

NOTICE OF THE NINETY-SEVENTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time June 29, 2021 (Tuesday)
10:00 a.m. (Reception desk to be opened at 9:00 a.m.)

Place The International Conference Hall
2nd floor of The Keidanren (Japan Business Federation) Bldg.,
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

Matters to be resolved

Proposal 1

Appropriation of Retained Earnings

Proposal 2

Election of Nine (9) Directors

Proposal 3

Election of One (1) Audit & Supervisory Board Member

Table of Contents

Group Mission	1
Notice of the Ordinary General Meeting of Shareholders	3
Reference Documents for the Ordinary General Meeting of Shareholders	12
Business Report	28
Consolidated Financial Statements	70
Financial Statements	72
Audit Report	74

Nippon Paper Industries Co., Ltd.
Ticker Code: 3863

Nippon Paper Group Mission

Mission

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

Vision

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

Challenge : Embrace new challenges

Fairness : Be fair

Teamwork : Champion teamwork

Slogan

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.

To Our Shareholders

June 2021
Toru Nozawa
President, Representative Director

We would like to express our appreciation for your continued support and patronage. You are cordially invited to attend the 97th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. to be held on June 29, 2021 (Tuesday).

The Nippon Paper Group aspires to be a corporate group that will continue to be trusted and needed by society, by contributing to better living and cultural progress of people all over the world through its business activities.

We ask for the further support of our shareholders in our endeavors.

Nippon Paper Industries Co., Ltd.
(Head Business Office)
4-1 Oji 1-chome, Kita-ku, Tokyo
(Headquarters)
6 Kanda-surugadai 4-chome, Chiyoda-ku, Tokyo

NOTICE OF THE NINETY-SEVENTH
ORDINARY GENERAL MEETING OF SHAREHOLDERS

(Ticker Code: 3863)

June 4, 2021

Dear Shareholders:

This is to inform you that the 97th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. will be held as set forth below.

Aside from attending the meeting in person, you may exercise your voting rights either in writing or through electronic means (i.e., via the Internet, etc.). You are kindly requested to exercise your voting rights on or before 5:00 p.m. on June 28 (Monday), 2021, after examining the attached Reference Documents for the Ordinary General Meeting of Shareholders and in accordance with the guidance on pages 6 through 11.

1. Date and Time	June 29, 2021 (Tuesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)
2. Place	The International Conference Hall on the 2nd floor of the Keidanren (Japan Business Federation) Bldg., 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo (Please see the attached access map.)
3. Purpose Matters to be reported	(1) Report on the contents of the Business Report and the contents of the Consolidated Financial Statements, and the outcome of the audit conducted on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 97th Fiscal Period (from April 1, 2020, to March 31, 2021). (2) Report on the contents of the Financial Statements for the 97th Fiscal Period (from April 1, 2020, to March 31, 2021)
Matters to be resolved	Proposal 1: Appropriation of Retained Earnings Proposal 2: Election of Nine (9) Directors Proposal 3: Election of One (1) Audit & Supervisory Board Member

<p>· Please understand that there will be no commemorative gift (small gift) on the day of general meeting of shareholders. · Shareholders' complimentary gifts are scheduled to be delivered around early July this year.</p>
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Yours truly,

Toru Nozawa
President, Representative Director
Nippon Paper Industries Co., Ltd.

[End]

**Requests for shareholders' non-attendance and exercise of voting rights in advance
(Measures to prevent the spread of COVID-19)**

1. Requests to shareholders

To prevent the risk of infection to shareholders, it is strongly recommended that you call off your attendance at the meeting this year and exercise your voting rights in advance in writing or via the Internet.

※ For details of the method for exercising voting rights, please see pages 6 through 11 of the convocation notice.

- Shareholders arriving at the venue are requested to cooperate with body temperature measurement before reaching the reception desk. Those who are unwilling to cooperate with body temperature measurement, have a fever of 37.5 degrees Celsius or higher, or a cough and other symptoms indicating poor physical condition will be asked to refrain from entering the venue.
- Shareholders arriving at the venue will be asked to wear masks and sanitize your hands with alcohol disinfectant or wash your hands before entering the venue. Those who are unwilling to cooperate will be asked to refrain from entering the venue.
- We may restrict your entry as the number of seats will be significantly fewer than in past years in order to allow for adequate clearance between the seats.
- We may have shareholders waiting for a long amount of time at the reception desk due to the measures shown above. We ask for the kind understanding of shareholders planning on attending the meeting.

2. Proceedings of the Meeting

- We will adopt a simpler proceeding method than in past years to shorten the time required for the Meeting.
- The Company will post on its website the explanation materials concerning the Matters to be reported on the day of the Meeting. If supplementary information is provided orally during the Meeting, it will be also posted on the website at a later date. **Therefore, there will be no materials, etc. that are provided only to the shareholders attending the Meeting in person.**

3. Measures to be taken by the Company on the day of the Meeting

- Officers, secretaries and staff will attend to their duties wearing masks.
- The Company will neither distribute beverages to shareholders nor showcase its products in front of the venue this year.

We may modify the content of the above measures depending on changes in circumstances hereafter. Please refer to the Company's website as appropriate at (<https://www.nipponpapergroup.com/>).

Guidance Notes on the Exercise of Voting Rights

1. Exercising voting rights by attending the Ordinary General Meeting of Shareholders

The date and time of the Ordinary General Meeting of Shareholders

June 29, 2021 (Tuesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)

Please submit the Voting Form enclosed herewith at the reception desk.

2. Exercising voting rights in writing

Voting Deadline: No later than June 28, 2021 (Monday), at 5:00 p.m.

Please indicate your approval or disapproval of each of the proposals on the Voting Form enclosed herewith, and return the Voting Form to the Company so that it reaches us by no later than the above-mentioned voting deadline.

⇒ Please see page 8 for further information.

3. Exercising voting rights via the Internet

Voting Deadline: No later than June 28, 2021 (Monday), at 5:00 p.m.

Please access the Company's designated website for exercising voting rights (<https://www.web54.net/>) and exercise your voting rights by entering your approval or disapproval of each of the proposals.

⇒ Please see pages 8 to 11 for further information.

Disclosure through the Internet

- ◎ The following items are not included in the provided documents attached to this Notice of the Ordinary General Meeting of Shareholders since the Company discloses such information on the Company's website in accordance with laws and ordinances and Article 16 of the Company's Articles of Incorporation:
- ① Basic Policy on Control of the Stock Company in the Business Report
 - ② Consolidated Statement of Changes in Shareholders' Equity, etc., in the Consolidated Financial Statements
 - ③ Notes to the Consolidated Financial Statements
 - ④ Statement of Changes in Shareholders' Equity, etc., in the Non-Consolidated Financial Statements
 - ⑤ Notes to the Non-Consolidated Financial Statements

Accordingly, the provided documents attached to this Notice of the 97th Ordinary General Meeting of Shareholders are only part of the subject matter audited by the Accounting Auditor, Audit & Supervisory Board Members and the Audit & Supervisory Board at the time of preparation of the audit reports.

- © In the case where the Company finds need for any amendment to the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements and/or Consolidated Financial Statements, such amendments will be posted on the Company's website.

The Company website: <https://www.nipponpapergroup.com/>

Guidance Notes on the Exercise of Voting Rights

Guidance Notes on the Exercise of Voting Rights in writing

Please indicate your approval or disapproval of each of the proposals on the Voting Form.

Proposals 1 and 3

- ▶ Approval Enter ○ mark in 「賛」 column
- ▶ Disapproval Enter ○ mark in 「否」 column

Proposal 2

- ▶ Approval of all candidates Enter ○ mark in 「賛」 column
- ▶ Disapproval of all candidates Enter ○ mark in 「否」 column
- ▶ Indicating approval or disapproval of only some of the candidates
 - Enter ○ mark in 「賛」 column or 「否」 column and enter the candidate No. described in the Reference Document for the Ordinary General Meeting of Shareholders.

The QR Code[®] for exercising voting rights via a smartphone is printed on the Voting Form. (Please see page 9)

Guidance Notes on the Exercise of Voting Rights via the Internet

Exercising voting rights through the Internet is only possible by using the company's website designated below for voting.

The URL of the website for voting

<https://www.web54.net/>

1. Access to the website

↓

2. Login

↓

3. Enter password

↓

Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

■ For Institutional Investors

In addition to exercising voting rights through the Internet as described above, the electronic voting platform operated by ICJ Inc., a joint corporation established by the Tokyo Stock Exchange, Inc., etc., is available for nominal shareholders (including standing proxies) such as trust and custody banks when prior application for use of such platform has been made.

Exercise of voting rights via a smartphone (Smart Exercise)

Method using “Smart Exercise”

By scanning the “Smartphone voting website login QR code[®],” you can access the website for voting without entering the “Exercise of Voting Rights code” and the “Password.”

* You can exercise your voting rights via a smartphone only once.

* If you wish to change your vote after exercising your voting rights, it is necessary that you scan the QR Code[®] again and enter the “Exercise of Voting Rights code” and the “Password” printed on the Voting Form.

1. Scan the QR Code[®].

Please activate the camera on your smartphone and scan the “Smartphone voting website login QR code[®],” printed on the enclosed Voting Form.

2. Select the voting method.

Voting rights exercise screen will open. Please select the voting method.

3. Enter your approval or disapproval of each of the proposals.

Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

Finish the exercise by following the instructions on the screen.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

Cautions:

When you exercise your voting rights both in writing and via the Internet, etc., only the vote via the Internet, etc. shall be accepted as valid.

When you exercise your voting rights more than once via the Internet, etc., or exercise your voting rights in duplicate via computer, smartphone, and mobile phone, etc., only the last vote exercised shall be accepted as valid.

Cautions concerning the Exercise of Voting Rights via the Internet

When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than June 28, 2021 (Monday), at 5:00 p.m. When you attend the meeting in person, it is not necessary to return the Voting Form or exercise your voting rights via the Internet.

Handling of the Exercise of Voting Rights

- When you exercise your voting rights more than once via the Internet, etc., only the last vote exercised shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, etc., only the last vote received shall be accepted as valid.
When both votes via the Internet, etc. and in writing arrive on the same day, only the vote via the Internet, etc. shall be accepted as valid.
- When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than 5:00 p.m. on June 28, 2021 (Monday).

Handling of Password

- Your password is a tool used to confirm that the person who is voting is in fact the shareholder himself/herself. Please keep it safe until this Ordinary General Meeting of Shareholders has ended. Please note that we will not reply to any inquiry about passwords by telephone.
- When you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If you wish your password to be reissued, please follow the instructions on the screen.

For Inquiries relating to Operation Method of Computer, etc.

- If you have any question about computer operation method, etc., relating to the exercise of voting rights on the website, please contact the following:
Web Support Dedicated Dial:
Stock Transfer Agency Web-Support Department
Sumitomo Mitsui Trust Bank, Ltd.
Telephone: 0120-652-031
(Operating Hours: 9:00 a.m. to 9:00 p.m.)
- For other inquiries, please contact the following:
 1. Shareholders with accounts at securities companies
Please contact the securities company where you have your account.

2. Shareholders without accounts at securities companies (those with a special account)

Stock Transfer Agency Services, Business Center

Sumitomo Mitsui Trust Bank, Ltd.

Telephone: 0120-782-031

(Operating Hours: 9:00 a.m. to 5:00 p.m. excluding Sat., Sun. and Holidays)

■Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Retained Earnings

The Company is striving to meet the expectations of shareholders by strengthening its management platform and profitability of the group as a whole, and by achieving sustainable growth of corporate value.

The basic policy concerning dividends is to continue to pay stable dividends to the greatest extent possible on the basis of a comprehensive consideration of such factors as the business performance of the group and retention of sufficient internal reserves, etc.

