

Cover photo
Nippon Paper Industries Co., Ltd.
Sugenuma company-owned forest (Gunma Prefecture)



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SHAPING THE FUTURE WITH TREES

NIPPON PAPER GROUP
Integrated Report 2024
For the Fiscal Year Ended March 31, 2024

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

Only ambition and action make change possible. We are advancing our mission to contribute to better living and cultural progress, and to “become a Corporate Group that is permanently needed by society.”



Mission

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

Vision

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

Values

Challenge
Fairness
Teamwork

Slogan

Shaping the Future with Trees

—NIPPON PAPER GROUP—

Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.



NIPPON PAPER GROUP Integrated Report 2024

Key Points and Editorial Policy

NIPPON PAPER GROUP publishes integrated reports to convey its value creation initiatives to all stakeholders, starting with shareholders and investors, and to serve as a tool for deepening understanding of the Group's sustainable growth and corporate value enhancement.

NIPPON PAPER GROUP Integrated Report 2024 demonstrates how strengthening each type of capital, sourced from management resources built up through many years of the Group's business activities, is linked to the Group's growth and solutions for social issues, emphasizing its uniqueness and specific initiatives. Additionally, the report

introduces the foundation that supports value creation.

Since its founding, the Group has consistently utilized resources derived from trees, contributing to the development of a rich cultural heritage along with the history of paper in Japan. As the business environment undergoes drastic changes, the Group is also undergoing significant transformation, entering a phase of creating new value by leveraging its accumulated management resources. As "a comprehensive biomass company shaping the future with trees," this report outlines the Group's future vision and the path it intends to follow.

What it means to be a comprehensive biomass company

A corporate group that consists of multiple businesses which generate stable profits and realize better living and cultural progress. It achieves this by using diverse technologies and know-how to maximize the use of renewable wood resources. This provides a wide range of products that help form a circulation-oriented society, supporting profit growth.

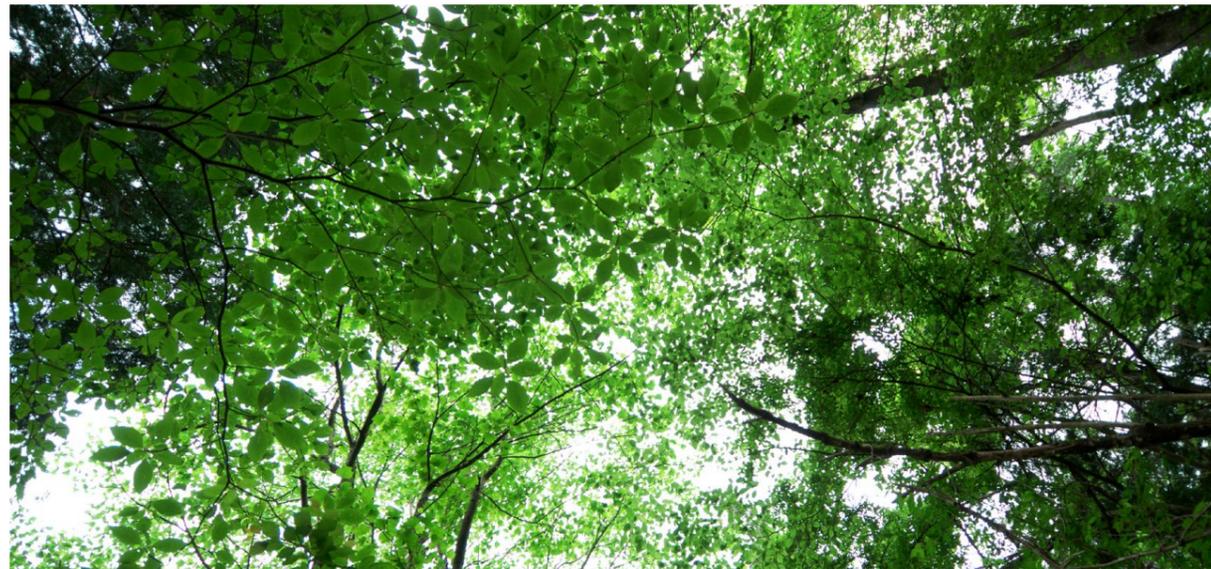


Photo: Nippon Paper Industries Co., Ltd. Kitayama company-owned forest (Shizuoka Prefecture)

Disclaimer

Statements in this report concerning plans, forecasts, strategies, beliefs, and other forward-looking information related to Nippon Paper Industries Co., Ltd. and companies comprising NIPPON PAPER GROUP, other than those of historical fact, are forecasts of future business performance based on the judgments of management at Nippon Paper Industries Co., Ltd. and NIPPON PAPER GROUP companies in light of currently available information. Accordingly, please refrain from making investment decisions based solely on forecasts of business performance in this integrated report. Actual business performance may differ significantly from these forecasts due to changes in a variety of factors.

Reporting Period

FY2024/3: April 1, 2023 to March 31, 2024

This report contains some information dated prior to April 1, 2023 and after April 2024. The points in questions have been dated.

Reporting Organization

Nippon Paper Industries Co., Ltd. is the main subject of this report. However, data calculations include the Company and all 54 consolidated subsidiaries as of March 31, 2024.

Reference Guidelines

- Environmental Reporting Guidelines (2018 edition), Ministry of the Environment
- Global Reporting Initiative (GRI) Standards
- United Nations Global Compact
- SASB Sustainability Accounting Standards
- ISO 26000, etc.

Guidelines Comparison Table

<https://www.nipponpapergroup.com/english/csr/gri/>

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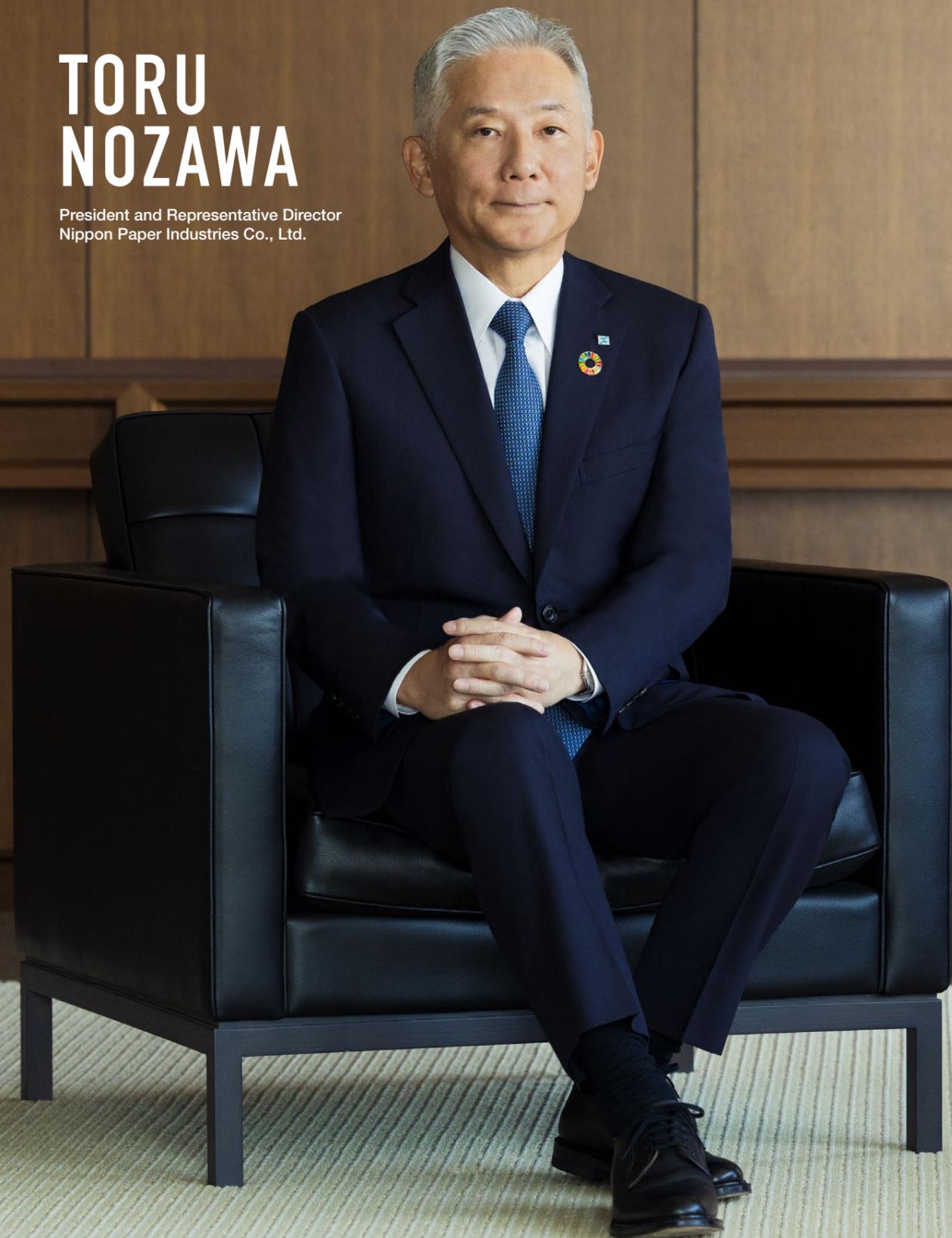
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Message from

**TORU
NOZAWA**

President and Representative Director
Nippon Paper Industries Co., Ltd.



the President

Message from the President

We Leverage the Strengths of the Three Circulations and Enhance Corporate Value with the Aim of Achieving Sustainable Growth

Domestic Business Gets Back on Track with the Medium-Term Business Plan in FY2024/3

In FY2023/3, NIPPON PAPER GROUP fell into an operating loss for the first time since our listing due to an unprecedented surge in prices for raw materials and fuel, and we faced very challenging management conditions. All of our Group employees, however, shared a strong sense of urgency regarding the need to overcome this situation, and worked to improve profitability. As a result, we were able to return to profitability in FY2024/3 and bring about a certain degree of recovery in business performance.

Looking back at FY2024/3, in Japan real wages failed to keep pace with rising prices and consumer confidence lacked momentum as a result. Still, with the exception of graphic paper, which has seen a structural decline in demand, each of our businesses maintained a certain level of demand over the course of the year, thanks in part to government price control measures, including subsidies for fuel oil prices. Overseas, meanwhile, economic trends in each region, including declining consumption in Europe and the U.S. and China's economic slowdown, had a significant impact on the Company's business.

In our domestic business, amidst a significant decline in demand for paper, we developed a policy to shift the Paper and Paperboard Business's profit center from the mills to the sales divisions in 2021. As we shared a sense of urgency, cooperation between the sales divisions and manufacturing front lines grew stronger, and an awareness of the sales divisions as a profit center quickly took hold. This move toward lateral cooperation spread not only among the sales divisions, but to the corporate and other divisions, and has strengthened organizational capabilities across the Group as a whole.

The speed at which we execute measures has increased, such as in our quick reaction to the recent sharp depreciation of the yen. Each division proposed cost improvements and these proposals were put together at an early stage. At the mills as well, we are seeing a proactive approach to challenges, including the ability to use raw materials and fuel that could not be used before thanks to the efforts and ingenuity of employees on-site, leading to cost reductions. Through these kinds of efforts, FY2024/3 operating profit in our domestic business exceeded ¥30.0 billion, putting it back on track with the Medium-Term Business Plan 2025. I feel confident we were able to turn a crisis into an opportunity by mobilizing the power of each and every one of us.

In our overseas business, sales of liquid packaging board and other products dropped at Nippon Dynawave Packaging Company, LLC (NDP) in the U.S., and demand also declined significantly at Jujo Thermal Oy (Jujo Thermal) in Europe. Further, China's economic slowdown had a major impact as the market worsened for containerboard exports from Opal in Australia to China and Southeast Asia. As a result, the overseas business has become a drag on the recovery of consolidated results, and rebuilding it has become an urgent issue.

Going forward, addressing rising labor and logistics costs will be critical. Looking back at the continued economic growth of the 1980s, price levels rose each year, but so did workers' wages. While current economic conditions differ from those times, we expect that the increase in labor and logistics costs is not a temporary phenomenon, and assume those costs will continue rising. It is necessary to shift to appropriate pricing that is reproducible to maintain a stable supply system, while carefully monitoring manufacturing cost trends going forward.

Expanding the Daily-Life Products Business to Achieve the Targets of the Medium-Term Business Plan 2025

To achieve the targets of the Medium-Term Business Plan 2025, it is essential that we improve the profitability of the Daily-Life Products Business. To that end, we aim to expand net sales in the Daily-Life Products Business from ¥436.8 billion in FY2024/3 to ¥500.0 billion in FY2026/3.

While Opal continues to face a challenging situation, as noted below, other Daily-Life Products Businesses recovered in FY2024/3 after what had been an extremely difficult previous fiscal year, and we expect further growth in FY2025/3. To realize an operating income margin of 7% or more, as set out in the 2030VISION, we are undertaking proactive capital investments, and to maximize the effect of those investments, we plan to push forward with development of products that offer high added value.

In the Liquid Packaging Carton Business, we will introduce a new filling system jointly developed with Shikoku Kakoki Co., Ltd., and will work toward growth in the global market by leveraging our alliance with Shikoku Kakoki and Elopak ASA in Norway. Also important is our collaboration with NDP, which will conduct major maintenance on its facilities in FY2025/3 in an effort to stabilize operations and improve productivity.

In the Household Paper and Healthcare Business, Nippon Paper Crecia's new paper machine installed in Ishinomaki Mill began operation, following the No. 3 paper machine at Crecia-Kasuga. New equipment not only offers high production efficiency, but because the pulp produced at the Ishinomaki Mill can be used as is in the production of household paper, it is expected to bring overwhelming cost competitiveness. We will also go beyond the domestic market, working with global partners to expand sales in markets overseas.

We are also making proactive capital investments in the Chemical Business, where we are particularly focused on carboxymethyl cellulose (CMC) for lithium-ion batteries for electric vehicles (EVs). We plan to start operation of our plant in Hungary, which is under construction, in December 2024, and going forward will expand sales by establishing multiple production sites outside of Japan as well.

In new businesses, we believe cellulose nanofibers (CNF) could become a game-changer. With a view to exports, we are moving forward with R&D based on the Group's technological capabilities through collaboration with a wide range of partners. We will work to quickly commercialize these efforts so that CNF can become a major pillar supporting the Daily-Life Products Business.

Rebuilding Opal Is a Top Priority

We have positioned the rebuilding of Opal in Australia, one of the mainstays of the Packaging Business, as a top current priority. Opal's business consists of the Maryvale Mill of the former Paper Australia Pty Ltd, acquired in 2009, and the Packaging Business of the former Orora Limited, acquired in 2020. The Maryvale Mill, in particular, is generating significant losses, and improving that situation is our top priority.

Faced with the situation that its supply of eucalyptus wood from state-owned forests would stop at the end of 2022, the Maryvale Mill decided to withdraw from the Graphic Paper Business in February 2023 and to specialize in production of competitive base paper for packaging.

We have established three key performance indicators (KPIs) aimed at bringing the Maryvale Mill back to profitability. The first is to increase the daily output of the continuous digester that manufactures pulp. The Maryvale Mill has shut down two of its five paper machines, leaving it with three for containerboard and craft paper. Accordingly, pulp manufacturing equipment was shifted from the batch digester to a low-cost continuous digester. Daily output has steadily increased, and we are confident this change has been effective. The second KPI involves improving the composition of export sales. Given the challenging export market conditions in Asia, we will work quickly to develop export destinations outside of Asia and expand the use of base paper within Opal, among other steps. The third is a reduction in fixed costs, primarily labor costs. We are currently considering other measures to further improve profitability at the Maryvale Mill in an effort to return it to profitability, and we intend to make a concerted effort to rebuild its business as soon as possible.

Meanwhile in the Packaging Business, we are moving



forward with capital investments aimed at introducing the latest equipment. A new corrugated box plant began operation in the state of Victoria, Australia in August 2023; the plant has twice the labor productivity of previous Opal plants. Other existing plants are also in the process of updating aging processing equipment. Through these capital investments, we aim to boost production capacity and reduce costs while also strengthening our sales structure to increase sales and expand profits in the Oceania region's corrugated box market. Efforts to strengthen the Packaging Business base and expand profits are progressing according to plan.

The Company's management team, including myself, will visit Opal and work closely with their management to share goals with a focus on increasing the effectiveness of these various measures.

Accelerating Business Structure Transformation to Increase Corporate Value

While the Company is working toward its 2030VISION and the Medium-Term Business Plan 2025, our price to book-value ratio (PBR) remains low. Our analysis attributes this to the fact that return on capital has not reached the level expected by the market and that financial leverage is high. We have started to consider ways to improve PBR to increase corporate value in the medium to long term.

PBR multiplies return on equity (ROE) by the price-to-earnings ratio (PER). We will improve ROE by addressing issues in the Paper and Paperboard Business, where profitability is low compared to the amount of invested capital, through a shift to the Daily-Life Products Business and other business domains where high profits can be expected. As for improvement of PER, it is important to communicate and share our growth story with our stakeholders, namely that the Daily-Life Products Business will grow its earnings going forward through business structure transformation. Further, with regard to return on invested capital (ROIC), we need to hold internal discussions aimed at achieving our target profit margin and establish KPIs in line with the specific characteristics of each business.

The Paper and Paperboard Business—particularly graphic paper—requires enormous invested capital, making it difficult to generate profits and improve ROE; demand is also declining. In addition to existing efforts such as raising production efficiency and reducing fixed costs, one solution

is to improve our asset turnover ratio as much as possible by tightening the way we hold inventory or enhancing labor productivity through a shift to DX. We need to consolidate our production sites to increase competitiveness and consider ways to increase sales, not only in the domestic market where demand is declining, but in exports as well.

In the Daily-Life Products Business, we will first work to ensure that the effects of investments made to date are realized. If there are any issues after verifying those results, we will promptly implement additional measures to address them. In capital investments going forward, we will closely examine the scale and feasibility of sales and profits to ensure a high return on invested capital.

→ P.19–23 Financial Capital

Focusing on Investment in Human Capital to Develop Human Resources

Investment in human capital is extremely important in increasing the value of human resources, in turn leading to improved corporate value. We view it from four perspectives: recruiting, education, retention and proper allocation.

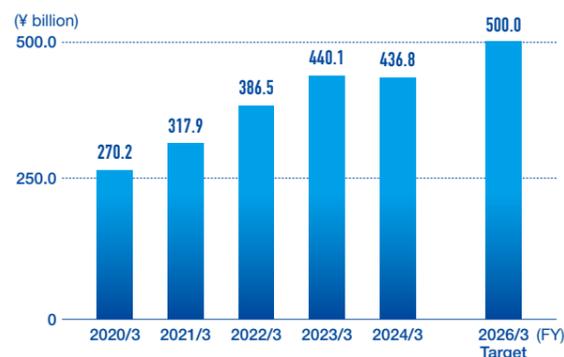
First, we are working to expand our recruiting channels, including mid-career recruitment and so-called comeback recruitment—welcoming back employees who have left the Company at one point. At the same time, we have also begun a global application program aimed at recruiting students with a strong international orientation and sound foreign-language proficiency as candidates for overseas assignment. In FY2025/3, we also plan to consider and implement recruitment of non-Japanese on the front lines of production, in anticipation of a future decline in the workforce.

As for education, I believe that companies should be proactive in developing human resources that lead to improved corporate value, and we are thus focusing our efforts on education of both career-track employees and front-line operators. With an eye toward future sustainable mill operations, we hope to create a system by which we can select and train employees from among local recruits to enable them to take on overall management of the mills. In FY2025/3, we will also accelerate our efforts to develop personnel capable of holding overseas postings and DX professionals through enhanced training and other steps as an urgent issue.

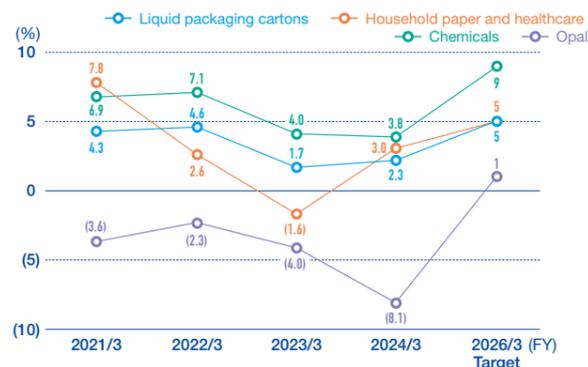
In terms of retention, we are moving forward with the introduction of a Regional Career-Track Employment System and other efforts. To maintain and enhance employee engagement, it is necessary to establish a system that takes individual employee career plans into consideration, addressing cases in which an employee's work area may be limited by childcare, nursing care, and other circumstances.

For our younger employees, we have created opportunities that will expose them to different perspectives and give them a sense of the wide range of fields in which they can play an active role within the Group. In the past, I have had open discussions and lunch meetings with younger employees, but in FY2025/3, we plan to expose them to different perspectives by providing a venue for interaction between younger employees and general

01 Daily-Life Products Business Change in Net Sales



02 Daily-Life Products Business Change in Operating Income Margin



managers from divisions other than those to which they belong. As I mentioned last year, to develop and retain human resources, it is important to entrust them with responsibilities and then express appreciation and encouragement for the results of their efforts.

One example of our efforts regarding appropriate allocation of human resources was the launch of the Household Paper Business within the Ishinomaki Mill. A new paper machine for household paper was set up in the building where the N6 machine had been installed at the Ishinomaki Mill. In conjunction with this, employees who were once involved in the Graphic Paper Business have been given the responsibility of producing household paper by utilizing the technical skills they had gained thus far. We are also continuing work on human resource reallocation in advance of our business structure transformation.

