

SHAPING THE FUTURE WITH TREES

NIPPON PAPER GROUP
Integrated Report 2025

For the Fiscal Year Ended March 31, 2025



Nippon Paper Industries Co., Ltd.

(Securities Code: 3863)

4-6 Kanda-Surugadai, Chiyoda-ku, Tokyo 101-0062, Japan
(Ochanomizu Sola City)

Inquiries

Corporate Planning Department TEL +81-3-6665-1002
Sustainability Management Department TEL +81-3-6665-1015

Website

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



Shaping the Future with Trees

At NIPPON PAPER GROUP, we cultivate and fully utilize forest resources to create and deliver a diverse range of products integral to everyday life. Looking ahead, we will continue to develop our businesses with a view to the future of society with the aims of growing as a comprehensive biomass company and driving social sustainability.

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 2025 Key Points and Editorial Policy

NIPPON PAPER GROUP publishes integrated reports as a tool for facilitating dialogue with its shareholders, investors, and all other stakeholders to help deepen their understanding of the Group's sustainable growth and efforts to enhance corporate value.

NIPPON PAPER GROUP Integrated Report 2025 highlights the outcomes and challenges of the Group's business structure transformation with a focus on its future growth story. It also outlines the Group's objectives and outlook for overseas business, development of biomass material products, and human resource strategy of placing top priority on securing talent. Moreover, the report contains a detailed

overview of the Group's Green Strategy focusing on the value and utilization of forest resources, which constitute important management resources of the Group. The report also profiles specific examples of initiatives that form the foundation of sustainable value creation, including efforts related to corporate governance and environmental issues.

Through this report, the Group seeks to convey its trajectory toward enhancing its corporate value by leveraging management resources it has cultivated through its foundational Paper and Paperboard Business and by engaging in new value creation.

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.



ILLUSTRATION

This illustration is themed on the slogan of the Group Mission, "Shaping the future with trees." It depicts cultivation and utilization of forest resources, which are important management resources of the Group, along with the Group's research and development efforts, and the widespread use of products such as paper, paperboard, and household paper across society.

It also portrays the Group's aim of realizing corporate growth and a sustainable society through expansion of its business into new areas of activity that address a range of anticipated challenges in future society. These areas include the development of feed, chemical additives, fuels, and electricity storage materials derived from forest resources.

Cover illustration by Mizuki Kawaguchi

[About the illustration](#)

CONTENTS

Introduction

- 4 Mission · Vision · Values · Slogan
NIPPON PAPER GROUP Integrated Report 2025
Key Points and Editorial Policy
- 6 Business Structure Transformation
Promoted by NIPPON PAPER GROUP
- 8 At a Glance / History of NIPPON PAPER GROUP

**Business
Structure
Transformation**
Details on NIPPON
PAPER GROUP's shift
to growing businesses

Increasing Corporate Value

- 10 Message from the Chairman
- 12 Message from the President
- 18 NIPPON PAPER GROUP's Value Creation Process
- 20 Important Management Resources
- 22 Value Created by the Three Circulations
- 24 Important Issues (Materiality) to Realize the Group Mission



Business Profitability Enhancement

- 28 Message from the Executive Officer Responsible for Finance
- 32 Progress and Achievements of the Medium-Term Business Plan 2025

- 34 Special Feature: Opal
- 36 Strategy by Business
- 36 Paper Business / Paperboard Business
- 37 Liquid Packaging Carton Business /
Household Paper and Healthcare Business
- 38 Chemical Business / Energy Business
- 39 Wood/Building Material Business /
[Column] Logistics Initiatives

Special Feature: Opal
Details on strategy and
outlook of NIPPON PAPER
GROUP's Australian
subsidiary

**Green Strategy
and Research &
Development**
Details on NIPPON
PAPER GROUP's
strategy for generating
value from forests,
along with its technolo-
gies and products that
utilize wood resources

Strengthening and Reinforcing Value Creation Ability

- 40 Green Strategy
- 44 Research & Development
- 48 Human Resource Strategy



The Foundations for Sustainable Value Creation

- 52 Directors and Audit & Supervisory Board Members
- 54 Corporate Governance
- 59 Compliance / Occupational Health and Safety
- 60 Message from Outside Directors
- 64 Risk Management
- 65 Product Safety
- 66 Respect for Human Rights
- 68 Nature Conservation
- 74 Procurement
- 75 Stakeholder Engagement



**Nature
Conservation**
Details on NIPPON
PAPER GROUP's
environmental
initiatives

Data Section

- 76 Eleven-year Financial Summary
- 78 Eleven-year ESG Data / Three-year Data by Business
- 80 Company Profile / Investor Information

Business Structure Transformation Promoted by NIPPON PAPER GROUP

Amid persistently declining demand for graphic paper, NIPPON PAPER GROUP has been promoting business structure transformation centered on reorganizing its graphic paper production structure and expanding business in the Daily-Life Products Business and other growth areas. As a result, the ratio of net sales attributable to the Daily-Life Products Business has increased substantially over the last decade. Going forward, the Group will continue to strengthen profitability through business structure transformation, aiming to ensure the achievement of sustainable growth and increased corporate value.

Build a business structure that generates earnings in new growth areas while utilizing existing resources

Accelerate the pace of business structure transformation by simultaneously expanding the Daily-Life Products Business and consolidating production sites of the Graphic Paper Business



Nippon Dynawave Packaging Company, LLC (U.S.) contributes to expansion of the value chain of the liquid packaging carton business and overseas business

1 Business Alliances, M&A

Actively pursue business alliances and M&A to expand overseas business and enhance the value chain

Overseas business expansion

- Acquired Nippon Dynawave Packaging Company, LLC (NDP) of the U.S. (2016)
- Established Opal (Australia) upon transfer of the paperboard business and packaging business from Orora Limited (2020)

Value chain enhancement

- Formed capital business alliance with Shikoku Kakoki Co., Ltd. (2019)
- Acquired a partial equity interest in Elopak ASA (2021)
- Strengthened alliance with Tokushu Tokai Paper Co., Ltd. (2021)

2 Production Capacity Expansion in Growth Areas

Utilize existing resources of the Graphic Paper Business (human resources, pulp and utility supply capacity, supply chains)

Daily-Life Products Business

[Household Paper and Healthcare]

- Crecia-Kasuga (operational launch in 2018)
- Nippon Paper Crecia Miyagi Mill (operational launch in 2024)
- New household paper facility at Nippon Paper Industries Yatsushiro Mill (scheduled to start operations in FY2028/3)

[Opal]

- Wodonga Mill (operational launch in 2023)

Energy Business

- Nippon Paper Ishinomaki Energy Center (operational launch in 2018)
- Yufutsu Energy Center (operational launch in 2023)

3 Reorganization of Graphic Paper Business Production System

Strengthen competitiveness through consolidation of graphic paper production sites. Consolidate into about three sites by FY2029/3

Fixed cost reduction
(FY2022/3–FY2026/3)

Approx. ¥10.0 billion

Production capacity reduction
(FY2022/3–FY2026/3)

Approx. 870,000 tonnes

Production capacity reduction
(FY2026/3 vs. FY2021/3)

Approx. 30%

Paper machine utilization rate

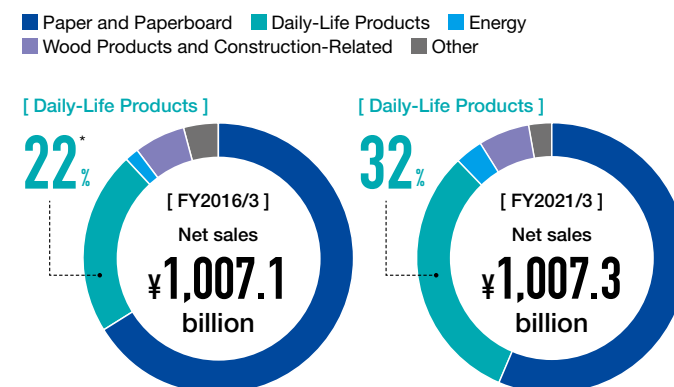
Maintain at around 90%

Transition to a profitable business portfolio by dramatically shifting management resources to the Daily-Life Products Business

Steady progress in expanding net sales of the Daily-Life Products Business
Further strengthen profitability

Shift to a business portfolio that is not reliant on the Paper and Paperboard Business

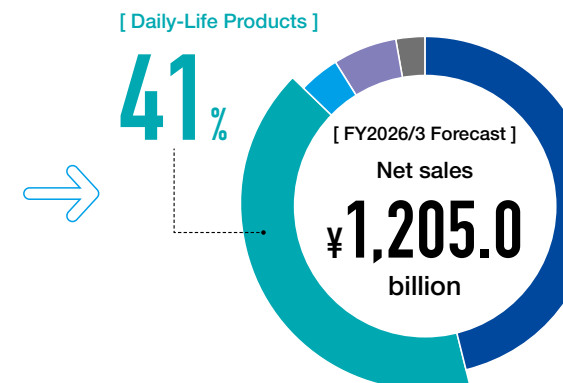
Arrange business alliances and M&A to expand net sales in the Daily-Life Products Business, including overseas



* Figures for FY2016/3 have been restated to reflect the current segment classifications

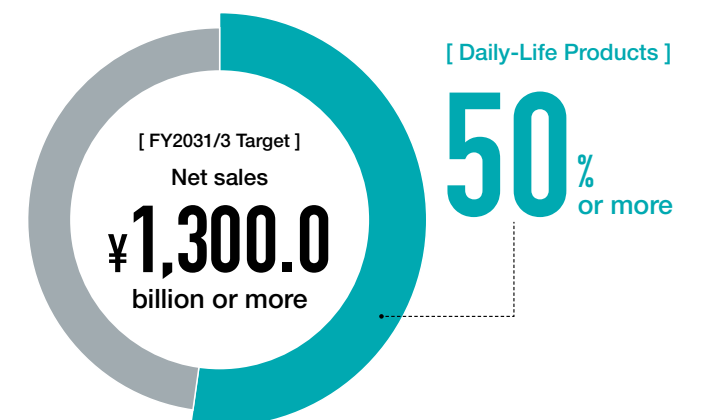
Medium-Term Business Plan 2025 (FY2022/3–FY2026/3)

Accelerate the pace of business structure transformation and focus management resources on growing businesses

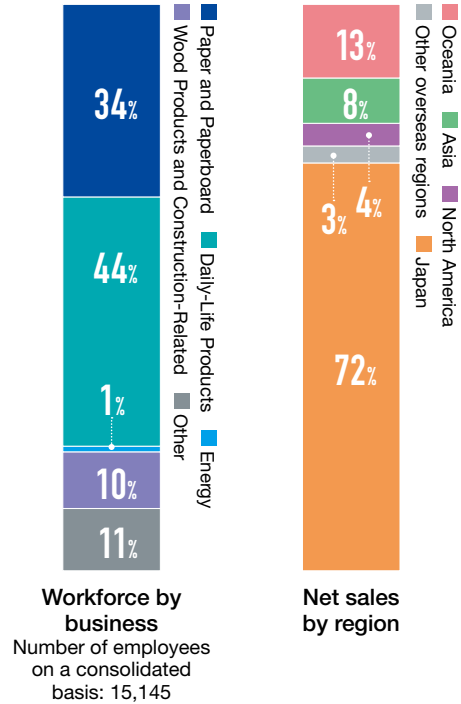
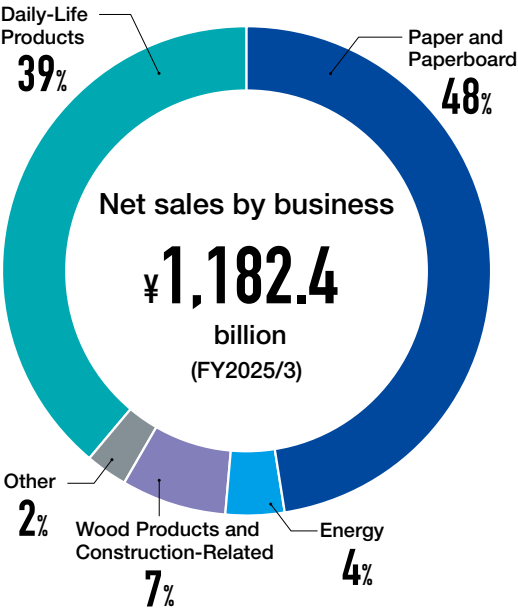


Achieve the 2030VISION

Further expand business domains of growth and new businesses, and realize sustainable growth as a comprehensive biomass company shaping the future with trees



At a Glance



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 the changing times and using the latest, environmentally-friendly manufacturing technologies, offers products with outstanding safety, lamination properties and workability.

FY2025/3	Net sales	¥565.9 billion
	Operating income	¥8.3 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.

FY2025/3	Net sales	¥48.3 billion
	Operating income	¥3.6 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 biomass fuels and other resources. Conducts plantation businesses in Brazil, producing and selling wood chips.

FY2025/3	Net sales	¥78.8 billion
	Operating income	¥9.6 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.

FY2025/3	Net sales	¥31.5 billion
	Operating income	¥4.3 billion



Daily-Life Products Business

[Packaging]

[Japan] Sells high value-added paper cartons using a total system encompassing everything from processing of liquid packaging board to sales and maintenance of filling machines. [Overseas] Produces and processes base paper, etc. for packaging at Opal (Australia) and NDP (North America).

P.34-35 Special Feature: Opal

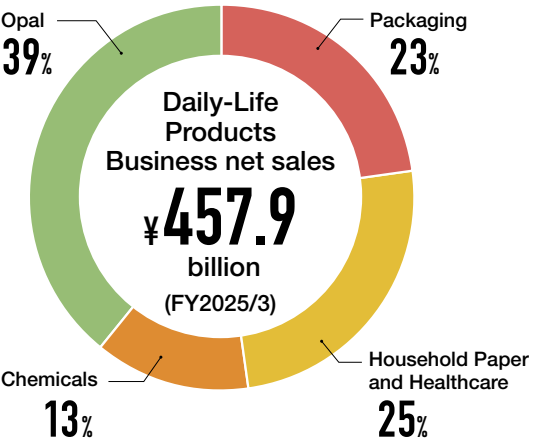
[Household Paper and Healthcare]

Offers a wide variety of products, including household products such as Kleenex® and SCOTTIE® brand facial tissue and toilet paper; healthcare products that meet needs of an aging society such as Poise® brand light incontinence items, as well as industrial and professional products.

[Chemicals]

Provides chemical products used across a wide range of fields, including food and cosmetics, by fully utilizing wood components such as cellulose and lignin. Also handles products that leverage coating technologies.

P.44-47 Research & Development



Differentiated products such as School POP® strawless milk cartons for schools and NSATOM® to accommodate solid and high-viscosity content



"Long-lasting & compact" products that contribute to ease of use and lower environmental impact



Healthcare products using highly effective deodorant sheets made with cellulose nanofiber (CNF)



Cellulose powder made from finely ground pulp



Cellulose nanofiber (CNF) obtained by nano defibration of pulp

FY2025/3	Net sales	¥457.9 billion
	Operating income (loss)	¥(6.1) billion

History of NIPPON PAPER GROUP

[1870s-1980s] From Development and Creation of New Culture to Expanding Applications

Eiichi Shibusawa and partners established Shoshi Kaisha, which contributed to Japan's modernization by meeting surging demand for paper. After World War II, it expanded its business by providing greater awareness of hygiene and comfort in people's daily lives, with products that included facial tissues and liquid packaging cartons.

[1873]
Shoshi Kaisha
established

[1949]
Jujo Paper established

[1990s-2000s] Nippon Paper Industries Established Business Expansion Driven by Mergers

Through mergers and business integration, NIPPON PAPER GROUP became the largest paper company in Japan in terms of production capacity for paper, paperboard and household paper, with net sales topping ¥1 trillion in 1995. Upon establishing the Nippon Unipac Holding Environmental Charter in 2001, it has served as an industry leader in promoting environmental initiatives.

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

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

[2010s] Business Structure Transformation, Accelerating Global Expansion

Since the Great East Japan Earthquake, the Group has worked to expand its Energy Business, including woody biomass power generation. At the same time, it has been responding to declining demand for graphic paper by transforming its business structure to the Daily-Life Products Business and other growing businesses, and by promoting expansion of its overseas business.

[2013]
Nippon Paper Industries and Nippon Paper Group, Inc. merge to form the new Nippon Paper Industries

[2020s] Realizing a Sustainable Society Creating New Value

The Group is accelerating the development of businesses that utilize wood resources to address issues such as climate change and to contribute to the realization of a sustainable society. It also develops and encourages the uptake of new biomass products, and promotes recycling of products.

MESSAGE *from*

Overcoming Crises through Growth and Transformation to Build the Future through New Challenges

Pursuing Business Structure Transformation Amid a Wave of Global Structural Change

Guided by the slogan “Shaping the future with trees,” NIPPON PAPER GROUP has contributed to better living and cultural progress everywhere it does business since its founding, through manufacturing that harnesses the bounties of nature. Looking back, when I was appointed president in 2019, the world was just beginning to undergo major structural changes, including the escalation of the U.S.-China trade war, and political turmoil in Europe as the U.K. moved toward exiting the EU. Amid the ongoing contraction of the graphic paper market, we have pursued business structure transformation as a comprehensive biomass company, specifically by reorganizing the production system of the paper business and expanding business in growth fields.

As these initiatives began to bear fruit and we felt we were finally starting to see a path to growth for the Group as a whole, we were soon confronted with the crisis of the global COVID-19 outbreak in 2020. The movement of people came to a halt, logistics stagnated, and economic activity around the world was brought to a standstill all at once. Under these conditions, our production and sales activities were also significantly impacted.

The most challenging task that I devoted myself to was the difficult balancing act of protecting the health of employees and their families while ensuring business continuity. To maintain operations with only the minimum necessary structure in place, while thoroughly enforcing infection prevention measures, the head office and our mills pooled their knowledge and worked together to revise our business processes. Faced with the need to rapidly introduce entirely new ways of working, we were once again reminded of the critical importance of the ability to adapt to change.

In 2022, Russia's invasion of Ukraine introduced a new geopolitical risk. We faced a series of fresh challenges, including a sharp rise in raw material and fuel prices and supply chain disruptions. In particular, the unprecedented surge in coal procurement costs became a serious issue that affected the very foundation of the Company's management.

A Crisis Is a Catalyst for Transformation Gratitude to Our Employees for Overcoming Challenges

Amid these dramatic shifts in the external environment, I consistently held to the belief that a crisis is a catalyst for transformation. Viewing each crisis as an opportunity for proactive evolution, I made a conscious effort to make bold decisions without missing the right moment. I strongly felt that it was essential to share these values across the entire organization.

However, in practice, implementing transformation was not easy. Achieving the dual goals of maintaining the existing profit structure while nurturing new sources of revenue required bold management decisions and tireless efforts at the frontlines.

Amid a significant decline in demand for paper since the Lehman Brothers bankruptcy, I believed that a shift in mindset was needed in which the sales divisions would take ultimate responsibility for profitability and focus on generating profits. In 2021, I personally took the lead in introducing a policy to shift the profit center of the Paper and Paperboard Business from the mills to the sales divisions.

The sales divisions began to adopt a sense of ownership over their respective mills and paper machines, and they undertook multiple rounds of product price increases. At the same time, reorganization of production systems was implemented at the mills. During the five-year period of the Medium-Term Business Plan 2025, the Group exited the Pulp and Paper Business at the Kushiro Mill in 2021 and shut down the N6 paper machine at the Ishinomaki Mill in 2022. This was followed by the shutdown of the N1 paper machine at the Akita Mill in 2023. In FY2026/3, we plan to shut down certain production facilities at the Shiraoi Mill and the Yatsushiro Mill. Although the household paper business will be newly launched at the Ishinomaki Mill and the Yatsushiro Mill, the decision to shut down paper machines was a painful one. It imposed great hardship on our employees and caused deep concern in the local communities. We are sincerely grateful for everyone's understanding and cooperation.

Meanwhile, in the Daily-Life Products Business, we took various initiatives such as the acquisition of the liquid packaging board business in North America in 2016, the acquisition of the paperboard package business in Australia, and the

THE CHAIRMAN



TORU
NOZAWA

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

strengthening of our partnership with Tokushu Tokai Paper Co., Ltd. We also advanced many growth strategies, including making capital investments across our Packaging, Household Paper and Healthcare, and Chemical Businesses.

Although the past six years saw the Group caught in a period of turbulence, operating income in its domestic business surpassed ¥30.0 billion for two consecutive years, and we believe our business performance is clearly on a recovery track.

True Corporate Competitiveness Lies in People Support for New Management Will Be Continued

While markets and technologies are constantly evolving, the true source of strength for adapting to change and moving forward lies in the mindset and actions of each individual employee. Transformation is not the responsibility of management alone; it must also be driven by every employee on the frontline. Only when management and frontline employees work together as one can the organization realize its true strength.

I have handed over the baton of the presidency to Mr. Akira Sebe. A wood specialist with deep expertise in raw materials, Mr. Sebe has a strong grasp of both the Company's strengths and challenges. He is also a hands-on leader with an exceptional ability to engage people on the frontlines. Going forward, I believe it will be essential for Nippon Paper Industries to integrate forest resources, its key strength, into its growth strategies, and I have high expectations for Mr. Sebe in this regard as well.

As chairman, I will serve as the chair of the Board of Directors. With an eye on the medium- and long-term direction of the Group's overall management, I will focus on strengthening the governance system, nurturing future leaders, and recruiting and retaining human resources. I sincerely ask for your continued understanding and support for NIPPON PAPER GROUP.

Toru Nozawa

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

MESSAGE *from*



THE PRESIDENT

Becoming a Corporate Group Permanently Needed by Society as a Comprehensive Biomass Company

A Sense of Challenge and Purpose in Leading Transformation at This Critical Juncture Leveraging Knowledge and Experience Gained in Raw Materials Divisions

In June 2025, I was appointed President and Representative Director of Nippon Paper Industries Co., Ltd. I believe that NIPPON PAPER GROUP is now at the greatest turning point in its more than 150-year long history. While I fully recognize the weighty responsibility of leading the Group through this period, I also feel a deep sense of challenge and strong purpose in being part of this pivotal moment and driving transformation forward.

I studied forestry at university. Since joining the Company in 1988, I have built my career primarily in raw materials divisions. I have gained knowledge and experience while working on a variety of themes through raw materials with many people both within and outside the Group, including the stable procurement of raw materials, cost improvement, product quality enhancement, production system revisions, reduction of greenhouse gas (GHG) emissions, and the promotion of recycling. This knowledge and experience now form the foundation of my management perspective. In particular, through years of involvement in forest management and the procurement of woody materials both in Japan and overseas since joining the Company, I have come to deeply appreciate the importance of forest resources and their supply chains, as well as their close connection to the Group's circulation-oriented business model. I believe that the value chain we have cultivated over our long history is the cornerstone of our business, and one of the Group's core assets.

Leveraging this background, I would like to further expand the Group's business, which is based on the broad utilization of forest resources, and drive its continued growth as a comprehensive biomass company shaping the future with trees.

Valuing the Group Mission as a Guiding Principle for Management Making Business Structure Transformation Faster, Broader in Scope, and More Certain

As we launch the new management team, our foremost guiding principle is to value the NIPPON PAPER GROUP Mission as the foundation for management. Our Group Mission is stated as follows: NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does

business. In addition, to realize this Mission, we have established a four-part Vision: Drive social sustainability through our business, Delight our customers, Instill pride in employees, and Give back to society. Furthermore, we have identified three Values as standards we will emphasize to guide our decisions and actions in achieving the Mission. The three Values are Challenge, Fairness, and Teamwork.

Our Mission to contribute to better living and cultural progress is broad and comprehensive. The Mission is embodied in the four-part Vision, which gives it concrete form. The three Values represent the spirit with which we put the Mission and Vision into practice. Even as we must flexibly transform our activities in a rapidly changing business environment, we must also reaffirm, preserve and share these principles, objectives and standards of judgment as unchanging universal themes within the Group. I am determined to further cultivate a culture in which every individual keeps them in mind as they carry out their daily work.

Building on this foundation, the new management team will continue to accelerate business structure transformation, a key theme for the Group, as its core policy. As demand for graphic paper continues to decline due to factors such as advances in digitalization, the Group has been pursuing business structure transformation by shifting its focus to growth fields centered on the Daily-Life Products Business (including the Packaging Business, Household Paper and Healthcare Business, and Chemical Business). This transformation has made steady progress, with net sales in the Daily-Life Products Business more than doubling over the past 10 years and now accounting for roughly 40% of total net sales. On the other hand, we still have many issues to address, including maintaining the competitiveness of the Graphic Paper Business and further strengthening the profitability of growth fields. In light of this situation, we will keep the Group Mission firmly in mind as we aim to make business structure transformation faster, broader in scope, and more certain.

Overcoming the Crisis through the Actions of Every Employee Redoubling Efforts toward Achieving the Targets of the Medium-Term Business Plan 2025

Looking back on the progress of the Medium-Term Business Plan 2025, which began in FY2022/3 and ends in FY2026/3,

the Group faced an extremely challenging external environment during the first half of the plan. These challenges included sluggish demand due to the COVID-19 pandemic and an unprecedented surge in raw material and fuel prices. In FY2023/3, the Group recorded its first operating loss since listing. The atmosphere within the Group was heavy, and it was an exceptionally difficult period. However, through a concerted Group-wide effort focused on cost reductions and price revisions, we managed to return to profitability in FY2024/3. All Group employees shared a strong sense of urgency, and everyone took personal ownership of the situation, taking concrete action to help overcome the crisis. These efforts included a significant reduction in coal usage, reductions in fixed costs and various other expenses, and multiple price increases on major products, something that had not been achieved for many years. It was this collective resolve and action that enabled the Group to emerge from adversity.

In FY2025/3, as a result of these initiatives, the domestic business achieved operating income of over ¥30.0 billion for the second consecutive year, remaining on track with the Medium-Term Business Plan 2025. Although rebuilding Opal in Australia remains a major challenge, the overseas business, which was previously a drag on earnings recovery, secured overall profitability in the second half and is showing general improvement. In FY2026/3, the final year of the Medium-Term Business Plan 2025, we aim to further accelerate these efforts and achieve the plan's targets.

In the Medium-Term Business Plan 2025, the Group has set the following KPIs: net sales of ¥1,200.0 billion or more, operating income of ¥40.0 billion or more, EBITDA of ¥100.0 billion, and ROE of 5% or more, and a net D/E ratio of 1.7–1.79 times. In comparison, the earnings forecasts for FY2026/3 projects operating income of ¥34.0 billion and ROE of 2–3%, falling short of the profitability targets outlined in the Medium-Term Business Plan 2025. The Group is currently working to increase earnings to improve these figures.

In the Paper and Paperboard Business, the Group will first pursue further cost improvements through stable operations. Regarding the reorganization of the production system for graphic paper, we will shut down one paper machine each at the Shiraai Mill and the Yatsushiro Mill in FY2026/3, as planned, and maintain an overall utilization rate of 90% or more. As a result, the production capacity for graphic paper is expected to be reduced by a total of 870,000 tonnes, or approximately 30% over the five-year period of the Medium-Term Business Plan 2025.

In the Daily-Life Products Business (including the Packaging Business, Household Paper and Healthcare Business, and Chemical Business), we will step up efforts to capture greater domestic market share through a differentiation strategy and to drive overseas sales growth through collaboration with global partners. To achieve these goals, we will strengthen our monitoring framework for the strategic investments made during the period of the Medium-Term Business Plan 2025 and strive to fully maximize the effects of these investments, including the paper machine for household paper installed in Ishinomaki and the expanded functional cellulose production facilities in the Gotsu Mill and a new plant in Hungary.

We will also accelerate our efforts in FY2026/3 to rebuild Opal, which remains a key priority. At the Maryvale Mill, more than two years have passed since Opal withdrew from the graphic paper business due to an unexpected end of eucalyptus wood supply at the end of 2022. Since then, Opal has steadily implemented measures such as reducing fixed costs primarily through workforce optimization and establishing a production system focused on base paper for packaging (the optimization of pulp production facilities). These efforts have gradually produced tangible results, with operating losses shrinking each fiscal year. In FY2026/3, Opal will further strengthen these measures to make further improvements at the Maryvale Mill. Meanwhile, in the packaging business, Opal promoted measures such as the construction of a new corrugated box plant, the upgrading of aging converting machines,

and the rationalization of production sites, leading to a dramatic improvement in productivity. Going forward, Opal will leverage these efforts to increase sales of packaging products, including corrugated boxes. Measures will be implemented without interruption to ensure that a profitable structure is established for Opal as a whole during FY2026/3.

Furthermore, with the understanding of our customers, we plan to properly reflect in selling prices those cost increases that cannot be absorbed despite our best efforts at cost reduction. In particular, these include higher labor and logistics costs. This applies to all our products both in Japan and overseas. We recognize that securing appropriate pricing is critically important to ensuring a stable supply of products.

Drawing on our experience of overcoming the crisis through the efforts of all Group members, we will steadily implement initiatives to increase earnings and make every effort to achieve the FY2026/3 targets of the Medium-Term Business Plan 2025.

Generating Stable Profits through a Circulation-Oriented Business Chain
Envisioning Future Business Domains with a Focus on the Younger Generation

We are currently formulating a new long-term vision and medium-term business plan that will begin in FY2027/3. Looking at social conditions in the future, the business environment is expected to undergo increasingly significant changes, including intensified climate change, population decline and labor shortages in Japan, global population growth, advances in green transformation (GX) and digital transformation (DX) to address these issues, as well as continued conflicts and rising geopolitical risks around the world. In anticipation of these changes, we will re-examine the Group's vision from the perspectives of both contributing to the solution of social issues and achieving sustainable growth as a company.

We view each of the Group's businesses as part of a circulation-oriented business chain and aim to become a corporate group that can generate stable profits by offering a wide range of products and services both in Japan and overseas amid changes in social conditions. Starting from forest resources, the Group's businesses span upstream operations directly related to forests and wood; midstream operations such as the Paper and Paperboard Business, the Chemical and Biomass Material Business, and the Energy Business; and downstream operations that are closer to consumers, including the Packaging Business and the Household Paper and Healthcare Business. In addition, the Group has businesses that cut across these areas, such as distribution, logistics, engineering, real estate, and leisure. We will reclarify the overall structure of this business chain from upstream to downstream operations, organize our strengths and weaknesses, and outline the specific areas we will grow and the directions for growth in each area in the next long-term vision and medium-term business plan. By mapping out the full picture of our business once again, we also hope to enable each employee to clearly understand where they stand within the Group and what roles they are expected to fulfill.

