





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

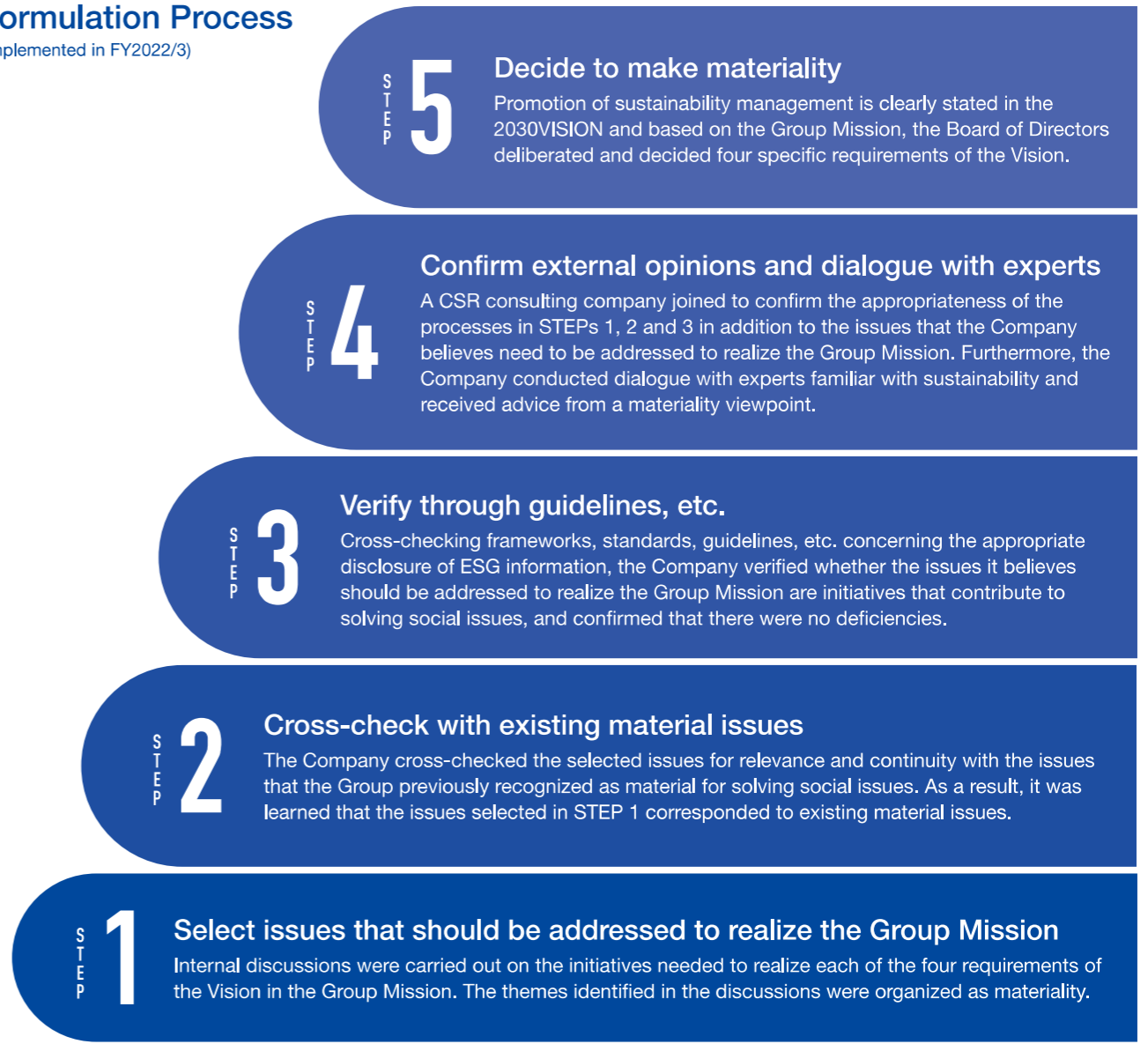
NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does business.

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
<p>1</p> <p>Drive social sustainability through our business</p>	<p>Achieve the following through the value chain:</p> <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 	<p>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."</p> 
<p>2</p> <p>Delight our customers</p>	<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 	<p>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.</p> 
<p>3</p> <p>Instill pride in employees</p>	<ul style="list-style-type: none"> ◆ Realization of diverse work styles ◆ Active participation of diverse human resources ◆ Promotion of occupational health and safety 	<p>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.</p> 
<p>4</p> <p>Give back to society</p>	<p>In addition to business growth achieved through activities 1 to 3 above, the Group will realize the following:</p> <ul style="list-style-type: none"> ◆ Promotion of business structure transformation ◆ Enhancement of corporate governance ◆ Coexistence with local communities and society ◆ Communication with stakeholders 	<p>To realize the Group Mission, generating stable profits is a prerequisite, and to do that, stronger corporate governance is indispensable. Along with promoting business structure transformation, through stakeholder dialogue NIPPON PAPER GROUP aims to become a corporate group that is needed by society.</p> 

Vision

Formulation Process

(Implemented in FY2022/3)



Confirmation of Progress on Materiality and the 2030VISION

The Group sets key performance indicators (KPIs) (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 FY2025/3 results, with discussions conducted in the Group Management Strategy Committee meeting held in June 2025 to further deepen debate within the entire Group. As a result of the discussions, while moving ahead on initiatives for FY2026/3, the Group reviewed KPIs for corresponding materiality.