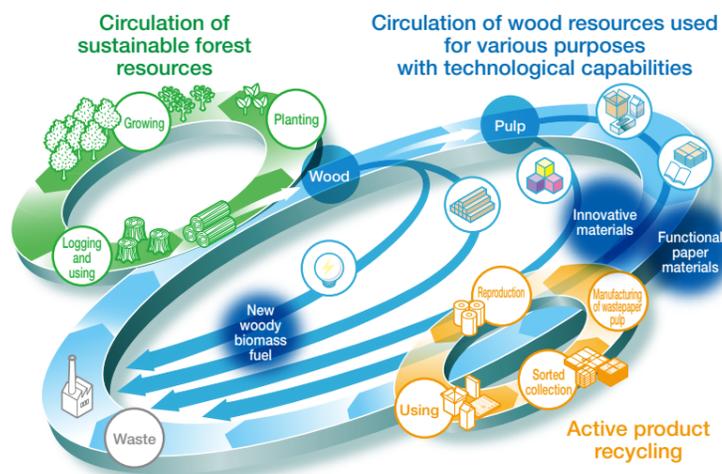
Improving engagement is another very important theme in human capital management. We have been conducting ongoing engagement surveys for some time, and the results of surveys at our graphic paper mills, where employees are seeing a decline in equipment utilization rates due to decreasing demand, indicate that the sense of uncertainty is having an impact on engagement. To dispel concerns about the future of the workplace, in FY2025/3 we plan to first work to improve coaching skills for line managers and then encourage dialogue within the workplace, in an effort to improve engagement.

→ P.32–35 Human Capital

Realizing 2030VISION on the Strength of the Three Circulations

The Group's business model called "Three Circulations" is based on developing business that achieves resource circulation. The Three Circulations refers to the following three types of resource circulation: circulation of sustainable forest resources, circulation of wood resources used for various purposes with technological capabilities, and active product recycling.

03 Three Circulations Business Model



The Group has approximately 160,000 hectares of renewable forest resources in Japan and overseas, as well as the technology to make full and effective use of those resources. Further, in our long history of procuring wood raw material domestically and overseas, we have built strong partnerships with a wide range of players in the forestry and timber industries. We consider this strong supply chain to be one of our great assets. The challenge is how to maximize forest value, and expand new products that can be created from wood resources.

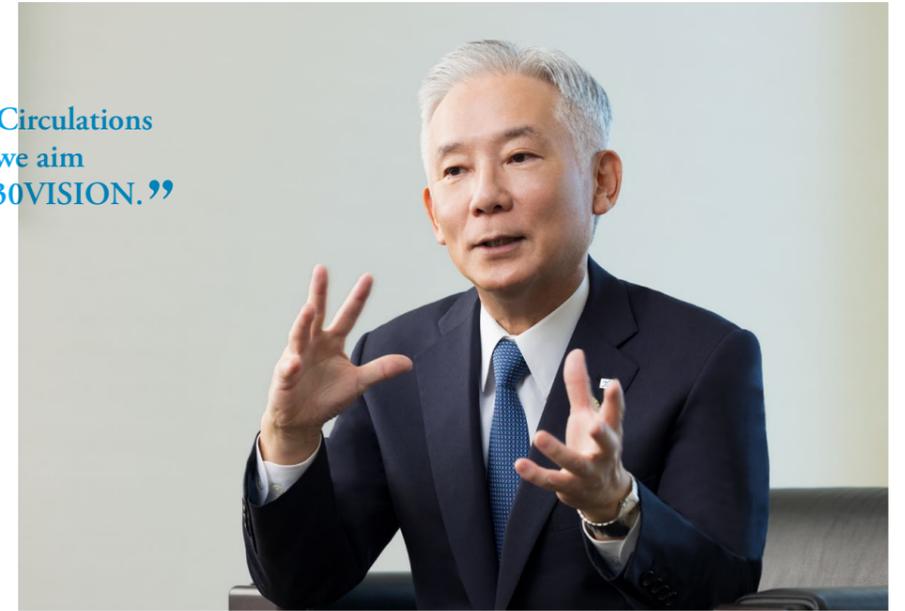
In order to maximize forest value, we are expanding our elite tree seedling production business by utilizing our proprietary proliferation technologies. We are working in cooperation with the Forestry Agency, local governments and seedling companies, and have thus far obtained certification as a specified plant propagator for elite tree seedling production in Akita, Shizuoka, Tottori, Hiroshima, Oita and Kumamoto prefectures. Our goal is to establish a production system for 10 million seedlings per year by FY2031/3. On J-Credit system, we have established a target to register projects equivalent to 200,000 t-CO₂ in company-owned forests in Japan by FY2028/3. We are closely monitoring revisions and other changes in forest management methods and promoting utilization of J-Credits.

To expand new products created from wood resources, the Biomass Material Business Division is taking a central role in advancing the development and sales of CNF and consideration of bioethanol. To begin with, paper, paperboard, liquid packaging cartons, household paper, and others are all products similarly based on wood resources. Given the inevitable decline of demand for paper going forward, the question of how to utilize pulp is a major theme. We will bring a sense of speed to our efforts to develop and commercialize pulp applications. Although forest resources are renewable, the surface area of forests cannot be expanded indefinitely. Trees absorb and fix CO₂ as they grow, so we are also advancing efforts to maximize CO₂ absorption in forests by utilizing our breeding and proliferation technologies. These technologies can be used

not only in our own forests, but in similar fashion in the resources of other companies. In terms of securing resources, we also recognize the growing importance of circulating resources through product recycling, so it will be important to determine what kind of business model should be developed in response. By addressing customer needs for replacing plastic with paper while simultaneously recycling paper products, the Group will encourage recycling of resources. In fact, we have already begun collaborating with customers, the government and local regions. For example, we are working in a broad collaboration with Nihon Tetra Pak K.K. on efforts to improve recycling rates of paper beverage containers (paper cartons), and we intend to further increase the value of paper cartons as biomass material.

I am convinced that the Group's Three Circulations will prove a major strength in the

“With the Three Circulations as our strength, we aim to realize the 2030VISION.”



future society that will require solutions to environmental problems and the realization of a sustainable society. I also believe that a powerful push to advance this business model will be essential to ensuring the creation of a circulation-oriented society. Discussions about how to run this business model have begun to take place throughout the Company, and the concept has become more widespread. Our goal now is to leverage the Three Circulations as a strength that will lead to the realization of the 2030VISION.

→ P.24–31 Natural Capital → P.36–39 Intellectual Capital

→ P.40–41 Manufactured Capital → P.42–43 Social and Relationship Capital

Promoting Sustainability Management

I believe there are very few companies that are capable of utilizing wood resources to create value and expanding that value globally. The Group's business model makes it possible to achieve a circular economy through effective use of resources, reduction of environmental impacts, and sustainable forest management. As for the reduction of greenhouse gas (GHG) emissions, the entire Group is working together on this global issue with a sense of speed in response to increasing demand from society. While our target is a 54% reduction in FY2031/3 compared to FY2014/3, we have achieved a 37% reduction by FY2024/3, which is generally in line with the plan. Going forward, we are committed to accelerating our efforts further by simultaneously improving production efficiency through reorganization of our production system, shutting down coal boilers, fuel conversion, maximizing the use of black liquor, and energy savings and other measures. In the future, we will also introduce new technologies that can contribute to GHG emissions reductions.

With regard to governance, we will continue working to strengthen the supervisory function of the Board of Directors. Our outside directors constantly offer diverse, frank opinions

and suggestions, including at the executive level, and the directors have a well-established awareness of the need to actively incorporate the opinions of outside directors in order to envision the future of the Group. This is one of the key features of the Company's governance. Regarding performance standards for director remuneration, the Personnel & Remuneration Advisory Committee conducted a review of our remuneration system. As a result, beginning from FY2025/3, those performance standards will incorporate the achievement of our GHG emissions reduction target under 2030VISION and achievement of our employee engagement targets. Further, for mill managers and sales division general managers, we have introduced a system to qualitatively evaluate the extent of their efforts from the perspective of women's advancement and reflect this in their performance evaluations. We will take this opportunity to further raise awareness of ESG among our directors. ESG items have been included in our performance standards in response to requests from our outside directors.

For the benefit of all our stakeholders, including society as a whole and within the Group, we are determined to enhance the corporate value of the Group and to realize sustainable growth as a comprehensive biomass company shaping the future with trees. We ask for your continued support for NIPPON PAPER GROUP, and as the President, I will work with a strong sense of duty toward achieving the goals of our Medium-Term Business Plan 2025.

Toru Nozawa

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

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

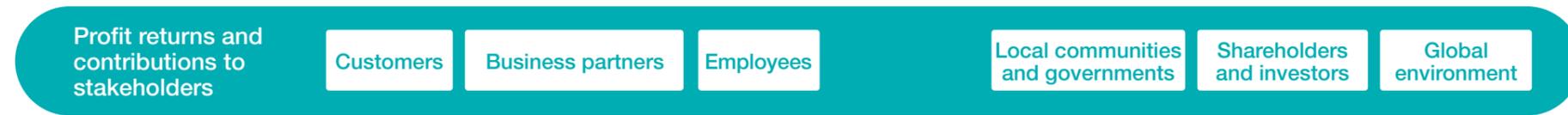
- ◆ Progress of digital transformation
- ◆ Declining population in Japan
- ◆ Slowdown in global economy
- ◆ Increase in natural disasters
- ◆ Rising geopolitical risks
- ◆ Trends in environmental laws and regulations



NIPPON PAPER GROUP has formulated the NIPPON PAPER GROUP 2030VISION from its materiality and the Three Circulations business model. By maximizing use of management resources and conducting business activities based on the basic policies of the 2030VISION, it will achieve its sustainable growth and build a circulation-oriented society that maximizes use of wood resources. In this way, the Group will realize its mission of “NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does business.”

Mission

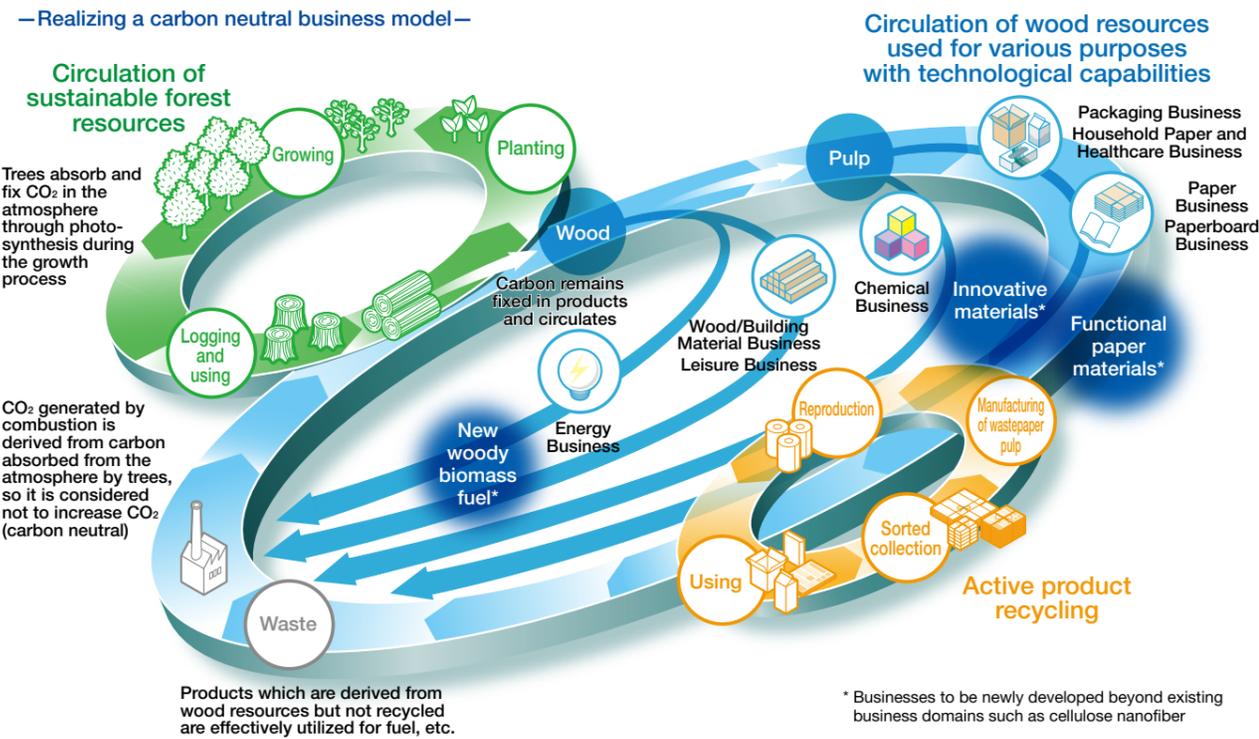
Contribute to better living and cultural progress everywhere the Group does business



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.

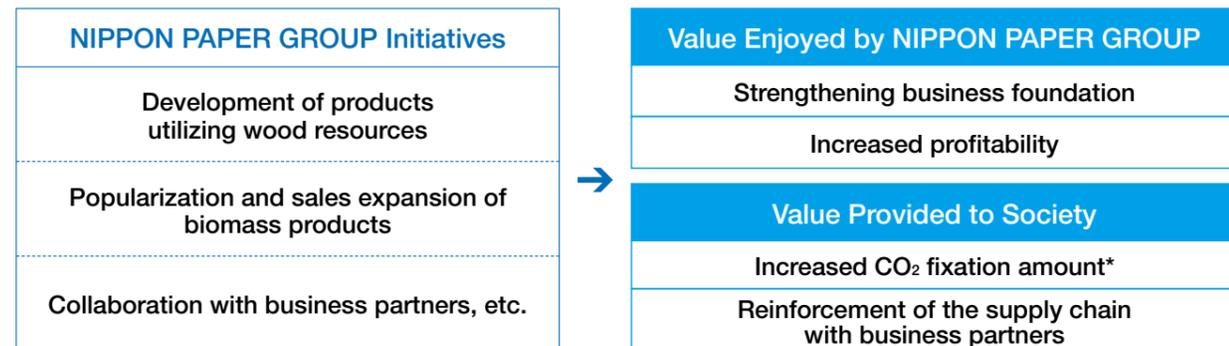
NIPPON PAPER GROUP’s Business Development as a Comprehensive Biomass Company “Three Circulations”



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.



* 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

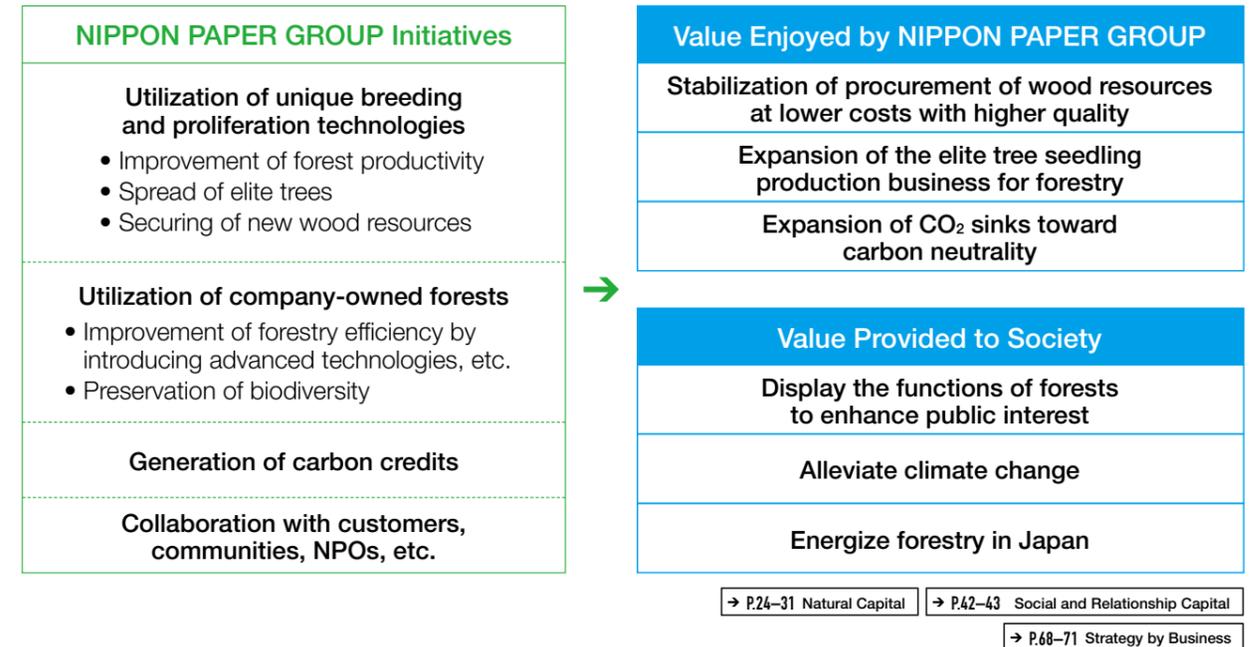
→ P.68–71 Strategy by Business



Circulation of Forest Resources

—Maximization of forest value through sustainable forest management—

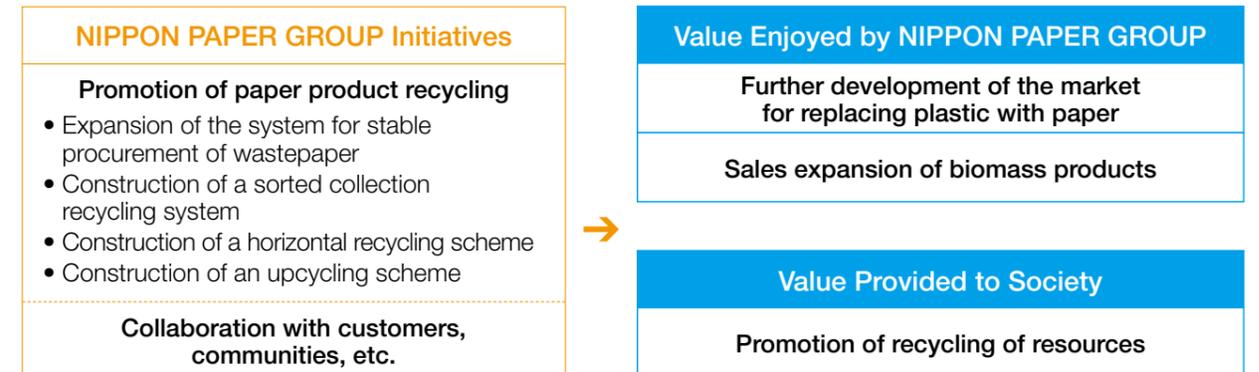
For the Group, which provides a variety of products that utilize wood resources, forests not only have value as a source of raw materials, but also provide important value to society and the environment, such as public functions. The Group will continue to create diverse value by appropriately managing 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.



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.



→ 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.

 <p>Financial Capital Financial base supporting business → P.19-23</p> <p>Consolidated total assets ¥1,731.2 billion (as of March 31, 2024)</p> <p>EBITDA ¥84.8 billion (FY2024/3)</p> <p>Strengthen profitability and improve financial position by accelerating business structure transformation</p>	 <p>Natural Capital Sustainable forest management and consideration for the natural environment → P.24-31</p> <p>Managed forest area Approx. 160,000 hectares</p> <p>Increase forest value for corporate profits and for contribution to the creation of a circulation-oriented society</p>
 <p>Human Capital Diverse human resources who create value → P.32-35</p> <p>Number of employees (consolidated) 15,557 (as of March 31, 2024)</p> <p>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</p>	 <p>Intellectual Capital Technologies that support the utilization of wood resources → P.36-39</p> <p>Research and development expenses ¥5.6 billion (FY2024/3)</p> <p>Patents held 2,069 (as of March 31, 2024)</p> <p>Utilize wood resources with technologies accumulated over many years to simultaneously solve social issues and achieve corporate growth</p>
 <p>Manufactured Capital Production facilities and sites to create diverse products → P.40-41</p> <p>Number of Group companies 159 (as of March 31, 2024)</p> <p>Capital investment ¥60.7 billion (FY2024/3)</p> <p>Expand growth areas and strengthen profitability through production structure reorganization based on business structure transformation</p>	 <p>Social and Relationship Capital Collaboration with a wide array of partners → P.42-43</p> <p>Expand businesses and develop markets via partnerships with diverse stakeholders established through business activities</p>

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

(¥ billion)

	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-

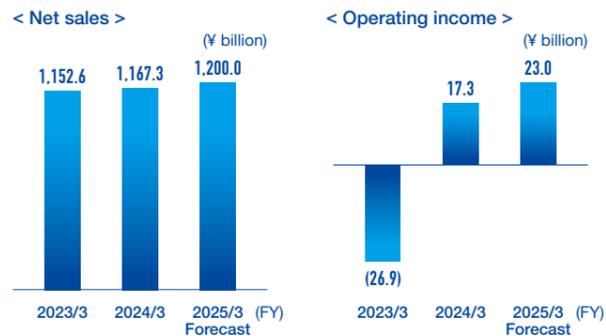
aging boards in the North American market, reduced production and worsening operational efficiency due to a fire at a chip yard, among other factors. Jujo Thermal, a European company included in the Paper and Paperboard Business, also posted an operating loss due to sluggish demand for thermal paper 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.

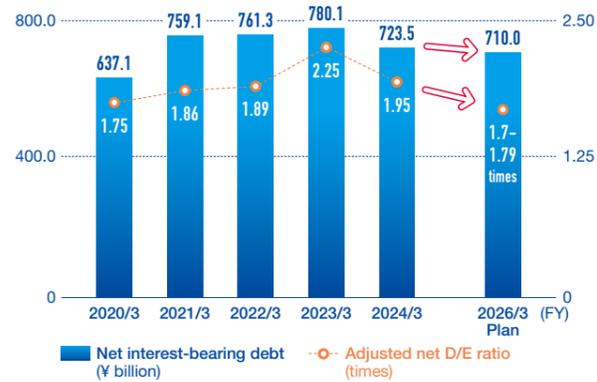
FY2025/3 Outlook

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.

