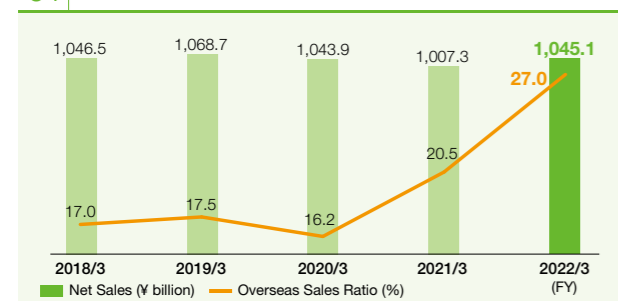


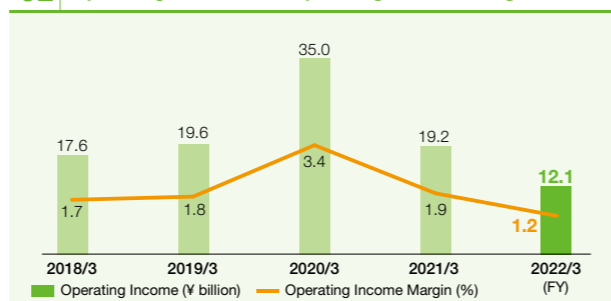
Financial Highlights

01 Net Sales and Overseas Sales Ratio



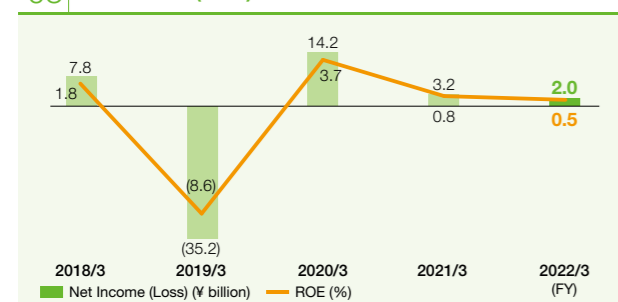
Net sales in FY2022/3 totaled ¥1,045.1 billion, exceeding the previous fiscal year, due in part to a rebound from decreased demand during the COVID-19 pandemic. In addition, the overseas sales ratio grew to 27.0%, partially because of the full-year contribution from the paperboard and fiber-based packaging business of Opal, which was transferred to the Nippon Paper Group in 2020.

02 Operating Income and Operating Income Margin



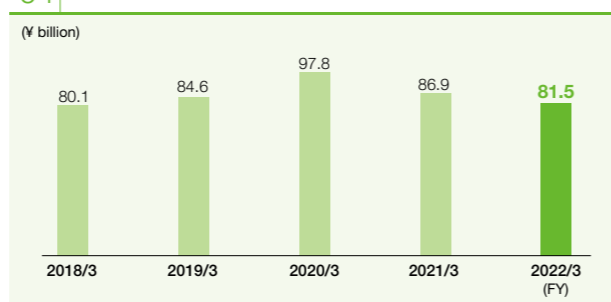
In FY2022/3, operating income was ¥12.1 billion, while the operating income margin was 1.2%. Both were lower than the previous fiscal year due largely to the impact of surges in fuel prices. In Medium-Term Business Plan 2025, the Group aims to achieve operating income of ¥40.0 billion or more at an early stage, and will advance initiatives to improve earnings.

03 Net Income (Loss)*1 and ROE*2



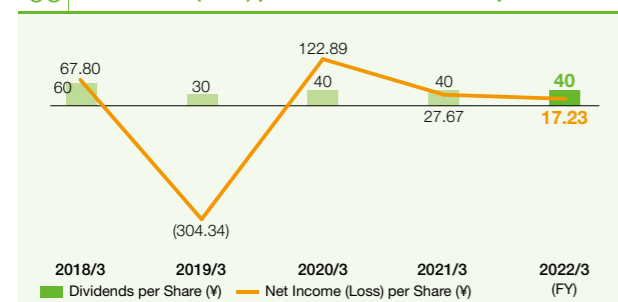
As a result of recording expenses incurred from the reorganization of the production structure undertaken to accelerate the business structure transformation as extraordinary loss, net income in FY2022/3 was ¥2.0 billion. The Group will improve ROE by the latter half of Medium-Term Business Plan 2025, and targets ROE of 5.0% or more.

04 EBITDA*3



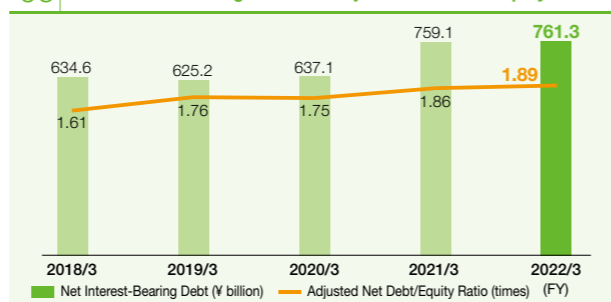
EBITDA has remained in the ¥80.0–90.0 billion range for the past few years, and totaled ¥81.5 billion in FY2022/3. The Group aims to stably record EBITDA of ¥100.0 billion in order to enhance the usage of capital such as for investment toward growth and repayment of debts and shareholder returns.

05 Net Income (Loss) per Share and Dividends per Share



Net income per share in FY2022/3 was ¥17.23. The Group has established a basic policy of determining shareholder returns after comprehensively considering factors such as results and the status of internal reserves, and paid dividends per share of ¥40 in FY2022/3.

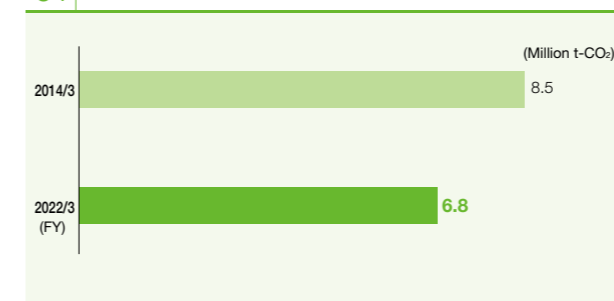
06 Net Interest-Bearing Debt and Adjusted Net Debt/Equity Ratio*4



Net interest-bearing debt at the end of FY2022/3 increased slightly from the previous fiscal year, and the adjusted net debt/equity ratio was 1.89 times. The Group will accelerate business structure transformation, aiming to achieve an adjusted net debt/equity ratio of 1.5 to 1.6 times, a target of Medium-Term Business Plan 2025.

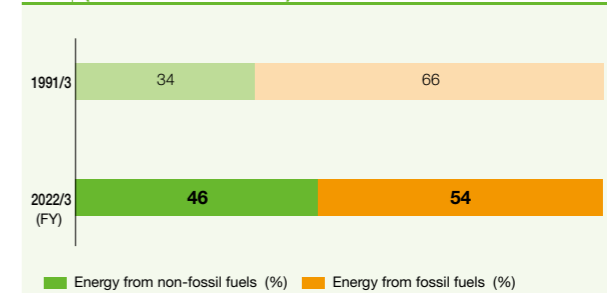
Non-Financial Highlights

01 Greenhouse Gas Emission Volume*1



The Company promotes energy conservation measures and fuel conversion to woody biomass and waste-oriented fuels aiming for carbon neutrality by 2050, while advancing scenarios depicted in the 2030VISION ahead of schedule, through additional measures.

02 Non-Fossil Energy Use Ratio in the Group*1 (Calorie Conversion*2)



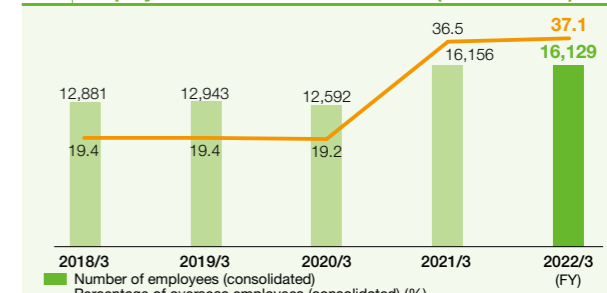
In order to reduce GHG emissions, the Company works to improve the non-fossil energy use ratio, while promoting resource circulation in Japan by accelerating the conversion from fossil fuels such as coal to non-fossil fuels like woody biomass and waste-oriented fuels.

03 Forest Certification Rate among Company-Owned Forests



The Company conducts sustainable forest management with consideration for the environment, society, and the economy in the approximately 160,000 hectares of forests it manages both in Japan and overseas, and has obtained forest certification for all of them.

04 Number of Employees (Consolidated) and Percentage of Employees at Overseas Subsidiaries (Consolidated)



The Company is making advancements in reassigning employees to new businesses and growing businesses in order to accelerate business structure transformation. In growing businesses, it focuses on capturing overseas markets, and continues to expand business with a focus on Southeast Asia and Oceania, where population increase and economic growth are expected.

05 Percentage of New Female Graduate Employment for Managerial-Track Employees and Percentage of Female Managers*3



In order to promote diversity, the Company formulated the Action Plan for the Advancement of Women in April 2021. It is working on arranging environments to achieve its targets and on increasing the number of women hired for managerial-track employment.

06 Number of Meetings Attended by Outside Directors (Average of Three People in FY2022/3)

- Board of Directors meetings: 13 times
- Group Management Strategy Committee meetings: 23.3 times
- Personnel & Remuneration Advisory Committee meetings: 3 times
- Meetings with institutional investors: 2 times
- Management Executive Committee meetings: 11.3 times
- Other meetings: 47 times

The Company continues to ensure opportunities for outside directors to attend meetings with institutional investors and meetings to discuss business strategy and enhance functions in order to strengthen corporate governance.

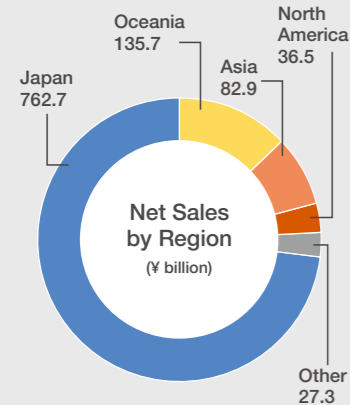
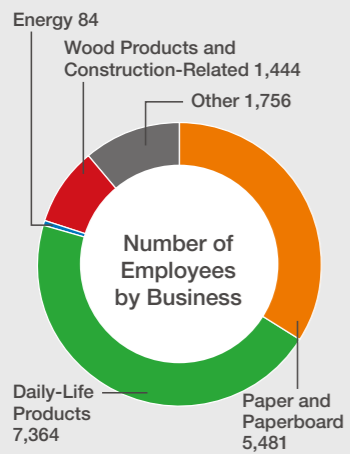
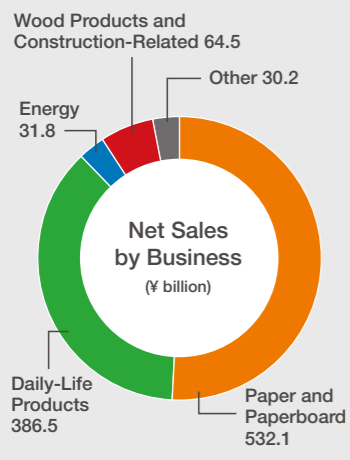
*1 Profit (loss) attributable to owners of parent *2 Return (loss) on equity (ROE) = Profit (loss) attributable to owners of parent / [Average of balances at the beginning and end of fiscal year (Shareholders' equity + Accumulated other comprehensive income)] x 100 *3 EBITDA = Operating income + Depreciation + Interest income + Dividend income + Amortization of goodwill *4 Adjusted net debt/equity ratio = (Net interest-bearing debt - Equity-type debt) / (Shareholders' equity + Equity-type debt*) *5 Equity-type debt: The amount of debt financed by hybrid loans that has been recognized as equity credit by ratings agencies (50% of the financed amount)

*1 Consolidated and non-consolidated subsidiaries *2 Estimate by Nippon Paper Industries based on domestic primary energy supply data (finalized data for FY2020/3) by the Agency for Natural Resources and Energy *3 Nippon Paper Industries



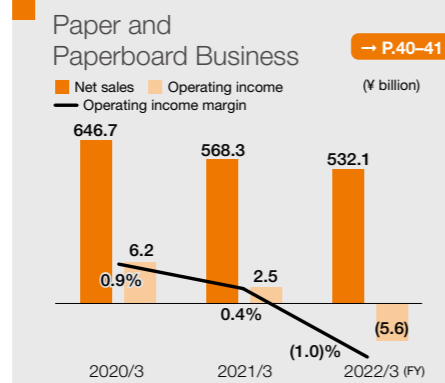
FY2022/3 Results

[Net sales]
¥1,045.1 billion
 [Operating income]
¥12.1 billion



Main Products and Services / Key Indices

Overview of Business and Financial Results

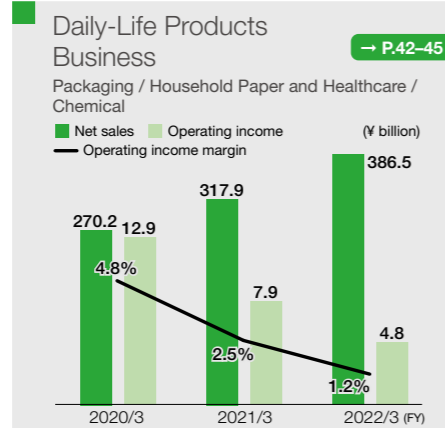


Paper: Newsprint, printing paper, business communication paper, industrial paper, functional specialty paper, functional paper
Paperboard: Containerboards, white paperboards

Paper: Develops and sells environmentally friendly products that leverage paper's recyclability and biodegradability, in addition to products that pursue paper's function of conveying information.
Paperboard: Supplies products with outstanding safety, adhesion, and ease of conversion through environmentally friendly, cutting-edge manufacturing technology and product development that responds to the changing times.

Net sales: **¥532.1 billion** (Down 6.4% YoY)
 Operating income: **¥(5.6) billion**
 Consolidated subsidiaries: **9** subsidiaries (5 domestic, 4 overseas)

Sales volume of newsprint in Japan decreased from the previous fiscal year, mainly due to the impact of the halt of operations caused by earthquakes. Sales volume of printing paper in Japan increased from the previous fiscal year, reflecting a rebound from a large decline in demand caused by the COVID-19 pandemic in the previous fiscal year. Sales volume of containerboards in Japan rose from the previous fiscal year, owing to steady demand for processed foods and mail-order products, in addition to a recovery in demand for industrial products and similar items. Operating loss was recorded due to surging prices for raw materials and fuel, such as coal, oil, and wood chips, for both paper and paperboard. The effects of the price revisions announced in the latter half of 2021 will emerge primarily in FY2023/3.

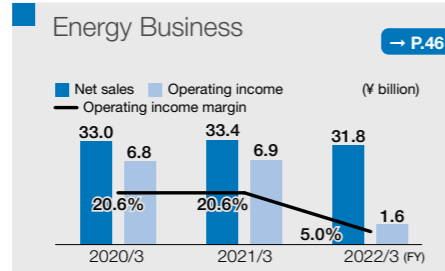


Packaging: Liquid packaging cartons (domestic), corrugated boxes (overseas)
Household Paper and Healthcare: Facial tissues, toilet paper rolls, adult diapers
Chemical: Dissolving pulp, chemical products, functional coating resin products, functional films

Packaging: In Japan, engages in a variety of operations, ranging from conversion of liquid packaging boards to sales and maintenance services for filling machines. Overseas, produces and converts materials for packaging at Opal and Nippon Dynawave Packaging Company, LLC (NDP).
Household Paper and Healthcare: Provides a wide variety of products, including household product brands Kleenex® and SCOTTIE®, healthcare products and business-use products.
Chemical: Provides chemical and other products harnessing technologies to utilize wood resources for various materials and coating technology developed through paper production.

Net sales: **¥386.5 billion** (Up 21.6% YoY)
 Operating income: **¥4.8 billion** (Down 39.6% YoY)
 Consolidated subsidiaries: **24** subsidiaries (5 domestic, 19 overseas)

In the domestic Packaging Business, sales volume of liquid packaging cartons decreased slightly from the previous fiscal year due to the effects of the COVID-19 pandemic. In the overseas Packaging Business, net sales increased, and losses contracted because of the steady operation of NDP's pulp drying machine, in addition to improved earnings at Opal. In the Household Paper and Healthcare Business, net sales increased year on year mainly due to a rebound from a decline in demand caused by the COVID-19 pandemic in the previous fiscal year. However, earnings decreased due to surging prices for raw materials and fuel, such as pulp. In the Chemical Business, earnings improved, supported by an increase in sales volume of dissolving pulp and a recovery in market price. In addition, demand for functional films and chemical products remained mostly firm.

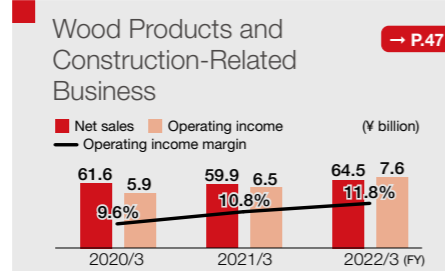


Electricity sales

Engages in the power generation business using woody biomass fuels and other energy sources, harnessing operational expertise from in-house power generation. Also develops new woody biomass fuels with a view to building a carbon-neutral society.

Net sales: **¥31.8 billion** (Down 4.8% YoY)
 Operating income: **¥1.6 billion** (Down 76.9% YoY)
 Consolidated subsidiaries: **1** subsidiary (1 domestic)

In the Energy Business, net sales decreased due to the end of volatility mitigation measures in the feed-in tariff (FIT) system to promote renewable energy. Operating income decreased mainly due to soaring prices for raw materials and fuel, such as coal.

