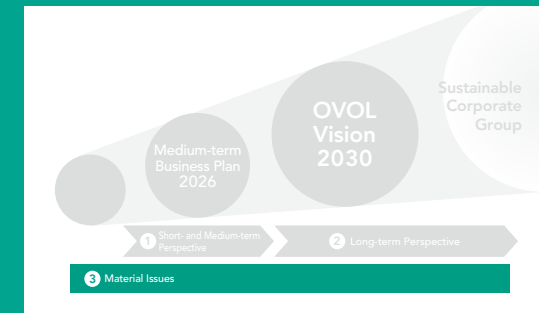


Section 3

Foundation for Sustainable Growth

Points of Interest for This Section



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Sustainable Management

Approach to Promoting Sustainability

Japan Pulp & Paper is expanding its business from its origin as a wholesaler of paper, which is itself based on a sustainable resource that helps to reduce environmental impact. We position our responses to growing demands from society for sustainability as material management issues that not only reduce risks but also lead to new profit opportunities. With this in mind, we are strengthening our sustainable management system throughout the entire group.

In OVOL Medium-term Business Plan 2026, launched in fiscal 2024, we identified key priorities for strengthening sustainable management and are implementing various

measures to address them. These include expanding human capital investment, reducing GHG emissions over the medium to long term, responding to business and human rights, strengthening environmental and occupational safety compliance systems, and strengthening risk management.

In July 2025, Japan Pulp & Paper was selected for the first time to be a constituent stock of the FTSE Blossom Japan Sector Relative Index, a leading stock index for ESG investments provided by FTSE Russell. This index has been adopted as one of the benchmarks for ESG passive management by the Government Pension Investment

Fund (GPIF), and it is widely used as a key decision-making index for investors both in and outside of Japan.

We believe we were chosen for the index because of our track record of measures that we have steadily taken over the years in response to environmental, social, and governance (ESG) issues, which have won high acclaim from outside observers.

Going forward, we will continue to position sustainability as the foundation for growth, and we will strive to realize a sustainable society and enhance corporate value by further strengthening our sustainability initiatives and proactively disclosing information.



FTSE Blossom
Japan Sector
Relative Index



* For details on FTSE Russell's FTSE Blossom Japan Index Series, see the following website.

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

Japan Pulp & Paper Group Sustainability Policy



<https://www.kamipa.co.jp/eng/sustainability/management/sustainability-policy/>

Sustainability Promotion Framework

We define “sustainability” as business activities that realize both economic and social value, and have established the Executive Sustainability Committee to promote sustainability-related initiatives. Chaired by the Representative Director - President & CEO, this committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues*, and managing the achievement of the group's goals. In addition to the Risk

Management Meetings, we have established the OVOL Sustainability Promotion Meetings and the OVOL Environment & Safety Meetings, whose membership spans the entire group, as subordinate organizations under this committee. The Corporate Sustainability Division, which is responsible for implementing policies related to sustainability throughout the entire group, serves as the secretariat for the OVOL Sustainability Promotion Meetings and the OVOL

Environment & Safety Meetings, and it is working to steadily implement and deepen group-wide sustainability policies.

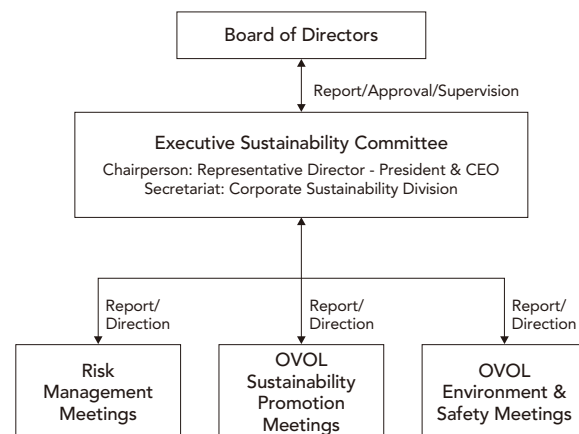
* ESG-related issues refer to a wide range of Environmental (E), social (S), and governance (G) issues such as the following:

Environmental (E): Issues related to climate change, resource depletion, waste, pollution, deforestation, etc.

Social (S): Issues related to human rights, modern slavery, child labor, working conditions, employee relations, etc.

Governance (G): Issues related to bribery and corruption, executive pay, board diversity, political lobbying and donations, tax strategies, etc.

