

NIPPON PAPER GROUP's Value Creation Process

Achieve sustainable growth and build a circulation-oriented society as a comprehensive biomass company

Medium- to long-term business opportunities and risks anticipated by the Group

Medium- to long-term opportunities

- ◆ Shift to a carbon neutral society
- ◆ Increased consumer awareness of health and hygiene

- ◆ Population increase and economic growth in developing countries
- ◆ Promotion of the circular economy by the Japanese Government

- ◆ Growth of e-commerce

Medium- to long-term risks

- ◆ Progress of digital transformation
- ◆ Declining population in Japan

- ◆ Slowdown in global economy
- ◆ Increase in natural disasters

- ◆ Rising geopolitical risks
- ◆ Trends in environmental laws and regulations

Mission

Contribute to better living and cultural progress everywhere the Group does business

INPUT

Important management resources

Financial Capital → P.19–23

Financial base supporting business

Natural Capital → P.24–31

Sustainable forest management and consideration for the natural environment

Human Capital → P.32–35

Diverse human resources who create value

Intellectual Capital → P.36–39

Technologies that support the utilization of wood resources

Manufactured Capital → P.40–41

Production facilities and sites to create diverse products

Social and Relationship Capital → P.42–43

Collaboration with a wide array of partners

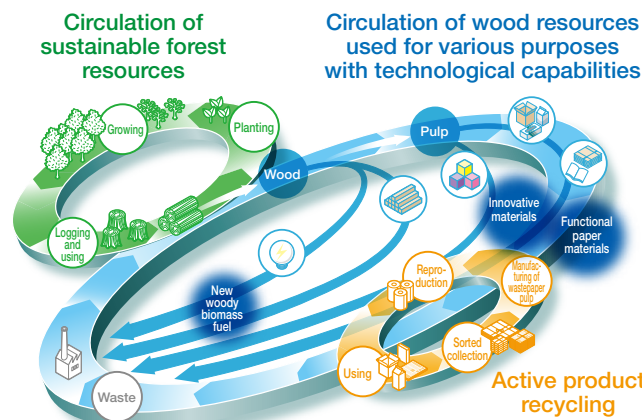
BUSINESS ACTIVITIES

Business model and strategies

Materiality
to realize the Vision
in the Group Mission

→ P.44–47

Carbon neutral business model
realized through
the Three Circulations



→ P.16–17

NIPPON PAPER GROUP 2030VISION

Our vision for 2030

Realize sustainable growth as a comprehensive biomass company shaping the future with trees

Basic policies

1/ Reallocate management resources to growing businesses

2/ Respond to rapid changes in the social landscape such as GHG reduction and environmental issues

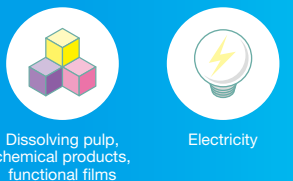
→ P.66–67

OUTPUT

Creations from business

Products and services that contribute to building a circulation-oriented society

< Examples >



→ P.36–39 Intellectual Capital

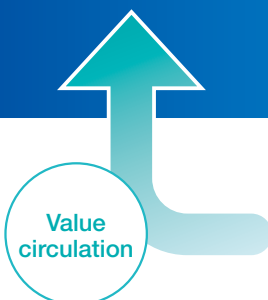
→ P.68–71 Strategy by Business

OUTCOME

Value created

Realizing sustainable growth of NIPPON PAPER GROUP

Building a circulation-oriented society that maximizes use of wood resources



Profit returns and contributions to stakeholders

Customers

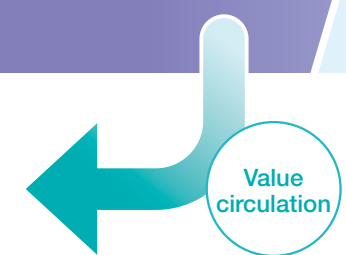
Business partners

Employees

Local communities and governments

Shareholders and investors

Global environment

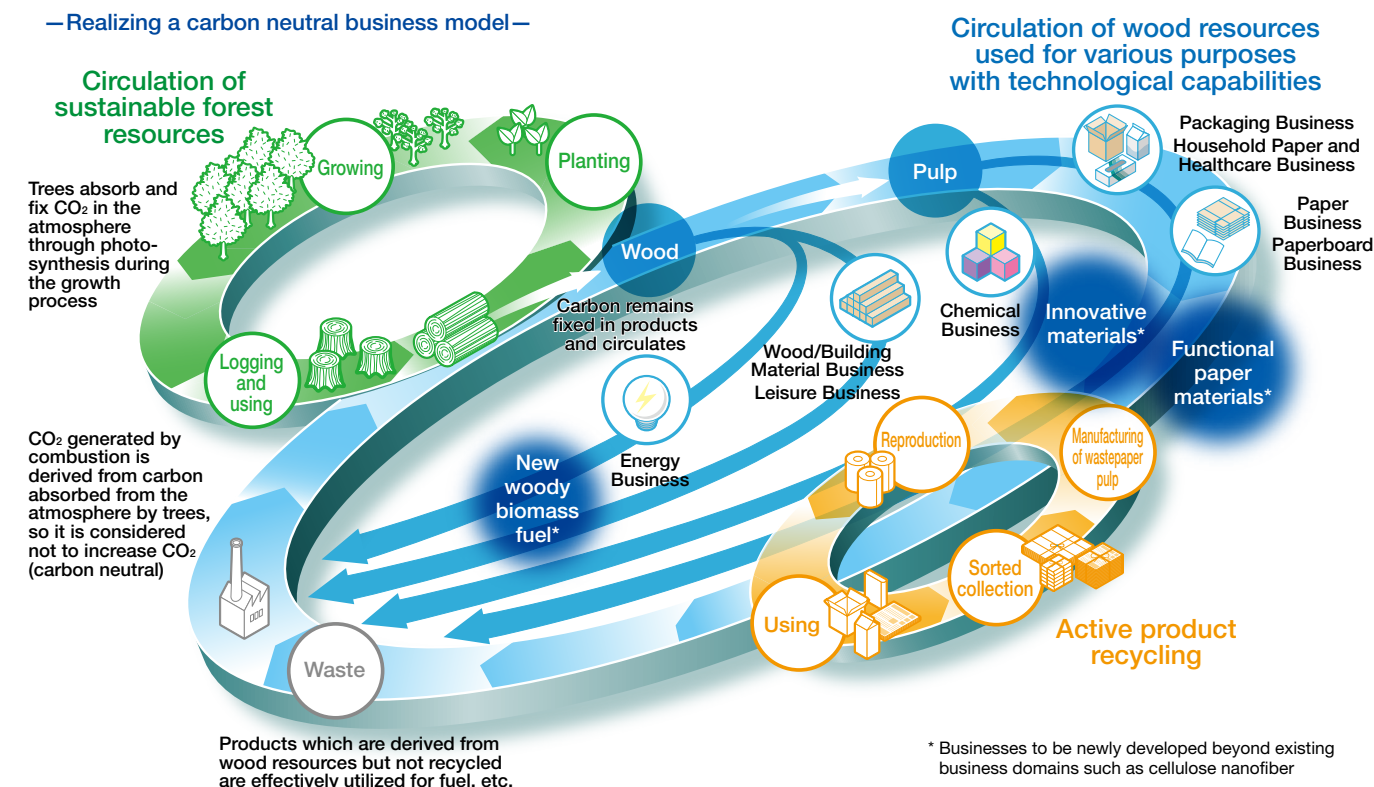


Value Created by the Three Circulations

As a comprehensive biomass company shaping the future with trees, NIPPON PAPER GROUP operates its business based on its Three Circulations business model, which comprises “circulation of sustainable forest resources,” “circulation of wood resources used for various purposes with technological capabilities,” and “active product recycling.” By making full use of all the Group’s management resources accumulated through its business activities to date, and by rotating the Three Circulations rapidly on a grand scale, we will realize sustainable growth for NIPPON PAPER GROUP and build a circulation-oriented society that maximizes use of wood resources.

NIPPON PAPER GROUP’s Business Development as a Comprehensive Biomass Company “Three Circulations”

—Realizing a carbon neutral business model—



Circulation of Wood Resources

—Contributing to building a carbon neutral society by expanding sales of biomass products—

The Group develops business that utilizes renewable wood resources at many stages, based on the accumulation of a wide range of technologies, including pulping, and know-how. By expanding the provision of products and services generated from wood resources, it will strive to boost profitability while also enhancing its social responsibility in the supply chain with business partners and contributing to the creation of a carbon neutral society.

NIPPON PAPER GROUP Initiatives	Value Enjoyed by NIPPON PAPER GROUP
Development of products utilizing wood resources	Strengthening business foundation
Popularization and sales expansion of biomass products	Increased profitability
Collaboration with business partners, etc.	Value Provided to Society
	Increased CO ₂ fixation amount*
	Reinforcement of the supply chain with business partners

* Replacing fossil-derived products with biomass products utilizing wood resources will increase the CO₂ fixation amount for society overall.

→ P.36–39 Intellectual Capital → P.42–43 Social and Relationship Capital
→ P.68–71 Strategy by Business



Circulation of Forest Resources

—Maximization of forest value through sustainable forest management—

For the Group, which provides a variety of products that utilize wood resources, forests not only have value as a source of raw materials, but also provide important value to society and the environment, such as public functions. The Group will continue to create diverse value by appropriately managing the approximately 160,000 hectares of forests it owns in Japan and overseas while utilizing the unique technologies and knowledge it has cultivated until now.

NIPPON PAPER GROUP Initiatives	Value Enjoyed by NIPPON PAPER GROUP
Utilization of unique breeding and proliferation technologies	Stabilization of procurement of wood resources at lower costs with higher quality
Utilization of company-owned forests	Expansion of the elite tree seedling production business for forestry
Generation of carbon credits	Expansion of CO ₂ sinks toward carbon neutrality
Collaboration with customers, communities, NPOs, etc.	Value Provided to Society
	Display the functions of forests to enhance public interest
	Alleviate climate change
	Energize forestry in Japan

→ P.24–31 Natural Capital → P.42–43 Social and Relationship Capital
→ P.68–71 Strategy by Business



Active Product Recycling

—Building a circulation-oriented society through recycling—

For many years, the Group has actively used wastepaper as raw material for paper production. Furthermore, by simultaneously addressing customer needs for replacing plastic with paper and the recycling of paper products, the Group intends to increase demand for biomass products, which in turn will expand the market for replacing plastic with paper. For that reason, the Group will construct a sorted collection recycling system, a horizontal recycling scheme and upcycling scheme, and aim to expand sales of biomass products.

NIPPON PAPER GROUP Initiatives	Value Enjoyed by NIPPON PAPER GROUP
Promotion of paper product recycling	Further development of the market for replacing plastic with paper
Collaboration with customers, communities, etc.	Sales expansion of biomass products
	Value Provided to Society
	Promotion of recycling of resources

→ P.24–31 Natural Capital

Important Management Resources

NIPPON PAPER GROUP has over the course of many years of business activities accumulated management resources, its source for creating value. These management resources, as the driving force behind sustainable value creation, will generate new value through the Three Circulations business model that realizes carbon neutrality. This value will flow back as management resources, and increased management resources will lead to further value creation.



Financial Capital

Financial base supporting business

→ P.19-23

Consolidated total assets

¥1,731.2 billion (as of March 31, 2024)

EBITDA

¥84.8 billion (FY2024/3)

Strengthen profitability and improve financial position by accelerating business structure transformation



Natural Capital

Sustainable forest management and consideration for the natural environment

→ P.24-31

Managed forest area

Approx. 160,000 hectares

Increase forest value for corporate profits and for contribution to the creation of a circulation-oriented society



Human Capital

Diverse human resources who create value

→ P.32-35

Number of employees (consolidated)

15,557 (as of March 31, 2024)

Actively promote recruitment, development, retention, and appropriate allocation of human resources including a shift to growing businesses, by linking business strategy and human resource strategy



Intellectual Capital

Technologies that support the utilization of wood resources

→ P.36-39

Research and development expenses

¥5.6 billion (FY2024/3)

Patents held

2,069 (as of March 31, 2024)

Utilize wood resources with technologies accumulated over many years to simultaneously solve social issues and achieve corporate growth



Manufactured Capital

Production facilities and sites to create diverse products

→ P.40-41

Number of Group companies

159 (as of March 31, 2024)

Capital investment

¥60.7 billion (FY2024/3)

Expand growth areas and strengthen profitability through production structure reorganization based on business structure transformation



Social and Relationship Capital

Collaboration with a wide array of partners

→ P.42-43

Expand businesses and develop markets via partnerships with diverse stakeholders established through business activities

Financial Capital – Message from the Executive Officer Responsible for Finance

We Strengthen Profitability and Improve Our Financial Position by Accelerating Business Structure Transformation



Looking back at FY2024/3, one significant achievement was the recovery in operating income to ¥17.3 billion after posting an operating loss of ¥26.9 billion in FY2023/3 (Fig. 01). Also ROE improved to 5.3%, achieving our target of 5.0% or more as set forth in the Medium-Term Business Plan 2025.

In FY2023/3, the sudden and significant rise in raw materials and fuel prices due to Russia's invasion of Ukraine had a serious impact on NIPPON PAPER GROUP's business performance. However, the entire Group, including not only management but also employees, shared a sense of crisis and implemented various measures such as business structure transformation, cost reductions, and price revisions. The results of these measures emerged in FY2024/3, and the increased focus on profit-seeking within the Group led to improved business performance. On the other hand, our

01

Business Results and FY2025/3 Forecast

(¥ billion)

	FY2023/3 Results	FY2024/3 Results	FY2025/3 Forecast
Net sales	1,152.6	1,167.3	1,200.0
Operating income	(26.9)	17.3	23.0
Ordinary income	(24.5)	14.6	19.0
Net income*	(50.4)	22.7	3.0

* Profit attributable to owners of parent

Breakdown of FY2024/3

(¥ billion)

	Domestic Business	Overseas Business
Net sales	913.4	253.9
Operating income	30.4	(13.1)

02 Segment Results and FY2025/3 Forecast

	Net sales			Operating income		
	FY2023/3 Results	FY2024/3 Results	FY2025/3 Forecast	FY2023/3 Results	FY2024/3 Results	FY2025/3 Forecast
Paper and Paperboard	563.2	570.2	565.0	(29.2)	11.7	13.0
Daily-Life Products	440.1	436.8	480.0	(7.8)	(8.1)	(2.0)
Energy	49.9	53.7	50.0	(1.7)	1.6	2.0
Wood Products and Construction-Related	68.9	75.5	75.0	8.9	9.8	7.5
Other	30.5	31.1	30.0	2.9	2.3	2.5
Total	1,152.6	1,167.3	1,200.0	(26.9)	17.3	23.0

overseas business posted a wider loss, highlighting our future challenges.

Large Losses Overseas Were Impactful Despite the Return to Profitability in Domestic Business

In the domestic business, operating income exceeded ¥30.0 billion, a significant improvement from the previous fiscal year. Each company's efforts to reduce costs and revise prices led to the positive results, and we were able to return our domestic business performance to a level in line with the Medium-Term Business Plan 2025.

Looking back at each business segment, the Paper and Paperboard Business saw a greater-than-expected decline in domestic sales volume, and cost improvements could not be achieved as planned in some areas because of that situation, but the business turned profitable thanks to ongoing efforts to cut costs and maintain prices (Fig. 02). In the Daily-Life Products Business, sales volume of liquid packaging cartons decreased, but profits increased due to expanded sales of filling machines, introduction of new cartons, and price revisions. The Household Paper and Healthcare Business moved from a loss in FY2023/3 to a profit by promoting the penetration of differentiated products that are "long-lasting & compact," and by absorbing cost increases through price revisions. The Chemical Business was significantly affected by the slowdown in the Chinese economy as it exports a relatively large number of products, and profits remained flat from the previous year. In the Energy Business, sales and profit increased due to factors including the commencement of commercial operations of the Yufutsu Energy Center. In the Wood Products and Construction-Related Business, both sales and profit increased due to factors including the increase in handling volume of wood chips used for fuel.