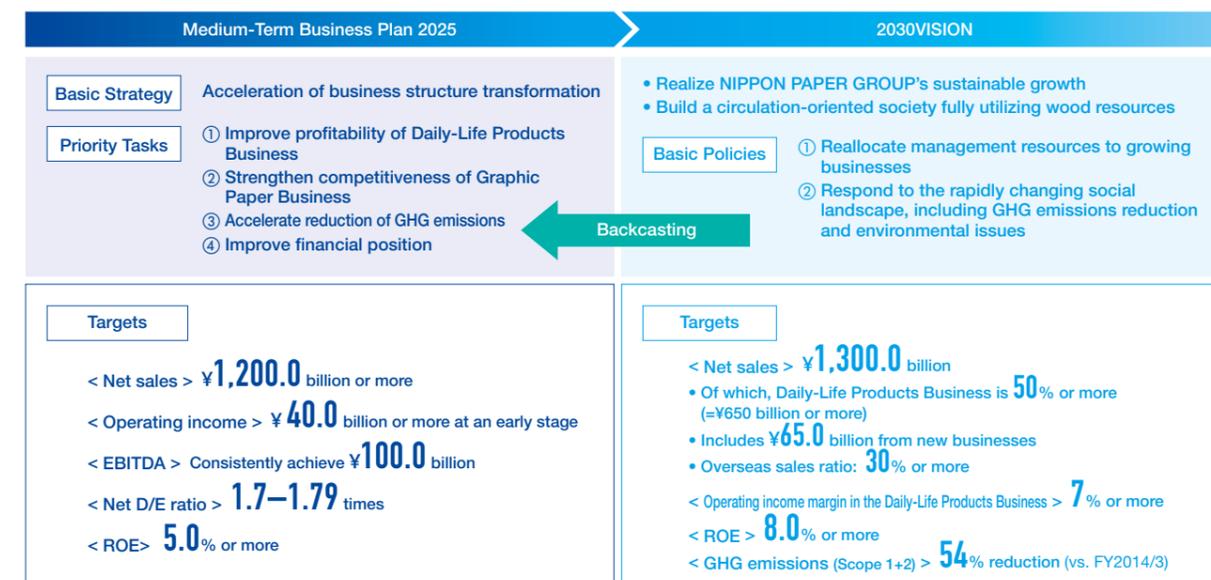
Investing in Reduction of GHG Emissions and the Three Circulations

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."

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.

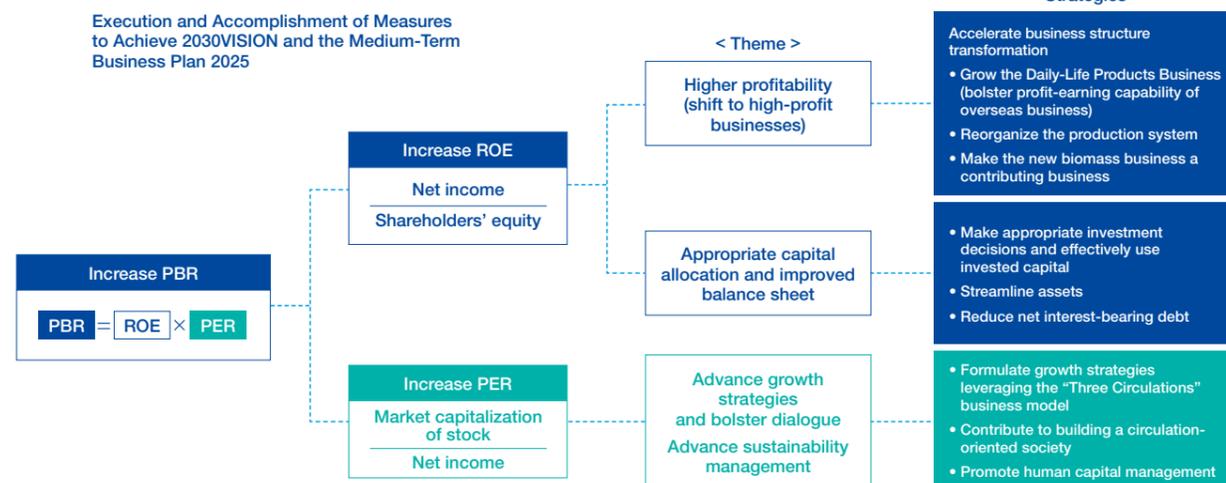
Looking at each business, profitability is an issue in the Paper Business, which has many mills and requires large amounts of invested capital. To address this, we will focus on generating cash through measures such as reorganizing our production system and expanding sales of strategic exports, and then 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.

06 Analysis of Factors Targeting PBR Increase (Logic tree)



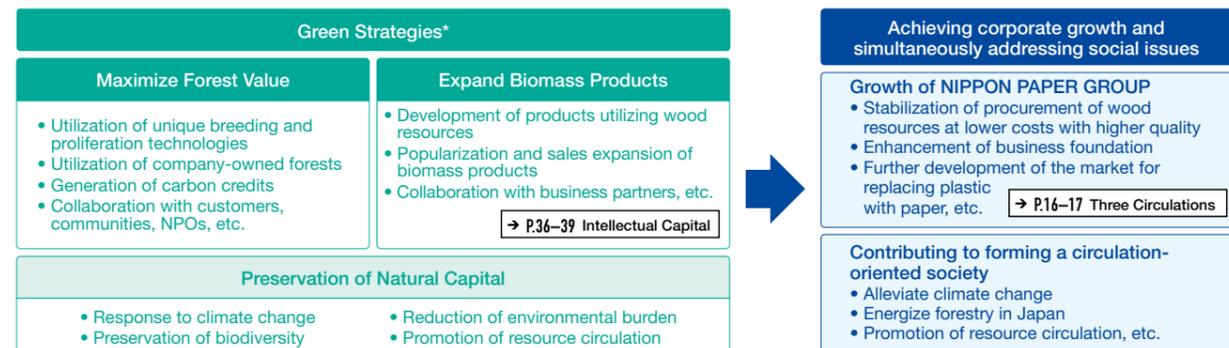
Natural Capital

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]

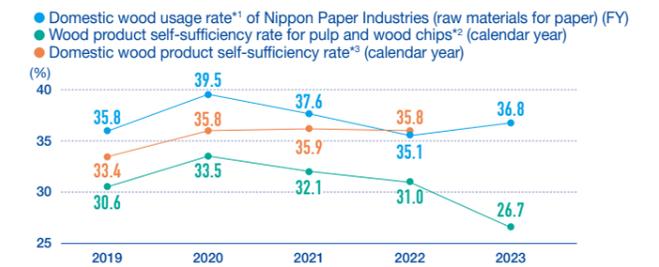
The Group maintains the domestic supply chain and promotes increased use of domestic wood underpinned by forestry policy centered on the basic policy of “green growth through forests, forestry, and the timber industry” promoted by the government.

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 papermaking and biomass fuel, based on it having one of the largest procurement networks in Japan.

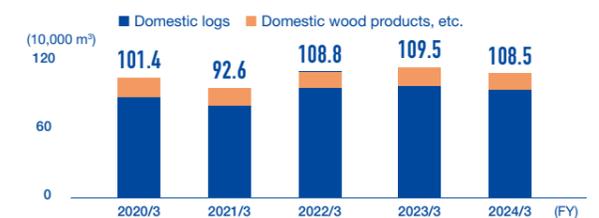
* Does not include wood chips for papermaking

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)



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.



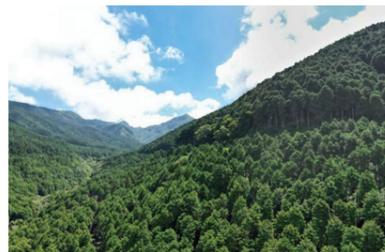
A container of seedlings for elite cedar trees

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



—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

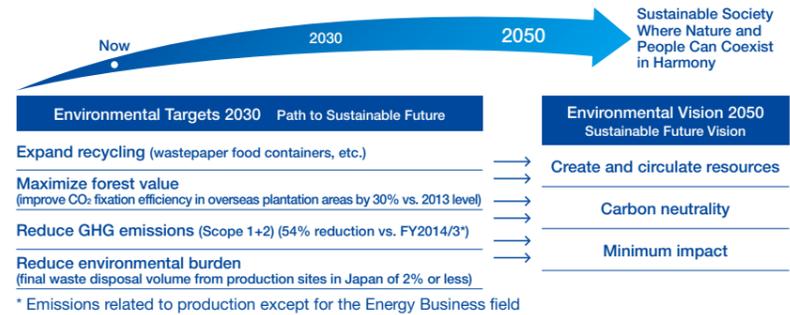
The notion of preserving natural capital closely associated with its business activities constitutes a very important theme of the Group amid a scenario where sustainability of natural capital is being undermined by intensifying environmental issues such as

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

[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.



* Emissions related to production except for the Energy Business field

2 Response to Climate Change

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.	<ul style="list-style-type: none"> Rising carbon prices Increasing capital investment expenses for fuel conversion and energy saving 	High*	Low*
	Physical risk	Acute	Increase of catastrophic disasters	<ul style="list-style-type: none"> Stoppage in the delivery of supplies and products as logistics networks are cut off Production stoppage due to damage at production sites 	Medium-High
Chronic		Rising temperatures and change of rainfall patterns, etc.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Company-owned forests in Japan Elite tree seedling business Forest management, breeding and proliferation technologies 	Significant expansion	Stable
	Demand for forest absorption credits will increase	<ul style="list-style-type: none"> Biomass-derived CO₂ supply infrastructure (recovery boilers) Chemical CO₂ fixation and utilization technology 	Significant expansion	Stable
	Demand for chemical raw materials using wood-derived CO ₂ will increase	<ul style="list-style-type: none"> Woody biomass material development technology Technologies to extract and utilize lignin Technology for recycling unused wastepaper 	Significant expansion	Expansion
Changes in market needs	Demand for biomass materials and lignin products will increase as the need for paperizing increases due to decarbonization	<ul style="list-style-type: none"> Company-owned forests in Japan Domestic wood procurement network Forest management, breeding and proliferation technologies 	Expansion	Significant expansion
	Demand for domestic wood will increase	<ul style="list-style-type: none"> Technology for producing bioethanol from wood resources Multiple kraft pulp manufacturing facilities 	Expansion	Expansion
	Demand for elite tree seedlings will increase due to increased reforestation area in Japan			

[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.

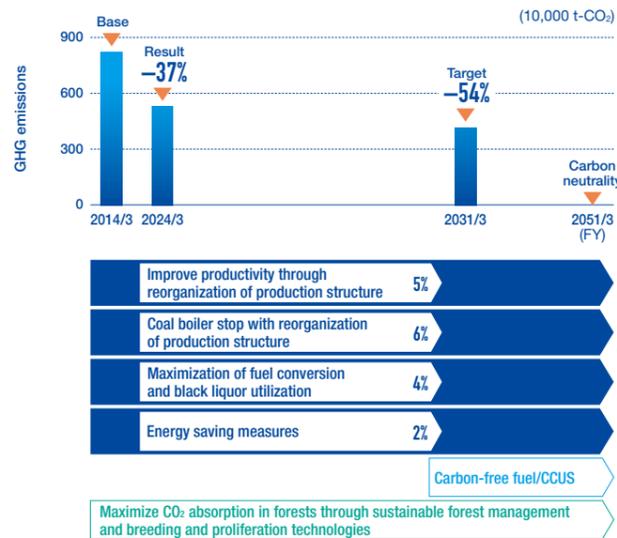
Initiatives to Reduce Coal Consumption

Initiatives	Issues	Countermeasures
<ul style="list-style-type: none"> Fuel conversion (transfer to biomass, waste and purchased electricity) Coal boiler power limitation, utilized schedule of maintenance outages 	<ul style="list-style-type: none"> Address change in operating methods accompanying fuel conversion, facility modifications Stable procurement of fuels other than coal 	<ul style="list-style-type: none"> Utilize accumulated boiler technology know-how 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



Maximize CO₂ absorption in forests through sustainable forest management and breeding and proliferation technologies

3 Reduction of Environmental Burden

[Water Resources Management]

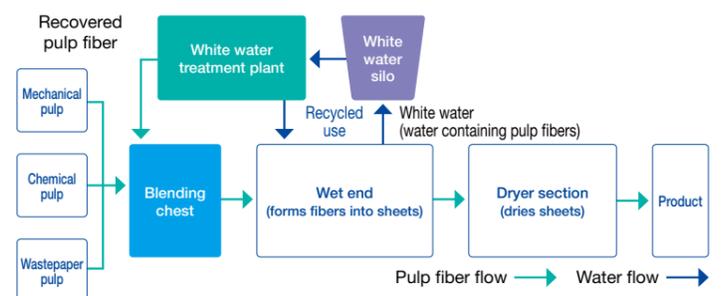
The Group works to reduce the amount of water used and to reduce water pollutants in order to continually use water resources. Although the Group began analyzing water-related risk in FY2024/3, it has determined that such risk is low at its

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.

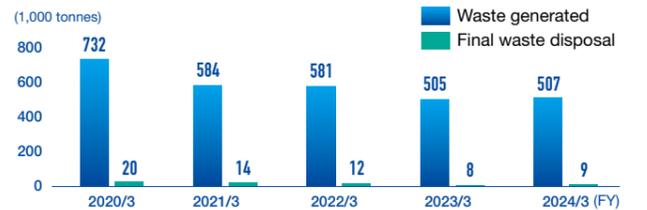
[Waste Reduction]

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.

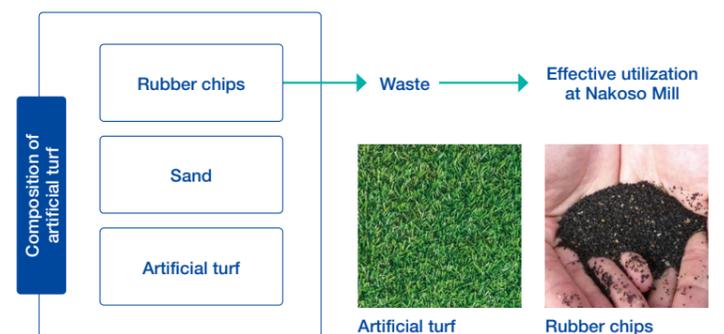
—Effective Utilization of Local Waste

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

NIPPON PAPER GROUP
ESG Databook 2024

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)]

NIPPON PAPER GROUP
ESG Databook 2024

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

NIPPON PAPER GROUP
ESG Databook 2024

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

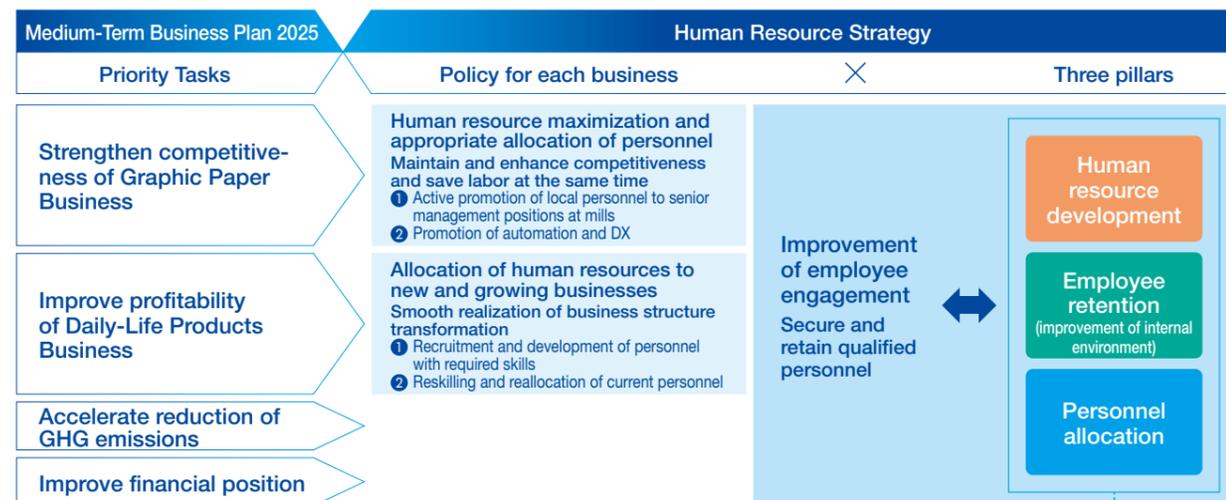
The Company articulates the basic policy of its human resource strategy by business segment, and accordingly takes on the priority tasks established in the Medium-Term Business Plan 2025.

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 JMAM 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

[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.

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.

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[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			[Reference] Average of Last 3 Years
		FY2022/3	FY2023/3	FY2024/3	
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	42.2
	Ratio of system for taking annual paid leave in hourly increments usage (%)	—	9.2	13.3	18.0
	Ratio of system to work from home usage (%)	—	96.0	83.4	71.4

* 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

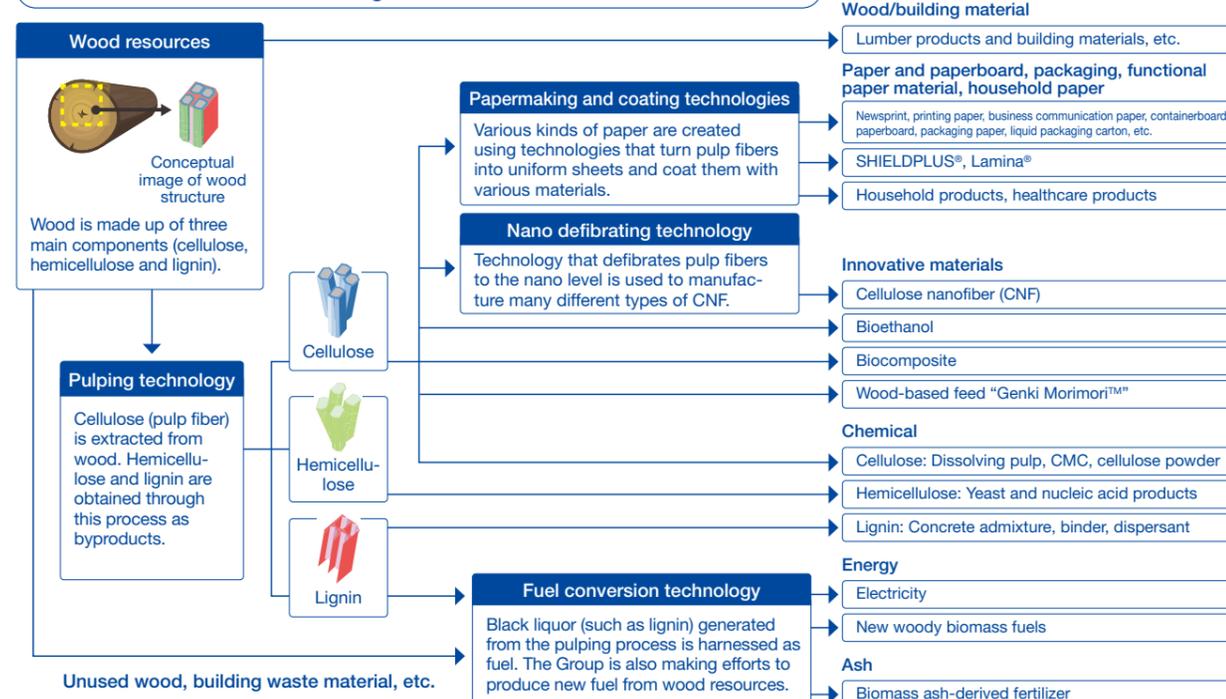
The Group develops and sells a wide range of products, backed by the use of pulping technology, papermaking and coating technologies, nano defibrating technology and fuel conversion technology, all of which were developed in the papermaking process.

Active Product Recycling

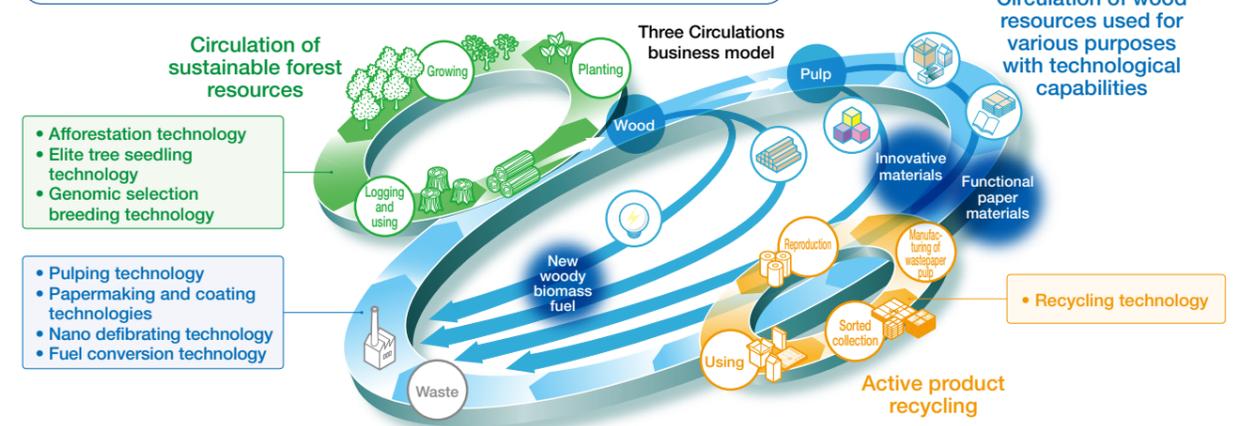
The Group has collected and reused wastepaper for many years, and it is now expanding the scope of recycling with the development of new technologies. These technologies are enabling the upcycling of paper cups into fabric products and the recycling of paper cartons with aluminum coatings.

→ 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 Higashimatsuyama 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.

