

Directors and Audit & Supervisory Board Members (as of June 29, 2023)

Directors



Fumio Manoshiro
Chairman and Director

Number of Company Shares Held
48,438 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)

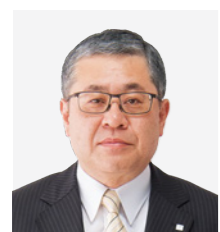


Toru Nozawa
President and Representative Director

Number of Company Shares Held
29,357 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 Positions
• President and Corporate Officer



Masanobu Iizuka
Executive Vice President and Representative Director

Number of Company Shares Held
12,449 shares

Brief History
1960 Born
1984 Joined Jujo Paper Co., Ltd.
2019 Appointed Director, NPI
2023 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 Tokai Industrial Paper Supply Co., Ltd.



Atsumi Yasunaga
Director

Number of Company Shares Held
12,049 shares

Brief History
1960 Born
1990 Joined Jujo Paper Co., Ltd.
2023 Appointed Director, NPI (current position)

Important Positions
• President and Representative Director, Nippon Paper Crecia Co., Ltd.



Mitsuhiro Sugino
Director

Number of Company Shares Held
9,937 shares

Brief History
1963 Born
1988 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2023 Appointed Director, NPI (current position)

Important Positions
• Managing Executive Officer and General Manager, Biomass Material Business Division

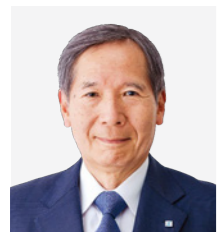


Tomoyasu Itakura
Director

Number of Company Shares Held
8,611 shares

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

Important Positions
• Executive Officer and General Manager, Financial Division

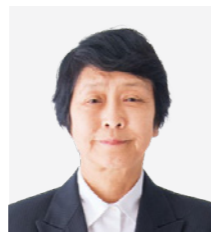


Makoto Fujioka
Outside Director

Number of Company Shares Held
1,000 shares

Brief History
1950 Born
1975 Studied abroad at Harvard Business School in the U.S. (acquired MBA)
1987 General Manager, Energy Conservation Division, International Energy Agency (IEA) (stationed in France)
1996 Deputy Director-General for the 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 of Nippon Light Metal Co., Ltd. (until 2015)
2015 Senior Director, Japan Association for Chemical Innovation (until 2019)
2016 Outside Director, Eagle Industry Co., Ltd. (until 2023)
Outside Director, NOK CORPORATION (current position)
Appointed Outside Director, NPI (current position)

Important Positions
• Outside Director, NOK CORPORATION



Yoko Hatta
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
2015 Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd. (current position)
2016 Outside Auditor & Supervisory Board Member, IHI Corporation (until 2020)
Appointed Outside Audit & Supervisory Board Member, NPI (until 2019)
2019 Appointed Outside Director, NPI (current position)
2022 Outside Director, Ajinomoto Co., Inc. (current position)
Outside Director (Audit & Supervisory Committee Member), KOEI CHEMICAL CO., LTD. (current position)

Important Positions
• Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd.
• Outside Director, Ajinomoto Co., Inc.
• Outside Director (Audit & Supervisory Committee Member), KOEI CHEMICAL CO., LTD.

- Independent Officers: Nippon Paper Industries 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.
- The "Number of Company Shares Held" is as of March 31, 2023, and includes shares held by Nippon Paper Industries executive shareholding association.



Yutaka Kunigo
Outside Director

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

Audit & Supervisory Board Members



Kazunari Tatsu
Senior Audit & Supervisory Board Member

Number of Company Shares Held
8,119 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 Positions
• Audit & Supervisory Board Member, Nippon Paper Crecia Co., Ltd.



Tomoyoshi Nishimoto
Audit & Supervisory Board Member

Number of Company Shares Held
13,661 shares

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

Important Positions
• Audit & Supervisory Board Member, NP Trading Co., Ltd.



Takafumi Okuda
Outside 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 Positions
• Visiting Attorney, Mori Hamada & Matsumoto



Nanako Aono
Outside 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 Audit & Supervisory Board Member, MISUMI Group Inc. (current position)
2019 Appointed Outside Audit & Supervisory Board Member, NPI (current position)
2020 Outside Director, OPTEX GROUP CO., LTD. (until 2023)
2022 Outside Director (Audit & Supervisory Board Member), MEIKO NETWORK JAPAN CO., LTD. (current position)

Important Positions
• Representative Director and President, GEN Co., Ltd.
• Outside Audit & Supervisory Board Member, MISUMI Group Inc.
• Outside Director (Audit & Supervisory Board Member), MEIKO NETWORK JAPAN CO., LTD.

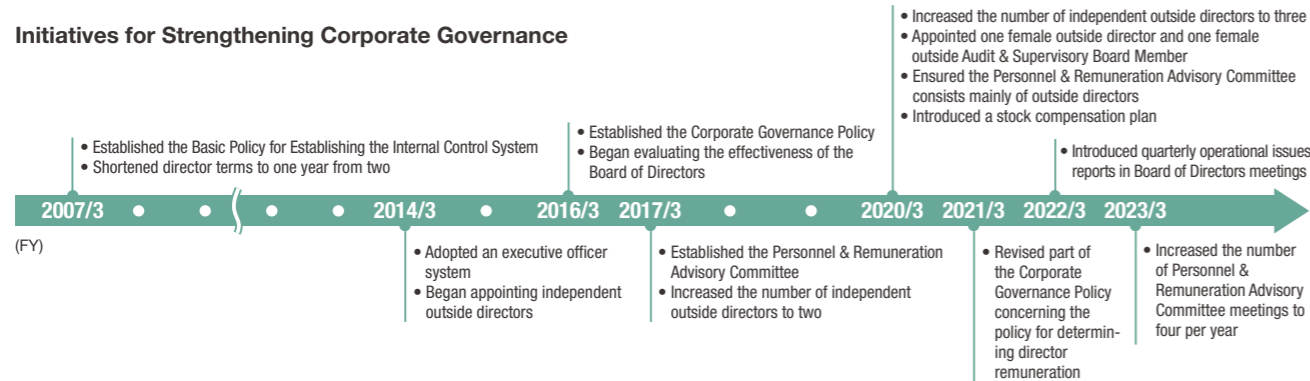
Basic Stance

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 issue is to further enhance management transparency to stakeholders including shareholders and to realize fair management. The Company has adopted an executive officer system and is working to