Meanwhile, the overseas business posted a significant loss of ¥13.1 billion. The biggest reason for this was the poor business performance of Opal, which is included in the Daily-Life Products Business. Opal's business consists

of the Maryvale Mill and the Packaging Business, and the Maryvale Mill posted an especially large loss. As it was forced to withdraw from the Graphic Paper Business in FY2023/3, the urgent challenge for the Maryvale Mill is the transition to a production system specializing in base paper for packaging and enhancement of profitability. In FY2024/3, through the shutdown of paper machines, fixed costs such as labor and repair costs were reduced by AUD78 million. However, due to the impact of the deterioration of the market for export base paper to Asia, Maryvale Mill was unable to compensate for the decrease in marginal profit caused by its withdrawal from the Graphic Paper Business, resulting in a loss of AUD128 million. Meanwhile, NDP, a US company included in the Daily-Life Products Business, recorded its first operating loss since its acquisition. This is because of a significant decline in sales and profits caused by sluggish demand for liquid pack-

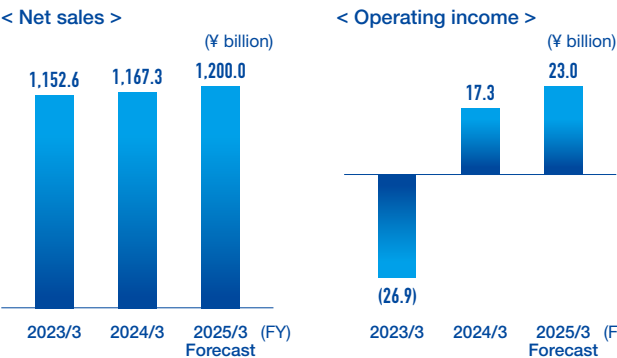
aging boards in the North American market, reduced production and worsening operational efficiency due to a fire at a chip yard, among other factors. Jujo Thermal, a European company included in the Paper and Paperboard Business, also posted an operating loss due to sluggish demand for thermal paper in Europe and high prices for raw materials and fuel, including electricity. The Group's overall operating income for FY2024/3 turned positive, but the loss in the overseas business remains an issue.

The Group recorded a loss on Opal's withdrawal from the Graphic Paper Business as an extraordinary loss, while recording a gain on the sale of assets which include land and buildings in Kita-ku, Tokyo, and cross-shareholdings as extraordinary gains. As a result, net income was ¥22.7 billion.

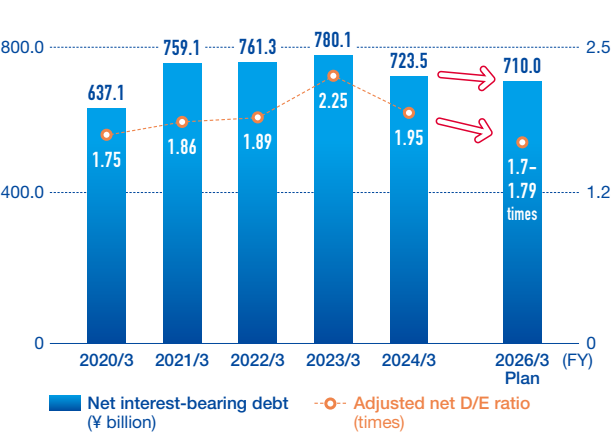
FY2025/3 Outlook

In FY2025/3, despite the structural decline in domestic demand for graphic paper, demand for industrial paper such as packaging and wrapping paper, as well as containerboard, and household paper is expected to remain strong due to increased demand stemming from factors such as increased people flow (Fig. 03).

03 Consolidated Profit/Loss Overview



04 Net Interest-bearing Debt and Net Debt/Equity Ratio



We expect FY2025/3 net sales to rise due to increased sales volume resulting from the operation of Opal's new corrugated box plant and new facilities for household paper. Operating income is expected to be ¥23.0 billion, with the domestic business maintaining profitability and the overseas business expected to improve its profitability through structural reforms at the Maryvale Mill and a recovery in sales volume at Jujo Thermal. However, most of the operating income is expected to be recorded in the second half of the year, since the effects of structural reforms at the Maryvale Mill will be realized in stages, and NDP plans to perform maintenance work for a longer period than usual in the first half of the year.

Assumptions for the business environment include continued yen depreciation and rising labor and logistic costs. Based on this premise, we will maintain and expand profitability by expanding our strategic products, including exports, and by promoting cost reductions. As for product prices, we will closely monitor trends in logistics costs, labor costs, and exchange rates, and will consider raising prices depending on the situation.

Pursuing Acceleration of Business Structure Transformation

With respect to the Medium-Term Business Plan 2025, based on the basic strategy of "acceleration of the business structure transformation," we continue to work on the four priority tasks, which are to "improve profitability of Daily-Life Products Business," "strengthen competitiveness of Graphic Paper Business," "accelerate reduction of GHG emissions," and "improve financial position."

In order to improve the profitability of the Daily-Life Products Business, the turnaround of the Maryvale Mill is the top priority for the entire Group. We are working to increase daily pulp production by continuous digesters, improve the export sales mix, and reduce fixed costs. Under current plans, the Maryvale Mill is expected to remain unprofitable until FY2026/3, but we aim to eliminate deficits ahead of the schedule through rapid improvements. Opal's Packaging Business is planned to be profitable in FY2025/3 by improving productivity via upgrading processing equipment, strengthening the sales structure, and reducing

personnel, thereby expanding profits. As Australia is a region where demand for corrugated boxes is expected to increase along with GDP growth, our strategy is to increase our market share in the Oceania region by enhancing production capacity through capital investment and by reducing costs.

In the Household Paper and Healthcare Business, Nippon Paper Creca's highly-productive new paper machine began operating in the Ishinomaki Mill, and a cost-competitive production system is being established by sharing pulp within the Mill. Additionally, we are considering expanding sales in overseas markets through collaboration with global partners. For the Liquid Packaging Carton Business in Japan, we are promoting a differentiation strategy through one-stop provision of base paper, carton designing and processing/filling machines, as well as the development and sales of environmentally-friendly products such as strawless paper cartons and eco-friendly paper cartons. Overseas, we have begun moving towards global expansion through collaboration between NDP in North America and Shikoku Kakoki Co., Ltd., and Elopak ASA in Norway.

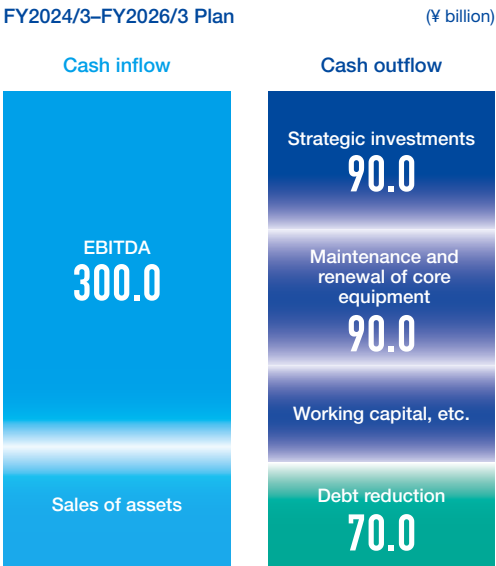
In the Chemical Business, as medium- to long-term market growth for products for electric vehicles (EVs) and smartphones is expected, we are systematically carrying out construction work to increase production and updating facilities in anticipation of growing demand. Large-scale capital investments are being executed particularly in functional cellulose and functional coating resins, and we aim to ensure that these investments effectively expand sales and profits. Expansion into overseas markets will also be accelerated, with increased sales to regions with favorable market conditions. Although the Chemical Business operates in a niche market, some of our products enjoy a high market share, enabling this business to achieve high profit margins. The aim is to increase the operating profit margin to 7% in FY2025/3 and 9% in FY2026/3.

In terms of strengthening the competitiveness of our Graphic Paper Business, given that domestic demand is declining more rapidly than expected, we strive to secure sales volume by developing environmentally-friendly products that emit less GHG during the manufacturing process and by strategically expanding exports. In addition, in light of the accelerating decline in demand, we have brought forward our plans to streamline our production system. A new plan to reorganize our production system will be ready by the first half of FY2025/3, and we aim to consolidate our domestic graphic paper production sites to around three locations by FY2029/3.

Initiatives to Bolster Financial Discipline

Looking at the current financial environment, interest rates appear to be on the verge of rising. Amid these circumstances, we need to take the initiative in addressing various risks and continue to reduce net interest-bearing debt as outlined in our Medium-Term Business Plan 2025. Net interest-bearing debt was reduced by ¥56.6 billion from the previous fiscal year to ¥723.5 billion at the end of FY2024/3, and the adjusted net debt/equity ratio was 1.95 times, below the threshold of two times (Fig. 04). Although we have set a goal of reducing net interest-bearing debt to ¥710.0 billion by the end of FY2026/3, but this level is by no means sufficient. After factoring future interest rate

05 Cash Allocation



increases into our existing scenario, we will first target ¥710.0 billion and work to reduce net interest-bearing debt ahead of schedule as early as possible.

EBITDA for FY2024/3 was ¥84.8 billion, but from the perspective of generating cash to invest in growth and maintaining financial discipline, we aim to quickly achieve a stable EBITDA of ¥100.0 billion as set forth in the Medium-Term Business Plan 2025. This is closely related to achieving the target of operating income of ¥40.0 billion or more in the Medium-Term Business Plan 2025. Regarding asset sales, we will consider selling non-current assets and will verify the significance of holding cross-shareholdings to reduce them. In addition, we will strengthen inventory management to generate working capital and strive to generate cash.

The approach to investment and cash allocation remains unchanged. Over the three-year period from FY2024/3 to FY2026/3, we plan to execute ¥90.0 billion in strategic growth investment (Fig. 05). With regard to future investments, we will strengthen investment profitability management, including profit margins and size, in light of rising costs. Investments will be selected with a more rigorous approach, including the concept of using ROIC as an indicator. First of all, we will work with determination to firmly establish a path to achieving EBITDA of ¥100.0 billion and reduce net interest-bearing debt to ¥710.0 billion.

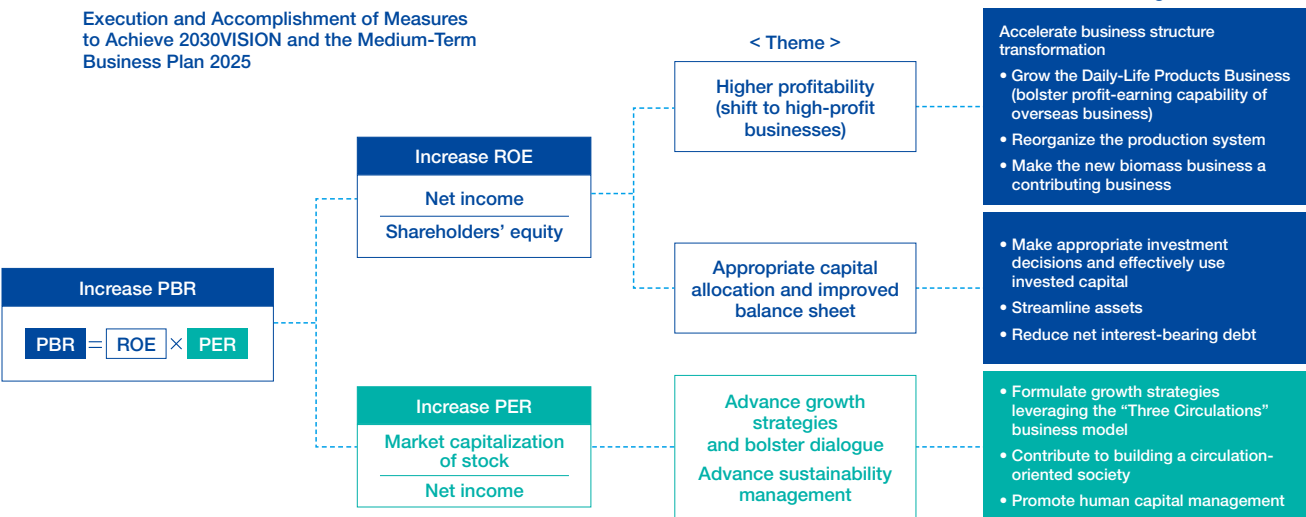
Investing in Reduction of GHG Emissions and the Three Circulations

With regard to environmental investments, our biggest goal is reducing GHG emissions. The 2030VISION initially set a reduction target of 45% for FY2031/3 (compared to FY2014/3), but in 2023 we increased this target to a 54% reduction, and are working systematically to achieve this target. As of FY2023/3, we have already achieved a 30% reduction in GHG emissions, and are making steady progress.

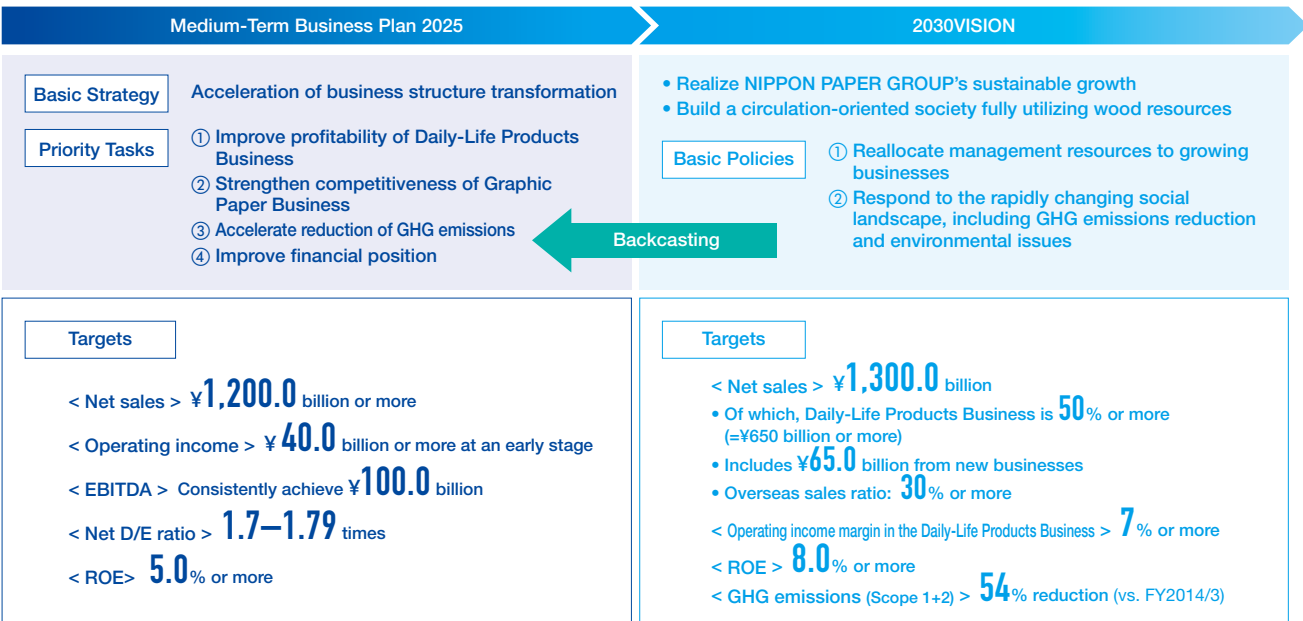
Because the reorganization of our production system involves improving production efficiency and shutting down our coal boilers, we will continue to consider these initiatives as a set accompanying our efforts to reduce GHG emissions. Specifically, at our Akita Mill, which stopped producing graphic paper, we shut down our coal boilers in the spring of 2024. To reduce GHG emissions, we are also promoting fuel conversion, maximizing the use of black liquor, and advancing energy saving measures. We continue to make environmental investments to advance these initiatives and achieve a 54% reduction in GHG emissions by FY2031/3.

As a business model that leverages the Group's overall strengths aiming for an improvement in corporate value, the Group aims to aggressively implement the "Three Circulations" of "Circulation of sustainable forest resources," "Circulation of wood resources used for various purposes with technological capabilities," and "Active product recycling."

06 Analysis of Factors Targeting PBR Increase (Logic tree)



07 Medium-Term Business Plan 2025 and the 2030VISION



The circulation of forest resources, the circulation of wood resources in each business, and recycling and reuse efforts all contribute greatly to reducing GHG emissions. As the steady execution of "Three Circulations" is the very essence of our sustainability management, we continue to make active investment related to the "Three Circulations." In addition, we will continue working to obtain subsidies, which are also important from the perspective of environmental investment.

Management That Is Conscious of the Cost of Capital and Stock Price

The Company's PBR remains low. In our understanding, this is because our ROE has not yet reached the level expected by shareholders and investors, although we are promoting business structure transformation to achieve our Medium-Term Business Plan 2025 and are steadily shifting invested capital to highly-profitable growth businesses. In light of this, we are considering introducing ROIC as an internal management indicator by around FY2026/3, including strengthening our investment profitability management to determine whether our investments can generate appropriate profits.

Looking at each business, profitability is an issue in the Paper Business, which has many mills and requires large amounts of invested capital. To address this, we will focus on generating cash through measures such as reorganizing our production system and expanding sales of strategic exports, and then invest that cash in more profitable growth businesses to improve the Group's overall ROIC. To that end, we will ascertain the current state of capital costs and invested capital, set KPIs that are in line with the characteristics of each business, and advance relevant measures.