Sustainability and Governance Structure



Executive Sustainability Committee and Various Meetings

Organization	Chairperson	Members	Number of Meetings Held*	Objective/Role
Executive Sustainability Committee	Representative Director - President & CEO	Members: Full-time directors and business heads (Observer: Full-time Audit & Supervisory Board member)	15	This committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives.
Risk Management Meetings	General manager, Finance & Administration Division	Vice chairperson: General manager, Corporate Planning Division Members: Appointed from the Internal Audit Office, Corporate Sustainability Division, Finance & Administration Division, Corporate Planning Division, and other related divisions (Observers: CFO, full-time Audit & Supervisory Board member, business head of Administration, Planning & Sustainability, and CIO)	11	Based on the Basic Rules on Risk Management, the meetings will identify, analyze, evaluate, and prioritize risks; formulate measures to address specific risks; and work to reduce risks.
OVOL Sustainability Promotion Meetings	General manager, Corporate Sustainability Division	Vice chairpersons: General manager, Finance & Administration Division and General manager, Corporate Planning Division Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Business head of Administration, Planning & Sustainability)	11	Members work to strengthen and promote group-wide sustainability initiatives. Members promote sustainability initiatives within each department and group company, including addressing human rights issues, legal compliance, social contribution activities, and implementing measures to achieve social value through business activities. They also serve as liaisons with the head office in the event of a disaster or other emergency.
OVOL Environment & Safety Meetings	General manager, Corporate Sustainability Division	Vice chairpersons: General manager, Finance & Administration Division and General manager, Corporate Planning Division Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Business head of Administration, Planning & Sustainability)	3	Members work to strengthen and promote initiatives for environmental and occupational safety throughout the group. They also promote environmental and occupational safety compliance and environmental measures and the reduction of greenhouse gas emissions.


* Number of meetings held in fiscal 2024

Material Issues

The group has identified four themes (the environment, society, employees, and governance) and 12 material issues and classified them as “internal and external factors that have a significant impact on achieving sustainable business activities that realize both economic and social value.” We have formulated a new action plan to achieve our goals and are working to promote sustainability.