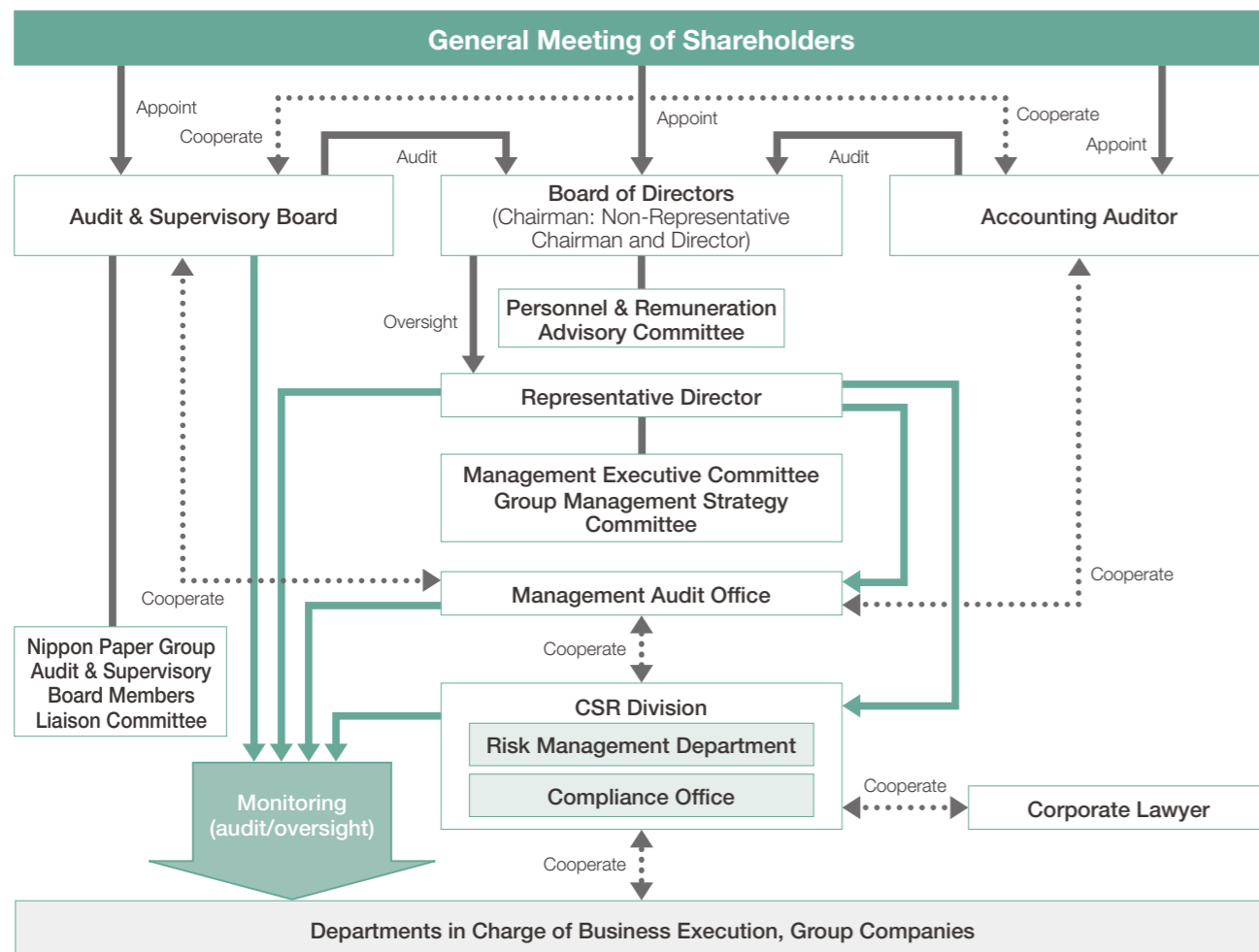
strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. As the command center of Nippon Paper Group, the Company is implementing growth strategies, monitoring businesses under its control, and promoting risk management and compliance.

Initiatives for Strengthening Corporate Governance



Corporate Governance Structure

Corporate Governance Structure (as of July 1, 2023)

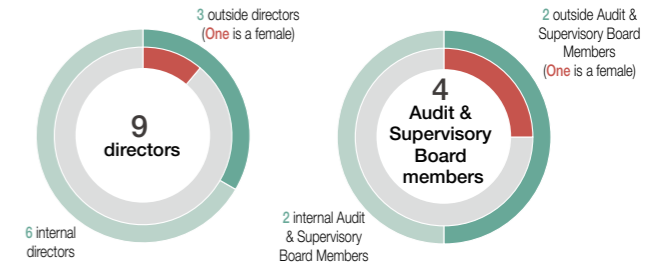


- The Company has adopted a Company with Audit & Supervisory Board system of corporate governance.
- Ernst & Young ShinNihon LLC has been appointed as the Company's accounting auditor.

Board of Directors

The non-representative chairman and director serves as the chairman of the Board of Directors. The Board of Directors shall bear the supervisory function of management as a whole, ensuring fairness and transparency of management. The Board of Directors shall 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 and regulations 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.

Composition of the Board of Directors (as of June 29, 2023)



Skill Matrix of Directors

The skills that the Company expects each director to demonstrate are listed below. Each skill is designated in light of the 2030VISION's basic policy and its importance (materiality) for management to achieve the Group Mission.

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	Masanobu Iizuka	○			○		○				○
Director	Atsumi Yasunaga	○			○		○				
Director	Mitsuhiro Sugino						○	○			○
Director	Tomoyasu Itakura	○		○		○					
Outside Director	Makoto Fujioka	○	○			○					
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

The Management Executive Committee usually meets once a week to assist in the execution of the president's duties. Committee membership is basically composed of the president, vice president, and general managers. Meetings held once a month are also attended by outside directors and general managers of the Company's mills in order to share information on monthly financial results.

Audit & Supervisory Board Members and Audit & Supervisory Board

Audit & Supervisory Board Members conduct strict monitoring of the execution of business by directors. They also meticulously audit whether all company operations are conducted legally and appropriately by conducting on-site audits of the Company's divisions, business sites, and Group companies. The Audit & Supervisory Board strives to deepen mutual understanding with the representative directors and to strengthen cooperation with auditors of each Group company.

Board of Directors Meetings Held (FY2023/3)

Number of Board of Directors meetings held: 13
 Average rate of attendance by directors:
 100.0% (outside directors: 100.0%)
 Average rate of attendance by Audit & Supervisory Board Members:
 100.0% (outside Audit & Supervisory Board Members: 100.0%)

Group Management Strategy Committee

The 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.

Management Audit Office

The Management Audit Office is directly under the president's control. The office conducts internal audits of the Company and each Group company, as well as comprehensive evaluations of the maintenance and operation of the internal control system for financial reporting. It also facilitates coordination between audits by the Audit & Supervisory Board Members and audits by internal auditors.

Audit & Supervisory Board Meetings Held (FY2023/3)

Number of Audit & Supervisory Board meetings held: 14
 Average rate of attendance by Audit & Supervisory Board Members:
 100.0% (outside Audit & Supervisory Board Members: 100.0%)

Corporate Governance

Personnel & Remuneration Advisory Committee

The Company has the Personnel & Remuneration Advisory Committee in place as an advisory body to the Board of Directors. The committee is composed of three independent outside directors, the President and Representative Director, and the General Manager of the Personnel & General Affairs Division. The Company's President and Representative Director serves as the committee chair, reviewing relevant issues while obtaining proper involvement and advice from the independent outside directors. In principle, the committee chair serves as the chairperson of committee meetings. However, when there are topics on the agenda that strongly require independence and objectivity, an independent outside director will serve as the chairperson.

The Personnel & Remuneration Advisory Committee

receives inquiries from the Board of Directors on various matters. These matters include 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 officers. The committee responds to those inquiries by reviewing the appropriateness and other aspects of those matters while obtaining proper involvement and advice from independent outside directors and considering its assessment of the Company's business performance and other factors. The Board of Directors makes decisions, after receiving the committee's reports, on matters such as the nomination of candidates for director and Audit & Supervisory Board Member and the remuneration of directors.

Meeting of the Personnel & Remuneration Advisory Committee (FY2023/3)

- Change the number of regular meetings from 2 to 4 per year
- Average rate of attendance of committee members: 100.0%.



Successor to the President

Candidates for successor to the president are developed by placing them in successively important roles such as executives and directors.

The president seeks to gain the confidence of the Personnel & Remuneration Advisory Committee, which has been established as an advisory body to the Board of Directors, by explaining medium- to long-term management issues and exchanging thoughts and ideas with committee members. In addition, the Personnel & Remuneration Advisory Committee deepens its discussions regarding the qualities the president

should possess and the duties the president should carry out in light of future management issues.

The Personnel & Remuneration Advisory Committee discusses officer-related personnel matters, such as the appointment and dismissal of the president, and reports to the Board of Directors. The Board of Directors, upon receiving the report, will carefully review its contents, deliberate, and decide on the candidates. Through this process, the Board of Directors supervises the formulation and implementation of succession plans.

