



Paper, and beyond

Corporate Philosophy

Our Corporate Spirit

Nurture people through **integrity**, foster trust through **fairness**, support society through **harmony**.

Our Mission

Carving a better future for society and the environment.

Our Principles

Change Change ourselves as society changes.

Challenge Challenge new fields with conviction and ambitious spirit.

Create Create fresh global value through diversity.

Corporate Slogan

"Paper, and beyond"

Ever since its founding in 1845, Japan Pulp & Paper Co., Ltd. has grown while meeting the needs of society as a paper trading company that has played an essential role in industrial and cultural development. Today, along with its mainstay Japan Wholesaling business, the company has expanded into the Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing businesses. By generating group synergy, the Japan Pulp & Paper Group aims to maximize its overall corporate value.

Paper is always around us in our daily lives. And beyond it lie infinite possibilities. The group is seeking to generate new value by working to solve the issues facing society while pursuing the infinite possibilities of paper. We remain committed to earning the trust of all stakeholders as we work toward our mission of “carving a better future for society and the environment.”



The two Os in the OVOL logo symbolize the global expansion of the Japan Pulp & Paper Group. The shape of the striking logo is not only reminiscent of a celestial orbit and ovals, but the repetition within the letter “O” represents a smooth and never ending continuity, nature and familiarity, as well as the direction of the Japan Pulp & Paper Group in its global expansion, and these attributes are conveyed in a unique way that is both visual and almost aural. The letters of the logo include the word “VOL,” which conveys an image of flying in languages with a Latin origin such as French, and the four letters of “OVOL” represent both “the power to fly into the future” and the possibilities of a story’s new beginning.

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Forward-Looking Statements

This report includes projections, forecasts and other forward-looking statements made by the company at the time the report was produced, based on information then available to the company. All such statements are subject to certain risks and uncertainties, and are not a guarantee of future performance. Readers are cautioned that actual results may differ significantly from any projections or forecasts presented herein.

Group Initiatives

Japan Pulp & Paper was founded in 1845 as a traditional Japanese paper (washi) merchant, and has since grown into a corporate group with 112 group companies and approximately 4,000 employees (consolidated basis), operating diversified businesses in 21 countries and regions around the world. During 2020 and 2021, the world has undergone drastic changes in both social and economic terms due to the COVID-19 pandemic. In the wake of the pandemic, we reexamined our strengths, risks and opportunities, and formulated OVOL Vision 2030. We will achieve this vision by evolving into the world's leading paper distribution group, and become a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry, thereby achieving sustainable corporate growth and contributing to our stakeholders.

Expanding the possibilities of paper and the value we provide to address social issues and customer needs



OVOL Vision 2030

The World's
Leading Paper
Distribution Group

A Group That
Contributes to a
Sustainable Society
and Global
Environment

A Corporate Group That
Strives to be Considered
a Trustworthy and
Engaging Partner Both
Within and Beyond the
Paper Industry

Target Estimate
for 2030

Consolidated ordinary profit of
JPY25 billion

We will refine our know-how and network cultivated over more than 170 years in the paper and paperboard wholesaling business to become recognized as the world's leading paper distribution group. At the same time, we will become a corporate group that further contributes to a sustainable society and the global environment through our diversified businesses. Furthermore, we will strive to become a corporate group that is widely recognized and well-thought of in society both within and beyond the paper industry.

Medium-term Business Plan 2023 Basic Policy

Creating Added Value in the New Normal

We will become a world-leading paper distribution group that continues to create new functions and added value.

Evolving Into a Group That Pursues Excellence Even Beyond the Paper Industry

We will continue to improve every aspect of our business to ensure we maintain a high level of satisfaction for all stakeholders, and work to further extend the scope of our trust and appeal as a corporate group.

Final Target

Consolidated ordinary profit of
JPY15 billion

Under Medium-term Business Plan 2023, we aim to strengthen the foundation of our profitability in order to realize our long-term vision by fiscal 2030 and to survive and prosper in the paper industry. We aim to achieve consolidated ordinary profit of JPY15 billion by implementing the first basic policy of the plan, "Creating Added Value in the New Normal."

Corporate Slogan

Paper, and beyond

Our History

The origins of Japan Pulp & Paper can be traced back to 1845, when the traditional Japanese paper (washi) merchant Echisan Shoten was founded in Kyoto. Since then, we have continued to create value while constantly grasping the changes of the times and society and transforming our business. We will contribute to the sustainable development of society by identifying the areas in which we should demonstrate the strengths we have cultivated, drawing up management strategies, taking on challenges, and mobilizing the collective strength of the group.

- Japan Wholesaling
- Non-Japan Wholesaling
- Paper Manufacturing & Processing
- Raw Materials & Environment
- Real Estate Leasing

1845–

Contributing to the Development of Society and Culture

After its establishment as a traditional Japanese paper (washi) merchant in 1845, the company became the first to start selling machine-made paper in Japan. While playing a role in the spread of Western culture, we also contributed to the promotion of Japan's culture through the distribution of domestic machine-made paper. While building a solid domestic foundation, we also expanded our business field overseas with the opening of an office in China at the end of the 19th century.

1845

- Echisan Shoten established in Kyoto as a merchant in the trade of traditional Japanese paper (washi).

1876

- First in Japan to trade in machine-made paper.

1899

- Shanghai Nakai established.

1955

- Hong Kong Representative Office opened (now Japan Pulp & Paper Co., (H.K.) Ltd.).

1967

- New York Representative Office opened.

1970–

Becoming a Public Company

Having begun to move forward as Japan Pulp & Paper following a merger in 1970, the company was determined to more broadly question and deliver its value to society. In 1972, the company listed its stock on the Second Section of the Tokyo Stock Exchange, with the stock being transferred to the First Section in 1973. Reflecting our awareness of environmental issues, we also started a full-scale wastepaper recycling business in the 1970s.

1970

- Japan Pulp & Paper formed through a merger with Fuji Yoshiten Company.

1972

- Dusseldorf Representative Office opened (now Japan Pulp & Paper GmbH).

1973

- JP Resources Co., Ltd. (now Fukudasansho Co., Ltd.) established, commencing the group's full-scale involvement in the wastepaper recycling business.

1979

- JP Information Center Co., Ltd. (now OVOL ICT Solutions Co., Ltd.) established, marking the group's entry into the ICT business.

1981

- Mikunishiko Co., Ltd. joins the group.

1998

- Safeshred Co., Inc. (of the US) joins the group, marking the group's full-scale entry into the wastepaper recycling business outside Japan.



Nakai Shoten (Taisho period)



Signing of the merger between Nakai Limited and Fuji Yoshiten Company



Safeshred Co., Inc. of the US joins the group.

2000–

Full-scale Entry Into the Paper Manufacturing Business

In the 2000s, the group made a full-scale entry into the paper manufacturing business, producing containerboard and printing paper. We also installed biomass boilers in our mills to utilize renewable energy. The group has also been involved in the renewable energy power generation business and waste plastic recycling, building a system to promote energy and resource recycling and playing a role in the formation of a circular economy.

2000

- Launched "Paper & Goods" e-commerce site centered on digital on-demand printing

2003

- Taiho Paper Co., Ltd. and PT. Oriental Asahi JP Carton Box join the group.

2007

- Kawabe Biomass Power Generation Co., Ltd. begins power generation from woody biomass.
- Eco-Port Kyushu Co., Ltd. established, expanding the group's recycling business to waste plastic and other materials.

2009

- Transfer of the paper manufacturing business of Tokiwa Corporation to Eco Paper JP Co., Ltd.



Taiho Paper Co., Ltd. joins the group.



Eco Power JP Co., Ltd. established, marking the group's entry in the renewable energy business. (Kushiro Onbetsu Solar Power Generation Plant)



Corelex Group begins operation of a mill for recycled household paper

2010–

Taking on Challenges to Expand the Value We Provide

Since 2010, in addition to expanding our businesses outside of Japan we have been taking on challenges to expand the value we provide. This includes strengthening businesses, such as our paper manufacturing and wastepaper recycling businesses, which contribute to the formation of a circular economy, and our renewable energy power generation businesses as well as the commercialization of AI and ICT systems for the paper industry.

2010

- Gould Paper Corporation, a leading US paper merchant, joins the group, expanding the group's business activities in the US and Europe.

2011

- Corelex Group joins the group.

2012

- KCT Trading Private Limited, an Indian paper merchant, joins the group, expanding the group's business activities in India.

2014

- Construction of Nihombashi Nichigin-Dori Building in Tokyo completed.

2015

- Corelex Group begins operation of a new mill for recycled household paper in Shizuoka.
- Eco Power JP Co., Ltd. begins operation of Kushiro Onbetsu Solar Power Generation Plant.

2016

- Arise Innovation, Inc. established, commencing the group's full-scale participation in the AI business.
- Invested in JasmineSoft Co., Ltd., strengthening the group's ICT business.
- Noda Bio Power JP Co., Ltd. begins power generation from woody biomass.

2017

- Ball & Doggett Group Pty Ltd joins the group, strengthening the Group's business platform in Oceania
- Fukudasansho Co., Ltd., a major Japanese wastepaper trading company, joins the group.

2018

- Southeast Asia paper merchants Spicers Paper (Singapore) Pte Ltd (now OVOL Singapore Pte. Ltd.) and Spicers Paper (Malaysia) Sdn Bhd (now OVOL Malaysia Sdn. Bhd.) join the group.
- OVOL New Energy Sdn. Bhd. established, and begins collection, sales and export of PKS in Malaysia.
- OVOL Fibre Solution India Private Limited established, strengthening the wastepaper recycling business in India.
- Construction of OVOL Nihonbashi Building in Tokyo completed.

2019

- Premier Paper Group Limited, a leading paper merchant in the UK, joins the group, expanding the group's wholesaling business in the UK
- Construction of OVOL Kyoto Ekimae Building in Kyoto completed.
- Launched "Paper & Green" e-commerce site specializing in environmentally conscious products

2020

- Paper merchant Fuchikami Co., Ltd., which has a high market share in paper sales in the Kagoshima and Okinawa regions, joins the group.

Performance

(As of March 31, 2021)



Years Since Foundation

176 years

Since our establishment in 1845, we have expanded the possibilities of paper and the value we offer by diversifying our business with paper wholesaling as our mainstay, while sincerely responding to the needs of society and the times.



Consolidated Net Sales

JPY462.9 billion

Consolidated Ordinary Profit

JPY8.9 billion

As a leader in the paper distribution industry, we are constantly taking on new challenges in new areas with business schemes that are unparalleled anywhere in the world. We are working to enhance each of our diversified businesses and create synergies with existing businesses to build a stable revenue base for the entire group.



Employees (Consolidated)

4,042

Countries in Which We Do Business

21

Percentage of Employees Outside of Japan

46%

The group has a diverse range of businesses and human resources, with the ratio of group to parent company employees now 5.7:1. We are enhancing cohesion within the group under the OVOL brand and accelerating our growth strategy.



Group Companies

111

Japan

53

Outside Japan

58

As a group, we contribute to the realization of a circular economy through our businesses (centered on paper), which cover everything from the supply of raw materials to paper manufacturing, processing, sales, and the collection and recycling of wastepaper. In addition, we are building a global network to create synergies on a global scale, while aiming to become the world's leading paper distribution group.



Ratio of Sales Outside of Japan

38%

Trading Partner Countries
Outside of Japan

58

As one of the world's leading specialized trading companies in the paper and paperboard industry, we have developed a procurement and supply system that covers the entire world. We will continue to enhance our functions and added value, and develop our business with a focus on strengthening our existing platform and building a stable profit structure.



Raw Materials &
Environment Business Handled

JPY27.1 billion

Power Generation Facilities

6 locations

The group is engaged in the recycling business, including the recycling of wastepaper, and the power generation business using renewable energy with the aim of providing a stable supply of clean and safe electricity. We operate three woody biomass power plants and three solar power plants, for a total of six facilities, and contribute to the local community by promoting local employment. Through the safe operations of our facilities we aim to contribute to a sustainable society and the global environment.

Message From the President

— Contributing to a Prosperous Future —

Moving Toward Our Vision for 2030 Evolving to Provide New Value

Japan Pulp & Paper Co., Ltd. has announced OVOL Vision 2030 and Medium-term Business Plan 2023, which started in fiscal 2021 (the year ending March 31, 2022). By evolving beyond the paper industry, creating new value and delivering that value to society on a global level, we aim to achieve consolidated ordinary profit of JPY15 billion in fiscal 2023 and JPY25 billion in fiscal 2030. While we have previously been focused on a circular business model, we will develop our operations with an even stronger awareness of ESG issues and the SDGs. Furthermore, through our contribution to the creation of a sustainable society, we will realize our commitment to society with the “power to fly into the future” idea embodied in the “OVOL” brand of the Japan Pulp & Paper Group.



Akihiko Watanabe

Representative Director, President

Review of Medium-term Business Plan 2019 and Fiscal 2020 Initiatives

Medium-term Business Plan 2019: Record-High Ordinary Profit for Two Consecutive Years

A major accomplishment during Medium-term Business Plan 2019, which covered the three years ended March 31, 2020, was the record ordinary profit we achieved for two consecutive years starting in fiscal 2017. In the Japan Wholesaling segment, customers recognized the value of the products and functions we provide, and in return we maintained business transactions at fair prices. As a result, we largely achieved the targets in the plan despite the decline in demand. In addition, we invited our paper merchant customers to our first Paper Merchants Forum. The event received a positive response, and I am happy that it helped us build stronger relationships with paper merchants.

On the other hand, inappropriate accounting treatment and improper disposal of industrial waste at group companies came to light during the period of the plan. It was deeply regretful that our governance system and compliance awareness became issues, and these are matters we have to reflect on. In addition, declining demand, falling market prices and goodwill amortization related to acquisitions in the Non-Japan Wholesaling segment, as well as a drop in international market prices in the recovered paper business due to restrictions on recovered paper imports in China, had a negative impact on profits and put pressure on results in fiscal 2019.

Minimizing the Impact of the COVID-19 Pandemic in Fiscal 2020

Originally, we had planned to start the new medium-term business plan in fiscal 2020, but at the beginning of the

period it was difficult to predict how the business climate would change due to the pandemic. In that context, we decided to postpone the start of the new plan until April 2021, and focused our efforts on increasing profit for fiscal 2020 and giving serious consideration to our Corporate Philosophy. Unfortunately, every segment was impacted by the global economic downturn, resulting in consolidated net sales of JPY462,922 million (down 13.4% year-on-year) and ordinary profit of JPY8,948 million (down 8.7% year-on-year).

Our overseas operations, however, had already begun taking large-scale streamlining measures in response to the drop in commodity product prices in fiscal 2019. As a result, they were able to quickly establish a system for dealing with the decrease in demand brought on by the pandemic. We expect this to lead to substantial improvement in profits in fiscal 2021.

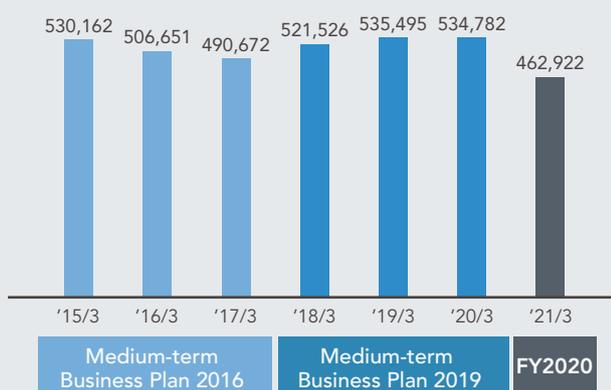
In Japan, we identified the COVID-19 pandemic as an emergency situation for our company early on, and successfully set up a telework system and cut costs wherever possible. This allowed us to keep the number of infected group employees and the decline in revenue to a minimum.