The Company would like to propose that the year-end dividend for the current fiscal year be disbursed as follows:

1	Type of dividend property	Cash
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2	Allotment of dividend property to shareholders and its total amount	30 yen per common share of the Company stock Total amount: 3,476,973,240 yen
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3	Effective date of dividend of retained earnings	June 30, 2021
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(Reference)
Changes in the dividend per share

(unit: yen)

	93rd Term (Fiscal year ended March 2017)	94th Term (Fiscal year ended March 2018)	95th Term (Fiscal year ended March 2019)	96th Term (Fiscal year ended March 2020)	97th Term (Current) (Fiscal year ended March 2021)
Interim	30	30	0	10	10
Year-end	30	30	30	30	30
Annual	60	60	30	40	40

Proposal 2. Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (three (3) of them to be Outside Directors).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates. Furthermore, three (3) candidates for Outside Director fulfill the requirements for an Independent Officer prescribed by the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name	Current title and responsibilities at the Company	Attendance at the Board of Directors meetings
1	[Reappointment] Fumio Manoshiro	Chairman & Director	13/13 (100%)
2	[Reappointment] Toru Nozawa	President, Representative Director, President Corporate Officer	13/13 (100%)
3	[New appointment] Kazumori Fukushima	Senior Managing Executive Officer, General Manager of Printing Paper Sales Div.	—
4	[New appointment] Atsushi O'haru	Managing Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div.	—
5	[Reappointment] Masanobu Iizuka	Director, Corporate Officer, CEO, Opal	13/13 (100%)
6	[New appointment] Tomoyasu Itakura	Corporate Officer, General Manager of Financial Div.	—
7	[Reappointment] Makoto Fujioka [Outside] [Independent Officer]	Outside Director	13/13 (100%)
8	[Reappointment] Yoko Hatta [Outside] [Independent Officer]	Outside Director	13/13 (100%)
9	[Reappointment] Yutaka Kunigo [Outside] [Independent Officer]	Outside Director	10/10 (100%)

(Note) Attendance at the Board of Directors meetings for Mr. Yutaka Kunigo refers to the number of meetings attended after he assumed office on June 25, 2020.

Candidate

No. 1	FUMIO MANOSHIRO (Date of Birth: Mar. 3, 1953)	Reappointment
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No. of shares in the Company held	Brief personal history, title and responsibilities	
35,399 shares	Apr. 1975 Jul. 2001 Jun. 2004 Jun. 2006 Apr. 2007 Jun. 2009 Jun. 2010 Jun. 2012 Apr. 2013 Jun. 2014 Jun. 2019	Joined Jujo Paper Co., Ltd. General Manager of Forestry Dept. of Raw Material & Purchasing Div. of the Company Deputy General Manager of Raw Material & Purchasing Div. of the Company Director, Deputy General Manager of Raw Material & Purchasing Div. of the Company Director, General Manager of Yatsushiro Mill of the Company Director, General Manager of Raw Material & Purchasing Div. of the Company Managing Director, General Manager of Raw Material & Purchasing Div. of the Company Managing Director, General Manager of Corporate Planning Div. of the Company Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries of the Company President, Representative Director, President Corporate Officer of the Company Chairman & Director of the Company (currently serving)

Tenure as a Director

15 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

From the perspective expected of the Chairman of the Board of Directors, Mr. Fumio Manoshiro has supervised the management as Chairman & Director of the Company and contributed to enhancing the corporate governance of the Company Group. During his tenure as President, he has promoted strengthening of the future-oriented corporate foundation of the Company and the Company Group through reform of the business structure, reinforcement of existing businesses and early commercialization of new businesses with his strong leadership. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to supervise the management as a Chairman of Board of Directors and drive the Company in the pursuit of further development.

Candidate	
No. 2	TORU NOZAWA (Date of Birth: Mar. 10, 1959) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
17,193 shares	Apr. 1981	Joined Jujo Paper Co., Ltd.
	Jun. 2005	General Manager of Treasurer's Dept. of Financial Div. of the Company
	Feb. 2008	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2009	Deputy General Manager of Financial Div. of the Company
	Apr. 2013	Corporate Officer, Deputy General Manager of Financial Div. of the Company
	Jun. 2014	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2017	Director, Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2018	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2019	President, Representative Director, President Corporate Officer of the Company (currently serving)

Status of important concurrent office in other entities
Chairman of Japan Paper Association

Tenure as a Director

7 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

As President and Representative Director of the Company, Mr. Toru Nozawa demonstrates strong leadership and works to contribute to raising the corporate value of the Company and the Company Group. Having played a central role in reform of the business structure and reinforcement of existing businesses during his tenure as General Manager of Corporate Planning Div. and Financial Div., he has continued to further accelerate these initiatives after being appointed to President, thereby steadily achieved strengthening of the future-oriented corporate foundation of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect a leadership of him to drive the Company in the pursuit of further growth and development with a focus on business expansion in the growth fields and early commercialization of new businesses.

Candidate**No. 3** Kazumori Fukushima (Date of Birth: Feb. 12, 1958) **New appointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
11,851 shares	Apr. 1980	Joined Sanyo-Kokusaku Pulp Co., Ltd.
	Jun. 2007	Deputy General Manager of Shiraoi Mill of the Company
	Jul. 2009	Deputy General Manager of Asahikawa Mill and Deputy General Manager of Shiraoi Mill of the Company
	Apr. 2010	Deputy General Manager of Hokkaido Mill and General Manager of Hokkaido Mill—Asahikawa of the Company
	Apr. 2011	Deputy General Manager of Ishinomaki Mill and Deputy General Manager of Iwanuma Mill of the Company
	Jun. 2012	Deputy General Manager of Ishinomaki Mill of the Company
	Apr. 2013	Corporate Officer, General Manager of Kushiro Mill of the Company
	Jun. 2016	Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company
	Jun. 2017	Managing Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company
	Jun. 2019	Senior Managing Executive Officer, General Manager of Printing Paper Sales Div. of the Company (currently serving)

Reasons for selecting the candidate for Director

Mr. Kazumori Fukushima works to contribute to raising the corporate value of the Company and the Company Group as Senior Managing Executive Officer and General Manager of Printing Paper Sales Div. In the transformation of the business structure, he plays a central role in reinforcing the competitiveness of existing paper businesses, and implements measures including the reorganization of the production structure. The Company appoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 4	Atsushi O'haru (Date of Birth: Jun. 14, 1958)	New appointment
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No. of shares in the Company held	Brief personal history, title and responsibilities	
12,283 shares	Apr. 1983 Oct. 2006	Joined Jujo Paper Co., Ltd. General Manager of Business Communication Paper Sales Dept. I, Business Communication & Industrial Paper Sales Div of the Company
	Jul. 2008	General Manager of Wholesale Sales Dept., Paper Sales Div. of the Company
	Jul. 2010	General Manager of Printing and Direct Demand Sales Dept., Paper Sales Div. of the Company
	Jun. 2011	General Manager of Printing and Direct Demand Sales Dept., Printing and Business Communication Paper Sales Div. of the Company
	Jun. 2012	Deputy General Manager of Printing and Business Communication Paper Sales Div. and General Manager of Printing and Direct Demand Sales Dept. of the Company
	Apr. 2013	Deputy General Manager of Printing Paper Sales Div. of the Company
	Jun. 2014	General Manager of Business Communication Paper Sales Div. of the Company
	Jun. 2015	Corporate Officer, General Manager of Business Communication Paper Sales Div. of the Company
	Jun. 2016	Corporate Officer, General Manager of Printing Paper Sales Div. of the Company
	Jun. 2019	Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company
	Jun. 2020	Managing Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company (currently serving)

Reasons for selecting the candidate for Director

Mr. Atsushi O'haru works to contribute to raising the corporate value of the Company and the Company Group as Managing Corporate Officer and General Manager of Business Communication & Industrial Paper Sales Div. He promotes initiatives for strengthening competitiveness of the sales division toward reinforcing the existing businesses. The Company appoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate**No. 5** **MASANOBU IIZUKA** (Date of Birth: Jan.17, 1960) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
7,618 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Feb. 2006	Vice President of Daishowa-Marubeni International Ltd.
	Oct. 2011	General Manager of Production Department of Yatsushiro Mill of the Company
	Jun. 2014	Deputy General Manager of Yatsushiro Mill of the Company
	Jul. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of International Business Dept. of the Company
	Jun. 2017	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2019	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2020	Director, Corporate Officer, CEO of Opal (currently serving)

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

Mr. Masanobu Iizuka works to contribute to raising the corporate value of the Company and the Company Group as Director, Corporate Officer and CEO of Opal. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate**No. 6 Tomoyasu Itakura (Date of Birth: Apr. 8, 1964) New appointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
3,923 shares	Apr. 1988	Joined Jujo Paper Co., Ltd.
	Jun. 2015	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2017	Deputy General Manager of Financial Div. and General Manager of Accounting & Budgeting Dept. of the Company
	Jun. 2018	Deputy General Manager of Financial Div. of the Company
	Jun. 2019	Corporate Officer, General Manager of Financial Div. of the Company (currently serving)

Reasons for selecting the candidate for Director

Mr. Tomoyasu Itakura works to contribute to raising the corporate value of the Company and the Company Group as Corporate Officer and General Manager of Financial Div. He has a management sense accumulated through his years of experience and track record in the accounting division at mills and elsewhere. The Company appoints him as a candidate for Director based on its judgment that he, leveraging his management sense, sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate	
No. 7	<u>MAKOTO FUJIOKA (Date of Birth: Mar. 27, 1950)</u> Reappointment Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
1,000 shares	Apr. 1972	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
	Jun. 1996	Deputy Director-General of the same
	Feb. 2001	Ambassador extraordinary and plenipotentiary to the United Arab Emirates
	Sep. 2003	Retired from the Ministry of Economy, Trade and Industry
	Oct. 2003	Full-time adviser of Nippon Light Metal Co., Ltd.
	Jun. 2004	Director, Executive Officer of the same
	Jun. 2007	Director, Senior Executive Officer of the same
	Oct. 2012	Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015))
	Jun. 2013	Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd. (thru Jun. 2015)
	Jul. 2015	Senior Director of Japan Association for Chemical Innovation (thru Jun. 2019)
	Jun. 2016	Outside Director of Eagle Industry Co., Ltd. (currently serving) Outside Director of NOK CORPORATION (currently serving) Outside Director of the Company (currently serving)

Tenure as a Director

5 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities

Outside Director of NOK CORPORATION

Outside Director of Eagle Industry Co., Ltd.

Reasons for selecting the candidate for Outside Director and outline of expected roles

By using his broad knowledge and international perspective based on his experiences both in the public and private sectors, Mr. Makoto Fujioka is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

Candidate

No. 8 YOKO HATTA (Date of Birth: Jun. 8, 1952) Reappointment
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York Office)
	Aug. 1997	Partner of the same Office
	Sep. 2002	Partner of KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation)
	Jun. 2008	Auditor of International Christian University (currently serving)
	Jun. 2015	Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd. (currently serving)
	Jun. 2016	Outside Audit & Supervisory Board Member of IHI Corporation (thru Jun. 2020) Outside Audit & Supervisory Board Member of the Company (thru Jun. 2019)
	Jun. 2019	Outside Director of the Company (currently serving)

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities

Auditor of International Christian University
Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.

Reasons for selecting the candidate for Outside Director and outline of expected roles

Although Ms. Yoko Hatta does not have experience of direct involvement in actual business operation, she is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint by drawing on her significant experience with international accounting firms and deep knowledge on international tax affairs, as well as her experience of serving as Outside Audit & Supervisory Board Member of the Company, and is therefore reappointed as a candidate for Outside Director.