Policy on Determination of Remuneration, etc. for Directors and Audit & Supervisory Board Members

The standard amount of monthly remuneration for directors (excluding outside directors) shall be decided according to his/her responsibilities within the Company. Of that amount, 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, in principle. 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. In addition, the Company has introduced the Board Benefit Trust (BBT) as a stock compensation plan for directors (excluding outside directors). The objective of the BBT is to increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its corporate value. Monthly remuneration for outside directors and outside Audit & Supervisory Board Members shall be fixed.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members*1 (FY2023/3)

	Number of Executives*2	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration	
Directors	10	¥290 million	¥71 million	¥30 million	¥392 million
(Outside directors)	(3)	(¥39 million)	(—)	(—)	(¥39 million)
Audit & Supervisory Board Members	4	¥58 million	—	—	¥58 million
(Outside Audit & Supervisory Board Members)	(2)	(¥13 million)	(—)	(—)	(¥13 million)

*1 Figures are rounded down to the nearest million yen. *2 Includes one director who resigned during FY2023/3.

Remuneration for Directors (Excluding Outside 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		
	70% paid as fixed remuneration	30% paid, in principle, after adjustment based on the degree of achievement of the medium-term business plan	
Performance standards	—	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		—

Assessment of Board Effectiveness

Once a year since FY2016/3, as an assessment of board effectiveness, the secretariat of the Board of Directors conducts a survey of the directors and Audit & Supervisory Board Members regarding management of the Board of Directors and the discussions held at its meetings. The aggregated

survey results are reported to the Board of Directors. The Board of Directors analyzes and evaluates its effectiveness through such means as discussing the reported results. It then takes steps to improve its effectiveness.

Effective Improvement Initiatives for FY2023/2

Tasks Set in FY2022/3	Results of Efforts in FY2023/3 (results)
1. Follow-up on important matters	<ul style="list-style-type: none"> • Progress reports on matters resolved by the Board of Directors are provided in a manner appropriate to individual cases.
2. Expand discussions to oversee the progress of the 2030VISION and the Medium-Term Business Plan 2025 and to encourage measures to achieve the goals	<ul style="list-style-type: none"> • Clarified a system to steadily promote countermeasures by establishing a person responsible for business execution and reporting lines for particularly important management issues, thereby increasing the speed of information gathering and decision-making. • Designated a chief officer who is responsible for cross-functional coordination among the Raw Materials, Technology, R&D, and Logistics departments across the Group, and provides regular reports to the Board of Directors on a quarterly basis.
3. Expanding opportunities for exchange of opinions between outside directors and representative directors	<ul style="list-style-type: none"> • Ensure that directors and Audit & Supervisory Board Members have opportunities to attend the Group Management Strategy Meeting and the Management Executive Meeting, where monthly reports are made, and share information without concealment, before discussing it at Board meetings. • At Personnel & Remuneration Advisory Committee meetings, the President explained to outside directors the policies for achieving the Medium-Term Business Plan 2025 and ensured that outside directors will have the opportunity to ask questions and express their opinions.

Evaluation Result Conducted in FY2023/3

Questionnaire Items Conducted in FY2023/3 (Total of 8 Categories, 20 Questions)	Main Opinions Identified in the Questionnaire
(1) Composition of the Board of Directors (2) Agenda Items for the Board of Directors (3) Operation of the Board of Directors (4) Training for directors and Audit & Supervisory Board Members (5) Board discussions (6) Effectiveness of the Personnel & Remuneration Advisory Committee (eligible respondents: committee members only)	<ul style="list-style-type: none"> • Further increase opportunities to review the progress of matters discussed at Board meetings and verify the comparison of forecasts and actual results.
(7) Support for outside officers (eligible respondents: outside officers only) (8) Other comments on the status of corporate governance initiatives	<ul style="list-style-type: none"> • The progress and responses of each Division, subsidiary, and major project will be explained with a clearer awareness of the long-term vision and the medium-term business plan. • Expand opportunities for the Board of Directors to discuss risk assumptions, impact assessments, etc.

Tasks for FY2024/3 Even in the midst of a severely changing business environment, the Board of Directors will further discuss progress, issues, and future strategies to achieve the goals of the Medium-Term Business Plan 2025.

Cross-Shareholdings

Holding Policy

Regarding individual cross-shareholdings, the Company owns stocks that it believes will help to increase its corporate value based on the medium- to long-term economic rationale for holding the stock and the perspective of maintaining and reinforcing comprehensive relationships with business partners.

Standards for Exercising Voting Rights

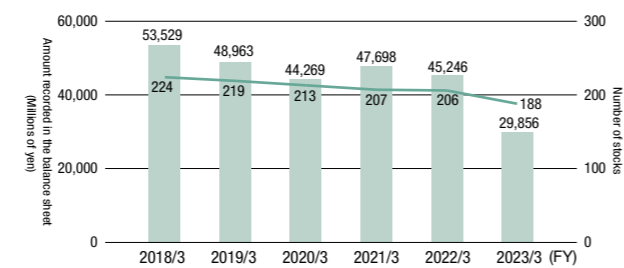
The Company shall appropriately exercise the voting rights associated with cross-shareholdings by analyzing the content of each proposal and determining whether or not each proposal will increase the corporate value of both the Company and the investee company. The Company shall not vote in favor of any proposals that would impair the corporate value of the Company and the investee company.

Carrying Amount of Deemed Shareholdings

The carrying amount of deemed shareholdings was ¥31,797 million as of March 31, 2023. Combined with cross-shareholdings, the total amount was ¥61,653 million. This sum represented 14.85% of net assets.

The Board of Directors reviews the holding purpose every year. If the Company deems there to be no good reason to hold certain stocks, the Company shall sell them while considering the profit and loss situation.

Number of Cross-Shareholdings and the Amount Recorded in the Balance Sheet



- The Company has been successively reducing the number of these stocks and their holding value. The increase in the amount recorded in the balance sheet in FY2021/3 was attributable to the mark-to-market valuation of listed shares.
- The number of stocks and the amount recorded in the balance sheet shown above do not include deemed shareholdings.

Nippon Paper Group
ESG Databook 2023

Compliance

Basic Stance

Based on the Nippon Paper Group's Action Charter, the Group has positioned its compliance as "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.

The Compliance Office, which the Company set up within its CSR Division, strives to enhance collaboration on compliance with the compliance managers of Group companies in the Group CSR Liaison Meetings. The operational status of the internal whistleblower system is reported to the Board of Directors, as well as to the Audit & Supervisory Board Members and the Management Executive Committee on a quarterly basis.

Compliance Activities

The Group strategically carries out compliance training. Regarding anti-corruption, the Group provides 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 established the Nippon Paper Group Helpline as an internal whistleblower system that allows users

to directly report and consult on any conduct that violates laws and regulations regarding human rights, corruption, the environment and other areas, as well as corporate ethics. The Company periodically notifies eligible users about the helpline. Opinions and other reports from third parties not covered by the helpline are accepted through the Contact Us webpage of the Nippon Paper Group's website. Since the second half of FY2022/3, the Company has provided continuous training to managers and supervisors in an effort to enhance the prevention of harassment, which is frequently reported.

Measures to Ensure Compliance with the Antimonopoly Act

On April 11, 2023, the Japan Fair Trade Commission conducted an on-site inspection of NP Trading, a subsidiary of the Company, due to an alleged violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) in relation to the bidding process for official gazette paper (Recycled Roll Paper), for which the National Printing Bureau was the ordering party. The Group takes the fact that it was subject to an on-site inspection very seriously and is cooperating in earnest with the Japan Fair Trade Commission's investigation. The Group will take measures to prevent recurrence in the future so that such an incident never occurs again.

Message from Outside Directors

Turning Crisis into Opportunity to Increase Earning Power

Makoto Fujjoka

Engaged broadly in industrial policy at the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry), and later became involved in corporate management as Executive Vice President of Nippon Light Metal Co., Ltd. Has extensive overseas experience, including service as Ambassador Extraordinary and Plenipotentiary to the United Arab Emirates.