However, since our actions were significantly limited by the repeated state of emergency declarations in Japan, it was difficult to maintain an acceptable level of quality in internal and external communications.

In the Japan Wholesaling segment, we implemented a firm policy of maintaining selling prices, and although we felt it was important to prioritize profit, it was not easy to do so while also securing market share.

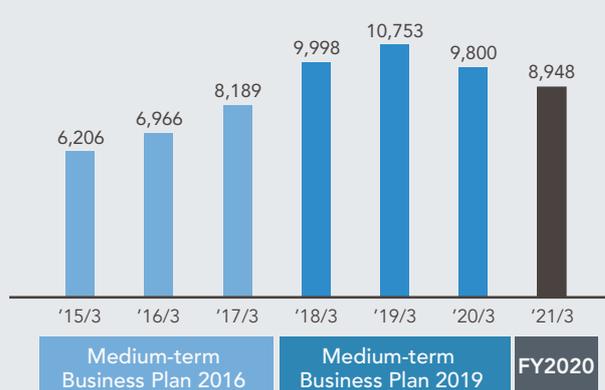
● Net Sales

(Millions of yen)



● Ordinary Profit

(Millions of yen)



Business Risks and Opportunities for the Japan Pulp & Paper Group

Potential Risks Associated with Diversification

The Japan Wholesaling and Non-Japan Wholesaling segments both face the very real risk that the downward trend in paper demand stemming from the declining population in Japan and digitalization will continue for quite some time. The shrinking market and the resulting drastic changes in the distribution structure are the biggest risks for our company. I view this as a problem that could lead to a restructuring of the industry.

We sell containerboard in the Paper Manufacturing & Processing segment, but large paper manufacturers and other containerboard manufacturers are shifting to in-house production of products, including everything from containerboard to boxes. Meanwhile, there is a risk that our competitiveness could decline in the future as our own production facilities age and maintenance costs increase. In our recycled household paper manufacturing and sales business, the fact that household paper is a sector with a promising future means that competition is likely to intensify.

Even the Real Estate Leasing segment has been impacted by the COVID-19 pandemic, and must focus on securing profits.

In other areas, the expansion of our overseas network is accelerating with acquisitions, and the development of management talent at group companies will be a priority as our business diversifies. In addition, we view business continuity planning (BCP) as an imperative issue, especially for manufacturing businesses. We are also responding to ESG issues, the SDGs and the Task Force on Climate-related Financial Disclosures (TCFD).

Turning Risks Into Opportunities

Besides risks, there are also a variety of opportunities for the group, and we are working to capitalize on them.

Moreover, risks can sometimes be turned into opportunities. Amid a conspicuous backlash against rapid digitalization and shift away from plastics, the value of paper is being reconsidered. However, if a restructuring in paper distribution were to happen, it might open up opportunities for us to capture new markets or expand in the regions where we operate. By linking the regional networks of paper merchants, we may also be able to collaborate with them in generating new business. We are already collaborating with companies from other industries, and feel there are possibilities to create new value through paper and paper products.

In addition, environment-related needs are expected to continue to increase along with the shift away from plastics, so our comprehensive recycling business has great potential.

The Inherent Strengths of a Distribution Company and the Advantages of a Circular Business Model

We are aware that our most important strength as a paper distribution company is our sales capabilities. However, our accumulation of expert knowledge about paper and the ability to offer proposals based on that knowledge, a financial footing that gives customers confidence, and our steadily expanding global network are also strong points, in the sense that they support our sales capabilities.

Additionally, the ecological qualities of paper make it an advantageous product for addressing ESG issues and the SDGs, which will become increasingly important, particularly for addressing environmental issues. In this regard, we are engaged in wastepaper recovery and paper manufacturing and processing, and are developing a power generation business using renewable energy. Having a circular business model within our group is another advantage.

A Strong Commitment to Achieving OVOL Vision 2030

Transforming Our Own Business, and the Industry

In our long-term vision, we formulated three visions for the group to achieve by fiscal 2030, and set the quantitative target of JPY25 billion in consolidated ordinary profit. Achieving these visions will require transforming not just our business itself, but the industry as a whole. The transformation I am referring to means transforming to a business and industry that can secure

profits that reflect the functions and added value those businesses and industries provide. I believe that it is our responsibility to put our vision into practice in our own businesses first, and make our company a model as we seek to become “the world’s leading paper distribution group,” the first part of our long-term vision.

“Leading” in this context does not mean being the largest in numerical terms, such as number of employees or sales volume. What it means is leading in providing the



functions and added value that enable us to deliver the products people want to those who want them, at the time and in the quantity they want them, or to deliver something even better than what they thought they wanted. We deliver more than just the best paper. By utilizing our information capabilities that are of the highest global level, including the expert knowledge about paper that I mentioned earlier, as one of our strengths, we will coordinate the necessary materials, the companies that handle them, and the companies that process them. In fact, leveraging this structure to propose and create product packages for our various customers is something we are already doing. In our efforts to secure stable profits, we want to make changes based on the establishment of an approach to business in which customers recognize the value of our knowledge and functions as well as the paper and other tangible products we provide.

At the same time, we will work to enhance the added value of paper as an environmentally friendly material that can replace plastics, and will respond to the backlash against rapid digitalization. We also want to raise the value of paper as a barometer of culture and the richness of spirit and daily life. In contrast to digital media, paper media offers an analog choice and tangible value, and we want to help people rediscover the appeal of paper media in their daily activities and experiences.

Engagement With Stakeholders Is Also Important

Along with changes in our own businesses and industry, we cannot overlook the importance of our relationships with stakeholders in achieving our long-term vision. To become “a group that contributes to a sustainable society and global environment,” the second part of our long-term

vision, we plan to be more proactive in conveying information to external stakeholders. This includes visually presenting our initiatives for ESG issues, the SDGs and the TCFD recommendations. As one tool for doing that, we plan to issue an integrated report beginning next year instead of the annual report that we have issued until now.

The third part of our long-term vision is to become “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry.” This does not mean that we will immediately move into other fields or business areas. Our goal is to be a corporate group that is widely recognized and well-thought of in society both within and beyond the paper industry. I am convinced that going forward this will enable us to attract and retain highly capable human resources, and lead to the expansion of our business and improved profitability.

Achieving these three visions will require all members of the Japan Pulp & Paper Group to work with a common purpose. After the COVID-19 pandemic ends, I want to hold events such as group conferences where employees and executives can share a sense of excitement and discuss the goals and strengths of group companies. I also want to urge all group companies, employees and executives to take steps to improve their ability to communicate with external stakeholders.

● OVOL Vision 2030

The World's Leading Paper Distribution Group

We will refine our know-how and network cultivated over more than 170 years in the paper and paperboard wholesaling business to become recognized as the world's leading paper distribution group.

A Group That Contributes to a Sustainable Society and Global Environment

In addition to our core paper and paperboard wholesaling business, through the recycling of recovered paper and other materials, paper manufacturing, and our renewable energy businesses, we will become a corporate group with an acute awareness of the UN's Sustainable Development Goals (SDGs) that further contributes to a sustainable society and global environment.

A Corporate Group That Strives to be Considered a Trustworthy and Engaging Partner Both Within and Beyond the Paper Industry

We will strive to become widely recognized and well-thought of within society for our corporate excellence.

Target Estimate for 2030

Consolidated ordinary profit of JPY25 billion

Final Target

Consolidated ordinary profit of JPY15 billion

1 Creating Added Value in the New Normal

We will become a world-leading paper distribution group that continues to create new functions and added value.

1. In addition to demonstrating the functions demanded in an era of new values, we will establish a business structure that matches changing needs in relation to manufacturing, sales, services, ICT systems, logistics, and working styles, and achieve our profit targets by FY2023.
2. In this new era, we will create new business and new products by combining the technology, knowledge and expertise of our group with the assets of our diverse business partners, and contribute to the business development of these partners.
3. In addition to functions such as information communication, wrapping, and wiping, paper and paper products have a sense of touch and texture that enriches and comforts people, and a presence as products that encourage people to own and collect them. We will deliver these values of paper and paper products to society through events and business activities, and expand the scope of demand.

Achievement of Medium-term Business Plan 2023 Will Lead to Realizing the Long-term Vision

Aiming for Consolidated Ordinary Profit of JPY15 Billion

In Medium-term Business Plan 2023, we have set a target for solidifying core profitability in order to realize our long-term vision for 2030 and remain competitive in the paper industry. In line with “creating added value in the New Normal,” the first basic policy of the plan, we aim to achieve consolidated ordinary profit of JPY15 billion.

We expect the Non-Japan Wholesaling segment to achieve the largest increase in ordinary profit. This segment has built a powerful network in Oceania, the UK, Singapore and Malaysia through acquisitions during Medium-term Business Plan 2019. After the acquisitions, we carried out large-scale streamlining at each company, in line with the medium-term business plan. This has led to stronger profitability and a very clear path to achieving our target. Moreover, as a result of these acquisitions, we have

established the necessary platform for becoming “the world’s leading paper distribution group.”

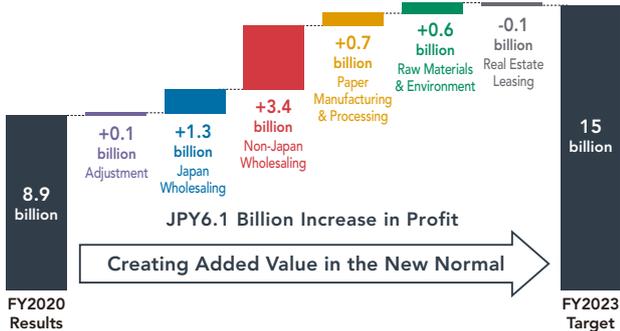
Our financial stability is also critical in collaboration and in M&As from the standpoint of our reliability. With our solid financial position, we have been a dependable presence in the industry, but it is important that we further strengthen our financial structure by achieving the targets of Medium-term Business Plan 2023.

Rapidly Evolving Beyond the Paper Industry

In our five business segments, and in the Japan Wholesaling segment in particular, the key to “continuing to create new functions and added value” will be to apply our expert knowledge related to paper to tie together the group’s assets and those of our business partners. One example is the proposal and creation of product packages that I mentioned earlier.

In April 2021, we teamed up with Oji Nepia and the Gakken Mirai Group, which has a nationwide network of kindergartens and nursery schools, to launch a flat-rate diaper delivery service that delivers disposable diapers for infants and baby wipes as a set. This service, which reduces the burden on the facilities and guardians of replenishing diaper supplies, has proven very popular because it frees up time, which can be devoted to childcare and interaction with the children.

● Medium-term Business Plan 2023 Breakdown of Changes in Consolidated Ordinary Profit by Segment



Further Accelerating Our Sustainability Initiatives

“Evolving into a group that pursues excellence even beyond the paper industry,” as mentioned in the long-term vision, is the second basic policy of our medium-term

2

Evolving Into a Group That Pursues Excellence Even Beyond the Paper Industry

We will continue to improve every aspect of our business to ensure we maintain a high level of satisfaction for all stakeholders, and work to further extend the scope of our trust and appeal as a corporate group.

1. We will continue to thoroughly implement actions based on the group's corporate philosophy (integrity, fairness, and harmony), and contribute to the achievement of the SDGs through the businesses of each company in the group.
2. We will proactively engage in cultural and educational support activities and global environmental conservation activities.
3. We will respect diverse values and create an environment where it is easy to work and where individual abilities can be maximized.
4. We will strengthen governance and compliance, and enhance engagement with stakeholders.

business plan. Now that Medium-term Business Plan 2023 is under way, we want to offer new value through businesses that can respond to the return to paper from digital media, and that will be recognized and appreciated by society from a cultural standpoint.

Once the COVID-19 pandemic ends, we will further raise the quality of communication with customers through various exhibitions and events, thereby strengthening the networks linking different regions and raising the level of the industry as a whole. In addition, while we are improving online communication within the group, I hope to hold in-person events such as group conferences soon after the pandemic ends, as I mentioned earlier. I expect these events to promote unity of purpose and lead to the creation of "Something New" – in essence, acting as forums for gathering various opinions.

Additionally, our sustainability initiatives will move into full swing in fiscal 2021. We will continue to solidify the foundations of our business with measures such as internal audits and enhancement of compliance systems at group companies. We announced our support of the TCFD recommendations in June 2021, and after analyzing the risks and opportunities that climate change will bring to the group's businesses, we plan to reflect the results in business operations. Decarbonization is also an urgent issue, and we are taking steps such as formulating a group-wide greenhouse gas emissions plan. For SDG initiatives, we are currently identifying the group's materiality, risks and opportunities as we move toward our goals for 2030, and are working on determining specific initiatives and goals we can aim to achieve through our businesses.

To Our Stakeholders: Everything We Do Begins and Ends With Our Corporate Philosophy

Earnestness Is of Prime Importance

The Japan Pulp & Paper Group's Corporate Philosophy is expressed as follows. First, Our Corporate Spirit is to "Nurture people through **integrity**, foster trust through **fairness**, support society through **harmony**." Based on this, Our Mission is "Carving a better future for society and the environment." And Our Principles to realize that are "Change," "Challenge," and "Create."

Our stance toward shareholders, investors and customers is to always face them with 100% integrity based on Our Corporate Spirit. We are determined to live up to the trust they have placed in us. I have repeatedly told our

employees and executives to earnestly practice Our Principles of "Change," "Challenge," and "Create" in their day-to-day work, and I emphasize that earnestness itself is of the utmost importance.

Maintaining the stance that everything we do begins and ends with our Corporate Philosophy, we will implement Medium-term Business Plan 2023 as a stepping stone toward achieving OVOL Vision 2030. In doing so, we will carry out Our Mission with a focus not only on improving profitability, but also on ESG and SDG initiatives.

Lastly, I want to thank all of our stakeholders for their continued support of the Japan Pulp & Paper Group.

Our Businesses

Japan Wholesaling



ICT System Development

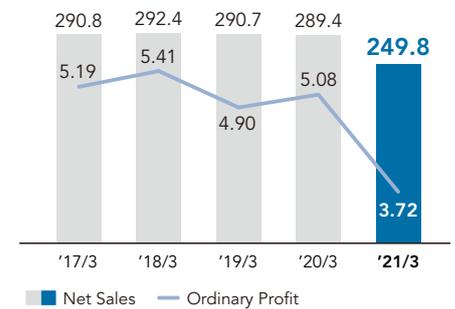
As a distribution agent for manufacturers, we propose and supply not only paper, paperboard, and related products, but also various materials and a wide range of household and industrial goods. We also develop and sell IT systems and AI services for the paper industry.



ICT System Development

Net Sales/Ordinary Profit

(Billions of yen)



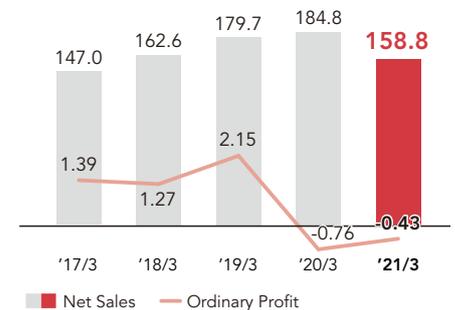
Non-Japan Wholesaling



We supply products as a paper distributor with storage and delivery functions in the US, the UK, Oceania, India, Hong Kong, Singapore, and Malaysia. We are developing "glocal" businesses around the world, and are firmly entrenched in each country that we serve.