Candidate

No. 9 YUTAKA KUNIGO (Date of Birth: Nov. 17, 1954) Reappointment
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Apr. 1977	Joined Tokyo Gas Co., Ltd.
	Apr. 2007	Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. of the same
	Apr. 2010	Senior Executive Officer and Chief Executive of Energy Resources Business Div. of the same
	Jun. 2013	Director, Senior Executive Officer and Chief Executive of Energy Production Div. of the same
	Apr. 2014	Representative Director, Executive Vice President, Chief Executive of Energy Solution Div. of the same
	Apr. 2015	Representative Director, Executive Vice President and in charge of Power Business Planning Dept., Business Restructuring Project Dept., and Sales Innovation Planning Dept. of the same
	Apr. 2016	Representative Director, Executive Vice President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept. of the same (thru Mar. 2017)
	Apr. 2017	Chairman & Director of Tokyo Gas Engineering Solutions Corporation (thru Mar. 2020)
	Jun. 2020	Outside Director of the Company (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

10/10 (100%)

Reasons for selecting the candidate for Outside Director and outline of expected roles

Mr. Yutaka Kunigo has been involved in a wide range of fields including engineering, personnel affairs, procurement, sales and international business at Tokyo Gas Co., Ltd. By using his significant experience and broad knowledge based on his experience of operating said company as a member of the management team, Mr. Yutaka Kunigo is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

Special notes on the candidates for Director

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Crexia Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. If candidates for Director are appointed or reelected, they will be included in the insurance contract as insured persons. The outline of the contract is as follows.

1. The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
2. The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
3. The premiums for the insurance contract is fully paid by the Company.

Special notes on the candidates for Outside Director

1. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are candidates for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by laws and regulations, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo have the independence required to be independent officers. When they assume the office of Director, the Company will notify the Tokyo Stock Exchange that they are Independent Officers under the provisions of said Exchange.
4. The Company has concluded contracts with Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If their reappointment is approved, the Company intends to extend the relevant contracts with them.

Special notes on Mr. Makoto Fujioka, a candidate for Outside Director

1. Mr. Makoto Fujioka had served as Director of Nippon Light Metal Co., Ltd. through June 2015. Although the Company has purchase transactions related to raw materials with Nippon Light Metal Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Nippon Light Metal Co., Ltd. is less than 1% of the net sales of Nippon Light Metal Co., Ltd.).
2. Mr. Makoto Fujioka had served as Senior Director of Japan Association for Chemical Innovation through June 2019. Although the Company pays membership fees to said association, the amount of the fees is negligible (less than 1 million yen per year).
3. Mr. Makoto Fujioka currently serves as Outside Director of Eagle Industry Co., Ltd. Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (the amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).

Special notes on Ms. Yoko Hatta, a candidate for Outside Director

1. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. Although the Company has purchase transactions related to facilities with IHI Corporation, the amount of the transactions is negligible (the amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation).
2. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. In January 2019, it was discovered that inappropriate work had been

performed in the commercial aircraft engine maintenance business of the company. To address the incident, the company received an order to conduct repairs by authorized method pursuant to the Aircraft Manufacturing Industry Act from the Ministry of Economy, Trade and Industry in March 2019, and also received an operation improvement order in accordance with the Civil Aeronautics Act from the Ministry of Land, Infrastructure, Transport and Tourism in April 2019. Ms. Hatta had made proposals about the importance of legal compliance and internal control based on her wealth of experience and deep insight prior to the discovery of the fact, and after the event came to light, she has received reports on the progress in the investigation of the fact, ascertained the status and performed her duties, including the recommendation to immediately investigate the impact on safety, take appropriate recurrence preventive measures, and further strengthen and ensure compliance.

Special notes on Mr. Yutaka Kunigo, a candidate for Outside Director

Mr. Yutaka Kunigo had served as Director of Tokyo Gas Co., Ltd. through March 2017. Although the Company has purchase transactions of fuels with Tokyo Gas Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Tokyo Gas Co., Ltd. is less than 1% of the net sales of Tokyo Gas Co., Ltd.).

Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
3. The attendance at meetings of the Board of Directors represents the status of attendance in office in the fiscal year ended March 31, 2021. Because Mr. Yutaka Kunigo was newly appointed at the 96th Ordinary General Meeting of Shareholders held on June 25, 2020, and assumed the office of Director at that time, the number of Board meetings he was able to attend differed from that of the other Directors.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.
5. Sanyo-Kokusaku Pulp Co., Ltd., stated in the section of brief personal history, merged with the Company as of April 1, 1993.
6. Hokkaido Mill, stated in the section of brief personal history, was split into Asahikawa Mill and Shiraoui Mill as of June 25, 2020.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Proposal 3. Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Hirofumi Fujimori will resign as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect one (1) Audit & Supervisory Board Member.

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates.

The candidate for Audit & Supervisory Board Member is as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

Tomoyoshi Nishimoto (Date of Birth: Feb. 6, 1962) New appointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
9,311 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Oct. 2010	General Manager of International Business Dept., Corporate Planning Div. of the Company
	Apr. 2013	General Manager of Subsidiaries and Affiliated Companies Dept., Corporate Planning Div. of the Company
	Jun. 2017	Deputy General Manager of Sales Management & Planning Div. of the Company
	Feb. 2019	Deputy General Manager of Sales Management & Planning Div. and General Manager of Sales Planning Dept. of the Company (currently serving)

Reasons for selecting the candidate for Audit & Supervisory Board Member

While assisting the General Manager of Sales Management & Planning Div. as Deputy General Manager, Mr. Tomoyoshi Nishimoto serves as General Manager of Sales Planning Dept. He has many years of experience and good track record in the Company Group and abundant knowledge regarding business administration and business operation. The Company appoints him as a candidate for Audit & Supervisory Board Member based on its judgment that he has an excellent personality and insights that contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a fair and objective standpoint.

Special notes on Mr. Tomoyoshi Nishimoto, a candidate for Audit & Supervisory Board Member

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Creca Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. If Mr. Tomoyoshi Nishimoto is appointed as Audit & Supervisory Board Member, he will be included in the insurance contract as an insured person. The outline of the contract is as follows.

1. The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
2. The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.

3. The premiums for the insurance contract is fully paid by the Company.

Notes:

1. The candidate Mr. Tomoyoshi Nishimoto is scheduled to assume the office of Statutory Auditor of NP Trading Co., Ltd. on June 24 this year.
2. There are no special conflicts of interest between the candidate and the Company.
3. The number of shares in the Company held by the candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.

(Attachment)

Business Report (From April 1, 2020, through March 31, 2021)

1. Status of the Company Group (a corporate group)

(1) Business Progress and Results

The Japanese economy in the current fiscal year remained in a very harsh condition due to the impact of COVID-19. While the economy is expected to pick up toward recovery owing to the effects of various government measures, the outlook remains uncertain as the prospect of containing COVID-19 cannot yet be foreseen.

The impact of COVID-19 on the Company Group included a significant decrease in sales of newspapers and printing papers caused by declined demand for advertising particularly in the first half of the year. Based on an assumption that demand for such graphic papers will not recover to the previous levels, we will continue to accelerate the transformation of our business structure.

During the current fiscal year, the final year of the Sixth Medium-Term Business Plan (announced on May 28, 2018), the Company Group steadily promoted the transformation of its business structure while endeavoring to strengthen the competitiveness of paper business, as seen in the effect of reorganization in the production structure of the paper business, establishment of an integrated production system from base paper to cardboard products by way of purchasing paperboard fiber based packaging business in Australia and New Zealand, start-up of production facilities for household tissues, and decision on the withdrawal from paper and pulp business at Kushiro Mill.

As to the consolidated performance, both revenue and income decreased from the previous term due to a significant decline in demand mainly for newspapers and printing papers during the first quarter, and the posting of one-time acquisition-related cost of 6,053 million yen such as stamp tax associated with the purchase of paperboard fiber based packaging business in Australia and New Zealand. The results are as shown below.

Sales Revenue	1,007,339 million yen (decrease of 3.5% Y o Y)	Operating Income	19,233 million yen (decrease of 45.1% Y o Y)
Ordinary Income	12,276 million yen (decrease of 59.8% Y o Y)	Net Income Attributable to Owners of the Parent	3,196 million yen (decrease of 77.5% Y o Y)

Principal Businesses (As of March 31, 2021)

	Principal Products
Paper and Paperboard Business	Paper, paperboard, pulp, paper making materials
Livelihood-related Business	Household tissue, processed paper products, chemical products
Energy Business	Electric power
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Lumber, construction materials, civil engineering and construction
Other Business	Logistics, leisure, other

Sales Revenue and Operating Income of Each Business Segment

Business Segment	Sales Revenue			Operating Income		
	Current Fiscal year (million yen)	Comparison with the Previous Term		Current Fiscal year (million yen)	Comparison with the Previous Term	
		Change in Amount (million yen)	% of Change (%)		Change in Amount (million yen)	% of Change (%)
Paper and Paperboard Business	568,255	-78,469	-12.1	2,482	-3,655	-59.6
Livelihood-related Business	317,918	47,686	17.6	7,898	-5,045	-39.0
Energy Business	33,407	403	1.2	6,876	81	1.2
Lumber, Construction Materials, Civil Engineering and Construction Related Business	59,917	-1,704	-2.8	6,499	595	10.1
Other Business	27,840	-4,488	-13.9	1,887	-958	-33.7
Total	1,007,339	-36,572	-3.5	25,644	-8,983	-25.9
Adjustment	-	-	-	-6,410	-6,832	-
Consolidated total	1,007,339	-36,572	-3.5	19,233	-15,815	-45.1

Note: 1. Adjustment is an elimination of inter-segment transactions.

2. Figures rounded down to nearest million yen.

The status of each business segment is as follows:

Paper and Paperboard Business

Sales Revenue: 568,255 million yen (decrease of 12.1% Y o Y)

Domestic sales volume of newspapers fell far below that of the previous term as a result of decline of circulation of newspapers and decreased number of pages caused by cancellations of events. Domestic sales volume of printing papers fell far below that of the previous term as a result of low demand for advertising in line with stagnant economic activities. The decrease in demand due to COVID-19 has been gradually recovering from June onward.

As to paperboard products, although those for mail orders, home deliveries and processed foods were solid backed by stay-at-home consumption, domestic sales volume fell slightly below that of the previous term due to decreased demand for industrial products on account of sluggish global economy and sluggish demand for general-use products due to restrictions on outings.

Livelihood-related Business

Sales Revenue: 317,918 million yen (increase of 17.6% Y o Y)

In the household tissues business, despite decreased demand for tissue paper, sales revenue was the same level as the previous term. Contributing factors were the effect of business integration with Try-Fu Co., Ltd., a wholly-owned subsidiary of Tokushu Tokai Paper Co., Ltd. in October 2020, and strong sales of hand towels used for infection prevention. We commenced operation of the No.2 paper machine at Crecia-Kasuga Co., Ltd., a subsidiary of the Company in May 2020, thereby enhancing the system to supply “long-lasting rolls” products. By shifting all toilet rolls to “long-lasting rolls” products from April 2021 onward, we will contribute to reducing CO₂ emissions in transport through higher transportation efficiency, and slashing packaging materials and storage space at home.

As to the liquid-packaging carton, sales volume exceeded that of the previous term due to a recovery in milk containers for school catering due to the resumption of school catering, expansion in sales following the installation of new filling machines and launch of new containers, and demand for household milk containers that remained strong.

Sales volume of dissolving pulp (DP) fell below that of the previous term, affected by lower demand overseas mainly in China. As to chemical products, sales

volume fell below that of the previous term significantly impacted by stagnant performance in the first half of the year, despite a recovery in demand for functional coating agents and functional cellulose (CMC) for lithium-ion batteries in line with a recovery in the automobile industry. Sales volume of functional films exceeded that of the previous term driven by strong performance in the products for mobile terminals used for teleworking and online education.

As to overseas operations, the “purchase of Orora Limited’s paperboard fiber based packaging business in Australia and New Zealand” was completed on April 30, 2020. As a result of the acquisition, sales revenue exceeded that of the previous term.