In our review process, in addition to using forecasts, we have also incorporated a backcasting approach that envisions



the future state of society in 2050, considering factors such as demographics, food supply conditions, and global environmental issues. Based on this perspective, we are exploring which business domains to expand into over the next 5 to 10 years, with the younger generation playing a central role in this process, and how these efforts can contribute to the Group's growth. Currently, we are focusing on fields such as agriculture, forestry, and fisheries, food and water, civil engineering and construction, mobility, energy, personal care, and culture and education. We invite you to look forward to our new long-term vision and medium-term business plan.

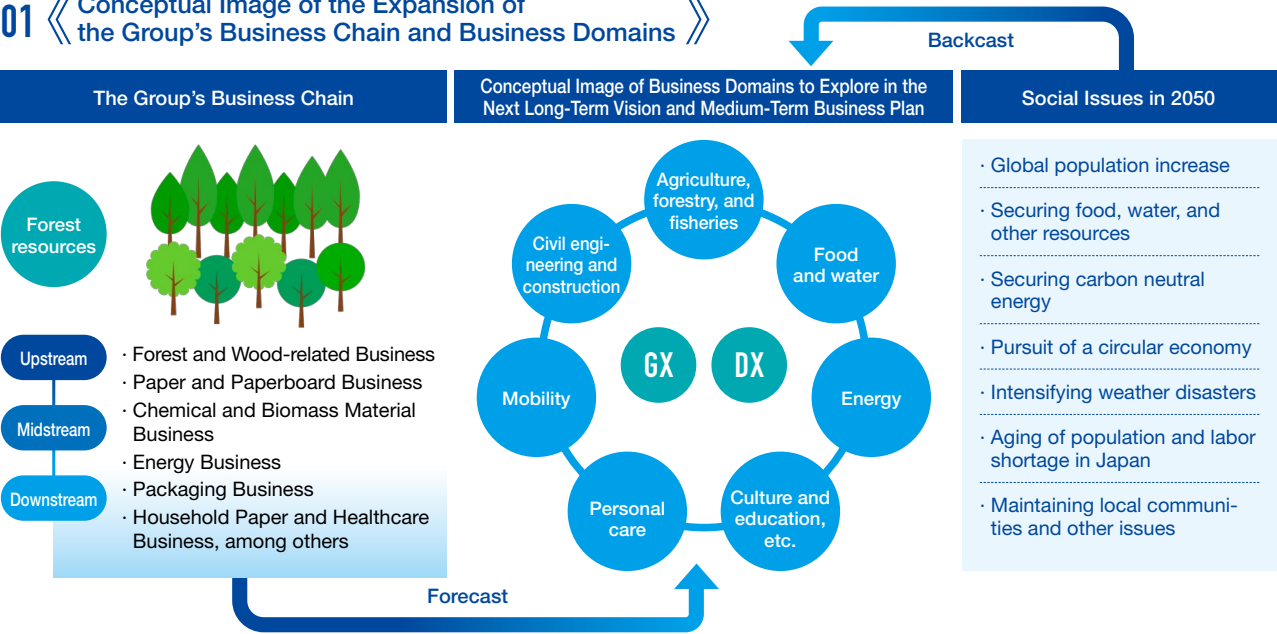
Strengthening the Financial Base by Generating Steady Earnings
Aiming to Enhance Return on Capital by Introducing Management Indicators

As we examine the new long-term vision and medium-term business plan, I would like to touch on the areas I personally consider to be priorities. The first is to improve profitability and strengthen the financial base of the entire Group. In recent years, discussions around our stock price and PBR have highlighted concerns about the Group's low return on capital and weak financial base. I recognize these as critical issues that go to the heart of management. To improve the situation, while advancing the business structure transformation, we must more efficiently generate profits in growth fields centered on the Daily-Life Products Business. Concurrently, we must also maintain competitiveness in the Paper and Paperboard Business.

In the Paper and Paperboard Business, we will promote stable operations, cost improvements, securing appropriate pricing, and the reorganization of production systems. In growth fields, in addition to these efforts, it is important to further expand sales both in Japan and overseas, and to ensure that the effects of past capital investments materialize.

With regard to improving return on capital, we introduced ROIC management by company and ROA management by business on a trial basis in FY2026/3. KPIs linked to improving return on capital were established for each company and business, and progress on these KPIs will be reported to the Board of Directors every quarter. The hurdle rate used in investment decisions has also been revised to reflect the cost of capital, and stricter deliberations are now being conducted. In addition,

01 Conceptual Image of the Expansion of the Group's Business Chain and Business Domains



the Group has launched the policy of total abolition, in principle for cross-shareholdings. We will further streamline our assets and accelerate initiatives to increase asset and capital efficiency. We are firmly committed to establishing a virtuous cycle in which we generate stable profits, strengthen the balance sheet, and lay the foundation for further growth investments.

**Steadily Advance Human Capital-related Reforms
Further Strengthen Group Collaboration**

The second priority is addressing human capital-related issues, such as labor shortages and improving employee engagement, while strengthening the Group's organizational capabilities. Labor shortages have been raised as a risk across the Group. While some parts of the organization have already begun considering and implementing countermeasures, this issue is especially critical and urgent for the Group, which has many shift-based worksites. In addition to promoting labor-saving and automation initiatives through DX and other means, we must identify and address issues related to securing personnel, as well as undertake system reforms that include operational processes and work styles. Although this is not a problem that can be solved in one step, we will engage in thorough discussions and move forward with a well-planned approach.

At the same time, improving the engagement of all employees working in the Group is also important. As mentioned at the beginning, the Group has a four-part Vision. I believe the four parts of the Vision are interrelated and mutually reinforcing. In particular, if we can realize the third part, "Instill pride in employees," this will support the achievement of the other three parts of the Vision and generate a virtuous cycle that further enhances employee engagement. For this, it is essential that we remain a corporate group capable of generating stable profits and that we foster an environment where each employee finds their work rewarding as they strive toward common goals. Meanwhile, as individual circumstances and values continue to diversify, uniform measures alone will no longer suffice. While listening closely to employees, we intend to move forward one step at a time, including through reforms to our organizational culture.

Furthermore, we will work to further strengthen Group collaboration. Looking back over the past few years, following the unprecedented surge in raw material and fuel prices, we were able to share a sense of urgency and common goals Group-wide. As a result, Group collaboration significantly advanced, including expanding the flexible supply of pulp among sites and joint efforts in product sales. I believe that improved communication within the Group has become one of our key strengths. Moving forward, we will continue to work together to enhance Group-wide profitability and strengthen our financial base, while addressing shared challenges such as labor shortages and improving employee engagement. We will further strengthen activities from a Group-wide perspective.

**Promoting Our Green Strategy While Preserving
the Culture of Paper
Aiming to Build a Circulation-oriented Society
and Achieve Corporate Growth**

Under the new long-term vision and medium-term business plan, the Group will continue striving to contribute to the

building of a circulation-oriented society and to achieving sustainable growth as a company. Although there have been some signs of reversion, the global trend toward decarbonization is expected to continue over the long term as the collective will of society. In this context, we believe that the Group's business model, which is based on the expansive use of forest resources, offers significant advantages.

We aim to reduce GHG emissions generated in the production process by the entire Group (Scope 1 and 2) by 54% by FY2031/3, compared to FY2014/3 levels. As of FY2025/3, emissions have been reduced by 41%, and progress is generally in line with the plan. In addition to Company-wide energy-saving efforts and a conversion to alternative fuels to reduce coal usage, the Yatsushiro Mill plans to achieve zero coal use by shutting down its main coal boiler in FY2026/3 in conjunction with shutting down the N2 paper machine. At the Ishinomaki Mill, the Group also plans to drastically reduce GHG emissions by introducing a high-efficiency black liquor recovery boiler in FY2029/3, supported by subsidies funded through GX Economic Transition Bonds. Through these initiatives, the Group aims to steadily achieve its FY2031/3 target and pursue further reductions toward 2035.

I believe that paper is an essential item for realizing our Mission to "contribute to better living and cultural progress everywhere the Group does business." Even as digitalization continues to advance, I am confident that recyclable paper materials made from renewable forest resources as raw materials can contribute to building a circulation-oriented society and cultural progress. As we work to maintain the competitiveness of graphic paper and reduce GHG emissions in the production process, we remain committed to preserving and passing down the culture of paper.

Alongside these efforts, we will focus on expanding the Forest and Wood Business and Biomass Material Business as part of our Green Strategy. The Group has long used domestic wood as a primary raw material. Japan's forestry industry, the foundation of this supply, faces numerous challenges, including labor shortages and low productivity. We will work to ensure the stable procurement of raw materials and expand the domestic wood distribution business by supporting the revitalization of a healthy forestry industry through "logging, using, planting, and nurturing" woods. This will involve efforts including the supply of elite tree seedlings and the introduction of advanced timber harvesting technology. Furthermore, using domestic wood as a raw material, we plan to broaden our



Biomass Material Business beyond paper products to include cellulose nanofiber, bioethanol, feed (Genki Morimori™), and construction and civil engineering materials.

Overseas, we will expand the plantation business by harnessing one of the Company's key strengths: breeding and propagation technologies. At AMCEL in Brazil, we aim to improve CO₂ fixation efficiency by more than 30% by FY2031/3 compared to FY2014/3 levels, and as of FY2025/3, we have achieved a 23.9% improvement. By enhancing productivity, we will work to grow earnings from the plantation business. Looking ahead, we are considering carbon credit projects and developing and utilizing optimal clones for intended applications. By preserving and growing healthy forests and fully utilizing the wood produced from them, we aim to contribute to building a circulation-oriented society and achieving sustainable growth as a company.

**Discussions with a Healthy Sense of Tension
through Strengthened Governance
Aiming for Highly Transparent and Agile
Management**

I feel that we have made steady progress in strengthening governance. In the past few years, frank and open opinions have become more common in discussions in the Management Executive Committee and the Group Management Strategy Committee, both of which are attended by executive officers. Even for large-scale investment projects and the like, in-depth discussions are being held on risk scenarios and how to deal with them. Outside directors also participate in the Group Management Strategy Committee and the monthly Management Executive Committee meetings, among other forums. When necessary, they receive multiple briefings from the relevant divisions, to gain a thorough understanding of the executive team's considerations and the issues at hand. They then attend Board of Directors meetings fully informed and do not hesitate to offer pointed or critical observations. I believe that these forums, managed with high transparency, are fostering discussions marked by a healthy sense of tension.

The Company's management structure consists of four representative directors: the chairman, president, and two executive vice presidents. The chairman, who also serves as the chair of the Board of Directors, is responsible for reinforcing the Group's overall structure, including strengthening governance, and securing and nurturing human resources over the medium to long term. The president, as the CEO, is responsible for overall business execution, but does not handle all issues alone. Instead, certain authority is delegated to the executive vice presidents. While supporting the president, the two executive vice presidents oversee the Biomass Material Business and the Packaging Business, respectively. By clearly defining roles within the management team, we are committed to ensuring close communication and highly transparent decision-making, thereby realizing agile management. Under a sound governance framework, we aim to enhance sustainable corporate value.



**Each Group Employee is a Key Player in
Transformation
Shaping the Future by Uniting the Strength of
All Employees**

I would now like to summarize what I have discussed so far in terms of the three Values the Group emphasizes: Challenge, Fairness, and Teamwork. I believe that Challenge reflects our unwavering determination to achieve the major goal of business structure transformation; Fairness reflects our sincere commitment to legal compliance, safety first, respect for human rights, and earning the trust of all stakeholders; and Teamwork reflects the strength of our organizational capabilities and Group collaboration in pursuit of our goals.

The Group is now undergoing a transformation at a critical turning point. I am determined to embody the spirit of Challenge, Fairness, and Teamwork, take the lead, and do my utmost to drive transformation. However, a company's transformation cannot be achieved by the president alone. I have always believed that the key players in transformation are all of our colleagues working in the Group. It is more important than ever that every employee take ownership, maintain a strong sense of participation, and take concrete action.

To become a corporate group permanently needed by society as a comprehensive biomass company and meet the expectations of all stakeholders, we will unite the strength of all employees to shape the future for NIPPON PAPER GROUP.

A handwritten signature in black ink, appearing to read 'A. Sebe'.

Akira Sebe
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

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 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.”

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

Medium- to long-term opportunities	- Population increase and economic growth in developing countries - Mainstreaming of nature-positive economies	- Shift to carbon neutral and circulation-oriented societies - Increasing awareness of environmental conservation and hygiene	Medium- to long-term risks	- Declining labor force (Japan) - Increase in natural disasters, infectious diseases, etc.	- Supply chain disruption due to geopolitical risks - Rapidly changing market needs and structure
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Financial Capital P.28-31
Consolidated total assets ¥1,703.3 billion
EBITDA ¥90.7 billion

Natural Capital P.40-43
P.68-73
Managed forest area Approx. 160,000 hectares

Human Capital P.48-51
Number of employees 15,145

Intellectual Capital P.44-47
Research and development expenses ¥5.3 billion
Patents held 2,289

Manufactured Capital P.34-35
P.39
Number of Group companies 154
Capital investment ¥52.4 billion

Social and Relationship Capital P.75
Collaboration with a wide array of partners

Cultivating and sourcing forest resources in Japan and overseas

Sustainable forest management and wood resources productivity enhancement

- Company-owned forests in Japan and overseas plantations
- Mechanization and automation technologies
- Breeding, propagation and plantation technologies

Wood materials supply chain enhancement, along with Wood Products and Construction-Related Business expansion

Procurement network

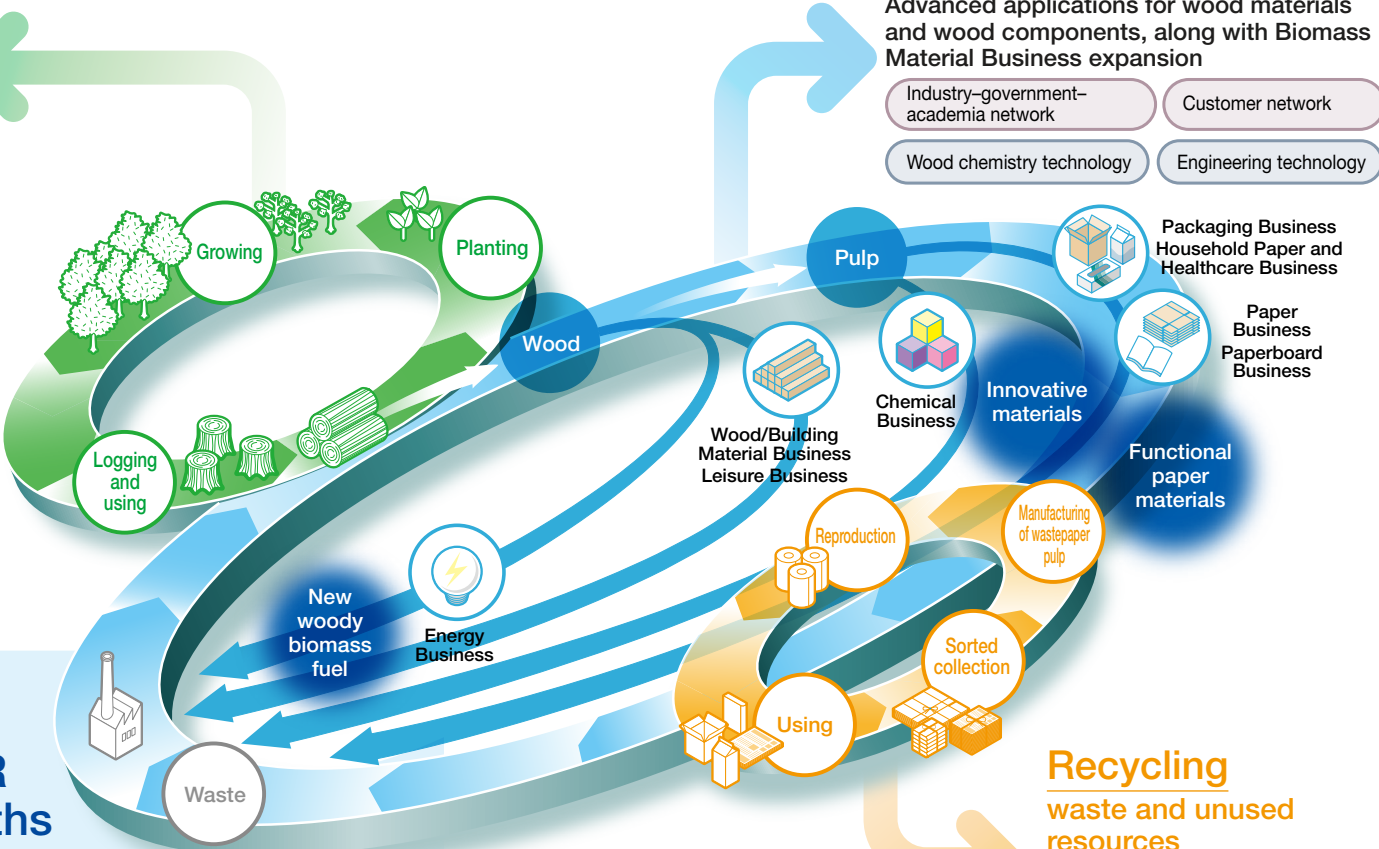
STRONG POINT
NIPPON PAPER GROUP Strengths

Forest resources

Technologies

Networks

Human capital for value creation



Creating added value through proprietary technologies and co-creation

Advanced applications for wood materials and wood components, along with Biomass Material Business expansion

- Industry-government-academia network
- Customer network
- Wood chemistry technology
- Engineering technology

2030VISION

Economic value

[Net sales]
¥1,300.0 billion

— Of which, Daily-Life Products Business: 50% or more

— New businesses: ¥65.0 billion

— Overseas sales ratio: 30% or more

[Operating income margin in the Daily-Life Products Business]
7% or more

[ROE]
8.0% or more

Social value

- 54% reduction in GHG emissions (Scope 1+2) (vs. FY2014/3)
- Expand biomass materials and products
- Promotion of recycling of resources
- Reduction of environmental burden
- Preservation of biodiversity
- Enhancement of employee engagement, including promotion of diversity

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

Realizing sustainable growth of NIPPON PAPER GROUP

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

Materiality to realize the Vision in the Group Mission

P.24-27

Important Management Resources

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

Financial Capital Financial base supporting business Inputs Consolidated total assets (as of March 31, 2025) ¥1,703.3 billion EBITDA (FY2025/3) ¥90.7 billion Characteristics and strengths - Steady progress in business structure transformation Initiatives - Profitability improvement through business structure transformation - Reduction of interest-bearing debt - Strengthening of investment discipline Related content P.28–31 Message from the Executive Officer Responsible for Finance	Natural Capital Sustainable forest management and consideration for the environment Inputs Managed forest area (about 2.5 times the area of Tokyo's 23 wards) Approx. 160,000 hectares Acquisition rate of forestry certification for company-managed forests 100% Characteristics and strengths - Unique breeding and propagation technologies, as well as fields leveraging the aforementioned technologies - Solid supply chain - Company-owned forests with public interest functions Initiatives - Support for revitalization of the forestry industry in Japan - Expansion of domestic wood business and overseas plantation business - Promotion of environmental management Related content P.40–43 Green Strategy P.68–73 Nature Conservation	Human Capital Diverse human resources who create value Inputs Number of employees (as of March 31, 2025) 15,145 Characteristics and strengths - Fusion of human resources from diverse backgrounds after merger and integration Initiatives - Review of system reforms to secure personnel - Enhancement of personnel systems for recruitment, development, retention, and optimal allocation - Measures to improve employee engagement Related content P.48–51 Human Resource Strategy	Intellectual Capital Technologies that support the utilization of wood resources Inputs Research and development expenses (FY2025/3) ¥5.3 billion Patents held (as of March 31, 2025) 2,289 Characteristics and strengths - Accumulation and application of a wide range of technologies - Internal and external collaboration in R&D - Technological capabilities to tackle social issues Initiatives - Strengthening of collaboration within the Group - Expansion and enhancement of external networks - Rapid commercialization of R&D projects - Intellectual property protection and infringement prevention Related content P.44–47 Research & Development	Manufactured Capital Production facilities and sites to create diverse products Inputs Number of Group companies (as of March 31, 2025) 154 Capital investment (FY2025/3) ¥52.4 billion Characteristics and strengths - Diverse production sites - Environmentally-friendly production and transportation systems - Shared Group human resources and know-how Initiatives - Use of sites close to points of consumption - Elevation of know-how by deploying information laterally across production sites - Saving labor, promoting digital transformation, and streamlining logistics Related content P.34–35 Special Feature: Opal P.39 Logistics Initiatives	Social and Relationship Capital Collaboration with a wide array of partners Inputs Relationships with stakeholders, including customers, business partners, employees, local communities and governments, shareholders and investors Characteristics and strengths - Partnerships with diverse stakeholders across industry, government and academia - Relationships with local communities at each business site Initiatives - Strengthening relationships with respective stakeholders through business activities - Communication through public relations activities and information disclosure Related content P.75 Stakeholder Engagement
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Value Created by the Three Circulations

NIPPON PAPER GROUP pursues sustainability with respect to both society and the Group by developing its business based on its Three Circulations business model in collaboration with local communities in Japan and overseas. In addition to strengthening its Forest and Wood Business, the Group also aims to further enhance corporate value and realize a sustainable society by developing innovative biomass materials, expanding such businesses, and upgrading its recycling technologies.

Circulation of Forest Resources

Maximization of forest value through sustainable forest management

The Group is working to expand its Wood Products and Construction-Related Business both in Japan and overseas by advancing its Green Strategy focused on enhancing the value of forest resources and expanding its biomass product portfolio. As a result of these efforts, the business has achieved roughly 4.5-fold growth in operating income over the last decade.

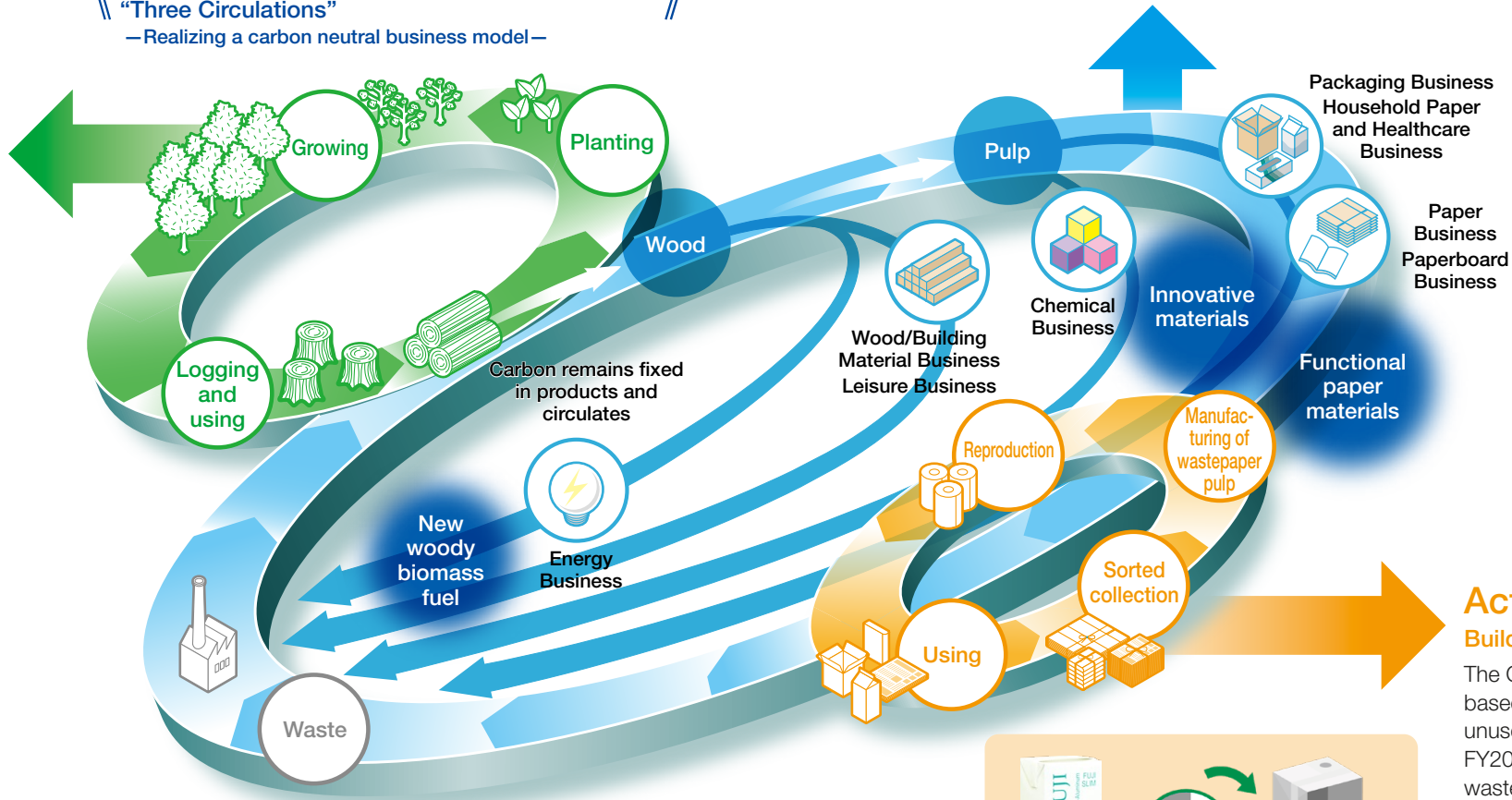
In seeking to further expand this highly profitable business segment, the Group is supporting the forestry industry in Japan by leveraging Company strengths that include one of Japan's largest domestic wood supply chains and its seedling production technologies. These efforts facilitate stable procurement of domestic raw materials and expansion of domestic wood distribution business. The Group also plans to further increase its proportion of domestically sourced wood and broadly utilize the harvested timber in its biomass materials business.

In the overseas plantation business, the Group will enhance its competitiveness in global markets by shortening the selection period for superior trees and increasing forest productivity (increasing CO₂ fixation efficiency) using proprietary breeding and proliferation technologies. In Brazil, forest productivity at plantations has improved 23.9% relative to 2013 levels. In addition, the Group aims to create new revenue streams by providing technical assistance to plantations of other companies and developing its carbon credit business.

P.36-39 Strategy by Business P.40-43 Green Strategy
P.75 Stakeholder Engagement



《NIPPON PAPER GROUP's Business Development as a Comprehensive Biomass Company "Three Circulations"》
—Realizing a carbon neutral business model—



Circulation of Wood Resources

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

The Group is transforming its business structure centered on growth of the Daily-Life Products Business, which encompasses the Chemical, Packaging, and Household Paper and Healthcare businesses. The Daily-Life Products Business accounted for 22% of net sales in FY2016/3, with that proportion expected to increase to 41% in FY2026/3. The Group is making steady progress along its growth trajectory outlined in its 2030VISION in aiming to achieve an operating income margin of 7% or more in the Daily-Life Products Business.

It has achieved ¥20.0 billion in net sales of biomass materials by supplying wood-derived products, including dissolving pulp and functional cellulose, concrete admixture, and cattle feed, across various fields such as food,

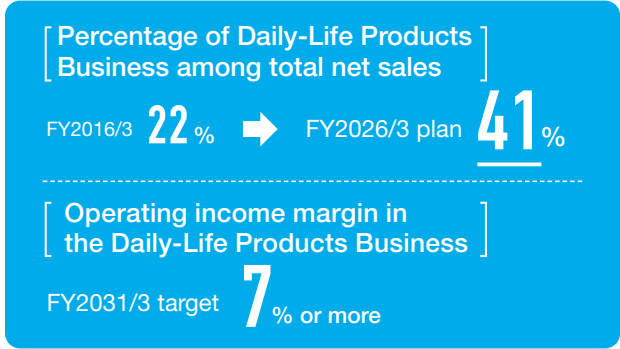


Cattle feed "Genki Morimori" Bioethanol

cosmetics, and civil engineering, leveraging its wood chemistry technologies that make extensive use of cellulose and other such wood components, along with networks both within and outside the Group.

Going forward, the Group will persist with its aim of establishing a stable earnings base and achieving sustainable growth. To such ends, it will recognize societal imperatives such as more stringent environmental regulations and the transition to a carbon neutral society as growth opportunities, while also advancing the development and commercialization of innovative biomass materials, including bioethanol used as a feedstock for sustainable aviation fuel (SAF) and bio-chemicals.

P.36-39 Strategy by Business P.44-47 Research & Development
P.75 Stakeholder Engagement



Active Product Recycling

Building a circulation-oriented society through recycling

The Group harnesses recycling technologies to repurpose used paper-based food containers that were previously discarded and other such unused, difficult-to-treat wastepaper as raw materials for paper. In FY2025/3, the Group used 11,908 tonnes of unused, difficult-to-treat wastepaper, contributing to both waste reduction and more effective resource utilization, while also helping to reduce environmental burden.

In collaboration with its business partners, the Group is also advancing closed-loop recycling of wastepaper and enhancing stable raw material procurement systems. Furthermore, it is focusing on development of recyclable, environmentally-friendly products with its sights set on opportunities due to heightened awareness of environmental conservation and the shift toward a circulation-oriented society.

Released in 2014, Non-Aluminum FUJIPAK paper cartons enable long-term storage of beverages at room temperature without the use of aluminum foil. These paper cartons contribute to further improvement of recovery rates because they can be collected through the same recovery routes as conventional gable-top paper cartons.

Going forward, the Group aims to strengthen its competitiveness through consistent use of various resources, while building new recycling businesses by harnessing unused, difficult-to-treat wastepaper and providing environmentally-friendly products.