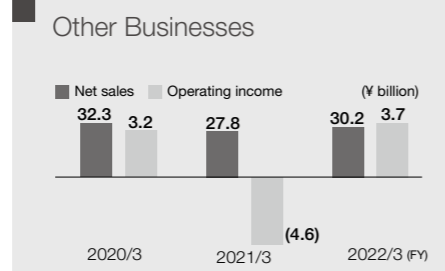


Logs, building materials, raw materials and fuel for papermaking

Buys and sells logs and building materials from Japan and overseas, and supplies items such as fuel wood chips, fully utilizing the Nippon Paper Group's domestic wood materials and imported materials procurement networks. Conducts plantation businesses in Brazil, producing and selling wood chips.

Net sales: **¥64.5 billion** (Up 7.7% YoY)
 Operating income: **¥7.6 billion** (Up 17.1% YoY)
 Consolidated subsidiaries: **13** subsidiaries (9 domestic, 4 overseas)

In the Wood/Building Material Business, net sales and earnings both increased due to factors such as surging prices reflecting a supply shortage for lumber on a global scale, as well as an increase in the number of housing starts and growth in sales volume of fuel wood chips. Overseas, sales of wood chips at AMCEL were firm.



Leisure facility management, logistics and warehouse management

The leisure business operates facilities such as ski resorts, campsites, and golf ranges. The logistics business transports paper products shipped from Nippon Paper Group mills and other sites and provides storage services at warehouses.

Net sales: **¥30.2 billion** (Up 8.4% YoY)
 Operating income: **¥3.7 billion**
 Consolidated subsidiaries: **7** subsidiaries (7 domestic)

In the leisure business, net sales increased year on year owing to factors such as an increase in the number of visitors to ski resorts and golf ranges following facility expansions, despite being impacted by the spread of COVID-19. In the logistics business, a recovery in demand for paper and paperboard products resulted in an increase in net sales.

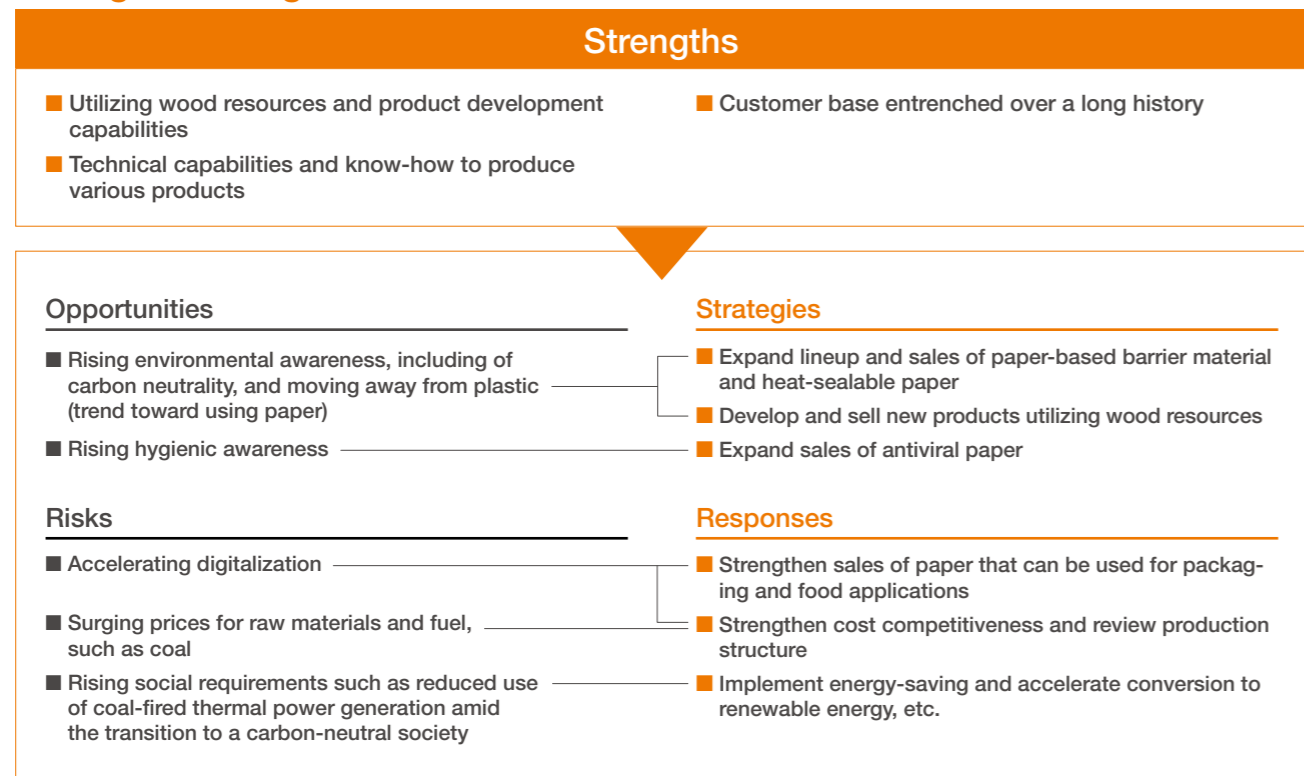


* Results for FY2020/3 have been reconstructed to reflect the reportable segments used for FY2021/3 onward
 * Operating income in other businesses for FY2021/3 results includes ¥6.0 billion in expenses related to the acquisition of the packaging division of Orora Limited in Australia and New Zealand



Paper Business

Strengthen Cost Competitiveness and Profitability through a Reorganized Production Structure



Growth Strategies

The markets for newsprint, printing paper and copy paper appear likely to shrink even further as digitalization accelerates due to the spread of COVID-19. Moreover, FY2022/3 endured significant impacts from such factors as logistics disruptions caused by the COVID-19 pandemic and rising raw material and fuel prices from greenflation accompanying climate change measures.

The Company is focusing on two points from Medium-Term Business Plan 2025, strengthening cost competitiveness and reviewing production structure.

Regarding the first point of strengthening cost competitiveness, the Company is accelerating a decrease in the consumption of coal, of which the price is surging. The Company is working on energy-saving and fuel conversion to biomass and other fuels, controlling output of coal boilers and maximizing production efficiency by narrowing production items, and building an operating structure that achieves a reduction in the consumption of coal.

On the second point of reviewing the production structure, the Company will make proposals for a new, reorganized production structure during the first half of FY2023/3 and progress restructuring in anticipation of reduced demand for paper.

Meanwhile, moves toward carbon neutrality and reduced use of plastic are accelerating globally, and applications for wood resources are expected to expand given they have outstanding biodegradability and are renewable. The Company aims to establish a position within the flexible paper market by

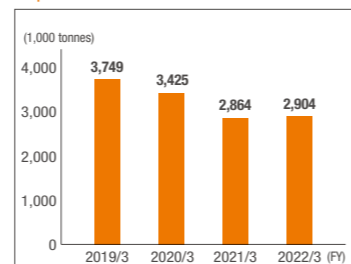
enhancing the lineups and expanding sales of SHIELDPLUS® paper-based barrier material and Lamina® heat-sealable paper. In addition, as the trend of switching to paper for packaging and food applications is progressing, the Company will aim to strengthen sales of products for these applications.

The Company will implement reorganization of the production structure while rigorously reducing costs and expanding sales of paper products that respond to resolving social issues.

Production Capacity Reduction Implemented since FY2019/3

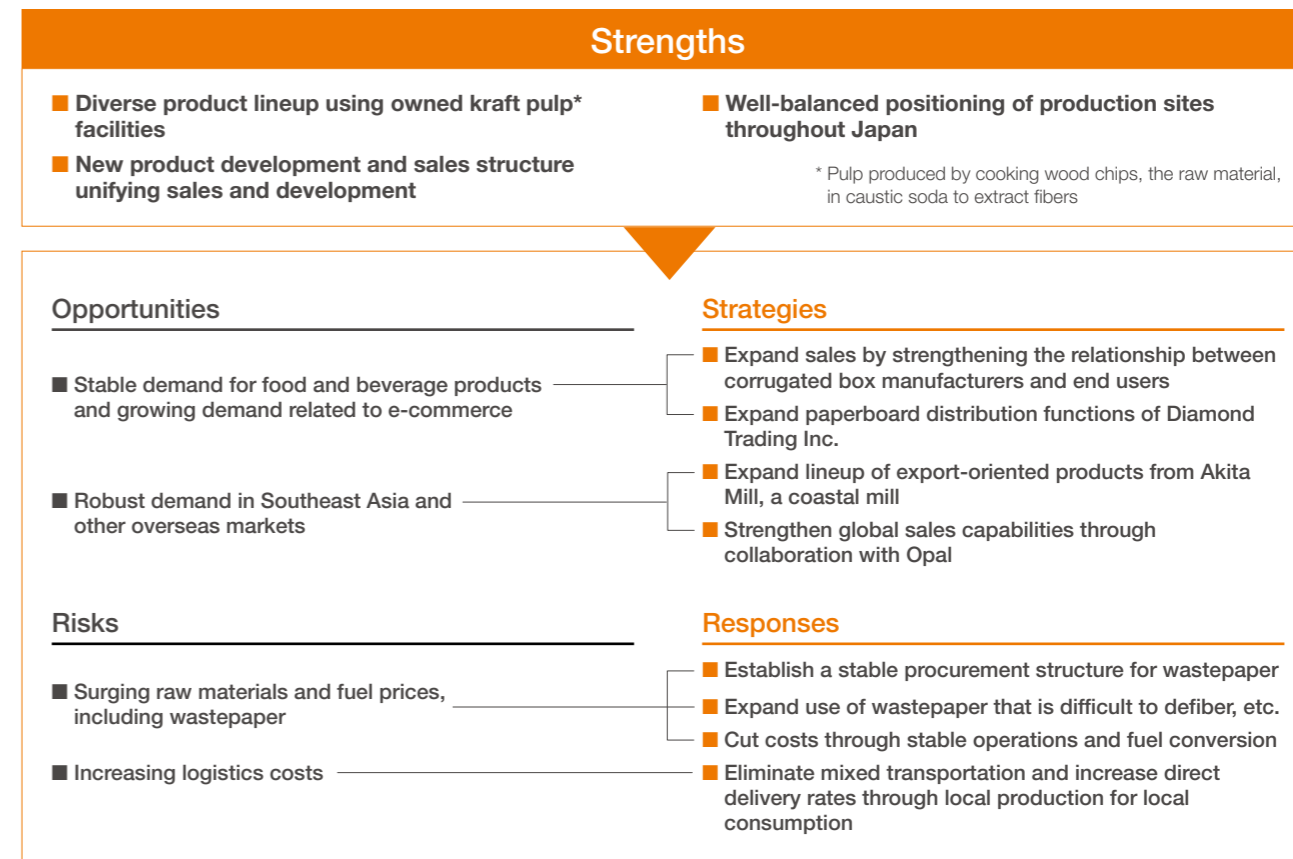
FY	Details	Reduced Capacity (1,000 tonnes/year)
2019/3	Akita Mill: Shut down 1 coating machine Ishinomaki Mill: Shut down 1 coating machine	233
2020/3	Fuji Mill: Withdrew from the paper business Kushiro Mill: Shut down 1 paper machine Hokkaido Mill-Yufutsu: Withdrew from the paper business	531
2022/3	Kushiro Mill: Withdrew from the pulp and paper business	221
2023/3	Ishinomaki Mill: Shut down 1 paper machine	271

Paper Sales Volume



Paperboard Business

Expand Sales by Maximizing Utilization of Kraft Pulp Facilities



Growth Strategies

Amid a trend of global greenflation, FY2022/3 saw a significant impact from the rising prices of raw materials and fuel. To ensure cost competitiveness not affected by the prices of raw materials and fuel, the Company is progressing toward fuel conversion at an early stage as well as further strengthening the structure for stable procurement of wastepaper and moving forward on initiatives to expand use of such items as wastepaper that is difficult to defiber.

In terms of sales, corrugated boxes are expected to hold strong going forward, supported by a wide array of needs as there is stable demand for use as a packaging material for daily necessities such as food and beverages and demand related to e-commerce is growing. To capture this growing market in the



Akita Mill possesses kraft pulp facilities

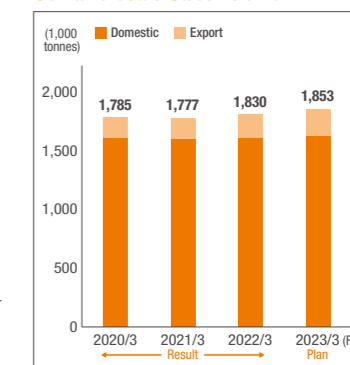
future, Diamond Trading Inc. was launched in April 2022 following the merger of the paperboard business of the Nippon Paper Group's NP Trading Co., Ltd. and the Mitsubishi Corporation Group's Mitsubishi Corporation

Packaging Ltd. The expanded distribution functions will strengthen sales capabilities for paperboard and industrial paper.

In addition, the Company will focus on development of high-value-added products using kraft pulp manufactured in-house and working to differentiate from competitors. And while leveraging development capabilities as a comprehensive paper manufacturer to develop unique containerboards, efforts are also moving forward to expand the product lineup in response to robust demand in Southeast Asia and other overseas markets. Utilizing its well-balanced positioning of production sites throughout Japan, including the coastal Akita Mill, the Company will stably supply products within Japan and overseas.

Going forward, while ensuring to address stable demand, the Company will also expand containerboard sales.

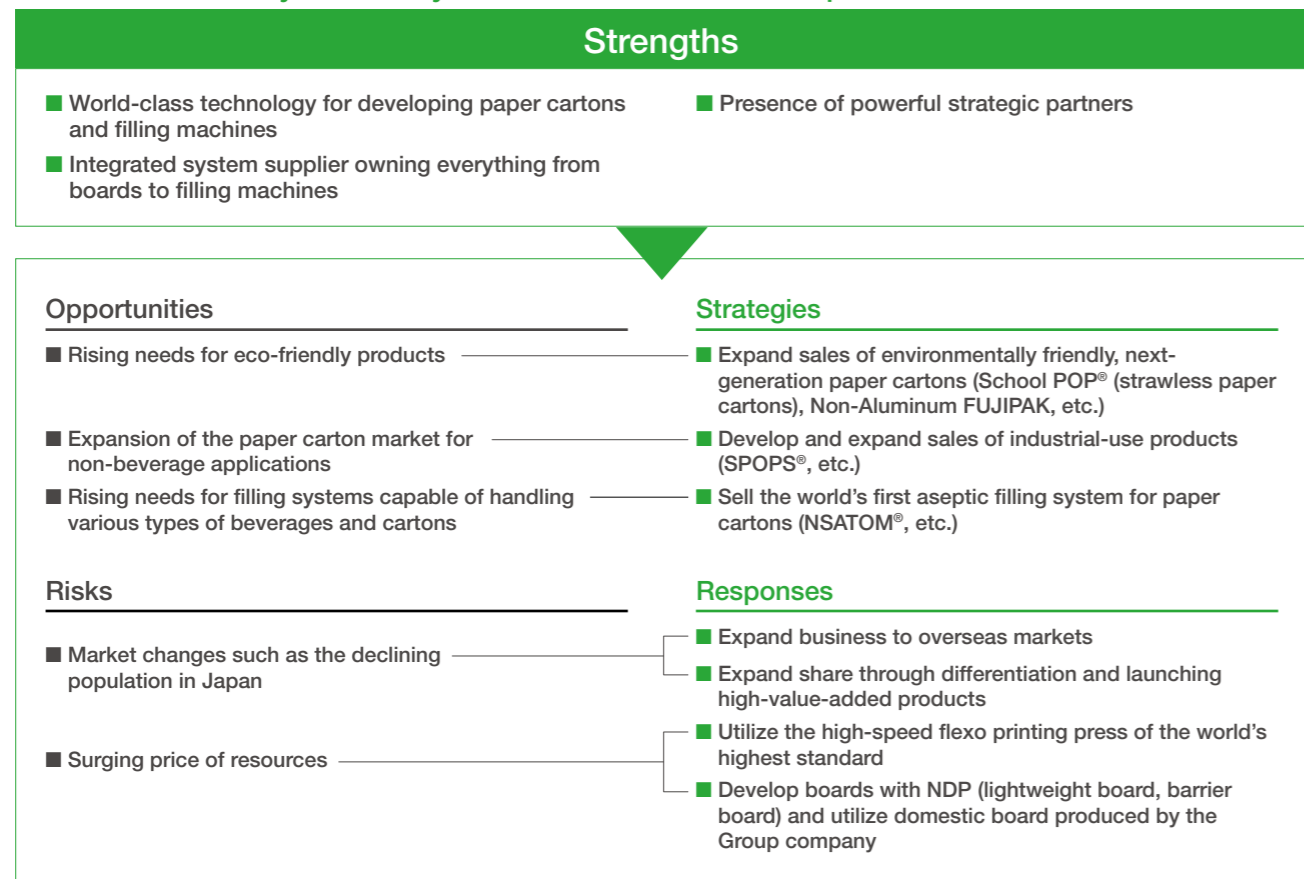
Containerboard Sales Volume





Domestic Packaging Business

Develop Business in Overseas Markets and Expand Sales of Environmentally Friendly, Next-Generation Paper Cartons



Growth Strategies

Due to the impact of COVID-19, the domestic market has been on a downward trend for the past several years, but needs are increasing in Japan and overseas for the new type of environmentally friendly paper carton Nippon Paper Industries has been developing.

To respond to this business environment, the Company is focusing on two points: expanding business to overseas markets and expanding sales of environmentally friendly, next-generation paper cartons.