The PBR multiples ROE by PER (Fig. 06). As for ROE, towards the final fiscal year of the Medium-Term Business Plan 2025, we aim to achieve our target of 5.0% or more and make this the starting point for achieving ROE of 8.0%, which is the target in the 2030VISION. In order to improve our PBR, we are focusing on turning around Opal, our biggest challenge, and making the growing Daily-Life Products Business profitable including the overseas businesses, thereby realizing overall Group operating income of ¥40.0 billion, thus raising the feasibility of the Group's growth strategy.

Achieving the 2030VISION and Increasing Corporate Value

In 2023, the Group reviewed the financial targets set out in the Medium-Term Business Plan 2025 in light of the changes in the business environment (Fig. 07). Although we did not reach the targets of the Medium-Term Business Plan 2025 in FY2024/3, we believe that we were able to show a certain degree of recovery, including returning to positive operating income. With an eye on the targets of 2030VISION, which lies beyond the Medium-Term Business Plan 2025, we aim to improve corporate value by further promoting growth strategies and sustainability management. To this end, my role as the officer in charge of finance is to ensure that we accelerate our business structure transformation and clearly demonstrate a path toward the Medium-Term Business Plan 2025 through our results. I will focus on this with a sense of speed and strong resolve.

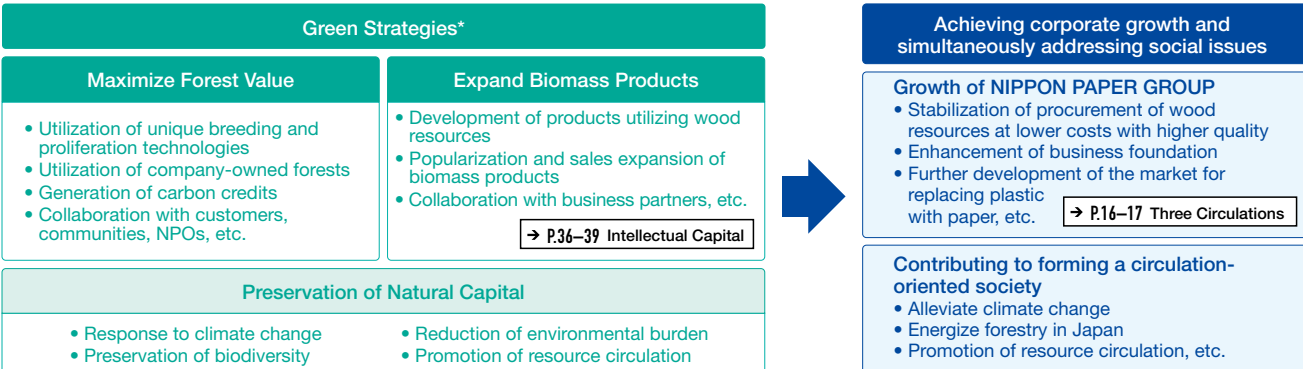
Natural Capital

NIPPON PAPER GROUP has an abundance of properly managed sustainable forest resources in Japan and overseas, which it effectively utilizes in promoting its aims of maximizing forest value and expanding biomass products under the 2030VISION. Amid a scenario of intensifying environmental issues globally, the Group aims to achieve corporate growth and contribute to building a circulation-oriented society by conducting business in close alignment with various forms of natural capital and persisting with efforts to conserve natural capital.

Strengths of Natural Capital

- Managed forest area: Approx. **160,000** hectares* (company-owned forests in Japan / approx. 90,000 hectares, overseas plantations / approx. 70,000 hectares)
* Forest certification acquisition rate: 100% in both Japan and overseas
- Improved CO₂ absorption efficiency rate and increased the fixed CO₂ amount through utilization of unique breeding and proliferation technologies, as well as fields leveraging the aforementioned
- Top-class handling volume of domestic wood in Japan
- Provision of public interest functions such as water source retention and biodiversity

NIPPON PAPER GROUP Initiatives



* The Group will contribute to building a circulation-oriented society while simultaneously achieving corporate growth by maximizing forest value and expanding biomass products.

Enhancement of Sustainable Forest Resources

For the Group, forests serve as important management resources in providing public interest functions, while constituting a foundation for simultaneously facilitating business activities.

The Group seeks to maximize value inherent in forests through initiatives undertaken to sustainably secure and utilize forest resources.

1 Forest Management

[Overview of Forest Management]

The Group considers the environment, society, and the economy in managing and operating its approximately 160,000 total hectares of forests both within and outside of Japan, and has accordingly obtained forest certifications encompassing the entire area managed by Nippon Paper Industries and its overseas plantation subsidiaries.

In Japan, the Group conducts balanced, sustainable forest management with respect to its holdings of approximately 90,000 hectares of forests in approximately 400 locations, which it manages 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 (water source retention) are maintained. Overseas, the Group engages in the plantation business encompassing approximately 70,000 total hectares in Brazil and Australia, where it conducts forest management with consideration toward cultures and traditions of local residents, as well as natural environments and ecosystems. The Group also contributes to local communities by, for instance, giving consideration to indigenous peoples and providing local residents with support for educational activities. In addition, the Group enlists its unique technologies in contributing to building a carbon neutral society while enhancing its forest resources.

[Promoting Use of Domestic Wood]

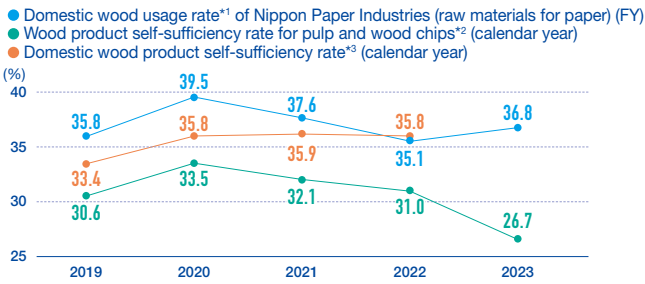
The Group maintains the domestic supply chain and promotes increased use of domestic wood underpinned by forestry policy centered on the basic policy of “green growth through forests, forestry, and the timber industry” promoted by the government.

The Company is taking steps to increase the proportion of domestic wood used as raw material for paper production. The Company’s domestic wood usage rate was 36.8% in FY2024/3. Meanwhile, the volume of domestic wood chips for papermaking used by the Company accounts for about 10% of Japan’s total domestic wood demand, thereby making the Company one of the largest wood chip users in Japan both in terms of its use volume and on a percentage basis.

Group company Nippon Paper Lumber actively engages in the domestic wood business underpinned by its target of achieving domestic log sales volume* of one million cubic meters annually. To such ends, it leverages its strength by fully utilizing wood resources encompassing everything from lumber to low-grade timber such as raw materials for paper-making and biomass fuel, based on it having one of the largest procurement networks in Japan.

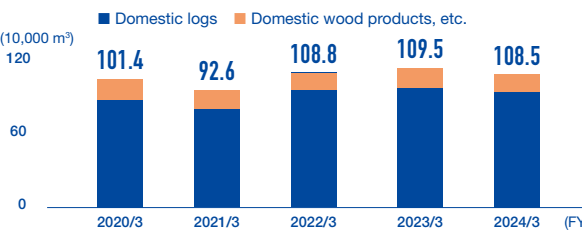
* Does not include wood chips for papermaking

Changes in the Rate of Domestic Wood Utilization (Nippon Paper Industries)



^{*1} Calculation includes waste wood chips from domestic sawmills.
^{*2} Source: “Pulpwood Supply and Demand,” Japan Paper Association
^{*3} Source: “Supply and Demand of Lumber” (lumber material self-sufficiency rate) issued by the Forest Agency of Japan

Domestic Wood Sales by Type (Nippon Paper Lumber)



NIPPON PAPER GROUP
ESG Databook 2024

2 Initiatives for Enhancing Use of Resources

The prospect of securing forest resources is significantly affected by factors that include increasing and intensifying forest fires and localized rainfall events associated with climate change, as well as loss of biodiversity due to deforestation and forest degradation. Additionally, revitalizing the plantation business in Japan and expanding the overseas plantation business are also challenges to ensuring the sustainable forest resources.

The Group accordingly enlists its amassed technologies and expertise as well as its company-owned forests in addressing such challenges, thereby enabling it to contribute to building a circulation-oriented society as it seeks to achieve objectives that involve ensuring stable procurement of woody raw materials, seizing business opportunities, and strengthening its business foundation.

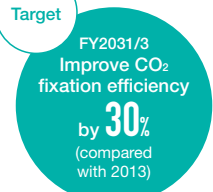
[Stable Procurement of Woody Materials from Overseas]

In its overseas plantation business, the Group believes not only in expanding area, but also increasing the amount of accumulation per area. As such, the Group is accordingly moving forward in securing new forest resources while also improving productivity in plantation areas. Improving

productivity not only makes it possible for the Group to secure stable supply of raw materials and keep costs down, but also enables it to mitigate climate change given that higher productivity leads to more efficient and greater CO₂ absorption.

—Improvement of Productivity

The Company has developed DNA marker selection technology to select eucalyptus plantation trees based on DNA information, enabling it to obtain superior trees with characteristics such as outstanding growth and quality at an early stage. Production of seedling varieties chosen through this technology started from FY2023/3. Furthermore, the Company will raise forest productivity through plantation management know-how it has accumulated over many years in its plantation business.



Growth of tree varieties selected through DNA markers (AMCEL)

—Securing of New Forest Resources

The Company will leverage its productivity improvement technologies and expand the forests in which it is able to secure resources, centered on the Asian region. Group company NPL RESOURCES ASIA enlists its operations in Vietnam, Thailand, and Malaysia in efforts that involve developing new plantation business, procuring and selling raw materials and fuel, and strengthening its foundations in the wood-related business.



[Stable Procurement of Woody Materials from Japan]

Under TCFD analysis with respect to the 1.5°C scenario, demand for domestic wood is forecast to increase due to difficulties in obtaining woody materials from overseas and rising wood demand for biomass fuel and other uses. Meanwhile, the plantation business in Japan already confronts many issues, including a labor shortage and increased costs of taking

measures against wild animals. With domestic wood accounting for about 37% of its procurement of woody raw materials, the Group will maintain the domestic supply chain in order to continue to consistently utilize domestic wood going forward, while also supporting revitalization of the plantation business in Japan utilizing its unique technologies and company-owned forests.

—Expansion of the Elite Tree* Seedling Production Business for the Plantation Business and Utilization of Company-owned Forests

The plantation business in Japan is dealing with the issue of a low reforestation rate due to an insufficient supply of seedlings and a labor shortage, high afforestation costs, and risks associated with long rotation periods. The Company collaborates with the Forestry Agency, local governments and seedling companies in the elite tree seedling production business. Rapid growth of elite trees gives rise to the likelihood of reduced tree cultivation costs due to a lower number of under-cuttings, as well as shorter rotation periods, thereby helping to overcome issues encountered by the plantation business in Japan. Moreover, the Company is planting elite trees in reforestation areas in company-owned forests as a model for the regeneration of the plantation business in Japan.

In FY2024/3, the Company acquired certification as a specified breeding company for producing elite trees in Akita Prefecture, in addition to such initiatives carried out thus far in Kumamoto Prefecture, Tottori Prefecture, Hiroshima Prefecture, Shizuoka Prefecture and Oita Prefecture. The Company is accelerating expansion of the elite tree seedling production business nationwide with the aim of building a structure that produces 10 million trees by FY2031/3.

* An elite tree is a specified mother tree characterized as having a straight trunk and achieving growth at a rate 1.5 times faster than conventional varieties, while producing less than half the pollen of common cedar and Japanese cypress trees.



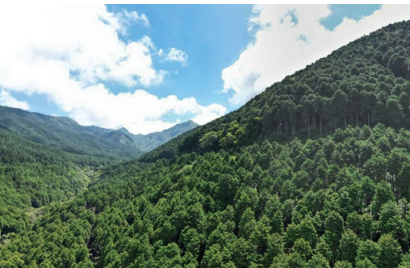
A container of seedlings for elite cedar trees

Elite cedar trees planted in Kitayama company-owned forests, Shizuoka Prefecture

→ P.36–39 Intellectual Capital

[Generation of Carbon Credits]

As the world aims to achieve a carbon neutral society, the market for carbon credits is expected to expand as demand increases and the outlook is that demand for forest absorption credits will also rise in conjunction with this. The Group has set a target with respect to its company-owned forests in Japan to complete efforts during the period FY2025/3 through FY2028/3 toward setting the stage for achieving carbon credits equivalent to generation of 200,000 tonnes of CO₂ emissions. From 2021 to 2023, the net absorption (absorption volume – logged volume) of company-owned forests in Japan and overseas plantation areas was approximately one million tonnes-CO₂, and the total fixed CO₂ amount at the end of 2023 was approximately 32.0 million tonnes-CO₂. Apart from that, the fixed CO₂ amount in forests of the environmental protection zones established by its overseas plantation business is estimated at approximately 10.0 million tonnes-CO₂, and the Group is investigating and examining these values and functions.



Kazaki company-owned forest, Shizuoka Prefecture

Target
Register cumulative total of
200,000
t-CO₂
in FY2028/3

—Acquisition of J-Credit Certification Enlisting Aerial Laser Survey Data

The Company is promoting utilization of J-Credits by closely monitoring revisions and other changes in forest management project methods and working closely together with other associated parties. In FY2023/3, Kazaki company-owned forest in Shizuoka Prefecture acquired new J-Credit certification. This was the first case in Japan of certification being obtained based on aerial surveying data, and utilizing publicly disclosed data from local governments can drastically reduce monitoring costs.

Preservation of Natural Capital

The notion of preserving natural capital closely associated with its business activities constitutes a very important theme of the Group amid a scenario where sustainability of natural capital is being undermined by intensifying environmental issues such as

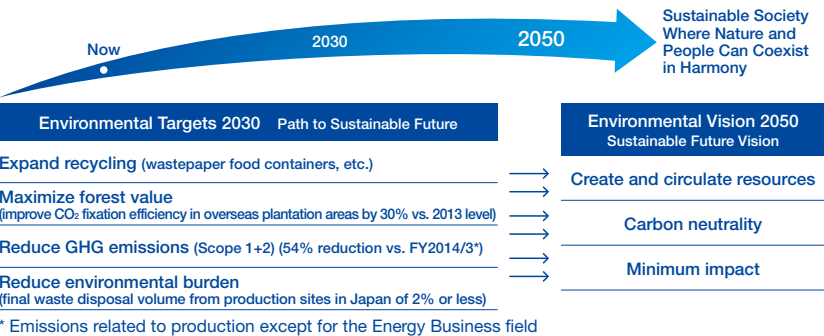
climate change and loss of biodiversity worldwide. By taking on these challenges from multiple angles, the Group aims to preserve natural capital while simultaneously helping to form a circulation-oriented society through such initiatives.

1 Environmental Management

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[NIPPON PAPER GROUP Environmental Vision 2050, NIPPON PAPER GROUP Environmental Targets 2030]

The 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 circulation, preserve 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.



[Governance for Environmental Management Promotion]

The Group has established the NIPPON PAPER GROUP Environmental Committee, chaired by the General Manager of the Technical & Engineering 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 NIPPON PAPER GROUP Environmental Targets 2030, and reports to the Board of Directors of Nippon Paper Industries through the Risk Management Committee (→ P.60).

2 Response to Climate Change

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Climate change is a social issue the world is confronting and the NIPPON PAPER GROUP's basic policy under the 2030VISION is to "respond to the rapidly changing social landscape including greenhouse gas (GHG) emissions reduction and environmental issues" as the Group moves forward on measures to mitigate and adapt to climate change, centering on reducing GHG emissions.

Based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations that the Group

endorsed in 2021, the Group is conducting multiple scenario analyses assuming a rise in temperature, setting indicators and targets, and working on countermeasures to reduce risks and seize opportunities that leverage its strengths. The Board of Directors of Nippon Paper Industries engages in oversight of business execution, enlisting reports it receives on these activities from the Risk Management Committee and the executive officer in charge of GHG emissions reduction and promotion of environmental management.

• Information Disclosure Based on the Task Force on Climate-related Financial Disclosures (TCFD)

Risks and Opportunities as of 2030 (Some excerpts are shown below)

Type of Risk			Phenomena with Impact on Financial Plans	Financial Impact	
				1.5°C Scenario	4°C Scenario
Transition risk	Regulatory	Introduction of carbon pricing, etc.	• Rising carbon prices	High*	Low*
			• Increasing capital investment expenses for fuel conversion and energy saving	High	Low
Physical risk	Acute	Increase of catastrophic disasters	• Stoppage in the delivery of supplies and products as logistics networks are cut off	Medium-High	High
	Chronic	Rising temperatures and change of rainfall patterns, etc.	• Production stoppage due to damage at production sites		
			• Increased price of forest resources and other plant-based materials due to frequent forest fires and a decline in plant growth	Medium	High

* Carbon price impact – Low: Less than ¥10.0 billion; Medium: ¥10.0 billion to ¥50.0 billion; High: ¥50.0 billion or more (qualitative evaluation except for carbon price). Carbon pricing adopts IEA's Net Zero Emissions scenario.