Toward More Meaningful Discussion at Board of Directors Meetings

FY2023/3 has been a year of significant change. The Board of Directors has deliberated on a number of important issues as we proceed with the transformation of the business structure. Last year, I mentioned that in this age of uncertainty, the Board of Directors is required to play a role in guiding the Company in the right direction in terms of three perspectives: taking a long-term view and ascertaining the direction society and the economy are headed; creating a resilient, flexible management structure capable of responding immediately in emergencies; and viewing unforeseen circumstances, occurring in what seems like a constant stream, as both threats and business opportunities. Constantly keeping these points in mind, I have been striving to fulfill my role in the Board of Directors. Looking back, I believe I have accomplished this to a certain extent.

Every meeting should be held not only for the sake of reporting information but also for discussing the actions and direction the Company should take. It is important for the Board of Directors to spend more time having constructive dialogue to determine the direction of its actions. At Nippon Paper Industries as well, I feel that the appointment of chief officers and introduction of quarterly operational reports at Board of Directors meetings since FY2022/3 have stimulated our discussions at the meetings.

Although FY2023/3 was a very challenging year in terms of business performance, the Company was able to continue its efforts and make positive decisions for future growth, paving the way for a turnaround. With a plan to ensure a return to profitability in FY2024/3, it also put strategies in place to get back on track with the Medium-Term Business Plan 2025.

Increase Discussion Opportunities at Personnel & Remuneration Advisory Committee Meetings

Looking back on the activities of the Personnel & Remuneration Advisory Committee, I personally believe that it has played a meaningful role so far. Since FY2023/3, the committee has increased the frequency of its meetings from twice to four times a year. This was realized after I suggested to the president that it would be necessary to increase opportunities for the president and outside directors to exchange candid opinions and engage in deep discussions on management issues and responses.

Board meetings tend to focus on specific issues. Therefore, before proceeding with specific measures, it is a very important opportunity to grasp the overall picture through frank discussions with the president outside of the Board meetings and create shared understanding of issues and directions. Moreover, Personnel & Remuneration Advisory Committee meetings allow for deliberation on the evaluation and reappointment of the president. In this sense, expanding opportunities to exchange opinions with the president is a very fair and appropriate measure.

Path to Achieve the Medium-Term Business Plan 2025 and Expectations for the 2030VISION

In FY2023/3, raw material and fuel prices, especially coal prices, rose dramatically. The Company was pushed into a

corner, and corporate management would not be viable without immediate actions. Accordingly, the Company advanced the business structure transformation and cut costs drastically by reorganizing its production system, switching fuels, saving energy, and making other efforts to the utmost extent. However, this was not enough to offset the surging prices for raw materials and fuel, and the Company asked its customers to accept product price increases to cover the remaining deficiencies. As a result of these efforts, it was able to quickly pave the way for a return to profitability in FY2024/3.

Coal consumption cuts also greatly reduce GHG emissions. Under the strong leadership of top management and with the hard work of young and mid-career employees, it is a great achievement that the Company pulled through cross-divisional efforts to cut GHG emissions.

Last year, the Company braved the crisis, and all of its employees were able to turn it into an opportunity for management reforms. At first, I even felt it was very hard to see the light at the end of the tunnel, but the fact that the Company set a course for returning to profitability in FY2024/3 and achieving the Medium-Term Business Plan 2025 has impressed upon me that it successfully turned a negative situation into a positive one.

In FY2024/3, the Company should make the utmost efforts to improve its profitability. Solid earning power is necessary in order to get back on the right track of the Medium-Term Business Plan 2025. With such earning power, the Company will be able to improve its financial position that was damaged over the past year and return profits to its shareholders once again.

Earning power is obtained by strengthening the power of sales, which is the point of contact with customers. The ability to launch new products that can satisfy customers' needs and to provide solutions to their problems will help grow the Company. Thus, strategic sales power is key. As an outside director, I have voiced why it matters at Board meetings and various other occasions.

The Medium-Term Business Plan 2025 is a passing point, and the Company's ultimate target is to realize its long-term goal; the 2030VISION. To this end, it is essential to speed up the process to develop and commercialize new businesses and products. I believe that there are many projects that look forward to the future, such as Genki Morimori® cellulose feed for cattle and cellulosic bioethanol that can be used to produce SAF, a fuel which is an issue in the aviation industry.

When deliberating on various investments, I always make sure to identify and run through all the risk factors. If there are any shortfalls, I will point them out as a director, but it does not get us anywhere if I reject everything. To develop the Company, it is essential to advance necessary projects while taking risks appropriately. I will continue to speak up to encourage the Company to explore options proactively.

Steadily Addressing Challenges and Feeling Improvements

Yoko Hatta

Served as a tax advisor to Japanese companies in the U.S. for more than 10 years, and post-retirement has been contributing to corporate management as an Audit & Supervisory Board Member and director with a unique outside perspective.



“Lateral Communication” Works to Achieve the Quickest Possible Response Times

In FY2023/3, the unexpected issue of surging prices for raw materials and fuel in the wake of Russia’s invasion of Ukraine put a strain on business performance. Notwithstanding the impact of this situation, we feel that the Group’s planning has become considerably more accurate. The Board of Directors naturally shared a strong sense of urgency and had active discussions on specific ways to overcome this situation. The quarterly operational reports by the chief officers were initially focused on reporting on information gathered, but they have gradually become more wide-ranging to explicitly state countermeasures. In addition, the president sends out messages to employees on a regular basis, and I feel that the employees have been able to share the sense of urgency from their respective standpoints.

In order to transform the business structure, it is essential to share information with other divisions and implement lateral communication to think about how to move forward together. Large companies often struggle to put their words into action to instigate change, but from FY2023/3, cross-divisional cooperation has become functional. I can see that they are working to transform their business structure as quickly as possible while remaining cognizant of lateral communication in various areas, including mill issues, environmental measures, R&D, and procurement.

If the Company wished to speed things up even more, it might have to tear down everything it has built thus far and rebuild it. However, since its business activities are closely tied to the local community, it will not pursue such a method but instead make every effort to achieve a win-win situation.

In response to the recent surging prices for raw materials and fuel, the Company implemented a variety of cost reduction measures, but as these efforts were not enough, it asked its customers to accept product price increases. Some product types were difficult to negotiate on, taking about a year to adjust prices, but I appreciate that their response was as quick as it could be given the circumstances.

On the other hand, there are still issues with speed regarding new business. I believe it will be necessary to press ahead at a faster pace as we anticipate further declines in the demand for paper.

Anticipating Further Consideration of the Director Remuneration System and Ensuring Diversity

The Personnel & Remuneration Advisory Committee has changed dramatically in terms of the way it operates. We have more opportunities to listen to the president’s thoughts in detail one by one, recognizing what the problem is now and how to deal with it. I have found the president’s ideas to be consistent with the direction I would have taken if I were in his shoes, which makes me feel comfortable as an outside director.

Regarding director remuneration, the Company is still based solely on business performance evaluation, but I believe it will

be necessary to include the evaluation of sustainability initiatives in determining director remuneration since improving business performance is not the only responsibility of directors. Although it is difficult to change the remuneration system all at once, we have made a proposal to the Company to consider the payment of director remuneration, which I believe will be taken up by the Personnel & Remuneration Advisory Committee for future discussion.

I know there are many talented people in the Company, but I have felt in the past that there was a culture of doing only one’s own work and not interfering with other people’s affairs. However, I have gotten the impression that this is changing little by little.

I would personally like to emphasize the need for diversity and diverse ways of thinking for the Company to change. We should be actively listening to the opinions of not only female but also young employees, such as Generation Z. Employee compensation should not always be raised gradually and systematically, but should allow more room for larger increases all at once. The Company’s efforts in these areas are not yet sufficient, so I expect much improvement going forward.

Regarding the promotion of active female participation, it is quite difficult for a company like Nippon Paper Industries to achieve, especially in the mills, but I try to actively talk about improvements. The Company has not yet reached the point of having in-depth discussions, but the first step is to increase the number of female employees in positions of responsibility. I believe that there are steps that can be taken, such as considering more detailed measures after first giving female employees opportunities and putting them in positions of authority.

