

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.

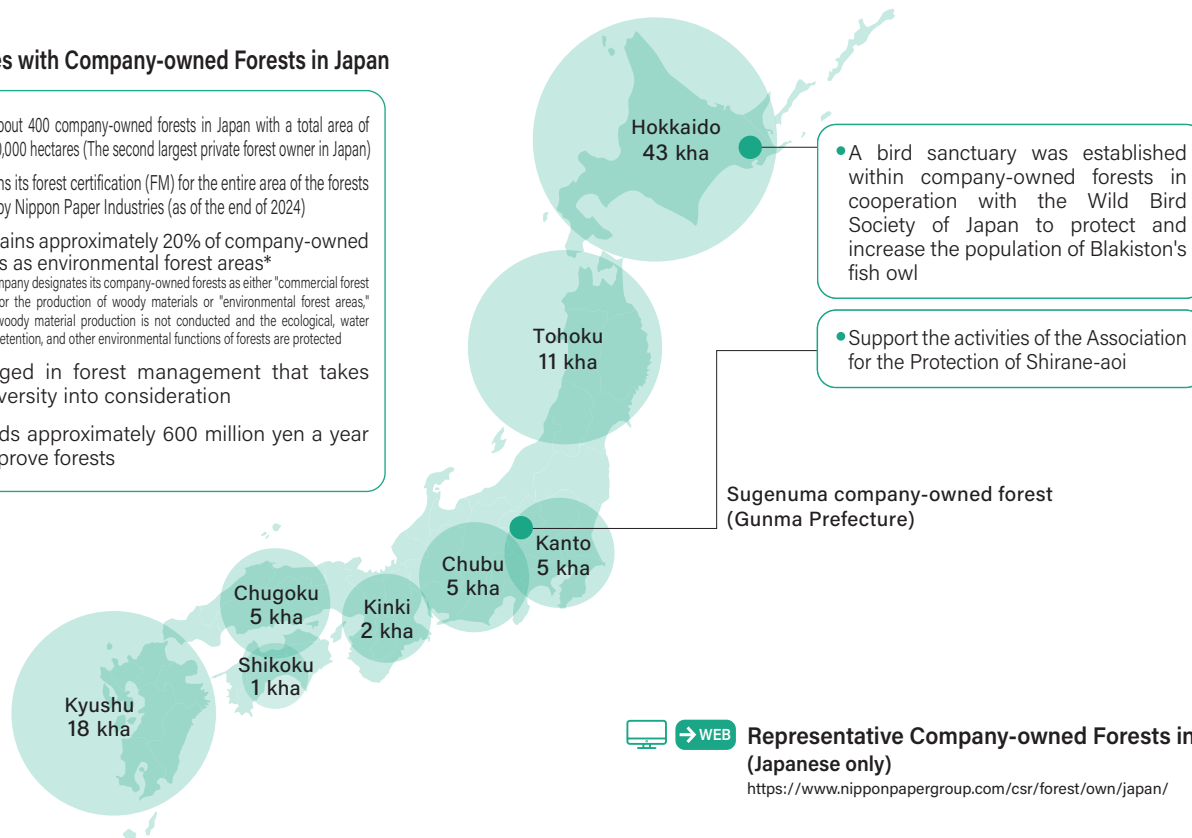
2 Utilization of Company-owned Forests in Japan

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.

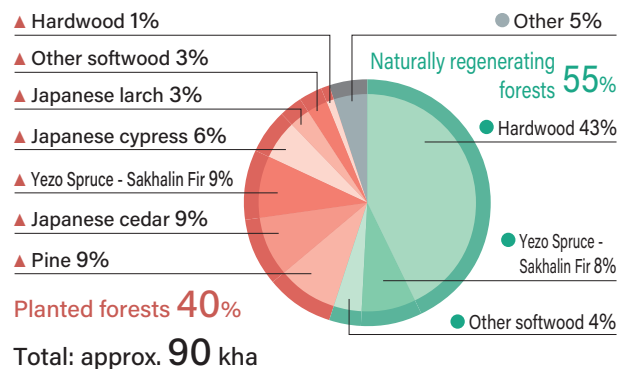
Initiatives with Company-owned Forests in Japan

- 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



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

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

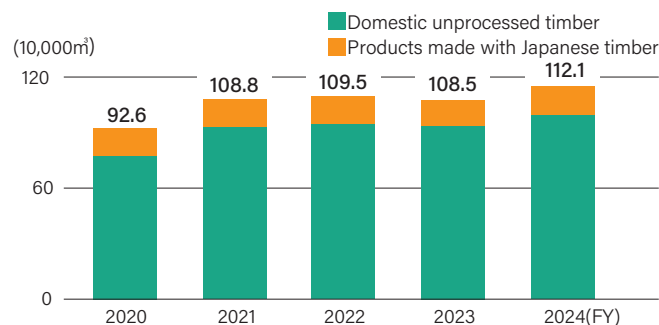
* Obtained for Kitayama company-owned forest in Shizuoka Prefecture only in December 2003

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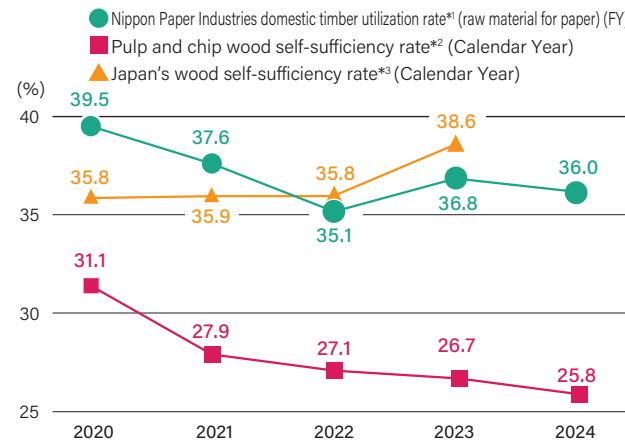
2. Invigorating Japan's Forest Industry

- 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.

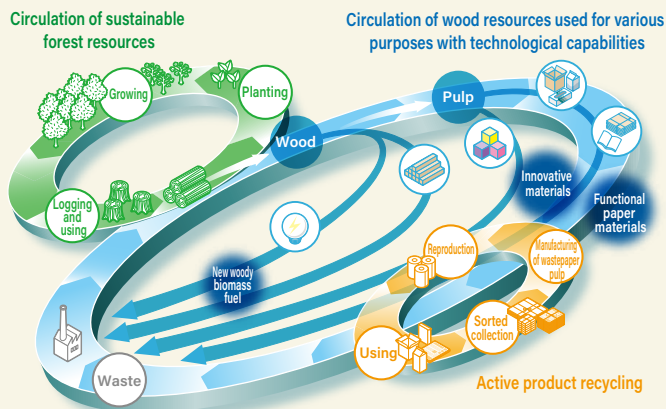


Building a nature positive bioeconomy

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