P.68-73 Nature Conservation P.75 Stakeholder Engagement

Important Issues (Materiality) to Realize the Group Mission

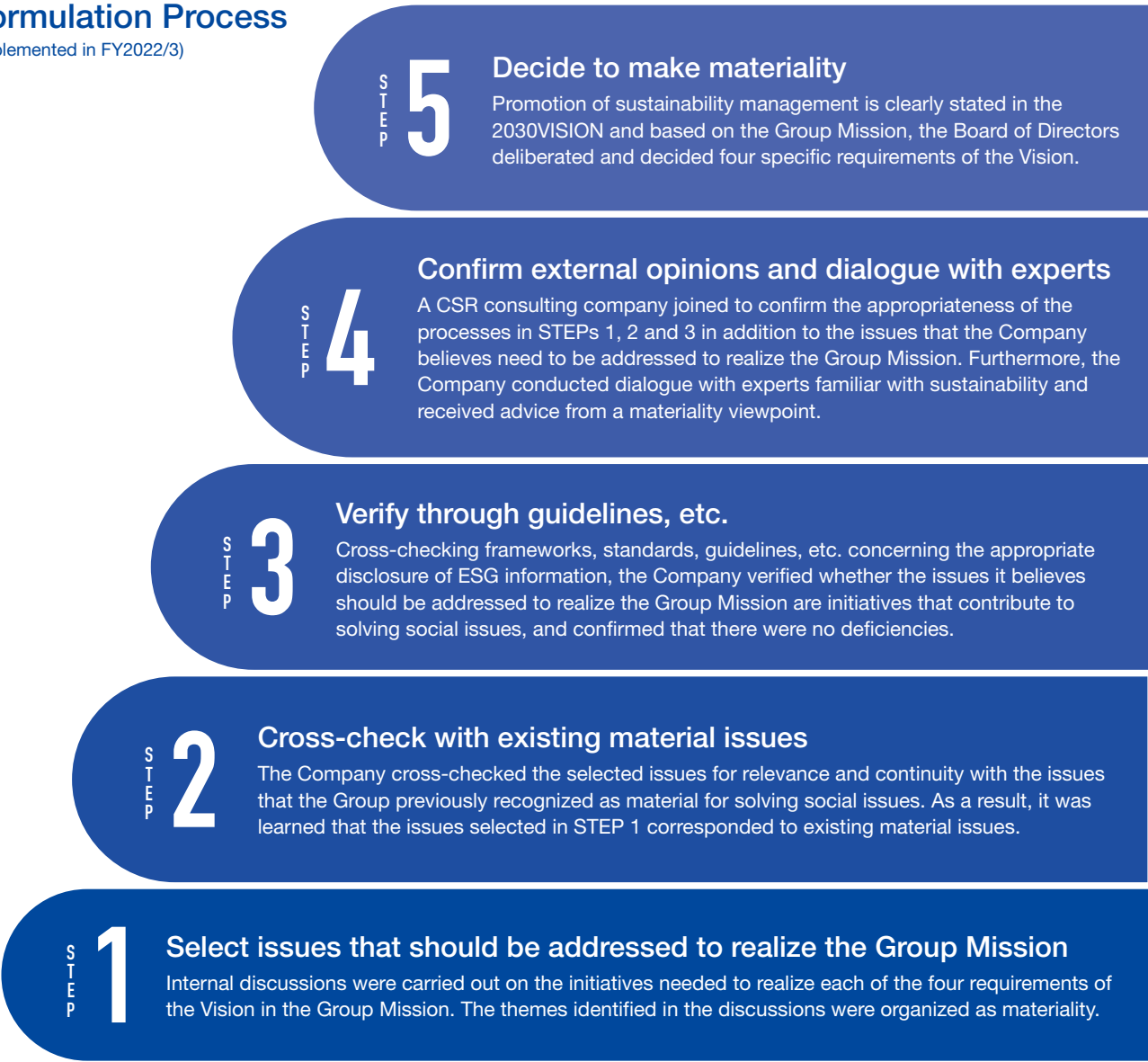
NIPPON PAPER GROUP has clearly identified material issues in order to meet the four requirements of its Vision included in the Group Mission, as it addresses changes in the surrounding environment and is also promoting sustainability management in which it pursues social and environmental sustainability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

Mission

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

Vision	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
	1 Drive social sustainability through our business	Achieve the following through the value chain: ◆ Response to climate change ◆ Utilization of sustainable forest resources ◆ Preservation of biodiversity ◆ Reduction of environmental burden ◆ Promotion of resource circulation ◆ Respect for human rights	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.” 
	2 Delight our customers	◆ Response to changes in the social environment (consideration for the environment, healthcare, etc.) ◆ Stable supply of products, enhanced safety	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. 
	3 Instill pride in employees	◆ Realization of diverse work styles ◆ Active participation of diverse human resources ◆ Promotion of occupational health and safety	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. 
	4 Give back to society	In addition to business growth achieved through activities 1 to 3 above, the Group will realize the following: ◆ Promotion of business structure transformation ◆ Enhancement of corporate governance ◆ Coexistence with local communities and society ◆ Communication with stakeholders	To realize the Group Mission, generating stable profits is a prerequisite, and to do that, stronger corporate governance is indispensable. Along with promoting business structure transformation, through stakeholder dialogue NIPPON PAPER GROUP aims to become a corporate group that is needed by society. 

Formulation Process (Implemented in FY2022/3)



Confirmation of Progress on Materiality and the 2030VISION

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

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

Similar verification was also carried out for FY2025/3 results, with discussions conducted in the Group Management Strategy Committee meeting held in June 2025 to further deepen debate within the entire Group. As a result of the discussions, while moving ahead on initiatives for FY2026/3, the Group reviewed KPIs for corresponding materiality.

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

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

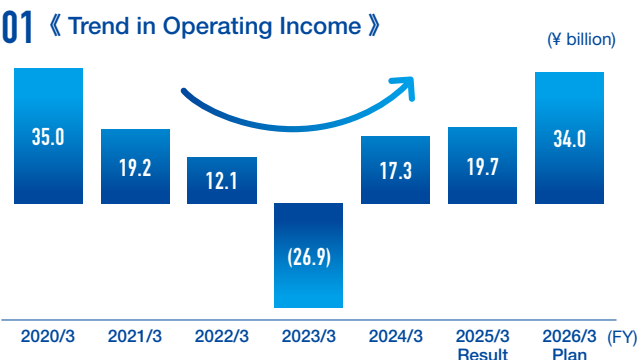
Vision	Materiality (Important Management Issues)	2030VISION		Key Performance Indicators (KPIs) to Achieve by FY2031/3 Scope ---  NIPPON PAPER GROUP  Nippon Paper Industries	Main Progress and Initiative Status in FY2025/3	Integrated Report 2025 Related Pages	Contributions to SDGs	
		Basic Policies	Themes					
Give back to society	Promotion of business structure transformation	Reallocate management resources to growing businesses	Expansion of growing businesses	Net sales target of ¥1,300.0 billion, of which Daily-Life Products Business has 50% or more ・ Investment of approximately 80% of the strategic investment budget of ¥350.0 billion in growing businesses	・ Daily-Life Products Business net sales: ¥457.9 billion (accounting for 39% of overall net sales) ・ Strategic investment in FY2022/3–FY2025/3: ¥122.5 billion (of which 94% was allocated to growing businesses)		  	
			Early positive contribution from new businesses and innovative materials	Expansion of new uses of cellulose and commercialization of innovative materials Net sales target of ¥65.0 billion for new businesses (including expansion of biomass products) ・ Target commercialization of CNF by establishing a mass-production structure and manufacturing technologies ・ Promote and expand sales of cattle feed (“Genki Morimori™”) ・ Launch new businesses using pulp manufacturing facilities	・ CNF was adopted by a major manufacturer for cosmetics applications for the first time. Gotsu Mill CNF sales volumes expanded and the facility is now operating a full capacity during day shifts ・ Bioethanol was selected for a New Energy and Industrial Technology Development Organization (NEDO) subsidy for Research and Development of Technologies to Promote Biomanufacturing, and a trial project was started ・ Expanded sales of cellulose cattle feed and started delivery of a portion of the production from Yatsuhiko Mill to the southern Kyushu region			
			Reformation of structure of foundation businesses	Stronger competitiveness of the Paper and Paperboard Business ・ Concentrate graphic paper production sites to about three locations	・ Decided to shut down the No. 8 paper machine at the Shiraoi Mill and the N2 paper machine at the Yatsuhiko Mill. Also decided to shut down one coal boiler at the Yatsuhiko Mill at the same time ・ Advanced cost reductions through energy saving and other measures (actual cost reduction in FY2022/3–FY2025/3: ¥23.0 billion)	 		
			Expansion in overseas markets	Overseas sales ratio of 30% or more ・ Increase net sales and strengthen profitability in overseas business	・ Overseas sales ratio: 28% ・ Opal is revising the production system of its Maryvale Mill while expanding sales, improving efficiency, and promoting streamlining in its packaging business ・ In the Chemical Business, started operation of a carboxymethyl cellulose (CMC) manufacturing plant for lithium-ion batteries in Hungary in March 2025	 		
Drive social sustainability through our business	Response to climate change	Respond to the rapidly changing social landscape, including GHG emissions reduction and environmental issues	GHG reductions	Reduction of GHG emissions through energy saving measures and fuel conversion ・ Reduce GHG emissions (Scope 1 + Scope 2) by 54% compared with FY2014/3 ・ Use non-fossil energy in 60% or more of total energy used ・ Improve total energy intensity in production and logistics by 1% year on year	・ GHG emissions (Scope 1 + Scope 2) reduction by 41% compared with FY2014/3 ・ Ratio of non-fossil energy usage 44% of total energy usage ・ Nippon Paper Industries total energy intensity in production (compared with 2023): Paper Business –2.8%, Paperboard Business –2.2%, Logistics +3.8% ・ Received government support using GX Economic Transition Bonds and decided to install highly efficient recovery boiler at the Ishinomaki Mill		    	
			Response to climate change initiatives	・ CDP scores (2024 climate B, water B, forests B)				
	Utilization of sustainable forest resources Preservation of biodiversity		Pursuit of Green Strategy (maximize forest value)	Preserve forest resources, strengthen supply chains and construct a business model for the revitalization of the forestry industry in Japan ・ Construction of a production system for 10.0 million elite tree seedlings/year for forestry ・ Initiatives to create 200,000 t-CO ₂ of J-Credits	・ Launched domestic materials expansion project, conducted interviews on issues and needs in the supply chain ・ Closed seed plantations completed in Shizuoka Prefecture, Tottori Prefecture, and Hiroshima Prefecture, with plans to establish a scion plantation on site at the Akita Mill ・ Expanded production scale for elite tree seedlings in 18 prefectures ・ Completed preparation for project certification, aiming to secure J-Credits equivalent to 71,000 t-CO ₂ for company-owned forests in Japan			
				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 reported a 23.9% increase in chip productivity compared to FY2014/3, an indicator of CO ₂ fixation efficiency ・ Currently utilizing breeding technologies to develop new plantation business throughout Asia			
				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			
				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)			
				Preservation of biodiversity	・ Conducted assessment of impact in accordance with TNFD disclosure			
	Reduction of environmental burden		Reduction of environmental burden	Reduction of environmental burden generated in the manufacturing process ・ Reduce air pollutants by 15% and water pollutants by 15% compared with FY2019/3 ・ Keep final disposal volume of industrial waste materials at domestic production sites at 2% or lower	・ Reduction rates at production sites in Japan (compared with FY2019/3): SOx 50%, NOx 26%, dust 27%, COD/BOD 35%, SS 17% ・ Final disposal volume of industrial waste materials: 1.6%			
	Promotion of resource circulation		Promotion of recycling	Promotion of recycling of resources ・ Expand the system for stable procurement of wastepaper ・ Build a sorted collection recycling system, utilize 12,000 tonnes/year of unused, difficult-to-treat wastepaper ・ Build a horizontal recycling scheme for paper containers used for food and beverages	・ Unused, difficult-to-treat wastepaper usage volume: 11,908 t ・ Installed shredding and washing plant for paper beverage containers at Group companies and promoted treatment of used paper cups ・ Conducted a demonstration test of horizontal recycling from paper cups to paper cup base paper in collaboration with Japan Airlines Co., Ltd. and TOKAN KOGYO CO., LTD. ・ Concluded an agreement with Nihon Tetra Pak K.K. to cooperate on a study and initiatives to increase the recycling rate for paper cartons			
	Respect for human rights		Respect for human rights	Implementation of human rights due diligence	・ Expanded the scope of human rights issue assessments previously only for chip and pulp suppliers to major suppliers of raw materials in the Paper and Paperboard Business to reduce risks related to raw material procurement ・ Conducted surveys on human rights issues at contractors of mills in Japan to address mill-related risks			
	Delight our customers		Response to changes in the social environment	Pursuit of Green Strategy (expand biomass products)	Expansion of biomass products ・ Address the demand for deplasticization (expand products for trend to replace plastic with paper)	・ To promote transition to paper packaging materials, strengthened joint ventures with converters in Japan, and started marketing activities overseas ・ Expanded adoption of School POP® (strawless paper cartons for schools) to 24 prefectures		 
Stable supply of products, enhanced safety			Stable supply of products Product safety and quality control	Engagement in stable production, response to natural disasters (strengthen BCP)		・ Promoted building a framework to prepare for natural disasters and unexpected production troubles		
				Assurance of stable transportation and response to logistics issues		・ In accordance with the Act on Advancement of Integration and Streamlining of Distribution Business (implemented in April 2025), conducted measures to reduce the amount of time spent by drivers waiting for cargo to help streamline distribution		
				Collaboration, coexistence and co-prosperity with supply chain		・ Thoroughly implemented response to revision of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and renewed partnership-building pledge		
		Improvement of the product safety management structure		・ Conducted a survey of quality management and identified issues				
Instill pride in employees	Realization of diverse work styles Active participation of diverse human resources	Reallocate management resources to growing businesses	Enhancement of ease of working and job satisfaction	Enhancement of employee engagement, including promotion of diversity ・ Total working hours of 1,850 hours/year or lower ・ Retention rate after 10 years of employment in FY2031/3 of 80% or higher ・ Ratio of female career-track hires to be 40% or higher by FY2026/3	・ Total working hours: 1,870 hours/year ・ Retention rate of employees who joined the Company in FY2015/3: 70.9% ・ Ratio of female employees among new graduates in career-track recruits for FY2026/3: 47.3%		   	
	Promotion of occupational safety and health		Maximization of utilization of human resources	Assurance of safety and hygiene for working people ・ Serious disaster cases of 0/year	・ Serious disasters: 0 cases			
Give back to society	Enhancement of corporate governance	Stronger functions of the Board of Directors		Improvement of effectiveness of the Board of Directors	・ Ensured the effectiveness of the Board of Directors by deepening discussions from a long-term perspective regarding direction for each business and initiatives, etc.		  	
	Coexistence with local communities and society Communication with stakeholders	Assurance of transparency in corporate management		Public and fair disclosure of Company information	・ Environmental risk communication: 23 cases (production sites in Japan) ・ Small meetings between outside directors and institutional investors: 1 time	 		

Message from the Executive Officer Responsible for Finance



Strengthen Profitability through Business Structure Transformation and Solidify the Foundation for Growth Strategies for the Future

I was appointed as General Manager of the Financial Division in June 2025. Upon assuming this post, I was reminded of the weight of my responsibilities and felt a renewed sense of resolve. Under the Company's Medium-Term Business Plan 2025, operating income of ¥40.0 billion or more and EBITDA of ¥100.0 billion have been positioned as key management targets. I am personally committed to working toward these targets with a strong sense of mission. On the financial front, we will focus on the stable generation of cash flow from operating activities. With regard to investments, we will thoroughly assess their effectiveness, and if the expected effects do not sufficiently materialize, we will take appropriate measures to ensure that returns are generated. Furthermore, Japan's financial markets are transitioning from a prolonged period of zero interest rates to "a world with interest rates." We will strive to further strengthen our financial base, reduce interest expenses, and enhance our cash-generating capabilities. Through this series of initiatives, we will strive to establish a virtuous cycle, enhance shareholder returns, and lay a solid foundation for realizing the growth strategies envisioned by President Sebe.



02 《 Business Results and FY2026/3 Plan 》

(¥ billion)

	FY2024/3	FY2025/3	FY2026/3 Plan
Net sales	1,167.3	1,182.4	1,205.0
Operating income	17.3	19.7	34.0
Domestic	30.4	31.6	30.5
Overseas	(13.1)	(11.9)	3.5

Boldly Implemented Business Structure Transformation through a Company-wide Effort Steadily Entered a Recovery Trajectory

FY2025/3 was a year in which the Company made steady strides toward enhancing its profitability. Net sales were ¥1,182.4 billion, marking the fourth consecutive year of revenue growth since FY2022/3. Operating income was ¥19.7 billion, and EBITDA was ¥90.7 billion, both showing a recovery trend. (Fig. 01) Turning to net income, the Company recorded extraordinary gains such as gains on sale of cross-shareholdings and non-current assets and gain on return of assets from retirement benefits trust, and extraordinary losses such as business structure transformation expenses in the overseas business and impairment losses on domestic mills. As a result, net income was ¥4.5 billion. (Fig. 02)

In the domestic business in FY2025/3, an increase in sales volume and the effect of price revisions in the Daily-Life Products Business contributed positively. The Company posted operating income of ¥31.6 billion, with operating income of ¥30.0 billion achieved in the domestic business for the second consecutive fiscal year. Despite a decline in profit in the Paper and Paperboard Business caused by reduced demand for graphic paper and rising logistics and labor expenses, growth in the Daily-Life Products Business enabled us to maintain overall profitability. We believe this is a significant achievement of our business structure transformation.

In the overseas business, operating loss narrowed from ¥13.1 billion in FY2024/3 to ¥11.9 billion in FY2025/3. The main reasons for the continued loss from FY2024/3 included large-scale maintenance and operational disruptions caused by a cold wave at NDP in North America, and, at Opal in Australia, lower-than-expected sales volume in the packaging business as well as delays in optimizing the production system at the Maryvale Mill. However, the continuation of stable operations at NDP following the large-scale maintenance and the positive effects of various earnings improvement measures at Opal contributed to a turnaround. As a result, the Company recorded operating income of ¥1.6 billion for the overseas business as a whole in the second half of FY2025/3, which it views as a solid step toward rebuilding the overseas business.

In FY2023/3, the Company recorded its first operating loss since listing, due to the impact of the situation in Ukraine and soaring energy prices. This experience was both a major management challenge for the Company and a catalyst that underscored the need to transform its business structure and accelerate the pace of that process. Since FY2024/3, we recognize that, through Company-wide transformation efforts, earnings have entered a recovery trajectory.

Progress and Outlook for the Final Year of Medium-Term Business Plan 2025 On Track to Achieve Targets through Execution of Key Priorities

FY2026/3 is the final year of the Medium-Term Business Plan 2025. It is a critically important year that will lay the foundation for formulating the next medium-term business plan. The Company aims to accelerate growth by achieving the plan's targets: net sales of ¥1,205.0 billion, operating income of ¥34.0 billion,

EBITDA of ¥100.0 billion, and net income of ¥12.0 billion.

In the domestic business of the Daily-Life Products Business, the Company expects increased profit, based on an increase in sales volume of chemical products supported by steady demand; higher sales volume of household paper due to full-capacity operation at Nippon Paper Crecia Miyagi Mill; and the effects of price revisions for paper cartons, household paper, and healthcare products. In the overseas business, we will implement various initiatives, with the top priority of achieving early profitability at Opal. In the packaging business, Opal will continue its efforts to improve productivity and enhance labor efficiency by maximizing utilization of the new corrugated box plant and upgraded converting machines. At the Maryvale Mill, it will work to achieve operational stability by enhancing maintenance and securing optimal operating parameters with technical support from Nippon Paper Industries. Together with stable operations at NDP, the overseas business aims to achieve a turnaround to positive operating income.

The Daily-Life Products Business is serving as the main driver of growth. Accordingly, the Company is advancing multi-faceted initiatives, including revising price strategies, stabilizing operations, improving costs, and realizing the benefits of past capital investments. The business structure transformation, shift to the Daily-Life Products Business, has been steadily progressing. Net sales of the business were ¥220.1 billion in FY2016/3 and have approximately doubled to ¥457.9 billion in FY2025/3. In FY2026/3, net sales are forecast to reach ¥500.0 billion, roughly 2.3 times the FY2016/3 level.

In the Paper and Paperboard Business, profit is projected to decline, reflecting lower demand for graphic paper, as well as rising costs for raw materials, labor, and logistics. While we will respond to the situation as much as possible through self-reliant efforts such as cost improvements, we will also consider raising prices to appropriate, sustainable levels that enable us to maintain a stable supply, in order to cover cost increases we cannot absorb. In the Energy Business, sales and profit are forecast to decrease due to a drop in electricity sales prices in connection with coal prices. However, stable operations will help to ensure a certain level of profit. In the Wood Products and Construction-Related Business, although housing starts are expected to decline, profit is expected to remain high thanks to increased handling volumes of biomass fuel.

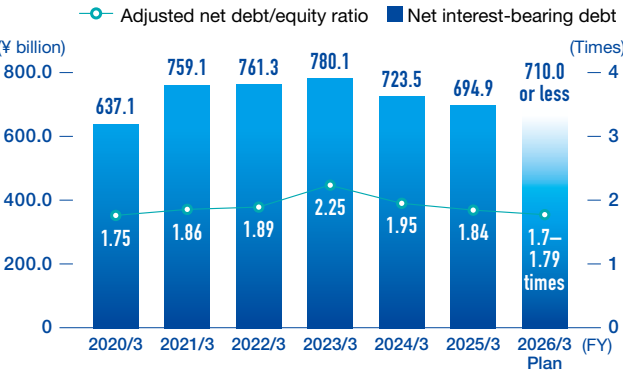
We view the operating income plan of ¥34.0 billion for FY2026/3 as the bare minimum that must be achieved. To absorb further cost increases resulting from pay rises and increasing prices, which have already been reflected in plans, we will pursue cost reductions through cost improvements and consider price revisions. By steadily implementing initiatives aimed at achieving early profitability at Opal, we will build up earnings toward achieving the Medium-Term Business Plan target of ¥40.0 billion in operating income.

Strengthening Our Financial Position by Improving the Profit Level and Reducing Net Interest-bearing Debt

As Japan's financial markets transit to "a world with interest rates," reduction of net interest-bearing debt is necessary to strengthen our financial position.

Net interest-bearing debt was reduced by more than ¥80.0

03 《Trend in Net Interest-bearing Debt and Adjusted Net Debt/Equity Ratio*》



* 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)

billion from its peak of ¥780.1 billion at the end of FY2023/3 to ¥694.9 billion at the end of FY2025/3, achieving the Medium-Term Business Plan 2025 target of ¥710.0 billion or less one year ahead of schedule. This was mainly due to progress on improving earnings, with operating income in the domestic business surpassing ¥30.0 billion for two consecutive years in FY2024/3 and FY2025/3. Progress has also been made on initiatives such as the sale of land and buildings in Kita-ku, Tokyo, which was carried out in FY2024/3, and the reduction of cross-shareholdings, which has been a priority in recent years. As a result, the net debt/equity ratio improved to 1.84 times at the end of FY2025/3. The goal is to bring this figure down to 1.7–1.79 times by the end of FY2026/3, with further improvements planned under the next medium-term business plan. (Fig. 03)

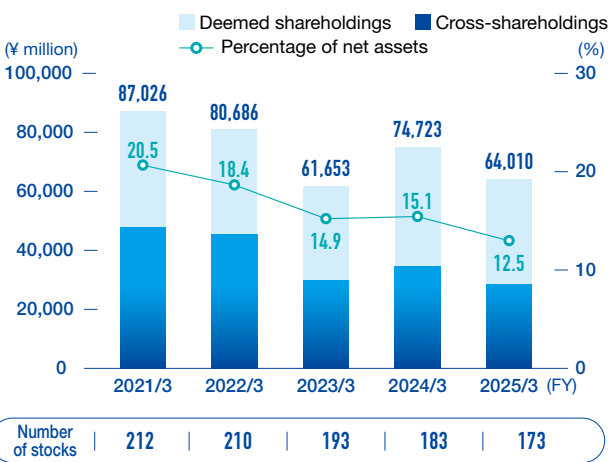
As part of efforts to improve capital efficiency, the Company announced a policy in May 2025 to reduce its cross-shareholdings. After extensive review with advice from outside directors, we adopted the goal of total abolition, in principle for cross-shareholdings. We plan to reduce cross-shareholdings by ¥15.0 billion from FY2026/3 to the end of FY2028/3. Cross-shareholdings worth ¥30.0 billion have been sold over the two years from FY2024/3 to FY2025/3, supporting cash flows. (Fig. 04)

The Group’s policy is to allocate the funds acquired through asset sales and other means primarily to investments needed for sustainable growth, mainly growth investments and environmental investments, and to the reduction of net interest-bearing debt. By focusing on further strengthening its financial position and increasing operating income, the Group aims to enhance cash generation through earnings growth and the reduction of interest-bearing debt, a process it believes will lead to enhanced shareholder returns in the future. (Fig. 05)

Trial Introduction of ROIC by Business Division Aimed at Improving the Low PBR

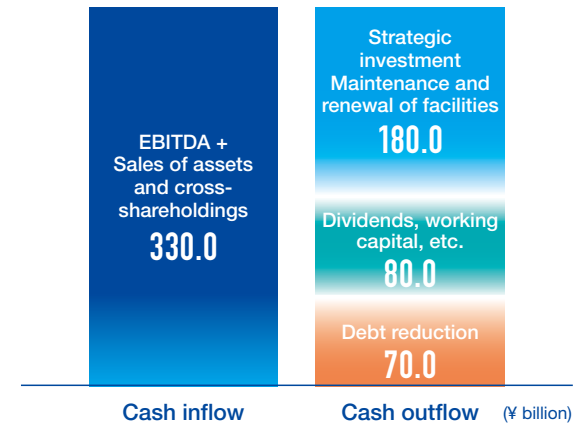
The Company’s price-to-book value ratio (PBR) remains low. Return on equity (ROE), a component of PBR, was 5.3% in FY2024/3, but declined to 1.0% in FY2025/3. The Company recognizes that its cost of shareholders’ equity should be in the

04 《Status of Cross-shareholdings (Amount Recorded in the Balance Sheet)》

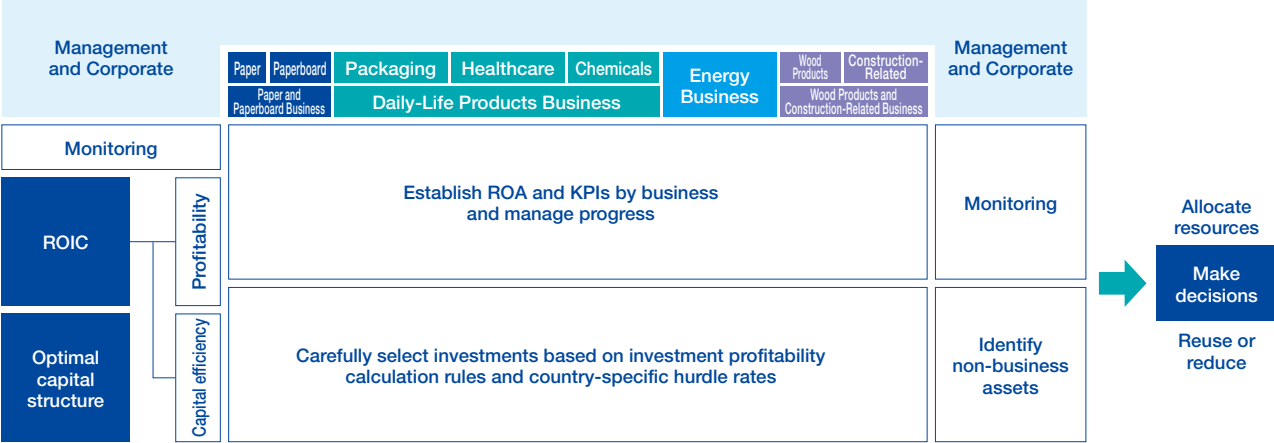


range of around 7–10%, and the current ROE remains below the cost of shareholders’ equity.
The price-to-earnings ratio (PER), another component of PBR, is currently at a relatively high level. This reflects the persistently low level of net income, due to factors such as extraordinary losses recognized in connection with the ongoing business structure transformation. We will work to raise our profit level by achieving an early return to profitability in the overseas business and by expanding earnings in the Daily-Life Products Business. By presenting concrete results from our growth strategies, we seek to improve its recognition in the financial markets.
As one initiative to improve PBR, we have adopted return on invested capital (ROIC) and return on assets (ROA) as internal management indicators starting in FY2026/3. A management framework has been introduced for each company and business division to improve these indicators.
We manage ROIC while working to increase internal awareness of its importance and the key points for improving it. ROIC is managed on a consolidated, Group-wide basis and at the individual company level, including Nippon Paper Industries. The Company’s ROIC was 2.1% in FY2025/3 and has remained below the weighted average cost of capital (WACC)

05 《Cash Allocation (FY2024/3–FY2026/3 Plan)》



06 《Introduction of a Capital Efficiency Management Framework》



in recent years. Looking at each business, profitability is an issue in the Paper Business, which has many mills and requires large amounts of invested capital. Accordingly, we believe it is crucial to shift investment toward highly profitable growing businesses. Business structure transformation will be promoted through investment profitability management based on ROIC, which will also be utilized in formulating the next medium-term business plan.
In addition, we have established a framework to promote the efficient management of business assets by defining such assets for each business and adopting ROA by business as a management indicator. Key success factors (KSFs) and key performance indicators (KPIs) that use ROA as a goal have been established at each company and business division, and progress is reported to the Board of Directors on a quarterly basis. By working to improve capital efficiency at the individual company and business division level, we aim to enhance our overall earnings power. In FY2026/3, we will work to establish ROIC as part of a trial implementation. Through continuous monitoring by the Board of Directors, each company and business division will consider more appropriate KPIs, with the aim of fully introducing them under the next medium-term business plan. (Fig. 06)
In June 2025, we updated our material “Actions to Implement Management That Is Conscious of the Cost of Capital and Stock Price.” To improve PBR, it has identified the following initiatives: (1) Enhance profitability, (2) Improve capital efficiency, (3) Review the optimal capital structure, and (4) Raise the expected growth rate. We will work to improve PBR through these initiatives.
Strengthen Environmental Investments Accelerate Reduction of Environmental Impact by Reducing GHG Emissions
We are steadily advancing initiatives to achieve the 2030VISION target of a 54% reduction in GHG emissions compared to FY2014/3 levels. As of FY2025/3, we have already achieved a 41% reduction, demonstrating steady progress toward the target. Looking ahead, we will continue implementing various measures, including improving production efficiency through reorganization of production systems, shutting down coal boilers, advancing energy saving measures, converting fuel

sources, and maximizing black liquor use. In FY2026/3, a coal boiler is going to be shut down at the Yatsushiro Mill, where the N2 paper machine will also be shut down. Furthermore, at the Ishinomaki Mill, with government support through the use of GX Economic Transition Bonds, we plan to shut down one coal boiler in FY2029/3 and install a high-efficiency black liquor recovery boiler. Through such fuel conversion from coal to black liquor, GHG emissions will be substantially reduced.
The environmental investments are expected to deliver dual returns in the form of the long-term improvement of ROIC and enhanced sustainability through better ESG evaluations. These investments not only contribute to the realization of a carbon neutral society, but are also positioned as key initiatives for earning the trust from investors and business partners.
Making FY2026/3 a Year That Serves as a Bridge to Future Growth by Increasing Corporate Value
We believe that FY2026/3 will be an extremely important year for building a foothold toward achieving our 2030VISION. During this year, we will work to achieve the targets of the Medium-Term Business Plan 2025 and lay the groundwork for the next medium-term business plan.
In the domestic business, we will strive to enhance the profitability of the Daily-Life Products Business, which is expected to continue growing. In the Paper and Paperboard Business, we will maintain and strengthen the earnings base through reorganization of our production systems and price revisions. By bolstering business models that lead to the stable procurement of raw materials and expansion of the domestic wood distribution business, we also intend to drive further growth in the Wood Products and Construction-Related Business, which is the Group’s most highly profitable business. In the overseas business, we will accelerate earnings improvement primarily at Opal, achieve early profitability, and meet the expectations of stakeholders.
To achieve its corporate mission of “Contribute to better living and cultural progress everywhere the Group does business,” we will work to maximize its corporate value and promote the continuity and expansion of its business operations.