Type of Opportunity	Phenomena with Impact on Financial Plans	The Group's Strengths	Market Growth	
			1.5°C Scenario	4°C Scenario
Introduction of carbon pricing, etc.	• Storage batteries will spread, and demand for raw materials for storage batteries will increase	• CMC technologies and production facilities • CNF technologies and production facilities	Significant expansion	Expansion
	• Demand for cellulose nanofiber (CNF) will increase due to the need to reduce the weight of automobiles, etc.			
	• Demand for forest absorption credits will increase	• Company-owned forests in Japan • Elite tree seedling business • Forest management, breeding and proliferation technologies	Significant expansion	Stable
	• Demand for chemical raw materials using wood-derived CO ₂ will increase	• Biomass-derived CO ₂ supply infrastructure (recovery boilers) • Chemical CO ₂ fixation and utilization technology	Significant expansion	Stable
Changes in market needs	• Demand for biomass materials and lignin products will increase as the need for paperizing increases due to decarbonization	• Woody biomass material development technology • Technologies to extract and utilize lignin • Technology for recycling unused wastepaper	Significant expansion	Expansion
	• Demand for domestic wood will increase • Demand for elite tree seedlings will increase due to increased reforestation area in Japan	• Company-owned forests in Japan • Domestic wood procurement network • Forest management, breeding and proliferation technologies	Expansion	Significant expansion
	• Demand for sustainable aviation fuel will increase	• Technology for producing bioethanol from wood resources • Multiple kraft pulp manufacturing facilities	Expansion	Expansion

[Reduce GHG Emissions]

Reducing GHG emissions is a pressing matter for the Group in response to climate change issues as the paper pulp industry is an energy-intensive industry and is highly vulnerable to transition risks associated with the introduction of carbon pricing, energy policies and other such factors. The Group is working to reduce GHG emissions through fuel conversion, energy saving, and reorganization of production structures. Meanwhile, since these initiatives are progressing steadily, the reduction scenario of the 2030VISION was brought forward in May 2023 and the FY2031/3 target was revised to a 54% reduction in GHG emissions (Scope 1+2) compared to FY2014/3*. Going forward, the Group will continue to reduce transition risk by further accelerating its decarbonization measures in areas such as fuel conversion and energy saving, and also by reorganizing the Paper Business production structure in an integrated manner.

* Emissions related to production except for the Energy Business field

FY2024/3 GHG Emissions by Scope Category

Scope 1+2*	5.29 million t-CO ₂
Scope 3	6.13 million t-CO ₂

* Emissions related to production except for the Energy Business field

[Participation in the GX League]

The Company takes part in activities of the GX League, which serves as a forum for facilitating cooperation of a coalition of companies with government and academia in taking on challenges of green transformation (GX), through its participation in efforts involving rule formation and a voluntary green transformation emissions trading system (GX-ETS*). Going forward, the Company will actively persist in helping give rise to carbon neutrality and promoting economic and social transformation through the GX League.

* Reduction targets: 54% reduction in direct emissions and 5% reduction in indirect emissions by FY2031/3 (participating entity: Nippon Paper Industries; base year: FY2014/3)



[Fuel Conversion Initiatives]

Since the latter half of FY2022/3, the Group's earnings have been substantially affected by rising prices of raw materials and fuel worldwide, and surging prices of coal in particular. The Group is working to maximize production efficiency by reorganizing the Paper Business production structure and moving ahead on operations limiting the use of coal, such as fuel conversion, by utilizing the know-how it has accumulated until now in boiler technology using wood resources and waste materials as fuel.

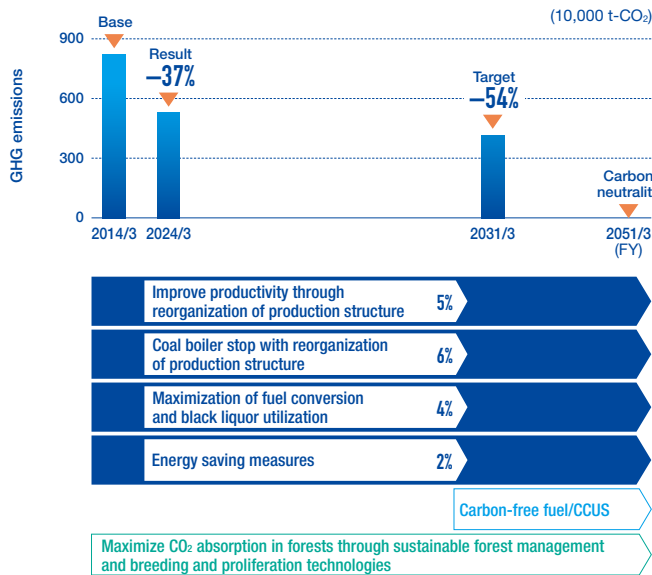
Initiatives to Reduce Coal Consumption

Initiatives	Issues	Countermeasures
• Fuel conversion (transfer to biomass, waste and purchased electricity) →	Address change in operating methods accompanying fuel conversion, facility modifications →	Utilize accumulated boiler technology know-how
• Coal boiler power limitation, utilized schedule of maintenance outages →	Stable procurement of fuels other than coal →	Utilize the Group's internal procurement network and maximize use of black liquor

[Energy Saving Initiatives]

Energy saving is an incredibly important measure in energy-intensive industries. The Group has been working on energy saving measures from the perspectives of both facilities and operational management. This has involved setting a target for achieving improvement in total energy consumption per unit of production by at least one percent relative to the previous year, and creating a database of energy-saving renovations.

Plan for Shift to Carbon Neutrality



3 Reduction of Environmental Burden

[Water Resources Management]

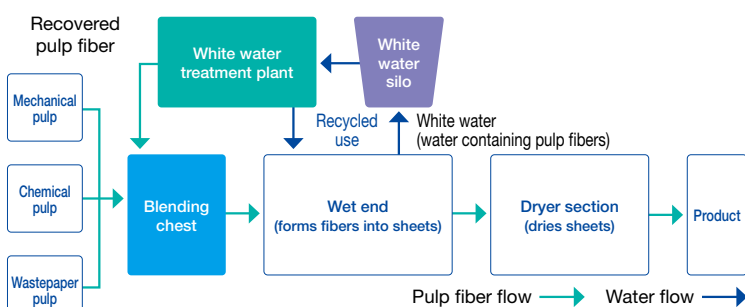
The Group works to reduce the amount of water used and to reduce water pollutants in order to continually use water resources. Although the Group began analyzing water-related risk in FY2024/3, it has determined that such risk is low at its

production sites within Japan and overseas. Going forward, the Group will carry out appropriate countermeasures such as establishing targets for the usage of water resources after having conducted more detailed analysis and evaluation.

—Water Conservation through Circulation of White Water

The Group's paper mills collect water containing fine pulp fibers generated in the wet end of the paper-making process, called white water. The recovered white water is separated into pulp fibers and water in a treatment plant, after which the pulp fiber is returned to the blending chest, 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



[Water Risk Evaluation]

In seeking to formulate appropriate measures to address water risk, the Group accordingly performs assessments to identify risk that includes those associated with water supply and flood frequency at major production sites both in Japan and overseas.

During the fiscal year, the Group performed water risk evaluation (encompassing physical, regulatory, and reputational risk) at a total of 64 locations, consisting of 45 sites in Japan and 19 sites overseas. The evaluation was performed for individual

watersheds using the WWF Water Risk Filter risk evaluation tool in seeking to identify water issues in regions where the Group's main production sites and business offices are located. Findings of the evaluation indicated that none of the locations are subject to substantial water risk at this point in time, with all 45 of the sites in Japan and 5 of the sites overseas constituting low risk, and the remaining 14 sites overseas classified as medium risk.

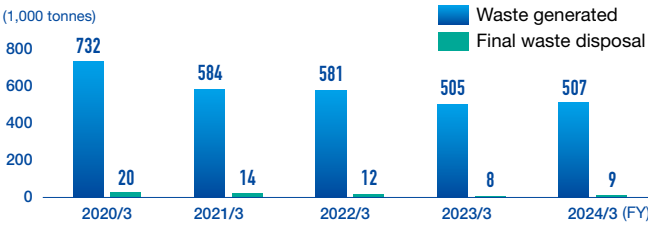
[Waste Reduction]

Having established a target of keeping its final disposal volume of industrial waste from production sites in Japan to 2% or less by FY2031/3, the Group has been working to review production processes and promote the effective use of boiler ash for civil engineering materials and other purposes. The Group not only reduces waste within the Group, but also contributes to reducing waste generated in the regions by accepting regional waste as fuel.

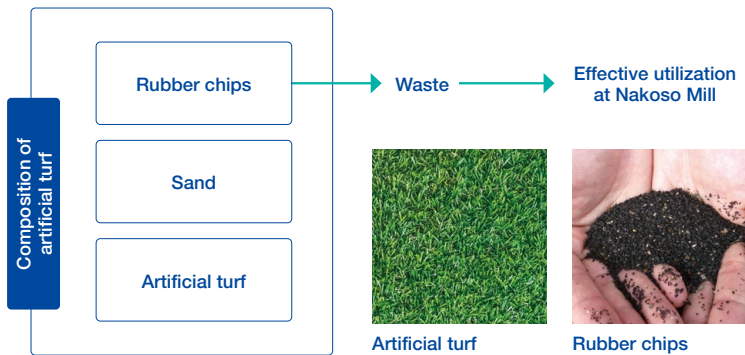
—Effective Utilization of Local Waste

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. As a result of these initiatives, the Company received the Special Prize at the 7th Fukushima Industrial Awards sponsored by Fukushima-Minpo Co., Ltd. in 2022.

Waste Generated and Final Waste Disposal



Effective Utilization of Rubber Chips from Artificial Turf at Nakoso Mill



4 Preservation of Biodiversity

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The Group's business activities greatly depend on the natural world, which nurtures biodiversity, and at the same time those activities affect the natural world in many ways. That is why the Group has established its Basic Policy on the Preservation

of Biodiversity and has been working to achieve harmony in its business activities that involve continuously using wood resources, which are a main raw material, and plentiful water resources, and reducing environmental impact.

[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 procure sustainable wood resources while also maintaining and

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

[Information Disclosure Based on the Taskforce on Nature-related Financial Disclosures (TNFD)]

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Overview

NIPPON PAPER GROUP procures raw materials and fuel such as coal and woody chips and pulp from sources in Japan and overseas, and also produces and sells building materials, paper products, chemical products and other such items enlisting numerous water resources in its manufacturing processes.

In recognizing that its direct operations (manufacturing) and upstream supply chain (procurement) depend on and affect natural capital and biodiversity, the Group engages in analysis and evaluation using the LEAP approach*1.

During the fiscal year, the Group discloses information on locating (L) its interface with nature and evaluating (E) its dependencies and impacts on nature.

Governance

The Group has established a governance structure for contending with natural capital and biodiversity similarly to the way it addresses climate change issues.

Strategy

In FY2024/3, the Group enlisted the ENCORE*2 tool in performing analysis regarding its direct operations (paper product manufacturing) and its upstream supply chain (coal, forest, and wood product manufacturing). The analysis led to the following conclusions with respect to the Group's very substantial dependencies on ecosystem services and its impacts on natural capital.

Dependencies on Ecosystem Services

	Ecosystem Services	Dependencies
Supply	Fibers and other materials	Materials derived from plants and animals, etc.
	Groundwater	Groundwater
	Surface water	Surface and above-ground water
Adjustment	Climate control	Long-term storage of CO ₂ in soils and oceans, and regulation of temperature, humidity, and wind speed using vegetation
	Flood and storm protection	Protection from floods and storms using vegetation
	Mass stabilization and erosion control	Stabilization of coastlines and sand dunes, etc., and prevention of erosion using vegetation

Impacts on Natural Capital

	Impacts	Specific Factors
Inputs	Water use	Examples include volume of groundwater consumed, volume of surface water consumed, etc.
	Terrestrial ecosystem use	Examples include area of agriculture by type, area of forest plantation by type, etc.

None of the categories are classified as being subject to very high emissions

*1 The LEAP approach is a process proposed by the TNFD for systematically evaluating nature-related risks and opportunities based on scientific evidence. A key distinctive aspect of the approach is its four sequential steps of: 1) Locate your interface with nature, 2) Evaluate your dependencies and impacts on nature, 3) Assess your nature-related risks and opportunities, 4) Prepare to respond to nature-related risks and opportunities and to report on your material nature-related issues.

*2 The Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) analysis tool makes it possible to identify high impacts and dependencies on the natural environment.

5 Promotion of Resource Circulation

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The Group will promote the circulation of resources by simultaneously addressing customer needs for replacing plastic with paper and the recycling of paper products amid rising awareness of environmental issues, which involves recovered paper utilization technology and know-how in the realm of raw materials for paper, while also drawing on its nationally established wastepaper procurement network. The Group will proceed with development of new styles of business while

contributing to achieving sustainable use of natural capital and building a circulation-oriented society. To such ends, the Group will engage in initiatives that entail utilizing unused, difficult-to-treat wastepaper while also establishing a horizontal recycling and upcycling scheme through food and beverage containers, etc., by expanding its system for stable procurement of wastepaper and constructing a sorted collection recycling system.

In October 2022, the Company began operating recycling facilities for paper containers such as paper cups and paper cartons for food and beverages 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.

Moreover, the Company collaborates with customers and local governments in conducting demonstration tests for collecting used paper cups at events and other forums, collecting paper cups from the offices of companies that support paper cup recycling, and engaging in collection and recycling activities for difficult-to-treat wastepaper. Through these efforts, the Company utilized 4,933 tonnes of unused, difficult-to-treat wastepaper in FY2024/3.

—Paper Cup Recycling through Three-Company Collaboration with Japan Airlines and Tokan Kogyo

Since December 2022, the Company has been lending its cooperation to an initiative for recycling paper cups and other such items together with Japan Airlines Co., Ltd. (hereinafter, "JAL"). Under the initiative, JAL Group appropriately sorts and collects paper cups and other such items used during its in-flight services of certain domestic flights, and the Group establishes unique routes for transporting, collecting, and packing such items. At first, the initiative was limited to recycling of containerboard and other such materials. In June 2024, however, it was expanded to achieve Japan's first horizontal recycling*1 of paper cups back into paper cups*2 enlisting a three-company partnership also with paper cup manufacturer Tokan Kogyo Co., Ltd.

*1 According to the Company's research

*2 This involves using recycled paper including used paper cups among other raw materials.

—Project for Upcycling Used Paper Containers Centered on choito®

In February 2024, the Group launched the choito® brand of fabric products that use paper yarn made partly from used paper containers for food and beverages. Through the brand, the Group ultimately provides towels, aprons, and other such fabric products made using paper yarn created from high-quality recycled pulp produced at the Fuji Mill from used paper containers that have been collected. The Group aims to help expand the recycling of frequently discarded paper containers by promoting collaboration with many operators through this project.

—Recipient of Environment Minister's Award for Initiative on Voluntary Collection and Recycling of Paper Containers in Partnership with Residents of Hamamatsu City

Since April 2021, the Company has been recycling yogurt cups, paper cups, and other such paper containers for food and beverages, enlisting the support of Hamamatsu City. Under this recycling initiative, the Company's mills enlist used paper containers as raw material for paper upon having gathered such containers from collection boxes installed at sites such as the Echama facility for raising environmental awareness located in Hamamatsu City. The Company engages in the initiative in conjunction with Hamamatsu Green Wave Co., Ltd. (replaced with JFE Environment Technology Co., Ltd., effective from February 2024) and NPO Ecolife Hamamatsu. This initiative raises awareness of recycling among general consumers, reduces incineration waste, and helps facilitate CO₂ fixation through long-term recycling of wood resources.

The Company received the Environment Minister's Award of the FY2023 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards (hosted by the 3Rs Promotion Council) in recognition of these efforts.

—Alliance with Nihon Tetra Pak to Increase Rate of Recycling Paper Cartons for Beverages

In June 2024, the Company entered into an agreement to engage in an extensive alliance with Nihon Tetra Pak K.K. to explore and undertake initiatives for increasing the rate of recycling paper cartons for beverages. Through these efforts to increase the rate of recycling, the Group aims to enhance the value of paper cartons for beverages and help achieve a circular economy in this field.



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



Recycled paper cups (image provided by JAL)



choito® apron created in partnership with UCC Coffee Professional Co., Ltd.

Human Capital

NIPPON PAPER GROUP not only focuses on developing and retaining human resources, but also actively seeks to ensure appropriate allocation of personnel including that of shifting employees to growth businesses. This approach encourages growth for both employees and the Group. Furthermore, the Group will seek to achieve its Vision stipulated under the Group Mission of instilling pride in employees by improving employee engagement by promoting organizational development that enables diverse work styles and allows diverse human resources to maximize their potential.