Themes	Material Issues	Reasons for Identification	Goals	Action Plan	Main Initiatives, Results, and Progress in fiscal 2024	Scope
Environment	Climate Change	<ul style="list-style-type: none"> The depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business. There are physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burdens associated with responding to these risks. It is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain. 	<ul style="list-style-type: none"> Achieve carbon neutrality. 	<ul style="list-style-type: none"> Respond to climate change (Promotion of energy saving and use of renewable energy) Expand sales of environmentally friendly products that contribute to plastic reduction and elimination and increase the use of paper 	<ul style="list-style-type: none"> Reduced greenhouse gas emissions (Scope 1 and 2): Reduction of 40.7% compared with fiscal 2019 Target: Reduce emissions by 50% by fiscal 2030 (compared with fiscal 2019) Greenhouse gas emissions (Scope 3): 12.14 million t-CO₂ (fiscal 2024) Utilization rate of renewable energy: 55.5% Launch of seven new Kami Eco® brand paper packaging products compliant with plastic elimination and reduction, through the environmental solutions proposal website Paper & Green. 	<ul style="list-style-type: none"> Consolidated Consolidated Consolidated Parent company
	Biodiversity	<ul style="list-style-type: none"> Increased efforts to conserve biodiversity may lead to stricter regulations and higher costs in the procurement of raw materials used in the production of paper. It is essential to sell paper made from trees that come from properly managed forests, so as to have minimal impact on animal life and the natural environment. 	<ul style="list-style-type: none"> Promote nature positive initiatives for sustainable forest resources. 	<ul style="list-style-type: none"> Gain understanding of dependence on, impact, risks, and opportunities related to nature (TNFD initiatives) 	<ul style="list-style-type: none"> Number of group companies with FSC® and PEFC Forest Certifications: 48 companies with FSC® CoC certification and 20 companies with PEFC CoC certification Sales coverage rate of FSC® and PEFC Forest-certified products: 39.0% (Excluding revenue from the Real Estate Leasing segment) 	<ul style="list-style-type: none"> Consolidated Consolidated
	Resource Recycling	<ul style="list-style-type: none"> It is essential to promote initiatives to realize a circular economy, including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. It is essential to reduce waste and protect forest resources throughout society. It is essential to provide environmentally friendly products. 	<ul style="list-style-type: none"> Realize a circular economy by recycling waste in society. 	<ul style="list-style-type: none"> Promote wastepaper usage Expand comprehensive recycling businesses Enhance resource recycling networks Promote recycling of industrial waste generated within the group 	<ul style="list-style-type: none"> Volume of wastepaper used: 397,000 t Recycling rate of industrial waste: 85.5% Eco-Port Kyushu signed a collaboration agreement with Kyushu University, Resonac Holdings Corporation, and Sumitomo Mitsui Trust Bank, Limited to establish a waste plastic recycling scheme Corelex Shin-Ei participated in Future Society Showcase Project Green Expo: Recycling of Hard-to-Recycle Wastepaper at Expo 2025 Osaka, Kansai, Japan (Fiscal 2025) 	<ul style="list-style-type: none"> Group paper manufacturing companies Consolidated companies in Japan Consolidated companies in Japan Consolidated companies in Japan
	Environmental Impact	<ul style="list-style-type: none"> It is essential to respond to stricter environmental regulations related to logistics and factory operations. It is our corporate responsibility to manage water intake/ discharge and exhaust gas, as well as reduce waste. 	<ul style="list-style-type: none"> Implement specific zero emissions measures. Minimize environmental impact throughout our supply chain. 	<ul style="list-style-type: none"> Ensure compliance with environmental and occupational safety regulations Reduce impact on the environment Efficient and reduced use of resources 	<ul style="list-style-type: none"> Implementation of environmental and occupational safety audits at group companies in Japan: 14 out of 36 companies Number of administrative penalties related to violations of environmental laws and regulations: 0 Number of companies with ISO 14001 certification: 11 companies in Japan and 2 companies outside of Japan Reduction in emissions and transfers under the PRTR system: 0.0 thousand t 	<ul style="list-style-type: none"> Consolidated companies in Japan Consolidated companies in Japan Consolidated Group paper manufacturing companies
Society	Supply Chain	<ul style="list-style-type: none"> It is essential to ensure sustainability throughout the group and the entire supply chain in order to maintain the stable supply of paper and other products. We will accomplish this by strengthening sustainable supply chains. 	<ul style="list-style-type: none"> Achieve a high-level balance between ensuring a stable supply of raw materials and products and responsible procurement 	<ul style="list-style-type: none"> Establish and implement a supplier monitoring system for human rights and environmental risk management Establish a grievance mechanism for addressing human rights violations 	<ul style="list-style-type: none"> Conducted risk assessments for human rights, the environment, etc. according to surveys given to suppliers (surveyed: main business partners in top 80% of parent company suppliers by value) 	<ul style="list-style-type: none"> Parent company
	Local Communities	<ul style="list-style-type: none"> It is essential to reduce the environmental impact on local communities and to achieve coexistence and co-prosperity through economic and social contributions. 	<ul style="list-style-type: none"> Create new value through coexistence and coprosperity with local communities. 	<ul style="list-style-type: none"> Create opportunities for interaction with local communities through paper-related initiatives 	<ul style="list-style-type: none"> Costs associated with social contribution activities, including community donations: JPY 59.2 million Provided vegetables from Taiho Farm to a local children's cafeteria (Taiho Paper Co., Ltd.) 	<ul style="list-style-type: none"> Consolidated Consolidated
	Digitalization	<ul style="list-style-type: none"> Declining demand for paper due to the progress of digitization will have a significant impact on the group's business. It is essential to improve productivity and the effective use of energy by promoting digital transformation (DX). 	<ul style="list-style-type: none"> Create new demand for paper by proposing the value and enhancing the role of paper in a digital society. Leverage digital technology as a new business strength. 	<ul style="list-style-type: none"> Promote the value and advantages of paper in a digital society Invest in the promotion of DX within the paper industry Business reform through DX Improve DX literacy 	<ul style="list-style-type: none"> Promotion of the value of paper through OVOL CREATIVE WORKSHOP SERIES workshops for paper merchants across Japan Established the Corporate DX Division to strengthen digital transformation (DX) and IT controls throughout the group (April 2025) Conducted workload surveys in all departments to determine the current status for business reform Number of users of generative AI (Japan Pulp & Paper exclusive version of ChatGPT): 299 Number of employees with IT certification (including seconded employees): 34 with IT Passport and 75 with MOS 	<ul style="list-style-type: none"> Consolidated companies in Japan Consolidated Parent company Parent company Parent company

For details on SDGs to which the group contributes, see the website.