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 FY2025/3, the progress on the plan resulted in a net sales increase of ¥15.1 billion compared to the previous year. Results reflected the emergence of price adjustment effects for household paper and healthcare products, as well as liquid packaging cartons, despite a decrease in sales volume for graphic paper due to the impact of decreasing demand.

Operating income was ¥19.7 billion, increasing ¥2.4 billion from the previous fiscal year. In the domestic business, operating income remained above ¥30.0 billion again after achieving this level in FY2024/3, remaining broadly in line with the trajectory envisaged under the Medium-Term Business Plan 2025. Meanwhile, the overseas business posted a loss of ¥11.9 billion, mainly reflecting ongoing losses at Opal and a large-scale maintenance project

conducted at NDP in the first half. However, in the second half of FY2025/3, the overseas business returned to profitability as NDP continued steady production and sales after the maintenance project and Opal made progress on improving earnings.

Net interest-bearing debt was reduced to ¥694.9 billion by the end of FY2025/3, achieving the target for the end of FY2026/3 of ¥710.0 billion a year early. The Group aims to achieve a net D/E ratio of 1.7–1.79 times in FY2026/3.

FY2026/3 is the final fiscal year of the Medium-Term Business Plan 2025. The Group has articulated three key priorities: business expansion and profitability improvement in the Daily-Life Products Business, improvement of earnings at Opal, and reinforcement of the foundation of the Paper and Paperboard Business. The Group will steadily promote these initiatives while examining and executing further measures to increase earnings, such as cost reduction and price revision, aiming to build up earnings to achieve the plan.

[Comparison of the Medium-Term Business Plan 2025 and the FY2026/3 Plan]

	Medium-Term Business Plan 2025 Targets	FY2026/3 Plan
(¥ billion)		
Net sales	1,200.0	1,205.0
Operating income	40.0	34.0
Paper and Paperboard	5.0	5.0
Daily-Life Products	20.0	15.0
Energy	3.0	3.0
Wood Products and Construction-Related	8.0	8.5
Other	4.0	2.5
EBITDA	100.0	100.0
ROE	5.0% or more	2–3%
Net debt/equity ratio	1.7–1.79 times	1.7–1.79 times

Concept for FY2026/3

1. Ensure implementation of priority tasks for FY2026/3
→ Achieve FY2026/3 Plan

2. Consider and implement measures to further improve profitability
→ Achieve Medium-Term Business Plan 2025 targets

Additional profitability improvement measures (including those under consideration)

Measures against cost increases such as higher wages and prices
→ Further cost reductions and price revisions

Early realization of investment effects
→ Thorough post-investment follow-up, including verification of the effects of the investment

Additional measures to bring Opal back to profitability at an early stage

Progress on the Medium-Term Business Plan 2025, 2030VISION

FY	2024/3 Results	2025/3 Results	2026/3 Plan	Medium-Term Business Plan 2025 Targets
Net sales (¥ billion)	1,167.3	1,182.4	1,205.0	¥1,200.0 billion or more
Percentage of Daily-Life Products Business among total net sales	37%	39%	41%	—
Overseas sales ratio	26.7%	28.4%	→	—
Operating income (¥ billion)	17.3	19.7	34.0	¥40.0 billion or more at an early stage
Operating income margin in the Daily-Life Products Business	(1.8)%	(1.3)%	3.0%	—
EBITDA (¥ billion)	84.8	90.7	100.0	Stably ¥100.0 billion
ROE	5.3%	1.0%	2–3%	5.0% or more
Net debt/equity ratio	1.95	1.84	1.7–1.79 times	1.7–1.79 times
Net interest-bearing debt (¥ billion)	723.5	694.9	¥710.0 billion or less	¥710.0 billion or less
GHG emissions (Scope 1+2) (vs. FY2014/3)	(37)%	(41)%	→	Measures to reduce GHG emissions

- Measures to reduce GHG emissions
- Improve productivity through reorganization of production systems

Shut down coal boilers along with reorganization of production systems

Fuel conversion and maximization of the use of black liquor

Energy saving measures

Daily-Life Products Business

Further improve profitability of Opal

Continue strategic investment

Graphic Paper Business

Consolidate graphic paper domestic production sites to approximately three locations

Secure profitability through operational stability, cost reductions, maintaining appropriate prices, and reorganization of production systems

New business and innovative materials

Rapid commercialization

Develop new businesses based on pulp and cellulose

Increase overseas net sales

Improve financial position

Compression of interest-bearing debt

Expansion of capital

Reduce the net debt/equity ratio to 1.5–1.59 times at an early stage, and make further improvements

2030VISION

< Basic Policies >

Reallocate management resources to growing businesses

Respond to the rapidly changing social landscape, including GHG emissions reduction and environmental issues

Net sales

¥1,300.0 billion

Of which, Daily-Life Products Business 50% or more

New businesses ¥65.0 billion

Overseas sales ratio 30% or more

Operating income margin in the Daily-Life Products Business

7% or more

ROE

8.0% or more

GHG emissions (Scope 1+2) (vs. FY2014/3)

54% reduction

Special Feature: Opal

Embarking on a New Growth Track: Opal's Value Creation Story

Opal has developed its packaging business primarily in the Oceania region, where economic growth is expected, and plays a key role in driving NIPPON PAPER GROUP's Daily-Life Products Business. Opal commits to improving profitability and enhancing corporate value by advancing a differentiation strategy through quality and services that meet customer needs and by expanding sales in its packaging business.



YOSHIFUMI
NAGAURA
CEO, Opal

History of Opal

Australia's total population increased by approximately 38% (from 19 million to 26 million) between 2000 and 2022, and it is projected to grow by a further 7 million (26%) by 2055. Driven by this population growth, Australia's nominal GDP expanded continuously for 28 years from 1992 to 2019. With robust consumer sentiment, demand for corrugated boxes is expected to grow steadily. The Group acquired Paper Australia Pty Ltd (hereinafter, "PAPL"), a manufacturer of white paper and brown paper, in 2009. In 2020, with the aim of further expanding its Daily-Life Products Business, the Group acquired the paperboard and paper packaging business of Orora Limited in the Oceania region and integrated it with PAPL's

operations, launching Opal as a comprehensive paper and packaging company with in-house production from paper manufacturing to packaging conversion. Opal's business consists of two segments: paper and packaging. The paper business, supported by Nippon Paper Industries through its technology and expertise in pulp and paper manufacturing, produces brown paper at two sites in Australia: Maryvale Mill (hereinafter, "MV Mill") and Botany Mill. The packaging business, which utilizes that brown paper, offers a comprehensive range of goods and services, including package design, packaging machinery, and maintenance.

Path to Profitability at MV Mill

Due to an unexpected end of wood supply from the state of Victoria, Opal decided in 2023 to exit the white paper business and reposition MV Mill as a packaging paper production facility. Opal has restructured MV Mill by permanently closing two paper machines, converting the continuous kraft mill to produce softwood pulp, and reducing fixed costs primarily through workforce optimization. These measures have been steadily implemented as part of Opal's initiatives to return MV Mill to profitability. Opal is focusing on operational stability, cost optimization, and sales enhancement. For operational stability, Opal seeks to secure optimal maintenance and operational parameters with support from Nippon Paper

Industries. For cost optimization, Opal is working on reducing fixed costs and reviewing all processes, including but not limited to procurement, production, dispatch, and logistics. For sales enhancement, Opal focuses on shifting toward more profitable products and markets. Opal has entered into a secondment agreement with Nippon Paper Industries to involve their employees with diverse backgrounds, including manufacturing, research and development, sales, and corporate functions, for improved business operations and governance. Through these efforts, Opal commits to significant profit improvement at MV Mill.

Opal Timeline



The Packaging Business: Offering Goods and Services to Meet Customer Needs

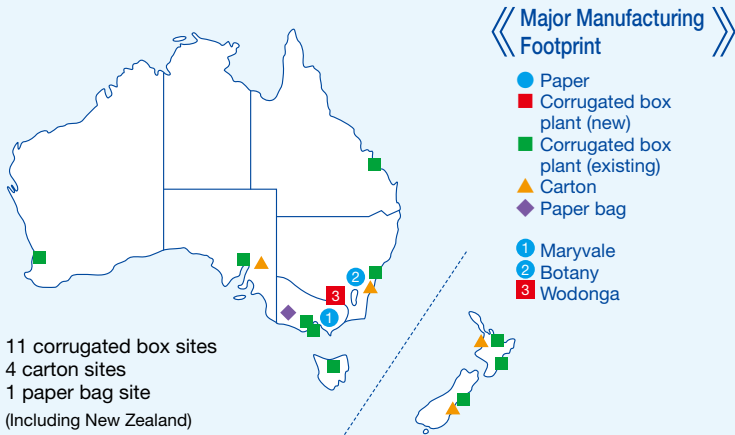
The advantage of Opal's packaging business lies in its integrated model, combining paper production with packaging manufacturing, which enables Opal to provide goods tailored to each customer's needs. Opal offers a wide range of packaging solutions. For fresh and heavy-duty items, it supplies boxes made with kraft liner from MV Mill, which provides superior strength and moisture resistance. For general consumer goods, it offers boxes made from recycled-grade paper, mainly sourced from Botany Mill. Opal delivers optimal solutions customized to customer requirements. Opal can provide bundled offers to customers with a wide range of products, such as paper boxes and paper cartons. In Australia, with the Single-use Plastics Ban enforced by various states, supermarkets are replacing plastic packaging with paper alternatives, including punnets. Opal provides goods and services to customers such as fruit and vegetable producers, including corrugated boxes, packaging machinery, and maintenance services.



CHRIS DALY
Executive General
Manager — Packaging



Paper punnet



Medium-to Long-term Growth Strategy for the Packaging Business

The packaging business is accelerating the expansion of corrugated cardboard sales and strengthening profitability by enhancing its integrated model and promoting a differentiation strategy against competitors. Opal commenced operations of the Wodonga corrugated box plant in 2023, located near the border between the states that host Australia's two largest cities, Sydney and Melbourne. As a result, Opal can capture the increasing demand for corrugated packaging driven by population growth and expand distribution into regions where it previously lacked manufacturing capacity and was unable to grow sales. This will allow the development of new sales channels and contribute to revenue growth. In addition, Opal plans to increase production volume and improve

productivity by renewing aging assets at existing plants. This will enable Opal to achieve sales growth in corrugated cardboard that exceeds market expansion, increase its internal paper consumption rate, and strengthen profitability. Opal expects demand for paper-based packaging to increase in environmentally conscious Australia due to the introduction of the Single-use Plastic Ban. Opal delivers value-added solutions by offering bundled packaging options and seamless integrated services tailored to evolving customer needs. The Group aims to scale its global packaging footprint by leveraging Opal's proven technology and operational know-how developed in the Australian market.



Wodonga

Overview of Opal

Principal activities: The manufacture, sale and distribution of paper-based packaging and packaging-related products

Medium-to Long-term Targets



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 a continued decline in demand amid digitalization as well as entrenchment of remote work and other new lifestyles. Based on this market trend, NIPPON PAPER GROUP will maintain and increase its market share in Japan through differentiation strategies, such as rolling out environmentally-friendly products with low GHG emissions in the production process. Also, to address the decline in demand, the Group is strategically expanding sales through the development of products for overseas as well as by reinforcing its organization and human resources.

The Group is optimizing its production system to match the level of demand, and plans to consolidate its graphic paper production sites in Japan to around three locations by FY2029/3. In FY2026/3, the Group plans to shut down one paper machine at both the Shiraoi Mill and the Yatsushiro Mill. By shifting to other products and expanding new businesses, the Group will advance business structure transformation and labor-saving efforts at mills in order to address the anticipated labor shortages in the future. In terms of reorganization of production systems, this involves both bolstering cost competitiveness and realizing reductions in GHG emissions by significantly reducing its coal consumption in part through fuel conversion of its coal boilers. The Group aims to serve as an enterprise that is the preferred choice of customers.

Link strengths to opportunities

STRENGTHS

- ▶ Technical capabilities and know-how to produce various products
- ▶ Stable supply system and sales channel network covering the entire country

OPPORTUNITIES

- ▶ Rising awareness of environmental issues, including carbon neutrality, and deplasticization (trend toward using paper)

Address challenges and threats

WEAKNESSES

- ▶ High percentage of coal in fuel composition
- ▶ High fixed costs due to extensive facilities

THREATS

- ▶ Accelerating decline in demand for graphic paper due to remote work and other lifestyle changes as well as digitalization
- ▶ Higher labor costs and logistics costs amid a decline in demand
- ▶ Labor shortage at manufacturing sites

 **Paperboard Business** [Main products] Containerboards, white paperboards

Expand Sales by Maximizing Utilization of Kraft Pulp Facilities

In the domestic market, while firm demand for corrugated boxes associated with food, beverages and e-commerce are expected, the market is also prone to effects of diminished consumer spending attributable to a surge in prices, as well as changes in packaging formats and a movement towards lightweight and reduced packaging. In overseas markets, there are expectations for escalating demand, particularly in Southeast Asia, yet the economic stagnation in China has resulted in a continued 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.

The Group will tap into demand in Japan and overseas by expanding its sales of high value-added products containing a high proportion of kraft pulp manufactured in-house, which is one of the Group's strengths, as well as by developing and rolling out new products such as for heavy goods. 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 take actions such as improving transportation efficiency by promoting collaborative logistics and modal shift solutions, while also securing product supply capacity by ensuring appropriate levels of 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

- ▶ 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

- ▶ Stable demand related to beverages, food, and e-commerce
- ▶ Demand for switching from other materials due to the adoption of environmental regulations both in Japan and overseas

Address challenges and threats

WEAKNESSES

- ▶ Stability of operations
- ▶ Maintaining sales prices

THREATS

- ▶ Falling demand due to economic deterioration in Japan and overseas
- ▶ Increasing logistics costs
- ▶ Surging raw materials and fuel prices

 **Liquid Packaging Carton Business** [Main products] Liquid packaging cartons, liquid packaging boards

Rigorous Implementation of Differentiation Strategy Leveraging Total System 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 overseas markets prompted by a trend of deplasticization, the shift to paper cartons remains limited in Japan as of yet.

By collaborating with strategic partners such as Elopak and Shikoku Kakoki Co., Ltd., the Group has built a system that enables it to go beyond simply developing paper cartons and promote development as a total system supplier, from base paper to paper containers and filling machines. Based on this, the Group is working to expand sales of high value-added paper containers in domestic and overseas markets under a thorough differentiation strategy, and in Japan the Group is seeing growing customer demand for environmentally-friendly products such as the strawless school milk container "School POP®" and the non-aluminum Fujipack. In overseas markets, the Group aims to expand business based on collaboration with the above-mentioned strategic partners, including NDP. In addition, the Group will intensively drive the trend of deplasticization and replacing plastic with paper by promoting recycling of paper cartons (PakUpcycle®).

Link strengths to opportunities

STRENGTHS

- ▶ World-class technology for developing paper cartons and filling machines
- ▶ Presence of powerful strategic partners

OPPORTUNITIES

- ▶ 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

- ▶ Developing and securing personnel for overseas expansion

THREATS

- ▶ Uncertainty regarding supply of paper carton base paper due to factors such as conflicts and natural disasters around the world
- ▶ Intensifying competition in the domestic paper carton market
- ▶ Shortage of necessary personnel for business continuation

 **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. Also, Nippon Paper Crecia is striving to achieve differentiation by further promoting the expansion of "long-lasting & compact" products, which reduce GHG emissions and respond to consumer needs. Furthermore, Nippon Paper Crecia will expand quantities through the operation of new paper machines, with an eye towards exports. On the cost front, it is increasing the volume of pulp procured within the Group to mitigate the effects of market volatility and is promoting a shift to digital transformation (DX) in its operations.

Link strengths to opportunities

STRENGTHS

- ▶ Technological capabilities and brand power as a pioneer in household paper
- ▶ Development of sustainable products from wood resources

OPPORTUNITIES

- ▶ Heightened awareness of environment and hygiene
- ▶ Increasing demand for products that are friendly to environment

Address challenges and threats

WEAKNESSES

- ▶ Operations and logistics which are partially inefficient
- ▶ Room to increase amount of pulp procurement within the Group

THREATS

- ▶ Increasing logistics costs
- ▶ 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 raisins, functional films

Promote Business Growth with Environmentally-friendly Products Utilizing Wood Resources

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), cellulose, etc. In the burgeoning electric vehicle (EV) market, the Group has been expanding facilities for high-performance CMC used in lithium-ion batteries. In March 2025, it completed a production site in Hungary and has begun providing samples. 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

- ▶ 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

- ▶ Global trend toward converting to battery electric vehicles
- ▶ Increasing demand for environmentally-friendly products amid mounting environmental awareness

Address challenges and threats

WEAKNESSES

- ▶ Investment cost to upgrade production facilities
- ▶ Production with small scale but high cost

THREATS

- ▶ 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 Profit through Stable Operation of Renewable Energy Facilities

Frameworks and the environment surrounding electric power are undergoing rapid change amid mounting global demand for renewable energy. Meanwhile, whereas coal prices have come down after a surge in FY2023/3, biomass fuel prices have been trending higher due to factors that include an increase in the number of biomass power plants in Japan. The 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 measures.

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, a coal-biomass co-firing facility, increasing its biomass co-firing ratio to 42%. Renewable energy capacity of facilities dedicated to power sales has increased to approximately 270 MW. The Group aims to secure profit over the medium to long term based on stable operations by maximizing capabilities in power generation technologies and wood resource procurement that it has cultivated through its existing businesses.

Link strengths to opportunities

STRENGTHS

- ▶ Technological capabilities in power generation and infrastructure cultivated over many years
- ▶ Woody biomass fuel procurement capabilities

OPPORTUNITIES

- ▶ Rising demand for renewable energy toward carbon neutrality in 2050

Address challenges and threats

WEAKNESSES

- ▶ High percentage of fossil fuels in energy composition
- ▶ Issues of cost and social reputation due to use of coal

THREATS

- ▶ 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. 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.

The Group is further strengthening its domestic wood materials procurement foundation by maximizing its nationwide wood sourcing network, which is one of its strengths. In addition, it seeks to increase distribution volume of domestic wood by supporting the forestry industry in partnership with local forestry business operators. Also in its overseas plantation areas, the Group will use its proprietary breeding and propagation technologies to improve productivity and expand wood materials distribution volume. In terms of sales, it will flexibly adapt to changes in market conditions for wood materials while 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 works to increase profitability of its fuel business by seizing sales opportunities with external customers, while consistently supplying biomass fuel to biomass power generation facilities in the Group's Energy Business.

Link strengths to opportunities

STRENGTHS

- ▶ Top-class handling volume of domestic wood in Japan
- ▶ Procurement and supply system for wood chips used as fuel

OPPORTUNITIES

- ▶ 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

- ▶ Weakening procurement network of raw materials for paper manufacturing due to declining paper demand and insufficient price competitiveness
- ▶ Lack of price competitiveness given the small scale of business handled by building materials divisions

THREATS

- ▶ Lack of forestry workers and low productivity in the forestry industry
- ▶ Decline in the number of housing starts due to population decline
- ▶ Intensifying competition over procurement of fuel for new biomass power generation

[Column] Logistics Initiatives

NIPPON PAPER GROUP has formed an intra-Group cross-functional project team to address product sales and the procurement of raw materials and fuel. The team works to balance legal and regulatory compliance with cost containment in logistics in part by introducing a truck receiving reservation system at its plants. It builds cooperative relationships with its business partners and accordingly implements measures that include scheduled delivery requests, changes to transportation systems, and establishing new inventory hubs near points of consumption.

Initiatives in the Paper Industry

The Group promotes greater logistics efficiency by arranging mutual use of logistics assets with other companies in the paper industry. In collaboration with Daio Paper Corporation, the Group has implemented a modal shift by utilizing Daio Paper Corporation's cargo ships for transporting products

from the Nippon Paper Industries Nakoso Mill in Fukushima Prefecture to the Kansai region, a route previously served by trucks. Compared to the previous truck-based transport, this has reduced annual GHG emissions by 46.7% and total driving time of truck drivers by 78.8%.

Joint Transport with Other Industries

The Group conducts round-trip transportation between Akita Prefecture and the Tokyo metropolitan area in partnership with DOWA ECO-SYSTEM Co., Ltd. (DOWA) and Japan Freight Railway Company. By coordinating with empty-haul legs of DOWA's 20-foot containers, the Group has shifted to dual-mode transport for containerboard and streamlined long-distance transportation. In addition, the Group has become involved in the Logistics Big Data Lab launched by Hacobu, Inc., and is working toward achieving joint transportation and delivery across different industries by sharing logistics data collected through the

MOVO logistics platform with Kirin Beverage Company, Limited, Sugi Pharmacy Co., Ltd., YKK AP Inc., and ASKUL Corporation.



DOWA container for round-trip transport

Green Strategy

The NIPPON PAPER GROUP's business foundation is forest resources. The Group will nurture healthy, sustainable forests and fully utilize the wood produced without waste, and expand its range of biomass products, while also contributing to the resolution of various social issues in the process. By promoting this Green Strategy, the Group will contribute to better living and cultural progress everywhere it does business.

Green Strategy Scenario

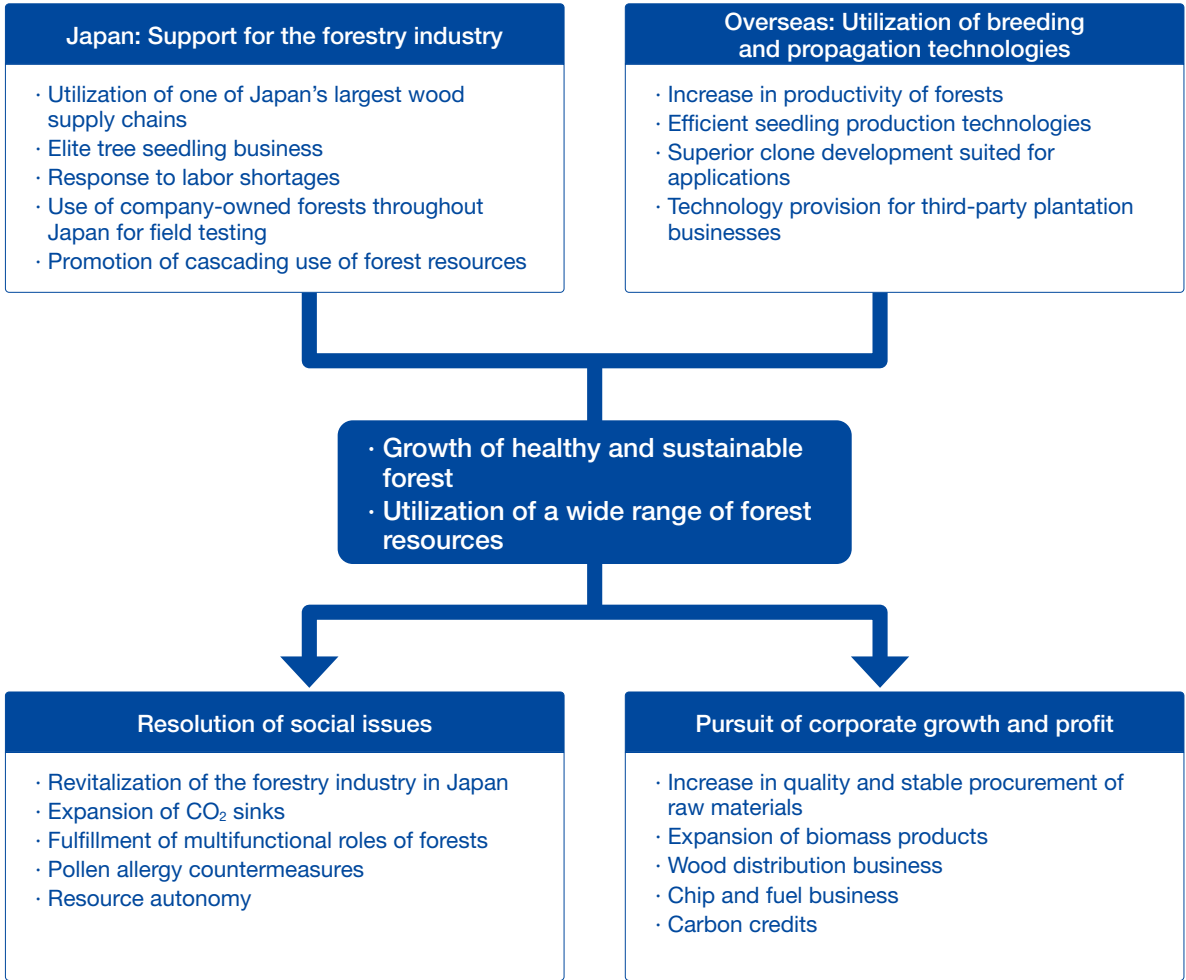
In Japan, the Group's initiatives to support the forestry industry include utilizing our wood supply chain, which is one of the largest in Japan and built with our suppliers; expanding the use of elite tree seedlings and reducing associated forestry work; and conducting trials of forestry technologies using the Company's own forests throughout Japan as test fields. The Group also promotes the cascading use of wood by utilizing low-grade timber produced in the forestry and forest products industries as paper raw materials.

Overseas, the Group aims to increase the productivity of forests through the development of breeding and propagation technologies. Generally, overseas industrial plantation requires a large area of land, and this creates various risks, including disasters such as wildfires and competition with food production. Increasing the productivity of forests is expected to mitigate such risks. Moreover, the Group will also develop breeding technologies and promote the

development of product varieties that have optimal characteristics for biomass products, including paper. Providing these technologies to third-party plantation businesses will help to ensure resources for the Group.

In these ways, the Group will grow healthy, sustainable forests in Japan and overseas, and expand the wood-related business. Moreover, it will expand the production of various biomass products made from raw materials in the form of stably procured forest resources, aiming to achieve corporate growth and the business structure transformation. (→P.46–47 Business Development of Innovative Biomass Material Products)

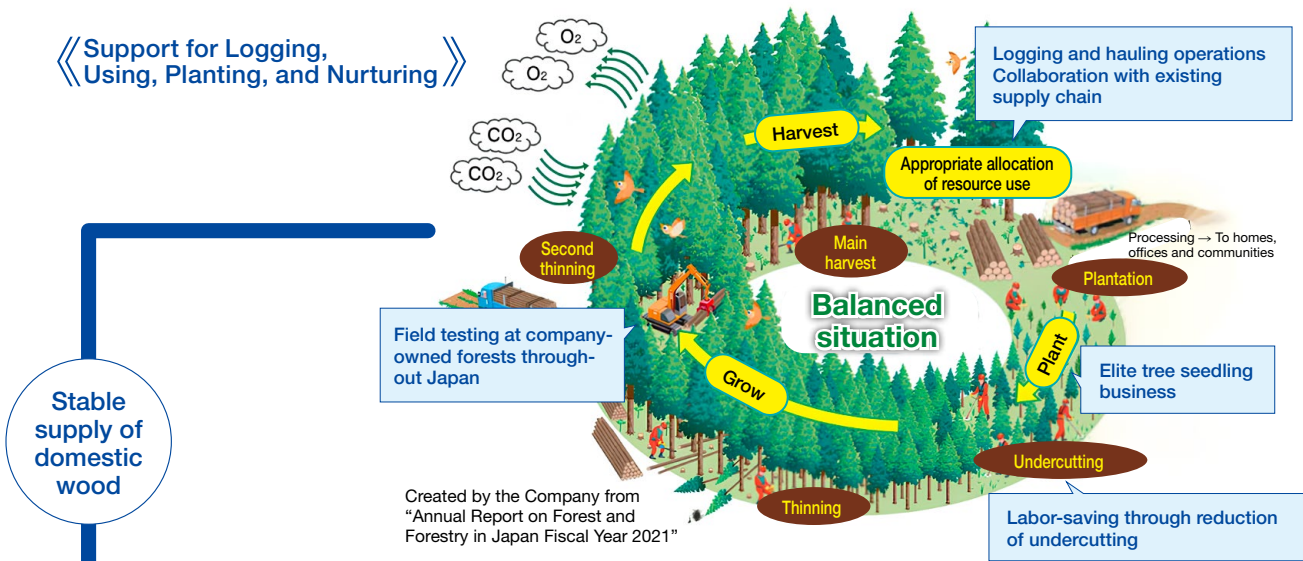
Meanwhile, these various initiatives can also help to resolve social issues in Japan and overseas, such as revitalization of the forestry industry in Japan and expansion of CO₂ sinks. The Group's green strategy is to achieve corporate growth and resolution of social issues simultaneously in this way.