Energy Business

Sales Revenue: 33,407 million yen (increase of 1.2% Y o Y)

The energy business posted higher revenue mainly due to the impact of an increase in operation days of power generation facilities.

Lumber, Construction Material, Civil Engineering and Construction-Related Business

Sales Revenue: 59,917 million yen (decrease of 2.8% Y o Y)

As to the lumber and construction material business, the number of new housing construction projects had been weak, and the sale volume of lumber fell below that of the previous term.

Other Business

Sales Revenue: 27,840 million yen (decrease of 13.9% Y o Y)

As to the consolidated results of the other business segment, the sales revenue decreased by 4,488 million yen from the previous term to 27,840 million yen and operating income decreased by 958 million yen from the previous term to 1,887 million yen.

(Note) The business segments classification has been changed from the current term. The year-on-year comparisons above show the result of comparisons after reclassifying the figures in the previous term to the new business segmentation.

(2) Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 57,900 million yen. The major capital investments were installation of facilities for increased production of household tissues, paper packages and functional cellulose and installation of facilities for increased production of dry pulp overseas.

(3) Status of Financing Activities

The Company Group procured funds through borrowings from financial institutions and issuance of commercial papers.

Additionally, to finance the purchase of Orora Limited's paperboard fiber based packaging business in Australia and New Zealand during the current term, the Company Group obtained a bridge loan of 125,000 million yen from financial institutions in April 2020, of which 60,000 million yen was refinanced with a hybrid loan (subordinated loan) in June 2020, and 50,000 million yen with a senior loan in August 2020, thereby completed its transition to a permanent loan.

(4) Issues to be addressed

① Summary of the Sixth Medium-Term Business Plan (from the fiscal year ended March 2019 to the fiscal year ended March 2021)

Under the Sixth Medium-Term Business Plan, the Company Group implemented various measures to "reorganize the production structure of the paper business and make the most of its own facilities" and "expand businesses in growth areas and achieve early commercialization of new businesses" as its themes.

In the fiscal year ended March 31, 2021, the final year of the Sixth Medium-Term Business Plan, target revenue was not achieved due to decreased demand for paper in Japan due to the spread of COVID-19, in addition to Paper Australia Pty Ltd. being significantly affected by decreased demand in Australia. Meanwhile, we steadily expanded businesses in growth areas.

(a) Reorganize the production structure

In the reorganization of the production structure of the paper business, we have stopped eight paper machines and two paper coating machines according to the plan by the year ended March 31, 2020. The stoppage of machines caused fixed costs to decline and operation rate of production facilities to increase, bringing about a cost reduction effect. Coupled with the price revision we implemented in 2019, profitability of the paper and paperboard business was greatly improved.

However, due the spread of COVID-19 from the beginning of 2020, demand for advertising significantly declined and that for newsprint and printing paper fell sharply. As demand for these graphic papers is expected to decrease going forward, we judged that further efforts must be made to eliminate the supply-demand gap, and decided in November 2020 to withdraw from paper and pulp business at Kushiro Mill (paper production will end in August 2021).

(b) Expand businesses in growth areas

We actively made capital investment in the Daily-life products business (packaging, household paper, healthcare and chemical), which we positioned as a growth area. Although partially affected by the spread of COVID-19, performance of these businesses was steady, backed by strong demand for daily necessities.

In the domestic Paper-Pak business, sales of filling machines aimed at marketing the liquid-packaging cartons progressed as scheduled, steadily capturing an increase in demand from consumers staying more time at home, which offset a decrease in demand at schools and offices due to closures or teleworking in the wake of the spread of COVID-19.

In the household paper and healthcare business, by making effective use of the paper machines infrastructure at the Company's Fuji Mill, we commenced operation of the second paper machine in May 2020 in an effort to expand the business scale. In addition, the long-lasting types of our toilet rolls and kitchen towels capitalizing on our proprietary technology were well received by customers and succeeded in capturing demand.

In the chemical business, as there was a progress in teleworking and online classes due to COVID-19, demand for IT equipment expanded and sales of functional films increased, offsetting declined profitability caused by a delay in sales expansion of acetate pulp and sluggish market conditions of pulps for rayon. We also started to reinforce our facilities for functional coating resin, whose market is growing, and functional cellulose (CMC) used for lithium-ion batteries in order to establish a supply system with a view to expanding sales in the future.

In the overseas business, we completed the acquisition of Orora Limited' paperboard fiber based packaging business in Australia and New Zealand in April 2020. Integrating the acquired business with the paper and paperboard business that previously traded under the name 'Australian Paper' the combined business commenced its operation on May 1, 2020 under a new business name "Opal," which is specializing in packaging business in the Oceanian region. Affected by COVID-19, the operating environment in Australia experienced a decrease in demand , but

the acquisition allows us to develop further our business by building an integrated system covering “from base paper production to the sales of cardboard packaging.”

In the new materials business, a cellulose nanofiber (CNF) “CELLENPIA®” was newly adopted for concept tires on automobiles, in addition to the application for cosmetics and food products. A paper-based barrier material “SHIELDPLUS®” is scheduled to be used as food and cosmetics packaging materials, while “MinerPa®” as non-woven fabric and pet supplies with deodorizing effect. These materials have shifted already from the development phase to commercialization phase. We will promote sales expansion of new products to follow these materials.

② Formulation of 2030 Vision and Medium-Term Business Plan 2025

[Formulation of 2030 Vision]

As we look at the business environment surrounding the Company, the COVID-19 pandemic triggered drastic changes in lifestyles, which resulted in an accelerated decrease in demand for paper. In addition, with Japan and major countries moving toward realizing a carbon-neutral society in 2050, the industry is at a major turning point amid rapidly growing environmental awareness.

Against this backdrop, as we set sights on realizing the Group Mission, we announced in May this year 2030 Vision as a target to achieve by the year 2030.

(a) Goal to be achieved in 2030

As “a comprehensive biomass company shaping the future with trees,” the Company Group aims to become by the year 2030 “A company group that consists of multiple businesses which generate stable profits and realize better living and cultural progress. It achieves this by using diverse technologies and know-how to maximize the use of renewable woody resources. This provides a wide range of products that help form a circulation-oriented society, supporting profit growth.”

2030 Vision and Medium-Term Business Plan 2025

Group Mission: Outlines the significance and purpose of our Group in society. Provides an action agenda that will remain consistent over time.

2030 Vision: Provides guidelines that clarify our goals to be achieved by 2030 and the management issues to be addressed in realizing the Group Mission.

Medium-Term Business Plan 2025:

Confirms the plan to be implemented in the next five years to

support the realization of the 2030 Vision.

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

(b) Promote sustainability management

In the 2030 Vision, we will promote sustainability management that pursues both sustainability in society and environment as well as corporate growth. In this regard, our starting point is the Group Mission that represents the reason for the Company Group's existence in society.

In order to satisfy the four elements required of the "ideal company" envisioned in the Mission, the Company identified themes for its activities for resolving social issues and positioned them as important issues to the Company. Tackling these issues will also contribute to achieving SDGs aimed at developing a sustainable society by the year 2030.

(c) Basic policies and targets

Basic policies and targets for the 2030 Vision are as follows.

◆ Basic policies:

"Reallocate management resources to growing businesses"

"Respond to the rapidly changing social landscape such as CO₂ reduction and environmental issues"

◆ Targets:

"Net Sales : 1,300 billion yen"

● Ratio of sales out of Daily-life Products business: 50% or more (Of this amount, 65 billion yen for new businesses is included)

● Ratio of overseas sales: 30% or more

"Operating Income per sales of Daily-life Products business : 7% or more"

"ROE: 8.0% or more"

"Green House Gas emissions : 45% reduction (compared to FY2013 level)"

We will expand the business scale of growth areas and proceed with the development of new products based on woody resources. While shifting the business resources to new fields from the paper business, where demand is projected to continue declining, we will flexibly reallocate human resources.

Moreover, toward realizing a carbon-neutral society by 2050, we will develop new woody biomass fuels with an eye to review energy mix with a focus on coal-free power generation, in addition to increasing the ratio of non-fossil fuels to coal-and-biomass-mixed combustion.

Through maximizing the value of forests and expanding products utilizing woody resources, the Company Group contributes to realizing a carbon-neutral society while strengthening its business foundation. We will use our breeding and proliferation technologies to increase productivity of forests and aim to achieve a “30% increase in CO₂ fixation efficiency in forested sites overseas” by 2030, so that they may fulfill socially beneficial functions through preserving biodiversity and securing water resources. We will also help revitalize the forest industry by leveraging the company-owned forests in Japan.

(d) Business development as a comprehensive biomass company

The Company Group will focus on the three circulations: “Circulation of sustainable forest resources,” “Circulation of woody resources used for various purposes by using technological abilities” and “Active product recycling.” By leveraging the characteristics of woody resources and strengthening the three circulations, we will achieve both the contribution to realizing a circulation-oriented society as well as business growth.

(e) Circulation of sustainable forest resources

The Company strives to maximize the value of forests with our 170,000 hectares of forested sites and company-owned forests in Japan and abroad. We field-tested and developed our unique breeding and proliferation technologies in the forested sites owned by Amapá Florestal e Celulose S.A. (AMCEL), Brazil. Selection of breeds using genome information and proliferation of seedlings based on our cottage technology have greatly increased the productivity of the woodlots of AMCEL. By applying these technologies to other forests, the Company seeks to increase the CO₂ fixation amount per unit area and enhance productivity of forest management.

(f) Circulation of woody resources used for various purposes by using technological abilities

We will develop various products utilizing woody resources, while increasing

the CO₂ fixation amount in a society as a whole. In addition to the conventional utilization centering on pulp and paper products, the Company will expand sales of biomass materials such as CNF “CELLENPIA®” and functional material “MinerPa®” and development of new biomass fuels based on its technology, in an effort to promote the carbon cycle through woody resources, while achieving business growth. We will also help reduce the CO₂ generation amount during transport with Nippon Paper Crexia’s long-lasting products and CNF reinforced resin, which enables weight reduction.

(g) Active product recycling

Not just developing new products based on woody resources, we will actively utilize unused wastepaper, which has so far been difficult to recycle. As a first step we will construct collection schemes for paper cups and liquid packaging products which are being widely used, and market our paper-based barrier material to replace one-way plastic products, thereby minimizing environmental burden.

[Medium-Term Business Plan 2025 (from the fiscal year ending March 2022 to fiscal year ending March 2026)]

The theme of the Medium-Term Business Plan 2025, which is positioned to cover the first five years of 2030 Vision, is “Accelerate the transformation of the business structure.” The Company has changed the period of a Medium-Term Business Plan from three years to five years as it should take us five years to ensure new businesses and new materials make an early positive contribution, which is essential for the transformation of our business structure, and to rightsize the production structure of the paper business in view of trends in demand. ■

The five years from now in the Medium-Term Business Plan 2025 are pivotal five years for us to put the Company Group on a growth trajectory. Placing utmost priority on agility in each of the businesses in growth areas, and by making accurate investments to address trends in demand, we will further promote transformation of our business structure.

(a) Theme and targets

The theme and targets of Medium-Term Business Plan 2025 are as follows.

◆ Theme:

“Accelerate the transformation of the business structure”

◆ Targets:

“Net sales of 1,100 billion yen”

“Operating income of 40 billion yen or more at an early stage”

“EBITDA of 100 billion yen stably”

“D/E ratio of 1.5 to 1.6 times”

“ROE of 5.0% or more”

In order to accelerate transformation of our business structure, we need EBITDA of 100 billion yen to stably making investments for growth, and therefore will achieve operating income of 40 billion yen as soon as possible.

We will also fully utilize the paper business’s resources we have in each production site to increase investment efficiency while passing down the technologies and knowhow possessed by employees of the Company Group.