(Billions of yen)



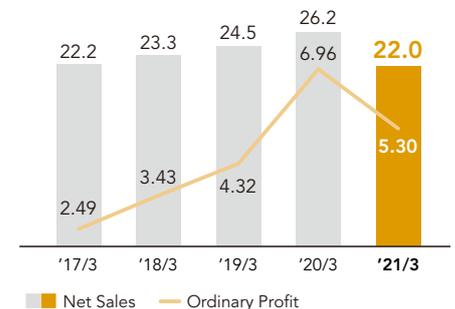
Paper Manufacturing & Processing



The group is engaged in the business of manufacturing household paper, containerboard, and printing paper using recycled wastepaper as a raw material. In the recycled household paper business, we have established a stable global supply structure centered on the Corelex Group, which has the largest share of the Japanese market.



(Billions of yen)



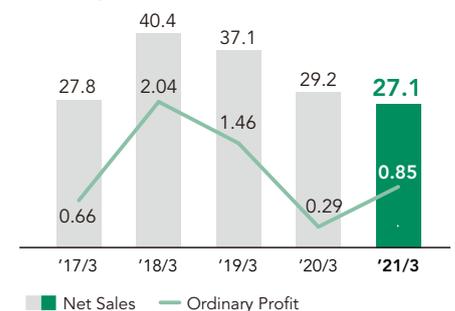
Raw Materials & Environment



The group is engaged in the recycling of wastepaper in Japan and other countries, the comprehensive recycling of waste plastics and other materials, and power generation using solar power and woody biomass. In addition to strengthening the procurement and supply system for recovered wastepaper, the group is also promoting the biomass fuel business.



(Billions of yen)



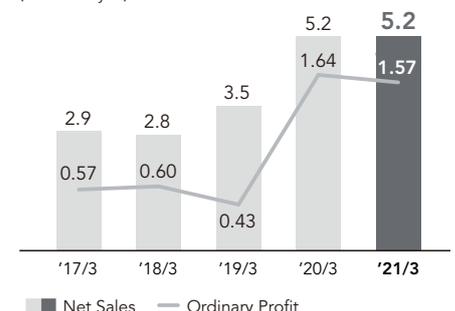
Real Estate Leasing



In our real estate leasing business, we make effective use of our properties by leasing them in areas including Tokyo, Osaka and Kyoto for use as offices, multi-dwelling residences and hotels, and will continue to use our real estate assets as a source of stable income while contributing to new urban development.



(Billions of yen)



In addition to functions such as information communication, wrapping, and wiping, paper and paper products have a sense of touch and texture that enriches and comforts people, and a presence as products that encourage people to own and collect them. We will deliver these values of paper and paper products to society through events and business activities, and expand the scope of demand.

Information Communication



Newsprint & Printing Papers



Digital & Communication Papers

Wrapping



Containerboard & Paperboard Products



Packaging Papers

Wiping



Household Papers

Diverse Applications



Plastics & Chemical Products

Specialized



Chemicals, Industrial Papers & Electronics-Related Materials

Support



ICT System Development

Recycling



Wastepaper



Palm Kernel Shell (PKS)

Japan Wholesaling



The Leading Company in Paper Distribution

Based on the expertise it has accumulated since its establishment, the Japan Pulp & Paper Group sells paper, paperboard and related products as a distribution agent for manufacturers. While we supply various materials, daily necessities and industrial goods with a wide range of applications, we also conduct sales of more specialized functional materials, such as eco-friendly films.

In addition, we are mobilizing the group's collective capabilities to diversify our businesses. One example is our entry into the development and sale of ICT systems and AI services for the paper industry.

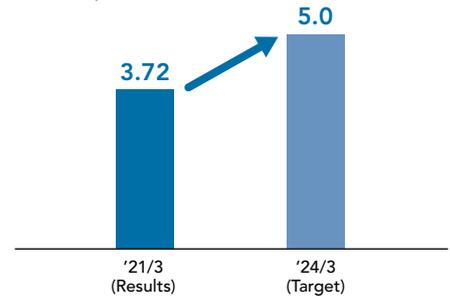
Medium-term Business Plan 2023 – Business Segment Policy

Recover profits through structural reform and rationalization

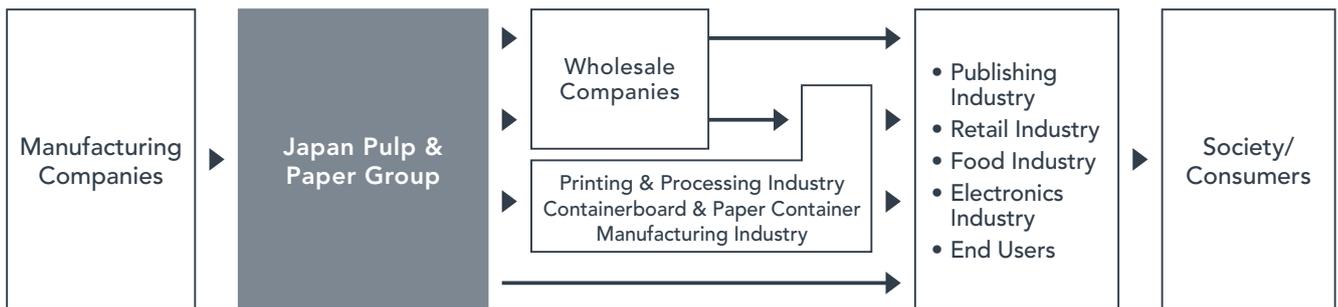
- ▶ Promote the speedy innovation of our workforce, organizations, sales methods, and logistics structure, and the use of ICT, and return to the level of earnings achieved before the COVID-19 pandemic.
- ▶ Strengthen sales capabilities for paper and paperboard while focusing on profitability, and solidify our position as the No. 1 distributor in Japan.
- ▶ Raise the level of knowledge and expertise in all aspects of the supply chain, including knowledge of products, purchasing, sales, printing, processing, and logistics, and collaborate with business partners and stakeholders to create value and returns for our company.

Ordinary Profit

(Billions of yen)



Business Flow



ICT system development

We develop and sell business support system packages for sales agents, wholesalers and distributors in the paper industry.

Nationwide distribution network for storage, shipping and processing

Using information systems, we provide a stable supply of products to fit the diverse needs of customers.



Non-Japan Wholesaling



One of the World's Leading Specialist Paper Trading Companies

Our first foray into the global arena dates back to our expansion into Shanghai, China in 1899. Since then we have continued to do business in a number of countries and regions with differing cultures and business customs. We are building on our know-how as we continue to expand our business activities throughout the world. We currently have paper distribution operations with storage and shipping functions firmly entrenched in local markets, and have established systems to enable the stable supply of products throughout each region. This has allowed us to extend our range of services beyond merely supplying printing and paper processing companies, to now include the delivery of products such as photo copying papers directly to consumers as we continue to promote the "glocalization" of our business. By maximizing the strengths rooted in each country and region, the group aims to create synergies on a global scale, and become the world's leading paper distribution company.

Medium-term Business Plan 2023 – Business Segment Policy

Strengthen existing platforms and build a stable revenue structure

- ▶ Utilize OVOL's global network to strengthen sales of packaging, chemical products, functional products, and environmentally friendly products, in addition to conventional graphic paper while incorporating complementary M&A activities.
- ▶ Create synergies by leveraging the human resources and sales strategies of group companies in the OVOL global network.
- ▶ Ensure stable earnings by streamlining unprofitable businesses and divisions, and improving efficiency through the development of logistics infrastructure and systems.

Ordinary Profit

(Billions of yen)



Gould Paper

Gould Paper, a leading US paper merchant, joined the group in 2010, expanding the group's business activities in the US and Europe.



Premier Paper Group

In July 2019 the Company made a capital participation in Radms Paper of the UK. In doing so, Radms' core operating company, Premier Paper Group, became a Japan Pulp & Paper Group company. Premier is predominantly involved in the import and wholesale of paper and packaging materials.



Ball & Doggett Group

In 2017, Ball & Doggett Group joined the Japan Pulp & Paper Group, strengthening the group's business platform in Oceania.



Paper Manufacturing & Processing



Environmentally Conscious Paper Manufacturing and Processing Businesses

The Japan Pulp & Paper Group manufactures household paper, containerboard and printing papers from recovered wastepaper resources. In our recycled household paper business, we are building a stable global supply structure centered on the Corelex Group, which holds the top market share in Japan. In the processing business, the Japan Pulp & Paper Group is focusing on investment in production facilities for containerboard manufacturing, and on building a processing structure capable of meeting diverse needs.

Throughout this segment, we are optimizing the supply chain from raw material procurement to manufacturing and sales, and are cutting costs to further strengthen our competitiveness.

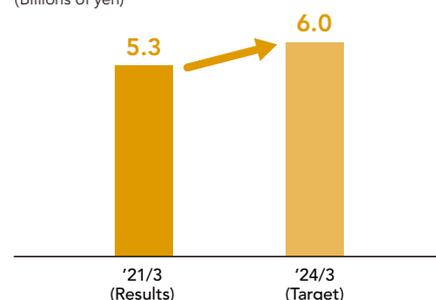
Medium-term Business Plan 2023 – Business Segment Policy

Enhance the group's integrated strength in the paper manufacturing and processing business

- ▶ Implement downstream strategies rooted in local communities in order to establish a system to supply comprehensive packaging solutions.
- ▶ Focus on the planning and development of corrugated packaging products and the establishment of a sales structure for such products, and expand sales of national brand products in the household paper category.
- ▶ Achieve stable raw material procurement for the group's paper manufacturing companies by strengthening cooperation with wastepaper recycling companies.
- ▶ Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

Ordinary Profit

(Billions of yen)



Raw Materials & Environment



Building a Circular Economy by Recycling Resources

In this segment, the Japan Pulp & Paper Group is focused on the wastepaper recycling business in Japan and other countries, the comprehensive recycling business, which aims to efficiently recycle plastic and other waste, and the power generation business, which includes solar and woody biomass power. In the wastepaper recycling business in 2017, we further enhanced our nationwide wastepaper recovery network in Japan and bolstered procurement and supply with the acquisition of Fukudasansho, and with a presence in the United States and India we are continuing to expand our network outside of Japan.

In addition, in 2018 we established OVOL New Energy in Malaysia to strengthen our biomass fuel business. This company collects palm kernel shells (PKS), a fuel source for woody biomass power generation plants, and exports them to Japan. It will supply PKS to woody biomass power generation plants in the Japan Pulp & Paper Group as well as to outside companies.

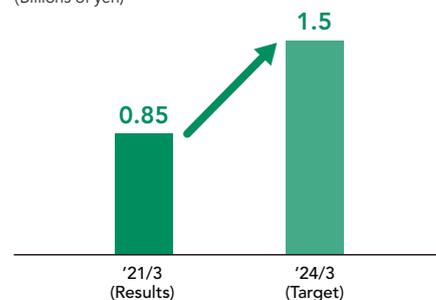
Medium-term Business Plan 2023 – Business Segment Policy

Contribute to a sustainable society and the global environment through safe operations

- ▶ Strengthen cooperation with business partners and experts, and accelerate the development of management personnel with operational and facility knowledge in various fields.
- ▶ Raw materials
 - Give priority to the stable supply of recovered paper raw materials to paper manufacturers in Japan, and contribute to an increase in the recovered paper recovery rate and utilization rate to improve the recovered paper recycling system in Japan.
 - Ensure both supply capacity to the group's paper manufacturing companies and a stable profit structure for the group's recovered paper operations.
 - Develop our pulp business to meet the needs of the market.
- ▶ Environment
 - Further strengthen cooperation with our existing business partners to continue stable operations in each of our renewable energy power generation and integrated recycling businesses, and consider entering into new businesses.
- ▶ Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

Ordinary Profit

(Billions of yen)



Real Estate Leasing



Using Our Real Estate Assets Based on Local Needs

In our real estate leasing business, we lease our properties in areas including Tokyo, Osaka and Kyoto for use as offices, multi-dwelling residences and hotels. In 2018, construction was completed on the OVOL Nihonbashi Building, which is one of the projects in the second phase of Nihonbashi Revitalization Plan. Furthermore, the OVOL Kyoto Ekimae Building was completed in 2019. This building opened as the Richmond Hotel Premier Kyoto Ekimae, and is meeting the diverse needs of customers, from tourists to businesspersons.

The Japan Pulp & Paper Group will continue to make effective use of its real estate assets as a source of stable income while contributing to new urban development.

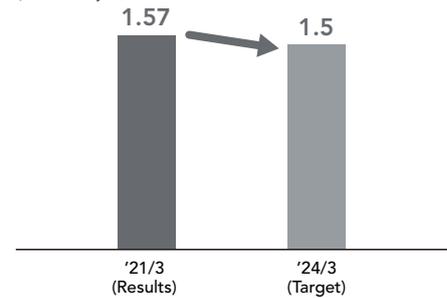
Medium-term Business Plan 2023 – Business Segment Policy

Continue to generate stable income from real estate holdings and optimize the real estate portfolio

- ▶ Appropriately manage and maximize the value of major properties.
- ▶ Formulate redevelopment plans for older properties.
- ▶ Review real estate portfolio and consider new real estate business possibilities.

Ordinary Profit

(Billions of yen)



OVOL Nihonbashi Building



OVOL Kyoto Ekimae Building

Japan Network

(As of August 1, 2021)

Japan Pulp & Paper Co., Ltd.

Head Office (Tokyo)

Kansai Branch

**Kansai Branch,
Kyoto Sales Department**

Chubu Branch

Kyushu Branch

**Kitanihon Branch,
Tohoku Sales Department**

**Kitanihon Branch,
Hokkaido Sales Department**

Wholesaling



JP Household Supply Co., Ltd.
(Tokyo)

West Japan Sales Department

Kurashi Net JP Co., Ltd.
(Tokyo)

Kyoto Kami Shoji Co., Ltd.
(Kyoto)

Shiga Branch
Kisshoin Distribution Center

Koyosha Co., Ltd.
(Osaka)

Kobe Branch

Gokura Co., Ltd.
(Ehime)

Tokyo Branch
Osaka Branch
Plant and Distribution Center

Cosmo Paper Trading Co., Ltd.
(Tokyo)

Nagoya Branch
Osaka Branch

Fuchikami Co., Ltd.
(Kagoshima)

Okinawa Branch
Fukuoka Branch

Honshu Electrical Materials Sales Co., Ltd.
(Osaka)

Nagoya Office

Tokyo Sangyo Yoshi Co., Ltd.
(Tokyo)

Kohoku Warehouse

Maruni Chikiriya Co., Ltd.
(Nagano)

Matsumoto Branch
Nagano Branch
Maebashi Branch

Akazawa Paper Co., Ltd.
(Iwate)

Sendai Branch

Yoshimoto Yoshiten Co., Ltd.
(Tokyo)

Atsugi Branch

Logistics



JP Loginet Co., Ltd.
(Tokyo)

JCL Ariake Distribution Center
JCL Itabashi Distribution Center
Itabashi Distribution Center
Iwatsuki Distribution Center
Keihinjima Distribution Center

JP Transport Service Co., Ltd.
(Tokyo)

Itabashi Center/Wako Depot

Sapporo Kami Ryutsu Center Co., Ltd.
(Hokkaido)

Hakozaki Kami Ryutsu Center Co., Ltd.
(Fukuoka)

Nanko Paper Center Co., Ltd.
(Osaka)

Itabashi Paper Distribution Center Co., Ltd.
(Tokyo)

Osaka Kami Kyodo Soko Co., Ltd.
(Osaka)

Seihoku Paper Depot Co., Ltd.
(Tokyo)

Tokorozawa Distribution Center

Itabashi Kyoudo Sagyo Co., Ltd.
(Tokyo)

Note: Group companies are listed in bold.
Place names shown in parentheses
indicate locations of head offices.