Supporting the Forestry Industry in Japan and Expanding the Domestic Wood Business

Forests cover around 70% of Japan's land area, and the forest resources that grow there are increasing year by year. Meanwhile, to be able to support this abundant forest resource, the forestry industry in Japan faces various issues. The Group will utilize its domestic wood supply chain to

support the forestry industry in Japan through the stages of logging, using, planting, and nurturing, as well as expanding its elite tree seedling business and conducting trials of various forestry technologies in company-owned forests with the aim to achieve a stable supply of domestic wood.



Stable Procurement of Domestic Raw Materials

Domestic Procurement Rate in Raw Materials for Papermaking (FY2025/3)

Industry average*	26 %	Nippon Paper Industries	36 %
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* Self-sufficiency rate of wood for pulp and chips (including waste wood chips) from "Pulpwood Supply and Demand Results" by Japan Paper Association



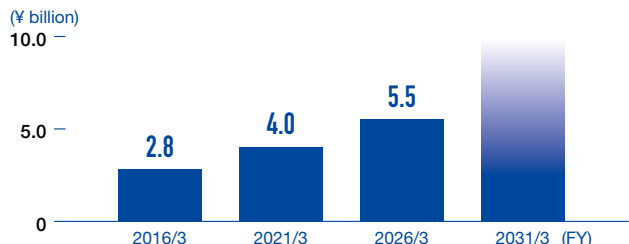
Chip yard

Expansion of Domestic Wood Distribution Business



A truck loaded with logs

Wood Products and Construction-Related Business Operating Income in Japan



Nippon Paper Lumber aims to handle 1 million m³ of domestic wood in FY2026/3

Support for "Logging" – Coordination with Existing Suppliers and Development of Forestry Technologies Utilizing Company-owned Forests in Japan

The Company's own forests are managed by the Group's Nippon Paper Lumber, which will expand its log production operations and strengthen its coordination with existing timber producers and chip suppliers, having built strong relationships with them over many years.

The Japanese archipelago is home to diverse forests

adapted to various terrains and climates, and there is a wide array of forestry technologies for making use of these resources. The Company owns forests throughout Japan from Hokkaido to Kyushu, and it will contribute to improving Japan's overall domestic forestry technologies by using company-owned forests for field testing.

[Support for “Using”—One of Japan’s Largest Domestic Wood Distribution Businesses]

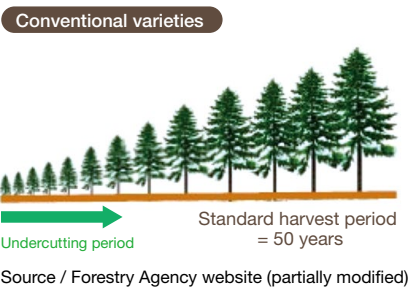
The Company’s rate of domestic wood usage for papermaking is significantly higher than the industry average at 36%, and it implements cascading use of domestic wood. In addition, Nippon Paper Lumber, which provides domestic wood chips, is building and expanding a supply chain for a wide range of forest resources, from logs to chips, and lumber products. It

handles 1 million m³ of wood, one of the largest volumes in Japan, for the Company and others. In this way, the Group is supporting the “using” of domestic wood with the aim of further energizing the forestry industry in Japan and helping to grow the Group’s Forest and Wood-related Business.

[Support for “Planting and Nurturing”—The Elite Tree Seedling Production Business]

Elite trees are mainly varieties of cedar and Japanese cypress with optimal characteristics, developed by public research institutions such as the Forest Research and Management Organization. They grow 1.5 times or more faster than conventional varieties, produce less than half the amount of pollen, have straight trunks, and have equal or better strength. In particular, due to their fast growth in the initial period after planting, they are expected to dramatically decrease the need for undercutting, which is one of the most labor-intensive cultivation operations, thereby reducing costs and enabling

adequate labor to be secured. In addition, elite trees are expected to resolve forestry issues such as enabling a faster investment return since they have a shorter rotation period. The Group has achieved stable production of elite tree seeds, a dramatic shortening of seedling production period, and an increase in yields, among other advantages. Looking ahead, the Group will build a system that produces 10 million elite trees by FY2031/3, and aim to spread them quickly, including in company-owned forests.



Expanding the Overseas Plantation Business Utilizing Breeding and Propagation Technologies

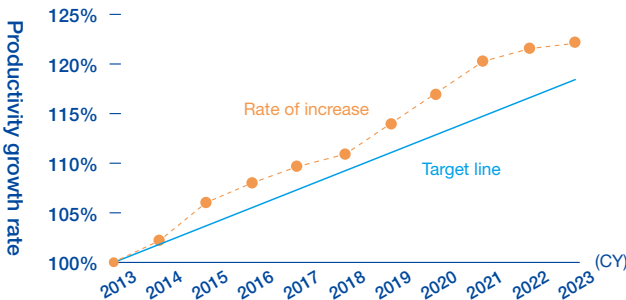
At AMCEL, the Group’s plantation business in Brazil, the Company has been using its proprietary breeding technology to develop superior varieties of eucalyptus and propagation technology. These efforts have doubled the productivity of forest resources per area in the 15 years since the Company acquired the operation, and realized a dramatic improvement in business revenue. Moreover, in recent years, the Group has become the first in the world to implement selective

breeding using genomic information. This has significantly shortened the selection period and the Group aims to achieve further improvements going forward (→P.26–27 Progress of Initiative Themes for Materiality and the 2030VISION). Increasing the productivity of forest resources is a vital aspect of industrial plantation, and the Group will continue to further refine these technologies and deploy them, mainly in Southeast Asia.

Achievements in Overseas Plantation Business, Mainly in Brazil

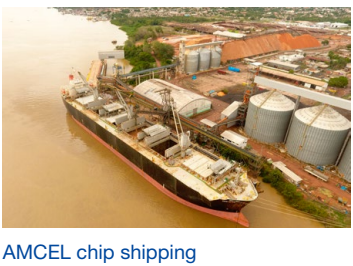
- Shortened the selection period by using genomic information (12 years to 5 years)
- Improved production efficiency and carbon fixation efficiency
- Development of optimal clones for intended use

《 Progress in Productivity Improvement (AMCEL) 》



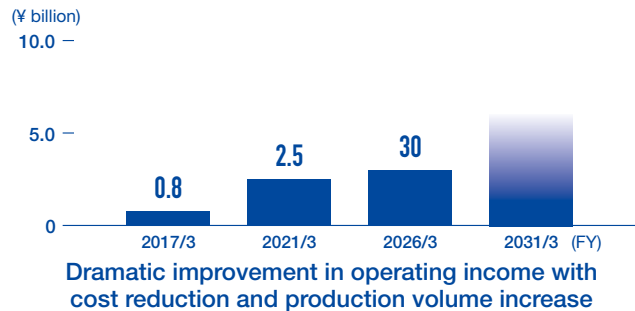
Monetization of Technology

Expand Earnings in the Plantation Business by Improving Productivity



AMCEL chip shipping

《 Overseas Wood Products and Construction-Related Business Operating Income 》



Consideration of New Technology Utilization

- Securing resources through technical assistance to other companies’ plantations
 - Expand to around 100,000 ha, including company-owned forests, etc., mainly in Southeast Asia
 - Allocate part of the increase due to productivity improvement to the Company’s resources
- High value-added paper and biomass products through optimal cloning
 - Assigning optimal wood quality for the target production item
- Launch of carbon credits business
 - Conversion of factors such as reduction in development pressure on natural forests and similar areas due to increases in CO₂ fixation efficiency and productivity into carbon credits

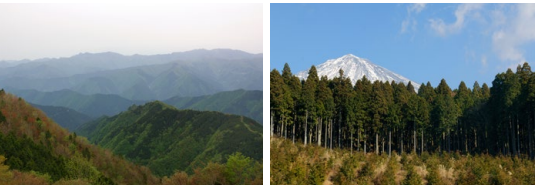


AMCEL plantation

The Value of Forests: Multifunctional Roles

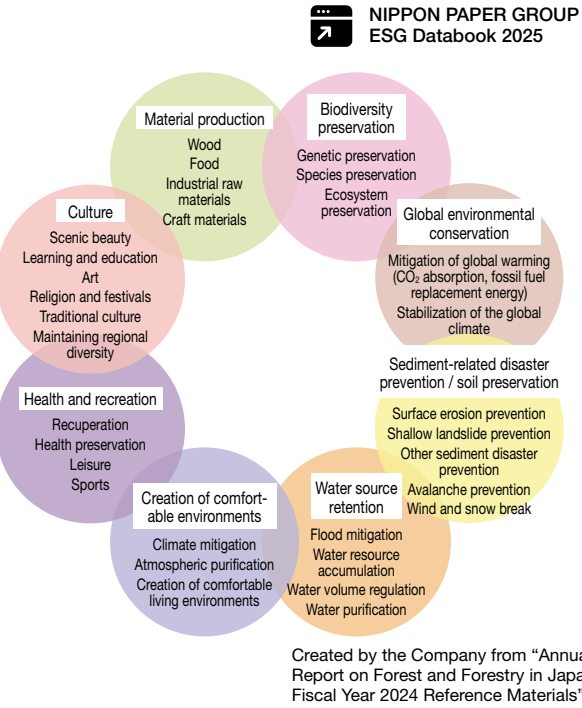
Forests have various roles in addition to wood production, such as water source conservation, disaster prevention, and CO₂ fixation. These are called the multifunctional roles of forests. The Company conducts sustainable forest management of approximately 90,000 ha of company-owned forests throughout Japan, which provide annual benefits equal to around ¥350.0 billion* to society.

* Estimated based on the “Valuation of Ecosystem Services Related to Corporate Biodiversity Conservation Activities” published by the Ministry of the Environment in FY2018/3.



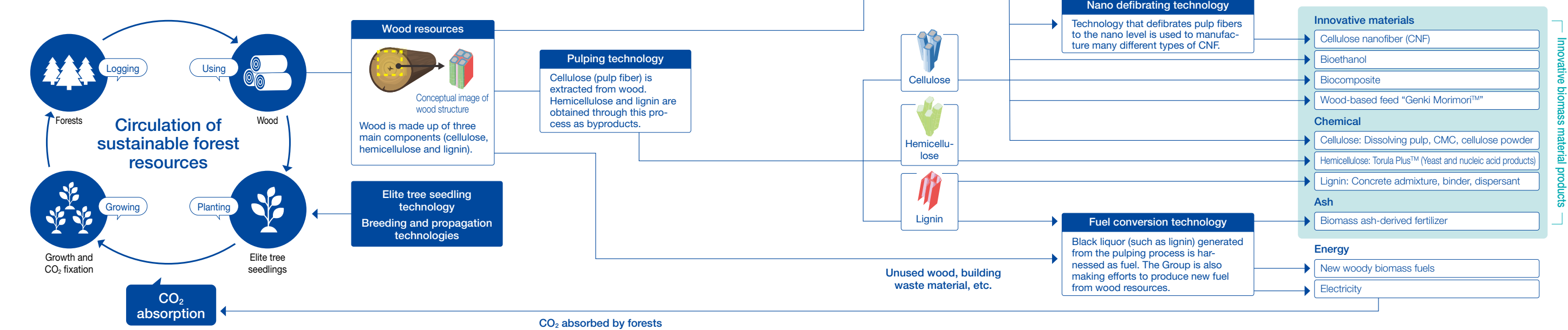
Odaigahara company-owned forest (Nara Prefecture)

Kitayama company-owned forest (Shizuoka Prefecture)



Research & Development

As demand for graphic paper declines, NIPPON PAPER GROUP's business environment is undergoing a dramatic change. Therefore, the Group is expanding the range of applications for wood resources beyond existing fields such as paper, paperboard, liquid packaging cartons and household paper to include fuel, plastic substitutes, electronic materials, mobility materials, agriculture, fisheries and livestock, and civil engineering, based on its technological capabilities accumulated in paper manufacturing. Moreover, through its businesses, the Group is working to contribute to resolutions to social issues, such as building a circulation oriented-society, reducing GHG emissions, and improving Japan's self-sufficiency ratio for food.





TAKASHI OCHI
Senior Managing Executive Officer,
General Manager of the Research
& Development Division
Nippon Paper Industries Co., Ltd.

The Research & Development Division follows a basic policy of fully utilizing wood resources, reducing environmental impact, and contributing to improved living standards. Its goal is to achieve both revenue growth in the Group's existing businesses and a contribution to society. Five laboratories, including the Research Laboratory, the Packaging Research Laboratory, which researches new functions for paper, and the Fuji Innovative Materials Research Laboratory, which primarily researches CNF, coordinate with the research divisions of the Group's associate companies in Japan and overseas, with the Research & Development Division at the center. The Research Laboratory has been working for many years on research regarding basic technologies such as pulping technologies and plantation technologies. The system is structured so that other laboratories develop and commercialize new technologies and products based on these accumulated basic research results.

The Group is engaged in open innovation through cooperation inside and outside the Group as necessary for the development of products in new fields. To increase the speed of its R&D, it has adopted a system that allows flexible formation of teams in each

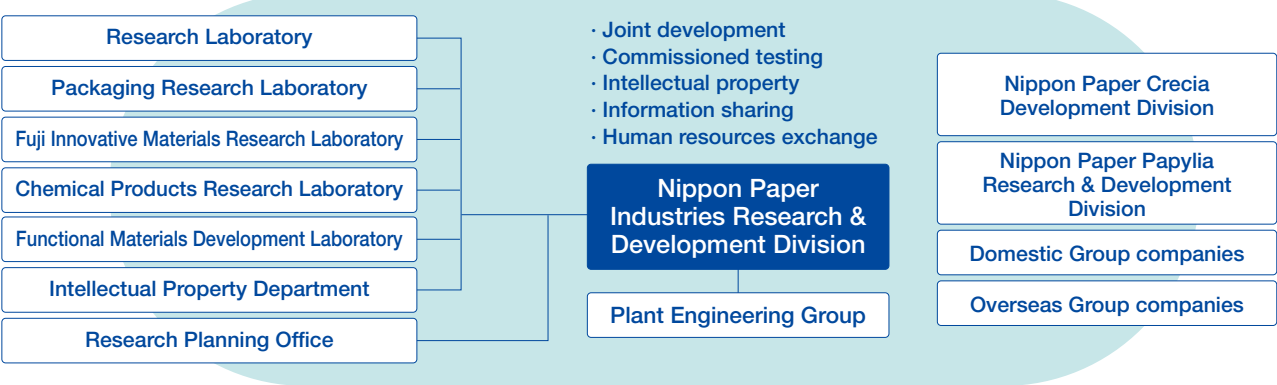
laboratory to enable agile assignment of staff according to the progress of each R&D project. The Group will also make use of Materials Informatics (MI) and AI to drive efficiency gains in its R&D, with the goal of maximizing its research results.

The CNF product Cellenpia® has seen a substantial increase in adoption particularly for applications in the fields of cosmetics and food. The Group has established manufacturing technologies tailored to specific applications and a full-scale supply system with the installation of mass production equipment in FY2018/3 at our Ishinomaki Mill and Gotsu Mill. Furthermore, it has been developing a next-generation electricity storage device as an initiative to manufacture such a device from sustainable resources as an effective measure for reducing GHG emissions, exhibiting prototypes at Expo 2025 Osaka, Kansai, Japan.

Cellenpia®PLAS is a CNF-reinforced resin with CNF evenly distributed in thermoplastic as a reinforcing agent. The Group is carrying out sample work using a demonstration facility at the Fuji Mill and conducting R&D on using its characteristics—high strength, weight-saving, fossil-resource reduction, and recyclability—with the aim of promoting its adoption in the field of mobility, including the automotive field. As a result of these activities, in August 2023, Cellenpia®PLAS was selected for an engine component of a personal watercraft launched by a joint development partner. This was a world-first for mass production of transportation equipment components using CNF-reinforced resin.

The expansion of innovative woody biomass-based products with low environmental impact is an important pillar for the Group's long-term growth. We will carefully assess market needs, aiming to expand its revenue while also contributing to society.

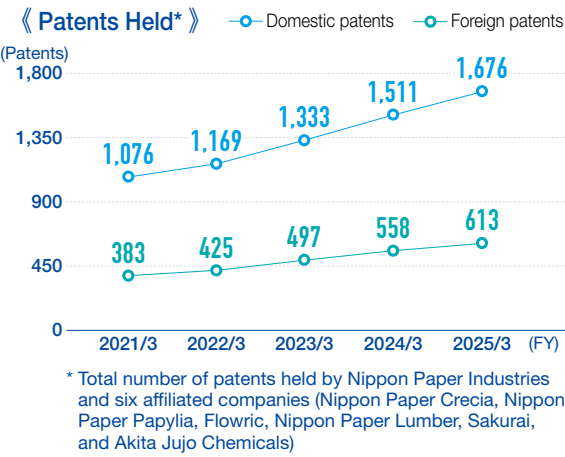
《 Group Coordination with the Research & Development Division as the Central Hub 》



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.



Business Development of Innovative Biomass Material Products

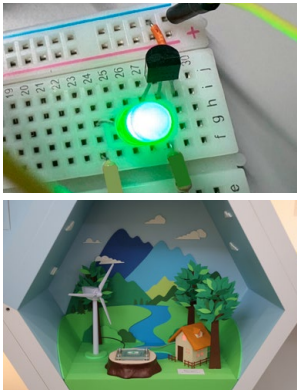
Research in the Spotlight

CNF Electricity Storage Body

Discovered at Tohoku University and developed through joint research with the university, CNF electricity storage bodies feature low spontaneous combustion risk and low environmental impact by eliminating the use of rare metals or organic electrolytes, while being capable of rapid charging and discharging unlike a battery.

Currently, the Group has fabricated coin-shaped and laminated-type prototypes for use in devices, and it is evaluating their practical applicability. At Expo 2025 Osaka, Kansai, Japan, the Group has unveiled a prototype device using CNF electricity storage bodies under the entry name “Nanocellulose Japan.”

Looking ahead, the Group will improve its performance while looking to form a partnership for commercialization at an early stage. The aim is to start with small-scale practical applications such as wearables and IoT sensors. Ultimately, the Group will establish their applications as electricity storage devices for large-scale renewable energy such as solar power with the goal of contributing to electric power load leveling.



(Top) An LED lit by a CNF electricity storage body
(Bottom) Display at Expo 2025 Osaka, Kansai, Japan

A Safe Electricity Source for Society with Minimal Environmental Impact

In the area of CNF electricity storage bodies, the Group has established a film-forming method for creating uniform sheets using TEMPO-oxidized ultrafine CNF, resulting in a one-million-fold increase in storage capacity compared to 2021. Since I specialize in wood and high polymers, I had to learn about electrical chemistry starting from the basics to take on the challenge of development that combines knowledge of paper processing technology and electronic materials. The moment that the LED was lit up by a transparent CNF sheet a few microns thick, I felt that the new technology will have real application for society.

However, there are numerous challenges to overcome: making the sheet thickness and surface uniform, ensuring repeatability of performance, and achieving long-term durability. It is also imperative that we achieve mass producibility and reduce costs. A number of potential applications for CNF electricity storage bodies are expected, such as miniature IoT sensors and wearable devices, home and agricultural monitoring equipment, and load leveling for renewable energy. We will continue to develop the technology with a sense of urgency, aiming for practical application in FY2031/3.



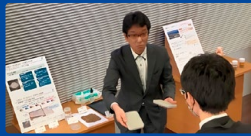
MINORU YADA
Research & Development Division
Fuji Innovative Materials Research Laboratory

Road Map for Innovative Biomass Material Products

	FY2025/3	FY2026/3	FY2031/3
Mobility & Industrial	CNF electricity storage body	Exhibition at Expo 2025 Osaka, Kansai, Japan	Searching for partners to work in performance enhancement, application evaluation, and commercialization
	Bioethanol	Selection as a NEDO Research and Development of Technologies to Promote Biomanufacturing project	Joint venture establishment
	Cellenpia®PLAS (CFN-reinforced resin)	Adoption for use in personal watercraft component	Manufacturing capacity expansion
	CMC for LiBs	Global share 15~20%	Start of operations at Hungary plant
Food & Agriculture	Cellenpia® (CNF)	Numerous adoption for foods and cosmetics	Application in frozen products, entry into make-up market
	Torula Plus®	Sale volume 72 t	Introduction of facility to increase production capacity
	Genki Morimori™	Sales volume 1,300 BDt	Evidence accumulation
	StarLigno®	Start of use as raw material for concrete admixture, cold asphalt emulsion additive	Use in a wide range of industrial fields utilizing the characteristics of lignin
Construction	Cellenpia®μ (MFC)	Mortar curing agent: start of sales and construction	Weed suppressant: start of commercial sales
			Utilize distinctive viscosity and water retention properties, etc. to expand fields of application

R&D Presentation Meeting

In April 2025, the Group invited analysts, institutional investors and members of the media to a R&D presentation meeting for the purpose of explaining the role of the Research & Development Division in the Group's ongoing business structure transformation and sharing the latest technology trends. The presentation explained the Group's strategy of expanding new businesses in a wide range of fields by fully utilizing wood resources.



Mobility & Industrial



Bioethanol

Contributing to the Realization of Domestically Produced Clean Energy with Raw Material for Non-fossil Fuel

The scale of Japan's bioethanol market, including the market for automobiles, is projected to reach 5 million kL/year in 2030. Nippon Paper Industries has established a joint venture with Sumitomo Corporation and Green Earth Institute Co., Ltd. to produce and sell bioethanol derived from wood cellulose, using domestically grown timber as a raw material. The project aims to achieve commercial production of tens of thousands of kL per year by around FY2031/3 for blending directly with sustainable aviation fuel (SAF) and gasoline, as well as development into biochemical products.



Cellenpia®PLAS (CFN-reinforced resin)

Pulp-derived Resin Reinforcing Agent to Reduce Environmental Impact and Increase Recycling Performance

CNF is used as a filler mixed into resin to increase its strength and reduce its weight. This material uses pulp from independently certified renewable forest as raw material to create a secondary material suitable for recycling as it does not lose strength even when reshaped. After joint development with Yamaha Motor Co., Ltd., the product has been used for a component of a personal watercraft. The Company has also cooperated with over 20 companies in the automotive field, to study its introduction.



CMC for LiBs

Improving the Safety and Productivity of Lithium-ion Batteries

Carboxymethyl cellulose (CMC) was developed as a binder for the negative electrode of lithium-ion batteries (LiBs). As a specialist brand for CMC, the Company has acquired a 15 to 20% share of the market for CMC for LiBs. Due to the characteristics of CMC, it is able to suppress the causes of LiBs short circuiting and catching fire, while contributing to an increase in productivity. In March 2025, a manufacturing plant started operation in Hungary, and the Company is also promoting development for the next generation of batteries, such as solid-state batteries.

Food & Agriculture



Cellenpia® (Cellulose nanofiber / CNF)

A Food Additive to Extend Use-by Dates and Reduce Food Loss

Cellenpia® is a high purity pulp that has been carboxymethylated to become carboxymethylated CNF that meets the standards for food additives and can also be used for cosmetics and quasi-drugs. When added to food, carboxymethylated CNF forms an ultrafine mesh structure that functions to retain moisture and shape, and to stabilize emulsions. In cosmetics, it creates a high quality, non-sticky texture that has been well received, and it has been adopted in a growing number of products. Going forward, the Company will develop new functions in the frozen foods and make-up markets, and conduct sales activities including at overseas sites, aiming to increase sales to around 100 tonnes per year by 2035.



Torula Plus™

Promoting Livestock Growth and Stabilizing Immunity and Gut Environment

Torula Plus™ is a livestock feed formulated with yeast cell walls and nucleic acid. It is made from hemicellulose obtained during the pulp manufacturing process. During testing, it was found to promote livestock growth and stabilize immunity and the gut environment. Torula Plus™ has a potential demand in Japan of approximately 27,000 tonnes including all eligible livestock. In FY2026/3, the Company will install facilities to increase production, aiming for sales of 410 tonnes by FY2031/3. Going forward, it will also collect evidence regarding productivity increases in the livestock-raising sector, while strengthening the technology follow-up for adopters.



Genki Morimori™

Contribution to Increasing Japan's Overall Food Self-sufficiency through Domestically Produced Wood-based Feed

Genki Morimori™ is a cattle feed made from wood chips obtained from lumber material and so forth procured in Japan. It has a high digestion rate since the lignin has been removed. It offers high energy and reduces the burden on cattle since it is gradually digested. Improvements in milk production, reproductive performance, and fattening performance have been observed. Moreover, since it is made from material produced in Japan, it is expected to reduce reliance on feed imports. In Japan, there is a potential market for 1.5 million tonnes per year, and the Company aims to expand sales to 50,000 tonnes per year by 2030.

Construction



StarLigno®

Contributing to Improved Work Efficiency at Construction Sites and Reduced GHG Emissions

StarLigno® is a chemical additive for civil engineering construction developed using lignin obtained from pulp manufacturing processes. As a concrete admixture, many years of research have succeeded in realizing the dispersal characteristics of a conventional liquid dispersant despite being in powder form. The product maintains the quality of concrete on site while increasing its fluidity, thereby making operations more efficient. By adding it to asphalt emulsifier, it is also possible to produce a cold asphalt mix with enough strength to be used for road surfacing. The Company aims to expand its applications into even wider fields going forward.



Cellenpia®μ (Microfibrillated cellulose (MFC))

Leveraging Characteristics to Reduce Process Steps and Aiming to Expand Applications

MFC has performance somewhere between pulp and CNF. It is able to be manufactured and used by general equipment. It can be sprayed, and leveraging its outstanding moisture retention and dispersion stability properties, the Company has developed a surface mortar spraying method using MFC, through joint research with RAITO KOGYO CO., Ltd. With the ability to suppress cracking, it reduces process steps. The Company aims to widen its applications including an environmentally-friendly weed suppressant, for which sales have already begun.

Human Resource Strategy

NIPPON PAPER GROUP regards human resource strategy as an important issue in its business activities, and it focuses on securing human resources appropriate for future business development. The Group clarifies the basic policy of its human resource strategy based on priority tasks for each business in its Medium-Term Business Plan 2025, and is engaged in recruitment, development, retention, and allocation.

Securing Human Resources: The Top Priority of Management Strategy

A breakdown of the ages of the Company's employees compared to Japan's population distribution by age shows many veteran employees aged 50 and above, while compared to other ages, there tends to be fewer of the middle group aged 30 to 49, the people who bear the future businesses (Diagram 1). In addition, with human resources becoming increasingly fluid in the broader society, in recent years the number of employees leaving has been on the rise even at the Company (Diagram 2).

Given this labor market and the current situation at the Company, the Company regards securing human resources as the top priority of management strategy. To mitigate the risk that a shortage of

human resources will impede the sustainable growth of existing businesses, the maintenance of competitiveness, and the execution of business structure transformation, the Company will act with a sense of speed in executing various policies based on four perspectives (recruitment, development, retention, and allocation) and aim to be a company that continues to be the choice of employees. In addition, the Company will work to secure appropriate human resources and to sustain growth while also optimizing the personnel needed through automation and labor savings at operation sites and the introduction of IoT technology in logistics.

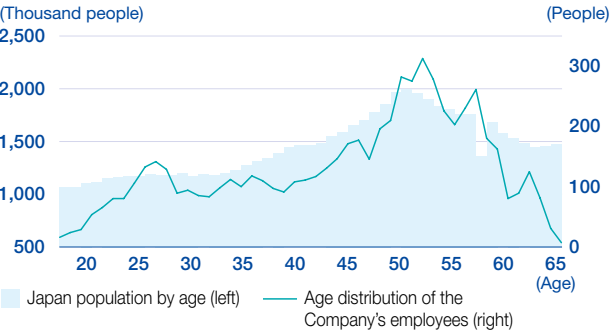


Diagram 1 Japan population by age and age distribution of the Company's employees
(created by the Company from the Population Census of the Statistics Bureau of Japan, Ministry of Internal Affairs and Communications)

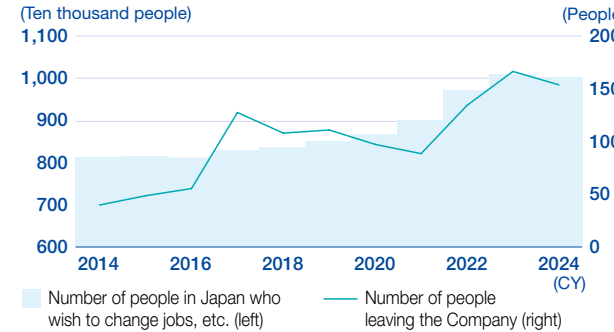


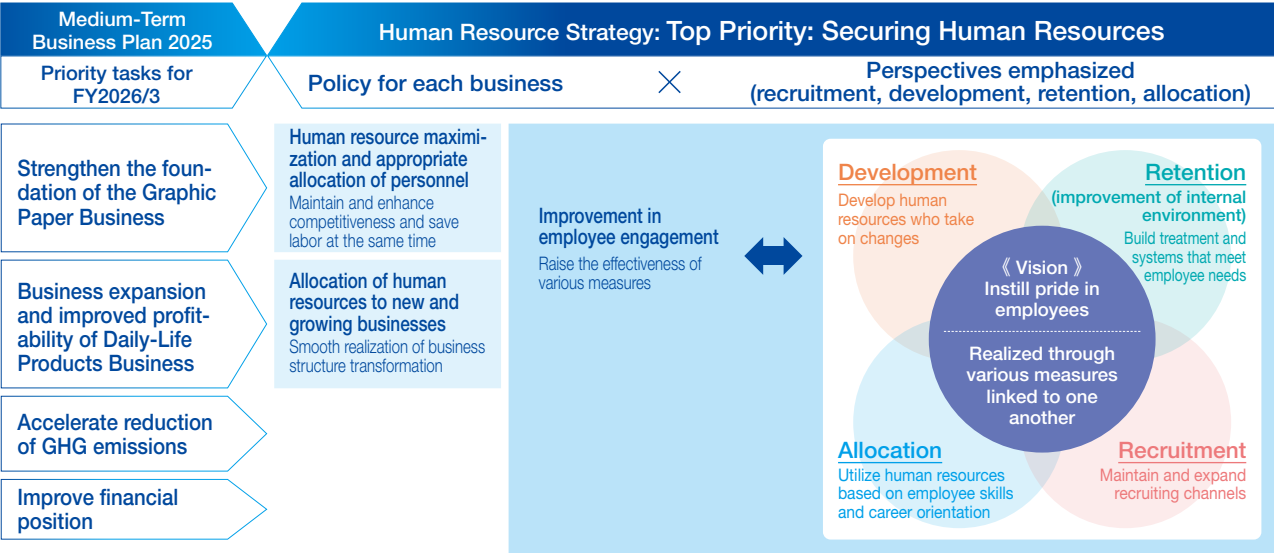
Diagram 2 Number of people in Japan who wish to change jobs and number of people leaving the Company
(created by the Company from the Labour Force Survey of the Statistics Bureau of Japan, Ministry of Internal Affairs and Communications)

Linking Business Strategy and Human Resource Strategy

The Company clarifies 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 the foundation of the Graphic Paper Business, 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. In addition, to expand the Daily-Life Products Business and improve its profitability, 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.