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

Increasing Corporate Value / Important Issues (Materiality) to Realize the Group Mission

<< Progress of Initiative Themes for Materiality and the 2030VISION >>

Vision	Materiality (Important Management Issues)	2030VISION		Key Performance Indicators (KPIs) to Achieve by FY2031/3 Scope ... ■ NIPPON PAPER GROUP ■ Nippon Paper Industries	Main Progress and Initiative Status in FY2025/3	Integrated Report 2025 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	Net sales target of ¥1,300.0 billion, of which Daily-Life Products Business has 50% or more · Investment of approximately 80% of the strategic investment budget of ¥350.0 billion in growing businesses	· Daily-Life Products Business net sales: ¥457.9 billion (accounting for 39% of overall net sales) · Strategic investment in FY2022/3–FY2025/3: ¥122.5 billion (of which 94% was allocated to growing businesses)	P.32–33	 	
			Early positive contribution from new businesses and innovative materials	Expansion of new uses of cellulose and commercialization of innovative materials Net sales target of ¥65.0 billion for new businesses (including expansion of biomass products) · Target commercialization of CNF by establishing a mass-production structure and manufacturing technologies · Promote and expand sales of cattle feed (“Genki Morimori™”) · Launch new businesses using pulp manufacturing facilities	· CNF was adopted by a major manufacturer for cosmetics applications for the first time. Gotsu Mill CNF sales volumes expanded and the facility is now operating a full capacity during day shifts · Bioethanol was selected for a New Energy and Industrial Technology Development Organization (NEDO) subsidy for Research and Development of Technologies to Promote Biomanufacturing, and a trial project was started · Expanded sales of cellulose cattle feed and started delivery of a portion of the production from Yatsuhiko Mill to the southern Kyushu region	P.46–47		
			Reformation of structure of foundation businesses	Stronger competitiveness of the Paper and Paperboard Business · Concentrate graphic paper production sites to about three locations	· Decided to shut down the No. 8 paper machine at the Shiraoi Mill and the N2 paper machine at the Yatsuhiko Mill. Also decided to shut down one coal boiler at the Yatsuhiko Mill at the same time · Advanced cost reductions through energy saving and other measures (actual cost reduction in FY2022/3–FY2025/3: ¥23.0 billion)	P.32–33 P.36		
			Expansion in overseas markets	Overseas sales ratio of 30% or more · Increase net sales and strengthen profitability in overseas business	· Overseas sales ratio: 28% · Opal is revising the production system of its Maryvale Mill while expanding sales, improving efficiency, and promoting streamlining in its packaging business · In the Chemical Business, started operation of a carboxymethyl cellulose (CMC) manufacturing plant for lithium-ion batteries in Hungary in March 2025	P.8–9 P.34–35		
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	Reduction of GHG emissions through energy saving measures and fuel conversion · Reduce GHG emissions (Scope 1 + Scope 2) by 54% compared with FY2014/3 · Use non-fossil energy in 60% or more of total energy used · Improve total energy intensity in production and logistics by 1% year on year	· GHG emissions (Scope 1 + Scope 2) reduction by 41% compared with FY2014/3 · Ratio of non-fossil energy usage 44% of total energy usage · Nippon Paper Industries total energy intensity in production (compared with 2023): Paper Business –2.8%, Paperboard Business –2.2%, Logistics +3.8% · Received government support using GX Economic Transition Bonds and decided to install highly efficient recovery boiler at the Ishinomaki Mill	P.68–70	 	
	Utilization of sustainable forest resources Preservation of biodiversity		Pursuit of Green Strategy (maximize forest value)	Preserve forest resources, strengthen supply chains and construct a business model for the revitalization of the forestry industry in Japan	· Construction of a production system for 10.0 million elite tree seedlings/year for forestry · Initiatives to create 200,000 t-CO ₂ of J-Credits	· Launched domestic materials expansion project, conducted interviews on issues and needs in the supply chain · Closed seed plantations completed in Shizuoka Prefecture, Tottori Prefecture, and Hiroshima Prefecture, with plans to establish a scion plantation on site at the Akita Mill · Expanded production scale for elite tree seedlings in 18 prefectures · Completed preparation for project certification, aiming to secure J-Credits equivalent to 71,000 t-CO ₂ for company-owned forests in Japan		P.40–43
				Improvement of forest productivity and expansion of CO ₂ fixation amount by using breeding and proliferation technologies	· Improve CO ₂ fixation efficiency in overseas plantation areas by 30% compared with 2013 · Secure plantation areas, mainly in Asia	· AMCEL reported a 23.9% increase in chip productivity compared to FY2014/3, an indicator of CO ₂ fixation efficiency · Currently utilizing breeding technologies to develop new plantation business throughout Asia		P.40–43