(b) Packaging

In the domestic Paper-Pak business, we will accelerate development of new domestic filling machines and new products taking advantage of a capital and business alliance with Shikoku Kakoki Co., Ltd. To address the growing needs for “highly hygienic” and “multifunctional” products caused by changes in society after COVID-19, we will expand sales of “NSATOM®,” an aseptic filling system for multifunctional paper packaging with an attached closure, “School POP®” straw-less paper containers for school catering, and other products.

For the overseas business, Opal in Australia faces major issue of continued pressure on the graphic paper market. To address this, we aim to establish a stable profit base over the next few years, which will be the first half of the Medium-Term Business Plan 2025, by delivering synergies and focusing on Packaging Business opportunities. At Nippon Dynawave Packaging Company LLC in North America, through investments such as the installation of pulp drying machines and upgrading the dry end process of paper machines, we will fully materialize the effect from expanded sales of kraft pulp to boost earnings. Likewise, at Jujo Thermal Oy in Europe and other overseas sites, we will develop and roll out environment-conscious products to expand and stabilize our businesses through enhancing collaboration within the Company Group.

(c) Household paper and healthcare

In the household paper and healthcare business, we shifted all of our toilet roll products to “long-lasting rolls” from April 2021. In addition to its compactness and

ease in carrying, they help reduce the amount of wastes such as packaging film and cores, and contribute to fewer CO₂ emission with enhanced transporting efficiency. We will launch a wide variety of products to realize more comfortable lives of customers while striving for greater cost competitiveness. Through such efforts, we will make a shift toward highly profitable products with high added value that lead new ways of living, thereby improving our corporate brand.

(d) Chemical

In the chemical business, demand is expected to increase for functional coating resins for their capability to reduce automobile components weight and contribute to the shift to mono-materials in packaging material. To address this demand, construction of additional facilities to increase production volume is scheduled to be completed in September 2021. Facilities to enhance production of functional cellulose (CMC), which is used for lithium-ion batteries and foods, will also be completed in December 2021. We cultivate applications for the wider adoption of these materials in overseas market to early materialize the effect of construction. By continuing investments in a timely manner in light of trends in demand and enhancing our research and development resources, we will establish a system to accurately respond to the needs of customers.

(e) Energy and Wood

Yufutsu Energy Center, a biomass mono-fuel combustion power generator with the largest output in the nation of 75MW, is scheduled to commence operation in January 2023. Paying close attention to the government's electricity policies, we will promote the use of biomass fuels toward realizing a carbon-neutral society. Also, we will expand our fuel supply business by taking full advantage of the Company Group's domestic lumber procurement network and overseas biomass fuels procurement function.

(f) New materials and new businesses

In the new materials and new businesses, we will establish the manufacturing technology to mass-produce CNF "CELLENPIA[®]" with a view to full-fledged commercialization. We also offer to the world a wide variety of new products including cellulose-based functional material "MinerPa[®]" and Bio Composite.

For that purpose, we establish "Biomass Material Business Division" responsible for business strategies of these new materials. The new division will reinforce the systems for development, manufacture and sales of these materials by

collaborating with Research & Development Div. and reallocating personnel of existing businesses. In addition to this, the division not only formulates the investment plan for commercialization, but also establishes in a proactive manner frameworks involving external collaboration with joint research partner companies as well as governmental and university research institutes, which is deemed indispensable to accelerate commercialization.

(g) Paper and paperboard

In the paper and paperboard business, we decided to stop the operation of N6 machine in Ishinomaki Mill at the end of May 2022, in lightweight coated paper facing a structural decline in demand with a decrease in the number of children and progress of digitization. We will transform the business structure of the mill with the assumption that the mill will implement household paper business in the second half of the fiscal year ending March 2024.

Meanwhile, taking advantage of recyclability and biodegradability inherent to paper, we will cultivate new needs and create products that contribute to eco-friendliness and better living by fully utilizing our existing facilities and resources. In addition to paper-based barrier material “SHIELDPLUS®” and heat sealable paper “LAMINA®,” we will proceed with development of packaging carton hybrid of paper and biodegradable resin, and cardboard cases to replace Styrofoam, among others. We will develop wider application under the slogan of “Let paper do what it can do.” By marketing these new paper products on both existing commercial channels and through promotional activities to access directly to customers, we establish a system to swiftly deliver new values to as many customers as possible.

One of other important issues is a change in environment relating to human resources, as represented by a declining population, low birth rate and aging population. While implementing “personnel allocation in line with transformation of business structure,” we will draft countermeasures to address this issue in the fiscal year ending March 2022 to put them into practice from the following fiscal year. Concrete measures we will implement to fulfill our social responsibility include “Establish relationships to allow for growth of both employees and of the company” by promoting comfortable work environment and diversity such as active promotion of women, “Employ elder personnel with extension of retirement age in sight” and “Build safe work place with zero accident and occupational injury.”

To achieve the goals of 2030 Vision, we must not only nurture the growth areas during the period of Medium-Term Business Plan 2025 but also promote development of new materials and products and accurately capture the customer demands. While proceeding with investment activities by giving full consideration to financial discipline, we will conduct investments in a timely manner that should be necessary for accelerating the transformation of business structure. By concentratedly allocating not just funds but also other resources of the Company Group such as personnel and other assets to growth areas, we will implement measures to maximize the business value of the entire Company Group.

Aiming to become a corporate group that can provide diversified values to stakeholders and is permanently needed by society, the Company Group will concentrate its comprehensive capability to swiftly implement various measures, and contribute to realizing a sustainable society.

(5) Changes of Assets and Profit/Loss Status

Category	94th Term (Ended March 2018)	95th Term (Ended March 2019)	96th Term (Ended March 2020)	97th Term (Current) (Ended March 2021)
(million yen) Sales Revenue	1,046,499	1,068,703	1,043,912	1,007,339
(million yen) Operating income	17,613	19,615	35,048	19,233
(million yen) Ordinary Income	18,649	23,901	30,524	12,276
(million yen) Net income (loss) attributable to owners of the parent	7,847	(35,220)	14,212	3,196
(Yen) Basic earnings (loss) per share	67.80	(304.34)	122.89	27.67
(million yen) Total Assets	1,429,892	1,390,814	1,363,469	1,547,326
(%) ROE (Return on equity)	1.8	(8.6)	3.7	0.8
(%) ROA (Return on assets)	1.9	2.2	2.7	1.3

- (Notes)
- Figures rounded down to nearest million yen.
 - ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.

$$\text{ROE (Return on Equity)} = \frac{\text{Net income attributable to owners of the parent}}{\text{average of the balance at the beginning of the term and the balance at the term-end of Shareholders' equity and Accumulated other comprehensive income}}$$

$$\text{ROA (Return on assets)} = \frac{\text{Ordinary income} + \text{Interest expenses}}{\text{Total assets at the term-end}}$$
 - The Company applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018) from the beginning of the 95th Term. Total assets and ROA (Return on assets) for the 94th Term are in the figures that retrospectively apply the said accounting standard.

(6) Status of Principal Subsidiaries, etc. (As of March 31, 2021)

① Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper and paperboard business]	Million yen	%	
Nippon Paper Papyrus Co., Ltd.	3,949	100.0	Manufacture and sales of specialty paper
NP Trading Co., Ltd.	1,000	100.0	Sales of paper, pulp and chemicals
Nippon Tokai Industrial Paper Supply Co., Ltd.	350	65.0	Sales of paper and paperboard
[Livelihood-related business]			
Nippon Paper Creca Co., Ltd.	Million yen 3,067	100.0	Manufacture and sales of household tissues
Opal	(1,000 AUD) 2,462,280	100.0	Manufacture and sales of base paper for cardboard, cardboard box, printing communication paper, paper containers for general use and heavy-duty sack and paper bags; sales of packaging material and materials for industrial use
Nippon Dynawave Packaging Company LLC	(1,000 USD) 200,000	100.0	Manufacture, processing and sales of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc., manufacture and sales of pulp
[Lumber, Construction Materials, Civil Engineering and Construction-Related Business]			
Nippon Paper Lumber Co., Ltd.	Million yen 440	100.0	Sales of lumber and sawed lumber
[Others]			
Nippon Paper Logistics Co., Ltd.	Million yen 70	100.0	Warehouse, transport, and freight shipment

(Notes) 1. Figures rounded down to nearest million yen, nearest thousand Australian dollars and nearest thousand U.S. dollars.

2. The Company completed the purchase of the paperboard fiber based packaging business of Orora Limited, a listed company of the Australian Securities Exchange, in Australia and New Zealand on April 30, 2020, and made it a subsidiary of Paper Australia Pty Ltd. Opal in the above table represents a corporate group consisting of Australia Pty Ltd. and its subsidiaries.

② Status of Business Combinations

The number of consolidated subsidiaries for the current term is 54 companies and the number of equity method affiliates is 10 companies.

(7) Primary Sales Offices and Mills (As of March 31, 2021)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales Bases: Head Office, 5 sales branch offices and others Production Bases: Kushiro Mill (Kushiro-shi, Hokkaido), Asahikawa Mill (Asahikawa-shi, Hokkaido), Shiraoi Mill (Shiraoi-cho, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Kanto Mills (Ashikaga-shi, Tochigi and Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Gotsu Mill (Gotsu-shi, Shimane), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto), Higashimatsuyama Mill (Higashimatsuyama-shi, Saitama) Nippon Paper Liquid Package Product Co., Ltd. Egawa Mill (Gokamachi, Ibaraki), Miki Mill (Miki-shi, Hyogo), Ishioka Mill (Ishioka-shi, Ibaraki) Laboratories: Research Laboratory (Kita-ku, Tokyo), Packaging Research Laboratory (Kita-ku, Tokyo), Cellulose Nanofiber (CNF) Research Laboratory (Fuji-shi, Shizuoka), Chemical Products Research Laboratory (Iwakuni-shi, Yamaguchi), Functional Materials Development Laboratory (Higashimatsuyama-shi, Saitama)</p>
	<p>Nippon Paper Papylia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 1 branch office Production Bases: Harada Mill (Fuji-shi, Shizuoka), Suita Mill (Suita-shi, Osaka), Kochi Mill (Ino-cho, Kochi)</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 9 sales branch offices Production Bases: Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto)</p>
Overseas	Opal (Australia, New Zealand)
	Nippon Dynawave Packaging Company LLC (U.S.)

(Note) Hokkaido Mill of Nippon Paper Industries Co., Ltd. was split into Asahikawa Mill and Shiraoi Mill as of June 25, 2020.

(8) Status of Employees (As of March 31, 2021)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and paperboard business	5,586	-1,178
Livelihood-related business	7,350	+4,698
Energy business	78	+2
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,382	-2
Other Business	1,586	+48
All Companies (Cross-organization)	174	-4
Total	16,156	+3,564

- (Notes) 1. Number of employees means the number of personnel who are actually working.
2. "All Companies (Cross-organization)" indicates employees who belong to the administrative department and cannot be classified by specific business segment.

(9) Status of Main Lenders (As of March 31, 2021)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	104,853 million yen
Sumitomo Mitsui Banking Corporation	59,067 million yen
Japan Bank for International Cooperation	56,514 million yen
The Norinchukin Bank	47,876 million yen
Development Bank of Japan, Inc.	37,920 million yen
Sumitomo Mitsui Trust Bank, Ltd.	36,669 million yen
Meiji Yasuda Life Insurance Company	33,500 million yen
Mizuho Trust & Banking Co., Ltd.	30,500 million yen
Nippon Life Insurance Company	28,000 million yen
MUFG Bank, Ltd.	23,001 million yen

- (Notes) 1. In addition to the above, the Company procured syndicated loan which amounts to 118,655 million yen.
2. Figures rounded down to nearest million yen.