《 Human Resource Strategy Linked to the Medium-Term Business Plan 2025 》



Human Capital Investment Policy: To Be a Company That Continues to Be the Choice of Employees

The Company is engaged in measures from the perspectives of recruitment, development, retention, and allocation to secure human resources, the top priority of management strategy, and realize the basic policy of human resource strategy corresponding to the priority tasks by business segment set forth in the Medium-Term Business Plan 2025. These initiatives are not independent of each other, but are organically linked to stay closely aligned with

the growth and career development of individual employees and promote improved engagement to secure human resources over the long term. In order to maximize the potential of its human resources and contribute to the enhancement of corporate value, it is essential to remain the company of choice of employees, and the Company's personnel measures are being carried out as comprehensive initiatives to achieve this goal.

Perspectives Emphasized	Aim	Main Measures	Target
Recruitment Maintain and expand recruiting channels	Acquire human resources even when recruiting becomes more difficult in general	Strengthen mid-career hiring —Systematize and strengthen the rehiring of employees who previously left the Company and hiring based on referrals from employees	All employees
		Promote the hiring of women and foreign nationals —Consider while taking into account the declining workforce population	
Development Develop human resources who take on changes	Develop leaders and specialists to be responsible for new and growth fields	Selective training —Develop employees suitable for business structure transformation	All employees
		Promoting the development of DX professionals —Training and workshops for raising workplace productivity	
		Certification incentive programs and certification allowances —Promote the acquisition of certifications necessary for operations	
Retention Build treatment and systems that meet employee needs	Develop human resources to promote improved employee engagement	Coaching skills training —Strengthen communication within workplaces	Business leaders
		Communication between general managers and junior career-track employees from other divisions —Deepen understanding of management and business structure transformation (P.50-51)	
	Realize materialities of “Realization of diverse work styles” and “Active participation of diverse human resources”	Establishment of career consultation hotline —Establish external consultation hotline related to life events	All employees
		Promote diversity —Introduction of systems (P.50) as well as declaration of goals related to diversity by the managers and cultivation of corporate culture	
		Review and consider systems based on diversifying health issues —Establish a committee for joint labor and management considerations	
	Realize work styles that help secure human resources	Review work styles of shift work employees —Revisions to the shift work cycle being considered	Experts
Allocation Utilize human resources based on employee skills and career orientation	Promote the active participation of locally hired non-management track employees	Expand the career path transition program —Establish career path transition program for excellent candidates for career track positions	Experts
		Newly establish job transition allowance —Change mindset to view transfers in a positive light	
	Appropriate allocation to realize business strategy	Expand transition support program —Special allowance for moving to a different location alone, consideration for return travel expenses, etc.	All employees
		Reallocate human resources for business structure transformation —Allocate human resources with advanced skills in existing business to growing businesses and new business startup	All employees

Notes: 1. Business leaders: Employees in so-called career track positions expected to play a role in driving the Company as a whole while bearing responsibility for a broad range of work in diverse fields through their career path
2. Experts: Employees in so-called non-management track employment positions that serve as specialists in various jobs indispensable to the Company's business operations (three-shift operators, facilities maintenance, etc.) who are primarily hired locally where the head office, sales branches, mills, and business sites are located

Indicators and Targets Associated with Human Resource Development and Employee Retention (Improvement of Internal Environment)*1

The Company has set indicators and goals as shown in the following table to monitor the progress of human resource development and retention (improvements to the internal environment). Going forward, the Company will consider revising and adding more appropriate indicators for monitoring the progress of each policy as necessary, taking into account progress made and changes in the external environment.

Indicators		Targets	Results				
			FY2022/3	FY2023/3	FY2024/3	FY2025/3	Average of Last 4 Years
Retention rate after 10 years of employment (%)		80% or higher	60.3	63.4	50.0	70.9	62.7
Ratio of female career-track hires (%)		40% or higher (by FY2026/3)	39.6	48.8	36.5	47.3	43.0
Total working hours per year (hours)		1,850 hours/year or lower	1,905	1,884	1,872	1,870	1,883
Ratio of annual paid leave taken (%)		70% or higher	73.8	79.0	80.2	78.8	77.9
Ratio of diversity promotion system usage (%)*2		70% or higher	97.8	93.2	84.6	84.4	90.0
(Breakdown)	Ratio of flextime system usage (%)	—	42.1	41.2	43.2	43.2	41.7
	Ratio of system for taking annual paid leave in hourly increments usage (%)	—	9.2	13.3	18.0	22.0	15.6
	Ratio of system to work from home usage (%)	—	96.0	83.4	71.4	69.6	80.1

*1 Targets and results related to indicators are listed for Nippon Paper Industries Co., Ltd. on a non-consolidated basis as it is difficult to manage the progress of consolidated companies with different systems in an integrated manner.
*2 The ratio of employees of head office divisions who used systems that promote diversity (flextime system, system for taking annual paid leave in hourly increments and system to work from home) during the fiscal year under review.

[Analysis of Goals Not Yet Achieved]

Retention Rate 10 Years after Joining

The Company believes this indicator is being impacted by the increased fluidity of human resources in society overall compared to when it was set in 2021. The Company will work to retain human resources by creating and enhancing opportunities for internal communication and improving various programs to raise engagement.

Total Working Hours per Year

This goal was achieved in day-shift departments, but the Company will work to make further reductions and improve operational efficiency. In shift work departments, the goal has not yet been achieved. The Company will work to reduce total hours worked by strengthening recruiting activities and allocating personnel.

Initiatives to Increase Engagement

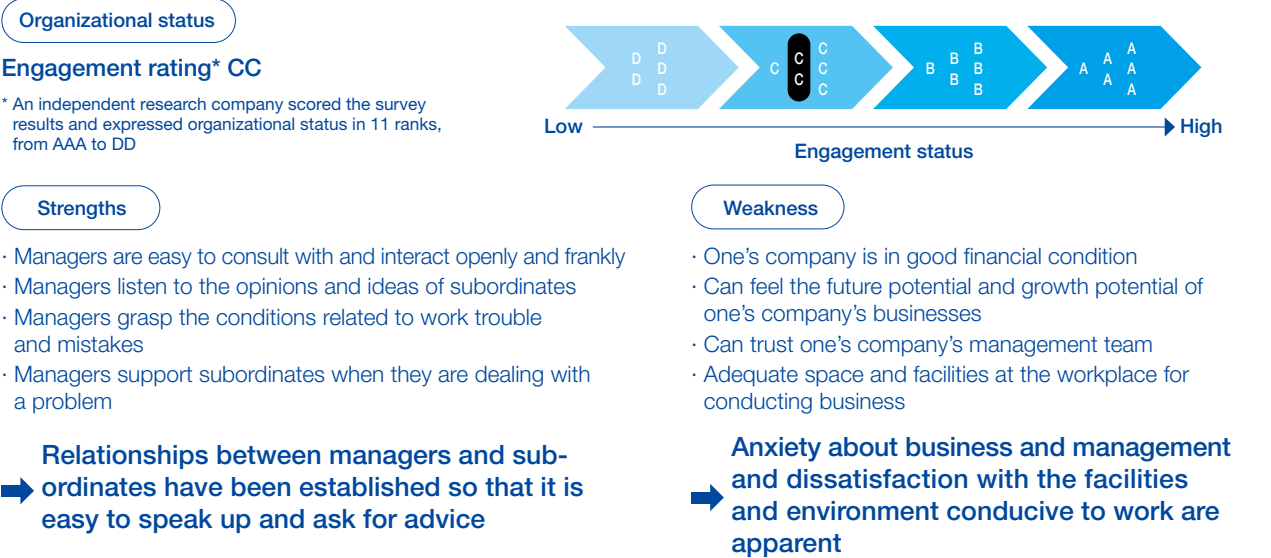
The Company has periodically conducted engagement surveys since FY2020/3. The survey is regarded as an important means for further solidifying a relationship in which both employees and the Company can grow together. The results of the FY2025/3 survey show a certain degree of satisfaction with immediate human relationships, with one's manager and colleagues, and with the work environment, but they also reveal a great deal of anxiety and mistrust in areas related to the Company as a whole, including

anxiety about its financial position and the future growth potential of its businesses. To break out of the current situation and "instill pride in employees," the Company will provide opportunities for dialogue and communication at the workplace in order to unify awareness of the Company's direction and the mission of one's division. Doing so will raise the effectiveness of measures related to recruitment, development, retention, and allocation and help the Company smoothly realize business structure transformation.

Overview of FY2025/3 Employee Engagement Survey

Survey subjects: Employees working at Nippon Paper Industries Co., Ltd.
Number of survey subjects: 5,074 employees (As of November 1, 2024, excludes employees on leave, etc.)
Response rate: 99.5%
Response period: November 29 to December 20, 2024

Overview of Survey Results (Subjectivity of Respondents)



Example of Revitalizing Internal Communications
Communication between General Managers and Junior Career-track Employees of Other Divisions

The Company creates regular opportunities for junior career-track employees to speak in groups with general managers from divisions other than their own, with the aim of increasing retention and engagement. These opportunities give junior employees some distance from their day-to-day duties and encourage them to experience "a different sky," such as the Group's diverse businesses, operating domains, management philosophy, and growth potential.

Program Overview

Period: First period from October 1, 2024 to June 30, 2025 (Second period is currently underway from July 2025.)
Scope: General managers in all 18 divisions and career-track employees aged 25–35 in at least their fourth year with the Company (affiliated with the head office and research laboratory at Oji, Kita-ku, Tokyo)
Method: Divided into groups of one general manager and four to five employees, with opportunities created to meet around one hour per time and at least three times during the period of the program



Participant Feedback Most of the people in our group were from sales departments, and there was a great deal of discussion matters I could bring back to my own work in concrete terms. I learned that there are many different approaches and connections when it comes to sales, so I think we'll be able to collaborate within sales divisions. It's obviously necessary to strive to be a professional in your field, but the Company has broad-ranging business fields, so I felt the need to work across departments as well. I came away with hope for the Company's policy of actively taking measures to retain junior employees. Going forward as well, I would want the Company to continue creating opportunities for communication across divisions.

Jun Aoki
Containerboard Sales Dept.,
Paperboard Sales Div.
Nippon Tokai Industrial Paper Supply Co., Ltd.

Participant Feedback Through dialogue I learned how the Company's management policies and strategies are being implemented in another division. Through this initiative, I felt that it is important to be aware not only of how my own work contributes to the growth of the division, but also of how the business of the division to which I belong is linked to the vision of the organization as a whole, and the role of the division in the growth of the organization. By having this perspective, I think I am able to engage in my work with a broader view and make a major impact on my own career development as well. Going forward, I would want the Company to increase opportunities to promote interactions with employees with differing career backgrounds and perspectives.

Konomi Hashimoto
Paper-Pak Sales Management Dept.,
Paper-Pak Sales Div.
Nippon Paper Industries Co., Ltd.

Directors and Audit & Supervisory Board Members

(As of June 27, 2025)

Directors



Toru Nozawa
Chairman and Representative Director

Number of Company Shares Held

40,667 shares

Brief History

1959 Born
1981 Joined Jujo Paper Co., Ltd.
2014 Appointed Director, NPI
2019 Appointed President and Representative Director, NPI
2025 Appointed Chairman and Representative Director, NPI (current position)

Responsibilities and Important Concurrent Positions

Chairman, Japan Paper Association



Mitsuhiro Sugino
Executive Vice President and Representative Director

Number of Company Shares Held

14,443 shares

Brief History

1963 Born
1988 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2023 Appointed Director, NPI
2025 Appointed Executive Vice President and Representative Director, NPI (current position)

Responsibilities and Important Concurrent Positions

Executive Vice President and Executive Officer, Assistant to President



Atsumi Yasunaga
Director

Number of Company Shares Held

16,568 shares

Brief History

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

Responsibilities and Important Concurrent Positions

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



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
Appointed Outside Director, NPI (current position)
2024 Outside Director (Audit & Supervisory Committee Member), Chair, Nomination and Remuneration Advisory Committee, NOK CORPORATION (current position)

Important Concurrent Positions

Outside Director (Audit & Supervisory Committee Member), Chair, Nomination and Remuneration Advisory Committee, NOK CORPORATION



Akira Sebe
President and Representative Director

Number of Company Shares Held

13,489 shares

Brief History

1965 Born
1988 Joined Jujo Paper Co., Ltd.
2025 Appointed President and Representative Director, NPI (current position)

Responsibilities and Important Concurrent Positions

President and Chief Executive Officer



Yasuhito Murakami
Executive Vice President and Representative Director

Number of Company Shares Held

13,847 shares

Brief History

1962 Born
1986 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2025 Appointed Executive Vice President and Representative Director, NPI (current position)

Responsibilities and Important Concurrent Positions

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



Keiko Watanabe
Director

Number of Company Shares Held

4,057 shares

Brief History

1966 Born
1991 Joined Jujo Paper Co., Ltd.
2025 Appointed Director, NPI (current position)

Responsibilities and Important Concurrent Positions

Executive Officer, General Manager of Sustainability Transformation Div.



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 Concurrent 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



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 Concurrent Positions

Outside Director, ISE CHEMICALS CORPORATION
Outside Director, Chiyoda Corporation



Tomoyasu Itakura
Senior Audit & Supervisory Board Member

Number of Company Shares Held

13,105 shares

Brief History

1964 Born
1988 Joined Jujo Paper Co., Ltd.
2021 Appointed Director, NPI
2025 Appointed Senior Audit & Supervisory Board Member, NPI (current position)

Important Concurrent Positions

Audit & Supervisory Board Member, Nippon Paper Crecia 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 Concurrent Positions

Visiting Attorney, Foreign Law Joint Enterprise, Mori Hamada & Matsumoto



Tomoyoshi Nishimoto
Audit & Supervisory Board Member

Number of Company Shares Held

18,125 shares

Brief History

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

Important Concurrent Positions

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



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 Concurrent 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.

"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, 2025, and includes shares held by Nippon Paper Industries executive shareholding association.

Audit & Supervisory Board Members

Corporate Governance

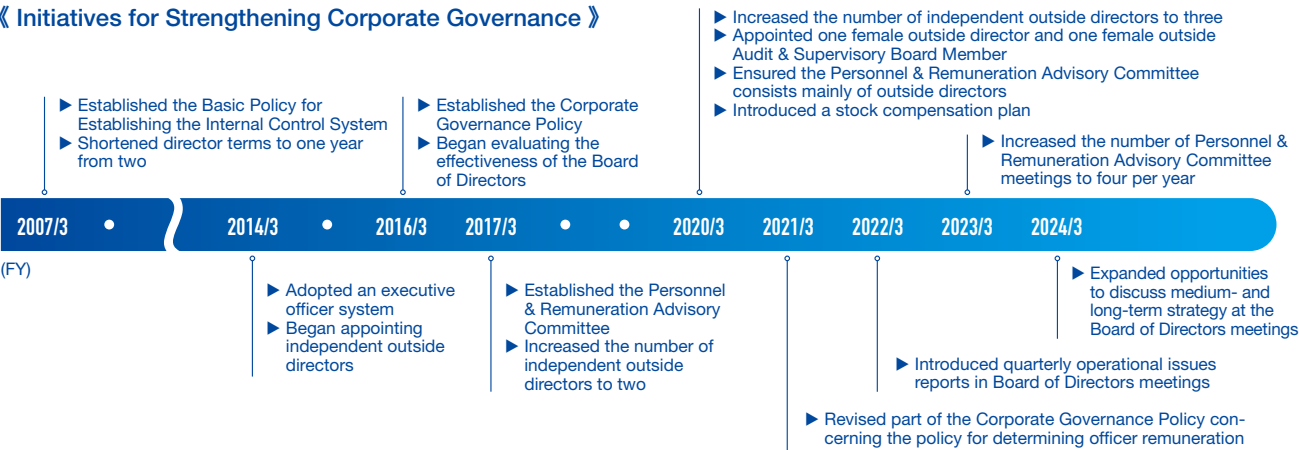
Basic Stance

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

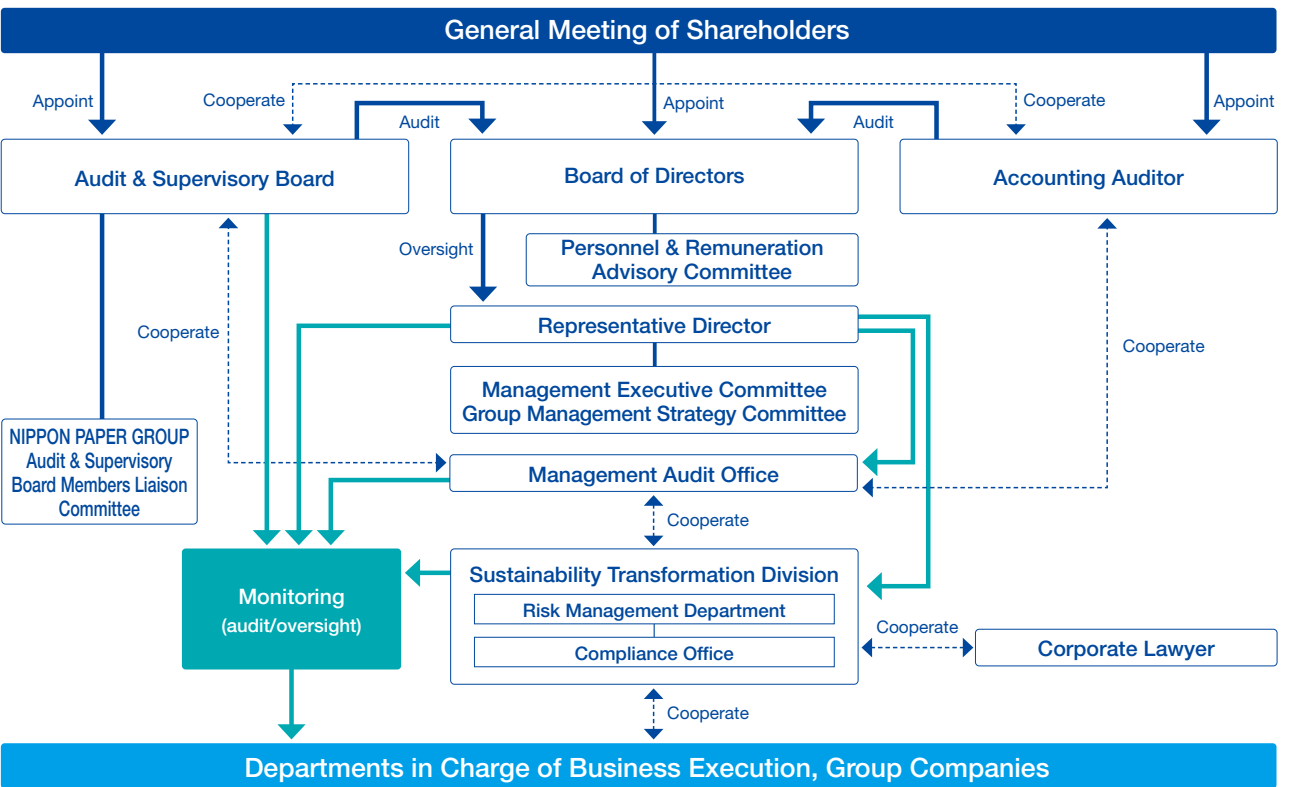
Company has adopted an executive officer system and is working to strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. As the command center of NIPPON PAPER GROUP, the Company is implementing growth strategies, monitoring 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, 2025)

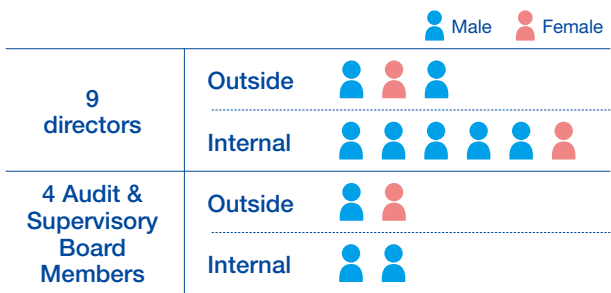


* The Company has adopted a Company with Audit & Supervisory Board system of corporate governance.
* Ernst & Young ShinNihon LLC has been appointed as the Company's accounting auditor.

Board of Directors

The 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 Representative Director and corporate officers. The Chairman of the Company serves as the Chairman of the Board of Directors, and is committed to exercising and strengthening the supervisory functions of the Board of Directors.

Composition of the Board of Directors (As of June 27, 2025)



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/ Research & Development	Sales	Purchase/ Procurement	Inter-nationality
Chairman and Representative Director	Toru Nozawa	○	○	○		○				
President and Representative Director	Akira Sebe	○			○				○	○
Executive Vice President and Representative Director	Mitsuhiro Sugino	○					○	○		○
Executive Vice President and Representative Director	Yasuhiro Murakami	○			○		○			○
Director	Atsumi Yasunaga	○			○		○			
Director	Keiko Watanabe		○			○	○			
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 (FY2025/3)

Number of Board of Directors meetings held: 13
Average rate of attendance by directors: 99.1% (outside directors: 100.0%)
Average rate of attendance by Audit & Supervisory Board Members: 100.0% (outside Audit & Supervisory Board Members: 100.0%)

Audit & Supervisory Board Meetings Held (FY2025/3)

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.

Meeting of the Personnel & Remuneration Advisory Committee (FY2025/3) · Number of meetings held: 6; Average rate of attendance of outside directors: 100%



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 non-financial indicators to performance standards for internal directors.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members* (FY2025/3)

	Number of Executives	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-based Remuneration	Stock Remuneration	
Directors	9	¥306 million	¥89 million	¥26 million	¥422 million
(Outside directors)	(3)	(¥43 million)	(—)	(—)	(¥43 million)
Audit & Supervisory Board Members	4	¥62 million	—	—	¥62 million
(Outside Audit & Supervisory Board Members)	(2)	(¥15 million)	(—)	(—)	(¥15 million)

* Figures are rounded down to the nearest million yen.

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	Standard amount determined according to responsibilities, 70% of which is paid as fixed remuneration	Standard amount determined according to responsibilities, 30% of which is paid after adjustment based on the Company's performance in relation to the Medium-Term Business Plan, in principle	Points granted according to their respective responsibilities
Performance standards	—	[Financial indicators] 70%: Consolidated results (net sales, operating income) 30%: Non-consolidated results (net sales, operating income) [Non-financial indicators] ① Progress toward achieving the GHG emissions reduction target under the 2030VISION ② Progress toward achieving employee engagement targets	—
Other	Fixed amounts contributed to the Company's executive shareholding association		—

Assessment of Board Effectiveness

Once a year since FY2016/3, as an assessment of board effectiveness, the secretariat of the Board of Directors conducts a survey of the directors and Audit & Supervisory Board Members regarding management of the Board of Directors and the discussions held at its meetings. 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 FY2025/3

Tasks Set in FY2024/3	Results of Efforts in 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."	Based on discussions at Board of Directors meetings, the Company disclosed "Action to Implement Management That is Conscious of the Cost of Capital and Stock Price" on June 28, 2024. Disclosure overview ① Analysis of current situation · Why PBR remains low ② Policies for improving PBR · Analysis of factors targeting PBR increase (Logic tree) ③ Initiatives to Improve PBR · Improvement of profitability · Appropriate capital allocation and improved balance sheet · Advance growth strategies and bolster dialogue Since the second quarter, the Company considered goal achievement scenarios, KPIs, and hurdle rates for each business segment and priority issue, led by the Corporate Planning Division. At meetings of the Group Management Strategy Committee and the Board of Directors held from October to November 2024, upon explaining the results of such consideration, discussions were held on long-term direction and initiatives, etc., for each business segment.

Results of Evaluation Conducted in FY2025/3

Items	Main Opinions Identified in the Questionnaire
Board discussions	By outside officers attending meetings of the monthly Management Executive Committee and the Group Management Strategy Committee, and Chief Officers submitting reports on a quarterly basis, information is provided in a timely manner, leading to constructive discussions at the Board of Directors meetings. Other than Board of Directors meetings, there are numerous opportunities for the President and outside directors to exchange opinions and discuss issues with the executive side. Therefore, Board of Directors meetings are able to conduct focused questioning and discussions. The Company feels that discussions are being held that meet the needs of stakeholders.
Support system	The Group Management Strategy Committee is fulfilling its complementary role of providing information, leading to lively discussions at Board of Directors meetings. The Company feels that it is able to provide very detailed information, including issues and responses, through the participation of outside officers in reports and discussions at meetings of the Group Management Strategy Committee and monthly Management Executive Committee, aside from the Board of Directors meetings. The Company feels it is a wonderful initiative that outside officers can attend executive meetings and ask questions and express their opinions. Certain discussions can be held with the executive team prior to the Board of Directors resolution. Each General Manager not only reports on progress toward achieving the medium-term business plan at the monthly Management Executive Committee meeting, but also constantly focuses on achieving the medium-term business plan while performing their duties.

Tasks for FY2026/3	FY2026/3 will be the final year of the Medium-Term Business Plan 2025, and the year in which the next medium-term business plan will be formulated. The Board of Directors will utilize the Group Management Strategy Committee attended by all Directors and Audit & Supervisory Board Members as a forum for discussion, overseeing efforts to achieve the Medium-Term Business Plan 2025, and holding thorough discussions on the formulation of the next medium-term business plan.
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Cross-shareholdings

[Policy on Holding and Reducing Cross-shareholdings]

The Company owns stocks that it deems strategically necessary, comprehensively taking into account the importance of such holdings in terms of business strategy, relationships with business partners, and other such considerations, from the medium-to-long-term viewpoint of enhancing corporate value.

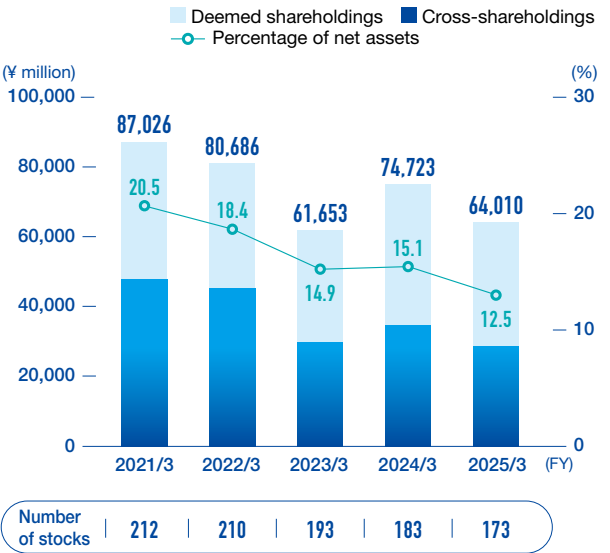
The Board of Directors annually reviews each cross-shareholding, evaluating the medium- to long-term economic rationale and the benefits of maintaining and reinforcing comprehensive relationships with business partners.

The Company sells stocks deemed as lacking sufficient rationale for holding, taking into account profit and loss implications. It accordingly sold approximately ¥30.0 billion worth of such holdings between FY2024/3 and FY2025/3.

The Company has been taking steps to reduce its cross-shareholdings, having announced its goal of “total abolition, in principle for cross-shareholdings” in May 2025. It will allocate the funds acquired by reducing its cross-shareholdings to investments aimed at sustainable growth, with a focus on growth investments and environmental investments.

The Company regards its efforts to reduce its cross-shareholdings based on this policy as important measures toward achieving sustainable growth. As such, it will persist with initiatives taken to reduce its cross-shareholdings, while accordingly disclosing information on progress achieved to such ends.

[Balance Sheet Amounts of Deemed Shareholdings and Cross-shareholdings]



· Figures for number of stocks and their balance sheet amounts represent the combined total of cross-shareholdings and deemed shareholdings.
The percentage of net assets is also calculated based on the combined total of cross-shareholdings and deemed shareholdings.
· The Company has been progressively reducing the number of these stocks and their holding value.
The increase in the amount recorded in the balance sheet in FY2024/3 was attributable to the mark-to-market valuation of listed shares.

[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.

[Reduction Target]

Scope	Listed shares held as cross-shareholdings (including deemed shareholdings contributed to retirement benefit trust)
Period	From FY2026/3 to end of FY2028/3
Reduction target	¥15.0 billion (based on sales value)
Use of proceeds	Investments aimed at sustainable growth with a focus on growth investments and environmental investments

Compliance

Basic Stance

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

The Compliance Office 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.

Revision of Standards of Business Conduct and Code of Conduct

In October 2024, the Company revised the former “Action Charter” and “Codes of Conduct.”