**Paper
Manufacturing
& Processing**



JP Corelex Holdings Co., Ltd.
(Shizuoka)

Corelex San-Ei Co., Ltd.
(Shizuoka)
Tokyo Office
Tokyo Mill

Corelex Shin-Ei Co., Ltd.
(Shizuoka)
Tokyo Office

Corelex Doh-Ei Co., Ltd.
(Hokkaido)
Fuji Mill
Sapporo Office
Tokyo Office

Eco Paper JP Co., Ltd.
(Aichi)
Tokyo Office

Taiho Paper Co., Ltd.
(Gifu)

Kawabe Biomass Power Generation Co., Ltd.
(Gifu)

Showa Packaging Industry Co., Ltd.
(Gifu)
Tsushima Plant
Nakatsugawa Branch Plant

Nabiace Co., Ltd.
(Aichi)
Kakegawa Plant
Kameyama Office
Nakatsugawa Office
Nakatsugawa Plant
Kanto Office

Mikunishiko Co., Ltd.
(Osaka)
Osaka Branch
Kyushu Plant/Kyushu Branch
Tokyo Branch

Sanpei Kogyo Co., Ltd.
(Osaka)
Yao Plant

**Raw Materials &
Environment**



Fukudasansho Co., Ltd.
(Aichi)

Kofu Branch
Hamamatsu Branch
Toyohashi Branch
Okazaki Branch
Toyota Branch
Anjo Branch
Handa Branch
Meinan Branch
Fukufune Branch
Meihoku Branch
Fujimae Branch
Kasugai Branch
Komaki Branch
Ichinomiya Branch
Hashima Branch
Kawagoe Branch
Yokkaichi Branch
Oyama Branch
Yachiyo Branch
Higashimurayama Branch
Nanko Branch
Nagano Branch
Yanagihara Branch

Repasys Co., Ltd.
(Fukuoka)
Ogori Branch

Hokkai Shigyo Co., Ltd.
(Hokkaido)

JP Hokkai Co., Ltd.
(Hokkaido)
Ebetsu Plant

JH Recycle Co., Ltd.
(Fukushima)
Fukushima Plant

JK Recycle Co., Ltd.
(Tokyo)
Konosu Plant

Eco-Port Kyushu Co., Ltd.
(Kumamoto)

Eco Power JP Co., Ltd.
(Hokkaido)

Noda Bio Power JP Co., Ltd.
(Iwate)

Noda Bio Fuel JP Co., Ltd.
(Iwate)

Matsue Biomass Power Co., Ltd.
(Shimane)

Sun Energy Hirono Co., Ltd.
(Iwate)

Other

OVOL ICT Solutions Co., Ltd.
(Tokyo)

Arise Innovation, Inc.
(Tokyo)

JasmineSoft Co., Ltd.
(Okinawa)
Tokyo Office

Global Network

(As of August 1, 2021)

North America

US/Los Angeles

- Japan Pulp & Paper (U.S.A.) Corp.
- Safeshred Co., Inc.
- JRS Resources, Inc.

US/New York

- Gould Paper Corporation (OVOL USA)
- Price & Pierce International Inc.

US/New Jersey

- Gould Paper Corporation (OVOL USA) – Metro Division

US/Boston

- Gould Paper Corporation (OVOL USA) – Publishing & Catalog Division

US/Dallas

- Western-BRW Paper Co., Inc.
- Western-BRW Paper Co., Inc. – Baxter Clean Care
- Western-BRW Paper Co., Inc. – High Point

US/Longview

- Western-BRW Paper Co., Inc. – Baxter Clean Care

US/Houston

- Bosworth Papers, Inc.
- Western-BRW Paper Co., Inc. – High Point

US/Austin

- Bosworth Papers, Inc. – Austin

US/Chico

- Weiss McNair, LLC

US/Phoenix

- JRS Resources, Inc. – Phoenix

Central and South America

Mexico/Mexico City

- Talico, S.A. de C.V.

Mexico/Guadalajara

- Talico, S.A. de C.V. – Guadalajara Branch Office

Mexico/Monterrey

- Talico, S.A. de C.V. – Monterrey Branch Office

Europe

Germany/Dusseldorf

- Japan Pulp & Paper GmbH

UK/London

- Gould International UK Limited
- Gould Publication Papers UK Limited
- Gould Paper Sales UK Limited
- Harlech PPM Limited

UK/Birmingham

- Premier Paper Group Limited

UK/Castle Donington

- Premier Paper Group Limited

UK/Leicester

- Premier Paper Group Limited

UK/Bury St Edmunds

- Premier Paper Group Limited

UK/Northampton

- Premier Paper Group Limited

UK/Haydock

- Premier Paper Group Limited

UK/Glasgow

- Premier Paper Group Limited

UK/Leeds

- Premier Paper Group Limited

UK/Washington

- Premier Paper Group Limited

UK/Bristol

- Premier Paper Group Limited

UK/Newton Abbot

- Premier Paper Group Limited

UK/Southampton

- Premier Paper Group Limited

UK/Langley

- Premier Paper Group Limited

UK/Dartford

- Premier Paper Group Limited

France/Paris

- Gould Papiers France

Netherlands/Amsterdam

- OVOL Fiber Europe B.V.

Russia/Moscow

- Japan Pulp & Paper GmbH – Moscow Representative Office



●	Japan Pulp & Paper Co., Ltd. (Representative Office)
■	Wholesaling
●	Paper Manufacturing & Processing
■	Raw Materials & Environment
●	Other
●	Head Office
■	Business Location

South Asia, Middle East

India/Kolkata

- KCT Trading Private Limited
- OVOL Fibre Solution India Private Limited

India/Mumbai

- KCT Trading Private Limited – Mumbai
- OVOL Fibre Solution India Private Limited

India/Delhi

- KCT Trading Private Limited – Delhi

India/Chennai

- KCT Trading Private Limited – Chennai

India/Bangalore

- Tokyo Sangyo Yoshi Co., Ltd.

UAE/Dubai

- Middle East Office

Southeast Asia

Thailand/Bangkok

- Japan Pulp & Paper (Thailand) Co., Ltd.

Vietnam/Hanoi

- Hanoi Representative Office
- JP Corelex (Vietnam) Co., Ltd.

Vietnam/Ho Chi Minh

- Ho Chi Minh Representative Office
- OVOL Singapore Pte. Ltd.

Malaysia/Kuala Lumpur

- Japan Pulp & Paper (M) Sdn. Bhd.
- JP Asian Electronics Materials (M) Sdn. Bhd.
- OVOL Malaysia Sdn. Bhd.
- Fine Paper Takeo (M) Sdn. Bhd.
- OVOL New Energy Sdn. Bhd.

Malaysia/Penang

- OVOL Malaysia Sdn. Bhd.

Malaysia/Ipoh

- OVOL Malaysia Sdn. Bhd.

Malaysia/Johor Bahru

- OVOL Malaysia Sdn. Bhd.

Malaysia/Kota Kinabalu

- OVOL Malaysia Sdn. Bhd.

Malaysia/Kuching

- OVOL Malaysia Sdn. Bhd.

Singapore

- OVOL Singapore Pte. Ltd.

Philippines/Manila

- Manila Representative Office

Indonesia/Jakarta

- Jakarta Representative Office
- PT. Oriental Asahi JP Carton Box

East Asia

China/Hong Kong

- Japan Pulp & Paper Co., (H.K.) Ltd.
- Tai Tak Paper Co., Ltd.

China/Shenzhen

- Tai Tak Paper (Shenzhen) Co., Ltd.
- Wotai Paper (Shenzhen) Co., Ltd.

China/Shanghai

- Japan Pulp & Paper (Shanghai) Co., Ltd.
- JPTS Electronics Materials (Shanghai) Co., Ltd.
- Price & Pierce (Shanghai)

China/Beijing

- Japan Pulp & Paper (Shanghai) Co., Ltd.
- Beijing Branch Office

Taiwan/Taipei

- Japan Pulp & Paper (Taiwan) Co., Ltd.

South Korea/Seoul

- Japan Pulp & Paper (Korea) Co., Ltd.

Oceania

Australia/Sydney

- Japan Pulp & Paper (Australia) Pty Ltd
- Ball & Doggett Pty Ltd

Australia/Melbourne

- Ball & Doggett Group Pty Ltd
- Ball & Doggett Pty Ltd

Australia/Brisbane

- Ball & Doggett Pty Ltd

Australia/Perth

- Ball & Doggett Pty Ltd

Australia/Adelaide

- Ball & Doggett Pty Ltd

Australia/Hobart

- Ball & Doggett Pty Ltd

New Zealand/Auckland

- BJ Ball Limited
- Aarque Group Limited

New Zealand/Christchurch

- BJ Ball Limited
- Aarque Group Limited

New Zealand/Wellington

- BJ Ball Limited
- Aarque Group Limited

New Zealand/Dunedin

- BJ Ball Limited
- Aarque Group Limited

New Zealand/Hamilton

- Aarque Group Limited

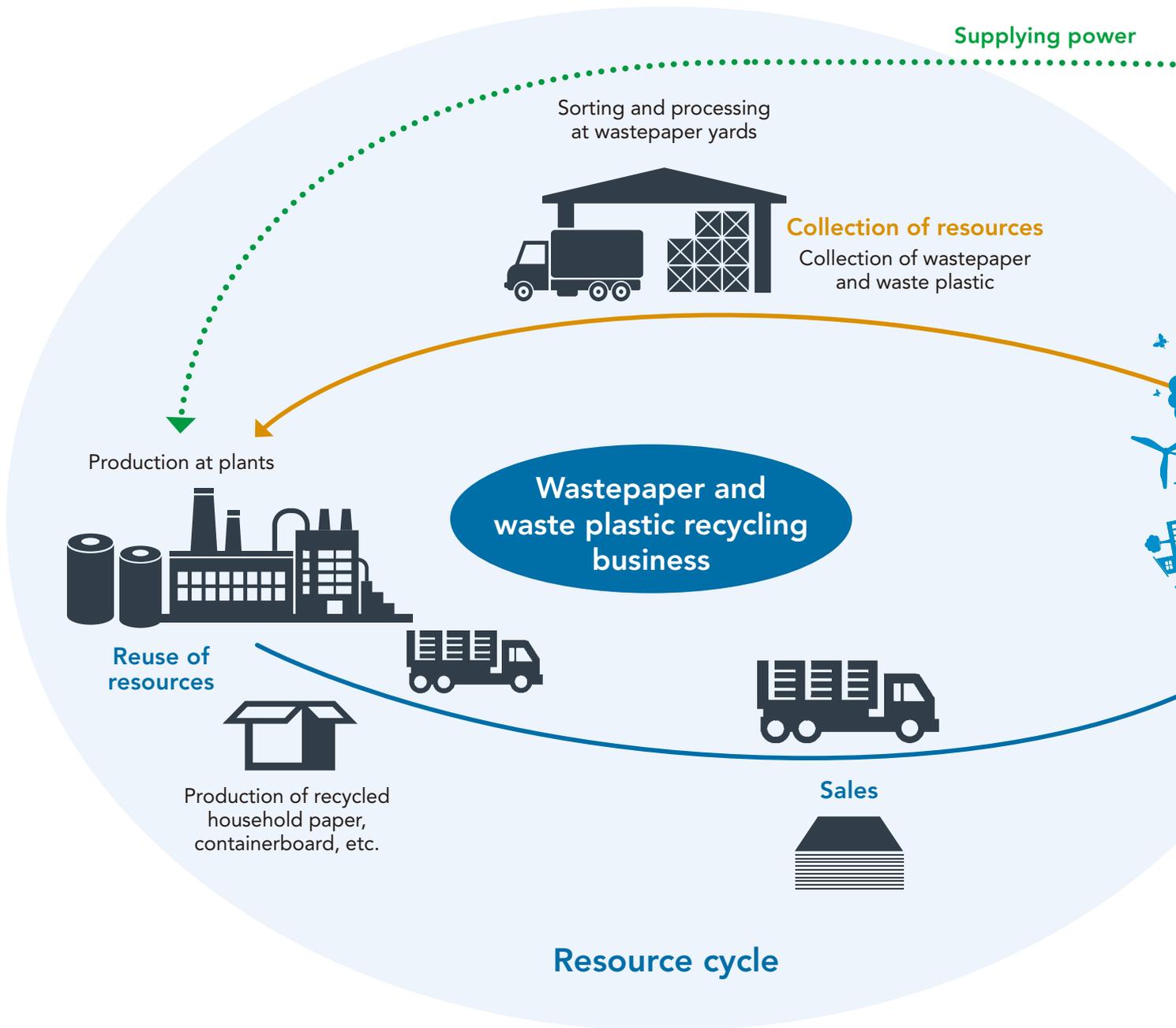
New Zealand/Palmerston North

- Aarque Group Limited

Realizing a Circular Economy

The Japan Pulp & Paper Group is contributing to the realization of a circular economy through its business activities as part of its mission to carve a better future for society and the environment.

In the resource cycle, the group's wastepaper recycling business supplies much needed furnish for its paper manufacturing entities. In terms of the energy cycle, we are developing renewable energy power generation businesses.