2. Shares of the Company (As of March 31, 2021)

- (1) Total number of authorized shares 300,000,000 shares
- (2) Total number of issued shares 116,254,892 shares
(including 355,784 treasury shares)
- (3) Number of shareholders 115,836
- (4) Major shareholders (Top 10)

Name	Number of shares held	Percentage of shares held
Ichigo Trust Pte. Ltd.	9,693,600	8.36%
Custody Bank of Japan, Ltd. (Trust Account)	9,327,200	8.05%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,990,600	7.76%
Mizuho Bank Ltd.	4,341,855	3.75%
Nippon Paper Industries Co., Ltd. Employee Share Ownership	3,139,129	2.71%
Nippon Life Insurance Company	2,473,165	2.13%
State Street Bank and Trust Company 505103	2,296,181	1.98%
TAIJU LIFE INSURANCE COMPANY LIMITED	2,258,900	1.95%
Nippon Paper Industries Co., Ltd. Business Partners Share Ownership	2,087,500	1.80%
Custody Bank of Japan, Ltd. (Trust Account 7)	1,793,200	1.55%

(Note) Percentage of shares held is calculated excluding the 355,784 treasury shares.

3. Officers and Directors of the Company

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman & Director	Fumio Manoshiro	
President, Representative Director	Toru Nozawa	President Corporate Officer Chairman of Japan Paper Association
Executive Vice President, Representative Director	Kazufumi Yamasaki	Executive Vice President Corporate Officer, Aide to the President President of Nippon Paper Crecia Co., Ltd.
Director	Akihiro Utsumi	Senior Managing Executive Officer, General Manager of Personnel & General Affairs Div.
Director	Takeo Konno	Managing Corporate Officer, General Manager of Sales Management & Planning Div. President of Nippon Paper Logistics Co., Ltd.
Director	Masanobu Izuka	Corporate Officer CEO, Opal
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION Outside Director of Eagle Industry Co., Ltd.
Outside Director	Yoko Hatta	Auditor of International Christian University Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.
Outside Director	Yutaka Kunigo	
Audit & Supervisory Board Member (full-time)	Hirofumi Fujimori	Statutory Auditor of Nippon Paper Crecia Co., Ltd.
Audit & Supervisory Board Member (full-time)	Kazunari Tatsu	Statutory Auditor of NP Trading Co., Ltd.
Outside Audit & Supervisory Board Member	Takafumi Okuda	Visiting Attorney at Law of Mori Hamada & Matsumoto
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd. Outside Audit & Supervisory Board Member of MISUMI Group Inc. Outside Director of OPTEX GROUP Company, Limited Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.

- (Notes)
- The following persons were newly elected at the 96th Ordinary General Meeting of Shareholders held on June 25, 2020, and took the office.
Outside Director: Yutaka Kunigo
Outside Audit & Supervisory Board Member: Takafumi Okuda
 - The following persons retired as of the conclusion of 96th Ordinary General Meeting of Shareholders held on June 25, 2020.
Outside Director: Yoshimitsu Aoyama
Outside Audit & Supervisory Board Member: Seiichi Fusamura
 - Changes of post, responsibilities and important concurrently holding offices of the Officers made during the current fiscal year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Toru Nozawa	Chairman of Japan Paper Association	(Newly appointed)	May 20, 2020
Masanobu Iizuka	CEO, Opal	General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries	June 25, 2020
	(Retired)	Director of Nippon Paper Crecia Co., Ltd,	June 17, 2020
	(Retired)	Outside Director of LINTEC Corporation	June 22, 2020
Yoko Hatta	(Retired)	Outside Audit & Supervisory Board Member of IHI Corporation	June 25, 2020
Nanako Aono	Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.	(Newly appointed)	March 19, 2021

4. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
5. Mr. Takafumi Okuda and Ms. Nanako Aono are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
6. Audit & Supervisory Board Member (full-time), Mr. Hirofumi Fujimori successively held the positions General Manager of Accounting & Budgeting Dept., Corporate Officer, and General Manager of Financial Div., and has considerable expertise in finance and accounting.
7. Audit & Supervisory Board Member (full-time), Mr. Kazunari Tatsu successively held the positions General Manager of Treasurer's Dept. and Deputy General Manager of Financial Div., and has considerable expertise in finance and accounting.
8. Outside Audit & Supervisory Board Member, Ms. Nanako Aono is licensed as a certified public accountant, and has considerable expertise in finance and accounting.
- 9 The Company has filed Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono as Independent Officers of the Tokyo Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2021)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Toru Nozawa	
Executive Vice President Corporate Officer	Kazufumi Yamasaki	Aide to the President (concurrently serving) President of Nippon Paper Crexia Co., Ltd.
Senior Managing Executive Officer	Akihiro Utsumi	General Manager of Personnel & General Affairs Div.
Senior Managing Executive Officer	Kazumori Fukushima	General Manager of Printing Paper Sales Div.
Managing Corporate Officer	Satoru Muto	President of Nippon Tokai Industrial Paper Supply Co., Ltd.
Managing Corporate Officer	Takeo Konno	General Manager of Sales Management & Planning Div.
Managing Corporate Officer	Atsushi O'haru	General Manager of Business Communication & Industrial Paper Sales Div.
Managing Corporate Officer	Yasuhito Obayashi	General Manager of Paper-Pak Sales Div.
Corporate Officer	Shoji Ueda	General Manager of Iwakuni Mill
Corporate Officer	Shigeru Inoue	General Manager of Yatsushiro Mill
Corporate Officer	Atsumi Yasunaga	General Manager of Ishinomaki Mill
Corporate Officer	Masanobu Iizuka	CEO, Opal
Corporate Officer	Yasuhiko Nishiguchi	General Manager of Kushiro Mill
Corporate Officer	Shinichiro Nakamura	General Manager of Akita Mill
Corporate Officer	Mitsuhiro Sugino	General Manager of Technical & Engineering Div. and Energy Business Div.
Corporate Officer	Takashi Ochi	General Manager of Research & Development Div.
Corporate Officer	Yoshihide Kimura	General Manager of Nakoso Mill
Corporate Officer	Yasuhito Murakami	General Manager of Shiraoi Mill
Corporate Officer	Kazuto Shimada	General Manager of Newsprint Sales Div.
Corporate Officer	Tomoyasu Itakura	General Manager of Financial Div.
Corporate Officer	Kazunori Itaya	General Manager of Chemical Sales Div.
Corporate Officer	Yoshisada Yamabe	General Manager of Fuji Mill
Corporate Officer	Akira Sebe	General Manager of Raw Materials & Purchasing Div.

(2) Amount of remuneration, etc., for Directors and Audit & Supervisory Board Members

1) Policy, etc. for determination of the contents of remuneration, etc. for each Director

In order to ensure objectivity and transparency of its remuneration system, the Company, by resolution of the Board of Directors, determined the policy for determination of the contents of remuneration, etc. for each Director (hereinafter, "Determination Policy") as follows based on deliberations by the Personnel & Remuneration Advisory Committee and advice from external experts.

- (a) In regard to monthly remuneration for Directors, the base amounts shall be determined according to their respective responsibilities in the Company. 70% of the base amount is to be paid as a fixed amount and 30% of it, in principle, is to be varied depending on the business results of the preceding fiscal year. The base amount is determined by utilizing external objective survey data, and by taking into consideration factors such as the Company's business performance, scale of business, and operating environment. Business performance indexes are established so that they may effectively function as an incentive for achieving the business performance targets, and are subject to review as necessary according to changes in the business environment. Part of each Director's monthly remuneration shall be contributed to the Nippon Paper Officers Share Ownership to purchase shares of the Company. There are no bonuses or retirement benefits.
- (b) Stock remuneration in the form of the BBT is paid to Directors to make a clearer link between the compensation provided to Directors and the Company's share value, and thereby increase their motivation to make contributions to improve the Company's mid- to long-term performance and increase its corporate value by Directors sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. Stock remuneration is a system under which the Company's shares acquired through a trust using money contributed by the Company as a source and an amount of money equivalent to the market value of the Company's shares will be delivered to the Directors through the trust. The number of shares to be delivered is calculated based on the number of points according to their respective responsibilities. Directors will receive delivery of the stock remuneration

upon their retirement from office, in principle. The ratio between fixed remuneration, performance-based remuneration, and stock remuneration paid to Directors is determined appropriately in light of the objectives of each type of remuneration.

- (c) In regard to Outside Directors and Audit & Supervisory Board Members, monthly remuneration is paid to them at fixed amounts. In light of the type of their responsibilities, contribution to the Nippon Paper Officers Share Ownership shall be voluntary.

[Remuneration for Internal Directors]

	Fixed remuneration	Performance-based remuneration	BBT (from the fiscal year ended March 31, 2020)
Method	Cash payment		Award points
Maximum remuneration	700 million yen per year		25,000 points per year (1 point is equivalent to 1 share)
Payment timing	Monthly (no bonuses or retirement benefits)		Upon retirement as Directors (Cumulative points are converted to shares and awarded)
Calculation method	Base amounts shall be determined according to their respective responsibilities, 70% of which is paid as a fixed amount.	Base amounts shall be determined according to their respective responsibilities, 30% of which in principle is paid after making adjustments according to the business results of the preceding fiscal year.	Award the number of points as determined by their position
Performance standards	—	40%: Consolidated performance (net sales, operating income and ROA) 60%: Non-consolidated performance (net sales, ordinary income and ROA)	—
Other	Part of the remuneration is contributed to the Nippon Paper Officers Share Ownership		—

(Notes)

1. Performance-based remuneration for Internal Directors in and after July this year will be reviewed by the Personnel & Remuneration Advisory Committee. From the viewpoint of emphasizing the Group management, the ratios of performance standards are expected to be 70% for consolidated performance and 30% for non-consolidated performance.
2. Outside Directors and Audit & Supervisory Board Members receive fixed monthly remunerations only.

- 2) Reasons for the Board of Directors to have judged that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy

At the Company, the Personnel & Remuneration Advisory Committee has confirmed that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy. Procedure to determine remuneration is as follows.

- (a) To further strengthen corporate governance, the Company has established the Personnel & Remuneration Advisory Committee as an advisory body for the Board of Directors. The majority of this Committee shall consist of Independent Outside Directors.
- (b) The Personnel & Remuneration Advisory Committee, being consulted by the Board of Directors regarding the system for remuneration for Directors and Audit & Supervisory Board Members of the Company and other related matters, shall deliberate the appropriateness of such a system, etc., and provide advice based on the evaluation of business performance and other factors of the Company.
- (c) The Personnel & Remuneration Advisory Committee shall consist of the President and Representative Director, the General Manager of the Personnel & General Affairs Division and the Independent Outside Directors, and its secretariat shall be the General Manager of the Personnel Department.
- (d) The Personnel & Remuneration Advisory Committee shall deliberate, with the appropriate involvement of the Independent Outside Directors who are the members of the Committee, receiving their advice.
- (e) The Board of Directors shall determine the remuneration, etc. for Directors, receiving the opinions of the Personnel & Remuneration Advisory Committee.