The first point of expanding business to overseas markets involved acquiring a stake in Elopak ASA, a liquid packaging carton company, in June 2021. In March 2022, the Company



Thomas Körmendi, CEO of Elopak ASA, and Yasuhito Obayashi, Senior Managing Executive Officer of Nippon Paper Industries Co., Ltd.

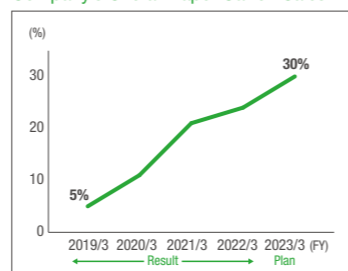
concluded a licensing agreement in the Oceania region, established a local subsidiary in June 2022, and set up a sales structure for Elopak and Nippon Paper Industries brand paper cartons and Shikoku Kakoki Co., Ltd.'s filling machines. The Company is aiming to capture a 10%

share of the Oceania region market over the coming five years.

On the second point of expanding sales of next-generation paper cartons, there has been a drastic expansion in areas using School POP® (strawless paper cartons for schools) throughout Japan and an increase in the number of adoptions of environmentally friendly paper cartons, Non-Aluminum FUJIPAK, and SPOPS® due to rising environmental awareness. A transition to these new containers has been taking place since 2016, and they are forecast to make up 30% of the Company's paper carton sales in 2022. In addition, the CI flexo printing press operational from October 2021 is a state-of-the-art facility with advanced printing capabilities and will strengthen production of high-value-added products and cost competitiveness.

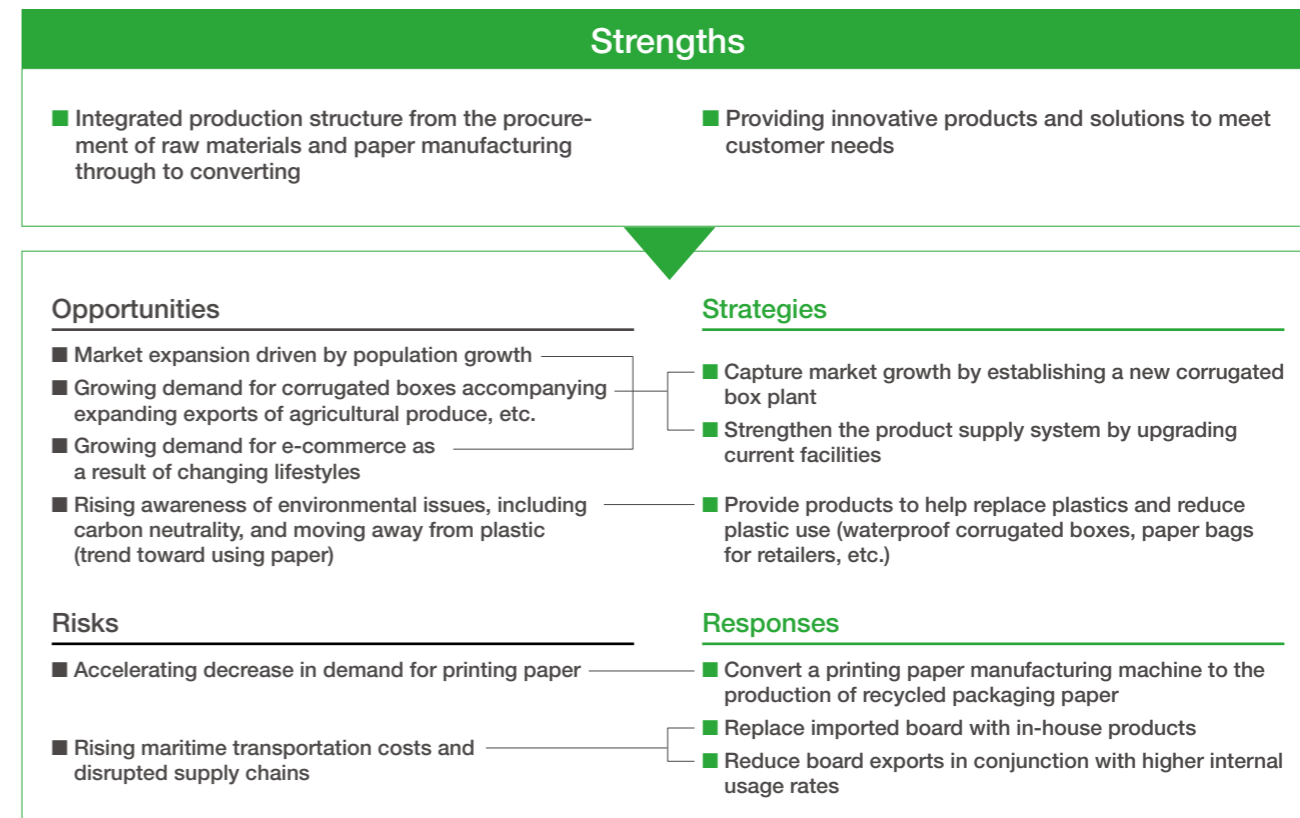
The Paper-Pak Business will steadily strengthen its business foundation as one of the world's leading integrated system suppliers.

Percentage of New Products among the Company's Overall Paper Carton Sales



Opal

Further Strengthen the Integrated Packaging Production Structure



Growth Strategies

In Australia, demand for corrugated boxes is expected to expand in line with market growth, due to an increase in population and rise in e-commerce, but the impact of COVID-19, including a sudden increase in working from home, is accelerating the decrease in demand for printing paper. In addition, soaring energy prices and maritime transportation costs are causing disruptions in the supply chain.

To respond to this changing business environment, Opal is focusing on strengthening its integrated production structure from raw material procurement through to packaging board production and converting. Specifically, one printing paper machine was converted to produce recycled packaging paper, which is being supplied to the packaging division. Promoting expanded use of internally produced packaging board decreases the impact of fluctuations on export markets and supply chain risks.



Waterproof corrugated boxes used as an alternative to styrofoam

In addition, a new corrugated box plant will be constructed in Victoria, Australia to cater for growing market demand. Facilities at the existing corrugated box plants will be upgraded in sequence and the product supply



Conceptual image of the completed new corrugated box plant in Victoria, Australia

system will be strengthened.

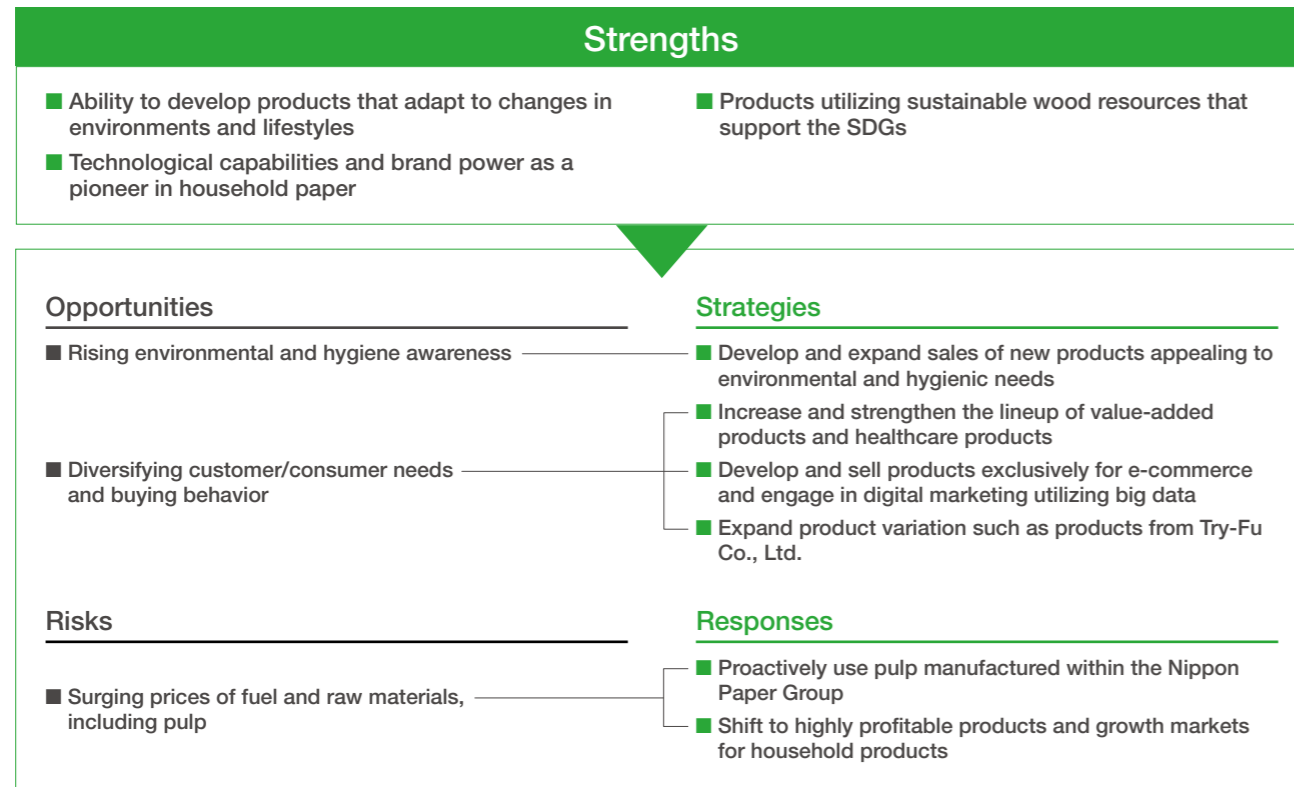
Rising environmental awareness and the introduction of new regulations have led to a growing trend to switch packaging from plastic materials, with a higher environmental impact, to paper materials. To respond promptly to these market needs, collaboration between Opal's Paper and Packaging Divisions is escalating, which will lead to expanded sales of packaging products.

In addition to improving current profitability, Opal will continue to shift its strategic focus from graphic paper to the Packaging business including corrugated boxes, and accelerate structural reform to increase profitability into the future.



Household Paper and Healthcare Business

Always Hygienic: Develop and Nurture Products to Solve Social Issues



Growth Strategies

The spread of COVID-19 has raised global awareness of the environment and hygiene. Significant changes in lifestyle environments have diversified consumer needs and buying behaviors. Nippon Paper Crecia Co., Ltd. is focusing on expanding sales of products that improve consumer convenience and reduce the burden on the environment by developing new products for and expanding its lineup that appeals to environmental and hygienic needs.

The long-lasting rolls, which were switched from standard 12-roll toilet paper products in April 2021, will improve consumer convenience by decreasing the number of replacements, saving space and making them easier to carry. It will also contribute to reducing CO₂ emissions by improving transportation efficiency and reducing the use of materials such as packaging film and toilet paper cores. Long-lasting rolls' share of the toilet paper roll market has been expanding every year, and production facilities for long-lasting rolls will be increased and strengthened to meet demand.

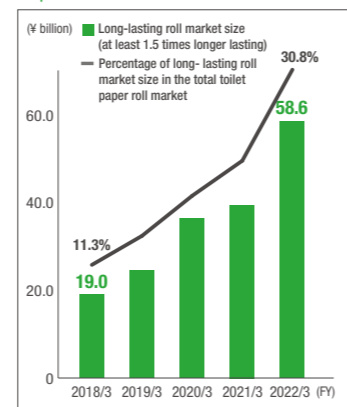
In the fast-growing e-commerce market, efforts are being made to strengthen digital marketing, such

as utilizing big data to develop products suitable for the e-commerce format.

Meanwhile, rising global demand for hygienic paper and disruptions in logistics networks have had a significant impact in causing surging prices of pulp and other raw materials and fuel, but the Nippon Paper Group has expanded use of stable quality and cost competitive pulp produced within the Group and strived to reduce the impact of market fluctuations.

The aim for the Household Paper and Healthcare Business is to continuously expand business and grow sales by developing products anticipating customer needs while responding to changes in the environment and society.

Long-Lasting Roll Market Size and Percentage of its Size in the Total Toilet Paper Roll Market



* Source: INTAGE SRI+ data (aggregate sales, toilet paper market, April 2017–March 2022)
 * Long-lasting roll is defined as toilet paper rolls that are 1.5 times longer than a conventional roll, based on 50 m for a single-ply roll or 25 m for a two-ply roll (excluding Premium 4R) (defined by Nippon Paper Crecia)

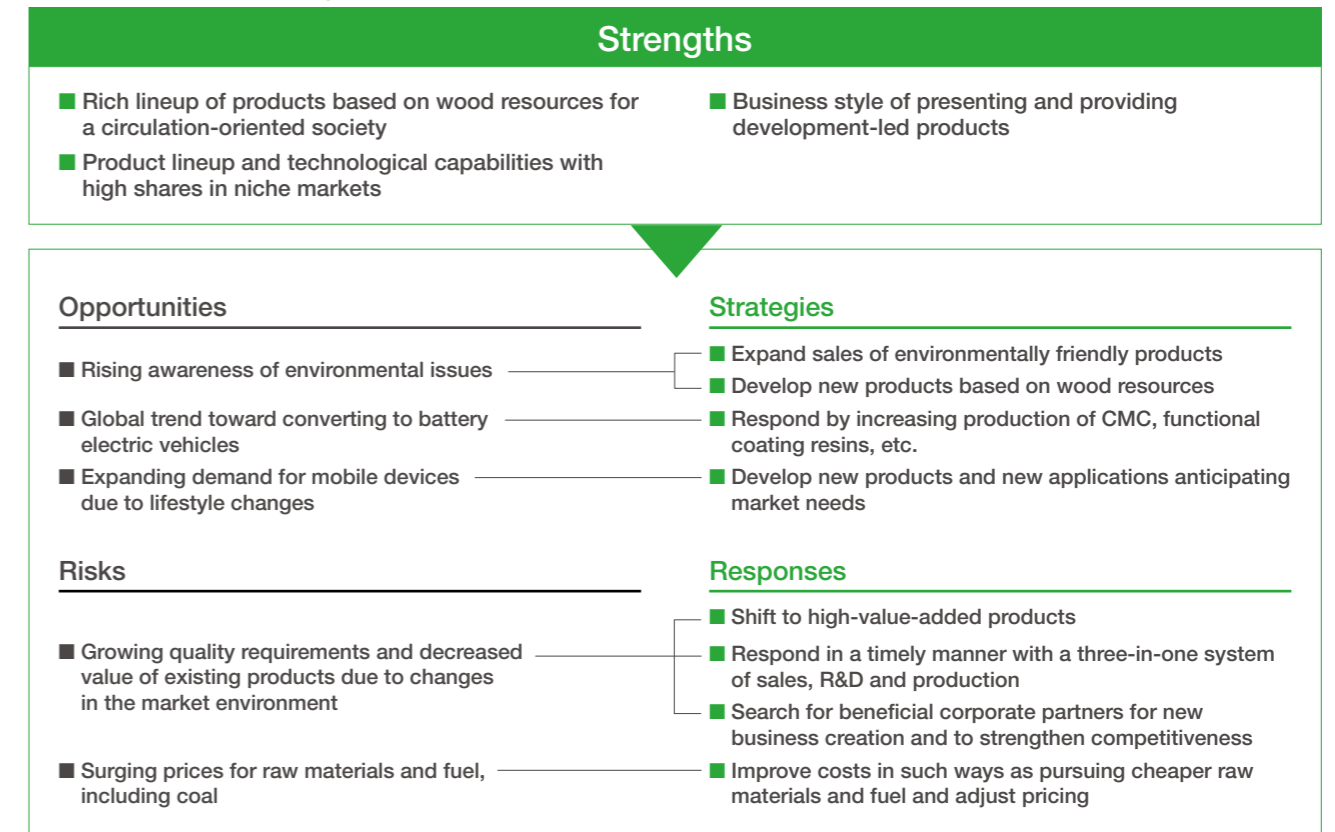


The SCOTTIE® Toilet Rolls FLOWERPACK 3 times long use 4 Rolls



Chemical Business

Aim to Grow Business with Environmentally Friendly Products that Meet Society's Needs



Growth Strategies

At a time when awareness of environmental issues is growing globally, there is increasing demand for renewable raw materials. Moreover, the environment surrounding the Chemical Business is changing dramatically due to factors such as the automotive industry accelerating its shift to battery electric vehicles (BEVs).

In reaction to rising environmental awareness, focus will be placed on expanding sales of environmentally friendly products such as cellulose and lignin products derived from renewable wood resources. Leveraging development-led sales proposals, the Company will proceed with development and provision of products derived from wood resources, anticipating social trends. In response to the shift to BEVs,

production of CMCs and functional coating resins has been increasing in preparation for market expansion. For automotive applications, CMCs are

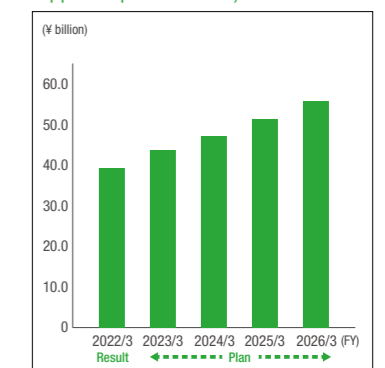
used in lithium-ion battery (LiB) applications, and functional coating resins are added to paints used on plastic car parts that must be lightweight. Sales of these products are growing steadily and the Company will continue to provide them in Japan and overseas.

Quality requirements are increasing in response to rapidly changing market environments, and a shift to high-quality, highly functional products that meet customer needs is underway. In addition, strengthening collaboration with corporate partners in which mutually beneficial relationships can be built will lead to generating new business and enhancing competitiveness.

The Chemical Business aims to expand business to achieve Medium-Term Business Plan 2025 through timely provision of products that meet customer needs by utilizing a three-in-one system of sales, R&D and production.