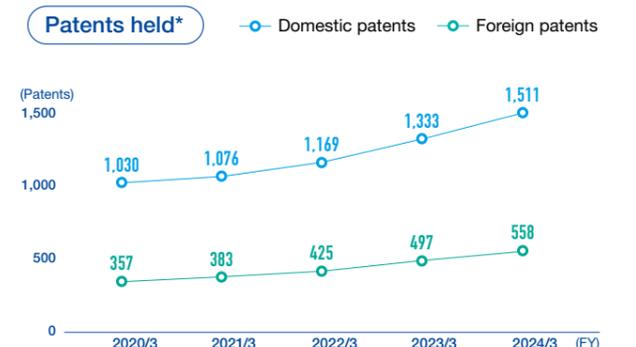
[External Collaboration]

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

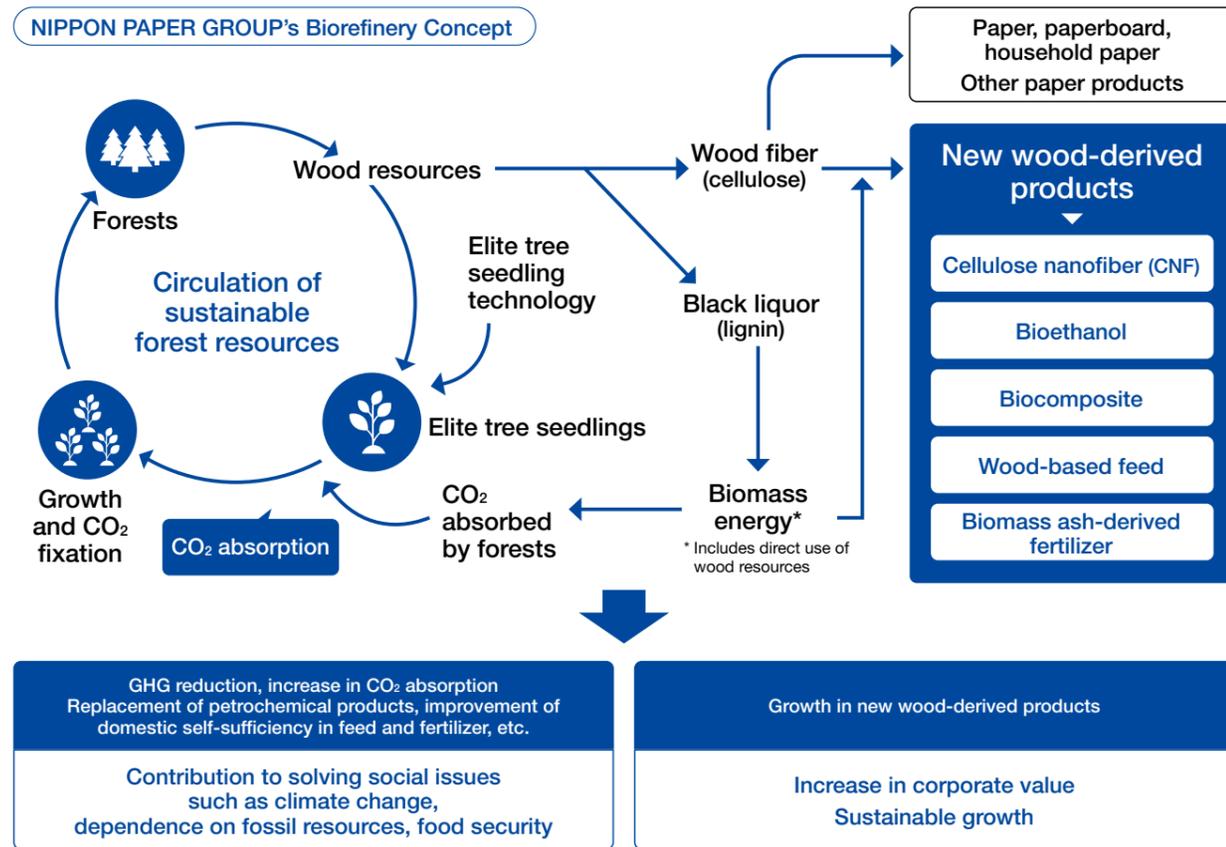
Examples of Collaboration with Academic and Corporate Partners

- 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



* Total number of patents held by Nippon Paper Industries and five affiliated companies (Nippon Paper Crecia, 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, all 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
<p>Cellulose nanofiber (CNF)</p>  <p>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.</p>	<p>Replacement of petrochemical products</p> <p>Reduction of food losses by adding to food</p>
<p>Bioethanol</p>  <p>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.</p>	<p>Reduction of GHG emissions</p> <p>Realization of domestic clean energy</p>
<p>Biocomposite</p>  <p>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.</p>	<p>Replacement of petrochemical products</p>
<p>Wood-based feed</p>  <p>“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.</p>	<p>Stable supply of feed</p> <p>Improvement of Japan's food self-sufficiency</p>
<p>Biomass ash-derived fertilizer</p>  <p>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).</p>	<p>Stable supply of fertilizer raw materials</p> <p>Improvement of Japan's food self-sufficiency</p>

*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)	<ul style="list-style-type: none"> Expand applications and develop markets Increase customers and sales regions 	<ul style="list-style-type: none"> Increase in CNF adoption Strengthen development of overseas customers Accelerate development and partnerships in hybrid resin products 	<ul style="list-style-type: none"> Build key position in CNF market
Bioethanol	<ul style="list-style-type: none"> Establish technology for mass production Develop various applications and markets 	<ul style="list-style-type: none"> Target practical application by leveraging strengths of partner companies Start operation Supply raw materials for SAF 	<ul style="list-style-type: none"> Reliably produce tens of thousands of kL/year
Biocomposite	<ul style="list-style-type: none"> Improve functionality Develop promising markets 	<ul style="list-style-type: none"> Introduce production equipment Launch wide range of products 	
Wood-based feed	<ul style="list-style-type: none"> Expand supply area 	<ul style="list-style-type: none"> Consider expanding production sites Start work in Hokkaido and Kyushu Expand sales in Tohoku area Secure sales partners in Hokkaido and Kyushu 	<ul style="list-style-type: none"> Expand business to 100,000 Bdt
Biomass ash-derived fertilizer	<ul style="list-style-type: none"> Optimize methods of use Develop markets 	<ul style="list-style-type: none"> 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 production 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

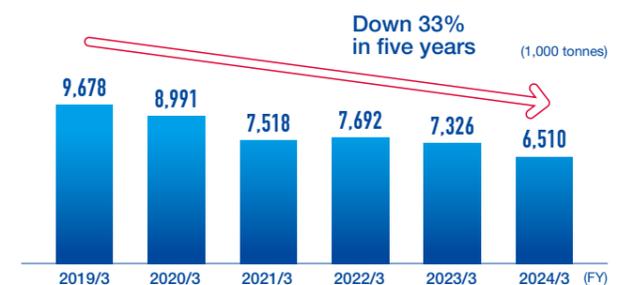
[Responding to the Accelerating Decline in Demand for Graphic Paper]

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.

Domestic Shipments of Graphic Paper

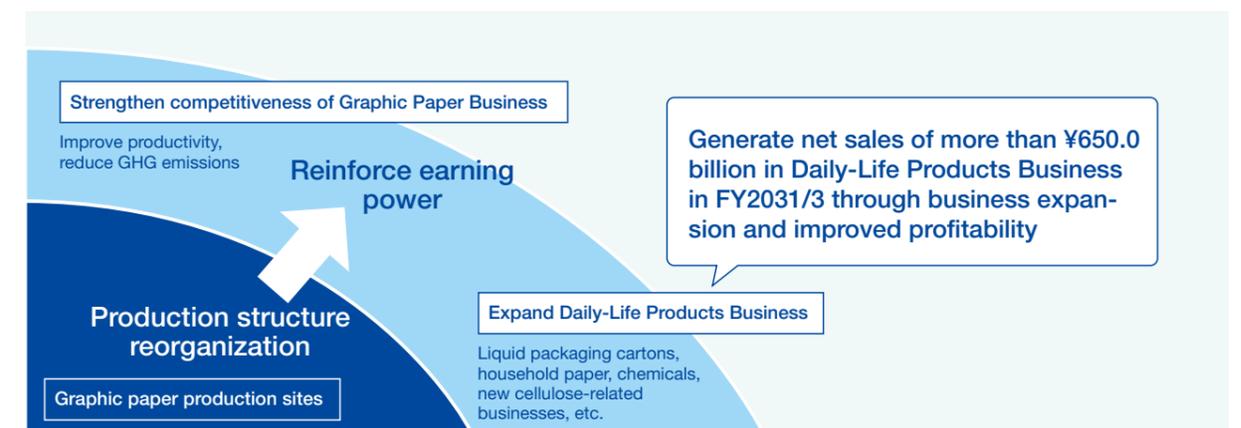


Source: Japan Paper Association (graphic paper = newsprint + printing and business communication paper)

[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)

Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none"> ▶ Supply safe, high-quality products and services ▶ Provide products that help solve environmental and social issues ▶ Establish systems for listening to customer feedback, etc. 	<ul style="list-style-type: none"> ▶ Participation in trade shows ▶ Dialogue through sales activities ▶ Public relations activities ▶ Establish contact points for inquiries, etc. 	Financial Capital Intellectual Capital Human Capital	<ul style="list-style-type: none"> < Value enjoyed by NIPPON PAPER GROUP > ▶ Further development of the market for replacing plastic with paper ▶ Feedback reflected in product safety risk management, etc. < Value provided to customers > ▶ Improved brand image of the Group ▶ Promotion of resource of recycling, etc.

Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
<ul style="list-style-type: none"> ▶ Fair transactions ▶ Mutual growth through innovation co-creation ▶ Establishment and maintenance of sustainable supply chains, etc. 	<ul style="list-style-type: none"> ▶ Regular, constructive dialogue ▶ Collaborative research, joint development ▶ Supplier surveys, etc. 	Financial Capital Natural Capital Intellectual Capital Manufactured Capital	<ul style="list-style-type: none"> < Value enjoyed by NIPPON PAPER GROUP > ▶ Sales expansion of biomass products ▶ Stabilization of procurement of raw materials and cost reduction, etc. < Value provided to business partners > ▶ New business opportunities ▶ Improved 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 satisfaction ▶ Providing opportunities to develop and demonstrate skills ▶ Respect for diversity ▶ Ensuring occupational safety and health, etc. 	<ul style="list-style-type: none"> ▶ Development of personnel systems and working environments that enable diverse work styles ▶ Personnel request surveys/ interviews ▶ Employee engagement survey ▶ Labor-management conferences ▶ Internal whistleblower system, etc. 	Human Capital Intellectual Capital Manufactured Capital	<ul style="list-style-type: none"> < Value enjoyed by NIPPON PAPER GROUP > ▶ Improved employee engagement ▶ Accumulation and transfer of technology and know-how, etc. < Value provided to employees > ▶ Increased opportunities for personal growth ▶ Maintaining 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 issues ▶ Coexistence with local communities ▶ Job creation ▶ Coordination with public policy ▶ Compliance with laws and regulations, etc. 	<ul style="list-style-type: none"> ▶ Regular, constructive dialogue ▶ Local community coexistence activities and social contribution activities ▶ Employment briefings ▶ Participation in initiatives by industry, government and academia, etc. 	Natural Capital Human Capital Intellectual Capital Manufactured Capital	<ul style="list-style-type: none"> < Value enjoyed by NIPPON PAPER GROUP > ▶ Recruitment of long-term, reliable human resources ▶ Feedback reflected in legal affairs risk management, etc. < Value provided to local communities and governments > ▶ Alleviate climate change ▶ Display 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 value ▶ Appropriate return of profits ▶ Appropriate disclosure, etc. 	<ul style="list-style-type: none"> ▶ Annual general meeting ▶ Operating results briefings ▶ Presentation of forest resources value ▶ Annual securities reports ▶ Meetings with individual investors, etc. 	Financial Capital	<ul style="list-style-type: none"> < Value enjoyed by NIPPON PAPER GROUP > ▶ Increased trust in capital markets ▶ Improved credit ratings, etc. < Value provided to shareholders and investors > ▶ 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.

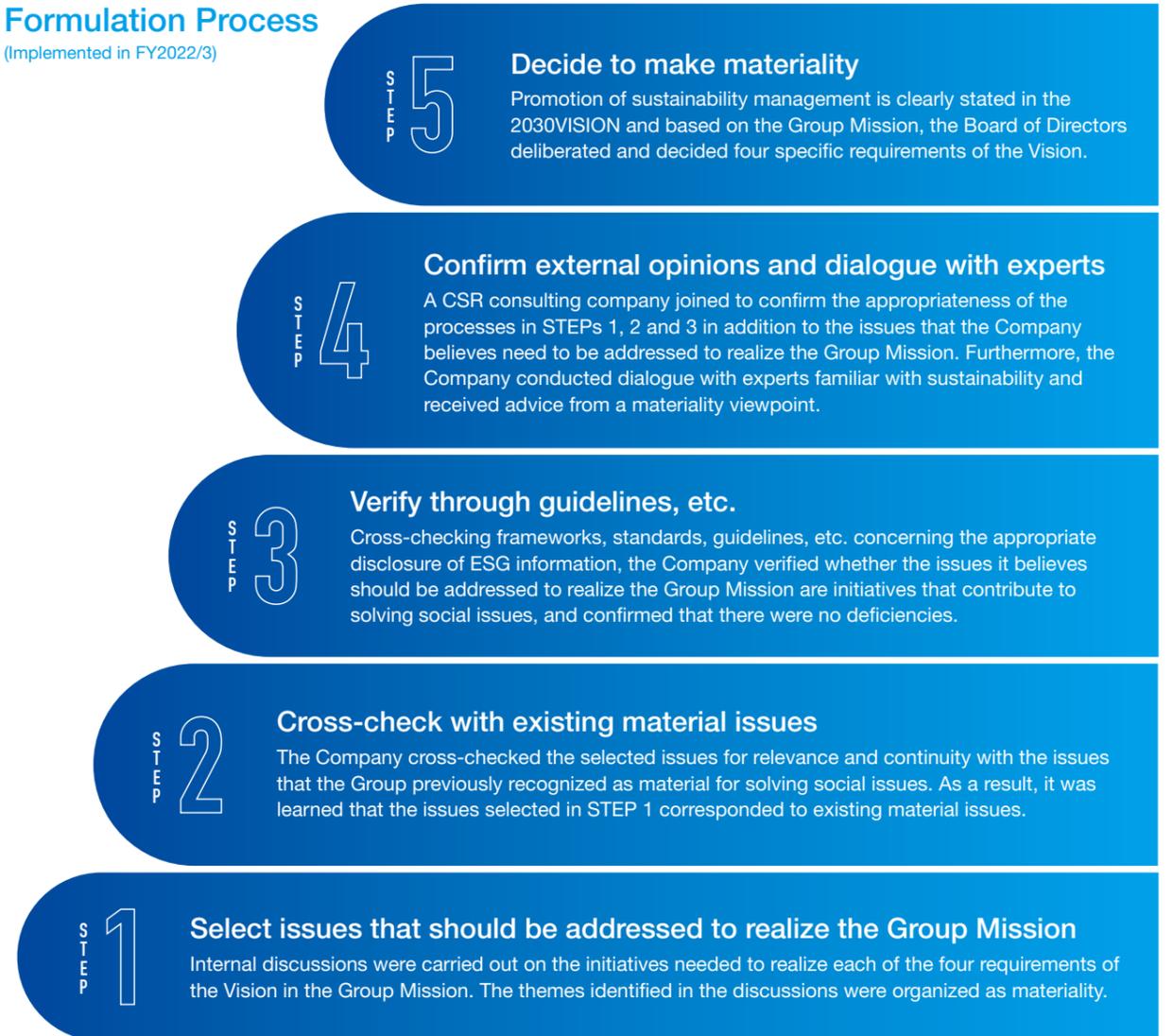
Mission

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
<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 safety and health 	<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 boosting the transformation of the business structure, through stakeholder dialogue NIPPON PAPER GROUP aims to become a corporate group that is needed by society.</p> 

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	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: ¥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)	→ P.66–67	  
			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-reinforced resin Cellenia®PLAS was adopted by Yamaha Motor Co., Ltd. for its personal watercraft • Began biocomposite sample work with Mitsui Chemicals, Inc. • Started considering production of cellulose cattle feed at multiple plants	→ P.38–39	
			Reformation of structure of foundation businesses	Stronger competitiveness of the Paper and Paperboard Business • Concentrate graphic paper production sites to about three locations	• 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)	→ P.41 → P.66–68	
			Expansion in overseas markets	Overseas net sales ratio of 30% or more • Increase net sales and strengthen profitability in overseas business	• Overseas sales ratio: 27% • Opal is strengthening profitability by restructuring its Maryvale Mill and expanding its Packaging Business	→ P.65 → P.69	
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 37% compared with FY2014/3 • Ratio of non-fossil energy usage 47% of total energy usage • Nippon Paper Industries total energy intensity in production (compared with 2022): Paper Business +5.3%, Paperboard Business –1.5%, Logistics +2.0%	→ P.27–28	    
	Utilization of sustainable forest resources Preservation of biodiversity		Pursuit of green strategies (maximize forest value)	Response to climate change initiatives • Participated in GX League	→ P.27–28		
				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	• Started closed seed plantation in Akita Prefecture, expanded the closed seed plantation in Tottori Prefecture • Elite tree seedling production capacity increased to 1.6 million/year • Prepared project certification, aiming to secure J-Credits equivalent to 200,000 t-CO ₂ for company-owned forests in Japan by FY2028/3	→ P.24–26	
				Improvement of forest productivity and expansion of CO₂ 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 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	→ P.25–26	
				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 and overseas plantation subsidiaries	→ P.24		
				Display public interest functions through appropriate management of company-owned forests in Japan • Display public interest functions through preservation of water resources and other resources	• Conducted forest preservation activities with Coca-Cola Bottlers Japan Inc. in the Sugenuma watershed area (Sugenuma company-owned forest, Gunma Prefecture)	→ P.29–30	
	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 33%, NOx 28%, dust 18%, COD/BOD 36%, SS 16% • Final disposal volume of industrial waste materials: 1.8%	→ P.27–29		
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	• Installed shredding and cleaning machines 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. in June 2024 • Started collaborating with Nihon Tetra Pak K.K. in paper carton recycling from June 2024 • Promoted recycling through high-value-added utilization of used paper cartons, etc.	→ P.31				
Respect for human rights	Implementation of human rights due diligence • 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 chain • Conducted surveys on human rights issues at contractors of mills in Japan to address mill-related risks	→ P.62–63					
Delight our customers	Response to changes in the social environment	Pursuit of green strategies (expand biomass products) • Address the demand for deplasticization (expand products for trend to replace plastic with paper)	• Expanded adoption of School POP® (strawless paper cartons for schools) to 18 prefectures	→ P.69	    		
	Stable supply of products, enhanced safety	Engagement in stable production, response to natural disasters (strengthen BCP) • Promoted building a framework to prepare for natural disasters and unexpected production troubles • Carried out priority investment in power and recovery and fiberlines for mills for the purpose of operational stability	→ P.60–61				
		Assurance of stable transportation and response to logistics issues • Implemented initiatives to optimize logistics and improve productivity in accordance with government guidelines	→ P.40 → P.43				
	Improvement of the product safety management structure • Developing internal systems to comply with the revised Food Sanitation Act • Developing internal systems in light of current trends in quality control	→ P.61					
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: 1,872 hours/year • Retention 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%	→ P.32–35	   	
	Promotion of occupational safety and health		Assurance of safety and hygiene for working people • Serious disaster cases of 0/year	→ P.35			
Give back to society	Enhancement of corporate governance	Stronger functions of the Board of Directors	Improvement of effectiveness of the Board of Directors	• 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	→ P.52–56	  	
	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: 20 cases (production sites in Japan) • Meetings between outside directors and institutional investors: 1 time	→ P.57–59 → P.77		

History of NIPPON PAPER GROUP

During its long history, NIPPON PAPER GROUP has supported better living and the creation of culture. The Group is advancing business development as a comprehensive biomass company using diverse technologies and know-how to maximize the use of renewable wood resources.

1870s–1980s From Development and Creation of Paper Culture to Expanding Applications



In 1873, Eiichi Shibusawa and partners established Shoshi Kaisha. The Company contributed to Japan's modernization and cultural development by meeting rapidly rising demand for paper, spurred by increased publication of newspapers and magazines, as well as growing needs for government paper for banknotes, bonds and postage stamps.

After World War II, the Company harnessed advances in paper application technology to develop and sell products indispensable for daily lives, such as facial tissue, toilet rolls and liquid packaging cartons. During this period, the Company expanded its business by providing value for people's lives in the form of comfort and greater awareness of hygiene.

1990s–2000s

Nippon Paper Industries Established Business Expansion Driven by Mergers



Through mergers and business integration, NIPPON PAPER GROUP became one of the largest paper companies in Japan in terms of production capacity for paper, paperboard and household paper, with consolidated net sales topping ¥1 trillion in FY1996/3.

To procure wood resources—the starting point for the Group's business activities—the Group sustainably managed company-owned forests in Japan and overseas, replanting trees to regenerate forests after logging. In 2001, it established the Nippon Unipac Holding Environmental Charter, emphasizing coexistence with the environment based on consideration for forest ecosystems and local communities in producing areas. Since then, the Group has actively led pioneering efforts in the industry to reduce waste to zero and promote overseas afforestation.

2010s

Business Structure Transformation Accelerating Global Expansion



Major changes in Japan's energy market after the Great East Japan Earthquake prompted the Group to expand its Energy Business, including moving into the supply of electricity. NIPPON PAPER GROUP contributed to the stable supply of energy through woody biomass power generation and other means, drawing on its expertise from the operation of in-house power generation facilities for the papermaking process.

