procurement.

Against this backdrop and based on these previous measures taken, we hereby adopted the NIPPON PAPER GROUP Human Rights Policy, aiming at fulfilling our group mission, "contributing to better living and cultural progress everywhere it does business," and in order to ensure increased effectiveness in respecting human rights.

This Policy was drafted in accordance with the international standards including principles concerning fundamental rights expressed in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, guided by the UN Guiding Principles on Business and Human Rights, and with advice given by external experts. The Policy was approved by the board of directors of the Nippon Paper Industries, Co., Ltd. on May 30, 2022.

This Policy is drafted in dual languages (Japanese and English) and is made known to all stakeholders by disclosing it through website of NIPPON PAPER GROUP.

■ Scope of Application and Expectations for Business Partners

This Policy applies to all directors, officers, and employees of NIPPON PAPER GROUP.

NIPPON PAPER GROUP expects that our business partners, including suppliers, promote measures concerning respect for human rights in collaboration with us, and we will exercise leverage for their support and compliance with this Policy.

■ Compliance with Applicable Laws and Regulations

NIPPON PAPER GROUP complies with laws and regulations applicable in each country and region where we conduct business activities. Provided that, in case there is any conflict between the international human rights standards and laws and regulations of each country and region, we will seek ways to honor the principles of the internationally recognized human rights.

■ Human Rights Due Diligence

NIPPON PAPER GROUP establishes the process of human rights due diligence in accordance with the steps based on the UN Guiding Principles on Business and Human Rights, and endeavors to prevent or mitigate adverse impacts on human rights.

■ Dialogue and Consultations with Stakeholders

In implementing this Policy, NIPPON PAPER GROUP will hold sincere consultations with stakeholders potentially affected by our business activities.

■ Education

NIPPON PAPER GROUP provides periodic education and training for all directors, officers, and employees to ensure appropriate implementation of this Policy.

Basic Policy, etc.

■ Remedies

In case we identify that we have caused adverse human rights impacts directly or indirectly, NIPPON PAPER GROUP will take remedial measures through dialogue and appropriate procedure, utilizing existing grievance mechanisms. In particular, as grievance mechanisms in accordance with the UN Guiding Principles on Business and Human Rights, we notify and operate the "NIPPON PAPER GROUP Helpline," which enables consultation and direct reporting for all directors, officers, and employees. We also operate the "Application Form for Inquiries concerning NIPPON PAPER GROUP," which enables reporting from outside companies through our website.

■ Information Disclosure

NIPPON PAPER GROUP discloses information on measures taken concerning human rights through our website, etc..

■ Material Issues concerning Human Rights

NIPPON PAPER GROUP recognizes our material issues concerning human rights as attached, and will proceed with measures to respect human rights based on this Policy. We will try to review material issues at an appropriate timing following changes in social circumstances or business trends.

(Established on May 30, 2022)

[Annex attached]

[Annex]

1. Prohibition on Discrimination and Harassment

We do not discriminate people on grounds including nationality, race, national origin, sex, age, religion, disease, disability, sexual orientation and gender identity. We do not conduct any act of harassment, including sexual harassment and power harassment.

2. Prohibition of Forced Labor and Child Labor

We do not allow forced labor in any form of employment. We do not allow employment of children under minimum age of employment specified by laws and regulations of each country and region.

3. Respect for Labor Rights

We respect workers' freedom of association, right to collective bargaining and right to act collectively. We strive to prevent low-wage labor and excessive working time.

4. Facilitation of Pleasant Working Environment

We understand the importance of occupational health and safety as well as maintaining workers' work-life balance, and try to promote physical and mental health. We establish and maintain structures to make the most of the individuality and capabilities of a diverse range of human resources, and promote personal training and skill development programs to help improve individual employees' abilities and skills.

5. Co-existence with Regions and Local Communities

We understand the possibility that our business activities could give impact on local communities, including socially vulnerable group of people, including children, older persons, indigenous peoples, migrants, national and ethnic minorities, and different risks that may be faced depending on attribution including sex. We will strive to coexist with local communities. We also endeavor to conserve environment which future generations may live without anxiety.

Basic Policy, etc.

Philosophy and Basic Policy on Safety and Disaster Prevention

[Philosophy]

In addition to acknowledging that it is the company's duty to guarantee health and safety, and to strive to develop pleasant, improved working conditions, we pledge to work ceaselessly to prevent any and all accidents, minor or major.

[Basic Policy on Health and Safety]

1. To respect the Industrial Safety and Health Act.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve health and safety training.
5. To develop and maintain a safe, pleasant working environment.

[Basic Policy on Disaster Prevention]

1. To respect laws and regulations pertaining to disaster prevention.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve disaster prevention education and training.
5. To work in cooperation with related government and local communities and share information.

(Established on October 1, 2004)

Philosophy and Principles for Social Contribution Activities

[Philosophy]

As a member of society, we shall proudly promote activities that contribute to social development.

[Principles]

1. We shall pursue activities that contribute to cultural heritage and development.
2. We shall pursue activities that contribute to conservation and improvement of the environment.
3. We shall pursue activities that contribute to the development of communities.

(Established on April 1, 2004)