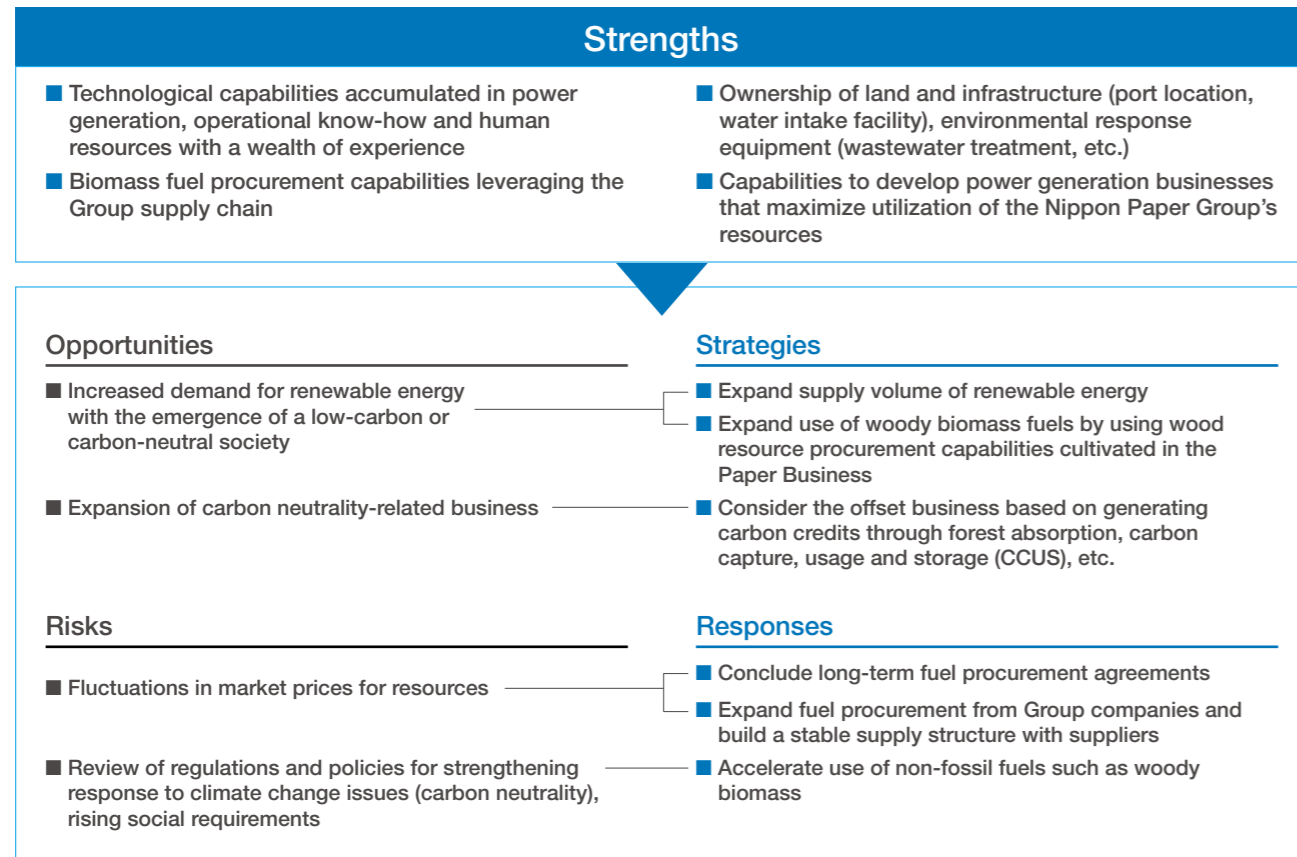
Net Sales (Chemical Sales Division, Nippon Paper Industries)





Energy Business

Further Enhance Renewable Energy Supply Capacity



Growth Strategies

In response to global moves to build a carbon-neutral society, social requirements concerning climate change issues are rising in Japan as well and there is increasing demand for renewable energy.

Currently, the Nippon Paper Group is aiming to further expand its renewable energy supply capacity and will start operating two dedicated biomass power generation facilities in FY2023/3.

The first is the Suzukawa Energy Center. By modifying an existing coal-fired thermal power generation facility with a generation capacity of 112 MW, the plant became the first pulverized coal-fired boiler in Japan to switch from coal-fired to woody biomass-fired fuel, and started operating in June 2022.

The second is the Yufutsu Energy Center. The newly established woody biomass power generation facility has a generation capacity of 75 MW and utilizes the Shiraoi Mill Yufutsu site and infrastructure. Construction is moving ahead steadily and operations are scheduled to start in January 2023.



The Yufutsu Energy Center currently under construction

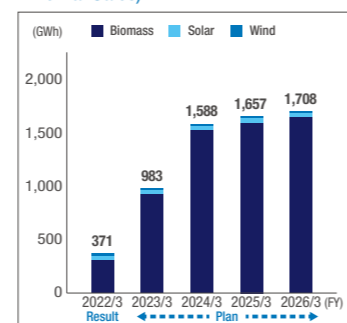
In addition, the Nippon Paper Ishinomaki Energy Center, a power generation

facility with a generation capacity of 149 MW and partly fired by woody biomass fuel, is undergoing modifications to increase the biomass co-firing ratio from its current maximum of 30%. With construction scheduled for completion in November 2023, the center will further expand its renewable energy supply capacity.

While expanding biomass power generation supply volume, stable procurement of biomass fuel is also being strengthened. Progress is being made on utilizing wood resource procurement capabilities cultivated in the Paper Business and building a stable supply system with suppliers.

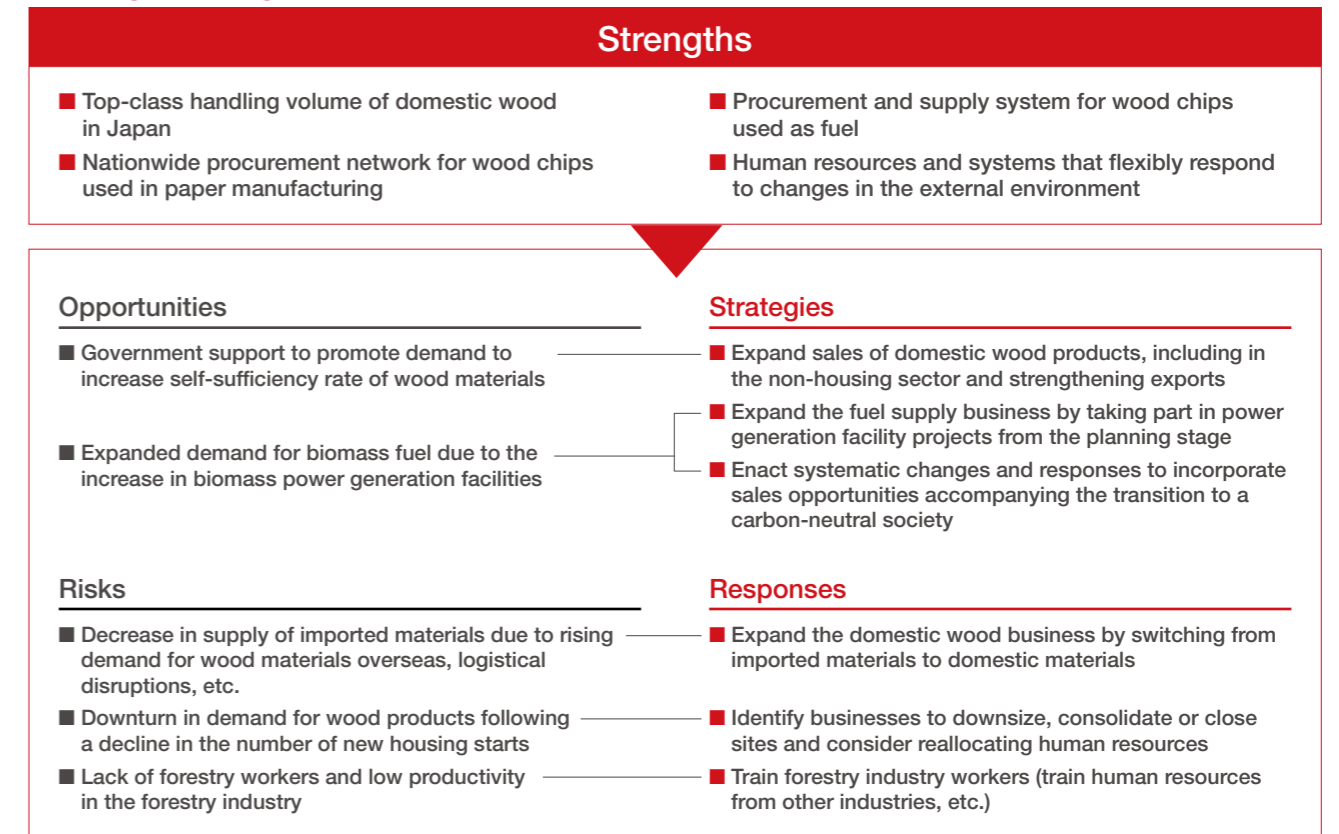
As a result of these initiatives, the sale of electricity from renewable energy will expand to approx. 1.7 million MWh in FY2026/3 from approx. 0.4 million MWh in FY2022/3. The aim is to secure stable earnings over the medium to long term and grow our Energy business while keeping a close watch on policies and social trends.

Sales Amount of Power from Renewable Energy (Power Business Exclusive for External Sales)



Wood/Building Material Business

Toward Expanding Domestic Wood Business and Strengthening the Fuel Business



Growth Strategies

Lumber used in domestic housing is currently mostly comprised of imported materials. However, there are concerns about the stable supply of imported lumber and soaring prices due to such factors as rising demand for lumber overseas and disruptions to logistics networks. Moreover, amid the global movement to a carbon-neutral society, growing demand is forecast for biomass fuels due to the increase in biomass power generation in Japan.

To respond to these changes in the business environment, the basic strategies of Medium-Term Business Plan 2025 are "expand the domestic wood business" and "strengthen fuel businesses."

With regard to the first issue of expanding the domestic wood business, switching from imported material to domestic material will raise the ratio of domestic wood used. The objective is to handle one million m³ of domestic logs annually by FY2026/3, the final year of Medium-Term Business Plan 2025, through maximum utilization of procurement and sales networks, one of the



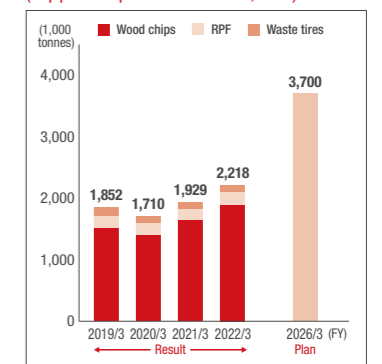
Domestic logs

Nippon Paper Group's strengths.

As for the second issue of strengthening fuel businesses, participating in biomass power generation facility projects from the planning stage will help to capture sales opportunities and expand the fuel supply business. Within the Group as well, efforts to transition to a carbon-neutral society will be strengthened in such ways as preparing a fuel supply system for the Yufutsu Energy Center, which is scheduled to start operations in January 2023.

Regarding the volume of fuel handled, the aim is to handle 3.7 million tonnes by FY2026/3, increasing from approximately 2.2 million tonnes in FY2022/3. Nippon Paper Lumber Co., Ltd. aims to continue to be a leading company in the domestic wood business and to work to further expand the Nippon Paper Group's Wood/Building Material Business.

Volume of Fuel Handled (Nippon Paper Lumber Co., Ltd.)




Directors and Audit & Supervisory Board Members (as of June 29, 2022)

Note: The "Number of Company Shares Held" is as of March 31, 2022, and includes shares held by the Nippon Paper Industries executive shareholding association.

Directors

The Company designates all outside directors who meet the requirements as independent officers. When appointing candidates for outside director or outside Audit & Supervisory Board member, the Company judges their independence by taking into consideration whether they satisfy the independence criteria provided by the Tokyo Stock Exchange and the requirements for independence provided by laws and regulations (having not served as director, employee, etc. of the Company and its subsidiaries in the past), in addition to considering the existence of any conflicts of interest with general shareholders.




Number of Company Shares Held
22,622 shares

Brief History
1959 Born
1981 Joined Jujo Paper Co., Ltd.
2014 Appointed Director, NPI
2019 Appointed President and Representative Director, NPI (current position)

Important Position
· President and Corporate Officer

Toru Nozawa
President and Representative Director




Number of Company Shares Held
9,772 shares

Brief History
1960 Born
1984 Joined Jujo Paper Co., Ltd.
2019 Appointed Director, NPI (current position)

Important Position
· Managing Executive Officer and Chief Executive Officer, Opal

Masanobu Iizuka
Director



Number of Company Shares Held
4,611 shares

Brief History
1963 Born
1986 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2022 Appointed Director, NPI (current position)

Important Position
· Executive Officer and General Manager, Sales Planning Division


Tomomi Nojiri
Director



Number of Company Shares Held
41,273 shares

Brief History
1953 Born
1975 Joined Jujo Paper Co., Ltd.
2006 Appointed Director, Nippon Paper Industries Co., Ltd. (NPI)
2014 Appointed President and Representative Director, NPI
2019 Appointed Chairman and Director, NPI (current position)

Fumio Manoshiro
Chairman and Director



Number of Company Shares Held
14,150 shares

Brief History
1958 Born
1980 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2021 Appointed Executive Vice President and Representative Director, NPI (current position)

Important Positions
· Executive Vice President, Corporate Officer and Aide to the President
· President and Representative Director, Nippon Paper Creca Co., Ltd.

Kazumori Fukushima
Executive Vice President and Representative Director



Number of Company Shares Held
6,004 shares

Brief History
1964 Born
1988 Joined Jujo Paper Co., Ltd.
2021 Appointed Director, NPI (current position)

Important Position
· Executive Officer and General Manager, Financial Division

Tomoyasu Itakura
Director




Number of Company Shares Held
1,000 shares

Brief History
1950 Born
1975 Studied abroad at Harvard Business School in the U.S. (obtained an MBA)
1987 General Manager, Energy Conservation Division, International Energy Agency (IEA) (stationed in France)
1996 Deputy Director-General for Trade and Industry, Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
2001 Ambassador Extraordinary and Plenipotentiary to the United Arab Emirates
2013 Director, Executive Vice President, and Senior Executive Officer, Nippon Light Metal Co., Ltd. (until 2015)
2015 Senior Director, Japan Association for Chemical Innovation (until 2019)
2016 Outside Director, Eagle Industry Co., Ltd. (current position)
Outside Director, NOK CORPORATION (current position)
Appointed Outside Director, NPI (current position)

Important Positions
· Outside Director, NOK CORPORATION
· Outside Director, Eagle Industry Co., Ltd.

Makoto Fujioka
Outside Director




Number of Company Shares Held
0 shares

Brief History
1952 Born
1997 Partner, KPMG LLP New York Office
2002 Partner, KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation) (until 2014)
2008 Auditor, International Christian University (current position)
2015 Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd. (current position)
2016 Outside Auditor, IHI Corporation (until 2020)
Appointed Outside Audit & Supervisory Board Member, NPI (until 2019)
2019 Appointed Outside Director, NPI (current position)
2022 Outside Director (Member of the Audit Committee), Ajinomoto Co., Inc. (current position)
Outside Director (Audit & Supervisory Committee Member), KOEI CHEMICAL CO., LTD. (current position)

Important Positions
· Auditor, International Christian University
· Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd.
· Outside Director (Member of the Audit Committee), Ajinomoto Co., Inc.
· Outside Director (Audit & Supervisory Committee Member), KOEI CHEMICAL CO., LTD.

Yoko Hatta
Outside Director

Audit & Supervisory Board Members




Number of Company Shares Held
5,512 shares

Brief History
1960 Born
1983 Joined Jujo Paper Co., Ltd.
2019 Appointed Audit & Supervisory Board Member, NPI
2021 Appointed Senior Audit & Supervisory Board Member, NPI (current position)

Important Position
· Audit & Supervisory Board Member, Nippon Paper Creca Co., Ltd.

Kazunari Tatsu
Senior Audit & Supervisory Board Member



Number of Company Shares Held
0 shares

Brief History
1951 Born
1976 Assistant Judge, Tokyo District Court
2006 Judge, Tokyo High Court
2007 Chief Judge, Niigata District Court
2009 Presiding Judge, Tokyo High Court
2015 Chief Judge, Yokohama District Court
2016 Registered as attorney at law (Tokyo Bar Association)
Visiting Attorney, Mori Hamada & Matsumoto (current position)
2020 Appointed Outside Audit & Supervisory Board Member, NPI (current position)

Important Position
· Visiting Attorney, Mori Hamada & Matsumoto

Takafumi Okuda
Outside Audit & Supervisory Board Member




Number of Company Shares Held
0 shares

Brief History
1954 Born
2014 Representative Director and Executive Vice President, Tokyo Gas Co., Ltd. (until 2017)
2017 Chairman and Director, Tokyo Gas Engineering Solutions Corporation (until 2020)
2020 Appointed Outside Director, NPI (current position)
2022 Outside Director, ISE CHEMICALS CORPORATION (current position)
Outside Director, Chiyoda Corporation (current position)

Important Positions
· Outside Director, ISE CHEMICALS CORPORATION
· Outside Director, Chiyoda Corporation

Yutaka Kunigo
Outside Director




Number of Company Shares Held
11,142 shares

Brief History
1962 Born
1984 Joined Jujo Paper Co., Ltd.
2021 Appointed Audit & Supervisory Board Member, NPI (current position)

Important Position
· Audit & Supervisory Board Member, NP Trading Co., Ltd.