Previously, the Action Charter was shared across the entire Group and the respective companies of the Group would prepare their own codes of conduct. However, the Company has revised the Action Charter and the Codes

of Conduct, while making the Code of Conduct applicable across the entire Group. In so doing, the Company aims to achieve greater public trust and enhance its overall corporate brand value by ensuring that all Group employees embrace the same values and act according to consistent standards.

Compliance Activities

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

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

that violates laws and regulations regarding human rights, corruption, 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.

Occupational Health and Safety

Basic Stance

In order to instill pride in employees, it is necessary to ensure the health and safety of employees at each of the Group’s locations and to maintain sound management. NIPPON PAPER GROUP has formulated its Philosophy and Basic Policy on Safety and Disaster Prevention, while also constructing a system for promoting occupational health and safety, under which all employees and members of management are united. It accordingly 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 health and safety 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 health and safety management activities at the organizational level. By

doing so, the Group strives to improve health and safety levels through the prevention of occupational accidents, promotion of workers’ health, and creation of comfortable work environments.

Additionally, in 2020, the Company established the Medium-term Safety Activity Plan (2020–2025) as part of efforts to construct a foundation for preventing work-related accidents.

* Nippon Paper Occupational Safety and Health Management System

Message from Outside Directors

Steadily Building Up Targeted Earnings and Developing a Compelling Corporate Growth Story

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.



A Shift in Mindset Takes Hold across the Company, with Expectations of Achieving ¥40.0 Billion in Operating Income

In FY2025/3, both net sales and operating income surpassed the levels of the previous fiscal year. Although unresolved issues remain in the overseas business, the domestic business has steadily achieved operating income of over ¥30.0 billion following on from FY2024/3, confirming that it remains on track with the Medium-Term Business Plan 2025. I view this as the result of ceaseless Company-wide efforts, including price revisions, cost reductions, and reorganization of its production systems, in response to the operating loss recorded in FY2023/3, and the result of progress sustained without pause even after the crisis was overcome. I also believe that a key factor behind this accomplishment was the transformation of sales divisions into a profit center within the Paper and Paperboard Business.

The current fiscal year is the final fiscal year of the Medium-Term Business Plan 2025. I would strongly like the Company to achieve the final-year target of ¥40.0 billion or more in operating income. As an outside director, I will pay close attention to the Company's progress toward achieving this target.

I believe steady strides are also being made toward acceleration of business structure transformation, which is its basic strategy. With regard to reorganization of production systems, the management team has taken proactive steps based on demand forecasts, enabling the Paper and Paperboard Business to maintain high capacity utilization rates. The domestic Daily-Life Products Business is also expanding largely as expected. Therefore, I expect the Group to maintain this momentum and continue to implement initiatives that contribute to further enhancing corporate value under the next medium-term business plan, which is currently being formulated.

Striving to Enhance Corporate Value through Businesses That Help to Solve Social Issues

The Company has strengths in technologies and human resources that enable the diverse utilization of sustainable wood resources, as well as in the integration of business chains originating from forests. Leveraging these strengths, I believe that the Company can provide a variety of solutions that help address major social issues, such as decarbonization and the circular economy. Meanwhile, I recognize the need to

collaborate with partners in other industries to accelerate both the social implementation of new products and growth in their demand. For example, in the Morisora Project, an initiative exploring the manufacture of bioethanol from domestic wood, the Company has established a joint venture with its partners with the goal of achieving commercial production.

I have high expectations that these developments will not only contribute to business and network expansion, but also help to solve social issues, ultimately leading to enhanced corporate value. Going forward, I believe that by constantly seeking opportunities from the perspective of solutions to social issues, we can generate new opportunities for value creation through the sophisticated use of the Company's resources.

As indicated by the Company's stock price and PBR, the capital markets still hold a critical view of the Company. I recognize that implementing management that is conscious of cost of capital and stock price remains a key priority. The Board of Directors has engaged in a series of discussions on improving PBR. Naturally, strengthening the Company's earnings power and capital efficiency is essential to improving PBR, but it is also crucial to gain the market's trust in the Company's growth potential. In the next long-term vision and medium-term business plan, I believe that the Company must develop a compelling growth story grounded in its strengths and communicate it clearly.

Deepening Substantive Discussions in Board of Directors Meetings and Supporting the New Management Team

I believe that the Board of Directors is, at its core, a forum for strategic discussions aimed at enhancing corporate value over the medium- to long-term. In Board of Directors meetings, I strive to deepen discussions from the perspective of the Company's future direction, potential risks, and other such considerations. The Company's Board of Directors functions as a place for constructive discussion, where the opinions of members including outside directors are heard in earnest and reflected in management. I believe that this demonstrates the Board of Directors' high level of effectiveness. As an outside director, I intend to continue supporting the new management team in its proactive efforts to advance structural reforms.

A Diverse Organization Will Also Be Crucial to Improved Recognition by the Capital Markets

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.



Steady Progress in Management That Is Conscious of Cost of Capital and Stock Price

As shareholders and investors have shown growing interest in the promotion of management that is conscious of cost of capital and stock price, the Company has held a series of discussions in Board of Directors meetings. Although it took time for an awareness of capital-efficiency-focused business management to take root internally, we began trial implementation of ROIC management by company and ROA management by business from FY2026/3. I view this achievement as steady progress toward meeting shareholder and investor expectations. As an outside director who has consistently conveyed the importance of these initiatives within the Company, I feel that I have been able to fulfill my responsibilities to a certain extent.

To improve the stock price, I believe it is essential to more actively promote our initiatives to contribute to a sustainable society and raise expectations for the Company. I also expect the Company's executive team to further strengthen thoughtful dialogue with the capital markets.

Signs of a Recovery at Opal, Expediting Efforts to Return to Profitability

In the overseas business, the top priority is to return Opal to profitability as early as possible. In FY2025/3, losses narrowed with each successive quarter, and signs of earnings recovery began to emerge. However, the business remains in the red, and further earnings improvement is necessary. At the Maryvale Mill, efforts are underway to accelerate earnings improvement, including stabilizing operations, reducing costs, and improving the sales mix of paper. In the Packaging Business, Opal will focus on expanding its market share by making full use of the new corrugated box plant and upgraded facilities, while also strengthening its sales structure. As an outside director, I will closely monitor the progress of these initiatives.

Under the direct leadership of then-President Nozawa, the Group came together to provide ongoing support to Opal. As a result, I feel that we are finally beginning to establish a solid foundation as an integrated production base for competitive packaging. Although demand in Australia is currently somewhat stagnant, we now have a clear path to profitability. Therefore, I expect that, by steadily implementing earnings improvement measures, the Group will deliver solid results from a medium- and long-term perspective.

Spurring the Creation of New Value through an Organization Where Diverse Human Resources Flourish

As an outside director, I have consistently communicated the importance of Diversity, Equity & Inclusion (DE&I) within the Company. This is about more than simply increasing the number of women. The longer a company's history, the more it tends to cling to established ways of thinking and become a highly homogeneous organization. To take on the challenge of expanding into new business domains beyond the Paper Business and to generate innovation that transcends existing boundaries, it is essential to have human resources with diverse values and perspectives. In particular, when expanding business overseas, fostering an organizational culture that embraces diversity is a prerequisite for understanding local markets and achieving success.

A woman has been appointed as an internal director for the first time in the Company's history. To continuously nurture future female senior management candidates, it is vital to have career role models for women and to design systems that prevent career gaps. I expect the executive team to implement such measures at the earliest opportunity.

Furthermore, the Company faces a major business risk in securing and retaining human resources. In particular, at sites with 24-hour operations, Japan's aging population with fewer children has made recruitment increasingly difficult each year. In addition, the early turnover of younger employees has become a concern. To improve employee engagement, the Company conducted coaching skills training at its mills in FY2025/3, which yielded positive results. Therefore, efforts are now underway across the Company to encourage vigorous workplace communication.

I believe it is extremely important to create a workplace environment in which each employee can work with pride and positivity. This includes systems that help personnel engage in diverse work styles, such as those involving childcare and caregiving, and ensuring that work processes are not overly reliant on specific individuals. Such efforts are essential to successfully completing our business structure transformation.

It is people, without question, who enable companies to create value, and promoting DE&I will spur new value creation and lead to stronger external recognition. Under the new management structure, I remain committed to helping build an organization where diverse human resources can flourish, just as I have until now.

Increasing the Value of Forests for the Future Under a New Management Structure

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.



Striving to Enhance the Value of Forests from a Long-term Perspective

The Company owns forests in Japan and overseas, and generates public value through CO₂ absorption, ecosystem conservation, and preservation of water resources. Currently, however, it is not yet at the stage where it can clearly demonstrate how this value is directly reflected in its earnings. Looking ahead from a long-term perspective, I believe the social importance of domestic forests that produce sustainable wood resources will certainly increase in Japan, both in response to market needs for low-environmental-impact products and services, and as a means of addressing resource depletion risks. In addition, I recognize that wood resources will also increase in importance overseas from the perspective of ensuring the stable procurement of wood resources.

Anticipating this future, it is important to promote the elite tree seedling production business and to improve forest productivity by applying technologies developed through overseas plantation business. Through these initiatives, I expect the Group to enhance its environmental value over the medium- to long-term, while also contributing to the growth of Forest and Wood-related Business and the creation of new business opportunities.

In a sustainable society, the value of forests will increase, but there are also risks, such as those associated with emissions trading schemes. To reduce such risk, the Company will actively utilize decarbonization support through GX Economic Transition Bonds, which are one example of a decarbonization policy package alongside emissions trading schemes, and will accelerate the reduction of greenhouse gases (GHGs). Furthermore, the introduction of such schemes is expected to energize the carbon credit market in Japan. We intend to closely monitor this area, including forest absorption credits, as a new business opportunity.

A Changing Mindset toward Investment Decisions and Strengths in Immediate Responses at the Frontlines

Given my background in the manufacturing industry, I focus particularly on frontline operations in Board of Directors meetings and always take a cautious approach in evaluating the appropriateness of capital investments from the perspectives of profitability and risk. For example, the new black liquor recovery boiler planned for the Company's Ishinomaki Mill is an environmental investment that aims to achieve both

environmental contribution and corporate growth through the effect of reducing GHG emissions together with the shutdown of the existing coal boiler, and by supplying society with biomass products that generate fewer GHG emissions during production. When introducing this project, I requested scenario analyses that considered various risks and asked the executive team to conduct a thorough study of these matters together with profitability. We held multiple discussions on the findings. I believe that deepening such discussions around investment projects and enhancing their feasibility are important roles of an outside director. I also feel that by repeatedly conveying this perspective, the executive team has become more mindful of these considerations.

Moreover, based on my own experience, I highly commend the Company's speed and cohesiveness in its operations, an approach that reflects lessons learned from past incidents, as demonstrated by the immediate establishment of response teams when operational issues arise at its mills. Meanwhile, as securing human resources at the mills becomes an increasingly significant challenge, I strongly encourage the executive team to seriously consider how this strength can be maintained going forward.

Fulfilling My Obligations as an Outside Director with an Eye on the Next Stage

During the six-year period when Chairman Nozawa served as president, management faced an extremely challenging environment due to the impact of the COVID-19 pandemic, Russia's invasion of Ukraine, and the surge in raw material and fuel prices. The management structure concentrated the response to those and various other issues in one person, the president. In contrast, under the new management structure, by sharing responsibilities among the representative directors, I believe that the Company can achieve both management efficiency and rapid decision-making.

President Sebe is well versed in the field of raw materials procurement, including wood. I expect that he will clearly develop the Group's growth story, which will be driven by businesses rooted in forests, in the next long-term vision and medium-term business plan.

As an outside director, I will provide effective oversight and actively offer advice to ensure that the new management team takes appropriate action on current issues and transitions smoothly to the next medium-term business plan.

Communication with Stakeholders

The Company places emphasis on communication with stakeholders, including shareholders and investors, with the aim of achieving sustainable growth and improving corporate value. As part of these efforts, a small meeting between outside directors and institutional investors was held on March 12, 2025.

Directors Fujioka, Hatta, and Kunigo attended the meeting, which was joined by a total of 10 institutional investors both online and in person. This meeting has been held

regularly since 2021, making this the fifth session. During the meeting, participants exchanged opinions on the efforts of the outside directors to enhance corporate value and on the Company's governance structure, based on questions from the institutional investors.

This section presents a selection of questions and answers related to the governance structure, drawn from those raised during the meeting.

Q1 Does the Board of Directors adequately fulfill its governance function?

The Company's Board of Directors provides an environment in which outside directors are free to express their opinions, and the executive team accepts their input in earnest. We believe that such substantive, rather than merely formal, discussions are clear evidence that governance is functioning effectively. When submitting proposals to the Board of Directors, thorough discussions are held in advance, and problems such as risks and issues are identified. These discussions are repeated as needed until satisfactory countermeasures are presented. Ultimately, the proposals are submitted to the Board of Directors for consideration and resolution. For important matters, outside directors are briefed in advance of the resolution by the Board of Directors and actively offer their opinions from the early stages. We believe that this level of engagement is essential to ensuring effective governance.

Q2 What is the ratio and composition of outside directors, and how are you expediting deliberations and decision-making?

The Company currently has three outside directors, each of whom offers opinions from a unique perspective. As outside directors, we also actively monitor developments such as changes in industry pricing trends, and strive to fulfill their roles by taking early, proactive measures in response. To expedite deliberations by the Board of Directors, efforts are made to maintain a sense of urgency while bringing forward necessary considerations and exchanges of opinions. For example, the executive team begins providing explanations to outside directors more than two weeks before Board of Directors meetings. Furthermore, in important decision-making processes such as investment decisions, speed is emphasized while ensuring that reviews and judgments are made from an objective viewpoint.

Q3 Can you please describe the support system for outside directors?

Outside directors receive robust support. In addition to participating in Board of Directors meetings, we are given opportunities to attend key meetings, such as the Group Management Strategy Committee and the Management Executive Committee, as observers, and to receive prior briefings. Moreover, two-way communication is fostered with the executive team on important matters, with input from outside directors sought from the initial stages of review and discussion. Given this structure, an environment has been put in place to enable outside directors to fully carry out their roles.

Q4 Do you have any requests for the management team from your standpoint as outside directors?

While the forest resources owned by the Company and its environmental investment initiatives may be taken for granted internally, we believe that, from an outside perspective, they have not been adequately communicated to external stakeholders. The Company should proactively communicate its outlook for CO₂ emissions reductions and the credibility of its plans. Furthermore, in addressing the management issue of the Company's PBR falling below one, it is essential not only to pursue higher ROE, but also to improve PER. In other words, the Company must present a compelling growth story that earns stronger market recognition. In the next medium-term management plan to be formulated, we strongly hope that the Company will develop and clearly articulate a concrete vision for its future.



Scenes from the small meeting (held on March 12, 2025)

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 financial 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, the Group will follow and comply with the guidance and recommendations of national and regional governments.

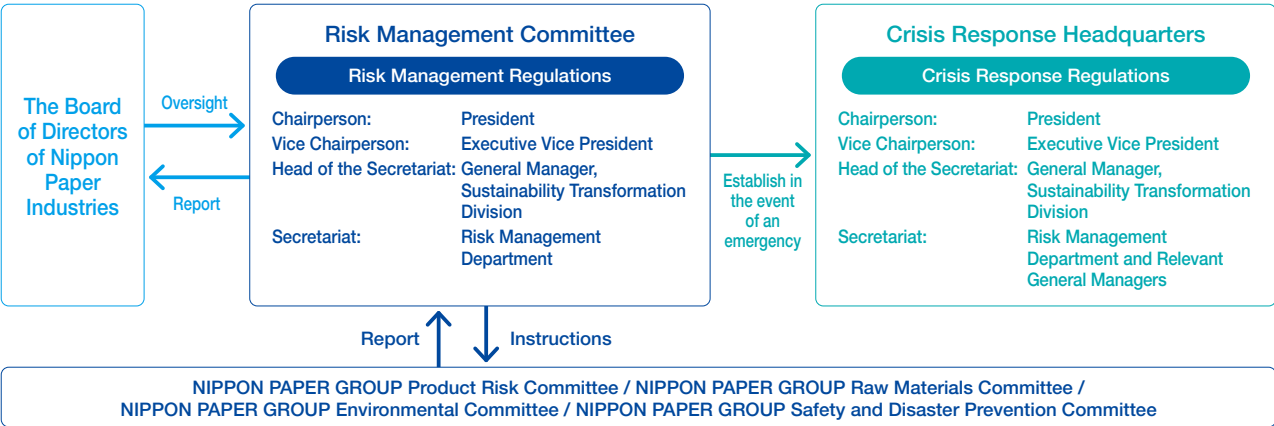
Promotion Structure

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 at least once a year. 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 procurement, environment, and safety

and disaster prevention are examined and discussed in committees chaired by the general managers of the relevant 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. It 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, 30 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 FY2025/3, the Company conducted a drill under the assumption of the Tokyo Inland Earthquake, in which some of the Company's head office functions were moved to the Iwakuni Mill and a Crisis Response Headquarters was established.

[Risk Identification]

In FY2025/3, the Risk Management Committee conducted a risk survey of the Company (head office and mills), domestic consolidated subsidiaries, three non-consolidated subsidiaries and three overseas consolidated subsidiaries. In addition to

identifying risks, the committee also confirmed risks that materialized in FY2025/3 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.

《 Major Business Risks for NIPPON PAPER GROUP (FY2025/3) 》

	Summary	Main Risk Mitigation Measures
Major risks associated with management strategies	Risks in securing human resources	▶ Proactive hiring and development of human resources with diverse backgrounds ▶ Development of a work environment that supports flexible work styles ▶ Automation and labor-saving at operational sites
	Risks associated with delays in the improvement of Opal's earnings	▶ Optimization of the production system and stabilizing the operations of the Maryvale Mill ▶ Increasing production capacity and boosting productivity through capital investment in the Packaging Business
	Risks associated with climate change	▶ 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 a decline in demand for graphic paper	▶ Bolster competitiveness through the restructuring of the graphic paper production system ▶ Maintain and expand sales quantities by developing and expanding the lineup of environmentally-friendly products ▶ Expand exports by developing products for overseas and strengthening the sales supply system
	Risks associated with a delay in the expansion of the Biomass Material Business	▶ Application development, commercialization and sales expansion of biomass material products ▶ Promotion of open innovation ▶ Aggressive intellectual property strategy
	Risks associated with supply chain management	▶ Procurement from multiple regions and multiple sources ▶ Review of inventory levels ▶ Expansion of flexibility and procurement network by strengthening horizontal cooperation within NIPPON PAPER GROUP ▶ Joint marine shipping with other companies ▶ Introduction of a truck arrival booking system
	Risks associated with natural disasters and infectious diseases	▶ Establishment of the Crisis Response Headquarters ▶ Maintaining BCPs ▶ Conducting regular training based on disaster scenarios ▶ Thorough measures to prevent outbreaks of infectious diseases
Main risks associated with the business environment and business activities	Risks associated with production facilities	▶ Planned measures against deterioration with aging ▶ Preventive maintenance
	Risks associated with compliance	▶ Regular education and training ▶ Compliance awareness survey
	Risks associated with the health and safety of workers	▶ Operation of the Occupational Safety and Health Management System
	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 information systems	▶ Construction and operation of systems in preparation for cyber-attacks ▶ Strengthening the 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. Nippon Paper Industries revised its guidelines for manufacturing food-contact paper and paperboard to align with the Positive List System for Food Product Utensils, Containers, and Packaging in FY2025/3, prior to the revision of the industry's voluntary standards.

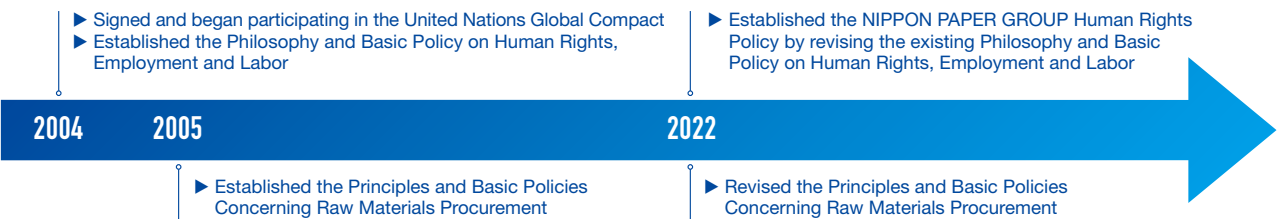
Respect for Human Rights

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.64).

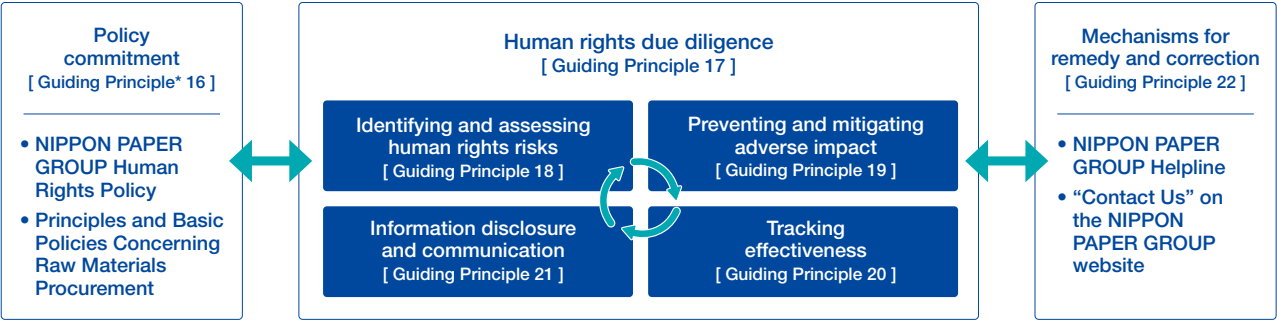
In addition to the NIPPON PAPER GROUP Helpline system, which the Company set up as an internal whistleblower system, the Group accepts inquiries regarding concerns about any possible violation of human rights through the Group’s corporate website (<https://www.nipponpapergroup.com/english/inquire>).

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]

- ① 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.
- ② Scored human rights risks on the human rights risk list with a focus on the degree of negative impact on human rights, likelihood of occurrence, and relationship and distance from the Company, and identified high-priority risks that must be addressed.

[Preventing and Mitigating Adverse Impact]

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 consideration for human rights. In FY2025/3, the Company carried out inspections in Vietnam, and confirmed that there were no problems.

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. 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. In FY2025/3, the Company received survey responses from a total of 82 contractors of 15 sites in Japan.

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. 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 for paper and paperboard products, as well as paper cartons, chemicals, household paper, healthcare, and specialty paper, and the surveys are administered successively from FY2025/3 onward.

《 Inspection in Vietnam 》



(Left) Clean break area equipped with air conditioning
(Right) Fire extinguisher in chip yard and warning to prevent contamination

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 FY2025/3, opinions were exchanged on matters that included human rights-related training for Group employees, human rights issues surveys of contractors in Japan, and the expansion of the scope of human rights issues checks through raw material supplier surveys.

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 FY2025/3, such education and training included training with the objective of better preventing harassment, as well as training on basics of business and human rights provided to employees of the

Group pursuant to the Human Rights Policy. In addition, the Group held lectures on the theme of human rights, thereby working to raise awareness among Group employees and workers at contractors at domestic mills.

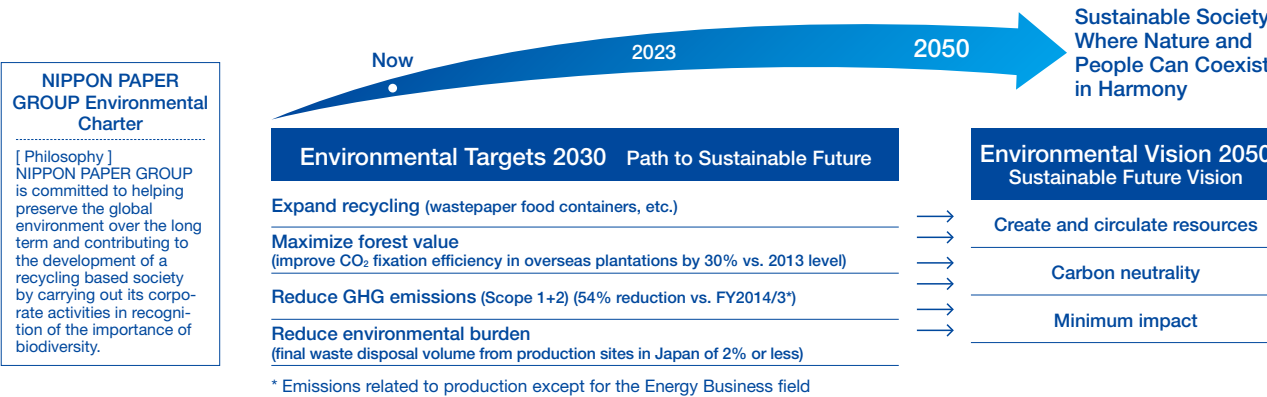
Nature Conservation

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 sustainable, circulation-oriented society by working from a long-term perspective to reduce its environmental impact, promote the circular use of

resources, preserve biodiversity, and respond to climate change. The Group has established its ideal state in 2050, and is making a full Group-wide effort on the NIPPON PAPER GROUP Environmental Targets 2030, which were formulated using a backcasting process.



[Governance for Environmental Management Promotion]

The Group has established the NIPPON PAPER GROUP Environmental Committee, chaired by the General Manager of the Nippon Paper Industries' Technical & Engineering Division, who is also the Representative Director of the Company. The committee deliberates important matters concerning

environmental management such as managing and evaluating the appropriate implementation of the NIPPON PAPER GROUP Environmental Targets 2030, and reports to the Board of Directors of Nippon Paper Industries through the Risk Management Committee (→ P.64).

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, 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 outcomes of analyses and on activities from the Risk Management Committee and from each of the executive officers in charge of GHG emissions reduction and promotion of environmental management.

Information Disclosure Related to Climate Change

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

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

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

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

[Reduce GHG Emissions]

Reducing GHG emissions is a pressing matter for the Group in response to climate change issues as the paper pulp industry is an energy-intensive industry and is highly vulnerable to transition risks associated with the introduction of carbon pricing, energy policies and other such factors. The Group is working to reduce GHG emissions through fuel conversion, energy saving, and reorganization of production systems. 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 system in an integrated manner.

* Emissions related to production except for the Energy Business field

《 FY2025/3 GHG Emissions by Scope Category 》

Scope 1+2*	5.04 million t-CO ₂	Scope 3	5.78 million t-CO ₂
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* Emissions related to production except for the Energy Business field

[Fuel Conversion Initiatives]

Since the latter half of FY2022/3, the Company'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 system 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 biomass and waste materials as fuel.

《 Initiatives to Reduce Coal Consumption 》

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

—Nippon Paper Industries Ishinomaki Mill Project to Bolster the Competitiveness of Biomass Products by Significantly Reducing GHG Emissions

At the Ishinomaki Mill, a fuel conversion project is underway to significantly reduce GHG emissions by installing a high-efficiency black liquor recovery boiler and discontinuing one coal boiler. This project has been approved for funding by the Ministry of Economy, Trade and Industry's "Energy and Manufacturing Process Conversion Support Program for industries in hard-to-abate sectors." This will ensure that transition risks related to climate change are reduced, while at the same time providing society with biomass materials with low GHG emissions during the production process, along with their environmental value, thereby working on the "creation of green markets" and aiming to simultaneously achieve carbon neutrality and economic growth (GX).

Overview of Capital Investment Plan

[Location] Nippon Paper Industries Co., Ltd. Ishinomaki Mill
[Investment size] ¥55.0 billion (of this, the government subsidy limit: ¥18.3 billion)*1
[Investment description] High-efficiency black liquor recovery boiler: evaporation capacity 390 t/h
Steam turbine/power generator: power generation capacity 56 MW
[Start of operation] Q4, FY2029/3
[GHG emissions reductions*2] 500,000 t-CO₂e (10% of the Company's emissions*3)

*1 At time of adoption
*2 Including reductions from the discontinuation of the existing coal boiler
*3 Emissions related to production except for the Energy Business field

[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.

[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*). As a result of proactively implementing GHG reduction measures, the Company has made progress in reducing GHG emissions by 39% in FY2024/3. The Company will continue to consider and implement various measures to achieve its targets.

Furthermore, by providing society with materials and products that have a low environmental impact through GHG emissions reductions, the Company will actively contribute to the “creation of green markets,” which is one of the GX League’s activities.



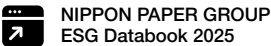
Moreover, the Group’s paper mills have also been addressing the issue of water conservation in seeking to save energy, given that such facilities incur energy loss associated with their large volume of water use in production processes for the sake of maintaining quality. The Group consistently takes on the challenges of introducing new technologies with the simultaneous aims of saving water and energy, while also maintaining quality.

《 GX-ETS Reduction Targets (vs. FY2014/3) and Actual Results 》

	Target		Actual Results
	2026/3	2031/3	2024/3
Scope 1+2	37%	52%	39%

* Nippon Paper Industries participated on a non-consolidated basis

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 from FY2024/3, it has determined that such risk is low at

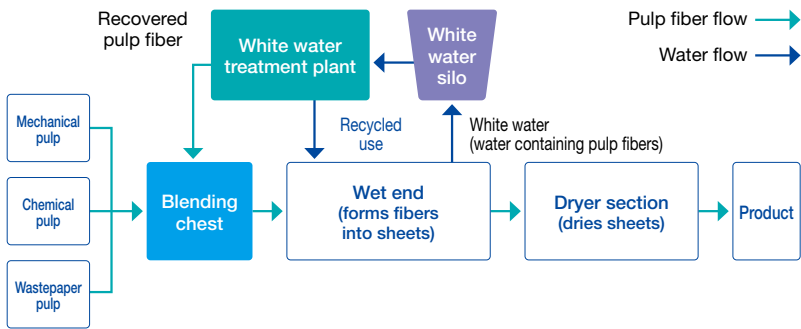
— Water Conservation through Circulation of White Water

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

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.

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 as a side effect.

《 White Water Circulation Flow Diagram 》



— Water Risk Evaluation

Due to the nature of its business, the Group is highly dependent on water resources, making sustainable water resource management essential. Therefore, the Group accurately assesses the situation with water stress at its domestic and overseas production sites and non-production sites, and actively implements measures to reduce risk.