Production of recycled household paper

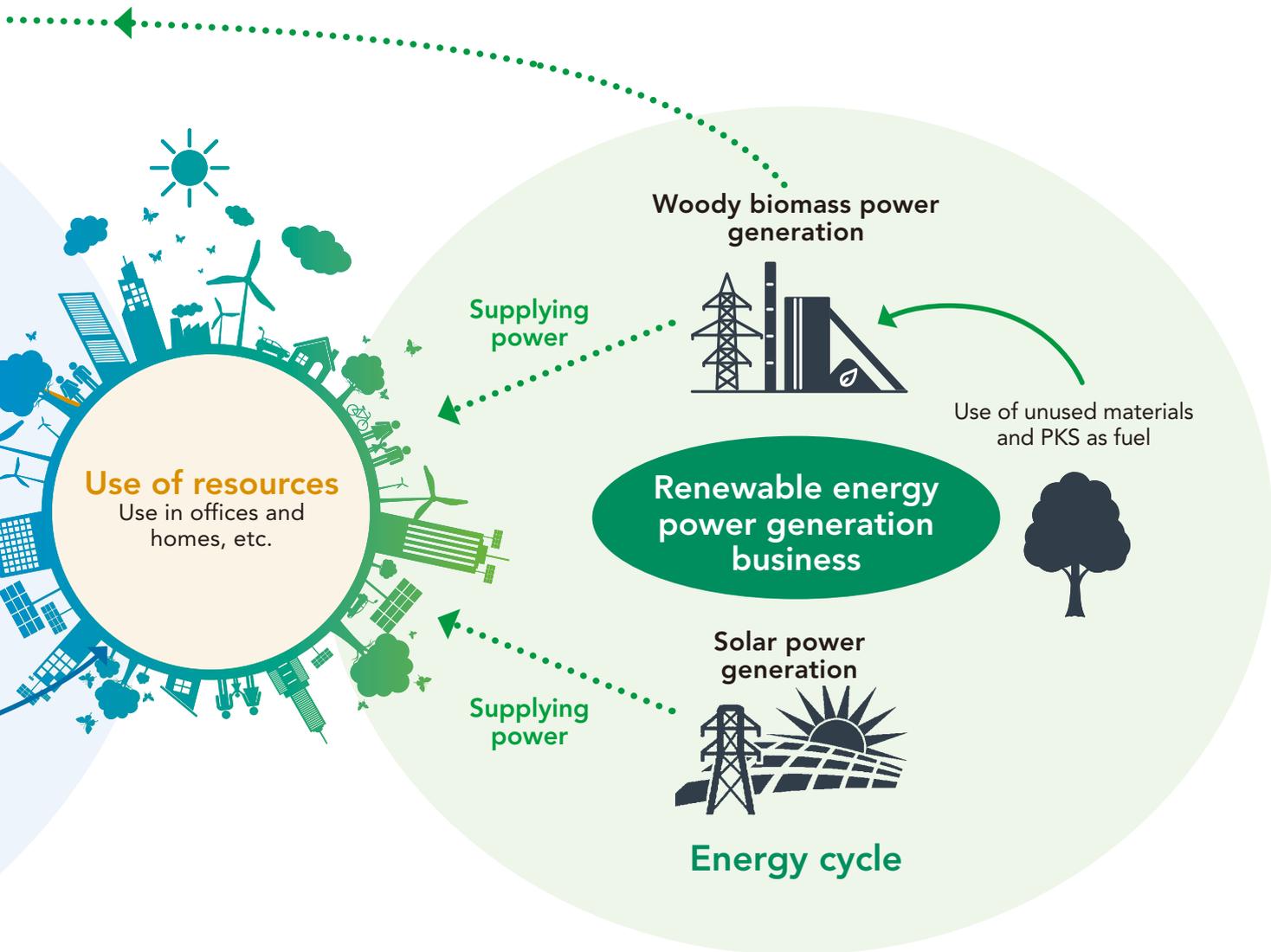


Production of containerboard and printing paper



Manufacturing and processing of packaging materials





Recycling of wastepaper



Recycling of waste plastic



Power generation from renewable energy



Sustainability Section

▶ For more detailed information about our environment and CSR-related activities, please refer to the Japan Pulp & Paper website.
www.kamipa.co.jp/eng/activity/

In keeping with its corporate spirit of integrity, fairness and harmony, Japan Pulp & Paper undertakes its corporate activities in compliance with laws and regulations, ethically and with consideration of social norms. Going forward, we will continue to build stronger relationships of trust with our stakeholders by steadily implementing CSR activities and environmental initiatives, and contribute to the creation of a sustainable society through our business activities.



Our mission in the Japan Pulp & Paper Group is to “carve a better future for society and the environment.” Accordingly, we work to reduce the burden on the environment and actively undertake various environmental programs based on our recognition that protecting the Earth’s environment is a fundamental principle of corporate management.

▶ For more detailed information, please refer to the Japan Pulp & Paper website.
www.kamipa.co.jp/eng/activity/

Resource Cycle

As a company responsible for the distribution of paper, a vital material in everyday life and industry, we have established an effective resource cycle. This integrated system extends from the collection of wastepaper, sorting and recycling to the production of recycled household paper, containerboard and other products. In addition to wastepaper, we are also strengthening our efforts in the recycling of other materials, such as waste plastic.

Energy Cycle

We are promoting clean and safe power generation from renewable energy, including energy from solar power generation and woody biomass power generation utilizing locally sourced unused materials, tree bark, PKS and other resources as fuel. We are also supplying this power to some of the paper manufacturing companies in the Japan Pulp & Paper Group, creating an energy cycle.





Promoting the Recycling of Recovered Paper

The Japan Pulp & Paper Group fully entered the recovered paper recycling business in 1973, and has established a wastepaper recovery network that draws on its extensive experience and expertise. We have expanded our wastepaper collection operations to include the US and India. By taking a global perspective, our system for reusing recovered paper, an increasingly important raw material for paper manufacturing, provides stable supplies of recycled household paper, containerboard and printing paper.



Reuse of Waste Plastic

In addition to the recycling of recovered paper, the Japan Pulp & Paper Group reuses waste plastic through its comprehensive recycling business. Plastic discarded by businesses and communities is collected and sorted for either material recycling and use as a raw material, or thermal recycling and use as a solid fuel. We have achieved more efficient recycling, and are promoting effective use of recycled resources and reduced use of fossil fuels, a limited resource.



Product Development to Reduce Environmental Impact

The Japan Pulp & Paper Group is working to reduce the environmental impact of its businesses through innovative product development. In September 2018, we developed a paper cup that uses BioPBST[™], a plant-based, biodegradable plastic. When buried, BioPBST[™] is naturally broken down into water and carbon dioxide by microorganisms in the soil. We will look to develop applications in laminated products other than paper cups, and also plan to expand this business outside Japan.



Supplying Power From Renewable Energy

In response to Japanese societal demand for energy that is safe and environmentally friendly, the Japan Pulp & Paper Group's power generation business uses energy from renewable solar and woody biomass resources, which can be procured domestically, as alternatives to energy from fossil fuels. The group supplies electricity from woody biomass power plants that it operates in Iwate and Shimane Prefectures, and solar power generation facilities operated in Hokkaido, Iwate and Miyagi prefectures.



Paper & Green – an E-commerce Site for Environmentally Friendly Products

Paper & Green, an e-commerce site (Japanese only) specializing in environmentally friendly products, is being used by more and more customers in Japan 24 hours a day, regardless of where they are located. As environmental awareness continues to rise in society as a whole, Paper & Green offers a wide range of environmentally friendly products (not only paper products) that can contribute to measures related to solving the problem of marine plastic waste, creating a decarbonized society, and providing new value in this new normal era.



Paper & Green
<https://www.paperandgreen.com>

Activities of the Group's Environment and Safety Committee

The group's Environment and Safety Committee was established to confirm the status of compliance with laws and regulations related to industrial waste, the environment, and occupational safety, and to establish a management system for such compliance. The committee works to unify group efforts to correct and improve issues discovered from multiple perspectives. In addition to sharing know-how within the group, the committee holds seminars and regularly disseminates information to help reduce environmental impact and ensure occupational safety through legal compliance, thereby contributing to the realization of a sustainable society.





The Japan Pulp & Paper Group is working to build a sustainable society as a company that plays an important part in the distribution of paper, a vital material in everyday life and industry. We conduct our business activities in harmony with local communities to ensure that we grow hand-in-hand with their development.

▶ For more detailed information, please refer to the Japan Pulp & Paper website.
www.kamipa.co.jp/eng/activity/

Product Sales & Wastepaper Exchange Event Held

In September 2020, group company Corelex Shin-Ei canceled its annual Paper Festival due to the outbreak of COVID-19, and instead held a product sales and wastepaper exchange event on a smaller scale under strict infection control measures.

In addition to its regular products, the company sold its newly released antibacterial and deodorizing products, as well as products manufactured by local welfare facilities, all of which were well received and sold out every day. At the paper exchange event, a drive-through system was adopted, which was very different from the conventional paper exchange, collecting used paper directly from customers' cars and distributing products. The company was able to collect about 30 tons of used paper from households. Both events were fruitful and attracted more visitors than expected.



Contributing to the Development of the Next Generation Through Lectures

In December 2020, Noda Bio Power JP, one of our group companies, was selected as one of the companies to provide a lecture at the "Environmental Job Seminar" organized by the Regional Development Bureau of Iwate Prefecture. This seminar is held every year for local high school students with the aim of encouraging them to become interested in environment-related jobs.

The company has been working together with the local community not only to promote renewable energy, but also to create local jobs and contribute to the revitalization of the forestry industry in the northern part of the prefecture. Currently, the company is engaged in the woody biomass power generation business, actively using local materials such as unused wood (forest residue), bark, pruned branches and thinned wood as fuel. The company hopes that these lectures help students who wish to be involved in the environmental field, and will continue to actively engage in activities that contribute to the local community.



Sweet Potato Harvesting Party for Nursery School Children Held

In November 2020, group companies Taiho Paper and Kawabe Biomass Power Generation invited children from the nearby Kawabe No. 2 Nursery School to a sweet potato-picking event at the Taiho Farm operated by the two companies. The children were very happy to attend the activity, as the nursery school had had to refrain from most of its events due to the COVID-19 outbreak. On the day of the event, the children thoroughly enjoyed themselves as they dug for potatoes.

The usually quiet farm was a hive of activity thanks to the children, with everyone in great spirits. The companies will continue their activities to deepen exchanges with the local community in the future.



Eco-friendly Activities in Our Company

All of our employees participate in environmental activities. For example, garbage is recycled at recycling stations in offices, and boxes for collection of milk and other paper cartons are placed on each floor. The collected cartons are reused as raw materials for household paper production by the Corelex Group. In addition, we participate in the Eye City Eco Project,* cooperating in the collection of empty disposable contact lens cases. Other daily environmental activities, such as efforts to reduce food loss in the company cafeteria, foster awareness of our relationship with society.

* Sponsored by Hoya Corporation. Dedicated boxes are placed in stores nationwide for the collection and recycling of empty disposable contact lens cases.





Our employees are our greatest resource. They are the foundation of the Japan Pulp & Paper Group's business competitiveness, and will be the driving force for achieving sustained growth in the future. Accordingly, we have taken steps to create working environments and systems that enable all employees to thrive.

Personnel System & Human Resource Development

Japan Pulp & Paper has adopted a personnel system centered on the "Role Responsibility System" and is working to vitalize human resources by developing and utilizing its employees. The Role Responsibility System focuses on organizational management, as well as on the promotion and recruitment of highly skilled and motivated persons for positions in which they can demonstrate their expertise and achieve specific tasks. Furthermore, under our

personnel evaluation system, we set lofty goals and medium- and long-term goals based on new ideas, and emphasize the process of attaining those goals in evaluating performance. In terms of education and training systems aimed at developing human resources, we created a program aimed at raising the skills of each and every individual and vitalizing people and organizations based on the concepts of "developing human resources able to fulfill their roles and responsibilities" and "developing personnel with self-initiative who are able to respond to times of change."

Training System

	New employees – First three years	Mid-career employees	Managers
Rank-based training	New recruit training		
	Logistics system training	Section chief promotion training	New manager training
	Second year follow-up training	Deputy manager promotion training	
Selectable training courses	Third year training Leadership training, logical communication skills training	Selectable in-house group training: Skill improvement, management knowledge, enhancing thinking abilities	Voluntary training
		Selectable external training programs: 14 courses available	
	New recruit mentor program & OJT	Overseas training system (Language study abroad)	
		Self-development support system	

Creating a Work Environment in Which Diversity Can Thrive

Japan Pulp & Paper aims to create workplaces in which everyone can work to his or her full potential irrespective of gender, age or other factors.

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we have set goals such as providing career support, reducing overtime, improving the ratio of annual paid holidays taken, and increasing the percentage and retention rate of female employees, and are taking various measures to achieve these goals. In addition, we have extended the retirement age of our employees so that they can continue to work after the age of 60 without any change in compensation, and we are also focusing on the employment of people with disabilities.

We are also expanding our childcare support. In addition to extending the period for which the shorter working hour system can be applied,

we have introduced a shift work system that can be used for childcare reasons, and a system for limiting work areas. In recognition of these measures, in 2021 we received "Kurumin Certification" from the Japanese government for our childcare support activities. In addition, we have established a work from home system and provided laptop terminals to make this possible as part of our efforts to support flexible working styles. These efforts are aimed at fostering a workplace culture in which all employees can prioritize their work-life balance and continue to work with vitality.

In addition, to ensure a workplace environment where employees can work with peace of mind, industrial physicians, full-time nurses, and other health officers are working together to create a safe and secure workplace.

We are committed to creating new value by maximizing the capabilities of each individual, and to developing a workplace environment in which diverse human resources can play an active role.



Corporate Governance

▶ For more detailed information concerning corporate governance, please refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange. (Japanese language site only)
www.kamipa.co.jp/company/governance/

Basic Stance

The Japan Pulp & Paper Group has established its Corporate Philosophy, which consists of “Our Corporate Spirit” (the values we cherish), “Our Mission,” and “Our Principles,” which states the principles that the group’s management and employees practice. The group conducts group-wide business activities based on the slogan, “Paper, and beyond.” In addition, we formulated the Japan Pulp & Paper Group Charter of Corporate Behavior. The charter sets out guidelines for behavior, including complying with laws and regulations, promoting free, fair and transparent business activities, and ensuring the trust of stakeholders.

In line with its Corporate Philosophy and Charter of Corporate Behavior, the Japan Pulp & Paper Group’s basic approach to corporate governance is to fulfill its accountability, build good relationships with shareholders and investors, customers, business partners, local communities and all other stakeholders, and to practice efficient, fair and transparent management to ensure the group’s sustainable growth and increase corporate value over the medium to long term.

Overview of Corporate Governance Structure

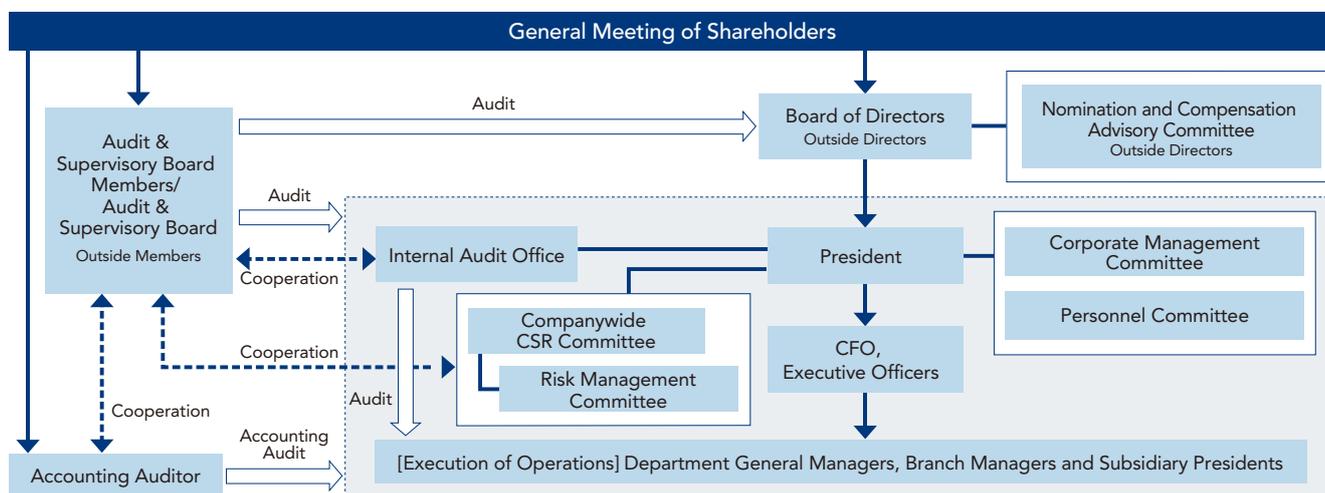
Japan Pulp & Paper aims to maintain and improve management efficiency based on a Board of Directors consisting of directors who have thorough knowledge of the group’s businesses. Additionally, the company has introduced an executive officer system for the purpose of clarifying duties and responsibilities and increasing flexibility in the execution of operations to respond to rapid changes in the business environment.