Tomoyoshi Nishimoto
Audit & Supervisory Board Member



Number of Company Shares Held
0 shares

Brief History
1962 Born
2005 Director, BUSICOM Co., Ltd. (currently OAG BUSICOM Co., Ltd.)
2008 Outside Audit & Supervisory Board Member, DUSKIN CO., LTD. (until 2016)
2010 Representative Director and President, GEN Co., Ltd. (current position)
2017 Outside Corporate Auditor, MISUMI Group Inc. (current position)
2019 Appointed Outside Audit & Supervisory Board Member, NPI (current position)
2020 Outside Director, Optex Group Co., Ltd. (current position)
2021 Outside Corporate Auditor, MEIKO NETWORK JAPAN CO., LTD. (current position)

Important Positions
· Representative Director and President, GEN Co., Ltd.
· Outside Corporate Auditor, MISUMI Group Inc.
· Outside Director, Optex Group Co., Ltd.
· Outside Corporate Auditor, MEIKO NETWORK JAPAN CO., LTD.

Nanako Aono
Outside Audit & Supervisory Board Member



Basic Stance

Nippon Paper Industries strives to strengthen corporate governance based on the Group Mission to achieve sustainable growth and improve medium- to long-term corporate value.

The Company's highest management priority is to further enhance management transparency to shareholders and other stakeholders and to realize fair management. The Company has adopted an executive officer system and is working to

strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. As the command center of the Nippon Paper Group, the Company is implementing growth strategies, monitoring businesses under its control, and promoting risk management and compliance.

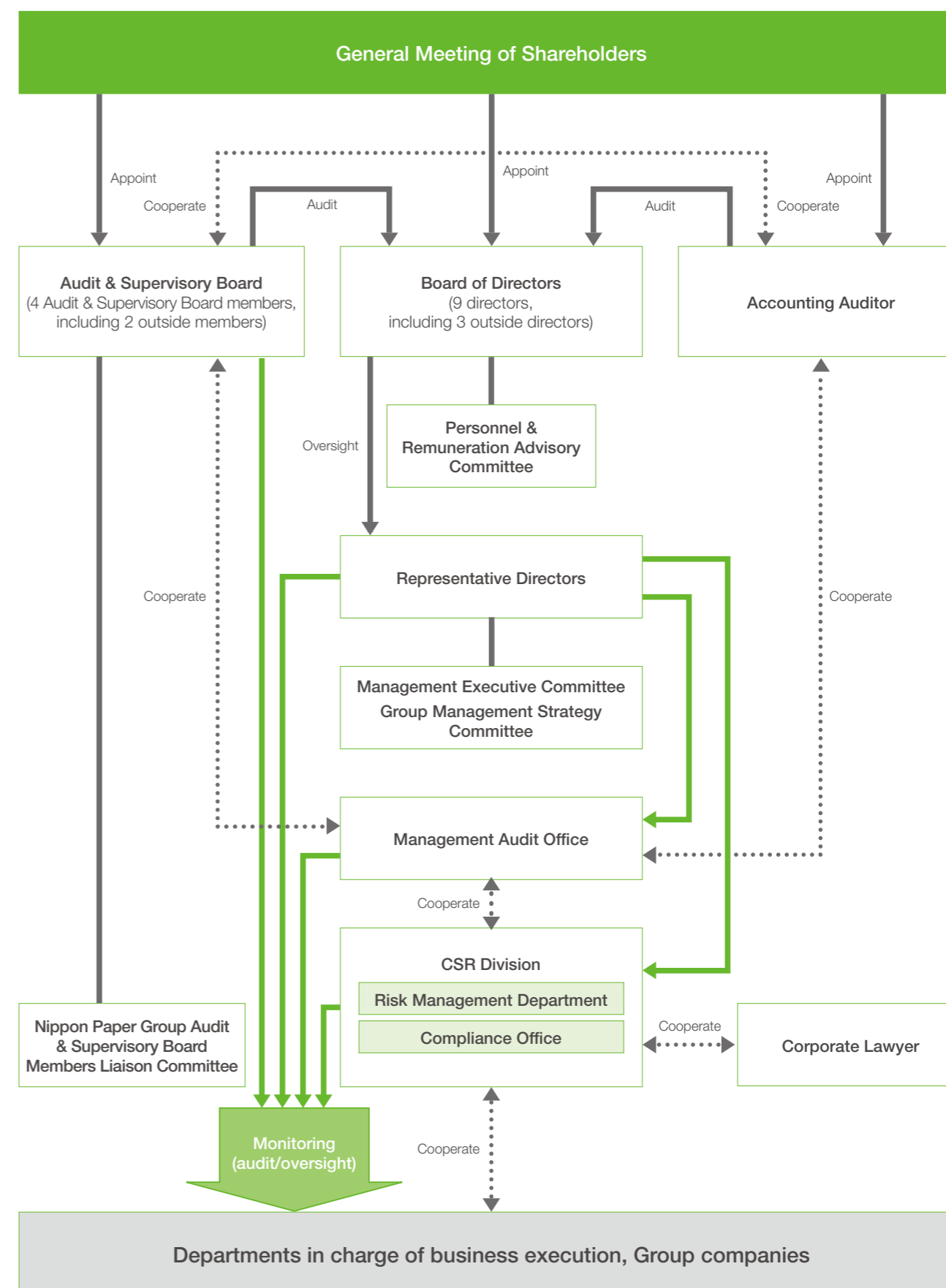
Initiatives for Strengthening Corporate Governance

- FY2007/3** – Formulated the Basic Policy for Establishing the Internal Control System
– Shortened director terms to one year from two
- FY2014/3** – Adopted an executive officer system and began appointing independent outside directors
- FY2016/3** – Established the Corporate Governance Policy
– Began evaluating the effectiveness of the Board of Directors
- FY2017/3** – Established the Personnel & Remuneration Advisory Committee
– Increased the number of independent outside directors to two
- FY2020/3** – Increased the number of independent outside directors to three
– Appointed one female outside director and one female outside Audit & Supervisory Board member
– Ensured the Personnel & Remuneration Advisory Committee consists mainly of outside directors
– Introduced the Board Benefit Trust as a stock compensation system
- FY2021/3** – Revised part of the Corporate Governance Policy concerning the policy for determining director remuneration
- FY2022/3** – Introduced quarterly operational issues reports in the agenda for Board of Directors meetings, in addition to conventional monthly business reports

Corporate Governance Structure

Type of Organization	Company with Audit & Supervisory Board
Chairman of the Board of Directors	Chairman and Director: Fumio Manoshiro
Number of Directors	9 (including 3 outside directors)
Number of Audit & Supervisory Board Members	4 (including 2 outside Audit & Supervisory Board members)
Number of Independent Officers	5 (including 3 outside directors and 2 outside Audit & Supervisory Board members)
Board of Directors Meetings Held in FY2022/3	Number of meetings: 13 • Average rate of attendance by directors: 100.0% (outside directors: 100.0%) • Average rate of attendance by Audit & Supervisory Board members: 100.0%
Audit & Supervisory Board Meetings Held in FY2022/3	Number of meetings: 14 • Average rate of attendance by Audit & Supervisory Board members: 100.0%
Accounting Auditor	Ernst & Young ShinNihon LLC

Corporate Governance Structure (as of July 1, 2022)



Board of Directors

The role of the Company's Board of Directors is stipulated in the Corporate Governance Policy. The Board of Directors shall bear the supervisory function of management as a whole and make the most appropriate decisions for the Company through deliberations, etc. on the execution of important business issues that are to be decided, under laws, regulations, and the Articles of Incorporation, by the Board of Directors. The Board of Directors shall also supervise the status of the execution of duties by the president and representative director and other corporate officers. In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall raise awareness among officers and employees, and strive to facilitate the sustainable development of society and enhance the corporate value of the Nippon Paper Group by promoting active efforts to resolve

challenges while giving consideration to stakeholders.

The Company's Board of Directors shall ensure a balance of knowledge, experience, abilities, and diversification by comprising internal directors who have excellent abilities to execute and manage each business in their charge and outside directors who have specialized knowledge and extensive experience. The board shall ensure a 1/3 ratio of outside directors among board members and appoint one female outside director and one female outside member of the Audit & Supervisory Board.

In addition, in November 2021, the Company made a list of the skills it expects each director to display. Each skill is identified from the standpoint of management strategy and priorities, and is designated taking into account the basic policy of the 2030VISION and materiality.

Skill Matrix of Directors

Position	Name	Skills									
		Corporate Management	ESG/Sustainability	Finance/Accounting	Human Resources/Labor	Risk Management/Governance	Technology/R&D	Sales	Purchase/Procurement	Internationality	
Chairman and Director	Fumio Manoshiro	○	○		○				○		
President and Representative Director	Toru Nozawa	○	○	○		○					
Executive Vice President and Representative Director	Kazumori Fukushima	○			○		○	○			
Director	Masanobu Iizuka	○					○			○	
Director	Tomoyasu Itakura	○		○		○					
Director	Tomomi Nojiri		○				○	○			
Outside Director	Makoto Fujjoka	○	○			○					
Outside Director	Yoko Hatta			○		○				○	
Outside Director	Yutaka Kunigo	○	○						○		

* The above list does not represent all the knowledge and experience held by each director.

Management Executive Committee

Usually, the Company's Management Executive Committee meets once a week to deliberate on important management-related matters under the authority of the president to assist in the execution of the president's duties. Committee membership is basically composed of the president, other directors (excluding outside directors) and general managers who do

not serve as directors.

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

Group Management Strategy Committee

The Company's Group Management Strategy Committee meets as necessary to deliberate on management strategies by business segment and other important matters related to

the Group. Committee membership is composed of the Company's management, including outside directors, and presidents of major companies of the Group.

Audit & Supervisory Board Members and Audit & Supervisory Board

Members of the Company's Audit & Supervisory Board attend important meetings, such as meetings of the Board of Directors, the Management Executive Committee, and the Group Management Strategy Committee. In addition to strict monitoring of the execution of business by directors, the auditors meticulously audit whether all company operations are conducted legally and appropriately, through on-site

audits of each division, business site, and Group company.

The Audit & Supervisory Board periodically holds meetings with the representative directors, working to deepen mutual understanding. The Audit & Supervisory Board also strives to enhance Group audits by strengthening cooperation with auditors of each Group company.

Management Audit Office

The Company's Management Audit Office is directly under the president's control, and it conducts an internal audit of the Company and each Group company and a comprehensive evaluation of the maintenance and operation of the internal control system as it relates to financial reporting. It also holds

monthly information exchange meetings with the Audit & Supervisory Board members to ensure coordination between audits by the Audit & Supervisory Board members and audits by internal auditors.

Personnel & Remuneration Advisory Committee

The Company's Personnel & Remuneration Advisory Committee is composed of the three independent outside directors, the president and representative director, and the general manager of the Personnel & General Affairs Division. The committee receives inquiries from the Board of Directors on matters such as the selection process, qualifications, and reasons for nomination of director and Audit & Supervisory Board member candidates, the criteria for determining the independence of outside officers, and the remuneration system for directors. The committee responds to inquiries regarding appropriateness while obtaining proper involvement and advice from independent outside directors and

conducting inquiries based on its assessment of the Company's business performance and other factors. The Board of Directors shall make decisions regarding nomination of directors and Audit & Supervisory Board members, compensation for directors, etc. after receiving reports from the Personnel & Remuneration Advisory Committee.

In FY2022/3, the Personnel & Remuneration Advisory Committee met three times with an attendance rate of 100% for all members. The committee introduced the exchange of opinions on the evaluation of the representative directors. Furthermore, from FY2023/3 onward, the committee will hold regular meetings four times yearly and work to expand on the agenda.

Evaluation of the Effectiveness of the Board of Directors

To continuously strengthen its functions, the Company's Board of Directors has been conducting self-evaluations of its effectiveness since FY2016/3. Once per year, the secretariat of the Board of Directors conducts a survey of the directors and Audit & Supervisory Board members regarding management

and the discussions held at its meetings. The results of the survey are reported to the Board of Directors, which analyzes and evaluates its effectiveness through deliberations, etc. on the reported contents and works toward improvement based on the results thereof.

FY2022/3 Initiatives

The evaluation of the effectiveness of the Board of Directors in FY2021/3 presented two issues: (1) Conducting discussions taking into account a medium- to long-term standpoint and (2) Enhancement of reporting items and securing more time to deliberate.

Repeated discussions taking into account a medium- to long-term standpoint occurred with the formulation process for the 2030VISION and Medium-Term Business Plan 2025, which were announced in May 2021, thus deepening awareness of medium- to long-term strategic issues. Regarding the enhancement of reporting items, in addition to conventional monthly business reports, quarterly operational issue reports were introduced for the technical & engineering, research and

development, raw materials and purchasing, logistics, sales and CSR divisions. Furthermore, it has been confirmed that prior explanations for each case have improved the level of understanding of the deliberations.

In the FY2022/3 survey, the issues extracted were following up on important projects, monitoring progress on the 2030VISION and Medium-Term Business Plan 2025 and expanding deliberation on measures to achieve goals, and increasing opportunities for exchanges of opinion between outside directors and the representative directors. These initiatives aim to strengthen governance.

Officer Remuneration

The Board of Directors decides remuneration for officers after receiving a report from the Personnel & Remuneration Advisory Committee.

Monthly Remuneration

The standard amount of monthly remuneration for directors shall be decided according to his/her responsibilities within the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid after adjustment based on the Company's performance in relation to the medium-term business plan. The standard amount is determined using objective survey data from outside sources and giving consideration to factors including the Company's performance, scale of business, and

managerial circumstances. Performance indices are established to effectively function as motivation to achieve performance targets, and are reevaluated as needed in response to changes in circumstances.

Monthly remuneration for outside directors and outside Audit & Supervisory Board members shall be fixed. In light of their responsibilities, contributions to the executive shareholding association are on a voluntary basis.

Stock Remuneration Plan

From FY2020/3, the Company has introduced the Board Benefit Trust (BBT) as a stock compensation plan, in addition to monthly remuneration. The objective of the BBT is to further clarify the link between the compensation provided to directors and the Company's share value and thereby increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its

corporate value by sharing the benefits and risks associated with share price fluctuations with shareholders.

The composition ratio of fixed remuneration, performance-based remuneration, and stock remuneration provided to directors is appropriately established based on the objectives of each type of remuneration.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members*1 (FY2022/3)

	Number of Executives*2	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration	
Directors	12	¥297 million	¥72 million	¥31 million	¥401 million
(of which outside directors)	(3)	(¥38 million)	(-)	(-)	(¥38 million)
Audit & Supervisory Board members	5	¥58 million	-	-	¥58 million
(of which outside Audit & Supervisory Board members)	(2)	(¥13 million)	(-)	(-)	(¥13 million)

*1 Figures are rounded down to the nearest million yen.

*2 Includes three directors and one Audit & Supervisory Board member who resigned during FY2022/3.

Remuneration for Internal Directors

	Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration
Method	Cash payment		Points granted
Payment allowance	Up to ¥700 million per year		Up to 25,000 points per year (1 point = 1 share)
Payment period	Monthly (no bonuses or retirement benefits)		Director resignation (cumulative points converted to shares)
Calculation method	Determined according to their respective responsibilities		Points granted according to their respective responsibilities
	70% paid as fixed remuneration	30% paid after adjustment based on the Company's performance in relation to the medium-term business plan	
Performance standards	-	70%: Consolidated results (Mainly net sales, operating income) 30%: Non-consolidated results (Mainly net sales, operating income)	-
Other	Fixed amounts contributed to the Company's executive shareholding association		-

Cultivation of Successors to the President and Directors

Successor to the President

The Company develops candidates for succession to the president by placing them in successively important roles such as executives and directors. Personnel matters related to executives and directors who are potential presidential candidates are deliberated by the Personnel & Remuneration Advisory Committee, which is an advisory body that reports to the Board of Directors. The Board of Directors, upon receiving the report, will carefully examine its contents, deliberate, and decide on the candidates.

Through this process, the Board of Directors supervises the development of candidates to become the next president in a systematic and ongoing manner.

The process for the appointment and dismissal of the president is the same as that for candidates for directors, in that the Personnel & Remuneration Advisory Committee conducts a review and submits a report based on consultations with the Board of Directors.

Developing Candidates for Directors

From the standpoint of securing human resources capable of assuming management roles in the future, the Company makes a point of placing employees—particularly those in career-track positions—in various positions and rotations in different departments. It also makes an effort to appoint employees as early as possible to positions as managers and

other important posts and positions in which they assist management, such as the top management of affiliated companies and overseas subsidiaries. In this manner, it strives to develop a robust base of employees with highly sophisticated expertise and work experience, cultivating them for selection as the next generation of director candidates.

Policy for Executive Training, etc.

To support the execution of duties by directors, the Company provides information on matters necessary for their roles and functions (such as economic conditions, industry trends, legal

compliance, corporate governance, finance, and accounting) on an ongoing basis. It also ensures opportunities to participate in external training based on the needs of individual directors.



Basic Stance

The Nippon Paper Group conducts risk management during normal operation, and in the event of emergencies, with the aim of preventing managerial risks from manifesting and minimizing the impact of those that do occur. All possibilities that may result in a physical or economical loss or a loss of credit or disadvantage to the Group are considered risks to the Group.

Basic Policies	(1) Prioritizing human life and safety (2) Continuing business Under the aforementioned policies, we will follow and comply with the guidance and recommendations of national and regional governments.
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Promotion Structure

Nippon Paper Industries Co., Ltd. has established its Risk Management Committee, which is chaired by the president and representative director under the supervision of the Board of Directors, and meetings are held once per year or more. The Risk Management Department established within the CSR Division serves as the secretariat. In normal operations, the committee regularly identifies and evaluates the Group's risks, considers and deliberates measures to reduce its risks and at the time when the risks occur in reality, and reports them to the Board of Directors.