With the Group also facing declining demand for graphic paper, it has been transforming its business structure to supply a range of different products and services by leveraging its advanced wood application technologies in packaging, household paper, healthcare, bio-chemicals (Daily-Life Products Business) and other areas. In the overseas business, the Group expanded its business through business alliances and M&A, focusing on projects with the potential to extend the Group's value chain.

2020s

Realizing a Sustainable Society Creating New Value

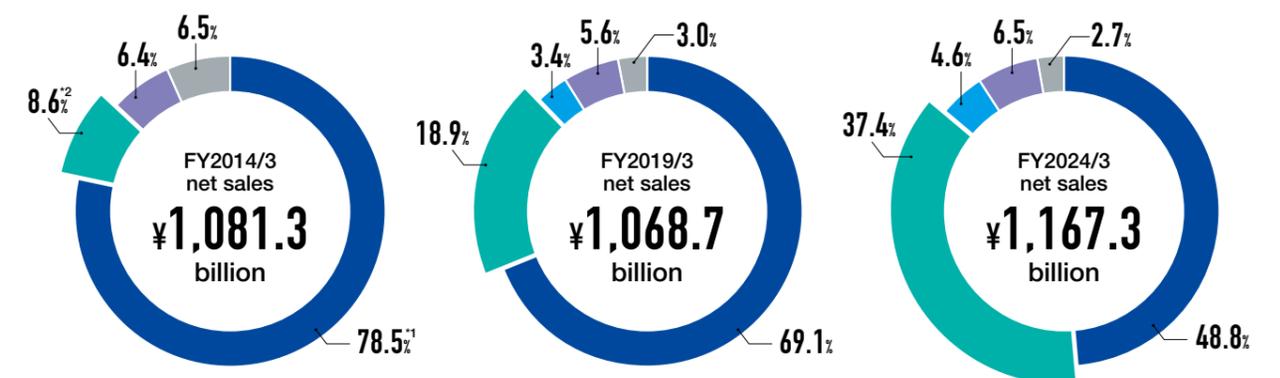


NIPPON PAPER GROUP is accelerating the development of businesses that utilize wood resources to address climate change and other global issues and to contribute to the realization of a sustainable society.

Backed by strong ties with internal and external stakeholders built over 150 years of business, the Group is using breeding and propagation technologies to sustainably utilize wood resources, developing and encouraging the uptake of biomass products such as cellulose nanofibers, and actively promoting product recycling.

The Group will continue to provide new value to society through the Three Circulations business model that realizes carbon neutrality.

Changes in the Business Portfolio



¹ FY2014/3 Pulp and Paper Business
² FY2014/3 Paper-Related Business

2013 Nippon Paper Industries and Nippon Paper Group merge to form the new Nippon Paper Industries

1873 Shoshi Kaisha established

1870 Meiji Restoration

1949 Jujo Paper established

1949 Post-war rapid economic growth

1993 Jujo Paper and Sanyo-Kokusaku Pulp merge Nippon Paper Industries established

1990 World War II End of the Pacific War

2001 Nippon Paper Industries and Daishowa Paper Manufacturing merge Nippon Unipac Holding established (renamed Nippon Paper Group, Inc. in 2004)

2000 Collapse of the bubble economy



Directors and Audit & Supervisory Board Members (As of June 27, 2024)

Directors



Fumio Manoshiro
Chairman and Director

Number of Company Shares Held

53,199 shares

Brief History

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



Toru Nozawa
President and
Representative Director

Number of Company Shares Held

34,118 shares

Brief History

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

Important Positions

President and Corporate Officer



Masanobu Iizuka
Executive Vice
President and
Representative Director

Number of Company Shares Held

14,354 shares

Brief History

1960 Born
1984 Joined Jujo Paper Co., Ltd.
2019 Appointed Director, NPI
2023 Appointed Executive Vice President
and Representative Director, NPI
(current position)

Important Positions

Executive Vice President,
Corporate Officer and Aide to the President
President and Representative Director,
Nippon Tokai Industrial Paper Supply Co., Ltd.
Director, Opal



Atsumi Yasunaga
Director

Number of Company Shares Held

13,954 shares

Brief History

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

Important Positions

President and Representative Director,
Nippon Paper Crecia Co., Ltd.



Mitsuhiro Sugino
Director

Number of Company Shares Held

11,841 shares

Brief History

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

Important Positions

Managing Executive Officer and General Manager,
Biomass Material Business Division



Tomoyasu Itakura
Director

Number of Company Shares Held

10,515 shares

Brief History

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

Important Positions

Managing Executive Officer and General Manager,
Financial Division



Makoto Fujioka
Outside Director

Number of Company Shares Held

1,000 shares

Brief History

1950 Born
1975 Studied abroad at Harvard Business
School in the U.S. (acquired MBA)
1987 Energy Conservation Minister of
International Energy Agency (IEA)
(resided in France)
1996 Deputy Director-General for the Ministry of
International Trade and Industry (currently
Ministry of Economy, Trade and Industry)
2001 Ambassador Extraordinary and
Plenipotentiary to the United Arab Emirates
2013 Director, Executive Vice President of
Nippon Light Metal Co., Ltd. (until 2015)
2015 Senior Director, Japan Association for
Chemical Innovation (until 2019)
2016 Outside Director, Eagle Industry Co., Ltd.
(until 2023)
Outside Director, NOK CORPORATION
(until 2024)
Appointed Outside Director, NPI
(current position)
2024 Outside Director (Audit & Supervisory
Committee Member),
NOK CORPORATION (current position)

Important Positions

Outside Director (Audit & Supervisory Committee
Member), NOK CORPORATION



Yoko Hatta
Outside Director

Number of Company Shares Held

0 shares

Brief History

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

Important Positions

Outside Audit & Supervisory Board Member,
Kobayashi Pharmaceutical Co., Ltd.
Outside Director, Ajinomoto Co., Inc.
Outside Director (Audit & Supervisory Committee
Member), KOEI CHEMICAL COMPANY, LIMITED

"Independent Officers": Nippon Paper Industries designates all outside directors who meet the requirements as independent officers. When appointing candidates for outside director or outside Audit & Supervisory Board Member, the Company judges their independence by taking into consideration whether they satisfy the independence criteria provided by the Tokyo Stock Exchange and the requirements for independence provided by laws and regulations (having not served as director, employee, etc. of the Company and its subsidiaries in the past), in addition to considering the existence of any conflicts of interest with general shareholders.
The "Number of Company Shares Held" is as of March 31, 2024, and includes shares held by Nippon Paper Industries executive shareholding association.



Yutaka Kunigo
Outside Director

Number of Company Shares Held

0 shares

Brief History

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

Important Positions

Outside Director,
ISE CHEMICALS CORPORATION
Outside Director, Chiyoda Corporation

Audit & Supervisory Board Members



Kazunari Tatsu
Senior Audit &
Supervisory
Board Member

Number of Company Shares Held

10,023 shares

Brief History

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

Important Positions

Audit & Supervisory Board Member,
Nippon Paper Crecia Co., Ltd.



**Tomoyoshi
Nishimoto**
Audit & Supervisory
Board Member

Number of Company Shares Held

15,565 shares

Brief History

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

Important Positions

Audit & Supervisory Board Member,
NP Trading Co., Ltd.



Takafumi Okuda
Outside Audit &
Supervisory
Board Member

Number of Company Shares Held

0 shares

Brief History

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

Important Positions

Visiting Attorney, Mori Hamada & Matsumoto



Nanako Aono
Outside Audit &
Supervisory Board
Member

Number of Company Shares Held

0 shares

Brief History

1962 Born
2005 Director, BUSICOM Co., Ltd.
(currently OAG BUSICOM Co., Ltd.)
2008 Outside Audit & Supervisory Board
Member, Duskin Co., Ltd. (until 2016)
2010 Representative Director and President,
GEN Co., Ltd. (current position)
2017 Outside Audit & Supervisory Board
Member, MISUMI Group Inc.
(current position)
2019 Appointed Outside Audit & Supervisory
Board Member, NPI (current position)
2020 Outside Director, OPTEX GROUP
CO., LTD. (until 2023)
2022 Outside Director (Audit & Supervisory
Board Member), MEIKO NETWORK
JAPAN CO., LTD. (current position)

Important Positions

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

Corporate Governance

Basic Stance

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

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

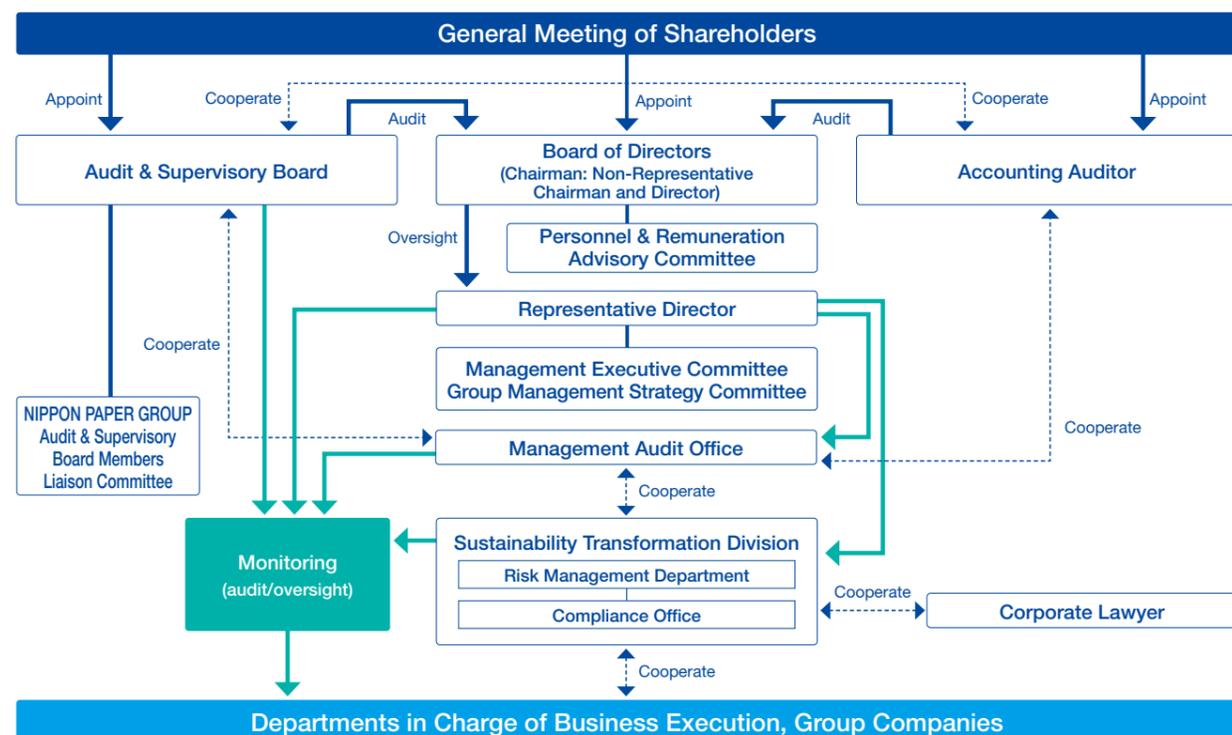
working to strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. As the command center of NIPPON PAPER GROUP, the Company is implementing growth strategies, monitoring businesses under its control, and promoting risk management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

Initiatives for Strengthening Corporate Governance



Corporate Governance Structure

Corporate Governance Structure (As of July 1, 2024)



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

[Board of Directors]

The non-representative chairman and director serves as the chairman of the Board of Directors. The Board of Directors shall bear the supervisory function of management as a whole, ensuring fairness and transparency of management. The Board of Directors shall make the most appropriate decisions for the Company through deliberations, etc. on the execution of important business issues that are to be decided under laws and regulations by the Board of Directors. The Board of Directors shall also supervise the status of the execution of duties by the President and Representative Director and other corporate officers.

Composition of the Board of Directors (As of June 27, 2024)



Skill Matrix of Directors

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

Position	Name	Skills									
		Corporate Management	ESG/ Sustainability	Finance/ Accounting	Human Resources/ Labor	Risk Management/ Governance	Technology/ R&D	Sales	Purchase/ Procurement	Inter-nationality	
Chairman and Director	Fumio Manoshiro	○	○		○				○		
President and Representative Director	Toru Nozawa	○	○	○		○					
Executive Vice President and Representative Director	Masanobu Iizuka	○			○		○			○	
Director	Atsumi Yasunaga	○			○		○				
Director	Mitsuhiro Sugino						○	○		○	
Director	Tomoyasu Itakura	○		○		○					
Outside Director	Makoto Fujioka	○	○			○					
Outside Director	Yoko Hatta			○		○				○	
Outside Director	Yutaka Kunigo	○	○						○		

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

[Management Executive Committee]

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

[Audit & Supervisory Board Members and Audit & Supervisory Board]

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

[Group Management Strategy Committee]

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

Committee membership participants are the Company's management, including outside officers, and presidents of major companies of the Group.

[Management Audit Office]

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

Board of Directors Meetings Held (FY2024/3)

Number of Board of Directors meetings held: 14
Average rate of attendance by directors: 99.2% (outside directors: 97.6%)
Average rate of attendance by Audit & Supervisory Board Members: 100.0% (outside Audit & Supervisory Board Members: 100.0%)

Audit & Supervisory Board Meetings Held (FY2024/3)

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

Personnel & Remuneration Advisory Committee

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

The Personnel & Remuneration Advisory Committee receives inquiries from the Board of Directors on various matters. These matters include the selection process,

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

The Committee has met regularly four times yearly instead of twice since FY2023/3.

Meeting of the Personnel & Remuneration Advisory Committee (FY2024/3)

• Average rate of attendance of outside directors: 100.0%



[Successor to the President]

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

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

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

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

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

The standard amount of monthly remuneration for internal directors shall be decided according to his/her responsibilities within the Company. Of that amount, 70% shall be fixed and the remaining 30% shall be paid after adjustment based on the Company's performance in relation to the Medium-Term Business Plan, in principle. The standard amount is determined using objective survey data from outside sources and giving consideration to factors including the Company's performance, scale of business, and managerial circumstances. Performance indices are established to effectively function as motivation to achieve performance targets and are reevaluated as needed in

response to changes in circumstances.

In addition, the Company has introduced the Board Benefit Trust (BBT) as a stock compensation plan for internal directors. The objective of the BBT is to increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its corporate value. Monthly remuneration for outside directors and outside Audit & Supervisory Board Members shall be fixed.

In July 2024, the Company added achievement against ESG indicators to performance standards for internal directors.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members*1 (FY2024/3)

	Number of Executives*2	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-based Remuneration	Stock Remuneration	
Directors	11	¥294 million	¥73 million	¥25 million	¥393 million
(Outside directors)	(3)	(¥39 million)	(—)	(—)	(¥39 million)
Audit & Supervisory Board Members	4	¥58 million	—	—	¥58 million
(Outside Audit & Supervisory Board Members)	(2)	(¥13 million)	(—)	(—)	(¥13 million)

*1 Figures are rounded down to the nearest million yen. *2 Includes two directors who resigned during FY2024/3.

Remuneration for Internal Directors

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

* From July 2024, achievement against ESG indicators (GHG emissions reduction in the 2030VISION, employee engagement) have been added in performance standards.

Assessment of Board Effectiveness

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

external organization provides advice on self-assessments and analysis of results gathered from the survey. In addition, survey responses are submitted to the external organization to ensure anonymity.

Effective Improvement Initiatives for FY2024/3

Tasks Set in FY2023/3	Results of Efforts in FY2024/3
Even in the midst of a severely changing business environment, the Board of Directors will further discuss progress, issues, and future strategies to achieve the goals of the Medium-Term Business Plan 2025.	The Company has ensured that all monthly business reports to the Board of Directors members include how much progress was made toward the goals of the Medium-Term Business Plan. The foundation for the Board of Directors discussions was maintained through continued efforts to have in-depth discussions on management issues between the president and outside directors at the Personnel & Remuneration Advisory Committee meetings, in addition to initiatives to enable Directors and Audit & Supervisory Board Members to attend Management Executive Committee meetings, which provide monthly reports, as well as the Group Management Strategy Committee meetings. Active exchanges of opinions, including questions and answers were made to have discussions on more effective ways to address business challenges using the backcasting approach. It was decided that the General Manager of the Planning Division will present a quarterly summary report on the progress of the Medium-Term Business Plan and discuss progress, issues, and future strategies of the plan. In FY2024/3, it was taken up as an agenda item at the regular Board of Directors meetings held in August, November, and February. Discussions were deepened on materiality to attain the Medium-Term Business Plan 2025, thereby achieving the 2030VISION.

Results of Evaluation Conducted in FY2024/3

Questionnaire Items Conducted in FY2024/3 (Total of 6 Categories, 20 Questions)	Main Opinions Identified in the Questionnaire
① Composition of the Board of Directors ② Operation of the Board of Directors ③ Board discussions ④ Support systems for directors and Audit & Supervisory Board Members ⑤ Training for directors and Audit & Supervisory Board Members ⑥ Operation of the Personnel & Remuneration Advisory Committee (eligible respondents to question ⑥: President and outside directors only)	<p>Board discussions</p> <p>Information is provided to outside officers in a timely manner, and constructive discussions are taking place based on such information. Because we are in an era of rapid and disruptive changes, it is desirable to deepen awareness and understanding through discussion on risk as well as the Group's long-term direction and strategies, thereby leading to business transformation.</p> <p>Training for directors and Audit & Supervisory Board Members</p> <p>It would be better to obtain information on new matters for consideration, etc., with expert perspectives added. Site inspections by outside directors and exchanges of opinions with site managers should continue.</p>

Tasks for FY2025/3: Evaluate the current status to gauge progress, and discuss the long-term direction for each of the themes of the Group's initiatives in order to achieve the 2030VISION by enhancing the Group's business model called "Three Circulations."

Cross-shareholdings

[Holding Policy]

Regarding individual cross-shareholdings, the Company owns stocks that it believes will help to increase its corporate value based on the medium- to long-term economic rationale for holding the stock and the perspective of maintaining and reinforcing comprehensive relationships with business partners. The Board of Directors reviews the holding purpose every year. If the Company deems there to be no good reason to hold certain stocks, the Company shall sell them while considering the profit and loss situation.

[Standards for Exercising Voting Rights]

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

Compliance

Basic Stance

Based on NIPPON PAPER GROUP's Action Charter, the Group has positioned its compliance as "Compliance goes beyond laws and regulations to include decency, common sense, customs, and other rules, and 'social norms' that are expected by society in general, and we are called upon to respond to the expectations and trust of society." The Group continually carries out activities that raise employees' awareness of compliance.

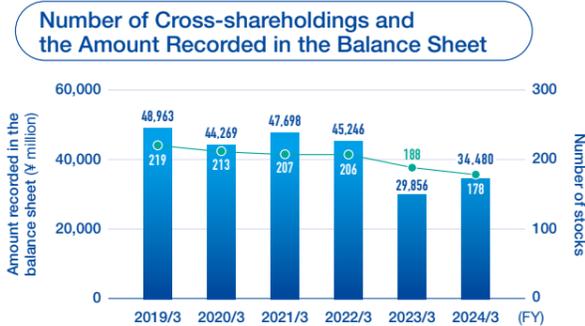
Compliance Activities

The Group strategically carries out compliance training. Regarding anti-corruption, the Group provides training to ensure there are no inappropriate relationships with local governments or civil servants where it conducts business in Japan and overseas, or there is no transfer of inappropriate economic gains to or from customers, business partners, or others. If there are any cases of suspected misconduct, corrective actions are taken to deal with the situation.

The Company has established the NIPPON PAPER GROUP Helpline as an internal whistleblower system that allows users to directly report and consult on any conduct

[Carrying Amount of Deemed Shareholdings]

The carrying amount of deemed shareholdings was ¥40,243 million as of March 31, 2024. Combined with cross-shareholdings, the total amount was ¥74,723 million. This sum represented 15.08% of net assets.



- The Company has been successively reducing the number of these stocks and their holding value. The increase in the amount recorded in the balance sheet in FY2021/3 and FY2024/3 was attributable to the mark-to-market valuation of listed shares.
- The number of stocks and the amount recorded in the balance sheet shown above do not include deemed shareholdings.

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

that violates laws and regulations regarding human rights, corruption, the environment and other areas, as well as corporate ethics. The Company periodically notifies eligible users about the helpline. Opinions and other reports from third parties not covered by the helpline are accepted through the Contact Us webpage of the Group's website. Since FY2024/3, the Company has started training for general employees in addition to providing continuous training to managers and supervisors in an effort to enhance the prevention of harassment, which is frequently reported.

Cease and Desist Order, etc. Issued by Japan Fair Trade Commission

On March 14, 2024, subsidiary NP Trading received a cease-and-desist order and a payment order for a surcharge from the Japan Fair Trade Commission based on the Antimonopoly Act regarding general competitive bidding for recycled roll paper ordered by the National Printing Bureau. Taking these orders very seriously, NP Trading will implement rigorous measures to prevent any recurrence of this issue. In addition, all other Group companies will conduct thorough training regarding compliance with the Antimonopoly Act to reinforce compliance across the Group and restore trust.

Message from Outside Directors

Feeling Confidence in Accelerating Our Measures

With a Shared Sense of Urgency, the Entire Company Worked Together to Achieve a Return to Profitability

I feel that since the Company was able to turn the significant losses of the previous fiscal year around, producing a profit in FY2024/3 and putting the domestic business back on track with the Medium-Term Business Plan 2025, the mood inside the Company has brightened. Even as it was buffeted by a very challenging business environment, its management team, as well as mid-level and younger employees, all shared a sense of urgency and worked together, and by strengthening internal cooperation and taking steps toward improvement, they also improved the Company's organizational management capabilities. I hope that the confidence gained from overcoming this crisis will work to increase employee motivation, and that with the successful return to profitability, NIPPON PAPER GROUP will also gain its credibility externally.