Japan Pulp & Paper, as a company with an Audit & Supervisory Board, assures enhanced monitoring and supervising functions and the transparency of decision-making by ensuring the adequate

monitoring of management by the Audit & Supervisory Board members that include outside members.

To further improve the efficiency and speed of management as well as enhance supervisory functions, in June 2017 the company reduced the number of directors and increased the number of outside directors by one, establishing a six-member Board of Directors (including two independent outside directors). The outside directors also participate in the process of nominating and setting the compensation of directors and Audit & Supervisory Board members, and provide appropriate supervision and recommendations from an objective standpoint.

Management Control Structure (As of June 28, 2021)



Board of Directors

The Board of Directors is composed of six members (five men and one woman), including two independent outside directors as of June 28, 2021.

The Board of Directors meets regularly once a month and whenever necessary, in accordance with laws, the Articles of Incorporation, and the procedural rules for the Board of Directors. It makes decisions on matters stipulated by laws and the Articles of Incorporation, as well as on important matters pertaining to the General Meeting of Shareholders; key organizations and personnel; issues involving the company’s stock; business plans; major investments; and the internal control system. The Board also supervises the execution of duties of individual directors.

In addition, independent outside directors supervise business execution from an objective, professional standpoint, and provide appropriate advice.

Number of meetings in the fiscal year ended March 31, 2021: 17
 Attendance of directors and Audit & Supervisory Board members was 100%.

Nomination and Compensation Advisory Committee

The Japan Pulp & Paper Group has established the Nomination and Compensation Advisory Committee as a voluntary committee for discussing the nomination and compensation of officers.

To ensure objectivity and transparency in the process for determining compensation, this committee is composed of three members in total – the president and representative director, who serves as the committee chair, and two independent outside directors. The committee regularly discusses the compensation system in general, including setting of position-based standard compensation for directors, and reports back to the Board of Directors.

Number of meetings in the fiscal year ended March 31, 2021: 1

Japan Pulp & Paper Group Charter of Corporate Behavior

As a means of ensuring that the Japan Pulp & Paper Group's entire managerial and regular workforce are aware of the values that the group has always held dear and that these values are put into practice, the group created the Japan Pulp & Paper Group Charter of Corporate Behavior.

In this Charter of Corporate Behavior, we have established nine action guidelines, disclosed them publicly and are further committing ourselves to the pursuit of these principles both internally and externally to fulfill our corporate social responsibility in undertaking our business activities in all countries and regions.

The Japan Pulp & Paper Group aims to realize a sustainable society by sharing the values created through its business activities

with its various stakeholders. To achieve this objective, the group will steadily implement the Charter of Corporate Behavior.

1. Contribute to Society through Business Activities
2. Absolute Compliance with Laws and Regulations
3. Free, Fair and Transparent Business Practices
4. Ensure the Trust of Stakeholders
5. Provide a Safe and Healthy Working Environment
6. Respect for Human Rights
7. Promote Environmental Protection Activities
8. Respect for Communications with Stakeholders
9. Harmony with Society and the Community

▶ For more detailed information, please refer to the Japan Pulp & Paper website. www.kamipa.co.jp/eng/activity/charter

Corporate Management Committee

Based on committee rules, the Corporate Management Committee meets regularly twice a month and whenever necessary to discuss significant matters concerning the group's management and business execution, and to formulate management policies and business plans. The Corporate Management Committee is chaired by the president, and is composed of full-time directors, the CFO and executive officers who are in positions controlling major areas of the business.*

Audit & Supervisory Board members also attend committee meetings, where they obtain information necessary for audits and state their opinions when appropriate.

* Administration & Planning, Paper Sales & Marketing, Paperboard, Global Business, Specialties, ICT & Logistics, Raw Materials & Environment, Household Paper

Number of meetings in the fiscal year ended March 31, 2021: 19

Personnel Committee

Based on committee rules, the Personnel Committee determines important personnel measures that are necessary for the group's strategic business development, and optimizes allocation of human resources in the group.

This committee is chaired by the president and is composed of the CFO, executive officers who are in positions controlling major areas of the business, and the branch managers of the Kansai Branch and Chubu Branch.

Number of meetings in the fiscal year ended March 31, 2021: 12

Executive Officers

The company has appointed a total of 26 executive officers, including three who are also directors as of June 28, 2021.

Executive officers who are also directors, or who serve as the CFO or who are in positions controlling major areas of the business, oversee the group as a whole, and assist the president with each major management target to support achievement of common group targets.

Other executive officers focus on strengthening their respective roles and improving results as general managers, branch managers or presidents of subsidiaries.

Companywide CSR Committee

Based on the CSR Management Rules, the Companywide CSR Committee meets regularly every six months, and whenever necessary, to discuss and

determine basic policies and action plans for the Japan Pulp & Paper Group's CSR activities, and to confirm the implementation status of those activities and formulate measures to revise them as necessary.

This committee is chaired by the president, and is composed of full-time directors and the general managers of the Finance & Administration Division and Corporate Planning Division. Audit & Supervisory Board members (including outside members) attend committee meetings as observers.

Number of meetings in the fiscal year ended March 31, 2021: 4

Risk Management Committee

The Risk Management Committee, a subcommittee of the Companywide CSR Committee, meets whenever necessary in accordance with the Basic Rules on Risk Management. This committee identifies, analyzes, assesses and prioritizes response to risks, develops measures to deal with individual risks, and continuously works to reduce risk in the Japan Pulp & Paper Group. The committee is chaired by the executive officer in charge of Administration & Planning with the general manager of the Finance & Administration Division and the general manager of the Corporate Planning Division serving as vice chairpersons. Committee members are appointed from the Internal Audit Office, the Finance & Administration Division and the Corporate Planning Division. Audit & Supervisory Board members (including outside members) also attend committee meetings as observers.

Number of meetings held in the fiscal year ended March 31, 2021: 12

Audit & Supervisory Board Members/Audit & Supervisory Board

The Audit & Supervisory Board is composed of three members, including two outside members.

The Audit & Supervisory Board meets regularly once a month and whenever necessary, in accordance with laws, the Articles of Incorporation and the rules of the Audit & Supervisory Board. It conducts audits of Board of Directors' proposals and the directors' execution of their duties.

It also holds liaison meetings with the representative directors once a month to exchange opinions on matters including issues the company should address, the environment for audits by Audit & Supervisory Board members, and material issues regarding auditing.

Number of meetings in the fiscal year ended March 31, 2021: 13
Attendance of Audit & Supervisory Board members was 100%.

Coordination of Audit & Supervisory Board Members, Internal Auditors, Internal Auditing Departments and Others

Audit & Supervisory Board members regularly receive reports from the Internal Audit Office concerning auditing plans and audit results, request investigations when necessary, and utilize the reports in their own audits. Additionally, Audit & Supervisory Board members convey their auditing plan and audit results to the Internal Audit Office, mutually confirm the basic policies and key issues of the Audit & Supervisory Board audits and internal audits, and use this information to improve the effectiveness of audits.

When planning internal audits, the Internal Audit Office formulates the audit plan after consulting with the Accounting Auditor.

The Accounting Auditor explains the general outline of its audit and quarterly review plan to the Audit & Supervisory Board members and provides an overview of its conclusions or opinions of each quarterly audit or the quarterly review.

In addition, the Internal Audit Office, the Audit & Supervisory Board and the Accounting Auditor meet regularly to share information about their respective activities and exchange opinions. The Audit & Supervisory Board also exchanges opinions about key auditing matters with the Accounting Auditor.

Evaluation of Effectiveness of the Board of Directors

Every year, the Board of Directors requests the opinion of the Audit & Supervisory Board in addition to self-evaluations from each member of the Board of Directors, and conducts an evaluation of the effectiveness of the Board of Directors based on the results.

In the evaluation conducted in the fiscal year ended March 31, 2021, a questionnaire survey of all directors and Audit & Supervisory Board members was conducted, and was used as the basis of discussion by the Board of Directors. It was confirmed that the composition of the Board of Directors, the content of resolutions and discussion time, and support systems such as information provision

are appropriate, that the effectiveness of the Board of Directors is secured, and that discussion of matters such as the progress and review of financial results, internal controls and risk management has been further enhanced. On the other hand, there was strong awareness of issues such as inadequate communication with the increase in remote meetings during the COVID-19 pandemic, and the need for enhanced communication. Based on this evaluation, the Board of Directors will make the necessary improvements and continue striving to maintain and increase the effectiveness of the Board.

Skill Sets of Members of the Board of Directors

The number of members of the Board of Directors is limited to no more than nine in the company's Articles of Incorporation. The company has judged that this is an appropriate number of members to ensure the group's efficient operation and promote lively discussion.

To ensure diversity and that the Board of Directors has a good balance of knowledge, experience and abilities, the company elects people with excellent character and knowledge from both within and outside the group, including people with a wealth of knowledge and experience in the group's business areas, and people who have expertise in business planning and administration.

Reasons for Electing Outside Directors and Audit & Supervisory Board Members

		Independent officer	Reason for appointment	Attendance at meetings in the fiscal year ended March 31, 2021	
Outside directors	Itaru Masuda	Yes	<p>Itaru Masuda has been engaged in corporate management at financial institutions over many years, and also has abundant experience as an outside director and outside audit & supervisory board member at a number of listed companies. He was elected as an outside director to provide appropriate supervision of and advice regarding the company's management that draws on this experience and broad knowledge.</p> <p>Reason for designation as an independent officer: Mr. Masuda is from Sumitomo Mitsui Trust Bank, Limited, which has a business relationship with the company and is also a shareholder of the company. As of March 31, 2021, loans from this bank comprised 8.9% of the company's total borrowings, and the share of voting rights of the company held by the bank was 0.5%. However, as the company deals with multiple financial institutions, there is no risk of a conflict of interest with the company's general shareholders, and therefore Mr. Masuda has been designated as an independent officer.</p>	17/17 (100%)	
	Sumiko Takeuchi	Yes	<p>Sumiko Takeuchi was involved for many years in nature and environmental conservation at her previous company. Since resigning from that post, she has been engaged in research in the fields of the environment and energy at an NPO, universities and other organizations, and has conducted wide-ranging research and advocacy activities in the fields of the environment and energy. She has also served in a large number of public roles, including as a government delegate. The company elected her as an outside director to provide advice to the company's management and to supervise its business execution from an objective, professional standpoint, using her deep insight based on her extensive experience as stated above.</p> <p>Reason for designation as an independent officer: Ms. Takeuchi has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, she has been designated as an independent officer.</p>	17/17 (100%)	
		Independent officer	Reason for appointment	Attendance at meetings in the fiscal year ended March 31, 2021	
				Board of Directors	Audit & Supervisory Board
Outside Audit & Supervisory Board members	Katsunori Kitamura	—	Katsunori Kitamura has extensive experience as a judge and deep insight into management as an attorney. He is also an expert in corporate legal matters. The company elected him as an outside Audit & Supervisory Board member so that he can reflect his wealth of knowledge and experience in audits of the company. Mr. Kitamura is an attorney at the Marunouchi Law Office, with which the company has a consultation agreement.	17/17 (100%)	13/13 (100%)
	Naofumi Higuchi	Yes	<p>Naofumi Higuchi has experience in auditing many companies as a certified public accountant. He has a wealth of knowledge on finance and accounting, and is well versed in corporate accounting. Currently, in addition to operating his own certified public accounting office, he is serving as a professor at Tohoku University Accounting School. The company elected him as an outside Audit & Supervisory Board member so that he can utilize his wealth of knowledge and experience in audits of the company.</p> <p>Reason for designation as an independent officer: Mr. Higuchi has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, he has been designated as an independent officer.</p>	17/17 (100%)	13/13 (100%)

Officer Compensation

Policies for Determining Compensation of Each Director

The company has formulated a policy for determining the compensation of each director, and it has been approved by the Board of Directors. The policy is summarized below.

1. Basic Policy

Compensation of the company's directors consists of three types: base compensation paid according to the director's role and responsibilities, performance-based bonuses as a short-term incentive, and stock-based compensation, which raises directors' awareness of contributing to long-term corporate value and clarifies the linkage of that with the company's stock price. The company's basic policy is to set each director's compensation at an appropriate level, taking the director's duties into consideration. In view of their duties, outside directors are paid only base compensation and a fixed bonus.

2. Policy for Determining the Amount of Base Compensation for Each Director

The base compensation of the company's directors is a monthly fixed salary according to the director's position. The standard amount for each position is set based on a comprehensive review that includes referring to information such as officer compensation surveys by external research organizations, comparing the amount with data from other companies of similar size in the same industry and business category, and taking the level of employee compensation into consideration.

3. Policy for Determining Calculation Method of Performance-Based Compensation

Performance-based compensation of the company's directors is monetary compensation that reflects consolidated business performance and is linked with the medium-term business plan. An amount calculated by multiplying the standard bonus paid to each director, which is calculated by multiplying base monthly compensation by a multiple set for each individual, is multiplied by the ratio of consolidated ordinary profit for the fiscal year to consolidated ordinary profit for the reference year (the fiscal year ended March 31, 2013), and is paid as a bonus at a fixed time every year. However, bonuses paid to outside directors are a fixed amount.

4. Policy for Determining Calculation Method of Non-monetary Compensation

Non-monetary compensation of the company's directors is stock-based compensation using a Board Benefit Trust (BBT) plan. The details of the plan were approved at the 155th General Meeting of Shareholders held on June 28, 2017.

5. Policy for Determining the Ratio of the Amount of Monetary Compensation, Amount of Performance-Based Compensation or Amount of Non-monetary Compensation to the Amount of Compensation of Each Director

Regarding the compensation ratio by compensation type of executive directors of the company, there are no major differences based on position, but higher-ranking directors have a higher ratio of performance-based compensation.

Date and Details of Resolutions of the General Meeting of Shareholders Concerning Compensation of Officers

Resolution of the 149th General Meeting of Shareholders Held on June 29, 2011:

It was resolved that the aggregate compensation of directors shall not exceed ¥350 million per year, and the aggregate compensation of Audit & Supervisory Board members shall not exceed ¥60 million per year. (There were seven directors and three Audit & Supervisory Board members at the close of that general meeting.)

Resolution of the 155th General Meeting of Shareholders Held on June 28, 2017:

It was resolved to introduce a BBT plan as a stock-based compensation plan for directors (excluding outside directors), separate from the aggregate compensation approved at the 149th General Meeting of Shareholders. Under this plan, the company contributes money up to a maximum of ¥270 million (for three fiscal years) to fund stock acquisition based on the company's stock-granting regulations, and directors are awarded points every year according to their fulfillment of responsibilities, up to a maximum total of 30,000 points (1 point = 1 share) in a single fiscal year, as stock-based compensation. In principle, directors receive delivery of the company's stock when they retire. (There were four directors, excluding outside directors, at the close of that general meeting.)