In addition, the respective risks relating to Product Safety,

Raw Materials and Purchasing Division, Environment, and Safety and Disaster Prevention, are examined and discussed in committees chaired by the General Managers of the respective responsible division in the Company. They are then reported to the Company's Board of Directors via the Risk Management Committee.

In the event of an emergency, a crisis response headquarters will be launched. The crisis response headquarters swiftly carries out initial responses and BCPs (business continuity plans) in the event of emergencies depending on risks such as natural disasters and infectious diseases.



Risk Management Activities

Maintenance of BCP

To address major natural disasters that have become more frequent in recent years, the Group continues to maintain a BCP based on the BCM (business continuity management) framework it worked to develop in the previous fiscal year.

The Company's head office has selected crucial operations, along with adding supplies that will be needed when it launches a Crisis Response Headquarters, along with stockpiling food and daily commodities. In addition, the BCPs drawn

up by each department are made known within the Company. The Company's mills are working to revise existing BCPs around the assumed disaster scenarios of earthquakes, tsunamis, typhoons, floods and volcanic eruptions. Moreover, Group companies have established crisis response regulations and have put in place a system to launch a response headquarters in the event of an emergency. Going forward, the Group will strive to establish and enhance its BCP.

Committee Meetings Held (FY2022/3)	Number of Times	Attendees
Risk Management Committee	1	Nippon Paper Industries / President, Executive Vice President, All general managers Nippon Tokai Industrial Paper Supply / President
Report to Nippon Paper Industries Board of Directors	1	Nippon Paper Industries / Chairman, President, Executive Vice President, and all directors

Risk Identification

In FY2022/3, the Risk Management Committee carried out an identified sampling of risks from the Company (head office and mills) and consolidated subsidiaries, and five non-consolidated. Through the survey, the Group identified risks. Risks that emerged in FY2022/3 and risks that will assume increasing

importance in the future were also confirmed. Based on the results, discussions were held in the relevant departments and the Risk Management Committee, and the Company's business risks were considered based on the conceptual framework outlined below.

	Summary	Main Risk Mitigation Measures
Major Risks Associated with Management Strategies	Risks associated with delays in business structure transformation and the creation of new businesses • Addressing the market contraction in the Paper Business	<ul style="list-style-type: none"> • Reallocate management resources through such means as investing in growing businesses such as the Daily-Life Products Business and repositioning personnel • Develop paper products to replace plastics, primarily for containers and packaging • Expand use of woody biomass such as CNF • Expand overseas business initiatives and capture synergies with existing businesses
	Risks associated with climate change • Addressing the full-fledged introduction of carbon pricing and emissions trading	<ul style="list-style-type: none"> • Reduce GHG emissions • Convert fuels to renewable energy • Pursue maximization of forest value through such means as improving the productivity of forest resource holdings
	Risk of fluctuations in product demand and market conditions • Fluctuations in demand based on factors such as economic conditions • Fluctuations in product prices based on factors such as market conditions	<ul style="list-style-type: none"> • Reorganize the production structure • Reduce costs • Secure profits by maintaining sales prices • Create new needs
	Risks associated with raw material and fuel procurement and international transportation • Price fluctuations due to international and domestic market conditions • Global shortage of container transportation capacity • Surging marine freight rates due to rising raw material and fuel prices	<ul style="list-style-type: none"> • Utilize pre-order schemes • Build relationships with shipping companies • Consider joint transportation and procurement with other companies • Make purchases based on long-term contracts and from multiple suppliers and regions
Main Risks Associated with the Business Environment and Business Activities	Risks associated with production facilities • Problems occurring at facilities • Fires	<ul style="list-style-type: none"> • Regularly inspect production facilities • Systematically update vulnerabilities
	Risk of natural disasters and infectious diseases, etc. • Earthquakes, tsunamis, typhoons, floods • COVID-19	<ul style="list-style-type: none"> • Launch a Crisis Response Headquarters • Establish BCM (Business Continuity Management) • Formulate and revise infectious disease response guidelines
	Environment-related legal risks	<ul style="list-style-type: none"> • Respond to changes in environmental laws and regulations
	Human resource recruitment and labor-related risks • Recruit optimal human resources based on human resource strategy	<ul style="list-style-type: none"> • Develop workplaces premised on flexible and diverse work styles • Implement the Occupational Safety and Health Management System
	Risks based on product liability	<ul style="list-style-type: none"> • Enroll in product liability insurance • Establish and utilize Product Safety Committees

Compliance

Based on the Nippon Paper Group's Action Charter, the Group's position is that "Compliance goes beyond laws and regulations to include decency, common sense, customs, and other rules, and 'social norms' that are expected by society in general, and

we are called upon to respond to the expectations and trust of society." The Group continually carries out activities that raise employees' awareness of compliance.

Promotion Structure

The Compliance Office, which the Company set up within the CSR Division, strives to enhance collaboration on compliance with the compliance managers of Group companies and reports on its

activities to the Board of Directors as well as to the Audit & Supervisory Board members and the Management Executive Committee on a quarterly basis in Group Compliance Liaison Meetings.

Compliance Activities

The Nippon Paper Group's Action Charter states that "We shall abide by the letter and the spirit of laws and regulations, and comply with the highest ethical standards and social codes of conduct, both in Japan and abroad." The Company strategically carries out compliance training. It works to provide training to ensure there are no inappropriate relationships with local governments or civil servants where it conducts business in Japan and overseas, or there is no transfer of inappropriate economic gains to or from customers, business partners, or others. If there are any cases of suspected misconduct, corrective actions are taken to deal with the situation.

The Company has set up the Nippon Paper Group Helpline. The helpline makes it possible for employees to directly report and consult on any conduct that violates laws and regulations or conduct that may become a problem in the workplace from a corporate ethics point of view. Reports and consultations may also be made anonymously. The Company periodically notifies employees about the helpline. Opinions and other reports from third parties other than those eligible to use the helpline are accepted through the Contact Us webpage of the Nippon Paper Group's corporate website.



Product Safety

The Group has made “delighting our customers” (by accurately responding to the needs of customers) one of the requirements of the Vision to realize its Group Mission. Supplying products needed by society with assured product safety and quality is a critical issue that a manufacturing company should address as

a matter of course. The Group ensures safety and quality based on the Philosophy and Basic Policy of Product Safety, and strives for the stable supply of diverse products indispensable for daily living.

Promotion Structure

The Nippon Paper Group Product Safety Committee, chaired by the general manager of the CSR Division, manages activities related to the Group’s product safety and reports on these activities to the Risk Management Committee. The Group

complies with laws, regulations, etc. in Japan and overseas, and strives to ensure product safety using management methods appropriate to each business or product.

Product Safety Activities

The Group has been working to re-establish its risk management framework by bringing external consultants onboard from FY2021/3, with the aim of bolstering product safety management.

In FY2022/3, the Group compiled the results of questionnaires and interviews of Group companies carried out during the previous fiscal year to assess the current situation, and confirmed that there were no urgent matters to address

regarding product safety management. On the other hand, the Group has implemented measures such as revising how it runs the Nippon Paper Group Product Safety Committee and formulating minimum standards, with a view to strengthening collaboration among Group companies and solving issues such as standardizing variations in management standards.

Going forward, the Group will keep conducting activities to continually upgrade its product safety management framework.



Occupational Safety and Health

The Group upholds instilling pride in employees as a necessary condition of its Vision to realize its corporate Group Mission. This is based on the prerequisite of ensuring the safety and health of employees at each of the Group’s locations, which is a critical issue for maintaining sound management. The Group formulated a Philosophy and Basic Policy on Safety and Health

Measures and constructed a system for occupational safety and health under which all employees and members of management are united. It maintains the health of employees, realizes comfortable and friendly work environments and helps to prevent disasters.

Promotion Framework

The Nippon Paper Group Safety and Disaster Prevention Committee, which is chaired by the general manager of the Technical & Engineering Division, supervises occupational safety and health and disaster prevention activities and reports on these to the Risk Management Committee. For use in the case of a disaster, the Group has established a communication

system between the mills and the head office as well as the departments within the head office. It has also established and operates a system to report necessary information to the Nippon Paper Group Safety and Disaster Prevention Committee and top management.

Initiatives for Preventing Work-Related Accidents

Guided by its mission of ensuring that nobody is injured within the premises of its mills, the Group works closely with labor unions and partner companies to prevent work-related accidents. Top management conveys this mission to employees through lectures during the new-year period, visits to mills, in-house newsletters, and other means.

Moreover, the Group implements its own system (NPSS*) for continuously pursuing occupational safety and health

management activities at the organizational level. By doing so, it strives to improve safety and health levels through the prevention of occupational accidents, promotion of workers’ health, and creation of comfortable work environments.

Additionally, in 2020, the Company formulated a medium-term management plan centered on safety initiatives (2020–2025) as part of efforts to construct a foundation for preventing work-related accidents.

* Nippon Paper Occupational Safety and Health Management System

Respect for Human Rights

The Group established its Philosophy and Basic Policy on Human Rights, Employment and Labor in 2004 to clearly indicate its position on respect for human rights and established its Philosophy and Basic Policy Concerning Raw Materials Procurement in 2005. The Group is continually implementing activities to respect human rights across the entire supply chain, such as strictly conducting annual supplier surveys on the procurement of wood resources, which is its business foundation. In May 2022, the Group formulated the Nippon Paper Group Human Rights Policy by revising the

existing Philosophy and Basic Policy on Human Rights, Employment and Labor. The new policy was created as a means of carrying out more effective activities to respect human rights in an effort to realize the Group Mission. Based on activities undertaken so far, the Group has established a policy that endorses the UN’s Guiding Principles on Business and Human Rights and meets global standards.

In accordance with this policy, the Group will reinforce respect for human rights across the entire value chain.

Promotion Structure and Relief

The Group addresses human rights risks under a risk management promotion structure headed by the president and representative director and supervised by the Board of Directors of the Company.

In addition to the Nippon Paper Group Helpline system, which the Company set up as an internal whistleblower

system, the Group accepts inquiries regarding concerns about any possible violation of human rights through the Group’s corporate website (<https://www.nipponpapergroup.com/english/inquire>). (Organizations in charge: The Company’s Compliance Office and associated departments)

Human Rights Due Diligence

The Company launched its Human Rights Working Group in 2021, introducing human rights due diligence. From 2022, the Company has listed the human rights risks of all stakeholders in value chains related to the Paper and Paperboard Business, Paper-Pak Business, and the Chemical Business.

Subsequently, the Company has evaluated those risks, identified high-priority human rights risks and considered risk mitigation measures. Going forward, the Company will continue to regularly evaluate human rights risks, along with working to expand the scope of such risks.

Activities Related to Respect for Human Rights

Based on exchanges of opinions with Amnesty International Japan, the Company has been conducting the activities described below every year since 2015.

Human Rights Surveys at Subcontracted Mills in Japan

The Company sends surveys to subcontracted mills in Japan once a year and has them conduct a self-check, mainly to confirm compliance with labor and safety laws and regulations. Survey results are shared with the human resource managers of each mill for the purpose of supporting improvements. In addition, the Company conducts follow-up surveys to verify the current status of improvements on human rights issues.

Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

Based on the Philosophy and Basic Policy Concerning Raw Materials Procurement, the Company has employees in charge of procurement visit overseas wood chip suppliers to conduct interviews covering matters such as health, hygiene, safety, disaster preparedness, and local environmental concerns from the perspective of respect for human rights. In FY2022/3, the Company carried out inspections in Australia and confirmed that there were no problems.

An inspection in Australia



Signboards draw attention to safety precautions



A portable firefighting system used for initial responses to fires



Designation of an assembly point for emergencies



Procurement

Basic Stance

The Nippon Paper Group is working to build a sustainable raw materials procurement system that earns the trust of a broad range of stakeholders by practicing supply chain management with consideration for the environment and society. The Group

is striving to improve the level of its raw materials procurement by conducting procurement activities in accordance with its Principles and Basic Policies Concerning Raw Materials Procurement and promoting dialogue with stakeholders.

Promotion Structure

The Group has established the Nippon Paper Group Raw Materials Committee, which is chaired by the general manager of the Raw Materials and Purchasing Division at Nippon Paper Industries. This committee discusses key issues related

to raw materials procurement for the entire Group, such as policies on raw materials procurement, and reports on these issues to the Board of Directors through the Risk Management Committee.

Revision of the Principles and Basic Policies Concerning Raw Materials Procurement

The Group established the Principles and Basic Policies Concerning Raw Materials Procurement (hereinafter, "Procurement Policies") in October 2005 and has promoted sustainable procurement in accordance with the Procurement Policies. As of September 2022, the Group has now revised the Procurement Policies to allow it to address issues such as respect for human rights and climate change more effectively, with a view to realizing the Group Mission. In addition, the Wood Resources Procurement Guidelines has been newly created under the Procurement Policies to highlight resources procured from forests, which are the Group's business foundation.

with an emphasis on dialogue with stakeholders, the review panel held a series of discussions to exchange thoughts and ideas with external experts in various fields and reflected their insights in the revised policies (P.62–63).

During the revision process, the Group set up a review panel (Secretariat: Nippon Paper Industries Raw Materials and Purchasing Division) within the Nippon Paper Group Raw Materials Committee. The review panel convened the general managers of major Group companies' procurement departments and the Company's relevant departments, and discussions were held over a period of about one year. Additionally,

As part of this revision, an Introduction section was added as a preface to the Procurement Policies. In the Preamble, the Group sets forth the purpose of the revision and the international standards and guidelines to which it referred. It also clearly states that the Procurement Policies follows the principles established in the Nippon Paper Group Human Rights Policy, which was revised in May 2022, and it lays out a governance structure for the Procurement Policies to be reassessed under the supervision of the Board of Directors.

Going forward, to conduct procurement in accordance with the revised Procurement Policies, the Group will draw up a specific action plan and work to build a sustainable supply chain in collaboration with suppliers. Concurrently, the Group will keep on conducting active dialogue with stakeholders.

Procurement of Wood Resources

The Group maximizes use of renewable wood resources through diverse technology and know-how. As the use of wood resources is indispensable to the Group, it has constructed a system to continually procure resources that are generated from sustainable forest management.

Key Points in the Group's Procurement of Wood Resources

- Sourcing from sustainable forests (sustainability)
- Clearly identifying the origin of wood (traceability)
- Maintaining full accountability (accountability)

Creation of the Wood Resources Procurement Guidelines

The Nippon Paper Group has newly formulated the Wood Resources Procurement Guidelines under the Procurement Policies revised in September 2022. The Group will further bolster its procurement system for sustainable forest resources.

Wood Resources Procurement Guidelines (Summary) (Established in September 2022)

1. Prohibit the procurement of illegally harvested wood
2. Commitment to the promotion of zero deforestation
3. Prohibit the procurement of High Conservation Value (HCV) forest resources
4. Procurement that contributes to the increase of CO₂ absorption and fixation from forests
5. Promote the use of domestic forest resources
6. Promote the use of sawmill residue and unused wood materials
7. Promote the procurement of wood resources that are audited or certified
8. Ensure traceability to the origin of wood
9. Dialogue and engagement with suppliers

For the full text



Management of Suppliers

Raw material for paper, which is the Group's main product, consists of wood resources such as wood chips and waste-paper. Of the Company's paper raw materials, about 60% of its wood chips are procured from overseas, while the remaining amount comes from within Japan. This requires supply chain management both within and outside Japan.

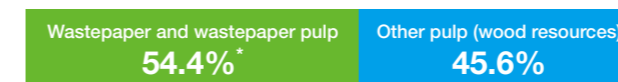
the sustainability of domestic wood materials based on trade association certification for legal authenticity. Moreover, the Company receives third-party verification, utilizing annual forest certification audits and the due diligence system for legal certification stipulated in the Clean Wood Act, which was introduced in Japan in 2017.

In addition to ensuring the legality of wood material supplies, the Company has formulated an action plan to carry out procurement of wood resources that takes into consideration human rights, labor, local communities, and the preservation of biodiversity. The action plan has been in effect since 2007.

Going forward, to promote procurement in accordance with the Procurement Policies revised in 2022 and the newly formulated Wood Resources Procurement Guidelines, the Company will bolster the action plan it is currently implementing as it seeks to gain the understanding of suppliers, with a view to building a wood resources procurement system that is even more highly trusted by customers and other stakeholders.

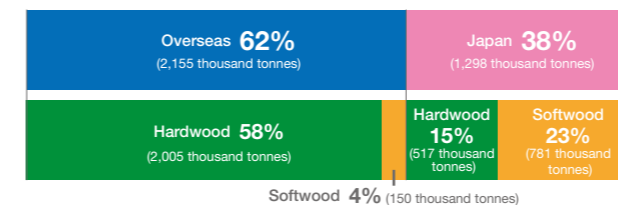
To ensure sustainability, each year the Company conducts surveys and on-site interviews with its overseas suppliers of wood materials. As for domestic wood materials, it confirms

Breakdown of Main Raw Materials in Paper Products (Domestic Consolidated Subsidiaries) (FY2022/3)



* Includes purchased wastepaper pulp

Breakdown of Wood Chips for Paper Manufacturing Procured by Nippon Paper Industries (FY2022/3)



Details of Supplier Surveys

- Basic information on forests from which materials were sourced (type of tree, compliance with laws and regulations related to forests, etc.)
- Status on obtaining forest certifications
- Establishment of policy and systems for human rights and labor policies
- Implementation of biodiversity efforts, etc.