That said, these efforts cannot end simply because the Company has overcome this particular crisis. It must move forward unceasingly to reform as it works to achieve the targets set out in the Medium-Term Business Plan 2025 and the 2030VISION. To that end, it must further increase the speed at which it implements various measures to address management issues, and I have constantly urged the Board of Directors to do so. Recently, I feel confident that the company has been accelerating the realization of such measures.

The Need for the Transformation of the Business Structure in Response to a Changing Business Environment

The environment surrounding the business is changing drastically, and the Company must constantly take steps to adapt to those changes. The decline in demand for graphic paper is progressing even faster than expected, and I have told those responsible for execution that reorganization of production structure needs to be moved up yet another step ahead of schedule. I am hopeful they will do so, as the management team fully understands this and has stated they will take quick action.

Leadership at the helm and solidarity with employees are important to achieving the transformation of the business structure of the Company. In this respect, I feel President Nozawa is demonstrating that leadership as he works to bring out the best of his employees' capabilities while moving the Group as a whole in a positive direction. At Board of Directors meetings, he listens carefully to the opinions of the outside directors while clearly maintaining his own ideas, which I think facilitates deeper discussion.

In terms of employee engagement, efforts are being



MAKOTO FUJIOKA

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

made to promote communication, including the president himself traveling nationwide to offer opportunities to exchange opinions with employees. In addition, I have been informed there are plans to set up a venue for younger employees to exchange views with divisional general managers outside of their own divisions. I look forward to seeing engagement improve as the Company actively moves to enhance internal communication.

Bringing a Medium- to Long-term Perspective to Creating Products That Impact Society

With regard to new products and new businesses that utilize sustainable wood resources, some may have prospects for turning a relatively quick profit. Of those that might be expected to have a strong impact on contributing to realizing a sustainable society, however, some may require technological breakthroughs in their development, and will need to be approached from a medium- to long-term perspective. The latter have a longer timeline and require that efforts be made now, but I appreciate that even in the past year, those efforts have made steady progress.

Further, to accelerate the development of new products and attempt to expand demand, the Company will need to strengthen its sales capabilities based on a market-oriented approach and enhance collaboration with research institutes and with companies in different industries from the perspective of solutions aimed at solving social issues. While progress can already be seen in several areas, I believe these efforts need to be further strengthened.

In my role as an outside director, I would like to continue to monitor and firmly support appropriate management decision-making by the executive side as the Group works to balance sustained growth with solutions to social issues.

Enhancing Diversity Will be Important for Transformation

Accelerating Diversity and the Promotion of Active Participation by Women

Promoting diversity is a major catalyst for change in companies and the creation of new value. Considering that transformation and value creation can improve corporate value over the medium- to long-term, I believe the promotion of diversity, more than anything, is what NIPPON PAPER GROUP needs now. From the perspective of promoting active participation by women, which is a part of diversity efforts, the number of female employees in the Group has always been small, a trend that is especially apparent in the Group's mills, and it will not be easy to rapidly increase those numbers. Even so, the appointment of the Company's first female executive officer, and the addition of items concerning the active participation of women to the performance evaluations of general managers of the Company's mills and sales divisions, make me think we can look forward to change going forward.

To boost the number of women in management, efforts must be made to reduce the resistance of women to taking management positions. In addition, a system needs to be put in place that will allow employees to feel free to leave the workplace for childbirth, childcare, family care or other reasons, and that rather than assigning work to specific individuals, will make other employees available to cover for them at any time. This, in turn, will lead to the creation of a more comfortable work environment for employees and further, structural transformations for the Company itself. That is why I take every opportunity to let those on the executive side know that I would like to see them successfully put such a structure in place.

A Sense That the Atmosphere at Board of Directors Meetings Has Changed

In the Group, outside directors have a variety of opportunities to speak up, not only at Board of Directors meetings, but at meetings of the Group Management Strategy Committee and other internal committees, and I believe that each of our statements is being taken seriously. At Board of Directors meetings, I used to have the impression that there was little discussion of topics that had already been discussed at other meetings. However, as I have made efforts to speak up as an outside director, I have seen an increase in questions and comments in response to remarks, and I feel the atmosphere has changed to one in which substantive discussions can take place.

At Board of Directors meetings, each of the three outside directors speaks from their respective perspectives. My own approach is to speak from a uniquely outsider stance,



YOKO HATTA

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

based on my knowledge and experience, trying to ensure discussions proceed both appropriately and efficiently. I also engage in frequent, individual communication with those on the executive side, and work to proactively convey my opinions from my position as an outside director.

Hoping to See "Lateral Communication" Deepen Solidly within the Company, with Speedy Investments in New Businesses

As demand for graphic paper declines at an accelerating pace, there is a need to make a strong push for the transformation of the business structure. In last year's Integrated Report, I noted that "lateral communication" is essential to the Group. In that respect, I feel that information sharing among the mills became smoother in FY2024/3, leading to reductions in waste and inventories. In addition, figures presented by each division at their respective meetings initially seemed to be a mere collation of numbers. In FY2024/3, however, they began to present figures based on a firm understanding of their respective situations. The numbers offered were the result of thinking of them as a basis for specific consideration of moves toward overall optimization, and I think the quality of the reports has changed.

Finally, regarding the commercialization of new businesses, even given the fact that these efforts inevitably take time, new businesses cannot grow through incremental investment. While reckless investment is of course a problem, setting and achieving stretch goals for new businesses still requires taking risks. I hope the executive side will carefully determine the points and timing to focus their investments and proactively invest with a sense of speed.

Addressing Important Issues to Realize a Growth Story

Rebuilding Opal Is the Biggest Issue

The expectations of shareholders and investors with regard to the growth story set out by NIPPON PAPER GROUP cannot, unfortunately, be said to be on the rise, as indicated by the share price and the PBR. To improve PBR, the Group needs to clearly convey that growth story and produce results, and to that end, the rebuilding of Opal, the Group's biggest issue, is essential.

The most important issues in that rebuilding are structural transformations at the Maryvale Mill and an expansion of profits in the Packaging Business. For myself, I get the impression that more work needs to be done to expand dialogue with Opal and the Group's other overseas subsidiaries. That said, I believe the core of the problem has finally come to light as the executive side has focused on identifying the fundamental issues underlying the challenges, efforts which have included President Nozawa's own repeated visits to Australia.

While the structural transformations at the Maryvale Mill will come with some pain, this is something that must be done. The Company then needs to steadily implement measures to return the business to profitability if it is to grow the Packaging Business, for which demand is expected to increase in Australia. I believe that completing these tasks will lead to an expansion of the Daily-Life Products Business overall, and will change the way the Group's shareholders and investors view the Group's growth story.

Maximizing the Value of Forests Becomes Even More Important

Efforts to maximize the value of forests and expand biomass products generated from wood resources are also important in describing the Group's growth story.

In Japan, efforts to promote the elite tree seedling production business and to plant elite trees in company-owned forests are being undertaken both to ensure stable procurement of raw materials and to support the revitalization of the plantation business in Japan. In overseas plantation areas, the Company is making full use of its own plantation technology in an effort to improve productivity. As the global economy continues to expand going forward, demand for wood resources may increase further, and I think these efforts will be important from the perspective of ensuring the security of wood resources including procurement.

In expanding biomass products, the Group is focused on expanding applications with its biorefinery concept, which contributes to carbon neutrality and a move away from plastic by generating a variety of products from wood,



YUTAKA KUNIGO

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

including paper products and energy sources, all backed by the Group's technological capabilities. Sustainable Aviation Fuel (SAF) is also included in this concept, and I expect the Company's SAF to be an area of significant growth in the future given that it is an inedible biomass and will not compete with food applications. This is why I believe it is important that the Company starts now to lay a solid groundwork.

Pushing for a Proactive Approach to Governance

Solving major issues requires taking drastic measures. I have conveyed to the executive side that they should make 2024 a year in which they put more in-depth measures on the table, deepen discussion and begin to move powerfully forward. Since domestic businesses are back on track with the Medium-Term Business Plan 2025, the Group can now turn its attention to rebuilding Opal and set out a firm course for the Group's growth going forward. Further, the Group needs to make a firm commitment to management with an awareness of the cost of capital and share price, recently the focus of attention from shareholders and investors. The Group has already begun discussions about introducing ROIC as an internal management indicator.

In my view, the Group has taken the measures necessary to achieve the targets of the Medium-Term Business Plan 2025. To ensure it achieves those targets and in turn realizes the 2030VISION, it needs to further increase the speed of its various measures and take an appropriate amount of risk in its investments. As an outside director, I will continue to carefully monitor those efforts, and hope to give the executive side the push it needs to engage in an offensive approach to governance.

Risk Management

Basic Stance

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

Basic Policies

- ① Prioritizing human life and safety
- ② Continuing business

Under the aforementioned policies, we will follow and comply with the guidance and recommendations of national and regional governments.

Promotion Structure

Nippon Paper Industries has established its Risk Management Committee, which is chaired by the President and Representative Director under the supervision of the Board of Directors, and meetings are held once per year or more. In normal operations, the committee regularly identifies and evaluates the Group's risks, deliberates on measures to reduce these risks and responds if they materialize, and reports them to the Board of Directors.

In addition, the respective risks relating to product safety, raw materials and purchasing, environment, and safety and

disaster prevention are examined and discussed in committees chaired by the general managers of the respective responsible divisions in the Company. They are then reported to the Company's Board of Directors via the Risk Management Committee.

In an emergency, a Crisis Response Headquarters will be launched. The Crisis Response Headquarters swiftly carries out initial responses and its business continuity plans (BCPs) in emergencies depending on risks such as earthquakes, typhoons, infectious diseases, and others.



Risk Management Activities

[Maintaining the BCPs]

To address major natural disasters that have become more frequent in recent years, the Group continues to maintain BCPs based on the business continuity management (BCM) framework it worked to develop in FY2021/3. In the Company's head office, the BCPs drawn up by each department are made known within the Company. In addition, the Company has stockpiled food and daily necessities and has added equipment that will be needed when the Crisis Response Headquarters is set up, and has also selected important operations. The Company's mills are working to revise existing BCPs around the assumed disaster scenarios of earthquakes, tsunamis, typhoons, floods and volcanic eruptions. Moreover, 32 Group companies have established crisis response regulations. Going forward, the Group will strive to establish and enhance its BCPs.

[Enhancement of Crisis Management]

At the Company's head office, under the framework of the BCM, training is conducted involving the smooth establishment of the Crisis Response Headquarters. The purpose of this training is to improve the Company's crisis management capabilities during the initial response in the event of a crisis. In FY2024/3, a Crisis Response Headquarters set up training was conducted online that assumed the occurrence of a large-scale disaster on a holiday.

[Risk Identification]

In FY2024/3, the Risk Management Committee conducted a risk survey of the Company (head office and mills), domestic consolidated subsidiaries, four non-consolidated subsidiaries and three overseas consolidated subsidiaries. In addition to identifying risks, the committee also confirmed risks that

materialized in FY2024/3 and risks that will increase in importance in the future. Based on the results, the relevant departments and the Risk Management Committee have discussed and identified the business risks of the Group as follows.

Main Business Risks for NIPPON PAPER GROUP (FY2024/3)

	Summary	Main Risk Mitigation Measures
Major Risks Associated with Management Strategies	Risks associated with retention of human resources and labor affairs ▶ Appropriate retention of human resources, based on the human resource strategy ▶ Decrease in workforce population due to a falling birthrate and aging population	▶ Proactive hiring and development of human resources with diverse backgrounds ▶ Development of a work environment that supports flexible work styles ▶ Automation and labor savings at operation sites ▶ Operation of the Occupational Safety and Health Management System
	Risks associated with natural disasters, infectious diseases and others	▶ Establishment of the Crisis Response Headquarters ▶ Maintaining BCPs ▶ Conducting regular training based on disaster scenarios ▶ Through measures to prevent outbreaks of infectious diseases
	Risks associated with climate change ▶ GHG emissions reductions ▶ Response to carbon pricing policies	▶ Reduction of GHG emissions by energy savings and increasing the proportion of renewable and waste energy ▶ Utilization of J-Credits scheme ▶ Promotion of elite trees
	Risks associated with delays in business structure transformation and creating new businesses	▶ Early development of new business competitiveness ▶ Implement measures to expand profitability in growth sectors ▶ Optimize production structure of Opal
	Risks associated with fluctuations in product demand and market conditions	▶ Reorganization of production structure for graphic paper ▶ Development of new products and innovative materials that meet consumer needs
	Risks associated with raw material and fuel procurement and international transportation ▶ Disruption of global supply chains caused by overseas situations ▶ Emergence of the "Logistics 2024 Problem"	▶ Multi-sourced purchasing, diversification of import/export destinations ▶ Review of inventory levels ▶ Expansion of flexibility and procurement network by strengthening horizontal cooperation within NIPPON PAPER GROUP ▶ Joint transport with other companies, introduction of a truck receiving reservation system
Main Risks Associated with the Business Environment and Business Activities	Risks associated with social demands such as ESG, SDGs, etc.	▶ Continuing polite communication with stakeholders ▶ Activities to raise internal awareness
	Risks associated with production facilities	▶ Planned measures against degradation ▶ Preventive maintenance
	Risks associated with compliance	▶ Regular education and training ▶ Compliance awareness survey
	Risks based on product liability	▶ Supervision by the Group Product Risk Committee ▶ Utilization of product liability insurance
	Risks associated with environmental laws and regulations	▶ Dissemination of and compliance with environmental laws and regulations
	Risks associated with subcontracting transactions	▶ Dissemination of and education regarding government policies ▶ Promotion of proper subcontracting transactions
	Risks associated with information systems	▶ Construction and operation of systems in preparation for cyber-attacks ▶ Strengthening Personal Information Management System
	Risks associated with intellectual property disputes	▶ Protecting intellectual property rights ▶ Internal education

Product Safety

Basic Stance

NIPPON PAPER GROUP has made "Delight our customers" (by accurately responding to their needs) one of the requirements of its Vision to realize the Group Mission. Supplying products needed by society with assured safety and quality is a critical issue that a manufacturing company should address as a matter of course. The Group ensures safety and quality based on the Philosophy and Basic Policy on Product Safety, and strives for the stable supply of diverse products that support people's lives and culture while earning the public's trust.

The NIPPON PAPER GROUP Product Risk Committee, chaired by the General Manager of the Sustainability Transformation Division, manages activities related to the Group's product safety and reports on these activities to the Board of Directors through the Risk Management Committee. The Group complies with laws, regulations, etc. in Japan and overseas, and strives to ensure product safety using management methods appropriate to each business or product.

Product Safety Activities

The Group has been working to build its risk management structure with the aim of bolstering product safety management. In FY2022/3, the Group established minimum standards common to all Group companies for product safety and quality assurance, in FY2023/3 major Group companies formulated and began implementing product

risk management regulations based on the minimum standards. Moreover, since FY2024/3, Nippon Paper Industries has been revising its guidelines for manufacturing food-contact paper and paperboard to align with the Positive List System for Food Product Utensils, Containers, and Packaging.

Respect for Human Rights

Basic Stance

In 2022, NIPPON PAPER GROUP established the NIPPON PAPER GROUP Human Rights Policy (hereinafter, "Human Rights Policy") through a resolution by the Board of Directors of Nippon Paper Industries by revising the existing Philosophy and Basic Policy on Human Rights, Employment and Labor (established in 2004). The new policy was created as a means of carrying out more effective activities

to respect human rights in an effort to realize the Group Mission. The Human Rights Policy was established in accordance with global standards such as the United Nations Guiding Principles on Business and Human Rights. In accordance with the Human Rights Policy, the Group will reinforce respect for human rights across the entire value chain.

Policies and Participation in International Initiatives on Human Rights



Promotion Structure and Remedy

The Group has established the Risk Management Committee, supervised by the Board of Directors of the Company and headed by the President and Representative Director, which meets once a year or more. Human rights-related risks within the Group are addressed through the risk management promotion structure (→ P.60).

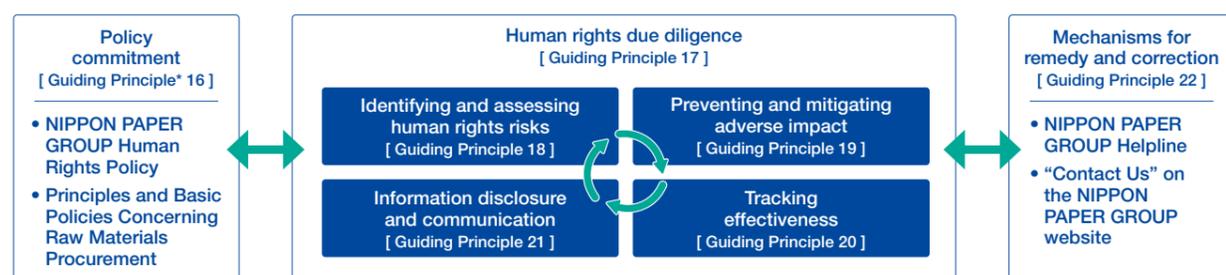
In addition to the NIPPON PAPER GROUP Helpline system, which the Company set up as an internal whistleblower system, the Group accepts inquiries regarding concerns about any possible violation of human rights through the Group's corporate website (<https://www.nipponpapergroup.com/english/inquire>).

Human Rights Due Diligence

The Company launched its Human Rights Working Group in 2021, thereby introducing human rights due diligence. Meanwhile, it has constructed a human rights due diligence system based on corporate responsibility to protect human rights required by the United Nations Guiding Principles on Business and Human Rights. In 2022, based on its Human Rights Policy, the Company conducted an evaluation of human rights risks with a comprehensive view of value

chains related to the Paper and Paperboard Business, the Paper-Pak Business, and the Chemical Business, and identified high-priority human rights risks that must be addressed. The Company continues to address issues that have been identified and will regularly evaluate its human rights risks while working to expand the scope of such evaluations going forward.

Overview of Human Rights Due Diligence (Nippon Paper Industries)



* The United Nations Guiding Principles on Business and Human Rights

[Process for Identifying Human Rights Risks and High-priority Issues]

- Created a list of human rights risks according to each stakeholder in the value chain based on global standards*.
 - * United Nations Environment Programme Finance Initiative (UNEP FI) Human Rights Guidance Tool, etc.
- Scored human rights risks on the human rights risk list with a focus on the degree of negative impact on human rights, likelihood of occurrence, and relationship and distance from the Company, and identified high-priority risks that must be addressed.

[Preventing and Mitigating Adverse Impact]

Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

The Company revised the Principles and Basic Policies Concerning Raw Materials Procurement (hereinafter, "the Procurement Policies") in 2022 to enhance initiatives for respecting human rights throughout the entire supply chain. Based on the Procurement Policies, the Company has employees in charge of procurement or locally stationed personnel visit overseas wood chip suppliers to conduct interviews covering matters such as health, hygiene, safety, disaster preparedness, working conditions, and local environmental concerns from the perspective of respect for human rights. In FY2024/3, the Company carried out inspections in Brazil and Thailand, and confirmed that there were no problems.

Inspection in Brazil



(Left) Clean and hygienic office restroom
(Right) Fire hydrant situated in a log storage yard

Human Rights Surveys at Contractors of Mills in Japan

The Company regularly sends surveys to contractors of mills in Japan and has them conduct a self-check, mainly to confirm compliance with labor and safety laws and regulations. Survey results are shared with the human resource managers of each mill for the purpose of supporting improvements. In addition, starting from FY2020/3, the Company conducts follow-up surveys. The Company revised survey content based on human rights risk evaluation results in FY2023/3, and accordingly conducted a survey using the revised version in FY2024/3.

Confirmation of Human Rights Issues Associated with Non-wood-based Raw Materials Suppliers

In FY2023/3, the Company formulated an action plan for the procurement of all raw materials based on the Procurement Policies. In FY2024/3, the Company extended the scope of its confirmation of human rights issues pursuant to the action plan, thereby surveying not only suppliers of wood chips, pulp and other wood-based materials as was previously the case, but also critical suppliers of all raw materials in the Paper and Paperboard Business (the surveys are to be administered successively from FY2025/3 onward).

Relationships with External Organizations and Institutions

Exchanges of Opinions with Amnesty International Japan

The Company holds a meeting to exchange opinions with Amnesty International Japan every year. In FY2024/3, opinions were exchanged on matters that included the Company's human rights risk evaluation process, review of human rights surveys of contractors of mills in Japan, and review of surveys administered to raw material suppliers.

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

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

Education and Training

The Group conducts education and training related to human rights within the Group. In FY2024/3, such education and training included training with the objective of

better preventing harassment, as well as training on respect for human rights provided to employees of the Group pursuant to the Human Rights Policy.

Procurement

Basic Stance

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

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

Promotion Structure

The NIPPON PAPER GROUP Raw Materials Committee, which is chaired by the General Manager of the Raw Materials and Purchasing Division at Nippon Paper Industries, discusses key issues related to raw materials

procurement for the entire Group, and reports on these issues to the Board of Directors through the Risk Management Committee (→ P.60).

Procurement of Wood Resources

The Group maximizes the use of renewable wood resources through its diverse technology and know-how. As the use of wood resources is indispensable to the Group, it has constructed a system to continually procure resources that are generated from sustainable forest management. The Group newly established the Wood Resources Procurement Guidelines under the Procurement Policies revised in September 2022, and is further strengthening its

procurement system for sustainable forest resources.

Key Points in the Group's Procurement of Wood Resources

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

Management of Suppliers

Raw material for paper, which is the Group's main product, consists of wood resources such as wood chips and wastepaper. In addition to ensuring the legality of woody material supplies, the Company has formulated an action plan to carry out procurement of wood resources that takes into consideration human rights, labor, local communities, and the protection of biodiversity, and has implemented this plan since 2007.

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

third-party verification, utilizing annual forest certification audits and the due diligence system for legal certification stipulated in the Clean Wood Act.