(3) Total amount of remuneration, etc., for Directors and Audit & Supervisory Board Members for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. by type (million yen)			Total amount (million yen)
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	10	299	70	32	403
(Outside Directors included in above)	[4]	[36]	[—]	[—]	[36]
Audit & Supervisory Board Members	5	58	—	—	58
(Outside Audit & Supervisory Board Members included in above)	[3]	[13]	[—]	[—]	[13]

- Notes:
1. Figures rounded down to the nearest million yen.
 2. The numbers above include one (1) Director and one (1) Audit & Supervisory Board Member who retired during the relevant business year.
 3. A resolution for the maximum total remuneration for Directors to be 700 million yen per fiscal year (60 million yen per fiscal year for Outside Directors) was adopted at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019. Separately from the aforementioned amount, it was resolved to introduce a Stock Compensation Plan “Board Benefit Trust (BBT)” to Directors (excluding Outside Directors). The upper limit of the points to be awarded to the Directors based on the plan is 25,000 points per fiscal year (1 point is equivalent to 1 share of the Company stock). The number of Directors at the time of the closing of the Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
 4. A resolution for the maximum total remuneration for Audit & Supervisory Board Members to be 120 million yen per fiscal year was adopted at the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007. The number of Audit & Supervisory Board Members at the time of the closing of the Ordinary General Meeting of Shareholders was four.
 5. Of the performance evaluation standards, sales revenue was selected to pursue expansion in topline, while operating income and ordinary income were selected to improve profitability, and ROA was selected to promote effective utilization of assets, respectively, as performance indicators.
 6. Results of indicators for performance-based remuneration during the current fiscal year were consolidated sales revenue of 1,043,900 million yen, non-consolidated sales revenue of 638,400 million yen, consolidated operating income of 35,000 million yen, non-consolidated ordinary income of 18,000 million yen, consolidated ROA of 2.7% and non-consolidated ROA of 2.1%.
 7. The “Board Benefit Trust (BBT)” is a stock compensation plan under which shares of the Company will be acquired through a trust from the stock market using money contributed by the Company as a source within the amount approved by the 95th Ordinary General Meeting of Shareholders held on June 27, 2019, and the Company’s shares and the money equivalent to the market value of the Company’s shares will be delivered to the Directors, (excluding Outside Directors) and Corporate Officer other than Directors, etc. through the trust in accordance with the Officer Stock Benefit Regulations established by the Company. In principle, the Directors, etc. will receive delivery of the Company’s shares, etc. upon their retirement from office. The trust will not exercise voting rights pertaining to the Company’s shares held by the trust account based on the instructions from the trust administrator, who is independent from the Company.

(4) Matters Regarding Outside Officers

- ① Concurrently served executive posts, etc. in other entities, etc., and relationship between the Company and such entities, etc.

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION	No special relationship
		Outside Director of Eagle Industry Co., Ltd.	Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (The amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
Outside Director	Yoko Hatta	Auditor of International Christian University	No special relationship
		Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	No special relationship
Outside Audit & Supervisory Board Member	Takafumi Okuda	Visiting Attorney at Law of Mori Hamada & Matsumoto	No special relationship
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd.	No special relationship
		Outside Audit & Supervisory Board Member of MISUMI Group Inc.	Although the Company has purchase transactions related to equipment with MISUMI Group Inc., the amount of transactions is negligible (The amount of the Company's purchases from MISUMI Group Inc. is less than 1% of the net sales of MISUMI Group Inc.).
		Outside Director of OPTEX GROUP Company, Limited	No special relationship
		Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.	No special relationship

(Note) Ms. Yoko Hatta retired from the office of Outside Audit & Supervisory Board Member of IHI Corporation due to the expiration of her term of office on June 25, 2020. Although the Company has purchase transactions related to equipment with IHI Corporation, the amount of transactions is negligible (The amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation).

② Major activities in the current fiscal year

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Makoto Fujioka	13 of 13 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his extensive knowledge and international perspective cultivated through his experience in both public and private sectors. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors meetings on the promotion of growth strategies and how to communicate information thereof to investors, as well as the significance of discussions at the Board of Directors meetings with an emphasis on medium- to long-term perspective.
Outside Director	Yoko Hatta	13 of 13 (100%)	—	The Company expects her to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging her extensive experience in international accounting firms, and deep insight on international taxation, etc. She asked suitable questions both on resolutions and on reports, as well as voiced her opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, she voiced her opinion at the Board of Directors meetings on the use of advisors regarding the integration of overseas investees, and matters of note in managing its progress.

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Yutaka Kunigo	10 of 10 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his broad career at Tokyo Gas Co., Ltd., experience in leading the management as Representative Director, Executive Vice President, and deep insight accumulated in the international energy business. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors meetings on how to tackle the climate change issue, along with how to provide explanation to stakeholders in such efforts.
Outside Audit & Supervisory Board Member	Takafumi Okuda	10 of 10 (100%)	10 of 10 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert as an attorney at law, as well as voiced his opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, he discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced his opinions from an independent perspective, as necessary.
Outside Audit & Supervisory Board Member	Nanako Aono	12 of 13 (92.3%)	14 of 14 (100%)	She asked suitable questions both on resolutions and on reports based on her extensive experience in the private sector and from the perspective of an expert as a certified public accountant, as well as voiced her opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, she discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced her opinions from an independent perspective, as necessary.

③ Outline of the Contract for Limitation of Liabilities

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company entered into a Contract for Limitation of Liabilities with Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono, which limits the amount of their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount provided in laws and ordinances.

④ Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	7	49 million yen

- (Note)
1. Figures rounded down to nearest million yen.
 2. The numbers above include one (1) Director and one (1) Audit & Supervisory Board Member who retired during the relevant business year.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for the Accounting Auditor during the relevant fiscal year

	Amount
① Amount of remuneration, etc. to be paid to Accounting Auditor by the Company	201 million yen
② Total amount of cash and other financial benefits to be paid to accounting auditor by the company and subsidiaries of the Company	291 million yen

(Notes) 1. Figures rounded down to nearest million yen.

2. The Audit & Supervisory Board gave consent on the amount of remuneration, etc. to be paid to the Accounting Auditor as a result of the careful screening of details of the audit plan for the current fiscal year such as the schedule for the audit and the staff allocation, checking and evaluation of the audit performance for the preceding fiscal year, appropriateness of the Accounting Auditor's auditing operation concerning the business operation of the Company and the grounds for calculation of the estimates that become the basis of the amount of remuneration, etc.

3. Since the amounts of remuneration, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not explicitly distinguished in the audit contract between the Company and Accounting Auditor and cannot be practically distinguished, the amount in ① above includes remuneration, etc. for audits under the Financial Instruments and Exchange Act.

4. Among the Company's primary subsidiaries, Opal has undergone a statutory audit by Ernst & Young, which belongs to the same network as the Company's Accounting Auditor.

5. Among the Company's primary subsidiaries, Nippon Dynawave Packaging Company, LLC has undergone a statutory audit by Moss Adams LLP, which does not belong to the same network as the Company's Accounting Auditor.

(3) Contents on non-audit service

The Company pays compensation to Ernst & Young ShinNihon LLC for advisory services related to the application of "Accounting Standard for Revenue Recognition" which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan.

(4) Policy for determining Accounting Auditor dismissal or non-reappointment

① If the Accounting Auditor falls under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members pursuant to the provision of the same Article.

② The Audit & Supervisory Board shall determine the contents of any proposal regarding dismissal or non-reappointment to be submitted to the General Meeting of Shareholders with due consideration for the

independence and the qualifications of the accounting auditor provided in the related laws and regulations or standards, etc. (Business Accounting Council “Quality Control Standards for Audit” Oct. 28, 2005, etc.).

5. System to ensure the appropriateness of business operation and the status of operation of such system

(1) System to ensure the appropriateness of business operation

The Company formulated the Basic Policies to Establish the Internal Control Systems by a resolution adopted at the Board of Directors meeting held on May 25, 2006, and has made necessary amendments as needed. The details of the Basic Policies are as follows:

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
 - (a) 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.

- (b) Introduce the Corporate 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 Corporate Officers, to clarify where the responsibility and authority lay.
 - (c) Each business sector and each group company will not only establish a three (3) year medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
 - (d) 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
- (a) Establish the "Nippon Paper Group Action Charter" and "Nippon Paper Codes of Conduct," and familiarize all employees with compliance thereto.
 - (b) The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
 - (c) 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
- (a) 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.
 - (b) 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.

- (c) 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
- (a) 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.
 - (b) 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.
- 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
- (a) Directors, Corporate 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, Corporate Officers and employees make a report to them.
 - (b) Further, in order to appropriately convey the Company's information to the Audit & Supervisory Board Members, without limiting to the reports from the Directors, Corporate 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.
 - (c) 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.

- (d) 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.
 - (e) 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.
 - (f) 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.
 - (g) 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.
 - (h) 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.

- (2) Status of operation of the system to ensure the appropriateness of operation
The Company strives to ensure the appropriateness of operation through formulating and operating the Basic Policies to Establish the Internal Control Systems. The outline of the operation of the system to ensure the appropriateness of operation of the Company during the current fiscal year was as follows.

① Risk management system

- (a) Starting with the current fiscal year, the Company has established a Risk Management Committee chaired by President, Representative Director. At the Committee, risks projected by the Company Group were identified, and reports were made on the review of business continuity plan (BCP) for the Company's headquarters in case of an earthquake directly below the capital. As risks materialized during the current fiscal year, the Committee discussed response to COVID-19, earthquakes and heavy rainfalls, and studied issues going forward.
- (b) The Company established the Environmental Committee, the Safety and Disaster Prevention Committee, the Product Safety Committee and the Raw Materials Committee to promote risk management activity across the entire Company Group. Each Committee was held during the current fiscal year to confirm efforts of each group company.
- (c) With the occurrence of unprecedented situations, the CSR Division deliberates further enhancement and rebuilding of the risk management system to address various possible risks for the Company Group from a business continuity perspective.

② Compliance system

- (a) The Company operates the Nippon Paper Group Help Line as its internal reporting system. The Compliance Office of the Risk Management Dept., which is in charge of this system, has responded to all the items reported and consulted via this system and addressed each issue appropriately in alliance with related departments, specialized external companies and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office to the Management Execution Committee and the details were

reported quarterly to the Audit & Supervisory Board Members.

- ③ Audit & Supervisory Board Members' audit and internal audit
 - (a) The Audit & Supervisory Board Members attended important meetings such as Board of Directors meetings, and meetings of the Group Management Strategy Committee and Management Execution Committee. The Audit & Supervisory Board Members held fourteen meetings to share information, while performing onsite audits at each department and office of the Company, as well as group companies. The Audit & Supervisory Board Members held three meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, at which they received reports on audit activities at each group company.
 - (b) The Management Audit Office performed internal audits of the Company and the group companies and provided support for improvement as necessary, including introduction of external experts to the audited sites. The Office also made reports on the results to President and Representative Director and full-time Audit & Supervisory Board Members twice and Outside Directors and Outside Audit & Supervisory Board Members twice. The Management Audit Office also performed evaluation on validity of internal audits regarding financial reporting of the Company and the group companies. President and Representative Director reported summaries of these result to the Board of Directors.
 - (c) The Audit & Supervisory Board Members and the Management Audit Office held an information exchange meeting once a month. In addition, the Management Audit Office attended meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee to integrate Audit & Supervisory Board Members' audits and internal audits. Audit & Supervisory Board Members periodically received reports from the Accounting Auditor on the results of accounting audits and shared information.

- ④ The Group companies' business management
 - (a) The Presidents' Meeting of associated companies was held among the Company and its 19 primary group companies, where each group company reported progress of the Medium-Term Business Plan, and outlook for and issues regarding the impact of COVID-19.

- (b) The Group Management Strategy Committee consisting of major officers of the Company and presidents of four major group companies, engages in discussion from a group-wide perspective, by facilitating information sharing within the Group, speedier decision making, and maximum utilization of the Group's management resources. With the attendance of Outside Directors and Outside Audit & Supervisory Board Members, the Committee deliberated on strategic projects and long-term vision during the current fiscal year, and asked opinions from outside officers based on their abundant experience and expertise and had active discussions.
- ⑤ System of execution of duties
- (a) The Board of Directors held thirteen regular meetings. Material matters are deliberated in advance at the Management Strategy Committee and Management Execution Committee and submitted to the Board of Directors.
 - (b) With regard to the effectiveness of the Board of Directors, self-evaluation was performed in the form of a questionnaire and deliberated at the Board of Directors meeting. It was confirmed that opportunities have been appropriately secured to discuss strategic projects and long-term vision at the Board of Directors meeting, and through discussions, understanding of mid- to long-term strategic projects was deepened and that supervisory function of the Board of Directors has been augmented.

6. Stocks for strategic purposes

[Policy for shareholdings]

The Company holds shares that are judged to be contributing to the improvement of corporate value, upon verifying the effects of holding individual stocks for strategic purposes in terms of medium- to long-term economic rationale for holding, and maintaining and reinforcing comprehensive relationships with business partners.