Number of Implementations of Nippon Paper Industries' Action Plan for Procurement of Wood Resources (FY2022/3)

In Japan	357 wood chip suppliers, 7 pulp suppliers (Implemented for all suppliers, compliance verified at all suppliers)
Overseas	22 wood chip suppliers, 13 pulp suppliers (Implemented for all suppliers, compliance verified at all suppliers)

Principles and Basic Policies Concerning Raw Materials Procurement (Summary)

(Established in October 2005, revised in September 2022)

For the full text



Principles We shall strive to contribute to better living and cultural progress everywhere we do business by implementing sustainable procurement practices for raw materials in collaboration with our suppliers. To do this, we shall make our best effort to identify social and environmental issues relating to our procurement practices and to address the challenges identified.

- Basic Policies**
1. **Legal compliance and fair and equitable transactions**
Respect for international standards and compliance with relevant laws and regulations, for business transactions and the provision of equitable opportunities for competition, and adequate information management
 2. **Addressing social issues**
Respect for human rights (prevention of human rights violations, as well as workers' rights violations), respect for community rights, avoidance of illegally harvested wood and conflict minerals
 3. **Addressing environmental issues**
Sustainable use of forest and water resources, conservation of biodiversity, efficient energy use, reduction of greenhouse gas emissions, active use of recycled materials as raw materials, and adequate management and handling of chemical substances
 4. **Ensuring traceability and monitoring**
Traceability, monitoring, and requests to our suppliers for improvement of their practices
 5. **Communication with stakeholders**
Holding dialogue with stakeholders and active information disclosure

Dialogue with Experts (Revisions to the Procurement Policy)

Together with Stakeholders Aim to Establish a Sustainable Raw Materials Procurement System

The Nippon Paper Group has been moving forward on revising the Philosophy and Basic Policy Concerning Raw Materials Procurement formulated in 2005 towards achieving the Group Mission to contribute to better living and cultural progress everywhere it does business. As part of that process, the Group held repeated dialogues with outside experts, received their valuable advice on structure and wording, and reflected this in the revisions (P. 60–61). This section summarizes the opinions of the experts who took part in the revision process on the revised policy and their expectations of the Group regarding its implementation.

The Group will continue to emphasize stakeholder dialogue

going forward and work together with suppliers for sustainable raw materials procurement.



The Company's Risk Management and Procurement Policy



Ms. Mari Momii
Representative,
deepgreen consulting

I highly commend how the Introduction and Philosophy sections are organized to give detailed explanations of what the policy is aiming for, who the targeted stakeholders are, what it regards as risks, and what it seeks to resolve.

Procurement policies are a tool to reduce a company's negative impact and minimize risk. On the other hand, they can also be a way to clarify the positive impact a company is trying to achieve from an ESG aspect and be used as a branding opportunity by clarifying its own initiatives. These revisions contain clear statements about minimizing risk and reference to governance, which I feel makes the Company's stance clearer than before.

Ensuring risk management and traceability in the supply chain can no longer be replaced by third-party certification alone, and companies are being required to perform their own verification. Based on the policy revisions, I expect that verification and response to higher-risk cases will not only reach as far as primary suppliers, but throughout the entire supply chain.

Linking Social Issues such as Human Rights to Environmental Issues



Ms. Akiko Sato
Liaison Officer,
Business and Human Rights,
UNDP

I believe the Introduction accurately communicates the objective of this policy and its contents will serve as an axis going forward. Corporate policies and thoughts about SDGs can all be built around a core value of human rights. Environmental issues are always linked to human rights, and themes such as climate change, preservation of biodiversity and respect for the rights of indigenous peoples can all be explained from a human rights perspective. In this respect, this revised policy is based on the Nippon Paper Group Human Rights Policy in addition to the Group Mission, and human rights are firmly incorporated into the core values as a starting point.

However, regarding the division of Social Issues and Environmental Issues within the revised policy, it may be necessary to promote awareness within the Company so that these two matters are not discussed independently, as it is a common practice in global sustainability context to connect them. The relationship between the environment, climate change and human rights, in addition to initiatives for business and human rights, are globally common issues that are ever increasingly growing in importance. These are not all things where changes will be immediately obvious. I expect the Company to keep a close focus on global developments and continue responding to them to make steady progress, step by step.

Importance of Monitoring and Process Improvement



Mr. Kiyoshi Kamikawa
Research Fellow,
Forest Economic Research
Institute

I felt that clearly indicating the connections between the Group Mission, its Human Rights Policy and Procurement Policies in the Introduction made it easily understandable. I think it was also good that it stipulated more detailed guidelines for procurement of wood resources, the foundation of the Group's business. Implementation of the policy will require monitoring, but I commend the sound inclusion of references to "Ensuring traceability and monitoring."

Actions based on the policy concerning procurement of raw materials should not just be carried out, there must also be a checking system. Moreover, it is conceivable that a process may arise to review the policy itself, so I think the creation of such a system and its process should include dialogue with stakeholders from various standpoints. It would be more convincing to announce that the dialogue will be held regularly with some fixed group of members, rather than just held from time to time.

In addition, when taking action, I think specific targets and milestones toward achieving them should be set, alongside proactive disclosure of information including the improvement process, which would lead to enhancing the Company's evaluation and value.

Expecting Continued Dialogue with Stakeholders



Ms. Chiaki Furusawa
Forest Group, Project Manager,
WWF Japan

These revisions newly stipulated the procurement policy for wood resources, and incorporation of important key terms such as "zero forest destruction," "biodiversity" and "high conservation value (HCV)" is commendable. However, society, beyond environmental NGOs, has a strong interest in the definitions of these terms. To acquire credibility for properly implementing the revised policy, the Company needs to be able to clearly explain terminology to suppliers, in addition to its shared in-house understanding.

This time, I felt that throughout the process the Company emphasized dialogue with stakeholders such as we NGOs, and took the stance of closely listening to outsiders' opinions while revising the policy. By setting up continuous opportunities for dialogue with various stakeholders, including NGOs, I think it will become easier to ascertain risks in procurement activities. In some cases, issues may appear that do not conform with the policy. However, even in those cases, through dialogue with stakeholders it would be possible to come up with measures for improvements that I would then like to see implemented.

Creating Corporate Value in a Global Society



Mr. Minoru Matsubara
Executive Officer,
Responsible Investment Division,
Resona Asset Management Co., Ltd.

During the policy revision process, the Governance section was added after the Introduction. As I expected, executive management's involvement in the policy was made clear, and this is commendable. Risk monitoring and risk management are crucial to a company's governance, and I think policy decisions and governance at the executive management level should be clarified.

The global trend in ESG investment is naturally to focus on the environment, but considerable weight is also being given to social issues. Companies are increasingly being asked to think not only of being profitable in accounting terms, but also about how they will be involved and create value in the long term from the perspective of social sustainability. For investors to assess a company's activities, it will be an important factor that companies establish a system to gather opinions from stakeholders, communicate these to the executive level and disclose information about actions taken in relation to this. There is an advancing trend toward direct engagement from the standpoint of shareholders and investors to raise the corporate value of companies in which they invest, so to be able to take part in this kind of dialogue was an extremely valuable opportunity for me.

Going forward, I want the Company to continue dialogue with stakeholders, breathe life into the revised policy and disseminate this among each and every employee and activate it.

Forest Management



Basic Stance

Forests possess tremendous value to the Group as a management resource. For this reason, the Group nurtures forest resources on its own while also procuring sustainable woody materials from outside sources.

The Company manages and operates approximately 160,000 total hectares of forests both within and outside Japan with consideration toward the environment, society, and the economy, and has obtained forest certifications for all of them. At the same time, it is undertaking various initiatives

to maximize the value of forest resources.

**Values Emphasized by the Group
in Usage of Forest Resources**

- Sustainable forest management and productivity improvement
- Maintaining a supply chain for forest resources
- Fulfilling public interest functions of forests including preservation of biodiversity

Sustainable Forest Management and Productivity Improvement

Overseas, the Group manages approximately 70,000 total hectares of plantation areas in Brazil and Australia, where it conducts sustainable forest management with consideration toward local residents, regional culture and traditions, as well as the natural environment and ecosystem (see P.65). It also contributes to local communities by, for instance, giving consideration to indigenous peoples and providing them with support for educational activities.

In Japan, it possesses approximately 90,000 hectares of Company-owned forests in approximately 400 locations nationwide. It manages these areas by categorizing approximately 80% as commercial forest areas for harvesting woody

materials, and approximately 20% as environmental forest areas where woody materials are not harvested and environmental functions such as ecosystem maintenance and water resource preservation (watershed) are maintained, and conducts balanced, sustainable forest management.

The Company has also harnessed the unique breeding and proliferation technologies and forest management technologies it has cultivated over many years, and contributes to building a carbon-neutral society while enhancing its forest resources through productivity improvement per unit area (= improving the CO₂ fixation efficiency rate) (see P.24–25).

Maintaining a Supply Chain for Wood Resources (Activation of plantation business in Japan)

Over many years, the Group has built up a supply chain with partners such as owners of forests, forestry businesses, wood processing businesses, and distribution companies both within Japan and overseas to effectively utilize forest resources. With regard to Japanese woody materials in particular, it is moving ahead with procurement using a supply chain in Japan, which is the Company's strength, and actively promoting the use of Japanese materials.

In recent years, the value of Japanese woody materials has been reconsidered due to factors including biomass fuel and

increased demand for woody materials such as building materials due to lumber shortages. However, in the Japanese plantation business, many problems have been revealed such as worker shortages and increasing costs to address damage by wild animals. The Group will maintain supply chains in Japan to continue utilizing forest resources in Japan going forward, while employing its breeding and proliferation technologies and Company-owned forests, and undertaking various initiatives to solve these issues (see P.24–25).

CASE STUDY Improving the Efficiency of the Forest Industry through Consolidation of Operations

As a private company that owns mountain forests in the Ikitsuki region of Kumamoto Prefecture, the Company participates in an agreement to promote forest management in the Ikitsuki region through a public-private partnership together with the Kyushu Regional Forest Office, Ikitsuki Village, the IKITSUKI Forest Owner's Cooperative, and various corporations, among others. Through this agreement, a large-scale forestry business complex currently spanning over 20,000 hectares has been formed, and in addition to evaluating technical aspects such as wood chip production within forests for efficient operation, trials for stable supply through collaboration with the downstream supply chain, as well as evaluations of countermeasures against worker shortages by securing annual workloads for large areas of land, are underway.

CASE STUDY Harnessing Cutting-Edge Technology

Using Company-owned forests as a testing field, the Group is continuing to gather forest resource information using drones and aerial laser measurements and considering ways to reduce labor and improve the efficiency of forest management. In May 2022, it signed an agreement related to the on-site implementation of cutting-edge technology with Shizuoka Prefecture, and will demonstrate cutting-edge technology, etc. by utilizing its Company-owned forests in that area.



Using a drone to gather forest resource information in Company-owned forests in Kitayama, Shizuoka Prefecture

Fulfilling Public Interest Functions in Forests Including Preservation of Biodiversity

Forests possess public interest functions such as CO₂ absorption and fixation, ecosystem maintenance, water resource preservation (watershed) and disaster prevention. The Group has particularly emphasized preservation of biodiversity among its services for forest ecosystems for procurement of sustainable resources and formulated the Basic Policy on the

Preservation of Biodiversity in 2016. In addition to its own Company-run initiatives, through cooperation with various stakeholders, the Group will maintain and increase public interest functions held by forests, such as the preservation of biodiversity, and their value (see P.24–25).

CASE STUDY Balancing Preservation of the Natural Habitat of Blakiston's Fish Owls with Business Activities

In 2010, in collaboration with the Wild Bird Society of Japan, the Company established a shared conservation area for Blakiston's fish owls, which has been designated as a critically endangered species in a list made by the Ministry of the Environment, at its Company-owned forests in Hokkaido Prefecture. In addition, the Company operates the facility based on a standard of balancing preservation of the natural habitat with economic activity.



Blakiston's fish owl (Photo courtesy of the Wild Bird Society of Japan)

CASE STUDY Survey on Biodiversity in Overseas Plantation Businesses

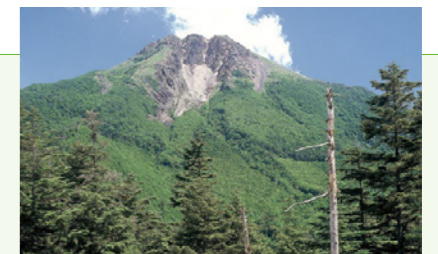
AMCEL, a plantation business company located in Brazil, established approximately 170,000 hectares of its approximately 300,000 hectares of Company-owned land as conservation areas. The conservation areas are home to much wildlife and include forests with high conservational value where rare and endangered species live. As initiatives for the preservation of biodiversity, AMCEL continues to conduct surveys monitoring vegetation within the conservation areas and the habitation of wild animals and fish within Company-owned land.



Biodiversity survey being conducted (AMCEL)

CASE STUDY Mutual Collaboration with Coca-Cola Bottlers Japan Inc.

The Company and the Group's Marunuma Kogen Ski Resort have agreed to mutual collaboration with Coca-Cola Bottlers Japan Inc. in regard to the preservation and conservation of forest and water resources, and will work together on initiatives to preserve healthy forests that generate abundant water. Based on the agreement, the three companies will carry out forest preservation and maintenance management activities in certain areas of the forests (in Gunma Prefecture) owned by the Company to preserve watershed capabilities.



Company-owned forests in Sugenuma, Gunma Prefecture

CASE STUDY Joining the 30by30 Alliance for Biodiversity

The Company has joined the 30by30 Alliance for Biodiversity, which was established by the Ministry of the Environment together with voluntarily participating companies, local governments, and organizations to achieve the international goal of conserving 30% or more of land and sea areas as natural environment areas by 2030. In FY2023/3, as a case study for testing and verifying the screening process on the Nature Coexistence Site (tentative name) scheduled to be certified by the ministry in FY2024/3, the Company has declared it will provide information about its Company-owned forests in Ho-oh (Yamanashi Prefecture), among others.



Company-owned forests in Ho-oh, Yamanashi Prefecture



Environmental Management

Basic Stance

The Nippon Paper Group provides society with a wide range of products and services through the effective use of wood, a renewable resource. At the same time, its manufacturing processes use a great deal of energy and water. Bearing this in mind, the Group has formulated the Nippon Paper Group Environmental Charter. The Group practices environmental management that contributes to the formation of a

circulation-oriented society by working from a long-term perspective to reduce environmental impact, promote resource recycling, conserve biodiversity, and respond to climate change. Under the 2030VISION, the Group has identified these priorities as materiality for realizing the Group Mission and will contribute to building a sustainable society through its business activities.

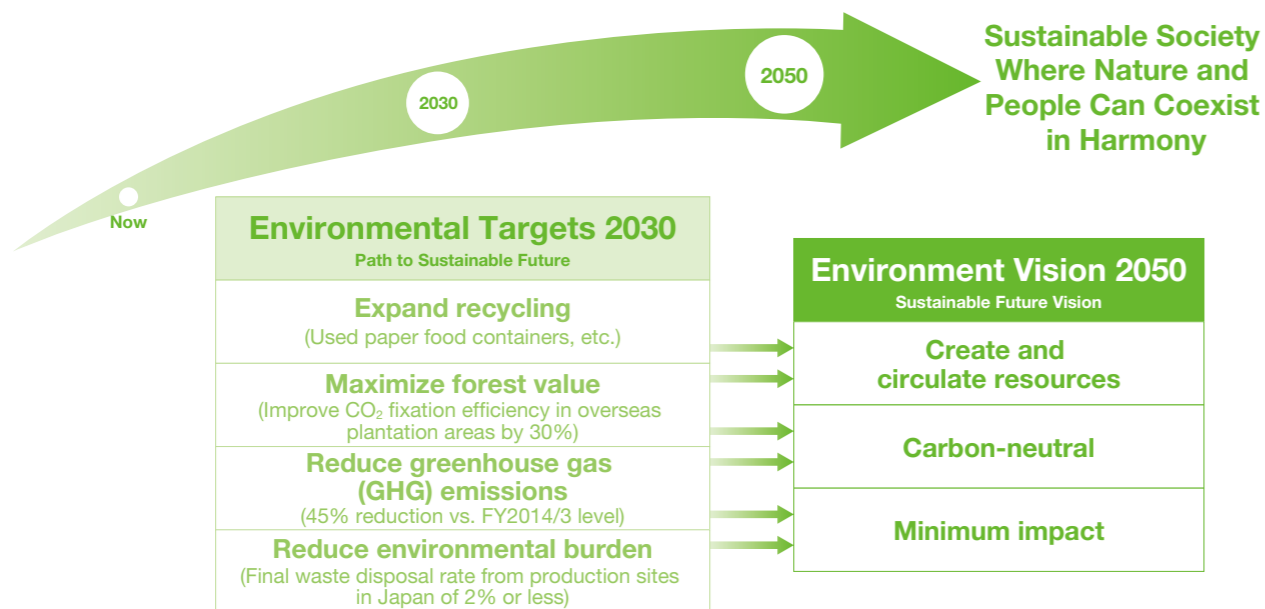
Promotion Structure

The Nippon Paper Group Environmental Committee, chaired by the general manager of the Technical Division, who is also the executive officer in charge of GHG emissions reduction and promotion of environmental management at Nippon Paper Industries, identifies management risks related to the Group's environmental activities and promotes countermeasures. Additionally, the committee manages and assesses the proper implementation of the Environmental Targets in accordance with the Nippon Paper Group Environmental Charter and reports to the Board of Directors through the Risk Management Committee.

With the aim of creating corporate value through environmental management, the Group regularly convenes the New Product Development Committee, and promotes the development of products derived from wood resources in line with growing environmental awareness. The Management Executive Committee deliberates and decides on environmental management policies and measures based on this information, and incorporates them into business strategies to address environmental risks and capture business opportunities, thereby enhancing the resilience of the Company's growth strategies.