Beginning in FY2024/3, these practices were expanded to include critical suppliers of raw materials in general in the Paper and Paperboard Business, and the Company is preparing to implement an action plan at the same level as that for woody materials. The Company will continue working to strengthen its supply chain management in order to continue to be trusted by customers and other stakeholders going forward.

Contents Used to Survey Suppliers through a Questionnaire (Excerpt)

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

Number of Action Plans Implemented for Procurement of Wood Resources (Nippon Paper Industries, FY2024/3)

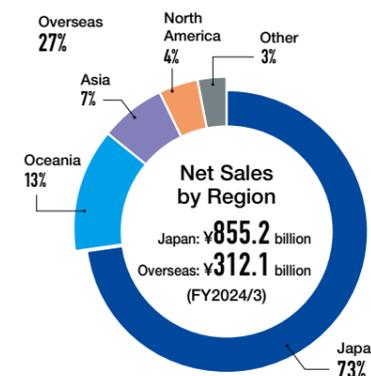
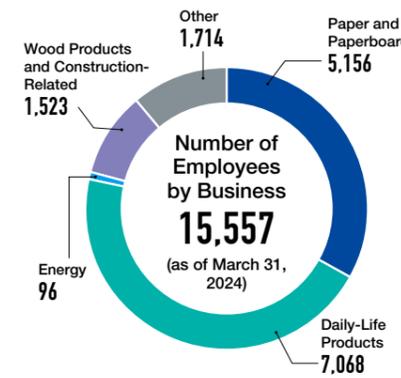
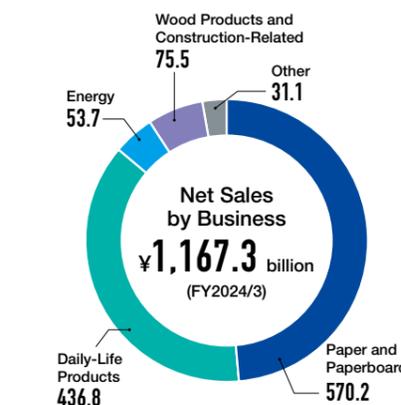
In Japan	326 wood chip suppliers, 6 pulp suppliers (implemented for all suppliers, compliance verified at all suppliers)
Overseas	21 wood chip suppliers, 19 pulp suppliers, 8 woody fuel suppliers (implemented for all suppliers, compliance verified at all suppliers)

At a Glance

FY2024/3 Results

Net sales **¥1,167.3** billion

Operating income **¥17.3** billion



Paper and Paperboard Business

[Paper] Not only develops and sells products that pursue the function of paper as a means of conveying information, but environmentally-friendly products that take advantage of paper's recyclability and biodegradability. [Paperboard] Through product development in line with changing times and using the latest, environmentally-friendly manufacturing technologies, offers products with outstanding safety, lamination properties and workability.

FY2024/3	Net sales	¥570.2 billion
	Operating income	¥11.7 billion



Daily-Life Products Business

[Packaging] In Japan, is involved in everything from processing of liquid packaging board to sales and maintenance of filling machines. Overseas, produces and processes packaging materials and related products at Opal and NDP. [Household Paper and Healthcare] Offers a wide variety of products, including household products under the Kleenex® and SCOTTIE® brands, as well as products in the healthcare, industrial and commercial fields. [Chemicals] Provides chemical and other products utilizing technologies that turn wood resources into a variety of materials, and leverages coating technologies developed in papermaking.

FY2024/3	Net sales	¥436.8 billion
	Operating income	¥(8.1) billion



Energy Business

Engages in power generation business using woody biomass fuels and other resources, leveraging expertise from in-house power generation accumulated at its paper mills. Is also pushing to further expand its ability to supply renewable energy toward building a carbon neutral society.

FY2024/3	Net sales	¥53.7 billion
	Operating income	¥1.6 billion



Wood Products and Construction-Related Business

In Japan and overseas, purchases and sells wood and lumber products, and utilizing NIPPON PAPER GROUP's domestic and imported wood procurement networks, supplies wood chips used as fuel and other products. Conducts plantation businesses in Brazil, producing and selling wood chips.

FY2024/3	Net sales	¥75.5 billion
	Operating income	¥9.8 billion



Other Businesses

The leisure business manages ski resorts, campgrounds, golf practice ranges and other types of facilities. The logistics business transports products shipped from Group mills and other facilities, and handles storage operations at its warehouses.

FY2024/3	Net sales	¥31.1 billion
	Operating income	¥2.3 billion



Progress and Achievements of the Medium-Term Business Plan 2025

NIPPON PAPER GROUP's Medium-Term Business Plan 2025 is a five-year action plan from FY2022/3 to FY2026/3 to resolve and achieve the management issues necessary to realize its vision for 2030.

In FY2024/3, the progress on the plan resulted in a net sales increase of ¥14.7 billion compared to the previous year. The effect of price revisions was manifested in various products including newsprint, printing and business communication paper and containerboard.

Operating income increased significantly, bringing the Group back to profitability. That said, while domestic business improved by more than ¥50.0 billion through the contribution of cost cutting and the effects of price revisions, overseas business deteriorated by more than ¥10.0 billion compared to the previous year due to increasingly severe business conditions, including worsening earnings associated with Opal's withdrawal from the Graphic Paper Business.

Net interest-bearing debt was reduced to ¥723.5 billion as of the end of FY2024/3, progressing generally on plan toward the target of ¥710.0 billion by the end of FY2026/3.

To achieve the targets of the Medium-Term Business Plan 2025, the Group is working on improving the profitability of its Daily-Life Products Business. For FY2026/3, targets for net sales and operating income margin are set for each business, and the Daily-Life Products Business aims at sales of ¥500.0 billion. For domestic business, the Group continues to make capital investments and ensure the realization of its effects while aiming for sales expansion in overseas markets. For overseas business, the Group focuses on structural reforms at Opal's Maryvale Mill and the enhancement of the foundation of its Packaging Business. Through these measures, the Group aims to achieve the goals of the Medium-Term Business Plan 2025 and realize its 2030VISION*.

* 2030VISION: Guidelines established to clarify NIPPON PAPER GROUP's vision for 2030 and the management tasks required to achieve it, and to realize the Group Mission.

Progress on Medium-Term Business Plan 2025, 2030VISION

Items set as targets of Medium-Term Business Plan 2025

FY	2023/3 Results	2024/3 Results	2025/3 Plan	2026/3 Plan	2027/3–2031/3
Net sales (¥ billion)	1,152.6	1,167.3	1,200.0	¥1,200.0 billion or more	
Percentage of Daily-Life Products Business among total net sales	38%	37%	40%	—	
Overseas sales ratio	29.4%	26.7%	—	—	
Operating income (¥ billion)	(26.9)	17.3	23.0	¥40.0 billion or more at an early stage	
Operating income margin in the Daily-Life Products Business	(1.8)%	(1.8)%	(0.4)%	—	
EBITDA (¥ billion)	42.8	84.8	90.0	Stably ¥100.0 billion	
ROE	(12.3)%	5.3%	—	5.0% or more	
Net debt/equity ratio	2.25	1.95	—	1.7-1.79 times	
Net interest-bearing debt (¥ billion)	780.1	723.5	—	710.0	
GHG emissions (Scope 1+2) (vs. FY2014/3)	(30)%	(37)%	—	—	

Measures to reduce GHG emissions

- ▶ Improve productivity through reorganization of production structure
- ▶ Shut down coal boilers along with reorganization of production structure
- ▶ Fuel conversion and maximization of the use of black liquor
- ▶ Energy saving measures

Initiatives for Profitability Improvement of the Daily-Life Products Business



Business	Measures	Upper row: Net sales (¥ billion) Lower row: Operating income margin (%)	
		FY2024/3 Results	FY2026/3 Target
Liquid packaging cartons and bag-making	<ul style="list-style-type: none"> Promotion of differentiation strategy utilizing the total system Global development through collaboration with NDP, Elopak, and Shikoku Kakoki 	103.8 2.3%	120.0 5%
Household Paper and Healthcare	<ul style="list-style-type: none"> Expansion of domestic market share by differentiating products and strengthening sales functions Expansion of production capacity and enhancement of competitiveness through operation of new paper machines Expansion of overseas sales through collaboration with global partners 	104.8 3.0%	130.0 5%
Chemical	<ul style="list-style-type: none"> Expansion of sales (including exports) through the realization of investment effects on facilities for functional cellulose and functional coating resin products 	55.0 3.8%	60.0 9%
Opal	<ul style="list-style-type: none"> Structural reforms and improvement of profitability at Maryvale Mill Strengthening the foundation of the Packaging Business and expanding its sales 	173.2 (8.1)%	190.0 1%
Total		436.8	500.0

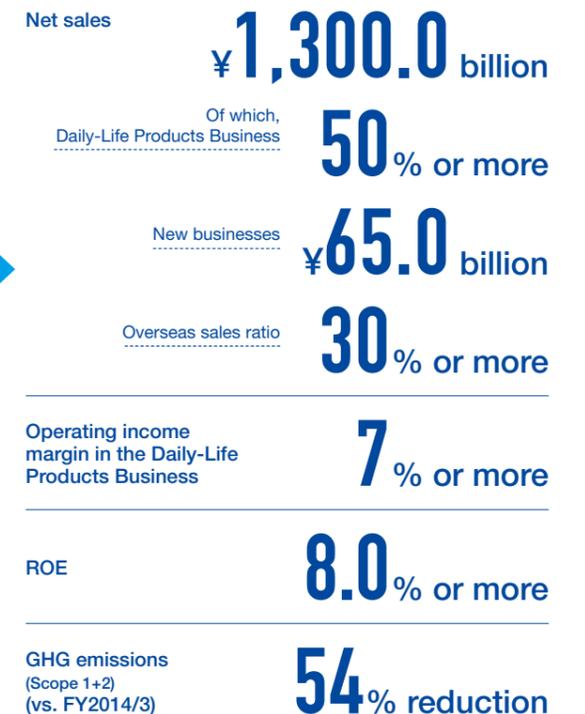
Change in Operating Income (Domestic / Overseas)

	FY2022/3 results	FY2023/3 results (a)	FY2024/3 results (b)	FY2025/3 plan (c)	(b-a)	(c-b)
Operating income	12.1	(26.9)	17.3	23.0	44.2	5.7
Domestic business	11.1	(24.1)	30.4	30.0	54.5	(0.4)
Overseas business	1.0	(2.8)	(13.1)	(7.0)	(10.3)	6.1

2030VISION

< Basic Policies >

- ◆ Reallocate management resources to growing businesses
- ◆ Respond to the rapidly changing social landscape, including GHG emissions reduction and environmental issues



Strategy by Business



Paper Business

[Main products] Newsprint, printing paper, business communication paper, industrial paper, functional specialty paper, functional paper

Strengthening Competitiveness through Production System Reorganization and Expanding Sales of Differentiated Products

The market for newsprint, printing paper, copy paper, and other types of graphic paper is encountering an accelerated decline in demand amid digitalization as well as entrenchment of remote work and other new lifestyles.

NIPPON PAPER GROUP is addressing the issue of receding demand by maintaining and increasing its market share in Japan through differentiation strategies, such as rolling out new environmentally-friendly products that reduce GHG emissions in the production process by 20% compared to previous levels. At the same time, the Group is strategically expanding sales in overseas markets by reinforcing its organization and human resources.

Moreover, the Group is continuously optimizing its production structure to match the level of demand. The Group seeks to consolidate its graphic paper production sites in Japan to around three locations by FY2029/3, while simultaneously enhancing operational efficiency of its mills by maintaining its utilization rate through a shift to products for packaging and expanding new businesses utilizing pulp and other existing resources. The Group aims to serve as an enterprise that is the preferred choice of customers. This involves placing top priority on reducing GHG emissions when considering options for reorganizing the production structure. It also involves enhancing its cost competitiveness and reducing GHG emissions by significantly reducing its coal consumption in part through fuel conversion of its coal boilers.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Technical capabilities and know-how to produce various products ▶ Stable supply system and sales channel network covering the entire country 	Opportunities <ul style="list-style-type: none"> ▶ Rising awareness of environmental issues, including carbon neutrality, and deplasticization (trend toward using paper)
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ High percentage of coal in fuel composition ▶ High fixed costs due to extensive facilities 	Threats <ul style="list-style-type: none"> ▶ Accelerating decline in demand for graphic paper due to remote work and other lifestyle changes as well as digitalization ▶ Price hikes implemented to compensate for rising costs of labor and logistics, etc., during phases of waning demand



Paperboard Business

[Main products] Containerboards, white paperboards

Expand Sales by Maximizing Utilization of Kraft Pulp Facilities

Whereas the domestic market is poised to encounter robust demand for corrugated boxes associated with e-commerce, food, and beverages, it is also prone to effects of diminished consumer spending attributable to a prevailing surge in prices. There has also been an ensuing trend of manufacturers seeking lightweight and compact packaging with the aim of scaling back on packaging material costs. In overseas markets, the prospect of escalating demand is likely particularly in Southeast Asia, yet recently deteriorating market conditions in China have resulted in a sluggish export market. In Europe, meanwhile, a certain level of demand is expected amid a transition to paper from plastic packaging due to environmental regulations.

NIPPON PAPER GROUP will tap into demand in Japan and overseas with respect to its strengths in high value-added products containing a high proportion of kraft pulp manufactured in-house, in part by expanding such sales and also by rolling out new products. The Group is also seeking product differentiation by focusing on developing and extending sales of base paper that addresses environmental issues and logistics challenges. When it comes to addressing logistics challenges in particular, the Group will expedite actions such as improving transportation efficiency by promoting collaborative logistics and modal shift solutions, while also securing product supply capacity by increasing inventories at consumption points. Moreover, the Group seeks to ensure stable supply and secure competitiveness by strengthening its stable procurement system for wastepaper, which serves as a raw material.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Development of high value-added products using kraft pulp manufactured in-house ▶ New product development and sales structure based on an integrated efforts of sales and development divisions 	Opportunities <ul style="list-style-type: none"> ▶ Stable demand related to beverages, food, and e-commerce
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Stability of operations ▶ Maintaining sales prices 	Threats <ul style="list-style-type: none"> ▶ Falling demand due to economic deterioration in Japan and overseas ▶ Increasing logistics costs (the 2024 Problem of driver shortage and delays in logistics) ▶ Surging raw materials and fuel prices



Liquid Packaging Carton Business

[Main products] Liquid packaging cartons, liquid packaging boards

Rigorous Implementation of Differentiation Strategy Leveraging Group Strengths and External Collaboration

Whereas the domestic market has been subject to a trend of contraction attributable to population decline, there has been rising demand with respect to new cartons and filling machines for high value-added beverages. In contrast to the prospect of escalating paper carton demand in worldwide markets prompted by a trend of deplasticization, the shift to paper cartons remains limited in Japan as of yet.

NIPPON PAPER GROUP will rigorously promote its differentiation strategy by collaborating with strategic partners and leveraging its base paper production technologies and packaging development capabilities to provide high value-added paper cartons to markets in Japan and overseas. At the same time, the Group will enhance its cost competitiveness through the procurement of base paper manufactured in-house. In Japan, the Group is striving to further extend sales of environmentally-friendly products such as "School POP®," strawless milk cartons for schools, "Non-Aluminum FUJIPAK," and "LiterLyte®," (lightweight product) as they are being increasingly adopted. In worldwide markets, the Group aims to expand its Paper-Pak Business centered on the collaboration of Elopak ASA and Shikoku Kakoki Co., Ltd. with the Group, including NDP. Moreover, the Group will intensively drive the trend of deplasticization and replacing plastic with paper by promoting recycling of paper cartons that contain aluminum ("PakUpcycle®").

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ World-class technology for developing paper cartons and filling machines ▶ Presence of powerful strategic partners 	Opportunities <ul style="list-style-type: none"> ▶ Rising needs for filling systems capable of handling various types of beverages and cartons ▶ Rising needs for environmentally-friendly products both in Japan and overseas
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Developing and securing personnel for overseas expansion 	Threats <ul style="list-style-type: none"> ▶ Uncertainty regarding supply of paper carton base paper due to factors such as conflicts and natural disasters around the world ▶ Intensifying competition in the paper carton market



Opal

[Main products] Corrugated boxes, containerboards

Achieving Business Growth by Strengthening Competitiveness and Maximizing Customer Value

The GDP and population of Australia have been steadily increasing, and this growth is expected to continue. The corrugated box market is also expected to achieve stable growth, driven by these factors. However, Opal has been subject to sluggish growth in sales volume due to a slump in consumption caused by factors such as weather anomalies, inflation, and interest rate hikes.

The Maryvale Mill switched its pulp manufacturing facilities to a continuous digester in March 2024 and has been proceeding with efforts to achieve productivity improvements and workforce optimization. Moreover, by leveraging characteristics of its integrated operations extending from containerboard to finished products, Opal has been scaling up internal consumption through base paper development, thereby mitigating the effects of export market volatility. In its packaging operations, Opal has achieved improvements in labor productivity as a result of installing cutting-edge facilities at its new corrugated box plant that began operating in August 2023. Additionally, Opal has been striving to increase profitability through productivity improvements and cost cutting by actively updating deteriorating facilities at other sites. Furthermore, it is reducing costs through workforce downsizing implemented on a company-wide basis. Through such initiatives, Opal seeks to enhance competitiveness and increase productivity, aiming for growth as an integrated operation.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Providing diverse products and solutions to meet customer needs ▶ Product development capabilities leveraging the integrated operations of manufacturing and selling base paper and packaging 	Opportunities <ul style="list-style-type: none"> ▶ Increasing market population and stable GDP growth ▶ Rising demand for paper packaging due to regulations on plastics
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Deterioration of papermaking and processing facilities ▶ High-cost structure 	Threats <ul style="list-style-type: none"> ▶ Further dampening of market sentiment and consumer spending ▶ Surging prices of containerboard wastepaper and diminished capacity to source it due to export regulations and other factors ▶ Increased compliance-related costs due to stricter regulations on the environment, CO₂ emissions, etc.



Household Paper and Healthcare Business

[Main products] Facial tissues, toilet rolls, paper towels, adult diapers

Expanding the Lineup of Products That Address Environmental Issues in Anticipation of Diversifying Needs

The domestic market has been experiencing diversifying consumer needs and purchasing behavior due to factors such as an increasing number of single elderly households, rising employment rates among women and elderly people, and growing inbound demand. Additionally, demand has been rising for emergency supplies stockpiled as a means of preparing for natural disasters attributable to climate change, amid a growing awareness of hygiene prompted by the COVID-19 pandemic.

Nippon Paper Crecia cites “maintaining and expanding a hygienic environment” as its purpose, aiming to enable all people to continue leading hygienic lives under all circumstances. It seeks to expand its product lineup to address diversifying needs by developing products suitable for various use scenarios and applications. This includes offering absorbent care products and adult diapers integral to the daily lives of active seniors, universal design products that accommodate inbound tourism needs, and items recommended for inclusion as rolling stock. At the same time, Nippon Paper Crecia is striving to achieve differentiation by further penetrating the market for “long-lasting & compact” products, which help reduce GHG emissions through greater transportation efficiency and less material consumption. On the cost front, it is increasing the volume of pulp procured in-house to mitigate the effects of market volatility and promoting a shift to digital transformation (DX) in its operations.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Technological capabilities and brand power as a pioneer in household paper ▶ Development of sustainable products from wood resources 	Opportunities <ul style="list-style-type: none"> ▶ Heightened awareness of environment and hygiene ▶ Demand for products that are friendly to environment
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Operations and logistics which are partially inefficient ▶ Room to increase amount of pulp procurement within the Group 	Threats <ul style="list-style-type: none"> ▶ Increasing logistics costs (the 2024 Problem of driver shortage and delays in logistics) ▶ Labor shortage ▶ Exchange rate volatility ▶ Intensifying competition due to reinforcement of facilities by competitors



Chemical Business

[Main products] Dissolving pulp, functional cellulose, functional chemicals, functional coating resins, functional films

Multifaceted Expansion of Environmentally-friendly Products to Promote Business Growth

Demand for environmentally-friendly products is rising amid growing awareness of environmental issues worldwide. In the Chemical Business, the Group has long developed business by comprehensively utilizing sustainable wood resources such as dissolving pulp, lignin, fermentation processes, carboxymethyl cellulose (CMC), etc. In the burgeoning market for electric vehicles (EVs), the Group has been working to expand facilities for highly-functional CMC used in lithium-ion batteries. Furthermore, it will ensure a robust supply system by fully establishing a production site in Hungary in December 2024. Meanwhile, the Group has increasingly been encountering inquiries regarding lignin from wood resources for use as a binding agent, as an alternative to petrochemical and edible binders. Beyond wood-derived products, the Group is also promoting a shift to high value-added products that meet the increasing environmental requirements of customers. This includes functional coating resin products used for coatings on plastic car parts and inks for packaging film, as well as functional films used in mobile displays, which are experiencing strong sales. Going forward, the Group will focus on developing wood-derived products in response to mounting environmental awareness. By integrating efforts in sales, R&D and production, the Group aims to provide these solutions to both domestic and overseas markets.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Product lineup with high shares in niche markets and technological capabilities ▶ Extensive lineup of wood-derived products that contribute to achieving a circulation-oriented society 	Opportunities <ul style="list-style-type: none"> ▶ Global trend toward converting to electric vehicles ▶ Increasing demand for environmentally-friendly products amid mounting environmental awareness
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Investment cost to upgrade production facilities ▶ Production with small scale but high cost 	Threats <ul style="list-style-type: none"> ▶ Growing quality requirements and declining value of existing products due to changes in the market environment ▶ Offensive maneuvers by overseas manufacturers



Energy Business

[Main products] Electricity sales

Securing Stable Profit by Enhancing Renewable Energy Supply Capacity

The environment surrounding Japan's electricity market is undergoing rapid change due to factors such as the launch of the nation's capacity market system in April 2024, amid mounting global demand for renewable energy. Meanwhile, whereas coal prices have come down after a surge in FY2023/3, fuel prices have been trending higher due to an increase in the number of biomass power plants in Japan. NIPPON PAPER GROUP has been striving to secure profit by flexibly adapting to systemic changes and societal transformation, while continually reducing its GHG emissions and cutting costs through fuel conversion of its coal boilers and energy saving efforts.