Linking Business Strategy and Human Resource Strategy

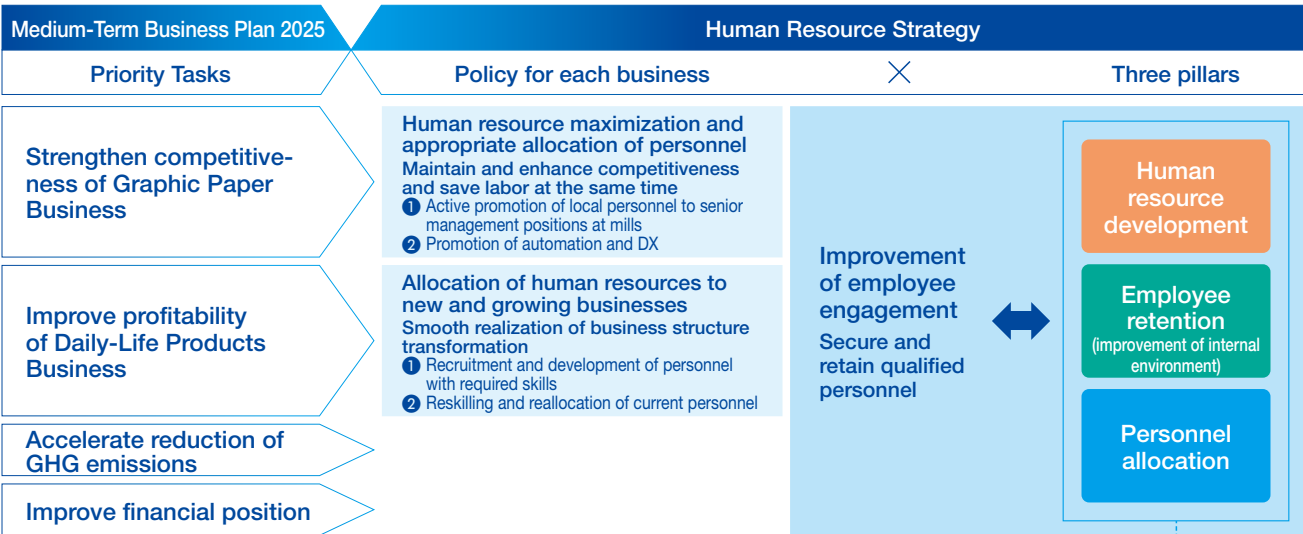
The Company articulates the basic policy of its human resource strategy by business segment, and accordingly takes on the priority tasks established in the Medium-Term Business Plan 2025.

To strengthen competitiveness of the Graphic Paper Business, which has been set forth as a priority task, the Company seeks to maintain and enhance competitiveness and save labor at the same time based on a policy of human resource maximization and appropriate allocation of personnel. For the priority task of improving profitability in

the Daily-Life Products Business, the Company has set allocation of human resources to new and growing businesses as a basic policy for ensuring smooth realization of business structure transformation.

Having furthermore set the notion of improving employee engagement as another basic policy in its human resource strategy, the Company seeks to secure and retain qualified human resources who facilitate the Company's business strategy through various personnel initiatives.

Human Resource Strategy Linked to Priority Tasks Set Forth in the Medium-Term Business Plan 2025



Approach to Human Resource Strategy

The Company seeks to improve employee engagement and implements various measures based on the human resource strategy's three pillars of human resource development, employee retention (improvement of internal environment), and personnel allocation for instilling pride in employees.

In the near future, the prospect of securing human resources is likely to become increasingly difficult due to a

[Securing Personnel]

The Company believes that securing human resources is its foremost challenge, premised on the notion that its personnel serve as the driving force behind its prospects of accelerating business structure transformation, as set forth in the Medium-Term Business Plan 2025, and achieving objectives of the 2030VISION. Whereas the Company's recruitment efforts thus far have focused on hiring new graduates (high school, technical college, university, and graduate school) to serve as both career-track employees and mill workers, it is also working to expand its recruitment channels premised on the need to secure a more diverse range of talent in order to accelerate the business structure transformation.

Specifically, the Company has been redoubling efforts to recruit mid-career professionals with work experience from outside the Company, rehiring employees who had previously left the Company, and introducing an employee referral program. In FY2024/3, the Company brought in 55 mid-career hires for career-track positions, which is about the same number as its new-graduate hires for career-track positions. Moreover, the Company's recruitment efforts in FY2024/3 included the launch of its global application recruitment program for hiring internationally-minded students with sound foreign-language proficiency to serve as candidates for overseas assignments. As of April 1, 2024, four people have joined the Company under that program.

The Company furthermore provides opportunities to help

[Human Resource Development]

The Company is working to develop human resources who take on changes to promote business structure transformation and yield results from it. Over recent years in particular, the Company has been redoubling its efforts to expose employees to different perspectives through a variety of experiences with the aim of prompting employees to gain a sense of the Company's transformation and embrace challenges.

Specifically, the Company has been implementing initiatives that include its: in-house side jobs system for enabling employees to take on challenges in other divisions, reskilling education (self-directed recurring program) for employees who have been subject to internal transfer to new jobs in fields in which they have no experience, establishment of certification incentive programs and certification allowances to encourage employees to gain qualifications, and selective employee development initiatives (career path transition program) for locally hired mill employees, with the aim of ensuring future sustainability of mill operations.

Innovative Thinking Training Curriculum

Schedule	Day 1 (July 2023)	Intermediate tasks	Day 2 (January 2024)
Description	In-person lecture << Session 1 >> Overview of innovative thinking	Enrollment in distance learning and group work (1) Enrollment in distance learning JAMAM MBA series Innovative Thinking Course (2) Creating scenarios for individual mills Each participant creates an innovation scenario for his or her own mill together with other team members	In-person lecture << Session 2 >> Developing teams that spur innovation

Source: Keio Marunouchi City Campus (Keio MCC) website: <https://www.keiomcc.com/>

declining labor force population and greater workforce mobility. As such, the Company is swiftly working to expand the job responsibilities of human resources with operational skills, while also engaging in re-training and reallocation efforts with respect to personnel capable of launching new businesses and conducting mass production of new products.

students engage in self-guided career development. For instance, the Company offers science and engineering students five-day technical internships at its Ishinomaki Mill, Fuji Mill, and Iwakuni Mill in order to enable them to gain practical experience in fields such as development and process management, energy utilities management, and plant engineering. The Company also holds open house events to help students gain an understanding of biomass products and business models at the Research & Development Division (Kita-ku, Tokyo).

In FY2025/3, the Company will continue its efforts to maintain and expand its recruitment channels to secure diverse human resources, while also considering options for employment of foreign nationals at its manufacturing sites amid the prospect of a declining labor force population.



Internship for science and engineering students on the theme of renewable energy and mill utilities (held at the Fuji Mill over the five consecutive days from August 28 to September 1, 2023)



From July 2023 through to January 2024, the Company also held training on innovative thinking for technical, engineering, and administrative line managers at its mills (manager-level employees). The workshops were designed to enhance cognitive and implementation capability of leaders who are tasked with identifying business prospects and aligning such opportunities with market needs while enlisting cooperation of internal and external stakeholders.

In FY2025/3, the Company also intends to promote development of its employees capable of holding overseas postings and DX professionals, in addition to the aforementioned initiatives. With respect to overseas employee development, the Company plans to enhance its overseas company dispatch course (trainee system) by assigning participants to Group companies overseas mainly for the purpose of employee development. For development of its DX professionals, the Company plans to implement new educational programs that enable participants to improve digital literacy and develop standardized skills.



Training on innovative thinking

[Employee Retention]

The Company needs to make a concerted effort to secure and retain human resources amid a situation where recruiting new employees poses challenges associated with the declining labor force population and greater workforce mobility. As such, the Company is proceeding with efforts to establish personnel systems and internal environments that allow for diverse work styles aligned with career development aspirations of individual employees given the increasingly diverse nature of values among employees in developing their careers.

Specifically, the Company has introduced arrangements that include a flextime system with no core hours, a system for taking annual paid leave in hourly increments, and a system to work from home. Meanwhile, the Company also reviewed its performance evaluation and pay raise scheme to ensure that employees who have taken childcare or nursing care leave do not become subject to diminished prospects of career advancement.

Moreover, the Company takes into account the needs of its career-track employees subject to job transfer as part of their career development trajectory in cases where such employees who assume childcare and nursing care responsibilities face limitations in terms of where they are able to work. In seeking

to create environments conducive to enabling such employees to continue their careers with peace of mind, the Company is accordingly considering possibilities for introducing a Regional Career-Track Employment System whereby such employees may opt to have their work assignments limited to specific work locations for a certain period of time.

In further improving its engagement with junior employees, the Company is considering initiatives for communications between general managers and junior career-track employees assigned to other divisions. The Company will also persist in providing and arranging opportunities for in-house communication with the aim of ensuring that its employees gain a sense of the breadth of the Group's fields of business along with the Group's unified efforts toward achieving change and the business structure transformation.

In addition to these systems and initiatives, the Company also established a career and life event consultation desk operated by external consultants in July 2024, with the aims of facilitating career autonomy and preventing situations where employees feel compelled to leave their jobs due to factors such as childcare and nursing care concerns.

[Appropriate Allocation of Personnel]

In seeking to achieve objectives of its Medium-Term Business Plan 2025 priority tasks to “strengthen competitiveness of Graphic Paper Business” and “improve profitability of Daily-Life Products Business,” the Company actively appoints talented human resources who have accumulated advanced skills in existing businesses to the launch of new businesses and the mass production of new products.

In FY2024/3, the Company launched the operation ahead of schedule for the household paper manufacturing facilities installed within its Ishinomaki Mill as a result of reassignment of personnel who had been engaged in the Mill's Graphic Paper Business to its Household Paper Business.

The Company is focusing its efforts to rapidly select and develop non-management track employees (locally hired mill

employees) who hold promise of serving as key contributors to the mill. The Company is accordingly selecting such employees to serve in line manager roles traditionally assumed by career-track employees. Through these efforts, the Company will construct a framework that facilitates reallocation of career-track employees, enlisting a focus on growth business and new business.

Furthermore, the Company seeks to utilize and appropriately allocate its human resources in a manner transcending boundaries of Group companies going forward. To such ends, it is beginning to consider options that entail standardizing fundamental working conditions including holiday, vacation and employee benefit plans among the main Group companies.

[Indicators and Targets Associated with Human Resource Development and Employee Retention (Improvement of Internal Environment)]

The Company has established indicators and targets for human resource development and employee retention (improvement of internal environment), aimed at promoting diversity and otherwise improving employee engagement, as outlined below. In an aim to achieve active participation of

diverse human resources and realizing diverse work styles, the Company will implement personnel initiatives based on the three pillars of its human resource strategy in working toward achieving such targets.

Indicators		Targets	Results			
			FY2022/3	FY2023/3	FY2024/3	[Reference] Average of Last 3 Years
Retention rate after 10 years of employment (%)		80% or higher	60.3	63.4	50.0	58.4
Ratio of female career-track hires (%)		40% or higher (by FY2026/3)	39.6	48.8	36.5	40.9
Total working hours per year (hours)		1,850 hours/year or lower	1,905	1,884	1,872	1,887
Ratio of annual paid leave taken (%)		70% or higher	73.8	79.0	80.2	77.6
Ratio of diversity promotion system usage (%)*		70% or higher	97.8	93.2	84.6	91.9
(Break-down)	Ratio of flextime system usage (%)	—	42.1	41.2	43.2	42.2
	Ratio of system for taking annual paid leave in hourly increments usage (%)	—	9.2	13.3	18.0	13.5
	Ratio of system to work from home usage (%)	—	96.0	83.4	71.4	83.7

* The ratio of diversity promotion system usage does not correspond to the total of usage rates of the individual systems because the ratio of diversity promotion system usage constitutes the ratio of head office employees who have used at least one of the systems (flextime system, system for taking annual paid leave in hourly increments, system to work from home) during the current fiscal year.

Improvement of Employee Engagement

The Company defines its ideal of engagement with employees as “a relationship in which both employees and the Company can grow together.” Additionally, the Company has been administering employee engagement surveys regularly since FY2020/3 in seeking to further reinforce this relationship. The survey results are reported to general managers and executives and are also enlisted in

formulating and implementing measures for improving employee engagement, taking the advice of external consultants into account. As such, this facilitates efforts that involve enhancing communication within the workplace, improving the working environment, and achieving smooth transformation of the business structure.

Overview of FY2024/3 Employee Engagement Survey

Survey subjects: Employees working at Nippon Paper Industries Co., Ltd.
Number of survey subjects: 4,982 employees; 98.3% response rate
Response period: November 27 (Monday) to December 18 (Monday), 2023

Overview of Survey Results
(Perceptions of employees who responded to the survey)

Strengths

- Robust support actions from managers to their subordinates
- High degree of operational coordination among workplace members
- Substantial awareness of change and improvement at workplace

Employees tend to have high expectations and satisfaction levels relative to immediate aspects of employment such as relationships with managers and workplace conditions

Issues

- Low levels of satisfaction with respect to financial standing and other such corporate fundamentals
- Concerns regarding business growth potential and future viability, and tendency among employees to lack confidence in top management
- Perception that appropriate hiring and placement practices are insufficient

Employees have many grievances and concerns regarding aspects of the corporate realm

Guidelines for Immediate Action to Be Taken
Based on Survey Results

Promoting dialogue within the workplace in aiming to build a foundation for improving employee engagement

Specific Initiatives (Examples)

① Lectures for HR personnel

The Company will provide education to personnel departments of the head office and mills from the perspective of facilitating improvement activities of respective workplaces on methods for interpreting and analyzing results, and formulating and implementing action plans.

② Survey results individually reported to all general managers and factory supervisors

Personnel departments will provide individual reports regarding engagement scores, strengths and issues of each workplace.

③ Establishment of model sites for dialogue to be extended laterally to other locations

The Company will set the stage for ensuring that dialogue is effectively promoted at each site by selecting model sites and conducting preliminary coaching skills training and engaging in workplace dialogue for line managers. The Company subsequently plans to extend insights and methods gleaned from such initiatives to other sites.

④ Communication between general managers and junior career-track employees of other divisions

The Company will ensure that its junior career-track employees gain an overall understanding of management by exposing them to initiatives of other divisions. It will furthermore hasten its potential for retaining them by ensuring that they gain a sense of progress being made in carrying out the business structure transformation.

Occupational Safety and Health

[Basic Stance]

In order to instill pride in employees, it is necessary to ensure the safety and health of employees at each of the Group's locations and to maintain 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 a comfortable and friendly working environment and helps to prevent disasters.

NIPPON PAPER GROUP Safety and Disaster Prevention

Committee, which is chaired by the General Manager of the Technical & Engineering Division, supervises the Group's occupational safety and health and disaster prevention activities and reports on these to the Risk Management Committee. The Group has established a communication system between the mills and the head office as well as the divisions within the head office in the case of a disaster. The Group has also established and operates a system to report necessary information to 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, the Group 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 established 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

Intellectual Capital

NIPPON PAPER GROUP is cultivating forests and developing a range of businesses that fully utilize wood resources, while also taking on challenges such as building a circulation-oriented society and reducing GHG emissions through its business activities. The Group's strength lies in its ability to simultaneously generate sustainable growth as a company and contribute to solving social issues. This strength is supported by a wide range of technologies accumulated over many years of research and development since the Group was founded.

Strengths of Intellectual Capital

- Accumulation and application of a wide range of technologies
- Internal and external collaboration in R&D
- IP strategies that maximize the value of intellectual capital
- Technological capabilities to tackle social issues

R&D expenses

¥5.6 billion

(FY2024/3)

Accumulation and Application of a Wide Range of Technologies
—Intellectual Capital Supporting the Three Circulations

Circulation of Sustainable Forest Resources

The Group has established technologies to efficiently and systematically cultivate and utilize forests—its basic management resource. In Japan, the Group has succeeded in developing propagation technology for “elite trees” of cedar, Japanese cypress and pine. Elite trees demonstrate superior growth and CO₂ absorption, also limiting pollen content to less than half that of normal trees. Elite trees are securing access to domestic raw materials and helping to solve various issues faced by the forestry industry by reducing afforestation costs. Overseas, the Group has achieved a world-first with the start of commercial planting of superior trees using selective breeding technology based on genomic information. This technology can reduce the time needed for tree breeding to less than half that for conventional methods.