Aiming for a Sustainable Society Where Nature and People Can Coexist in Harmony

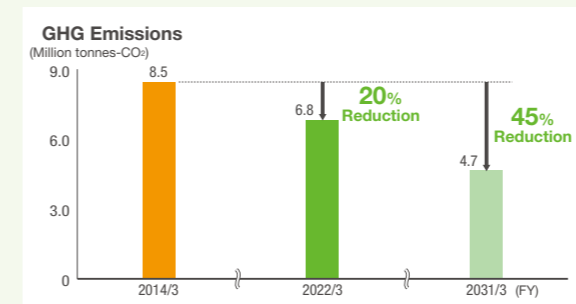
In order to be more effective in dealing with environmental issues such as climate change, which are highly uncertain and require long-term responses and countermeasures, it is necessary to have a vision and goals based on a medium- to long-term perspective. The Group has formulated targets for 2030 by backcasting from the ideal state of the Group in 2050, and the entire Group is working together to achieve them.



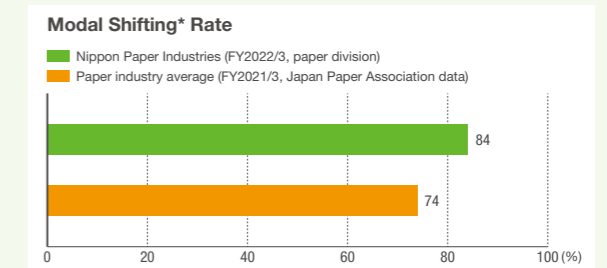
FY2022/3 Results for Environmental Targets 2030 (Excerpt)

1. Reduce GHG Emissions

Target: Reduce direct GHG emissions (Scope 1 and 2) by 45% compared with FY2014/3.
Progress: Reduced by 20% compared with FY2014/3.



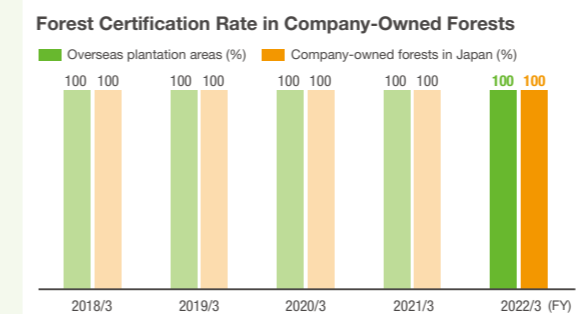
Target: Reduce GHG emissions from product transportation within Japan in the Paper and Paperboard Business by 23% compared with FY2021/3. (Nippon Paper Industries)
Progress: Increased by 3% compared with FY2021/3 due to increase in transportation because of the recovery in production from the COVID-19 pandemic.



* Long-distance transportation by such means as rail or ship in Japan while carrying a large load of cargo at one time

2. Promote Creation of Resources and Circulation of Use

Target: Acquire and maintain forest certification for all Company-owned forests, both in Japan and overseas.
Progress: Continued to acquire and maintain forest certification for all Company-owned forests, both in Japan and overseas.



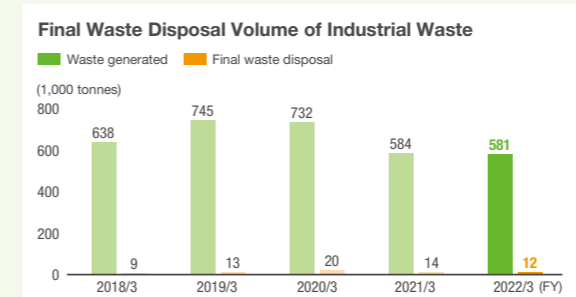
Target: Use 12,000 tonnes/year of unused wastepaper, which had conventionally been difficult to re-use, but can be re-used now due to development of technology to utilize wastepaper.
Progress: Used 22.5 tonnes of unused, difficult-to-process wastepaper.



Crushed paper cups

3. Reduce Environmental Burden

Target: Final waste disposal volume of industrial waste from domestic production sites of 2% or less.
Progress: Final waste disposal volume of industrial waste of 2.1%.



Target: Provide society with products and services that have a minor impact on the environment through their overall life cycle.
Progress: Sold products such as Lamina® paper (heat-sealable without using plastics), that contribute to the reduction of plastic volume used and to resource circulation.



Lamina® in use

Addressing Climate Change

Aiming for Carbon Neutrality in 2050

The Nippon Paper Group sees addressing climate change as one of its material issues for realizing the Group Mission. Under the 2030VISION, in its basic policy, the Company states, “respond to rapid changes in the social landscape including GHG reduction and other environmental issues,” and it will work to reduce GHG (greenhouse gas) emissions and implement green strategies to achieve carbon neutrality by 2050.

The Nippon Paper Group's FY2031/3 Targets
 Reduce GHG emissions (Scope 1 and 2) by 45% compared with FY2014/3

- Reduce fossil fuel use by maximizing the use of existing infrastructure

Green strategy

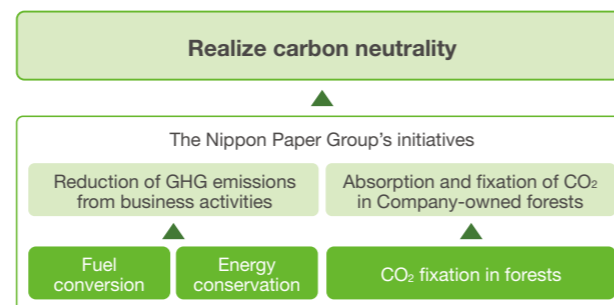
- Improve CO₂ fixation efficiency in overseas plantation areas by 30% compared with 2013
- Respond to demands to eliminate and reduce plastic (expand products that replace plastic with paper)

Carbon neutrality in 2050

Initiatives to Reduce GHG Emissions

The Group has worked on fuel conversion, energy saving in manufacturing and logistics processes, and carbon fixation in forests as three pillars for GHG reduction. In FY2022/3, the Group made even further aggressive initiatives on fuel conversion and reduced the fossil energy use ratio (calorie value)* to 55%.

* Scope: The Nippon Paper Group's main production sites in Japan



Addressing TCFD

In April 2021, the Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of disclosing appropriate information on its response to addressing climate change issues.

Nippon Paper Group
ESG Databook 2022



Governance

The Group has identified the reduction of GHG emissions as a management issue. Since 2008, the Group has established quantitative targets for reducing GHG emissions and has worked to achieve those targets.

The Company regards addressing climate change issues as a material issue in realizing the Group Mission, and it receives reports on initiatives from the Risk Management Committee and Nippon Paper Group Environmental Committee and monitors them. Since FY2022/3, the executive officer in charge of GHG emissions reduction and promotion of environmental management has also been reporting on these and other issues to the Board of Directors on a quarterly basis.

Risk Management

Assessments of and responses to climate-related risks are integrated into the Nippon Paper Group's risk management structure and are managed by the Risk Management Committee (see P. 56).

In order to properly foresee risks, the Nippon Paper Group Environmental Committee, established under the Risk Management Committee, collects and analyzes information, identifies climate-related risks and promotes countermeasures. In addition, the Group has established the Climate Change Strategy Working Group to collect information and forecast risks.

Indicators and Targets (FY2031/3)

In the future, the Group will refine 1.5°C scenario analysis to enhance and broaden its indicators and targets, and strengthen risk management.

GHG emissions reduction plan: GHG emissions (Scope 1 and 2) reduced by 45% in FY2031/3 compared with FY2014/3
 Non-fossil energy use ratio 60% or more

Investment to address climate-related risks: ¥52.0 billion

Internal carbon pricing: Temporarily suspended due to rising prices of coal and other fuels

Scenario Analysis and Strategy

The Group drew up a vision of society taking into account the growing awareness of ESG issues and conducted quantitative and qualitative assessments of the impact of climate change-related risks and opportunities on financial plans,

mainly in the domestic paper and pulp business, using two scenarios: one in which temperature rise is limited to 1.5°C and the other in which it rises by 4°C or more.

Risk Identification and Assessment

The Group is affected significantly by physical risks because its business foundation comprises forest resources. Additionally, the Group purchases raw materials from overseas. For this reason, the Group also closely monitors the climate change countermeasures of countries from which it procures raw materials as a risk factor. On the other hand, in Japan, the Group is affected by regulatory risk such as a carbon tax and energy policies.

To address transition risk, the Group will take multifaceted measures to reduce risk to achieve GHG emission reduction

targets as quickly as possible, ahead of the scenario depicted in the 2030VISION.

Regarding physical risk, the Group strives to spread out and diversify the geographic location of its plantation areas and suppliers of wood chips and other resources. Concurrently, as a means of mitigating damage to production bases and logistics networks, the Group has established an elaborate structure for business continuity, such as backup production and inventory management. Through these efforts, the Group endeavors to reduce risk.

Risks Assessed to Have a Large Financial Impact (Some excerpts are shown below)

Type of Risk		Phenomena with Significant Impact on Financial Plans	
Transition risk	Regulatory	Increasing price of carbon, such as the introduction of a carbon tax	<ul style="list-style-type: none"> Rising fuel prices and renewable energy surcharges Increasing capital investment expenses for fuel conversion and energy saving
Physical risk	Acute	Losses due to catastrophic disasters	<ul style="list-style-type: none"> Stoppage in the delivery of supplies and products as logistics networks are cut off Interrupted production due to rising turbidity of water intake from rivers Production stoppage due to damage at production sites
	Chronic	Rising temperatures and changes such as precipitation	<ul style="list-style-type: none"> Increased price of woody supplies and other plant-based materials due to frequent forest fires and a decline in plant growth

Identification and Assessment of Opportunities

Climate-related risks also simultaneously present opportunities. The Nippon Paper Group will implement a green strategy combining its tangible assets, such as mill facilities and Company-owned forests, and its intangible assets, such as its raw material procurement networks and technological

capabilities developed over many years. In this way, the Group will be able to enter markets that offer growth prospects in step with changes in the environment and social conditions such as expansion of ethical consumption, thereby capturing opportunities to drive growth in its businesses.

Opportunities in Existing and Growing Markets (Some excerpts are shown below)

Predicted Phenomena	The Nippon Paper Group's Strengths
Stricter government policies	<ul style="list-style-type: none"> Widespread use of storage batteries due to progress on electrification Further reduction of vehicle weight Progress on carbon recycling
Changes in consumer tastes and preferences	<ul style="list-style-type: none"> Technologies for using tree components Cellulose nanofiber (CNF) development technologies and production facilities Breeding technology for trees with a high CO₂ fixation efficiency and Company-owned forests in Japan Chemical CO₂ fixation and utilization technology Biomass-derived CO₂ supply infrastructure (recovery boilers)
Increased demand for environmentally friendly products	<ul style="list-style-type: none"> Expand demand for products using biomass materials Biomass material development technology Recycling technology and wastepaper procurement networks
Losses due to catastrophic disasters	<ul style="list-style-type: none"> Rising needs in trend to replace plastic with paper Increased demand for products that reduce live-stock-derived GHG emissions Multifunctional packaging material technology, barrier packaging technology, long-term liquid preservation technology Technologies using cellulose materials
Rising temperatures and changes such as precipitation	<ul style="list-style-type: none"> Buildings are required to be more resilient Trees that can withstand high temperatures, drought, and pests are needed Manufacturing technology for fly ash concrete admixture Tree breeding and propagation technologies



Basic Stance

The Nippon Paper Group, as a requirement of its Vision for the Group Mission, has positioned the realization of diverse work styles and active participation of diverse human resources as key issues, based on the principle of instilling pride in employees.

The Group adopted a basic strategy to accelerate the transformation of the business structure under Medium-Term Business Plan 2025 to achieve the 2030VISION. In a society

with a declining birthrate and an aging population, focus will be placed on developing and securing human resources, as well as shifting human resources to growing businesses. Moreover, to realize diverse work styles, the Group will move forward on creating organizations where diverse types of people are able to maximize their abilities, and which aim for better engagement with employees.

Utilizing Human Resources

The Group ascertains human resource needs in new and growing businesses and redeploys human resources in line with the progress of business structure transformation. At the same time, proactively recruiting human resources with specialist knowledge and experience from outside of the Company rejuvenates the organization.

When launching a new business or mass-producing a new product, human resources who can perform stable operations

are necessary. In line with business development, the Group properly allocates employees who have accumulated exceptional operational skills at its mills in the Paper Business. Moreover, to respond to the decrease in the working-age population in Japan, focus is being placed on leadership training for employees hired by mills, and efforts are being made to realize flexible and diverse work systems and programs that meet the needs of employees.

Developing Human Resources

Ideal Human Resources for the Group

The Group has formulated values that employees should emphasize to realize the Group Mission.

Nippon Paper Industries, the core company of the Group, looks for the following when hiring employees: 1) constant seeking of new challenges, 2) exercising fair judgment and acting accordingly, 3) having the ability to work in an inclusive team, and 4) having the mental fortitude to overcome hardships.

In addition, as leaders advance the push to accelerate the transformation of the business structure, managerial-track

employees are trained and their careers are shaped with the aim of becoming “autonomous human resources” who can take action to achieve their own goals, “challenger human resources” who can take on new challenges, or “global human resources” who can excel in a global business field.

Values and judgment standards employees must emphasize to achieve the Group Mission
Challenge Fairness Teamwork

Employee Training

The Company supports the autonomous development of its employees after joining the Company through the regular provision of distance and group training opportunities and the development of a professional qualification incentive system.

Training of newly recruited managerial-track employees has been conducted jointly by the Company and main Group companies continuously since FY2011/3 with the aim of Group-wide development of employees. The Company also conducts stratified education jointly at multiple mills located in close proximity to each other so that employees can develop a broad perspective through interaction with others outside the mill where they work.

Training for managerial-track employees aims to accumulate a wide variety of experiences through a combination of on-the-job training and planned rotations. In addition, through stratified education and optional training, opportunities for employees to cultivate an awareness of their responsibilities as

leaders and develop necessary skills and techniques are provided. Furthermore, to develop global human resources, TOEIC tests and overseas training are offered.

Nippon Paper Industries' Main Education and Training System

	Stratified education (Training for new employees and new supervisors, promotion and appointment training, elective training, etc.)
OFF-JT	Optional training (Distance learning, group training, a professional qualification incentive system, etc.)
	Overseas site dispatch system, training course for middle management, assessor training, other
	On-the-job training, rotation

Enhancing Employee Engagement

The Company is working on building relationships to ensure growth for both employees and companies by realizing diverse work styles and promoting diversity as well as improving job satisfaction.

Realizing Diverse Work Styles

The Company is moving forward on establishing work environments to realize diverse work styles and is reviewing work systems in response to changes in society, such as promotion

of diversity and the pandemic. Moreover, it is also working to improve operational efficiency and review work styles, as well as to shorten overall work hours.

Systems Introduced/Revised (Nippon Paper Industries)

April 2020	April 2021	April 2022
<ul style="list-style-type: none"> Half-day unit acquisition of expired annual paid leave (preserved leave) A system that allows employees to apply the preserved leave (expired annual paid leave) for short-term childcare (paid leave can be used) Financial assistance for employees transferred alone (without their family) who are not the head of their household A system to allow employees to take leave when accompanying their spouses during an overseas assignment 	<ul style="list-style-type: none"> Elimination of the core time (the time during which employees must be at work) of the flextime system A system to work from home (permanent system) (Target persons: Employees who handle work that can be done from home and who can work autonomously) A system for taking annual paid leave in hourly increments 	<ul style="list-style-type: none"> Application of expired annual paid leave to absence from work related to fertility treatment and pregnancy and intermittent absence from work associated with treatment of a disease Extension of a period of application of childcare support measures, etc. Revision of the salary increase rule for those who have taken childcare leave or nursing-care leave

Total Number of Working Hours (Nippon Paper Industries)

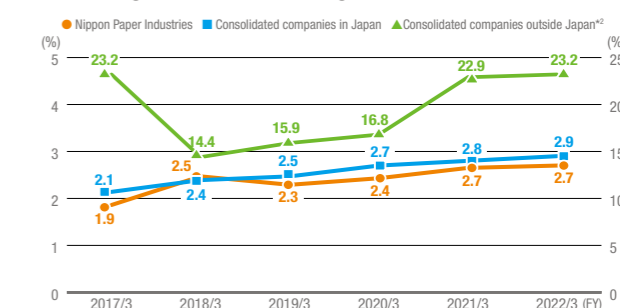
	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3
Total Number of Working Hours	1,927 hours	1,923 hours	1,894 hours	1,888 hours	1,905 hours

Promoting Diversity

The Company aims for diverse human resources to display their abilities to the maximum extent. From the standpoint of women's active participation, the Company formulated the Action Plan for the Advancement of Women in April 2021 and is moving ahead on creating an effective environment to achieve its goals. The Company recruited very few women in the past, so improving the ratio of women in management will take time, but the number of women recruited as

managerial-track employees and the number of workplaces where women are assigned are both on the increase.

Percentage of Female Managers*1



*1 Percentage of only full-time employees which excludes associate directors, employees commissioned for specific purposes, employees on temporary assignment from other companies, and other non-full-time personnel
*2 Managerial personnel at the level of section manager or positions higher

Number of Managerial-Track Employees and Percentage of Women (Nippon Paper Industries)

	FY2021/3	FY2022/3	FY2023/3
Number of managerial-track employees	48	43	48
(Percentage of women)	(35%)	(30%)	(40%)

Enhancing Employee Job Satisfaction

The Company conducted a trial of internal side occupations as a measure to enhance employee job satisfaction at the head office from September 2021 until March 2022, and officially introduced the system from FY2023/3. The Company will accelerate the transformation of the business structure through

the effects of enhancing motivation by enabling employees to get involved in operations in which they have an interest but are different from their normal work, fostering a corporate culture where employees aim for autonomous growth and strengthening organizational capabilities.