In response to escalating demand for renewable energy, the Yufutsu Energy Center began commercial operations in February 2023 as a biomass power generation facility with a generation capacity of 75 MW. In December 2023, the Group also completed modifications to its Nippon Paper Industries Ishinomaki Energy Center, increasing its woody biomass co-firing ratio to 42%. As a result of these initiatives, renewable energy capacity of facilities dedicated to power sales has increased to approximately 270 MW. The Group aims to secure stable profit over the medium to long term by maximizing the capabilities in power generation and wood resource procurement that it has cultivated through its existing businesses.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Technological capabilities in power generation and infrastructure cultivated over many years ▶ Woody biomass fuel procurement capabilities 	Opportunities <ul style="list-style-type: none"> ▶ Rising demand for renewable energy toward carbon neutrality in 2050
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ High percentage of fossil fuels in energy composition ▶ Issues of cost and social reputation due to use of coal 	Threats <ul style="list-style-type: none"> ▶ Growing opposition to coal consumption ▶ Movement to introduce carbon pricing



Wood/Building Material Business

[Main products] Logs, building materials, raw materials and fuel

Further Strengthen Domestic Wood Procurement Foundation and Expand Profitability of the Fuel Business

In Japan, the wood materials-related industry continues to endure challenging conditions amid sluggish demand for newly constructed single-family homes, despite robust demand for wood materials due to redevelopment and rebuilding of housing complexes. In the North American market, the number of housing starts is low due to rising interest rates, but attention is focused on the timing of potential recovery in demand attributable to interest rate cuts. Meanwhile, the price of fuel wood chips is trending higher amid expanding demand due to an increase in the number of biomass power plants in Japan.

NIPPON PAPER GROUP is further strengthening its domestic wood materials procurement foundation by maximizing its nationwide wood sourcing network, which is one of its strengths. The Group will flexibly adapt to changes in market conditions for wood materials while pursuing its aims of promoting replacement of imported items with domestic wood products and expanding sales routes of domestic logs and wood products in Japan and overseas, keeping in mind prospective future demand in overseas markets. In the field of fuel, the Group aims to increase profitability of its fuel business by seizing sales opportunities with external customers and developing new fuels, while consistently supplying wood chips used as fuel to biomass power generation facilities in the Group's Energy Business.

Link strengths to opportunities	
Strengths <ul style="list-style-type: none"> ▶ Top-class handling volume of domestic wood in Japan ▶ Procurement and supply system for wood chips used as fuel 	Opportunities <ul style="list-style-type: none"> ▶ Movement to expand self-sufficiency of domestic wood ▶ Rising demand for biomass fuel due to the increase in biomass power generation facilities
Address challenges and threats	
Weaknesses <ul style="list-style-type: none"> ▶ Weakening procurement network of raw materials for paper manufacturing due to declining paper demand 	Threats <ul style="list-style-type: none"> ▶ Lack of forestry workers and low productivity in the forestry industry ▶ Decline in the number of housing starts due to rising interest rates

Eleven-year Financial Summary

Nippon Paper Industries and Consolidated Subsidiaries
Fiscal Years Ended March 31

Please also refer to FACT BOOK

(¥ million)

	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Profit/Loss (Fiscal Year)											
Net sales	1,081,277	1,052,491	1,007,097	992,428	1,046,499	1,068,703	1,043,912	1,007,339	1,045,086	1,152,645	1,167,314
Cost of sales	844,603	825,576	800,185	787,464	846,109	871,218	832,151	803,686	872,011	1,008,246	985,917
Operating income (loss)	28,536	23,656	22,623	23,764	17,613	19,615	35,048	19,233	12,090	(26,855)	17,266
Ordinary income (loss)	28,188	23,204	17,123	26,994	18,649	23,901	30,524	12,276	14,490	(24,530)	14,550
Profit (loss) attributable to owners of parent	22,770	23,183	2,424	8,399	7,847	(35,220)	14,212	3,196	1,990	(50,406)	22,747
Comprehensive income	41,864	67,295	(31,821)	25,795	15,285	(45,838)	(1,946)	45,534	22,104	(28,588)	82,102
Cash flows from operating activities	75,763	81,846	52,419	87,087	44,944	59,760	67,036	84,197	72,378	65,823	90,283
Cash flows from investing activities	(24,861)	(42,483)	16,270	(65,278)	(62,731)	(47,461)	(70,113)	(182,945)	(61,247)	(68,018)	(22,031)
Cash flows from financing activities	(65,487)	(52,744)	(39,168)	(49,694)	(12,548)	(6,720)	(7,397)	113,696	54,314	6,976	(46,566)
Free cash flow	50,902	39,363	68,689	21,809	(17,787)	12,299	(3,077)	(98,748)	11,131	(2,195)	68,252
Financial Position (End of Fiscal Year)											
Total assets	1,480,894	1,495,622	1,390,918	1,388,885	1,429,892	1,390,814	1,363,469	1,547,326	1,639,286	1,666,542	1,731,245
Total current assets	505,417	484,498	502,912	486,205	490,479	515,407	496,871	533,764	617,934	627,705	638,613
Total property, plant and equipment	729,179	715,406	669,298	686,813	717,927	677,613	680,524	782,012	774,989	796,820	805,331
Other non-current assets	246,297	295,716	218,707	215,867	221,484	197,792	186,074	231,549	246,363	242,016	287,301
Total liabilities	1,054,309	1,005,881	966,233	953,974	986,493	995,470	976,892	1,122,605	1,200,682	1,251,341	1,235,597
Total net assets	426,584	489,740	424,685	434,911	443,398	395,343	386,577	424,721	438,604	415,200	495,648
Interest-bearing debt	775,597	731,834	703,831	678,504	693,562	688,703	689,937	828,870	898,125	924,406	888,390
Net interest-bearing debt	678,350	647,734	591,321	587,990	634,559	625,248	637,091	759,136	761,280	780,056	723,531
Other											
Capital investment	47,162	48,518	46,899	51,289	72,765	60,338	70,636	57,929	58,107	85,972	60,696
Depreciation	63,181	61,374	57,672	55,083	57,892	60,422	58,705	63,357	66,549	66,279	64,184
Research and development expenses	5,690	5,431	5,555	5,622	6,013	6,694	6,051	6,217	5,672	5,760	5,557
Per Share Data											
	(Yen)										
Profit (loss) attributable to owners of parent	196.67	200.27	20.95	72.57	67.80	(304.34)	122.89	27.67	17.23	(436.28)	197.09
Cash dividends	40.00	50.00	60.00	60.00	60.00	30.00	40.00	40.00	40.00	0.00	10.00
Net assets	3,652.76	4,198.10	3,645.87	3,714.63	3,776.26	3,328.28	3,248.53	3,570.15	3,695.31	3,415.75	4,062.19
Financial Indicators											
Operating income margin	2.6%	2.2%	2.2%	2.4%	1.7%	1.8%	3.4%	1.9%	1.2%	(2.3)%	1.5%
EBITDA (¥ million)	96,333	89,467	85,145	83,571	80,137	84,583	97,779	86,940	81,546	42,830	84,826
Return on equity (ROE)	5.6%	5.1%	0.5%	2.0%	1.8%	(8.6)%	3.7%	0.8%	0.5%	(12.3)%	5.3%
Return on assets (ROA)	2.7%	2.2%	2.0%	2.6%	1.9%	2.2%	2.7%	1.3%	1.3%	(1.0)%	1.4%
Return on invested capital (ROIC)	3.3%	2.8%	2.4%	3.2%	2.3%	2.9%	3.5%	1.6%	1.7%	(1.3)%	1.8%
Equity ratio	28.6%	32.5%	30.3%	31.0%	30.6%	27.7%	27.5%	26.7%	26.0%	23.7%	27.1%
Adjusted net debt/equity ratio (times)	1.70	1.55	1.47	1.49	1.61	1.76	1.75	1.86	1.89	2.25	1.95
Overseas sales ratio	12.0%	13.3%	13.8%	14.3%	17.0%	17.5%	16.2%	20.5%	27.0%	29.4%	26.7%

- Free cash flow = Cash flows from operating activities + Cash flows from investing activities
- Interest-bearing debt = Short-term borrowings + Long-term debt
- EBITDA = Operating income (loss) + Depreciation + Dividend income + Interest income + Amortization of goodwill
- Return on equity (ROE) = Profit (loss) attributable to owners of parent / [Average of balances at the beginning and end of fiscal year (Shareholders' equity + Accumulated other Comprehensive income)] x 100
- Return on assets (ROA) = (Ordinary income (loss) + Interest expense) / Total assets at end of fiscal year x 100
- Return on invested capital (ROIC) = (Ordinary income (loss) + Interest expense) / (Year-end shareholders' equity + Year-end accumulated other comprehensive income + Year-end balance of interest-bearing debt) x 100
- Adjusted net debt/equity ratio = (Net interest-bearing debt - Equity-type debt) / (Shareholders' equity + Equity-type debt)
- Equity-type debt: The amount of debt financed by hybrid loans that has been recognized as equity credit by ratings agencies (50% of the financed amount)

Eleven-year ESG Data*1

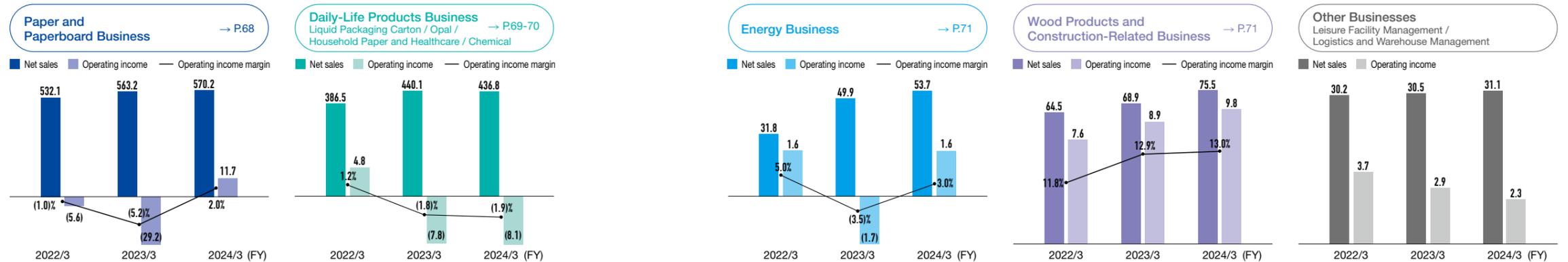
Nippon Paper Industries and Consolidated Subsidiaries
Fiscal Years Ended March 31

*1 Data available on a continuing yearly basis have been provided for comparison purposes, considering changes in the scope of aggregation and similar factors.
*2 Consolidated and non-consolidated subsidiaries
*3 Nippon Paper Industries (including power sales, steam sales)
*4 Nippon Paper Industries
*5 Consolidated companies in Japan
*6 Manufacturing sites belonging to Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, and Nippon Paper Liquid Package Product (including contractors of mills)

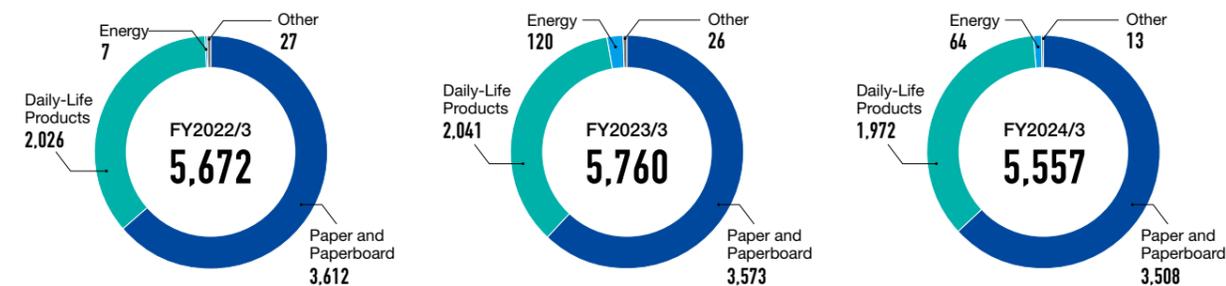
ESG Category			Related Page	Unit	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	
E (Environment)	S (Social)	G (Governance)														
●			GHG emissions (Scope 1+2)*2	P.28	Million t-CO ₂	8.5	—	—	—	8.1	7.9	7.4	6.9	6.8	6.0	5.3
●			Coal consumption*3	P.28	1,000 tonnes	2,557	2,619	2,634	2,580	2,534	2,521	2,302	2,115	1,957	1,556	1,529
●	●		Forest certification acquisition rate (globally)	P.24	%	100	100	100	100	100	100	100	100	100	100	100
●	●		Domestic wood usage rate as raw materials for paper*4	P.25	%	36.5	37.4	35.8	36.8	36.1	35.2	35.8	39.5	37.6	35.1	36.8
●	●		Final industrial waste disposal volume*5	P.29	%	4.1	1.8	2.4	1.6	1.4	1.7	2.7	2.4	2.1	1.6	1.8
●	●		Unused, difficult-to-treat wastepaper usage volume	P.31	t	—	—	—	—	—	—	—	23	1,707	4,933	
	●		Number of employees on a consolidated basis	P.18	People	13,107	12,771	11,741	13,057	12,881	12,943	12,592	16,156	16,129	15,959	15,557
	●		Ratio of employees at overseas consolidated subsidiaries	—	%	13.5	13.0	13.4	20.9	19.4	19.4	19.2	36.5	37.1	37.6	36.5
	●		Retention rate after 10 years of employment*4	P.34	%	—	—	—	—	66	69	73	66	60	63	50
	●		Percentage of female managers*4	—	%	1.48	1.57	1.60	1.86	2.47	2.29	2.43	2.65	2.71	3.18	2.97
	●		Ratio of female career-track hires*4	P.34	%	14	20	21	18	25	26	35	30	40	49	37
	●		Ratio of male employees taking childcare leave*4	—	%	—	—	—	—	—	—	—	—	—	91.2	90.7
	●		Total working hours*4	P.34	Hours	—	—	—	—	1,927	1,923	1,894	1,888	1,905	1,884	1,872
	●		Lost-time injury frequency rate*6	P.35	—	0.53	0.62	0.44	0.40	0.64	0.77	0.79	0.79	0.55	0.87	0.73
		●	Ratio of outside directors	P.53	%	11.1	11.1	12.5	22.2	22.2	22.2	33.3	33.3	33.3	33.3	33.3
		●	Number of female officers on the Board of Directors	P.53	People	0	0	0	0	0	0	2	2	2	2	2

Three-year Data by Business

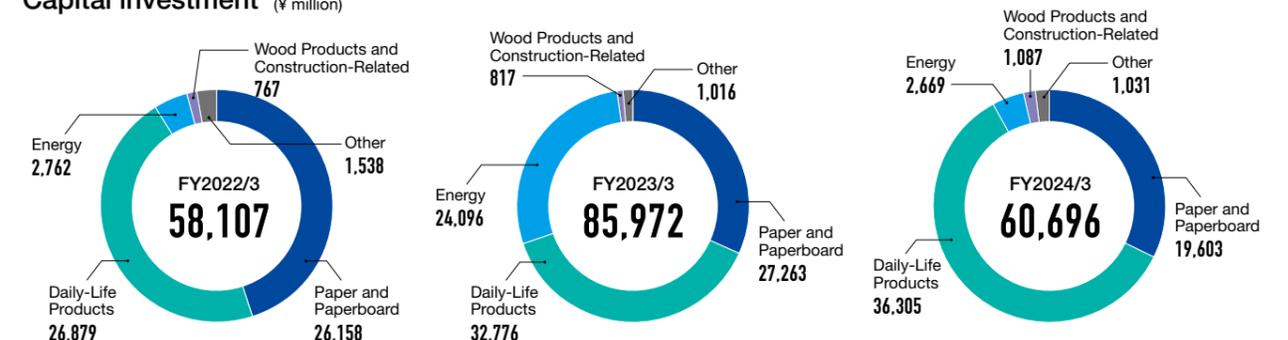
Net sales / Operating income (¥ billion)



Research and development expenses (¥ million)



Capital investment (¥ million)



Company Profile / Investor Information (As of March 31, 2024)

Corporate Overview

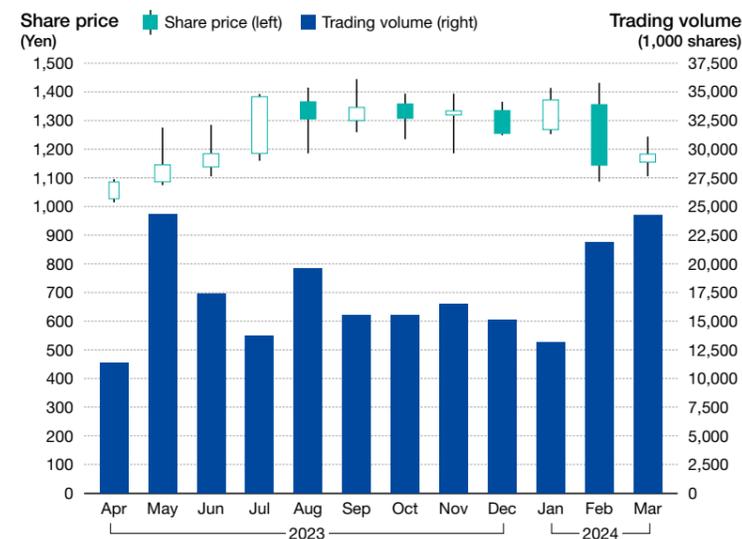
Company Name	Nippon Paper Industries Co., Ltd.
Head Office	4-6 Kanda-Surugadai, Chiyoda-ku, Tokyo 101-0062, Japan
Establishment	August 1, 1949
Number of Employees	4,938 non-consolidated 15,557 consolidated
Capital	¥104,873 million
Shares	Number of shares authorized to be issued 300,000,000 shares Number of shares issued 116,254,892 shares (including 373,148 shares of treasury stock)
Number of Shareholders	173,334
Listed Market	Tokyo Stock Exchange Prime Market (Securities Code: 3863)
Fiscal Year End	March 31

Major Shareholders

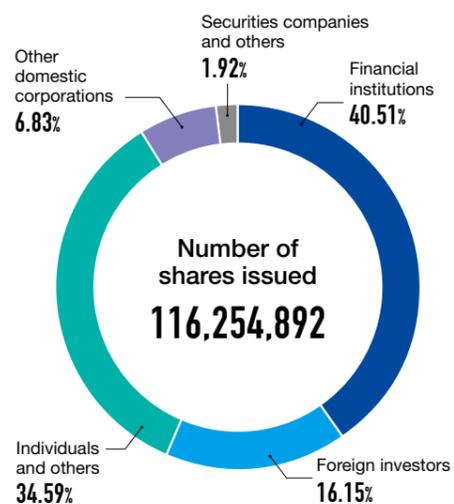
Name	Shares Held	Shareholding Ratio (%)*
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,610,100	16.92
Custody Bank of Japan, Ltd. (Trust Account)	8,569,920	7.40
Nippon Paper Industries Co., Ltd. Employee Share Ownership Association	3,071,729	2.65
Nippon Paper Industries Co., Ltd. Business Partners Share Ownership Association	2,486,000	2.15
Nippon Life Insurance Company	2,473,165	2.13
TAIJU LIFE INSURANCE COMPANY LIMITED	2,258,900	1.95
Mizuho Bank, Ltd.	2,000,000	1.73
The Norinchukin Bank	1,700,065	1.47
State Street Bank West Client – Treaty 505234	1,389,100	1.20
Dimensional Fund Advisors International Small Cap Value Portfolio	1,163,746	1.00

* The shareholding ratio was calculated after deducting 373,148 shares of treasury stock.

Share Price and Trading Volume Trends



Percentage of Shares Held by Shareholder Type



Number of shares issued
116,254,892

IR Activities (FY2024/3)

Financial results / management briefings	2
Financial results briefings	2
Individual meetings	139, of which 5 were meetings related to ESG
Small meetings with outside directors	1
Forest resource value briefing	1

Credit Ratings

Credit rating agency	Long-term debts	Short-term debts (CP)
Rating and Investment Information, Inc. (R&I)	BBB+	a-2
Japan Credit Rating Agency, Ltd. (JCR)	A-	—

(As of March 2024)

External Evaluations

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

EcoVadis Gold medal

2023 ecovadis Sustainability Rating

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

2024 Sompo Sustainability Index

The Development Bank of Japan (DBJ) has awarded Nippon Paper Industries its highest environmental rating, citing its particularly advanced environmental initiatives. Environmental rating acquired: November 2018

Sumitomo Mitsui Banking Corporation (SMBC) has awarded Nippon Paper Industries the AAA rating, its highest rating for ESG / SDGs assessment-based financing.

As of June 2024

(Disclaimer)

* FTSE Russell confirms that Nippon Paper Industries has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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Sustainability Information

Sustainability Website
<https://www.nipponpapergroup.com/english/csr/>

• ESG Databook
https://www.nipponpapergroup.com/english/csr/download/sustainability_information.html

NIPPON PAPER GROUP publishes the ESG Databook every year to report to a wide range of stakeholders on its ESG (Environment, Society, Governance) initiatives. The ESG Databook organizes each item according to the Group's important issues (materiality). Please read it together with the NIPPON PAPER GROUP Integrated Report.

Information for Shareholders and Investors

IR Website
<https://www.nipponpapergroup.com/english/ir/>

• Corporate Governance Report
<https://www.nipponpapergroup.com/english/ir/governance/>

• IR Library
<https://www.nipponpapergroup.com/english/ir/library/>

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