Unstoppable Determination to Reach the Finish Line of the Medium-Term Business Plan 2025

I can sense the president is watching over the Company to see if it is steadily advancing on the right track toward achieving the Medium-Term Business Plan 2025. The outside directors have always asked him to include a report on the Company’s progress compared to the Medium-Term Business Plan 2025, along with figures, in his reports at the Board of Directors meetings.

I believe that in order to achieve the goals of the Medium-Term Business Plan 2025, the Company needs to be determined to press on without stopping, even when it has confirmed an improvement in profitability. The president himself demonstrates this determination to employees through his own words and actions.

In terms of new businesses and products, we expect demand to grow significantly for cellulose nanofiber (CNF) due to its use in storage batteries and the trend of moving away from plastics.

Personally, I appreciate the allure of paper and am convinced that Nippon Paper Group, which has contributed to society with paper as a mainstay of its business, will be able to provide great value to the world in the future.

Promoting Measures through Cross-divisional Cooperation

Yutaka Kunigo

Handled procurement, production, and sales of gas and electricity at his former company and has knowledge and experience in all aspects related to energy. Currently serves as an outside director for three manufacturing companies, including Nippon Paper Industries.



Enhanced Information Sharing with Outside Directors

Outside directors of the Company can attend meetings of the Group Management Strategy Committee and the Management Executive Committee in addition to Board of Directors meetings. This participation allows them to ask questions and exchange opinions while closely observing the executive side of the Company. Although they do not have voting rights, they can attend important meetings and access valuable information directly. It is rare to find a company that is so open about executive information for its outside directors, but I think it is a wonderful system.

Since FY2023/3, we have been following up on initiatives related to the execution of Board of Directors resolutions. Outside of the Board of Directors meetings, we are strengthening our monitoring by requesting individual follow-up investigations when we want to keep track of the situation.

Although this is somewhat removed from the relationship between the Board of Directors’ monitoring and execution, I think the Company is unique in that it holds regular meetings between outside directors and institutional investors. It is very nerve-wracking, and there are issues that we have yet to solve, but it is meaningful to hear directly from shareholders on what they expect from outside directors. I believe this is representative of Nippon Paper Industries’ corporate culture to provide information to outside directors as openly as possible.

In 2022, the Practical Guidelines for Corporate Governance Systems (CGS Guidelines) were revised to indicate a new direction for corporate governance. Namely, that outside directors are not only to suppress risks but also should assume the position of making management take appropriate risks. In light of this development, I expect the responsibilities of outside directors to become increasingly fraught with regard to accelerating measures and responding to further risks.

Lateral Communication for Further GHG Emissions Reduction and Human Resource Development

In FY2023/3, the Company specified which executive officers would be responsible for its key management themes, which has produced some real results.

For instance, in an effort to reduce greenhouse gas (GHG) emissions, the Company was able to achieve results that surpassed expectations through cooperation among related divisions. It was also able to upwardly revise its 2030VISION targets significantly. I realize again that this is the Company’s strength in delegating responsibility for tackling an issue and establishing a system of cooperation so that all employees involved can immediately understand its purpose and take prompt action.

A similar kind of lateral communication is also taking place in other areas besides GHG emissions reduction efforts. One such example is the transformation of the business structure, and the Company is proceeding with transforming its production structure through cross-divisional cooperation, for which it expects to establish a clear direction by FY2024/3. The

Company used to be product oriented, with its mills acting as profit centers, but in order to respond to changes in the market, the sales divisions are now taking leadership as profit centers. This is a very significant change in approach.

Although the Company is a strongly vertically-divided organization, the president is heavily promoting lateral communication, which is starting to make a big difference. For example, at Group Management Strategy Committee meetings, executives are now proactively speaking up about businesses outside of their own. I can sense that management is broadening their perspectives and knowledge.

The employees of Nippon Paper Industries are very honest and hard-working in fulfilling their responsibilities. By adding the movement towards lateral communication, employees will have opportunities to broaden their experiences beyond their own sphere. They will take action that expands their perspectives, which will indirectly lead to human resource development. Career path development will also help train leaders.

When asked about his thoughts, the president said he is promoting successor training while drawing a career path after becoming an executive, and as an outside director, I agree with his approach. At the on-site level, there is a move to expand the scope of responsibilities of production engineering employees, which I believe will produce further benefits in terms of human resource development and efficiency.

Unwavering Commitment to the Revised Medium-Term Business Plan 2025

Due to the severe business environment in FY2023/3, some of the targets in the Medium-Term Business Plan 2025 were no longer achievable, and the Company revised them. It was a regrettable decision for the shareholders. However, even under the revised Medium-Term Business Plan 2025, the ultimate goals and issues to be addressed stay the same. In particular, the Company is continuing to tackle the key challenges in the Medium-Term Business Plan 2025, namely the business structure transformation, the reduction of GHG emissions, and the development of new demand for pulp as an alternative to paper.

Therefore, both as the Board of Directors and the executive side of the Company, there is no change in our determination to achieve the Medium-Term Business Plan 2025 and to work with unwavering determination. The Board of Directors needs to further improve the accuracy of monitoring the figures provided by the executive side, and analyze them in a timely manner, so we are currently discussing specific methods to meet this need. Expanding and harnessing the growing business fields that utilize cellulose is the key to realizing the ultimate 2030VISION. In addition, looking towards 2050, it is important to become able to leverage the value of the Company’s forest resources. To this end, we will always think far ahead and keep in mind what kind of new business seeds to plant.

Basic Stance

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. Specifically, the Group itemizes the following seven risks: (1) legal and regulatory compliance risks, (2) labor-related risks, (3) business-related risks,

(4) finance-related risks, (5) disaster-related risks, (6) information system-related risks, and (7) other risks equivalent to the preceding matters.

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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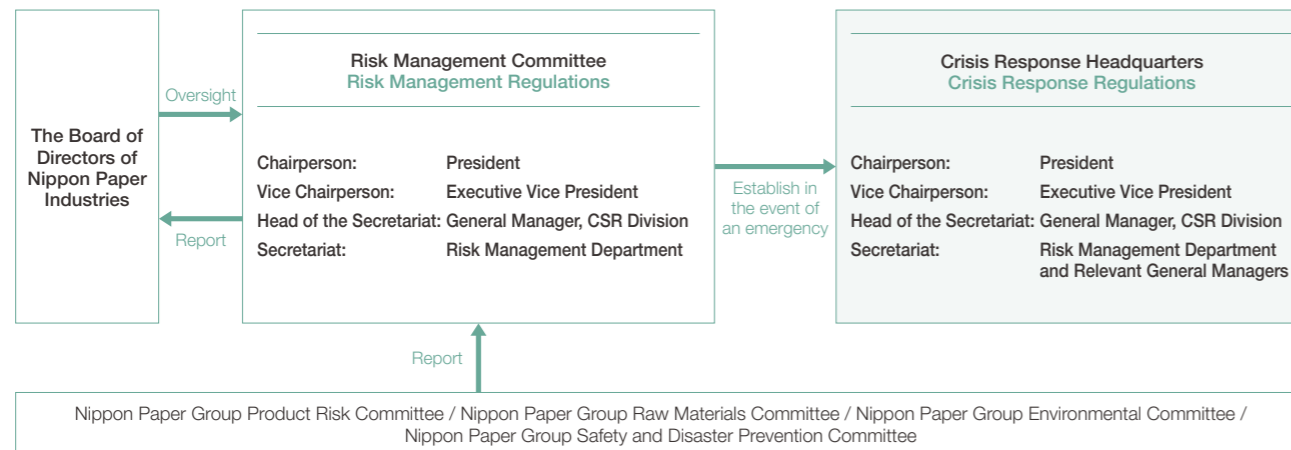
Promotion Structure

Nippon Paper Industries 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. 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, 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 an emergency, a Crisis Response Headquarters will be launched. The Crisis Response Headquarters swiftly carries out initial responses and BCP (business continuity plan) in 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 FY2021/3.