				Acquisition and maintenance of forestry certification for all company-owned forests in Japan and overseas	· Maintained forestry certification (FM) for the total area of the domestic and overseas company-owned forests of Nippon Paper Industries	P.40–43		
				Display public interest functions through appropriate management of company-owned forests in Japan	· Conducted forest preservation activities with Coca-Cola Bottlers Japan Inc. in the Sugenuma watershed area (Sugenuma company-owned forest, Gunma Prefecture)	P.70		
				Preservation of biodiversity	· Conducted assessment of impact in accordance with TNFD disclosure	P.72–73		
				Reduction of environmental burden	Reduction of environmental burden generated in the manufacturing process · Reduce air pollutants by 15% and water pollutants by 15% compared with FY2019/3 · Keep final disposal volume of industrial waste materials at domestic production sites at 2% or lower	· Reduction rates at production sites in Japan (compared with FY2019/3): SOx 50%, NOx 26%, dust 27%, COD/BOD 35%, SS 17% · Final disposal volume of industrial waste materials: 1.6%		P.68–71
	Promotion of resource circulation		Promotion of recycling of resources · Expand the system for stable procurement of wastepaper · Build a sorted collection recycling system, utilize 12,000 tonnes/year of unused, difficult-to-treat wastepaper · Build a horizontal recycling scheme for paper containers used for food and beverages	· Unused, difficult-to-treat wastepaper usage volume: 11,908 t · Installed shredding and washing plant for paper beverage containers at Group companies and promoted treatment of used paper cups · Conducted 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. · Concluded an agreement with Nihon Tetra Pak K.K. to cooperate on a study and initiatives to increase the recycling rate for paper cartons	P.71–72			
	Respect for human rights		Respect for human rights Implementation of human rights due diligence	· Expanded the scope of human rights issue assessments previously only for chip and pulp suppliers to major suppliers of raw materials in the Paper and Paperboard Business to reduce risks related to raw material procurement · Conducted surveys on human rights issues at contractors of mills in Japan to address mill-related risks	P.66–67			
	Delight our customers		Response to changes in the social environment	Pursuit of Green Strategy (expand biomass products) · Address the demand for deplasticization (expand products for trend to replace plastic with paper)	· To promote transition to paper packaging materials, strengthened joint ventures with converters in Japan, and started marketing activities overseas · Expanded adoption of School POP® (strawless paper cartons for schools) to 24 prefectures	P.9 P.37		
Stable supply of products, enhanced safety		Stable supply of products	Engagement in stable production, response to natural disasters (strengthen BCP)	· Promoted building a framework to prepare for natural disasters and unexpected production troubles	P.64–65			
		Product safety and quality control	Assurance of stable transportation and response to logistics issues	· In accordance with the Act on Advancement of Integration and Streamlining of Distribution Business (implemented in April 2025), conducted measures to reduce the amount of time spent by drivers waiting for cargo to help streamline distribution	P.39			
		Product safety and quality control	Collaboration, coexistence and co-prosperity with supply chain	· Thoroughly implemented response to revision of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and renewed partnership-building pledge	P.64–65			
	Product safety and quality control	Improvement of the product safety management structure	· Conducted a survey of quality management and identified issues	P.65				
Instill pride in employees	Realization of diverse work styles Active participation of diverse human resources	Reallocate management resources to growing businesses	Enhancement of employee engagement, including promotion of diversity · Total working hours of 1,850 hours/year or lower · Retention rate after 10 years of employment in FY2031/3 of 80% or higher · Ratio of female career-track hires to be 40% or higher by FY2026/3	· Total working hours: 1,870 hours/year · Retention rate of employees who joined the Company in FY2015/3: 70.9% · Ratio of female employees among new graduates in career-track recruits for FY2026/3: 47.3%	P.48–51	 		
	Promotion of occupational safety and health		Assurance of safety and hygiene for working people · Serious disaster cases of 0/year	· Serious disasters: 0 cases	P.59			
Give back to society	Enhancement of corporate governance	Stronger functions of the Board of Directors	Improvement of effectiveness of the Board of Directors	· Ensured the effectiveness of the Board of Directors by deepening discussions from a long-term perspective regarding direction for each business and initiatives, etc.	P.54–58	 		
	Coexistence with local communities and society Communication with stakeholders	Assurance of transparency in corporate management	Public and fair disclosure of Company information	· Environmental risk communication: 23 cases (production sites in Japan) · Small meetings between outside directors and institutional investors: 1 time	P.60–63 P.81			