→ P.26 Expansion of the elite tree seedling business for forestry and use of company-owned forests

Circulation of Wood Resources Used for Various Purposes with Technological Capabilities

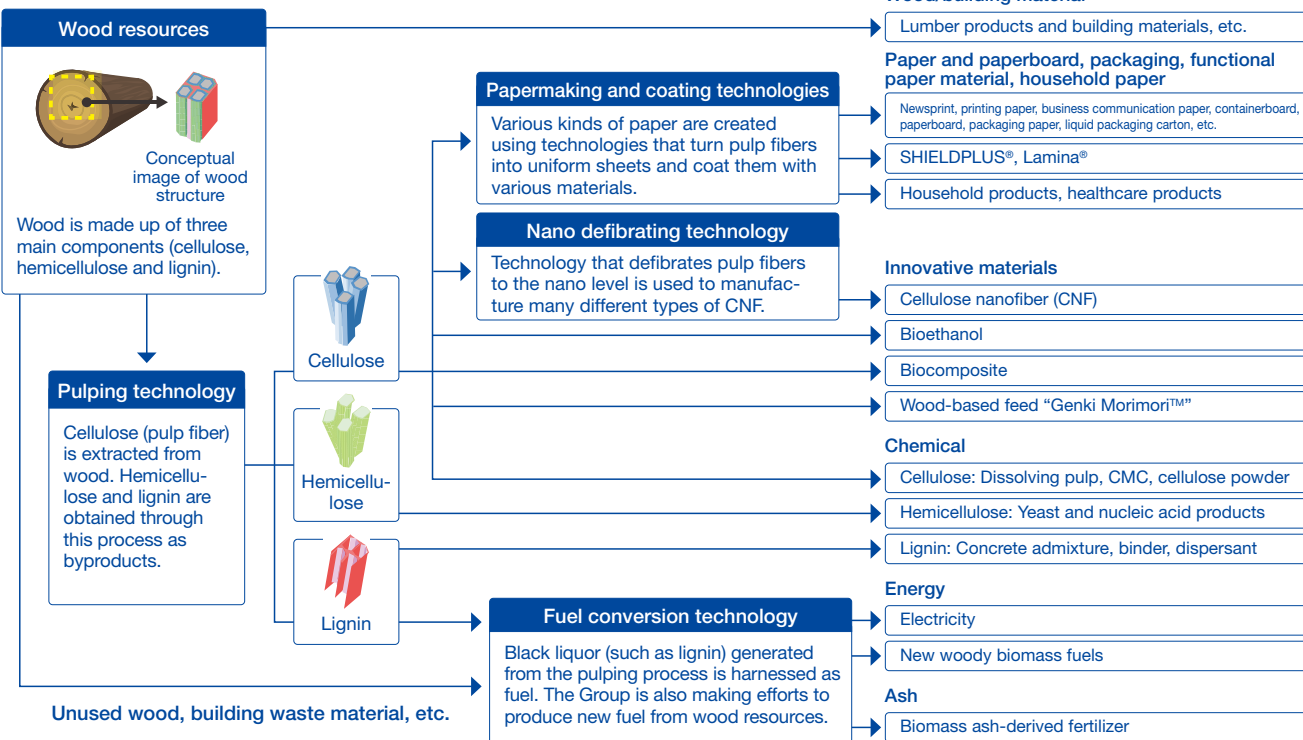
The Group develops and sells a wide range of products, backed by the use of pulping technology, papermaking and coating technologies, nano defibrating technology and fuel conversion technology, all of which were developed in the papermaking process.

Active Product Recycling

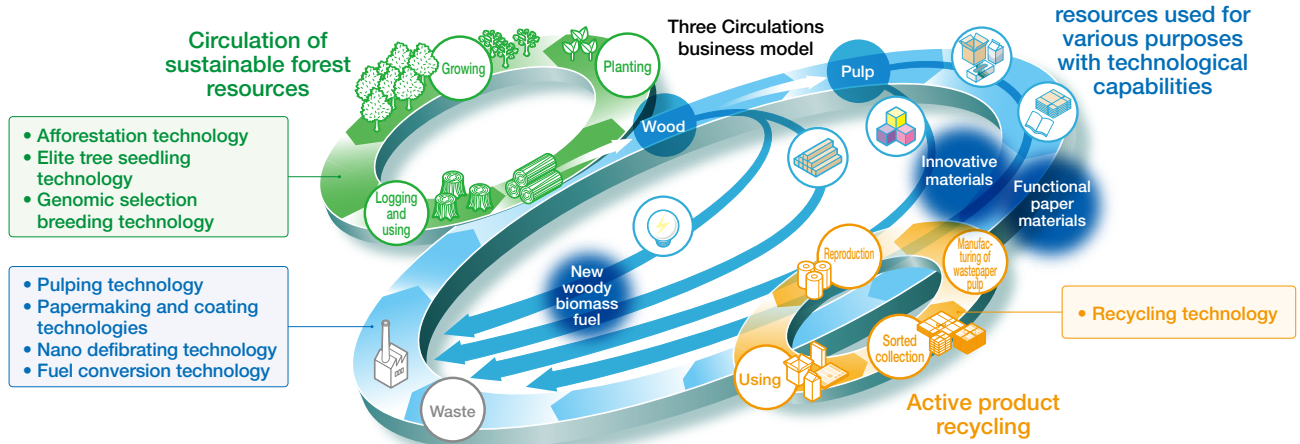
The Group has collected and reused wastepaper for many years, and it is now expanding the scope of recycling with the development of new technologies. These technologies are enabling the upcycling of paper cups into fabric products and the recycling of paper cartons with aluminum coatings.

→ P.31 Promotion of Resource Circulation

Products Generated from Technologies That Maximize Use of Wood Resources



Intellectual Capital Supporting the Three Circulations Business Model



Internal and External Collaboration in R&D

In addition to the Research & Development Division headquartered in Tokyo, the Group has research and development laboratories at the Fuji Mill, Iwakuni Mill and the Higashi-matsuyama Mill. The Research & Development Division works closely with production departments to rapidly progress lab-stage research to the prototype stage and the mass production system. In many cases, personnel who have gained experience in research laboratories are transferred to sales and production departments. Using this three-way collaboration between sales, research and production, the Group can identify customer needs and efficiently reflect them in production.

The Group has also established a Business Transformation Promotion Office as a cross-functional organization to accelerate open innovation both internally and externally. Information is shared regularly among the general managers of each division, associated department heads and the heads of technical departments at mills, with close collaboration supporting rapid decision-making. With respect to sales, the NPG Products Promotion Center was established in FY2023/3 to lead efforts to expand sales of newly developed products. In this way, the Group works to expand Groupwide product sales and develop new businesses through efforts that cross existing business divisions.

IP Strategies That Maximize the Value of Intellectual Capital

To protect the Group's business and the results of its R&D activities while also contributing to the development of technologies that help solve social issues, the Group's research and development departments and the Intellectual Property Department work closely together, regularly studying research results to strengthen patent applications and rights in growth fields and new business fields. With overseas business expansion in mind, the Group is also focusing on foreign patent applications.

To ensure the Group does not infringe the intellectual property rights of other companies in business development, the Group works with related divisions to examine the intellectual property rights of other companies, accurately identifying the scope of rights to avoid infringement. The Group is also looking into using AI to improve the efficiency of intellectual property operations.

[Internal Collaboration]

In the past, the Group concluded separate contracts for each joint research project within the Group. By streamlining information management rules, the Group has created an environment that more rapidly facilitates joint research. This has spurred a steady increase in joint projects within the Group.

[External Collaboration]

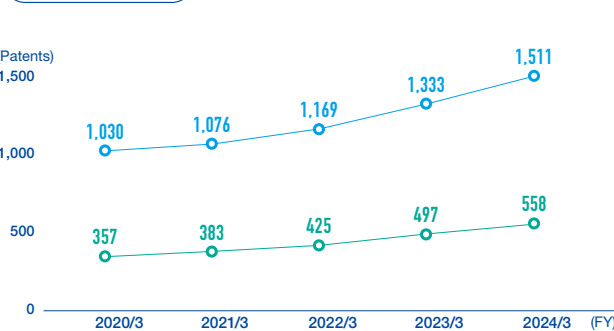
With the Group's research activities expanding beyond paper into a range of other areas, more businesses are finding it difficult to translate research results into products through partnerships within the Group alone. The Group is therefore collaborating with academic and corporate partners to leverage its research outcomes into new products and services.

→ P.42–43 Social and Relationship Capital

Examples of Collaboration with Academic and Corporate Partners

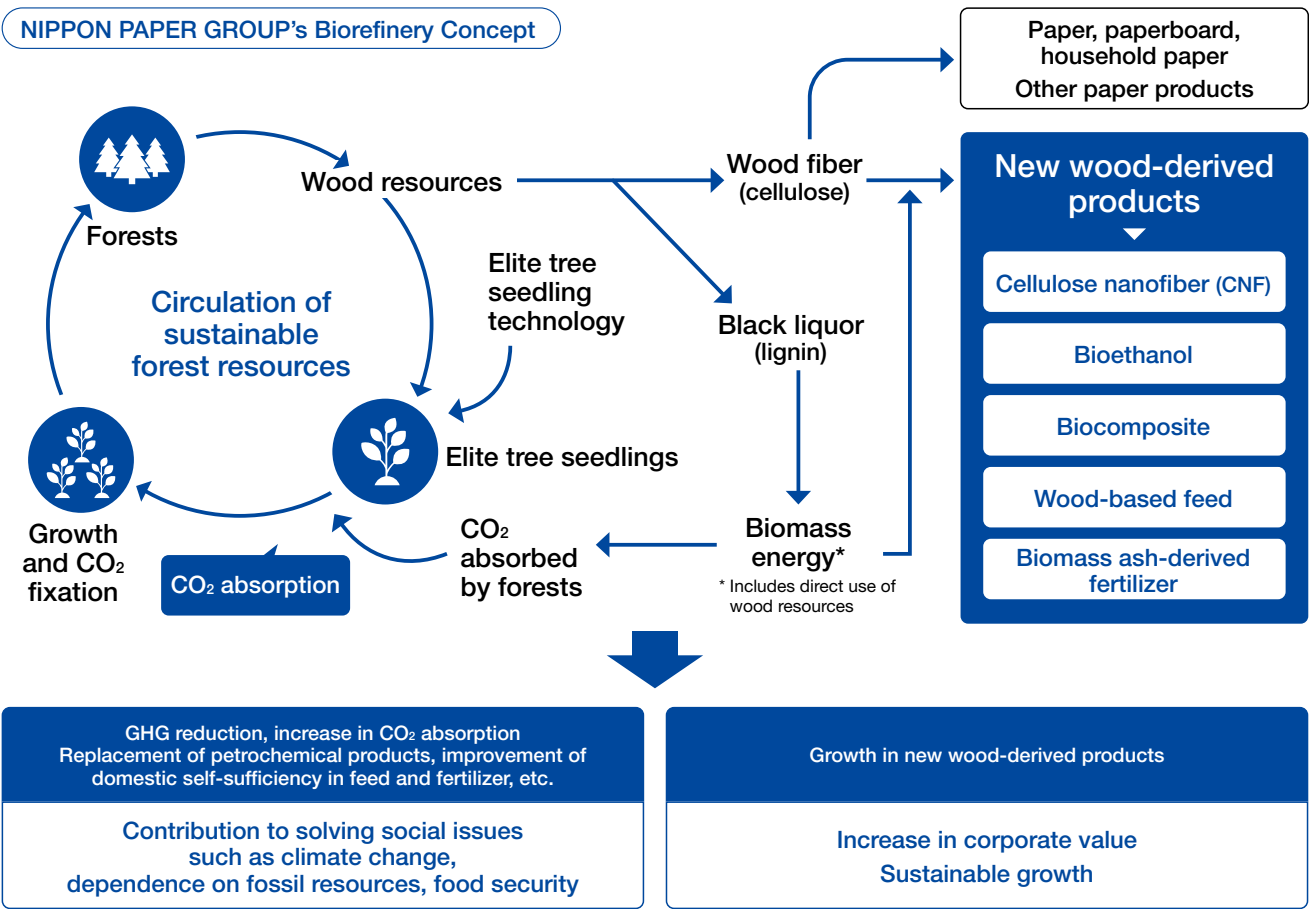
- Tohoku University**
Research into a CNF-based electricity storage body
- Yamaha Motor Co., Ltd.**
Development of CNF-reinforced resin components for personal watercraft
- Green Earth Institute Co., Ltd. Sumitomo Corporation**
Joint research for the first commercial production in Japan of cellulosic bioethanol from woody biomass and its development into bio-chemical products

Patents held*



* Total number of patents held by Nippon Paper Industries and five affiliated companies (Nippon Paper Crexia, Nippon Paper Papyrus, Flowric, Nippon Paper Lumber, Sakurai)

Technological Capabilities to Tackle Social Issues
—NIPPON PAPER GROUP’s Biorefinery Concept—




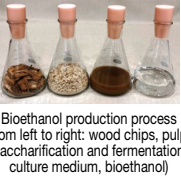



Modern life is supported by products made from fossil resources such as oil and coal. Oil refining uses technology to produce materials such as fuels, paints and plastics from fossil resources. Over the years, this technology has improved our lives, making them more convenient. However, the technology has also led to a number of issues—CO₂ emitted from the burning of fossil resources causes climate change; petroleum-derived plastics and other products are not biodegradable, negatively impacting the ecosystem when released into the natural environment; and fossil resources are finite and may become scarce in the future.

A biorefinery, which manufactures fuels and products from plants and other biomass instead of fossil resources, can help resolve these issues. NIPPON PAPER GROUP is harnessing its technological capabilities cultivated over many years to establish a biorefinery powered by woody biomass resources obtained from its extensive forests. In the papermaking process, wood fiber (cellulose) is first extracted from wood chips (pulp). Through pulping, half of the wood chips become black liquor containing lignin. Black liquor has long been used as biomass energy in the papermaking process.

NIPPON PAPER GROUP develops and manufactures new products using cellulose and lignin from wood chips and utilizes biomass energy from the black liquor in production processes. These products help to solve social and environmental issues by tackling climate change and promoting the shift to non-plastic options by replacing petrochemical products with wood-derived products. The Group is also developing products for food and feed applications that take advantage of the characteristics of cellulose, helping to reduce food losses and increase food self-sufficiency.

The Group’s biorefinery concept also includes the creation of forest resources. By using elite trees and proprietary tree breeding technology, the Group aims to significantly improve forest productivity, including for company-owned forests in Japan and overseas. It also promotes stable procurement and quality improvement of woody biomass raw material, as well as contributes to solving various social issues by increasing CO₂ sinks and revitalizing the forestry industry. A key objective of the biorefinery concept is to generate sustainable growth while also solving social issues by expanding applications for woody biomass resources and accelerating the Group’s business structure transformation.