The significance of such shareholdings is verified at the Board of Directors meeting every year. If the Company deems there to be no good reason to hold certain stocks, the Company shall sell them in light of gains and losses, etc. from such stocks.

[Standard for exercising voting rights]

In exercising voting rights pertaining to stocks for strategic purposes, the Company shall examine the contents of each proposal, and exercise as appropriate upon judging whether or not the proposal will contribute to the improvement of the corporate value of the Company and the investee company. The Company shall not vote for any proposal that would impair the corporate value of the Company and the investee company.

Consolidated Financial Statements
Consolidated Balance Sheet

(As of March 31, 2021)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[533,764]	Current liabilities	[426,687]
Cash and Deposit	69,733	Notes payable and	
Notes receivable and		accounts payable-trade	125,115
accounts receivable-trade	251,210	Short-term loan payable	199,009
Merchandise and finished		Corporate income taxes	
goods	84,596	payable, etc.	3,799
Work in process	18,241	Other current liabilities	98,762
Raw materials and Supplies	70,840	Fixed liabilities	[695,918]
Other current assets	39,993	Bonds payable	35,000
Allowance for doubtful		Long-term loan payable	574,846
accounts	(851)	Deferred tax liabilities	32,898
Fixed assets	[1,013,562]	Provision for	
(Tangible fixed assets)	[782,012]	environmental measures	14,223
Buildings and Structures	152,666	Retirement benefits	
Machinery, Equipment and		liabilities	12,790
Vehicles	336,803	Other fixed liabilities	26,159
Land	207,556	Total liabilities	1,122,605
Forested land and forestation	24,183	Net assets	
Construction in progress	35,275	Shareholders' equity	[362,124]
Other tangible fixed assets	25,526	Capital	104,873
		Capital Surplus	216,417
(Intangible assets)	[24,710]	Retained earnings	42,672
Intangible assets	24,710	Treasury Stocks	(1,839)
		Accumulated other	
(Investment and other		comprehensive income	[50,244]
assets)	[206,839]	Valuation difference on	
Investment securities	161,375	other securities	23,407
Retirement benefits assets	19,206	Deferred gain or loss on	
Deferred tax assets	7,134	hedges	140
Other investment and other		Currency translation	
assets	19,699	adjustment account	22,160
Allowance for doubtful		Accumulated adjustment	
accounts	(577)	of retirement benefits	4,536
		Non-controlling interests	[12,352]
		Total net assets	424,721
Total assets	1,547,326	Total liabilities	
		/net assets	1,547,326

Consolidated Statement of Profit and Loss

(From April 1, 2020 through March 31, 2021)

(Unit: million yen)

Category	Amount	
Net sales		1,007,339
Cost of sales		803,686
Gross income		203,653
Expenses for sales and general administration		184,419
Operating income		19,233
Non-operating income		
Interest Income	258	
Dividend Income	1,754	
Equity in earnings of affiliates	4,728	
Rent income	1,307	
Subsidy income	1,052	
Miscellaneous income	1,198	10,299
Non-operating expenses		
Interest expenses	7,374	
Foreign exchange losses	3,513	
Business commencement expenses	2,094	
Miscellaneous expenses	4,274	17,256
Ordinary income		12,276
Extraordinary income		
Gain on sales of investment securities	14,547	
Compensation income	1,899	
Others	407	16,855
Extraordinary losses		
Impairment losses	8,584	
Loss on disaster	3,495	
Loss on retirement of fixed assets	2,568	
Loss on tax purpose reduction entry of fixed assets	1,738	
Others	2,086	18,474
Net income before tax and other adjustment for the current term		10,657
Corporate income tax, inhabitant tax and business tax	5,223	
Adjustment for corporate income tax, etc.	(717)	4,505
Net income for the current term		6,151
Net income attributable to non-controlling interests		2,954
Net income attributable to owners of the parent		3,196

TRANSLATION

Financial Statements**Balance Sheet**

(As of March 31, 2021)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[381,706]	Current liabilities	[302,559]
Cash and Deposit	55,414	Notes payable	8,341
Notes receivable	1,053	Accounts payable-trade	48,085
Accounts receivable-trade	145,161	Short-term loan payable	187,373
Merchandise and finished goods	35,976	Account payable	39,871
Work in process	11,649	Accrued expenses	6,812
Raw materials and Supplies	43,641	Corporate income taxes payable, etc.	765
Short-term loan receivable	65,139	Other current liabilities	11,310
Other accounts receivable	19,768	Fixed liabilities	[594,369]
Other current assets	11,162	Bonds payable	35,000
Allowance for doubtful accounts	(7,263)	Long-term loan payable	519,752
Fixed assets	[815,239]	Provision for share-based remuneration for directors (and other officers)	201
(Tangible fixed assets)	[425,091]	Provision for environmental measures	13,307
Buildings	75,343	Deferred tax liabilities	4,257
Structures	19,199	Deferred tax liabilities for revaluation	18,480
Machinery and Equipment	146,886	Other fixed liabilities	3,370
Vehicles	36	Total liabilities	896,929
Tools, furniture and fixture	3,465	Net assets	
Land	144,355	Shareholders' equity	[272,133]
Forested land & forestation	18,096	Capital	104,873
Lease assets	1,527	Capital surplus	130,228
Construction in progress	16,180	Legal capital surplus	83,552
(Intangible assets)	[4,265]	Other capital surplus	46,676
Software	2,936	Retained earnings	38,554
Other intangible assets	1,329	Legal retained earnings	432
(Investment and other assets)	[385,883]	Other retained earnings	38,122
Investment securities	48,555	Reserve for prevention of specific disasters	127
Shares in and investment in capital of affiliates	323,221	Reserve for reduction entry of fixed assets	3,212
Long-term loan receivable	26	Reserve for special account for tax purpose reduction entry	132
Long-term prepaid expenses	725	Retained earnings carried forward	34,650
Prepaid pension cost	9,100	Treasury Stocks	(1,523)
Other investment and other assets	4,718	Valuation and translation adjustments, etc.	[27,882]
Allowance for doubtful accounts	(464)	Valuation difference on other securities	20,019
		Deferred gain or loss on hedges	346
		Revaluation difference on land	7,516
		Total net assets	300,016
Total assets	1,196,946	Total liabilities/net assets	1,196,946

TRANSLATION

Statement of Profit and Loss

(From April 1, 2020 through March 31, 2021)

(Unit: million yen)

Category	Amount	
Net sales		516,001
Cost of sales		420,191
Gross income		95,810
Expenses for sales and general administration		94,470
Operating income		1,339
Non-operating income		
Interest and dividend Income	16,814	
Miscellaneous income	2,636	19,451
Non-operating expenses		
Interest expenses	5,718	
Business commencement expenses	2,094	
Miscellaneous expenses	3,572	11,384
Ordinary income		9,406
Extraordinary income		
Gain on sales of investment securities	14,284	
Compensation income	1,893	
Others	333	16,511
Extraordinary losses		
Impairment losses	8,588	
Loss on disaster	3,445	
Loss on retirement of fixed assets	2,304	
Loss on tax purpose reduction entry of fixed assets	1,695	
Others	1,621	17,655
Pre-tax net income for the current term		8,262
Corporate income tax, inhabitant tax and business tax	(3,410)	
Adjustment for corporate income tax, etc.	1,452	(1,958)
Net income for the current term		10,220

TRANSLATION

Audit Report

Independent Auditor's Report on the Consolidated Financial Statements: True Copy

Independent Auditor's Report

May 19, 2021

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office
Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (Seal)

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements of Nippon Paper Industries Co., Ltd. (the "Company") for the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally

TRANSLATION

accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[END]

TRANSLATION

Accounting Auditor's Report; True Copy

Independent Auditor's Report

May 19, 2021

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (Seal)

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc. and the related notes, and the accompanying supplementary schedules of Nippon Paper Industries Co., Ltd. (the "Company") for the 97th fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

TRANSLATION

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[End]

TRANSLATION

Audit Report of the Audit & Supervisory Board: True Copy

Audit Report

The Audit & Supervisory Board, upon deliberation based on the audit reports prepared by each of the Audit & Supervisory Board Members on execution of duties by the Directors during the 97th fiscal year, from April 1, 2020 through March 31, 2021, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined the audit policy and the task division, and in addition to receiving reports about the status of implementation of audit and result thereof from each Audit & Supervisory Board Member, received reports from Directors, etc. and from the Accounting Auditor on the status of execution of their duties, and, when necessary requested their explanations.
- (2) In compliance with the Audit & Supervisory Board Members' audit standards which the Audit & Supervisory Board established, and in accordance with the audit policy and task division, each Audit & Supervisory Board Members endeavored to gather information and to improve audit environment through communicating well with the Directors, the management monitoring office, and other employees, etc. and conducted audits by the following methods;
 - (i) Attended the Board of Directors' meetings and other important meetings to receive reports from the Directors and employees, etc. on the status of execution of their duties and requested their explanations as needed; reviewed important documents of decision making, etc.; and examined the status of performance and assets at the Company's head office and primary business offices. As to the subsidiaries, we communicated with and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of the subsidiaries, and visited the subsidiaries, etc. and received reports on their businesses as needed.
 - (ii) Received reports regularly, requested their explanations as necessary and expressed our opinion about the status of formation and operation of the systems (the internal control system), including the system to ensure execution of duties by Directors in conformity with laws or ordinances and the Articles of Incorporation described in the Business Report and the system formed in accordance with the resolutions and the substance thereof by the Board of Directors regarding formulation of other system which is provided in the paragraph 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as a necessary system to ensure appropriate business operation of a corporate group consisting of the stock company and its subsidiaries.
 - (iii) As to the basic policy on suitability of person who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act, and each of its approach as described in the Business Report, we conducted study of the contents in view of the status, etc. of deliberation by the Board of Directors and other bodies.
 - (iv) Monitored and verified whether the Accounting Auditor maintained its independent position and implemented appropriate audits, and received reports from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested explanation from them. We also received the notice from the Accounting Auditor to the effect that the firm has established the "system to ensure appropriate execution of their duties" (as stipulated in each Item in the Article 131 of the Corporate Accounting Rule) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and, when necessary, requested their explanations.

Through the methods above, we examined the Business Report and its Supplementary Schedule, the financial statements (the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc., and the notes to the non-consolidated financial statements) and its supplementary schedule as well as the consolidated financial statement (the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statement) for the current fiscal term.

2. Conclusion of the audit

(1) Conclusion of audit of the Business Report, etc.

- (i) We find that the business report and its supplementary schedule fairly present the status of the Company in compliance with the laws or ordinances and the Articles of Incorporation.
- (ii) We find that there is no material fact of misconduct or serious violation of laws or ordinances or the Articles of Incorporation by any Directors in executing of their duties.
- (iii) We find that the substance of resolutions by the Board of Directors regarding the internal control system

TRANSLATION

is appropriate. In addition, we find that there is no other item to be pointed out as to the entries in the Business Report regarding the relevant internal control system or as to execution of duties by the Directors including the internal control system relating to the financial report.

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy and its initiatives on suitability of person(s) who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act.

(2) Conclusion of audit on the Financial Statement and its Supplementary Schedule

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

(3) Conclusion of audit on the Consolidated Financial Statement

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

May 19, 2021

Audit & Supervisory Board

Nippon Paper Industries Co., Ltd.

Standing Audit & Supervisory Board Member (full-time) Hirofumi Fujimori (Seal)

Audit & Supervisory Board Member (full-time) Kazunari Tatsu (Seal)

Audit & Supervisory Board Member Takafumi Okuda (Seal)

Audit & Supervisory Board Member Nanako Aono (Seal)

(Note) Audit & Supervisory Board Member Takafumi Okuda and Audit & Supervisory Board Member Nanako Aono are the Outside Audit & Supervisory Board Members stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]