During the fiscal year, the Group assessed water risk (Baseline Water Stress: 5-point scale) at a total of 89 sites, including

42 domestic sites (27 production sites, 15 non-production sites) and 47 overseas sites (33 production sites, 14 non-production sites) using the Water Risk Atlas in the World Resources Institute’s (WRI) Aqueduct 4.0. The Group then determined the risk level of each site. Based on the results of these assessments, the Group will work to improve water usage efficiency and implement targeted measures at high-risk sites, striving to ensure sustainable business activities.



(1) Domestic

The majority of domestic sites are in the “Low to Medium” or “Medium to High” risk category, with no sites facing extreme water risks such as “High” or “Extremely High,” as the risk

(2) Overseas

At overseas sites, the risk distribution is wide, ranging from “Low” to “Extremely High” due to differences in regional characteristics and locational conditions. In Oceania in particular, some sites were found to have “High” or “Extremely High” water risks. This is due to Oceania’s unique dry climate, regional differences in precipitation amounts, and the distribution of water resources. The Group is enhancing its water resource management in accordance with local conditions.

Meanwhile, production sites outside of Oceania are rated

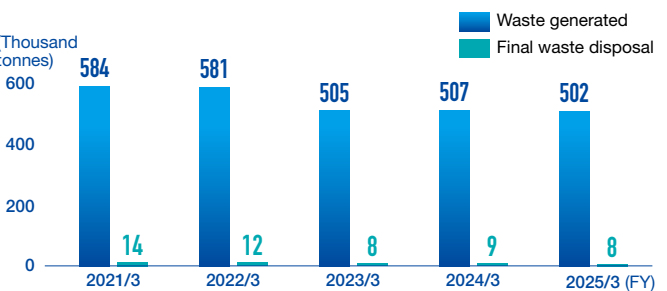
distribution remains stable overall. As for production sites, 44% are in the “Medium to High” risk category, so the Group will continue to monitor and promote water-saving measures.

“Low” or “Low to Medium” risk, and continue to operate in stable water resource environments. While some non-production sites are rated “Extremely High,” these are sites where administrative functions are performed, such as branch offices, and there is not a direct impact on production activities. Overseas sites are also actively working to reduce water intake and discharge, achieving a water consumption rate of less than 2%, which is a higher level of water usage efficiency than in Japan.

[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.

《 Waste Generated and Final Waste Disposal 》



4 Promoting the Circular Use of Resources



The Group operates recycling facilities for food and beverage paper containers from which high-quality, high-white pulp can be produced, and promotes its use as raw material for paper-making in a wide range of fields, including paper, paperboard, and household paper. By expanding recycling activities for difficult-to-treat wastepaper such as used paper cups and peeled-off release paper, the Group as a whole utilized 11,908

tonnes of unused, difficult-to-treat wastepaper in FY2025/3. Going forward, the Group will continue to contribute to the creation of a sustainable, circulation-oriented society through resource circulation, such as the establishment of a sorted collection recycling system, horizontal recycling, and upcycling, while also aiming to build new styles of business.

— Recycling of Printed Wastepaper with The Shin Nihonkai Shimbun

In March 2025, the Company signed a joint declaration on “Forest Resource Development and Circulation in the New Era” with Tottori Prefecture and related associations. This declaration aims to shift to the sustainable circular use of forest resources within Tottori Prefecture, and it plans to work with partners in the prefecture to promote various initiatives regarding sustainable forest management, advanced use of wood resources, and wastepaper recycling.

As part of this effort, the Company has begun working with The Shin Nihonkai Shimbun Co., Ltd. to create closed loop recycling for printing wastepaper generated during the newspaper printing process. The Company is also together considering creating closed loop recycling for waste newspaper collected from readers.



March 2025 signing of the joint declaration in Tottori Prefecture (published in the Nihonkai Shimbun on March 27, 2025)

— 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 for applicable domestic flights, and the Group establishes unique routes for transporting, collecting, and packing such items.

At first, the initiative was limited to recycling these items into 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.

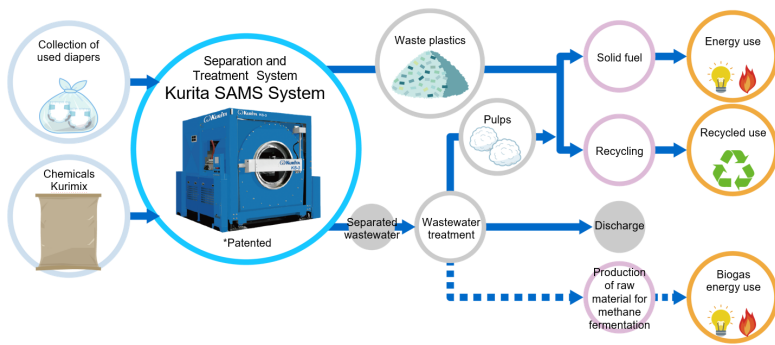


Recycled paper cups (image provided by JAL)

—Joint Development of Eco-friendly Paper Diapers with Kurita Water Industries

Most of the used paper diapers in Japan are incinerated in general or industrial waste treatment plants. With the aging of society and other factors, the volume of used paper diapers is expected to continue to increase, leading to a growing need to recycle them. Nippon Paper Crecia is collaborating with Kurita Water Industries Ltd. (“Kurita Water Industries”) to develop environmentally-friendly paper diapers. In this development project, Nippon Paper Crecia is sharing information on paper diaper products and on the separation and processing of waste using the Kurita SAMS System, and the two companies are deliberating product specifications for paper diapers that will improve the quality of the separately treated plastics and pulp materials. Through this development project, the aim is to further support a sustainable society by contributing to the creation of a circulation-oriented society and the realization of a carbon neutral society.

《 Recycling Process Using the Kurita SAMS System 》



5 Preservation of Biodiversity

NIPPON PAPER GROUP
ESG Databook 2025

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 between biodiversity and its business activities by continuously using wood resources, which are a main raw material, and plentiful water resources, and by reducing its 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)]

The Group procures raw materials and fuel such as coal and wood chips and pulp from sources in Japan and overseas, and also uses numerous water resources in its manufacturing processes. With respect to the dependence and impact

on natural capital and biodiversity in both direct operations (manufacturing) and upstream supply (procurement), the Group conducts analyses and evaluations using the LEAP approach*1.

• 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

Dependence and Impact (LEAP Approach: L)

Using ENCORE*2 to perform analysis, the Group became aware as follows with respect to items that are extremely dependent on ecosystem services and have a very large impact 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 ascertain the level of impact and dependency on the nature.

Identification of Priority Regions (LEAP Approach: E)

To identify priority regions, the Group used the WWF Biodiversity Risk Filter to assess 35 items related to biodiversity impacts in its sourcing locations (Tier 1). Priority regions are defined as material areas that are highly dependent on and have a significant impact on nature, and are considered important to its business, and were identified taking into consideration the results of the WWF assessment and regions with large procurement volumes. As a result of this analysis, the Group found that Tier 1 chip suppliers in South Africa and Vietnam and a Brazilian plantation company were priority regions. Therefore, the Group expanded the scope of its analysis to Tier 3 for South Africa and Vietnam.

Risks and Opportunities (LEAP Approach: A)

Based on the results of its nature dependency and impact assessment, the Group identified nature-related risks and opportunities that need to be addressed.

《 Risks in Priority Locations 》

Category	Risks	NIPPON PAPER GROUP’s Initiatives
Physical	Lower timber productivity due to extreme weather and forest fires	· Utilize fire insurance and enhance monitoring systems · Strive to level forest age composition ratios to create diverse forests that are resistant to natural disasters
	Lower timber productivity in the event of water pollution or water shortages	· Conserve water sources in company-owned forests including forest reserves such as water source retention forests through forest systems management and reforestation
	Reduced tree growth due to ecosystem degradation	· For planted forests and secondary forests, strive to level out forest age composition ratios to rejuvenate forests and increase forest biodiversity · Deepen Company users’ understanding of the diverse functions of forests, promote conservation and restoration activities in company-owned forests, and strive to maintain sustainable forest ecosystems
Policy	Lower timber productivity due to limitations on land that can be used for plantations as a result of the expansion of protected areas	· Perform zoning of environmental forests and economic forests · Reduce the pressure put on developing precious forests that should be preserved by increasing forest productivity · When forests, even economic forests, are confirmed to be habitats for rare wildlife, collaborate with NPOs, etc., to protect and conserve species while continuing timber production

《 Opportunities 》

Category	Opportunity	NIPPON PAPER GROUP’s Initiatives
Markets	Increase in economic value of the diverse functions of forests (CO ₂ , biodiversity, soil, nutrition, water source retention)	· Implement projects that will create J-Credits equivalent to 200,000 t-CO ₂ in company-owned forests in Japan · As part of natural capital accounting, participate in ISFC and take part in the establishment of a system for quantifying forest value to increase the value of company-owned forests in Japan and overseas plantations
	Increase in inquiries regarding wood resources	· In forests with solid development histories, utilize high quality species and elite trees to increase forest productivity, thereby supplying sustainable wood resources
	Development of business through technologies for improving forest productivity	· Expand the elite tree seedling business in Japan and establish a 10-million-unit production system by FY2031/3 (forest industry demand for seedlings is predicted to reach 100 million units by 2030) · Overseas, supply technologies for performing early selection of high quality varieties and plantation technologies to existing plantation operators, connecting them with the Company’s overseas procurement activities
Products	Increase in sales of environmentally-friendly products made from wood resources	· Meet rising demand for paper and biomass-derived products driven by moves away from plastic and the growth of sustainable consumption. Develop and expand sales of environmentally-friendly products to capture new markets and increase brand value. At the same time, expand the Biomass Material Business through biomass power generation, biochemicals, cellulose nanofiber, SAF (sustainable aviation fuel), and the like
	Increase in environmental value by utilizing forest certification systems to procure sustainable raw materials and by managing the supply chain	· Build an in-house Due Diligence System (DDS), including supplier questionnaires, engagement, local confirmation, etc. Perform reliable supply chain management and procure sustainable woody material
	Increase in number of inquiries regarding domestic timber and products derived from it as a result of rising environmental awareness and the uncertain international situation	· Reinforce and expand the Group’s domestic material supply chain by leveraging the strength of Nippon Paper Lumber, a Group company, which possesses one of Japan’s largest domestic timber distribution networks (approximately 4 million m ³ per year) · Perform stable paper raw material procurement (approximately 36% of paper raw material used by the Group is procured in Japan, which is higher than the industry average of 26%, based on actual figures for FY2025/3)

Indicators and Targets (LEAP Approach: P)

The Group’s global core disclosure indicators based on TNFD Recommendations v1.0 are disclosed in the NIPPON PAPER GROUP ESG Databook 2025 (P.55).

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 enhance its 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, 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.64).

Procurement of Wood Resources

The Group maximizes the use of renewable wood resources through its diverse technologies and know-how. As the use of wood resources is indispensable to the Group, it has constructed a system to continually procure resources 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, FY2025/3)

Domestic wood resources	304 wood chip suppliers, 5 pulp suppliers (implemented for all suppliers, compliance verified at all suppliers)
Overseas wood resources	26 wood chip suppliers, 14 pulp suppliers, 9 woody fuel suppliers (implemented for all suppliers, compliance verified at all suppliers)

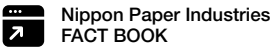
Stakeholder Engagement

NIPPON PAPER GROUP aims to expand its business and enhance its corporate value, building on the strong relationships with stakeholders it has developed over its 150-year history. Through active communication, it seeks to exchange views, deepen collaboration, and strengthen partnerships with its stakeholders to achieve sustainable growth.

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

	Stakeholder Expectations	Initiatives to Strengthen Relationships with Stakeholders	Key Management Capitals	Outcomes
Customers	▶ Supply safe, high-quality products and services ▶ Provide products that help solve environmental and social issues ▶ Establish systems for listening to customer feedback, etc.	▶ Participation in trade shows ▶ Dialogue through sales activities ▶ Public relations activities ▶ Establish contact points for inquiries, etc.	Financial Capital Intellectual Capital Human Capital	< 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 circulation, etc.
Business Partners	▶ Fair transactions ▶ Mutual growth through innovation co-creation ▶ Establishment and maintenance of sustainable supply chains, etc.	▶ Regular, constructive dialogue ▶ Collaborative research, joint development ▶ Supplier surveys, etc.	Financial Capital Natural Capital Intellectual Capital Manufactured Capital	< 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 ▶ Sustainable and fair business environment that ensures peace of mind, etc.
Employees	▶ Better job satisfaction ▶ Providing opportunities to develop and demonstrate skills ▶ Respect for diversity ▶ Ensuring occupational health and safety, etc.	▶ 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	< Value enjoyed by NIPPON PAPER GROUP > ▶ Improved employee engagement ▶ Accumulation and transfer of technologies and know-how, etc. < Value provided to employees > ▶ Increased opportunities for personal growth ▶ Maintaining safe and secure work environment, etc.
Local Communities and Governments	▶ Initiatives to solve environmental and social issues ▶ Coexistence with local communities ▶ Job creation ▶ Coordination with public policy ▶ Compliance with laws and regulations, etc.	▶ 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	< 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 > ▶ Mitigate climate change ▶ Display the functions of forests to enhance public interest ▶ Revitalization of local industry, etc.
Shareholders and Investors	▶ Increase in corporate value ▶ Appropriate return of profits ▶ Appropriate disclosure, etc.	▶ Annual general meeting ▶ Operating results briefings ▶ Presentation of forest resources value ▶ Annual securities reports ▶ Meetings with individual investors, etc.	Financial Capital	< Value enjoyed by NIPPON PAPER GROUP > ▶ Increased trust in capital markets ▶ Improved credit ratings, etc. < Value provided to shareholders and investors > ▶ Continuation of stable dividends

Eleven-year Financial Summary



Nippon Paper Industries and Consolidated Subsidiaries
Fiscal Years Ended March 31
Please also refer to FACT BOOK

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	(¥ million) FY2025/3
Profit/Loss (Fiscal Year)											
Net sales	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	1,182,431
Cost of sales	825,576	800,185	787,464	846,109	871,218	832,151	803,686	872,011	1,008,246	985,917	991,368
Operating income (loss)	23,656	22,623	23,764	17,613	19,615	35,048	19,233	12,090	(26,855)	17,266	19,706
Ordinary income (loss)	23,204	17,123	26,994	18,649	23,901	30,524	12,276	14,490	(24,530)	14,550	15,505
Profit (loss) attributable to owners of parent	23,183	2,424	8,399	7,847	(35,220)	14,212	3,196	1,990	(50,406)	22,747	4,539
Comprehensive income	67,295	(31,821)	25,795	15,285	(45,838)	(1,946)	45,534	22,104	(28,588)	82,102	17,259
Cash flows from operating activities	81,846	52,419	87,087	44,944	59,760	67,036	84,197	72,378	65,823	90,283	72,790
Cash flows from investing activities	(42,483)	16,270	(65,278)	(62,731)	(47,461)	(70,113)	(182,945)	(61,247)	(68,018)	(22,031)	(33,435)
Cash flows from financing activities	(52,744)	(39,168)	(49,694)	(12,548)	(6,720)	(7,397)	113,696	54,314	6,976	(46,566)	(18,274)
Free cash flow	39,363	68,689	21,809	(17,787)	12,299	(3,077)	(98,748)	11,131	(2,195)	68,252	39,355
Financial Position (End of Fiscal Year)											
Total assets	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	1,703,308
Total current assets	484,498	502,912	486,205	490,479	515,407	496,871	533,764	617,934	627,705	638,613	638,305
Total property, plant and equipment	715,406	669,298	686,813	717,927	677,613	680,524	782,012	774,989	796,820	805,331	783,982
Other non-current assets	295,716	218,707	215,867	221,484	197,792	186,074	231,549	246,363	242,016	287,301	281,020
Total liabilities	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	1,192,873
Total net assets	489,740	424,685	434,911	443,398	395,343	386,577	424,721	438,604	415,200	495,648	510,435
Interest-bearing debt	731,834	703,831	678,504	693,562	688,703	689,937	828,870	898,125	924,406	888,390	880,812
Net interest-bearing debt	647,734	591,321	587,990	634,559	625,248	637,091	759,136	761,280	780,056	723,531	694,871
Other											
Capital investment	48,518	46,899	51,289	72,765	60,338	70,636	57,929	58,107	85,972	60,696	52,386
Depreciation	61,374	57,672	55,083	57,892	60,422	58,705	63,357	66,549	66,279	64,184	66,642
Research and development expenses	5,431	5,555	5,622	6,013	6,694	6,051	6,217	5,672	5,760	5,557	5,272
Per Share Data											(Yen)
Profit (loss) attributable to owners of parent	200.27	20.95	72.57	67.80	(304.34)	122.89	27.67	17.23	(436.28)	197.09	39.33
Cash dividends	50.00	60.00	60.00	60.00	30.00	40.00	40.00	40.00	0.00	10.00	10.00
Net assets	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	4,175.77
Financial Indicators											
Operating income margin	2.2%	2.2%	2.4%	1.7%	1.8%	3.4%	1.9%	1.2%	(2.3%)	1.5%	1.7%
EBITDA (¥ million)	89,467	85,145	83,571	80,137	84,583	97,779	86,940	81,546	42,830	84,826	90,657
Return on equity (ROE)	5.1%	0.5%	2.0%	1.8%	(8.6%)	3.7%	0.8%	0.5%	(12.3%)	5.3%	1.0%
Return on assets (ROA)	2.2%	2.0%	2.6%	1.9%	2.2%	2.7%	1.3%	1.3%	(1.0%)	1.4%	1.4%
Return on invested capital (ROIC)	1.9%	1.7%	2.2%	1.9%	2.6%	3.0%	1.7%	1.6%	(0.8%)	1.6%	2.1%
Equity ratio	32.5%	30.3%	31.0%	30.6%	27.7%	27.5%	26.7%	26.0%	23.7%	27.1%	28.3%
Adjusted net debt/equity ratio (times)	1.55	1.47	1.49	1.61	1.76	1.75	1.86	1.89	2.25	1.95	1.84
Overseas sales ratio	13.3%	13.8%	14.3%	17.0%	17.5%	16.2%	20.5%	27.0%	29.4%	26.7%	28.4%

• 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) = Business profit after tax (Operating income after tax + Dividend income + Share of profit of entities accounted for using equity method) / Invested capital (Shareholders' equity + Net 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

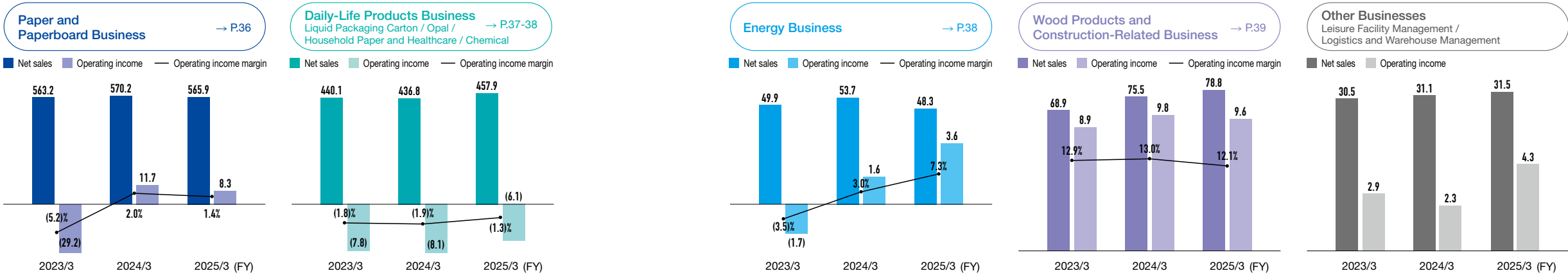
Nippon Paper Industries and Consolidated Subsidiaries
Fiscal Years Ended March 31

*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, Nippon Paper Crecia, Nippon Paper Papylia, Opal, NDP Nippon Paper Industries
*4 Nippon Paper Industries (including power sales, steam sales)
*5 Nippon Paper Industries *6 Consolidated companies in Japan
*7 Manufacturing sites belonging to Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, and Nippon Paper Liquid Package Product (including contractors of mills)

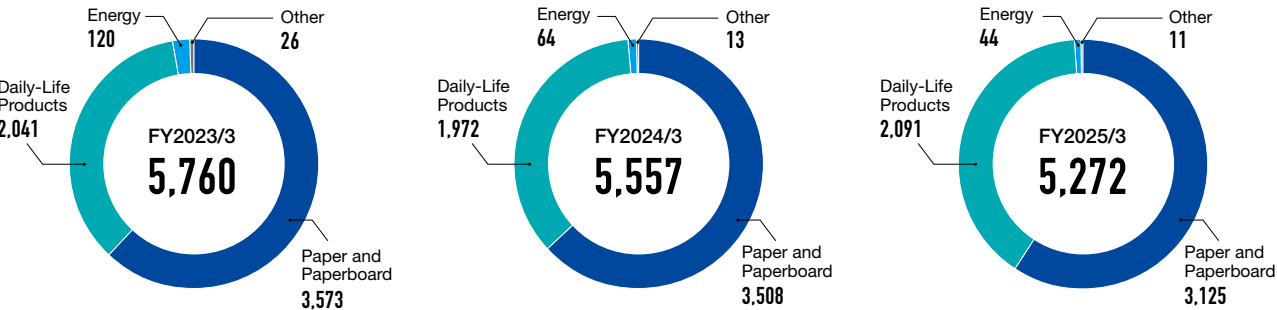
ESG Category				Related Page	Unit	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
E (Environment)	S (Social)	G (Governance)														
●			GHG emissions (Scope 1+2)*2	P.69	Million t-CO ₂	—	—	—	8.1	7.9	7.4	6.9	6.8	6.0	5.3	5.0
●			GHG emissions (Scope 3)*3	P.69	Million t-CO ₂	—	—	—	—	—	—	—	—	6.9	6.1	5.8
●			Coal consumption*4	P.69	1,000 tonnes	2,619	2,634	2,580	2,534	2,521	2,302	2,115	1,957	1,556	1,529	1,441
●	●		Forest certification acquisition rate (globally)	P.40	%	100	100	100	100	100	100	100	100	100	100	100
●	●		Domestic wood usage rate as raw materials for paper*5	P.41	%	37.4	35.8	36.8	36.1	35.2	35.8	39.5	37.6	35.1	36.8	36.0
●	●		Final industrial waste disposal volume*6	P.71	%	1.8	2.4	1.6	1.4	1.7	2.7	2.4	2.1	1.6	1.8	1.6
●	●		Unused, difficult-to-treat wastepaper usage volume	P.71	t	—	—	—	—	—	—	—	23	1,707	4,933	11,908
	●		Number of employees on a consolidated basis	P.48	People	12,771	11,741	13,057	12,881	12,943	12,592	16,156	16,129	15,959	15,557	15,145
	●		Ratio of employees at overseas consolidated subsidiaries	—	%	13.0	13.4	20.9	19.4	19.4	19.2	36.5	37.1	37.6	36.5	35.2
	●		Retention rate after 10 years of employment*5	P.50	%	—	—	—	66	69	73	66	60	63	50	71
	●		Percentage of female managers*5	—	%	1.57	1.60	1.86	2.47	2.29	2.43	2.65	2.71	3.18	2.97	3.28
	●		Ratio of female career-track hires*5	P.50	%	20	21	18	25	26	35	30	40	49	37	47
	●		Ratio of male employees taking childcare leave*5	—	%	—	—	—	—	—	—	—	—	91.2	90.7	86.0
	●		Total working hours*5	P.50	Hours	—	—	—	1,927	1,923	1,894	1,888	1,905	1,884	1,872	1,870
	●		Lost-time injury frequency rate*7	P.59	—	0.62	0.44	0.40	0.64	0.77	0.79	0.79	0.55	0.87	0.73	0.83
		●	Ratio of outside directors	P.55	%	11.1	12.5	22.2	22.2	22.2	33.3	33.3	33.3	33.3	33.3	33.3
		●	Number of female officers on the Board of Directors	P.55	People	0	0	0	0	0	2	2	2	2	2	2

Three-year Data by Business

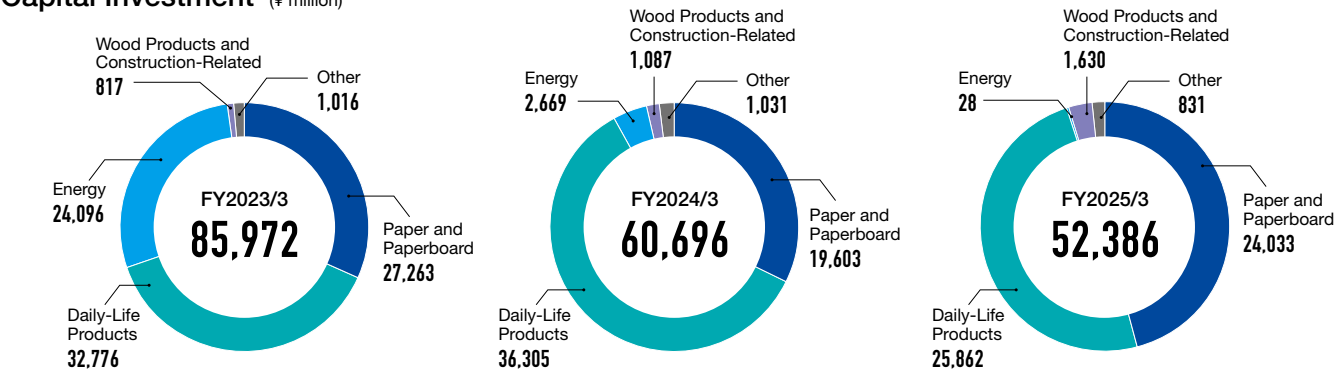
Net Sales / Operating Income
(¥ billion)



Research and Development Expenses (¥ million)



Capital Investment (¥ million)



Company Profile / Investor Information (As of March 31, 2025)

Corporate Overview

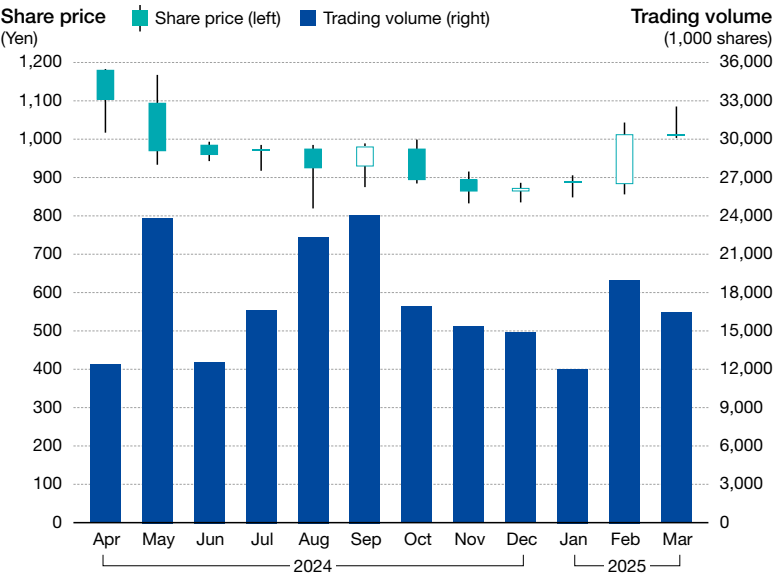
Company Name	Nippon Paper Industries Co., Ltd.
Head Office	4-6 Kanda-Surugadai, Chiyoda-ku, Tokyo 101-0062, Japan
Establishment	August 1, 1949
Number of Employees	4,983 non-consolidated 15,145 consolidated
Capital	¥104,873 million
Shares	Number of shares authorized to be issued 300,000,000 shares Number of shares issued 116,254,892 shares (including 380,087 shares of treasury stock)
Number of Shareholders	206,552
Listed Market	Tokyo Stock Exchange Prime Market (Securities Code: 3863)
Fiscal Year End	March 31

Major Shareholders

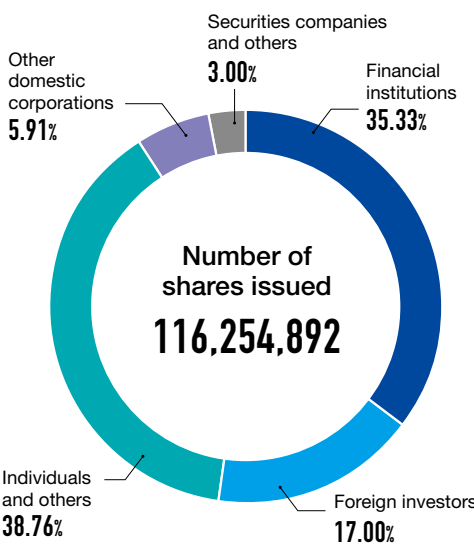
Name	Shares Held	Shareholding Ratio (%)*
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,982,100	13.79
Custody Bank of Japan, Ltd. (Trust Account)	8,365,300	7.22
Nippon Paper Industries Co., Ltd. Employee Share Ownership Association	3,121,029	2.69
Nippon Paper Industries Co., Ltd. Business Partners Share Ownership Association	2,601,700	2.25
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
State Street Bank West Client – Treaty 505234	1,703,800	1.47
State Street Bank and Trust Company 505223	1,384,668	1.19
JP Morgan Chase Bank 385781	1,355,989	1.17

* The shareholding ratio was calculated after deducting 380,087 shares of treasury stock.

Share Price and Trading Volume Trends



Percentage of Shares Held by Shareholder Type



IR Activities (FY2025/3)

Financial results / management briefings	2
Financial results briefings	2
Individual meetings	135, of which 4 were meetings related to ESG
Small meetings with outside directors	1
Research laboratory briefings	1

External Evaluations



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



S&P Japan 500 ESG Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index



Somo 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

As of June 2025

(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.

Sustainability Information

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

ESG Databook

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

Information for Shareholders and Investors

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

IR Library

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

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

FY2025/3: April 1, 2024 to March 31, 2025
This report contains some information dated prior to April 1, 2024 or after April 2025. 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, 2025.

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