In the Company's head office, the BCP drawn up by each department are made known within the Company. In addition to the stockpiling of food and daily necessities, the Company added equipment that will be needed when the Crisis

Response Headquarters is set up, and selected important operations. The Company's mills are working to revise existing BCP around the assumed disaster scenarios of earthquakes, tsunamis, typhoons, floods and volcanic eruptions. Moreover, 32 Group companies have established crisis response regulations. Going forward, the Group will strive to establish and enhance its BCP.

Risk Identification

In FY2023/3, the Risk Management Committee conducted a risks survey of the Company (head office and mills) and consolidated subsidiaries, and five non-consolidated subsidiaries. In addition to identifying risks, the committee also confirmed risks that materialized in FY2023/3 and risks that

will increase in importance in the future. Based on the results, discussions were held in the relevant departments and the Risk Management Committee, and the Group's business risks were recognized based on the conceptual framework outlined below.

Main Business Risks for Nippon Paper Group (FY2023/3)

	Summary	Main Risk Mitigation Measures
Major Risks Associated with Management Strategies	Risks associated with raw material and fuel procurement and international transportation • Disruption of global supply chains caused by overseas situations • Emergence of the 2024 Problem of driver shortage and delays in logistics	• Multi-sourced purchasing, diversification of import/export destinations • Review of inventory levels • Expansion of flexibility and procurement network by strengthening horizontal cooperation within Nippon Paper Group
	Risks associated with delays in business structure transformation and creating new businesses (Japan and overseas)	• Early positive contribution from new businesses • Implement measures to expand profitability in growth sectors
	Risks associated with climate change • Response to the full-fledged introduction of carbon pricing and emissions trading	• Reduction of greenhouse gases by accelerating the conversion to non-fossil energy sources • Utilization J-credits scheme
Main Risks Associated with the Business Environment and Business Activities	Risk of fluctuations in product demand and market conditions • Fluctuations in demand based on factors such as economic conditions, etc. • Fluctuations in product prices based on factors such as market conditions, etc.	• Reorganization of production structure for graphic paper • Development of new products and new materials
	Risks associated with production facilities	• Planned measures against degradation
	Risks associated with natural disasters and infectious diseases • Earthquakes, tsunamis, typhoons, floods • COVID-19	• Establishment of the Crisis Response Headquarters • Thorough measures to prevent outbreaks of infectious diseases • Utilization of working from home
	Risks associated with environmental laws and regulations	• Dissemination and compliance with environmental laws and regulations
	Risks associated with retention of human resources and labor affairs • Retention of human resources, in an appropriate manner, based on the human resource strategy	• Development of a working environment premised upon flexible and diverse work styles • Operation of the Occupational Safety and Health Management System
	Risks associated with information systems	• Construction and operation of systems in preparation of cyber-attacks • Ongoing activities to raise internal awareness
	Risks associated with social demands such as ESG, SDGs, etc.	• Strengthening engagement with ESG rating agencies • Activities to raise internal awareness • Strengthening polite communication with external stakeholders
	Risks based on product liability	• Utilization of product liability insurance • Risk management of new products

Product Safety

Basic Stance

Nippon Paper Group has made "delighting our customers" (by accurately responding to the needs of customers) one of the requirements of its Vision to realize the Group Mission. Supplying products needed by society with assured 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.

The Nippon Paper Group Product Risk 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 Board of Directors through 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 build its risk management structure, with the aim of bolstering product safety management. In FY2022/3, the Group established common minimum standards to equalize management standards related to product safety and quality assurance, which varied among Group companies. In FY2023/3, based on the minimum standards, main Group companies formulated product risk

management regulations and started implementing them. Moreover, aiming to enhancing discussions at the Nippon Paper Group Product Risk Committee on strengthening the product safety management system, the committee's operational methods were reviewed, including increasing the number of times the committee consults with each Group company.

Respect for Human Rights

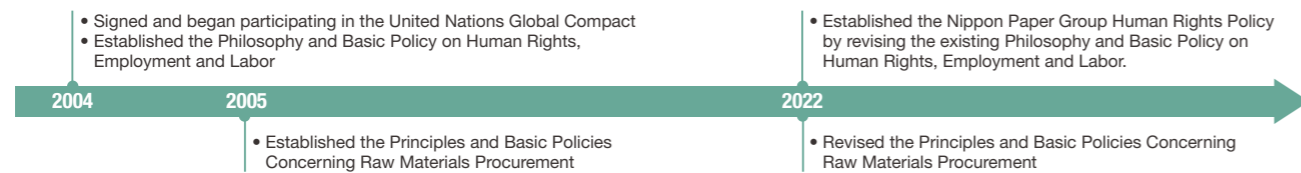
Basic Stance

In 2022, Nippon Paper Group established the Nippon Paper Group Human Rights Policy (hereinafter, "Human Rights Policy") through a resolution by the Board of Directors of Nippon Paper Industries by revising the existing Philosophy and Basic Policy on Human Rights, Employment and Labor (established in 2004). 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. The Human Rights Policy was established in accordance with global standards such as the United Nation's Guiding Principles on Business and Human Rights.

In accordance with the Human Rights Policy, the Group will reinforce respect for human rights across the entire value chain.

Policies and Participation in International Initiatives on Human Right



Promotion Structure and Remedy

The Group has established a Risk Management Committee, supervised by the Board of Directors of the Company and headed by the President and Representative Director, which meets once a year or more. Human rights-related risks within the Group are addressed through the risk management promotion structure (→P.52).

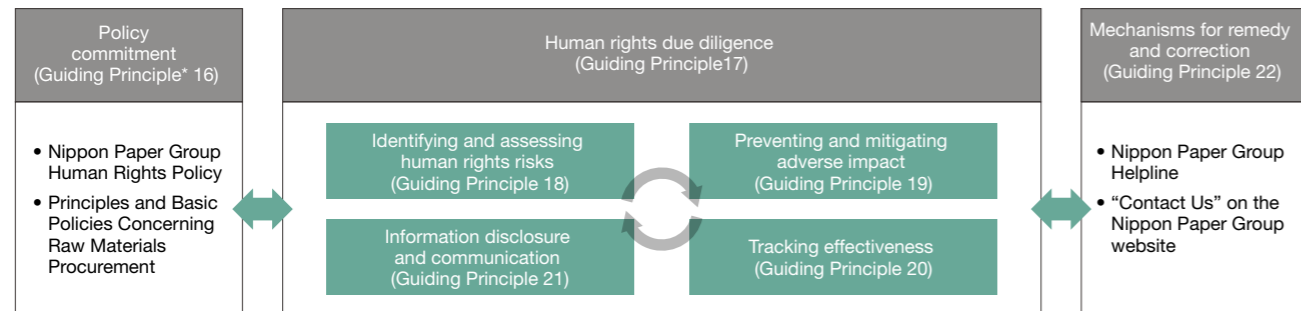
In addition to the Nippon Paper Group Helpline system, which the Company set up as an internal whistleblower system, the Group accepts inquiries regarding concerns about any possible violation of human rights through the Group's corporate website (<https://www.nipponpapergroup.com/english/inquire>).

Human Rights Due Diligence

The Company launched its Human Rights Working Group in 2021, introducing human rights due diligence. In 2022, based on its Human Rights Policy, the Company conducted an evaluation of human rights risks with a comprehensive view of value chains related to the Paper and Paperboard Business, the

Liquid Packaging Carton Business, and the Chemical Business, and identified high-priority human rights risks that must be addressed. Going forward, the Company will continue to regularly evaluate its human rights risks, along with working to expand the scope of such risks.

Overview of Human Rights Due Diligence (Nippon Paper Industries)



* The United Nation's Guiding Principles on Business and Human Rights

Process for Identifying Human Rights Risks and High-Priority Issues

(1) Created a list of human rights risks according to each stakeholder in the value chain based on global standards*.