New Wood-derived Products
—“Aratana Katachi”™*1 (New Shape) Made from Wood

		Target Social Issues
Cellulose nanofiber (CNF) 	The CNF Cellenpia® series is an innovative material created using technology that defibrates the cellulose extracted from wood resources to the nano level. In industrial applications, the Company is working with Yamaha Motor Co., Ltd. to develop components made from CNF-reinforced resin for personal watercraft. It is also conducting research with Tohoku University into a CNF-based electricity storage body. The number of food and cosmetics applications is steadily rising and a stable supply system has been established using mass production facilities at the Gotsu Mill. In April 2023, the Company developed microfibrillated cellulose (MFC), which is made from the same raw material as CNF. In the manufacturing process, the method and degree of defibration can be easily changed and set. The Company expects to significantly reduce costs through on-site manufacturing, making it suitable for spray-on material applications in the agricultural and civil engineering fields. The Company will focus on commercializing CNF by developing new markets, including overseas.	Replacement of petrochemical products Reduction of food losses by adding to food
Bioethanol 	Bioethanol is ethanol obtained from biomass and can be used as feedstock for SAF*2 and bio-chemicals. In February 2023, the Company started joint research with Sumitomo Corporation and Green Earth Institute Co., Ltd. (GEI) with the goal of starting Japan’s first commercial production of cellulosic bioethanol from woody biomass and using it to develop bio-chemical products*3. Leveraging the Company’s large-volume production technology, which can handle 10,000-tonne batches of raw material, the Company aims to be the first producer in Japan of bioethanol derived from domestic wood resources and is targeting output of tens of thousands of kiloliters per year.	Reduction of GHG emissions Realization of domestic clean energy
Biocomposite 	Biocomposite is a new composite material made primarily from cellulose powder derived from wood resources, and have moldability similar to resin, contributing to reduce the use of plastic and GHG emissions. The Company has the manufacturing technology to provide a stable supply of high-quality cellulose powder and is working with the resin industry to improve the performance of biocomposite. The Company plans to develop markets for biocomposite, aiming to spur uptake in a wide range of fields, including daily goods, containers, building materials, home appliances and automotive components.	Replacement of petrochemical products
Wood-based feed 	“Genki Morimori™” is a new type of feed made from domestic wood. Pulping technology is used to remove lignin from the wood, leaving only cellulose fiber. The Company has accumulated evidence on the functionality of cellulose (such as health maintenance, increased milk yield, improvement in breeding, weight gain, etc.). Full-scale production and sales of “Genki Morimori™” started in 2022. The product helps to improve Japan’s self-sufficiency in livestock products by eliminating dependence on imported feed.	Stable supply of feed Improvement of Japan’s food self-sufficiency
Biomass ash-derived fertilizer 	Biomass ash contains potassium and other constituent ingredients of fertilizer. It is therefore seen as a promising stable source of domestic fertilizer in Japan, which depends on imports for most of its fertilizer ingredients. In January 2024, the Company started full-scale sales of fertilizer containing biomass ash generated by its biomass power generation facilities. The Company plans to provide samples to fertilizer manufacturers and fertilizer users via the Domestic Fertilizer Resource Matching Website operated by the Ministry of Agriculture, Forestry and Fisheries (MAFF).	Stable supply of fertilizer raw materials Improvement of Japan’s food self-sufficiency

*1 “Aratana Katachi”™ (New Shape): Concept for development of new wood-derived products that provide new value utilizing technology that expands the use of pulp
*2 SAF: Sustainable Aviation Fuel. A fuel that can be used in the same way as conventional fuel and reduces GHG emissions
*3 Selected as an R&D theme for Research and Development of Technologies to Promote Biomanufacturing by New Energy and Industrial Technology Development Organization (NEDO)

Roadmap for New Wood-derived Products

- Strengthen collaboration with other companies and research institutions and leverage existing distribution channels to accelerate business startup
- Target combined sales of ¥65.0 billion from new businesses by FY2031/3*

	Initiatives	FY2024/3	FY2025/3	FY2031/3
Cellulose nanofiber (CNF)	• Expand applications and develop markets • Increase customers and sales regions	Increase in CNF adoption	• Strengthen development of overseas customers • Accelerate development and partnerships in hybrid resin products	Build key position in CNF market
Bioethanol	• Establish technology for mass production • Develop various applications and markets	Target practical application by leveraging strengths of partner companies	• Start operation • Supply raw materials for SAF	Reliably produce tens of thousands of kL/year
Biocomposite	• Improve functionality • Develop promising markets		• Introduce production equipment • Launch wide range of products	
Wood-based feed	• Expand supply area	Consider expanding production sites	Start work in Hokkaido and Kyushu	Expand business to 100,000 Bdt
Biomass ash-derived fertilizer	• Optimize methods of use • Develop markets	• Establish supply system (5,300 tonnes/year)	• Launch sales of fertilizers • Provide samples	

* New wood-derived products constitute a part of new businesses

Manufactured Capital

NIPPON PAPER GROUP creates a wide range of products at production sites in Japan and overseas that make full and effective use of wood resources. These sites are also improving the Group's competitiveness by providing a stable supply of products, realizing optimal transportation costs to consumption areas and reducing greenhouse gas GHG emissions. The Group is working to transform its business structure by applying the technologies, human resources and utilities developed in the papermaking process to growth areas, particularly the Daily-Life Products Business.

Strengths of Manufactured Capital

- Diverse production sites
- Environmentally-friendly production and transportation systems
- Shared Group human resources and know-how

Number of Group companies

159

(as of March 31, 2024)

Capital investment

¥60.7 billion

(FY2024/3)

[Diverse Production Sites]

NIPPON PAPER GROUP's goal for 2030 is to “realize sustainable growth as a comprehensive biomass company shaping the future with trees” by developing its business using a business model based on wood resources.

The Group has the technologies to utilize pulp extracted from

wood chips for a wide range of applications. Technologies the Group has developed over many years in the paper industry are utilized at diverse production sites. Operating multiple production sites also mitigates the risk of production stoppages and opportunity losses due to natural disasters and other events.

[Environmentally-friendly Production and Transportation Systems]

The manufacturing process uses energy and water and generates air pollutants from boiler combustion. Wastewater and waste containing water pollutants are also generated, so the Group has introduced facilities and technology to remove these substances, reducing environmental impact.

As many of the Group's domestic production sites are located in coastal areas or near major urban areas, products can be rapidly transported for shipment to consumption areas. This

reduces GHG emissions and logistics costs, helping to improve the Group's competitiveness.

In addition, utilizing the Group's domestic and overseas procurement networks, woody raw materials are procured from various countries and regions to ensure access to stable resources. The Group is also promoting digital transformation (DX) to increase the efficiency of raw material transportation from suppliers in Japan and around the world, helping to streamline and reduce manpower.

—AI-driven Vessel Scheduling Optimization System

In June 2023, Nippon Paper Industries became the first company in the paper industry to introduce and start operation of an algorithm (AI)-driven vessel scheduling optimization system for wood chip vessels, developed by ALGO ARTIS CORPORATION. The system formulates the various constraints, risks and costs associated with vessel scheduling and uses AI embedded with the experience and know-how of ship scheduling experts to rapidly and automatically create optimized vessel schedules. This allows the Company to optimize basic transportation plans and promptly revise plans in response to daily changes in conditions, thereby reducing marine shipping costs and GHG emissions by improving the efficiency of wood chip vessel operations.

Formulating Transportation Plans That Maintain Appropriate Inventory Marine Shipping Costs and Reduce Costs and GHG Emissions	
Constraints	Contract volume / Port entry restrictions / Mill inventory volume
Indicators for consideration	Freight/delay charges / Fuel / Fuel consumption / Vessel speed
Variables	Mill operations / Vessel movements

[Shared Group Human Resources and Know-how]

New technology introduced at the Group's productions sites and lessons learned (safety, quality, operational) from major accidents are rapidly rolled out across the Group to maintain and improve its advanced technological capabilities and know-how. At

production sites, the Group is working to raise front-line capabilities by using a bottom-up approach through proposal activities (raising awareness among on-site operators), streamlining the workforce and promoting DX.

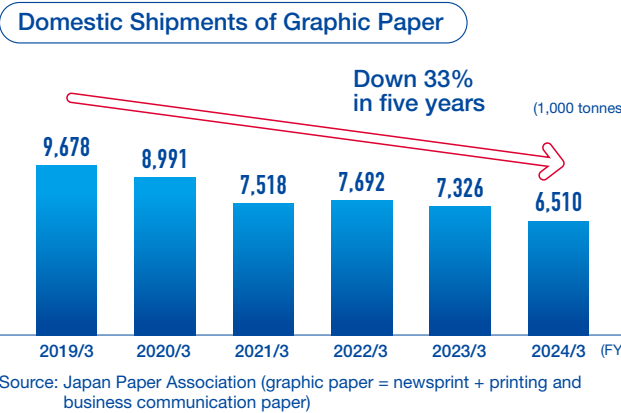
Production Structure Reorganization

[Responding to the Accelerating Decline in Demand for Graphic Paper]

The decline in demand for graphic paper has accelerated further, contracting 33% in the five-year period from FY2019/3 to FY2024/3.

To address this accelerating drop in demand, the Group is working to reduce costs and maintain and increase sales volume through the development of environmentally-friendly products and strategic exports.

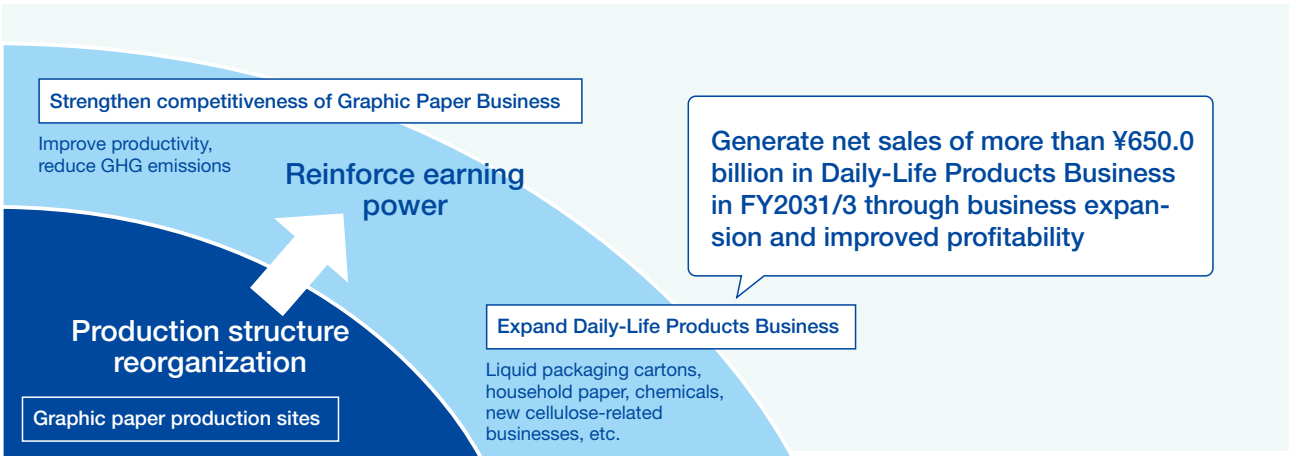
In the Paper and Paperboard Business, the Group has reduced costs by roughly ¥25.0 billion in the three years from FY2022/3 to FY2024/3. It will continue to reduce costs by improving operational efficiency, saving energy and reducing coal consumption.



[Direction of Production Structure Reorganization]

The Group is considering combining graphic paper production sites into around three locations by FY2029/3. Consolidating these production sites will improve productivity and reduce GHG emissions. Other goals are to increase the competitiveness of the Graphic Paper Business and to strengthen the earning power of

the entire Group by harnessing resources cultivated in the business, such as human resources, pulp and utility supply capacity and supply chains, to expand growth areas, mainly in the Daily-Life Products Business.



—Nippon Paper Crecia Expands Paper Machine Capacity for Household Paper

Nippon Paper Crecia has started operation of new paper machines for household paper, using the former sites of decommissioned paper machines at Nippon Paper Industries' Fuji Mill and Ishinomaki Mill and making effective use of associated utilities and other assets. To ensure stable operations from startup, on-the-job training was provided to personnel at each household paper production site, primarily those who worked on the decommissioned machines, to give them new operating skills.

An integrated production system was also established at the Ishinomaki Mill utilizing excess capacity in its pulp manufacturing facilities, which has realized reduction of GHG emissions and profitability improvement.



Social and Relationship Capital

During its 150 years in business, NIPPON PAPER GROUP has built partnerships with a wide array of stakeholders, including customers, business partners, and national and local governments. It will further strengthen these relationships to expand its business, create new business opportunities and develop markets. It also gathers feedback from these stakeholders through communication activities and information disclosure to reflect their opinions in its corporate activities. Through improved collaboration and proactive dialogue, the Group will strengthen and expand relationships with diverse stakeholders, aiming to further increase corporate value through organic linkages with its other management capital to generate synergies.

Strengths of Social and Relationship Capital

- Partnerships with diverse stakeholders across industry, government and academia
- Relationships with local communities at each business site

Initiatives to Strengthen Relationships with Major Stakeholders and Value Created (Outcomes)

Customers			
Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none">Supply safe, high-quality products and servicesProvide products that help solve environmental and social issuesEstablish systems for listening to customer feedback, etc.	<ul style="list-style-type: none">Participation in trade showsDialogue through sales activitiesPublic relations activitiesEstablish contact points for inquiries, etc.	<div>Financial Capital</div> <div>Intellectual Capital</div> <div>Human Capital</div>	<div>< Value enjoyed by NIPPON PAPER GROUP ></div> <ul style="list-style-type: none">Further development of the market for replacing plastic with paperFeedback reflected in product safety risk management, etc. <div>< Value provided to customers ></div> <ul style="list-style-type: none">Improved brand image of the GroupPromotion of resource of recycling, etc.

Business Partners			
Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none">Fair transactionsMutual growth through innovation co-creationEstablishment and maintenance of sustainable supply chains, etc.	<ul style="list-style-type: none">Regular, constructive dialogueCollaborative research, joint developmentSupplier surveys, etc.	<div>Financial Capital</div> <div>Natural Capital</div> <div>Intellectual Capital</div> <div>Manufactured Capital</div>	<div>< Value enjoyed by NIPPON PAPER GROUP ></div> <ul style="list-style-type: none">Sales expansion of biomass productsStabilization of procurement of raw materials and cost reduction, etc. <div>< Value provided to business partners ></div> <ul style="list-style-type: none">New business opportunitiesImproved social responsibility in the supply chain, etc.

Employees

Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none">Better job satisfactionProviding opportunities to develop and demonstrate skillsRespect for diversityEnsuring occupational safety and health, etc.	<ul style="list-style-type: none">Development of personnel systems and working environments that enable diverse work stylesPersonnel request surveys/ interviewsEmployee engagement surveyLabor-management conferencesInternal whistleblower system, etc.	<div>Human Capital</div> <div>Intellectual Capital</div> <div>Manufactured Capital</div>	<div>< Value enjoyed by NIPPON PAPER GROUP ></div> <ul style="list-style-type: none">Improved employee engagementAccumulation and transfer of technology and know-how, etc. <div>< Value provided to employees ></div> <ul style="list-style-type: none">Increased opportunities for personal growthMaintaining safe and secure work environment, etc.

Local Communities and Governments

Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none">Initiatives to solve environmental and social issuesCoexistence with local communitiesJob creationCoordination with public policyCompliance with laws and regulations, etc.	<ul style="list-style-type: none">Regular, constructive dialogueLocal community coexistence activities and social contribution activitiesEmployment briefingsParticipation in initiatives by industry, government and academia, etc.	<div>Natural Capital</div> <div>Human Capital</div> <div>Intellectual Capital</div> <div>Manufactured Capital</div>	<div>< Value enjoyed by NIPPON PAPER GROUP ></div> <ul style="list-style-type: none">Recruitment of long-term, reliable human resourcesFeedback reflected in legal affairs risk management, etc. <div>< Value provided to local communities and governments ></div> <ul style="list-style-type: none">Alleviate climate changeDisplay the functions of forests to enhance public interest.Revitalization of local industry, etc.

Shareholders and Investors

Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none">Increase in corporate valueAppropriate return of profitsAppropriate disclosure, etc.	<ul style="list-style-type: none">Annual general meetingOperating results briefingsPresentation of forest resources valueAnnual securities reportsMeetings with individual investors, etc.	<div>Financial Capital</div>	<div>< Value enjoyed by NIPPON PAPER GROUP ></div> <ul style="list-style-type: none">Increased trust in capital marketsImproved credit ratings, etc. <div>< Value provided to shareholders and investors ></div> <ul style="list-style-type: none">Continuous payment of stable dividends

—Helping to Address the “Logistics 2024 Problem”

With Japanese society facing a shortage of capacity in the transportation sector, NIPPON PAPER GROUP is working with stakeholders to improve logistics efficiency in its operations to fulfill its responsibilities as a supplier. The Group is reducing logistics downtime by reviewing shipping practices in cooperation with logistics company partners and by responding more rapidly to customer delivery requests. It is also promoting round-trip transportation with other industries and joint logistics operations with other companies in the paper industry. In August 2023, Nippon Paper Industries started joint marine shipping with Daio Paper Corporation to step up its modal shift in logistics.

—Working with Partners to Preserve Biodiversity

Nippon Paper Industries has been working with the Wild Bird Society of Japan since 2010 to preserve biodiversity by protecting Blakiston's fish owl, which is listed as a critically endangered species (CR) on the Ministry of the Environment's Red List of Threatened Species. In company-owned forests in Hokkaido, the Company has established a shared conservation area and conducts forestry operations based on a standard that balances timber production with the conservation of Blakiston's fish owl habitats. Using data obtained through collaboration with the Wild Bird Society of Japan, the standard was revised in February 2024 to further improve compatibility between timber production and habitat protection.

Important Issues (Materiality) to Realize the Group Mission

NIPPON PAPER GROUP has clearly identified material issues in order to meet the four requirements of its Vision included in the Group Mission, as it addresses changes in the surrounding environment and is also promoting sustainability management in which it pursues social and environmental sustainability alongside corporate growth.