Compensation System

Officer category	Aggregate compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of officers eligible
		Monetary compensation		Non-monetary compensation	
		Base compensation	Bonuses	Stock-based compensation	
Directors (excluding outside directors)	225	121	59	46	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	22	22	—	—	2
Outside officers	36	34	2	—	4

Notes: 1. There were six directors (including two outside directors) and three Audit & Supervisory Board members (including two outside members) as of March 31, 2021.

2. Performance-based compensation is bonuses to directors, excluding outside directors. Bonuses paid to outside directors are a fixed amount.

3. Non-monetary compensation is stock-based compensation to directors, excluding outside directors.

4. Bonuses and stock-based compensation are not paid to Audit & Supervisory Board members.

Messages From Outside Directors and Outside Audit & Supervisory Board Members

Achieving the long-term vision with governance backed by the company's corporate culture



The company has an exceptionally flat and open corporate culture, and its process of finding the right direction through in-depth discussion is well established. Of course, I actively engage in discussions with management at Board of Directors meetings, and am satisfied with the role I play. I believe that a company's open corporate culture is the reason it is able to establish sound and reliable corporate governance.

It is also worth mentioning that clear and precise communication is necessary to ensure that the messages from top management and executive officers get across to employees. This also enables the whole company to work together to steadily carry out plans.

As the leader in Japan's paper wholesaling industry, the Japan Pulp & Paper Group has a duty to constantly evolve and establish new business models, something it has continued to do since its founding. The group has already laid the foundation for realizing higher quality, governance-oriented management, and I anticipate its success in achieving both Medium-term Business Plan 2023 and OVOL Vision 2030.

Itaru Masuda
Outside Director

Resolving social issues through the value created by core businesses



The Sustainability Development Goals (SDGs) adopted by the United Nations has 17 goals. While climate change tends to attract a lot of attention, the issues facing society are diverse, and I think we should work on addressing problems close to us and use our strengths to help create a better world—this is the premise underlying the SDGs. For companies, this means taking a good look at where they stand and taking a variety of approaches to creating value from their core businesses with the aim of resolving social issues. The Japan Pulp & Paper Group is working to build a circular economy through its core businesses. The group aims to contribute further in a variety of ways as an industry leader in areas such as the creation of rewarding work and gender-related issues.

Additionally, the new era we are entering will require crossing current business and industry boundaries. For example, the spread of electric vehicles would not be possible through efforts of the automotive industry alone; synergy with the energy industry is also essential, and there are indications that these two industries may converge in the future. To solve social issues more quickly, cross-industry synergies will certainly be necessary. The Japan Pulp & Paper Group is a solid organization with a long history, but its willingness to take on challenges and growth orientation are also strong points. I hope to cooperate in creating new synergies from my perspective as an outside director.

Sumiko Takeuchi
Outside Director

Ensuring that corporate governance helps the company grow and increase corporate value



In 2021, Japan's Corporate Governance Code was revised for the first time in three years. However, it would be a mistake for compliance with the code to become the main objective. The purpose of governance should be to increase a company's growth and corporate value. The Corporate Governance Code must also be thought of in that light.

My impression is that the Japan Pulp & Paper Group has been ahead of many other companies in terms of complying with the Code. In addition, the main goal of governance is being fulfilled because of the balanced leadership of its management team, which includes executives who are good at managing organizations and others who are strong in sales, under the guidance of a president who has excellent management sense.

In this past fiscal year, the group's overseas business and its ventures into areas other than paper wholesaling have become more active, but naturally these ventures involve risks. In my field of specialization, it is important when entering into contracts to go back to the basics and think about whether there are any problems, and what those problems are. Rather than relying solely on experience, continued education is necessary, so I have held in-house seminars where I served as a lecturer.

As an Audit & Supervisory Board member, I want to play a part in governance by promoting awareness of the underlying facts, as well as market data and the view it provides, and using that information to scrutinize management decisions from the standpoint of whether they will really contribute to the group's growth and corporate value.

Katsunori Kitamura
Outside Audit & Supervisory Board Member

Disclosing corporate information with a long-term perspective to become a more highly regarded group



I have been an outside Audit & Supervisory Board member of the Japan Pulp & Paper Group for five years now, and I strongly feel that the group has built a stable financial footing and has established a fully developed corporate governance system, backed by its over 175 years of tradition and achievements. The group's emphasis on long-term outcomes over short-term profit is also reflected in its relationships with customers, its views on risk-taking, and the way it balances its business portfolio. That has led to stable management. As a result, I see it as a group that is evaluated from and invested in with a long-term perspective. From that standpoint, I think that if the parent company and group companies also set targets for non-financial KPIs and disclose their progress, it would help investors to more fully understand and evaluate the group.

While the group will continue to develop its business around its original and core businesses, the use of mergers and acquisitions to further raise corporate value is also a possibility. The company values the uniqueness of the companies it adds to the group, and its management approach has been to respect local management approaches in overseas operations. From a governance perspective, it is also important to pursue unified management throughout the group, while respecting each company's way of doing business. I will make suggestions with the goal of enabling faster recognition of the current situation and decision-making to support further growth.

Naofumi Higuchi
Outside Audit & Supervisory Board Member

Directors of the Board, Audit & Supervisory Board Members and Executive Officers (As of June 28, 2021)

Directors of the Board



Representative Director, President
Akihiko Watanabe

Apr. 1982 Joined the Company
June 2009 Corporate Officer
Deputy General Manager, Global Business Division of the Company
June 2010 Executive Officer
General Manager, Sales Promotion Division of the Company
Apr. 2012 Executive Officer
General Manager, International Business Division of the Company
Apr. 2013 Executive Officer of the Company
President of Japan Pulp & Paper (U.S.A.) Corp.
Apr. 2015 Executive Vice President of the Company
President of Japan Pulp & Paper (U.S.A.) Corp.
Apr. 2016 Executive Vice President
Global Business
General Manager, International Sales Division of the Company
June 2016 Director of the Board
Executive Vice President
Global Business
General Manager, International Sales Division of the Company
Apr. 2017 Representative Director
President of the Company (present position)



Representative Director
Chihiro Katsuta*

Apr. 1982 Joined the Company
June 2009 Corporate Officer
Deputy General Manager, Finance & Administration Division of the Company
June 2010 Executive Officer
General Manager, Management Planning Division of the Company
Apr. 2014 Executive Vice President
General Manager, Chubu Branch of the Company
Apr. 2016 Executive Vice President
Household Paper of the Company
June 2016 Director of the Board
Executive Vice President
Household Paper of the Company
Apr. 2017 Director of the Board
Senior Executive Vice President CFO of the Company
June 2019 Representative Director
Senior Executive Vice President CFO of the Company (present position)
Apr. 2021 Representative Director
Senior Executive Vice President CFO
Raw Materials & Environment of the Company (present position)



Director of the Board
Kazuhiko Sakurai*

Apr. 1982 Joined the Company
Apr. 2011 Executive Officer
General Manager, Hokkaido Branch of the Company
Apr. 2013 Executive Officer
General Manager, Kitanihon Branch of the Company
Apr. 2015 Executive Vice President
Paperboard & Household Paper of the Company
June 2015 Director of the Board
Executive Vice President
Paperboard & Household Paper of the Company
Apr. 2016 Director of the Board
Executive Vice President
Paperboard of the Company
Apr. 2017 Director of the Board
Executive Vice President
Paperboard & Household Paper of the Company
June 2017 Senior Executive Vice President
Paperboard & Household Paper of the Company
June 2019 Director of the Board
Senior Executive Vice President
Paperboard & Household Paper of the Company (present position)



Director of the Board
Tetsuo Izawa*

Apr. 1981 Joined the Company
May 2002 General Manager, Secretarial Affairs Office of the Company
Apr. 2008 General Manager, Paper Merchant Sales Department of the Company
June 2009 Corporate Officer
General Manager, Paper Merchant Sales Division of the Company
June 2010 Executive Officer
General Manager, Paper Merchant Sales Division of the Company
Apr. 2012 Executive Officer
General Manager, Purchasing Division
General Manager, Paper Merchant Sales Division of the Company
Apr. 2015 Executive Vice President
General Manager, Kansai Branch of the Company
Apr. 2018 Executive Vice President
Paper Sales & Marketing
General Manager, Paper Merchant Sales Division of the Company
Apr. 2021 Senior Executive Vice President
Paper Sales & Marketing, ICT & Logistics of the Company
June 2021 Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, ICT & Logistics of the Company (present position)



Director of the Board
Itaru Masuda**

Apr. 1974 Joined Mitsui Trust and Banking Co., Ltd.
June 1999 Director of Mitsui Trust and Banking Co., Ltd.
Apr. 2000 Executive Officer of the Chuo Mitsui Trust and Banking Co., Ltd.
Feb. 2002 Senior Executive Officer of the Chuo Mitsui Trust and Banking Co., Ltd.
June 2004 Managing Director of Sumitomo Mitsui Trust Holdings, Inc.
May 2006 First Senior Executive Officer of the Chuo Mitsui Trust and Banking Co., Ltd.
June 2006 Director, First Senior Executive Officer of the Chuo Mitsui Trust and Banking Co., Ltd.
June 2010 Director, Deputy President of the Chuo Mitsui Trust and Banking Co., Ltd.
Apr. 2012 Corporate Advisor of Sumitomo Mitsui Trust Bank, Ltd.
May 2012 Outside Director of Three F Co., Ltd. (present position)
June 2012 Outside Audit & Supervisory Board Member of Keisei Electric Railway Co., Ltd.
June 2016 Outside Corporate Auditor of Japan Steel Works, Ltd.
May 2017 Outside Director of Fujicitio Co., Ltd. (present position)
June 2017 Outside Director of the Board of the Company (present position)



Director of the Board
Sumiko Takeuchi**

Apr. 1994 Joined Tokyo Electric Power Company, Inc.
Jan. 2012 Director and Senior Fellow of International Environment and Economy Institute (present position)
Feb. 2012 Director of Forestock Association
Apr. 2014 Assistant Project Leader of The 21st Century Public Policy Institute (present position)
Apr. 2016 Visiting Professor of University of Tsukuba (present position)
Oct. 2016 External Advisor of Accenture Japan Ltd.
Nov. 2016 Joint Representative of Matrix Associates LLP (present position)
Apr. 2018 Visiting Professor of Kansai University
Apr. 2018 External Advisor of McKinsey & Company, Inc.
Oct. 2018 Joint Founder and Representative Director of U3Innovations LLC (present position)
June 2019 Outside Director of the Board of the Company (present position)
Apr. 2020 Specially Appointed Professor of Tohoku University (present position)
Apr. 2021 Senior Advisor of Deloitte Tohmatsu Financial Advisory LLC (present position)

Audit & Supervisory Board Members



Audit & Supervisory Board Member
(Full-time)

Rie Uesaka

Apr. 1986 Joined the Company
June 2005 Director
Financial Controller
Japan Pulp & Paper GmbH
Apr. 2010 General Manager
Overseas Administration Department of the Company
Apr. 2017 Director
Deputy General Manager
Japan Pulp & Paper (Shanghai) Co., Ltd.
Apr. 2018 Director
JPTS Electronics Materials (Shanghai) Co., Ltd.
June 2020 Full-time Audit & Supervisory Board Member of the Company (present position)



Audit & Supervisory Board Member
Katsunori Kitamura

Apr. 1984 Appointed as judge
Apr. 1989 Assigned to Ministry of Posts and Telecommunications (name at the time)
July 1991 Restored post of judge
Mar. 1996 Retired as judge, and registered as an attorney (Marunouchi Law Office) (present position)
June 2012 Outside Audit & Supervisory Board Member of Kataoka & Co., Ltd. (present position)
June 2015 Outside Audit & Supervisory Board Member of the Company (present position)



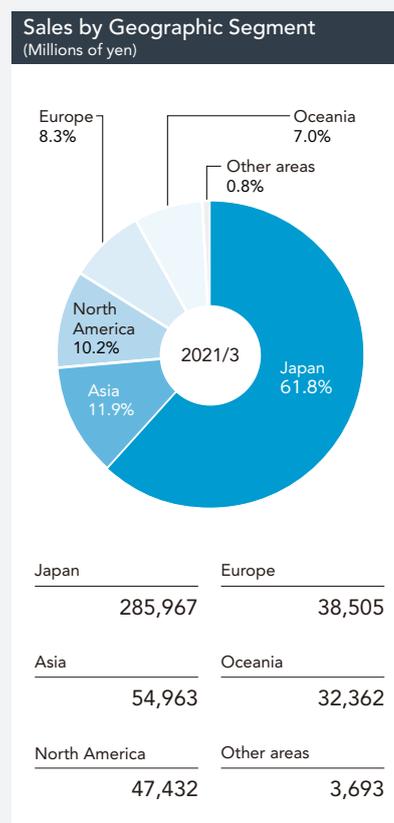
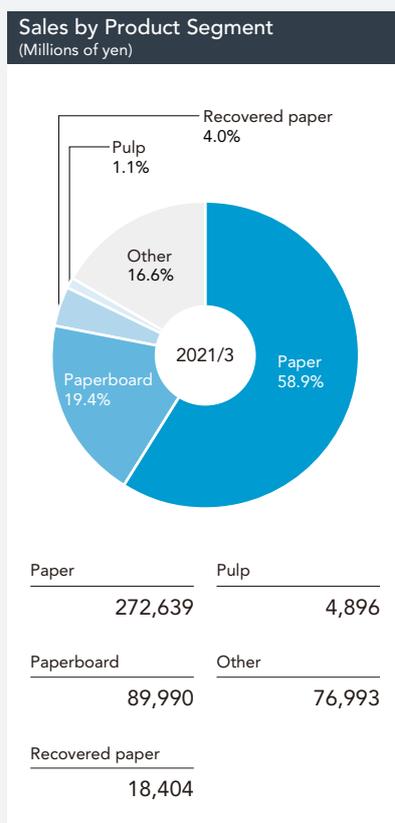
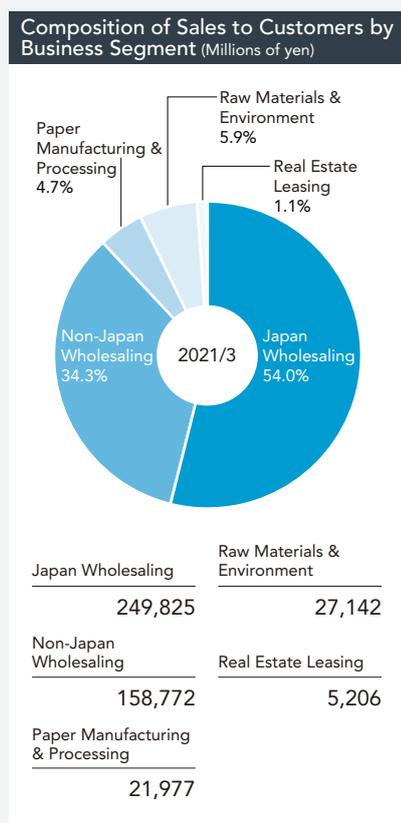
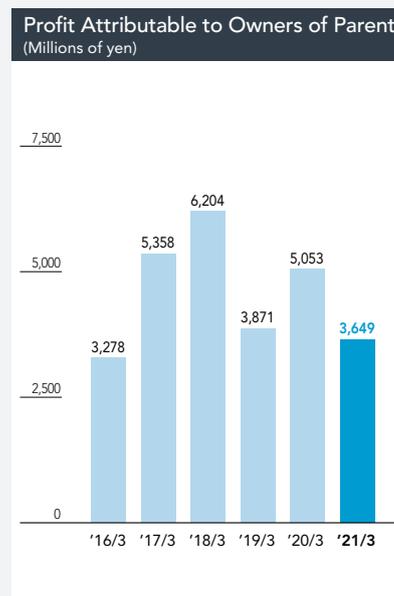
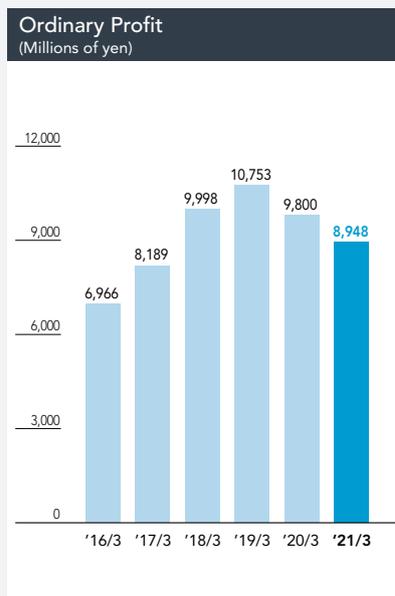
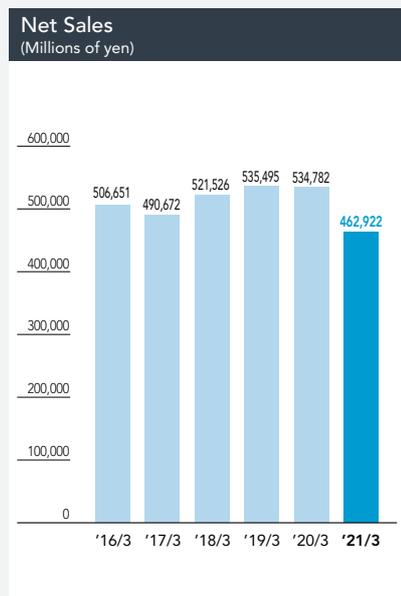
Audit & Supervisory Board Member
Naofumi Higuchi**