* Human Rights Guidance Tool including UNEP FI (UNEP Finance Initiative)

(2) Scored human rights risks on the human rights risk list with a focus on the degree of negative impact on human rights, likelihood of occurrence, and relationship and distance from the Company, and identified high-priority risks that must be addressed.

Preventing and Mitigating Adverse Impact

Human Rights Surveys at Contractors of Mills in Japan

The Company sends surveys to contractors of mills in Japan regularly 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, starting from FY2020/3, the Company conducts follow-up surveys. In FY2023/3, the Company revised the content of the survey based on the evaluation results of human rights risks (Survey scheduled to be conducted in FY2024/3).

Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

The Company revised the Principles and Basic Policies Concerning Raw Materials Procurement (hereinafter, "the Procurement Policies") in 2022 to enhance initiatives for respecting human rights throughout the entire supply chain. Based on the Procurement Policies, the Company has employees in charge of procurement or locally stationed personnel visit overseas wood chip suppliers to conduct interviews covering matters such as health, hygiene, safety, disaster preparedness, working conditions, and local environmental concerns from the perspective of respect for human rights. In FY2023/3, the Company carried out inspections in Vietnam and confirmed that there were no problems.

Relationships with External Organizations and Institutions

Exchanges of Opinions with Amnesty International Japan

The Company holds a meeting to exchange opinions with Amnesty International Japan every year. In FY2023/3, the Company exchanged opinions regarding revisions to the Procurement Policies and local human rights surveys for overseas suppliers.

Participation in the Global Compact Network Japan's Human Rights Due Diligence Subcommittee

The Company participates in the Global Compact Network Japan's Human Rights Due Diligence Subcommittee, where information is gathered and opinions are exchanged concerning the latest trends in human rights and initiatives by each company.

Expert Opinion

Expecting Continuation of Effective Dialogues with Rights Holders



Emi Omura
Partner at CLS Hibiya Tokyo Law Office
Lawyer (registered in 2002)
Lawyer in New York (registered in 2007)
Operator of the Business and Human Rights Lawyers Network Japan, co-authored "Human Rights Due Diligence in Practice," (Kinzai Publishers, 2023)

Nippon Paper Group established basic policies regarding respect for fundamental human rights and the prohibition of forced labor and child labor as early as 2004, and has practically implemented respect for human rights, which includes ensuring occupational safety and health, through cooperation with suppliers. The Group established a Human Rights Policy in 2022, and made progress in consideration of measures to address human rights risks, which demonstrates the Group's commitment to the development of human rights initiatives. In particular, the question items on the survey sheets for contractors of mills in Japan which were reevaluated based on evaluation results of human rights risks and detailed interview items that help raise awareness among

overseas suppliers can be evaluated as an advancement to practically implement human rights due diligence.

From the perspective of the core labor standards of the ILO, to which occupational safety and health was added in 2022, I believe that dialogues with Group employees and the promotion of interviews with suppliers is critical for human rights due diligence. Furthermore, in international society, the right to access to water and to clean, healthy and sustainable environments have been established as human rights. I would like Nippon Paper Group to engage in dialogues with indigenous peoples, who are rights holders, on a continuous basis in regions where raw materials are procured, and actively broadcast those efforts as a pioneer for human rights initiatives in the paper industry.

With regard to remedy mechanisms, I welcome the fact that the Company discloses the number of complaints concerning human rights in its ESG Data Book. For specific measures to prevent and mitigate human rights violations, I expect that monitoring led by the Board of Directors will help make further progress in remediation.

Basic Stance

Nippon Paper Group is working to build a sustainable raw materials procurement system that earns the trust of a broad range of stakeholders by its supply chain management with consideration for the environment and society. In September 2022, the Group revised the Principles and Basic Policies Concerning Raw Materials Procurement (hereinafter,

“Procurement Policies”) to allow it to more effectively address issues such as respect for human rights and climate change. The Group is striving to improve the level of raw materials procurement by conducting procurement activities in accordance with the Procurement Policies and promoting dialogues with stakeholders.

Promotion Structure

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 within the Group, discusses key issues related to raw materials

procurement for the entire Group, and reports on these issues to the Board of Directors through the Risk Management Committee (→P.52).

Procurement of Wood Resources

The Group maximizes the use of renewable wood resources through its 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. The Group newly established the Wood Resources Procurement Guidelines (hereinafter, “Procurement Guidelines”) under the Procurement Policies revised in September 2022, and will

further strengthen its procurement system for sustainable forest resources.

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)

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. In addition to ensuring the legality of woody 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, and has implemented this plan since 2007.

The Company conducts surveys and on-site interviews each year with its overseas suppliers of woody materials to ensure their sustainability. 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.

Going forward, to promote procurement in accordance with the Procurement Policies revised in 2022 and the Procurement Guidelines, the Company will enhance the action plan it is currently implementing as it seeks to gain the understanding of suppliers, with a view to strengthening supply chain management that is even more highly trusted by customers and other stakeholders.

Contents of Supplier Questionnaire Survey (excerpt)

- 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
- Coexistence with local communities

Number of Implementations of Action Plan for Procurement of Wood Resources (Nippon Paper Industries, FY2023/3)

In Japan	316 wood chip suppliers, 5 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)

Basic Stance

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

The Group manages and operates approximately 160,000 hectares in total of forests both within and outside Japan with

consideration toward the environment, society, and the economy. Nippon Paper Industries and its overseas plantation subsidiaries have obtained forest certifications for all of the forests they manage. At the same time, it is undertaking various initiatives to maximize the value of forest resources (→P.40–41).

Sustainable Forest Management

Overseas, the Group manages approximately 70,000 hectares in total 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. The Group also contributes to local communities by, for instance, giving consideration to indigenous peoples and providing them with support for educational activities.

In Japan, the Group possesses approximately 90,000 hectares of company-owned forests in approximately 400 locations nationwide. The Company 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.

In addition, by its unique technology, the Company contributes to building a carbon neutral society while enhancing its forest resources through productivity improvement per unit area (= improving the CO₂ fixation efficiency rate).

The Nippon Paper Group Definition of Sustainable Forest Management

- Biodiversity is preserved
- The productivity and soundness of the forest ecosystem are maintained
- Soil and water resources are preserved
- Diverse social needs are satisfied

Preservation of Biodiversity

Basic Stance

The business activities of Nippon Paper Group greatly depend on the natural world, which nurtures biodiversity, and at the same time have various impacts in many ways. That is why the Group established the Basic Policy on the Preservation of

Biodiversity, and works to achieve harmony in its business activities between the continuous usage of wood resources which are a main raw material and plentiful water resources and a reduction of environmental impact, etc. (→P.58–59).

Preservation of Biodiversity in Forest Management

Forests possess public interest functions such as CO₂ absorption and fixation, ecosystem maintenance, water resource preservation and disaster prevention. The Group aims to maintain and improve the procurement of sustainable wood

resources and public interest functions by working to preserve biodiversity in cooperation with various stakeholders in its own forests in Japan and overseas.

CASE STUDY | Joined the 30by30 Alliance for Biodiversity*

The Company joined the 30by30 Alliance for Biodiversity promoted by the Ministry of the Environment. In FY2023/3, as a case study for testing and verifying the screening process on the Nature Coexistence Site where certification by the ministry began in FY2024/3, the Company provided information about its Ho-oh company-owned forest (Yamanashi Prefecture), among others. It will consider expanding to other target areas in the future.

* An alliance 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.