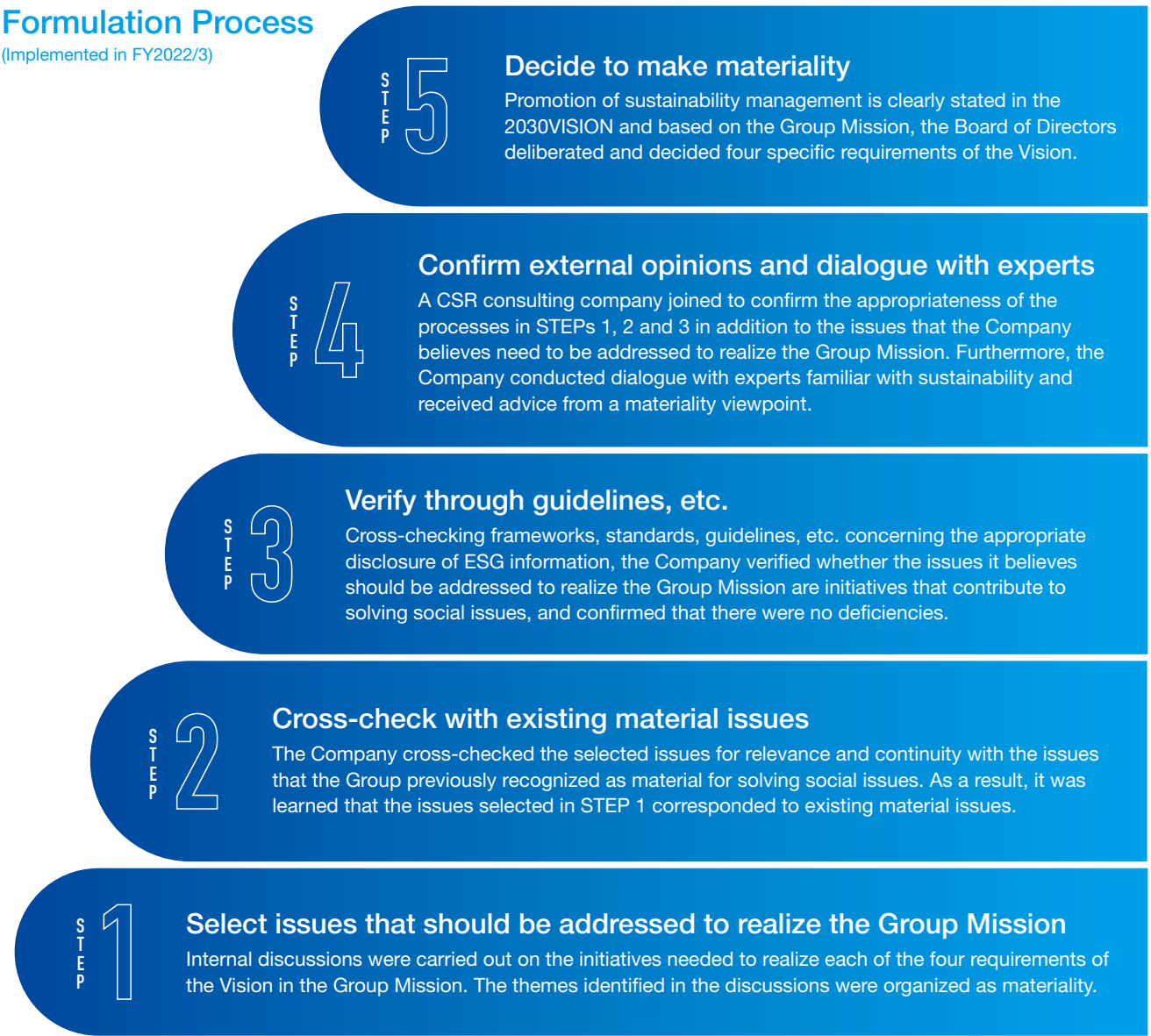
Mission

NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does business.

	A Corporate Group That Meets the Following Requirements and is Sustainably Needed by Society	NIPPON PAPER GROUP's Materiality	Reasons for Selection and Contributions to SDGs
Vision	<div>1</div> <div>Drive social sustainability through our business</div>	<div>Achieve the following through the value chain:</div> <ul style="list-style-type: none">◆ Response to climate change◆ Utilization of sustainable forest resources◆ Preservation of biodiversity◆ Reduction of environmental burden◆ Promotion of resource circulation◆ Respect for human rights	<div>Through business activities based on forest resources, which are natural capital, the Group will work to consider the environment and society throughout the entire value chain, thereby achieving sustainable growth as a “comprehensive biomass company shaping the future with trees.”</div> <div></div>
	<div>2</div> <div>Delight our customers</div>	<ul style="list-style-type: none">◆ Response to changes in the social environment (consideration for the environment, healthcare, etc.)◆ Stable supply of products, enhanced safety	<div>Understanding changes in society and customer needs, and continuing to provide the products that people want will contribute to better living and cultural progress everywhere. The Group aims to be customers' company of choice by ensuring product safety and quality, and by providing a stable supply.</div> <div></div>
	<div>3</div> <div>Instill pride in employees</div>	<ul style="list-style-type: none">◆ Realization of diverse work styles◆ Active participation of diverse human resources◆ Promotion of occupational safety and health	<div>All business activities are supported by people. Through workplace creation where diverse human resources can work cheerfully and with pride, it maximizes the ability to create value and leads to corporate growth.</div> <div></div>
	<div>4</div> <div>Give back to society</div>	<div>In addition to business growth achieved through activities 1 to 3 above, the Group will realize the following:</div> <ul style="list-style-type: none">◆ Promotion of business structure transformation◆ Enhancement of corporate governance◆ Coexistence with local communities and society◆ Communication with stakeholders	<div>To realize the Group Mission, generating stable profits is a prerequisite, and to do that, stronger corporate governance is indispensable. Along with boosting the transformation of the business structure, through stakeholder dialogue NIPPON PAPER GROUP aims to become a corporate group that is needed by society.</div> <div></div>

Formulation Process

(Implemented in FY2022/3)



Confirmation of Progress on Materiality and the 2030VISION


















The Group sets key performance indicators (KPI) (targets to achieve by FY2031/3) under various themes responding to materiality and the 2030VISION, and measures their progress.

Since FY2022/3, discussions on materiality and corresponding KPIs have been conducted by the Management Executive Committee and the Group Management Strategy Committee. Progress and initiatives for each target are verified, materiality is added and KPIs are reviewed, taking into account progress with management's execution toward achieving the 2030VISION.

Similar verification was also carried out for FY2024/3 results, with discussions conducted in the Group Management Strategy Committee meeting held in June 2024 to further deepen debate within the entire Group. As a result of the discussions, while moving ahead on initiatives for FY2025/3, the Group reviewed KPIs for corresponding materiality.

Going forward, deeper discussion will be held throughout the Group on important management themes.

Progress of Initiative Themes for Materiality and the 2030VISION

Vision	Materiality (Important Management Issues)	2030VISION		Key Performance Indicators (KPI) to Achieve by FY2031/3 Scope ---  NIPPON PAPER GROUP  Nippon Paper Industries	Main Progress and Initiative Status in FY2024/3	Integrated Report 2024 Related Pages	Contributions to SDGs
		Basic Policies	Themes				
Give back to society	Promotion of business structure transformation	Reallocate management resources to growing businesses	Expansion of growing businesses	<div>Net sales target of ¥1,300.0 billion, of which Daily-Life Products Business has 50% or more</div> <div><ul style="list-style-type: none">Investment of approximately 80% of the strategic investment budget of ¥350.0 billion in growing businesses</div>	<div><ul style="list-style-type: none">Daily-Life Products Business net sales: ¥436.8 billion (accounting for 37% of overall net sales)Strategic investment in FY2022/3–FY2024/3: ¥114.8 billion (of which 93% was allocated to growing businesses)</div>	<div>→ P.66–67</div>	<div><div></div><div></div><div></div></div>
			Early positive contribution from new businesses and innovative materials	<div>Expansion of new uses of cellulose and commercialization of innovative materials</div> <div>Net sales target of ¥65.0 billion for new businesses (including expansion of biomass products)</div> <div><ul style="list-style-type: none">Target commercialization of CNF by establishing a mass-production structure and manufacturing technologiesPromote and expand sales of cattle feed (“Genki Morimori™”)Launch new businesses using pulp manufacturing facilities</div>	<div><ul style="list-style-type: none">CNF-reinforced resin Cellenpia®PLAS was adopted by Yamaha Motor Co., Ltd. for its personal watercraftBegan biocomposite sample work with Mitsui Chemicals, Inc.Started considering production of cellulose cattle feed at multiple plants</div>	<div>→ P.38–39</div>	
			Reformation of structure of foundation businesses	<div>Stronger competitiveness of the Paper and Paperboard Business</div> <div><ul style="list-style-type: none">Concentrate graphic paper production sites to about three locations</div>	<div><ul style="list-style-type: none">Advanced maintenance and expansion of sales volume with development of environmentally-friendly products (N.Polaris43Mocha, etc.)Advanced cost reductions through energy saving and other measures (actual cost reduction in FY2022/3–FY2024/3: ¥26.3 billion)</div>	<div>→ P.41</div> <div>→ P.66–68</div>	
			Expansion in overseas markets	<div>Overseas net sales ratio of 30% or more</div> <div><ul style="list-style-type: none">Increase net sales and strengthen profitability in overseas business</div>	<div><ul style="list-style-type: none">Overseas sales ratio: 27%Opal is strengthening profitability by restructuring its Maryvale Mill and expanding its Packaging Business</div>	<div>→ P.65</div> <div>→ P.69</div>	
Drive social sustainability through our business	Response to climate change	Respond to the rapidly changing social landscape, including GHG emissions reduction and environmental issues	GHG reductions	<div>Reduction of GHG emissions through energy saving measures and fuel conversion</div> <div><ul style="list-style-type: none">Reduce GHG emissions (Scope 1 + Scope 2) by 54% compared with FY2014/3Use non-fossil energy in 60% or more of total energy usedImprove total energy intensity in production and logistics by 1% year on year</div>	<div><ul style="list-style-type: none">GHG emissions (Scope 1 + Scope 2) Reduction by 37% compared with FY2014/3Ratio of non-fossil energy usage 47% of total energy usageNippon Paper Industries total energy intensity in production (compared with 2022): Paper Business +5.3%, Paperboard Business –1.5%, Logistics +2.0%</div>	<div>→ P.27–28</div>	<div><div></div><div></div><div></div><div></div><div></div></div>
	Utilization of sustainable forest resources Preservation of biodiversity		Pursuit of green strategies (maximize forest value)	<div>Preserve forest resources, strengthen supply chains and construct a business model for the revitalization of the forestry industry in Japan</div> <div><ul style="list-style-type: none">Construction of a production system for 10.0 million elite tree seedlings/year for forestryInitiatives to create 200,000 t-CO₂ of J-Credits</div>	<div><ul style="list-style-type: none">Started closed seed plantation in Akita Prefecture, expanded the closed seed plantation in Tottori PrefectureElite tree seedling production capacity increased to 1.6 million/yearPrepared project certification, aiming to secure J-Credits equivalent to 200,000 t-CO₂ for company-owned forests in Japan by FY2028/3</div>	<div>→ P.24–26</div>	
				<div>Improvement of forest productivity and expansion of CO₂ fixation amount by using breeding and proliferation technologies</div> <div><ul style="list-style-type: none">Improve CO₂ fixation efficiency in overseas plantation areas by 30% compared with 2013Secure plantation areas, mainly in Asia</div>	<div><ul style="list-style-type: none">AMCEL started commercial planting of clones developed by DNA marker selection and breeding technology (world first)NPL RESOURCES ASIA CO., LTD. is developing new afforestation business, mainly in Vietnam, Thailand and Malaysia</div>	<div>→ P.25–26</div>	
				<div>Acquisition and maintenance of forestry certification for all company-owned forests in Japan and overseas</div>	<div><ul style="list-style-type: none">Maintained forestry certification (FM) for the total area of the domestic and overseas company-owned forests of Nippon Paper Industries and overseas plantation subsidiaries</div>	<div>→ P.24</div>	
				<div>Display public interest functions through appropriate management of company-owned forests in Japan</div> <div><ul style="list-style-type: none">Display public interest functions through preservation of water resources and other resources</div>	<div><ul style="list-style-type: none">Conducted forest preservation activities with Coca-Cola Bottlers Japan Inc. in the Sugenuma watershed area (Sugenuma company-owned forest, Gunma Prefecture)</div>	<div>→ P.29–30</div>	
				<div>Preservation of biodiversity</div>	<div><ul style="list-style-type: none">Began assessment of dependence on ecosystem services and impact on natural capital in preparation for TNFD disclosureRegistered Ho-oh company-owned forest as a site of Nationally Certified Sustainably Managed Natural Sites, contributing to achieve “30by30”</div>	<div>→ P.30</div> <div>→ P.43</div>	
	Reduction of environmental burden		Reduction of environmental burden	<div>Reduction of environmental burden generated in the manufacturing process</div> <div><ul style="list-style-type: none">Reduce air pollutants by 15% and water pollutants by 15% compared with FY2019/3Keep final disposal volume of industrial waste materials at domestic production sites at 2% or lower</div>	<div><ul style="list-style-type: none">Reduction rates at production sites in Japan (compared with FY2019/3): SOx 33%, NOx 28%, dust 18%, COD/BOD 36%, SS 16%Final disposal volume of industrial waste materials: 1.8%</div>	<div>→ P.27–29</div>	
	Promotion of resource circulation		Promotion of recycling	<div>Promotion of recycling of resources</div> <div><ul style="list-style-type: none">Expand the system for stable procurement of wastepaperBuild a sorted collection recycling system, utilize 12,000 tonnes/year of unused, difficult-to-treat wastepaperBuild a horizontal recycling scheme for paper containers used for food and beverages</div>	<div><ul style="list-style-type: none">Installed shredding and cleaning machines for paper beverage containers at Group companies and promoted treatment of used paper cupsConducted a demonstration test of horizontal recycling from paper cups to paper cup base paper in collaboration with Japan Airlines Co., Ltd. and TOKAN KOGYO CO., LTD. in June 2024Started collaborating with Nihon Tetra Pak K.K. in paper carton recycling from June 2024Promoted recycling through high-value-added utilization of used paper cartons, etc.</div>	<div>→ P.31</div>	
	Respect for human rights		Respect for human rights	<div>Implementation of human rights due diligence</div>	<div><ul style="list-style-type: none">Expanded the scope of human rights issue assessments to major suppliers of raw materials in the Paper and Paperboard Business to reduce risks in the raw material supply chainConducted surveys on human rights issues at contractors of mills in Japan to address mill-related risks</div>	<div>→ P.62–63</div>	
	Delight our customers		Response to changes in the social environment	Pursuit of green strategies (expand biomass products)	<div>Expansion of biomass products</div> <div><ul style="list-style-type: none">Address the demand for deplasticization (expand products for trend to replace plastic with paper)</div>	<div><ul style="list-style-type: none">Expanded adoption of School POP® (strawless paper cartons for schools) to 18 prefectures</div>	
Stable supply of products, enhanced safety		Stable supply of products Product safety and quality control	<div>Engagement in stable production, response to natural disasters (strengthen BCP)</div>	<div><ul style="list-style-type: none">Promoted building a framework to prepare for natural disasters and unexpected production troublesCarried out priority investment in power and recovery and fiberlines for mills for the purpose of operational stability</div>	<div>→ P.60–61</div>		
			<div>Assurance of stable transportation and response to logistics issues</div>	<div><ul style="list-style-type: none">Implemented initiatives to optimize logistics and improve productivity in accordance with government guidelines</div>	<div>→ P.40</div> <div>→ P.43</div>		
			<div>Improvement of the product safety management structure</div>	<div><ul style="list-style-type: none">Developing internal systems to comply with the revised Food Sanitation ActDeveloping internal systems in light of current trends in quality control</div>	<div>→ P.61</div>		
Instill pride in employees	Realization of diverse work styles Active participation of diverse human resources	Reallocate management resources to growing businesses	Enhancement of ease of working and job satisfaction	<div>Enhancement of employee engagement, including promotion of diversity</div> <div><ul style="list-style-type: none">Total working hours of 1,850 hours/year or lowerRetention rate after 10 years of employment in FY2031/3 of 80% or higherRatio of female career-track hires to be 40% or higher by FY2026/3</div>	<div><ul style="list-style-type: none">Total working hours: 1,872 hours/yearRetention rate of employees who joined the Company in FY2014/3: 50.0%Ratio of female employees among new graduates in career-track recruits for FY2025/3: 36.5%</div>	<div>→ P.32–35</div>	<div><div></div><div></div><div></div><div></div></div>
	Promotion of occupational safety and health		Maximization of utilization of human resources	<div>Assurance of safety and hygiene for working people</div> <div><ul style="list-style-type: none">Serious disaster cases of 0/year</div>	<div><ul style="list-style-type: none">Serious disaster cases: 1</div>	<div>→ P.35</div>	
Give back to society	Enhancement of corporate governance	Stronger functions of the Board of Directors		<div>Improvement of effectiveness of the Board of Directors</div>	<div><ul style="list-style-type: none">Briefed Board of Directors on progress with the Medium-Term Business Plan on a quarterly basis, thus increasing the opportunities to discuss medium- to long- term management issues and actions</div>	<div>→ P.52–56</div>	<div><div></div><div></div><div></div></div>
	Coexistence with local communities and society Communication with stakeholders	Assurance of transparency in corporate management		<div>Public and fair disclosure of Company information</div>	<div><ul style="list-style-type: none">Environmental risk communication: 20 cases (production sites in Japan)Meetings between outside directors and institutional investors: 1 time</div>	<div>→ P.57–59</div> <div>→ P.77</div>	