Oct. 1997 Joined Chuo Audit Corporation
Apr. 2001 Registered as a certified public accountant
Aug. 2007 Joined Mizuho Securities Co., Ltd.
Aug. 2009 Joined the Japanese Institute of Certified Public Accountants
Apr. 2012 Associate Professor of Tohoku University Accounting School
Jan. 2013 Joined Grant Thornton Taiyo ASG LLC
June 2016 Established Higuchi Certified Public Accountant Office, Appointed as Representative (present position)
June 2016 Outside Audit & Supervisory Board Member of the Company (present position)
Apr. 2018 Professor of Tohoku University Accounting School (present position)
Mar. 2020 Outside Director of Nippon Aqua Co., Ltd. (present position)

Executive Officers

Senior Executive Vice Presidents	Chihiro Katsuta	CFO, Raw Materials & Environment
	Kazuhiko Sakurai	Paperboard & Household Paper
	Tetsuo Izawa	Paper Sales & Marketing, ICT & Logistics
Executive Vice Presidents	Yasushi Takei	Administration & Planning General Manager, Corporate Planning Division
	Mitsutoshi Imamura	Global Business, Specialties
	Toru Teshima	General Manager, Kansai Branch
Senior Vice Presidents	Makoto Shirovani	Raw Materials & Environment
	Koji Ukeguchi	General Manager, Newsprint & Publication Paper Sales Division
	Kagetaka Matsuura	General Manager, Paper Merchant Sales Division
	Makoto Shimada	General Manager, Printer & End User Sales Division
	Nobuyuki Matsuura	Deputy General Manager, Kansai Branch
	Susumu Tanaami	General Manager, Chubu Branch
	Fumio Watanabe	President, OVOL ICT Solutions Co., Ltd.
Shinichiro Yamamoto	President, Eco Paper JP Co., Ltd.	
Executive Officers	Kenichiro Fujii	General Manager, Finance & Administration Division
	Hisaaki Matsuoka	General Manager, Purchasing Division
	Kozo Nishio	General Manager, Industrial Materials Sales Division
	Hiroshi Kashima	General Manager, International Sales Division
	Seiichi Suganuma	General Manager, Functional Materials Sales Division
	Yutaka Endo	General Manager, Raw Materials & Environmental Business Division
	Shuichi Takeoka	General Manager, Kyushu Branch
	Toshihiko Kitayama	General Manager, Kitanihon Branch
	Takeyuki Matsuura	President, JP Household Supply Co., Ltd.
	Hiroyuki Ito	Vice President, JP Corelex Holdings Co., Ltd.
	Masaaki Sato	President, Japan Pulp & Paper (U.S.A.) Corp.
	Takahiro Miyata	Managing Director, Ball & Doggett Group Pty Ltd

Consolidated Financial Highlights



Note: Segments are based on the location of customers.

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Net sales (Millions of yen/Millions of US dollars)	¥506,651	¥490,672	¥521,526	¥535,495	¥534,782	¥462,922 \$4,181
Operating profit (Millions of yen/Millions of US dollars)	¥6,339	¥8,276	¥10,125	¥10,805	¥10,924	¥8,896 \$80
Ordinary profit (Millions of yen/Millions of US dollars)	¥6,966	¥8,189	¥9,998	¥10,753	¥9,800	¥8,948 \$81
Profit attributable to owners of parent (Millions of yen/Millions of US dollars)	¥3,278	¥5,358	¥6,204	¥3,871	¥5,053	¥3,649 \$33
Comprehensive income (Millions of yen/Millions of U.S. dollars)	¥(1,539)	¥6,809	¥11,379	¥1,847	¥3,170	¥9,627 \$87
Net assets (Millions of yen)	¥76,181	¥80,784	¥94,735	¥94,745	¥87,246	¥89,872
Total assets (Millions of yen)	¥296,970	¥287,863	¥337,323 ⁽⁵⁾	¥349,656	¥341,939	¥321,986
Net assets per share (Yen)	¥520.30	¥559.06	¥6,170.79 ⁽⁶⁾	¥6,143.16	¥5,882.75	¥6,103.84
Basic earnings per share (Yen)	¥23.57	¥39.27	¥429.20 ⁽⁶⁾	¥274.69	¥365.01	¥266.92
Diluted earnings per share (Yen)	¥23.43	¥39.00	¥426.83 ⁽⁶⁾	¥273.12	¥363.44	¥266.08
Cash dividends per share (Yen)	¥10	¥10	— ⁽⁴⁾	¥110	¥110	¥110
Payout ratio (%)	42.4	25.5	23.3	40.0	30.1	41.2
Capital adequacy ratio (%)	24.2	26.4	25.8 ⁽⁵⁾	24.8	23.5	25.9
Return on equity (ROE) (%)	4.4	7.2	7.6	4.5	6.1	4.5
Price/Earnings ratio (PER) (Times)	13.7	9.4	10.0	15.1	10.3	13.7
Cash flows from operating activities (Millions of yen)	¥12,929	¥16,282	¥8,698	¥13,660	¥22,488	¥28,382
Cash flows from investing activities (Millions of yen)	¥(7,817)	¥367	¥(13,283)	¥(14,355)	¥(13,239)	¥(4,440)
Cash flows from financing activities (Millions of yen)	¥(5,448)	¥(15,641)	¥4,361	¥1,735	¥(9,712)	¥(19,899)
Cash and cash equivalents at end of period (Millions of yen)	¥5,328	¥6,157	¥6,837	¥7,788	¥7,589	¥11,587
Number of employees	3,110	3,099	3,692	3,893	4,298	4,042

1. This financial information is presented based on generally accepted accounting principles in Japan.

2. Consumption tax has not been included in net sales.

3. Results for the fiscal year ended March 31, 2017 and prior fiscal years have been amended and restated to correct for inadequate accounting treatment by a non-consolidated subsidiary, and to correct for other immaterial differences not retrospectively amended (as disclosed in Japanese news release dated February 3, 2016 and elsewhere).

4. Effective October 1, 2017, the Company conducted a consolidation of shares in which 10 shares of common shares were consolidated into one share. For the fiscal year ended March 31, 2018, the interim dividend per share of ¥5 would have been ¥50 after factoring in the consolidation of shares, and the year-end dividend per share was ¥50. The annual dividend per share would therefore have been ¥100 after factoring in the aforementioned consolidation.

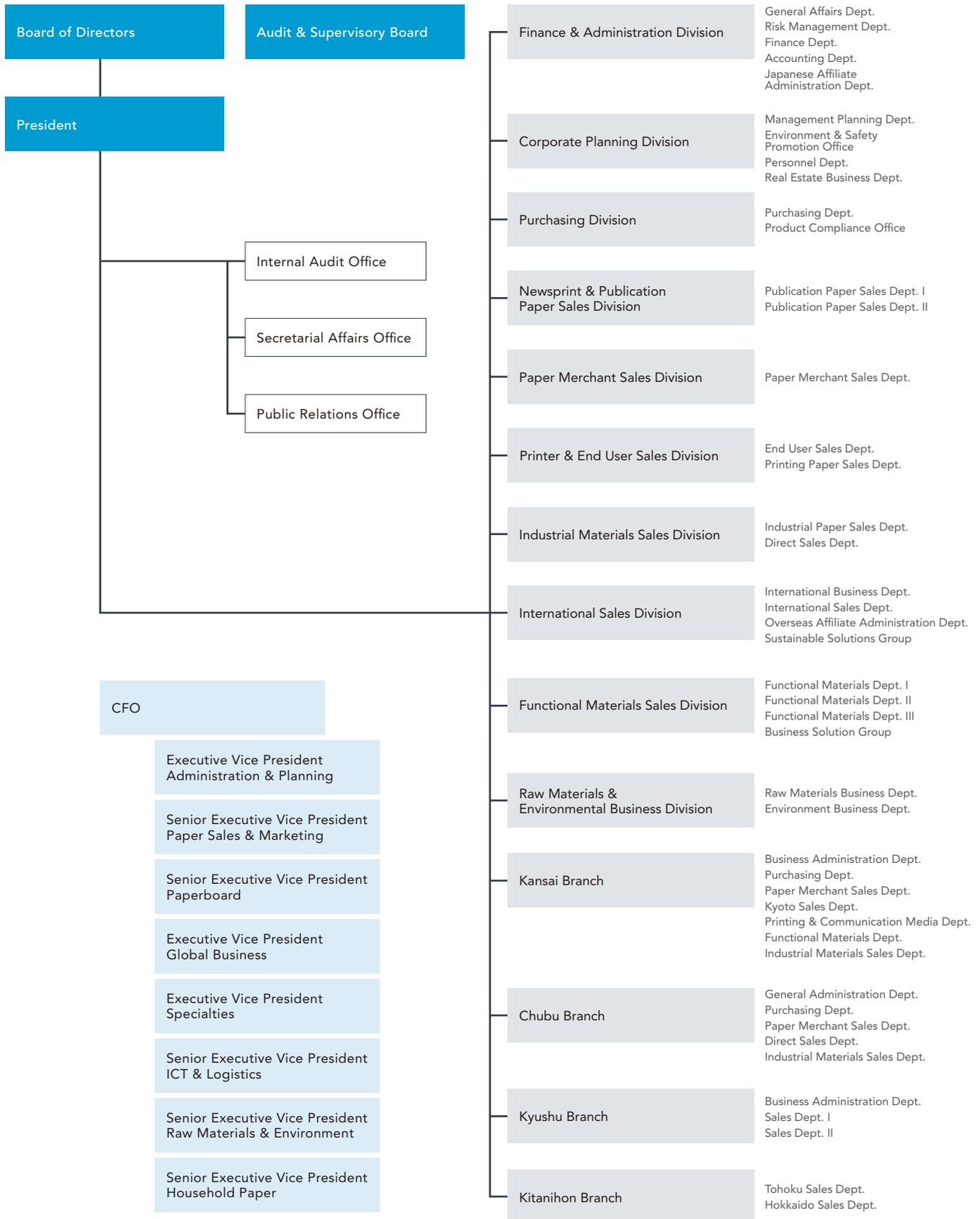
5. Figures for the fiscal year ended March 31, 2018 have been reclassified to conform with "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28).

6. Net assets per share, basic earnings per share and diluted earnings per share for the fiscal year ended March 31, 2018 have been calculated under the assumption that the consolidation of shares described in Note 4 was conducted at the beginning of the fiscal year.

7. All US dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of JPY110.71 to USD1 as of March 31, 2021.

Organizational Structure [Japan Pulp & Paper Co., Ltd.]

(As of June 28, 2021)

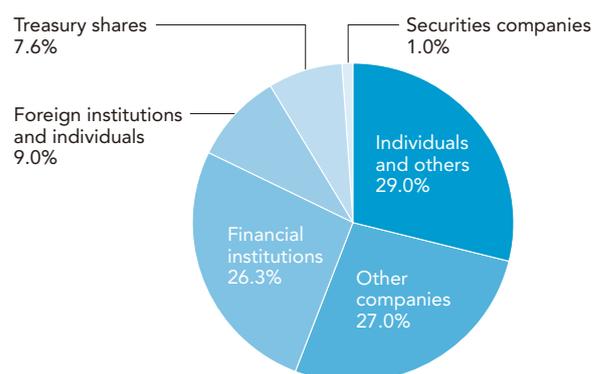


Corporate Data

(As of March 31, 2021)

Corporate Name	Japan Pulp & Paper Co., Ltd.
Head Office	Forefront Tower, 3-12-1 Kachidoki, Chuo-Ku, Tokyo 104-8656 Japan International Business Planning & Promotion Department Tel: +81-3-5548-4242
Representative	Akihiko Watanabe Representative Director, President
Foundation	1845
Date of Establishment	December 15, 1916
Capital	¥16,648.92 million
Fiscal Year-End	March 31
Number of Employees	Consolidated: 4,042 Non-consolidated: 705
Major Activities	Import and export, sale, distribution and manufacturing of paper, paperboard, pulp and paper-related products; real estate leasing; generation, purchase, sale and provision of electricity
Domestic Bases	Kansai Branch; Kansai Branch, Kyoto Sales Dept.; Chubu Branch; Kyushu Branch; Kitanihon Branch, Tohoku Sales Dept.; Kitanihon Branch, Hokkaido Sales Dept.
Consolidated Subsidiaries	70
Associated Companies (Equity-Method)	7
Main Banks	Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank; The Shizuoka Bank, Ltd.
Stock Information	
Stock Listing (Common Stock)	Tokyo Stock Exchange, First Section (Code 8032)
Number of Shares	29,560,300
Common Shares Issued & Outstanding	15,021,551
Number of Shareholders	12,401
Major Shareholders	Oji Holdings Corporation; Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Custody Bank of Japan, Ltd. as trustee for Nippon Paper Industries Co., Ltd.; The Master Trust Bank of Japan, Ltd. (Trust Account); Japan Pulp and Paper Company Limited Shareholding Association; Custody Bank of Japan, Ltd. (Trust Account); Hokuetsu Corporation; JP Employee Shareholding Association; Chuetsu Pulp & Paper Co., Ltd.; DFA INTL SMALL CAP VALUE PORTFOLIO; Custody Bank of Japan, Ltd. (Trust Account 5)

Composition of Shareholders



Note: Ratios are rounded off to one decimal place.

Paper, and beyond



Japan Pulp & Paper Co., Ltd.

Forefront Tower, 3-12-1 Kachidoki, Chuo-Ku, Tokyo 104-8656 Japan
www.kamipa.co.jp/eng/



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