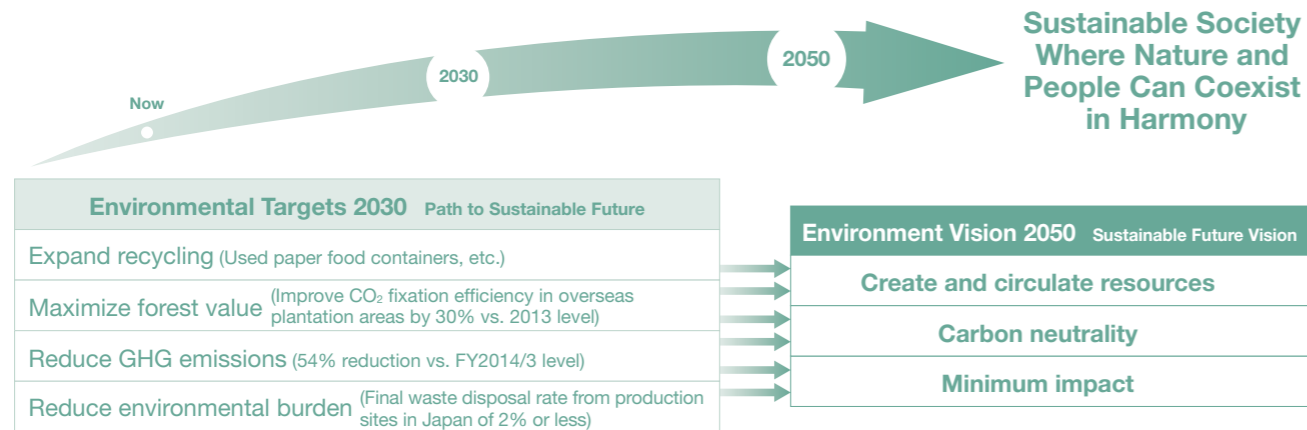
Ho-oh company-owned forest (Yamanashi Prefecture)

Environmental Management

Basic Stance

Nippon Paper Group established the Nippon Paper Group Environmental Charter, and practices environmental management that contributes to the formation of a circulation-oriented society by working from a long-term perspective to reduce its environmental impact, promote resource recycling, conserve

biodiversity, and respond to climate change. The Group has established its ideal state in 2050, and is making a full Group-wide effort toward the Environmental Targets 2030 which were established to achieve it.



Promotion Structure

The Group has established 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. The committee

deliberates important matters concerning environmental management such as managing and evaluating the appropriate implementation of the environmental targets, and reports to the Board of Directors through the Risk Management Committee (→P.52).

Reduction of Environmental Burden

Water Resources Management

The Group works to reduce the amount of water used and to reduce water pollutants in order to continually use water resources. At the Group's production sites within Japan and overseas, it has determined the water risk to be low. Going

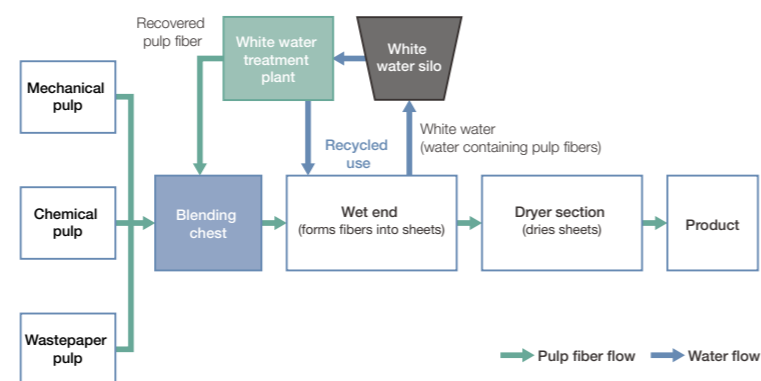
forward, the Group will carry out appropriate countermeasures such as establishing targets for the usage of water resources after evaluating water risk.

CASE STUDY Water Conservation through Circulation of White Water

At the Group's paper mills, water containing fine pulp fibers generated in the wet end of the papermaking process, called white water, is collected. The recovered white water is separated in a treatment facility, after which the pulp fiber is returned to the preparation facility, while the water is circulated back to the wet end for reuse, thereby reducing the amount of water used.

Water conservation not only reduces water consumption, but also leads to energy savings in equipment as a side effect.

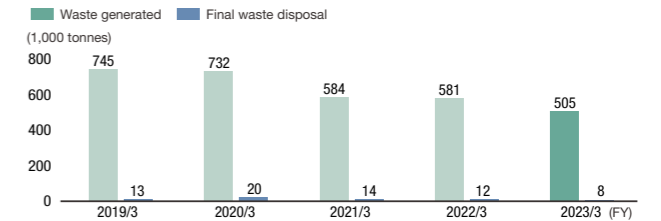
White Water Circulation Flow Diagram



Waste Reduction

The Group has established a goal of limiting the final waste disposal volume of industrial waste from production sites in Japan to 2% or less, and is working to review production processes and promote the effective use of boiler ash for civil engineering materials and other purposes. In addition to reductions within the Group, it also contributes to the reduction of waste generated in the region by accepting regional waste as fuel.

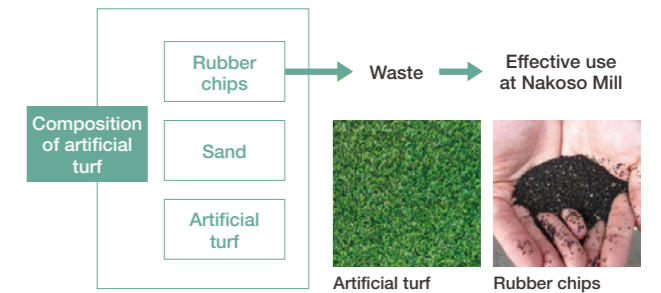
Waste Generated and Final Waste Disposal



CASE STUDY Local Production and Consumption of Energy (Nippon Paper Industries)

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

Effective Utilization of Rubber Chips from Artificial Turf at Nakoso Mill



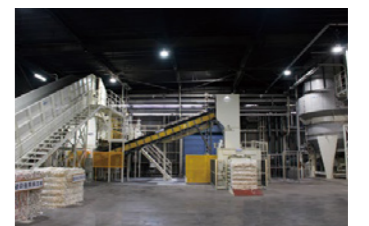
Promotion of Resource Circulation

For many years, the Group has actively used wastepaper as a raw material for paper. Going forward, it will promote the circulation of resources by simultaneously addressing customer needs for replacing plastic with paper and the recycling of paper products. For that reason, it will enhance its system for the stable procurement of wastepaper and utilize unused, difficult-to-treat wastepaper by constructing a system for sorted collection and recycling. In addition, the Group will establish a horizontal recycling scheme through food and beverage containers, etc.

In October 2022, the Company began operating recycling facilities for food and beverage paper containers such as paper cups and paper cartons at its Fuji Mill. These facilities are capable of producing high-quality, intensely white recycled pulp. Taking advantage of these characteristics, the Company aims to use this pulp as a raw material for paper in

a wide range of fields, including paper, paperboard, and household paper.

In FY2023/3, the Company collaborated with customers and local governments to conduct demonstration tests for collecting used paper cups at events and other, collect paper cups from the offices of companies that support paper cup recycling, and initiate collection and recycling activities for difficult-to-treat wastepaper. Through these efforts, the Company utilized 1,707 tonnes of unused difficult-to-treat wastepaper.



Recycling facilities for paper containers for food and beverages (Fuji Mill)

CASE STUDY Recycling Paper Cups Used in Collaboration with Japan Airlines

In December 2022, the Company launched a recycling program for paper cups (lid and cups, etc.) together with Japan Airlines Co., Ltd. (hereinafter "JAL"). Under a cooperative agreement by both companies, the JAL Group appropriately sorts and collects paper cups used in its in-flight services, while the Group establishes a unique route for shipping, collecting, and packing them. This has made it possible to sort, collect and recycle wastepaper from used cups. These cups are currently being recycled into containerboards and toilet paper rolls, but in the future, the aim is to promote resource circulation and reduce GHG emissions by

realizing horizontal recycling to recycle paper cups back into paper cups.



Picture from a report on the recycling process at Soka Mill by JAL (provided by JAL)



Picture of collecting in-flight paper cups (provided by JAL)