 <https://www.kamipa.co.jp/eng/sustainability/management/material-issues/>

Themes	Material Issues	Reasons for Identification	Goals	Action Plan	Main Initiatives, Results, and Progress in fiscal 2024	Scope
Employees	Work Environment	<ul style="list-style-type: none"> It is essential to provide stable employment, opportunities to develop skills, fair evaluations and equitable treatment, and to create a comfortable working environment. It is essential to strengthen our human capital by improving labor productivity and employee engagement. 	<ul style="list-style-type: none"> Achieve zero workplace accidents in safe, secure, and healthy working environments. Create innovation ahead of the times in a work environment that offers new challenges and excitement through personal growth. Achieve well-being through a high level of engagement. 	<ul style="list-style-type: none"> Promote health management Enhance human resource development and create a more comfortable work environment Strengthen environmental and occupational safety compliance systems 	<ul style="list-style-type: none"> Average monthly overtime hours: 13 hrs. 20 min. Target: Less than 10 hours of overtime per month on average in fiscal 2026 Training expenses: JPY 65 million Target: More than three times the level of fiscal 2023 in fiscal 2026 Employee engagement survey: "BB/BBB" rating Target: "BBB" or higher in fiscal 2026 Percentage of paid time off taken: 79.7% Target: 80% or more by fiscal 2026 Lost time injury frequency rate: 0.00 	<ul style="list-style-type: none"> Parent company Parent company Parent company Parent company Parent company
	Diversity and Inclusion	<ul style="list-style-type: none"> By properly addressing diversity and inclusion, we will be able to promote the active participation of diverse human resources, strengthen our corporate competitiveness by adopting diverse values and ideas, revitalize our corporate culture, and improve employee engagement. 	<ul style="list-style-type: none"> Create a corporate culture where all executives and employees, regardless of gender, nationality, experience, or other factors, acknowledge and respect each other's diversity. In this culture, diverse talent and ideas can flourish, contributing to the strength and competitiveness of the group. 	<ul style="list-style-type: none"> Build a diverse and vibrant organization 	<ul style="list-style-type: none"> Percentage of female managers: 1.2% Target: 10% or higher by fiscal 2030 Ratio of female employees in career-track positions: 26.1% (the last five-year average) Target: 30% or higher by fiscal 2026 Percentage of eligible male employees taking childcare leave (includes the company's unique leave system): 100% Target: 100% by fiscal 2026 	<ul style="list-style-type: none"> Parent company Parent company Parent company
Governance	Corporate Governance	<ul style="list-style-type: none"> It is essential to build a transparent and effective management system from the perspective of sustainable and medium-to-long-term improvement of corporate value. 	<ul style="list-style-type: none"> Achieve sustainable and medium-to-long-term improvement of corporate value through honest and fair governance. 	<ul style="list-style-type: none"> Conduct risk assessments Strengthen IT security systems within the group Revise the business continuity plan (BCP) 	<ul style="list-style-type: none"> Started work on measures to deal with topics identified as high priority based on the results of risk assessments conducted in fiscal 2023 and 2024 Established the Group Information Security Policy and Group IT Governance Policy Conducted a group IT control audit for 14 group companies Target: Conduct audits every 3 years at 47 group companies both in and outside of Japan (Starting from fiscal 2024) Conducted training for standard-type phishing email attacks: 2 times 	<ul style="list-style-type: none"> Consolidated Consolidated Consolidated Parent company
	Compliance	<ul style="list-style-type: none"> Our corporate value may be significantly impaired in the event of compliance related issues. 	<ul style="list-style-type: none"> Ensure all executives and employees conduct business activities with a strong sense of ethics and responsibility. 	<ul style="list-style-type: none"> Enhance compliance system 	<ul style="list-style-type: none"> Completion rate of compliance confirmation tests: 99.4% (annual average) Target: 100% by fiscal 2026 Number of internal reports: 16 (Japan Pulp & Paper and group companies in Japan) Number of serious compliance violations: 0 	<ul style="list-style-type: none"> Consolidated companies in Japan Consolidated companies in Japan Consolidated
	Stakeholder Engagement	<ul style="list-style-type: none"> It is our responsibility as a company to understand the expectations and demands that society has for the group. We will accomplish this through dialogue with stakeholders and by reflecting feedback in management operations. 	<ul style="list-style-type: none"> Reflect the expectations and requests of stakeholders in management by engaging in dialogue. 	<ul style="list-style-type: none"> Strengthen dialogue and engagement with stakeholders Actively disclose financial and non-financial information Participate in initiatives and organizations aimed at solving social and environmental issues 	<ul style="list-style-type: none"> Number of meetings with institutional investors: 32 	Others

For details on SDGs to which the group contributes, see the website.

 <https://www.kamipa.co.jp/eng/sustainability/management/material-issues/>

Identification Process for Material Issues

Step 1

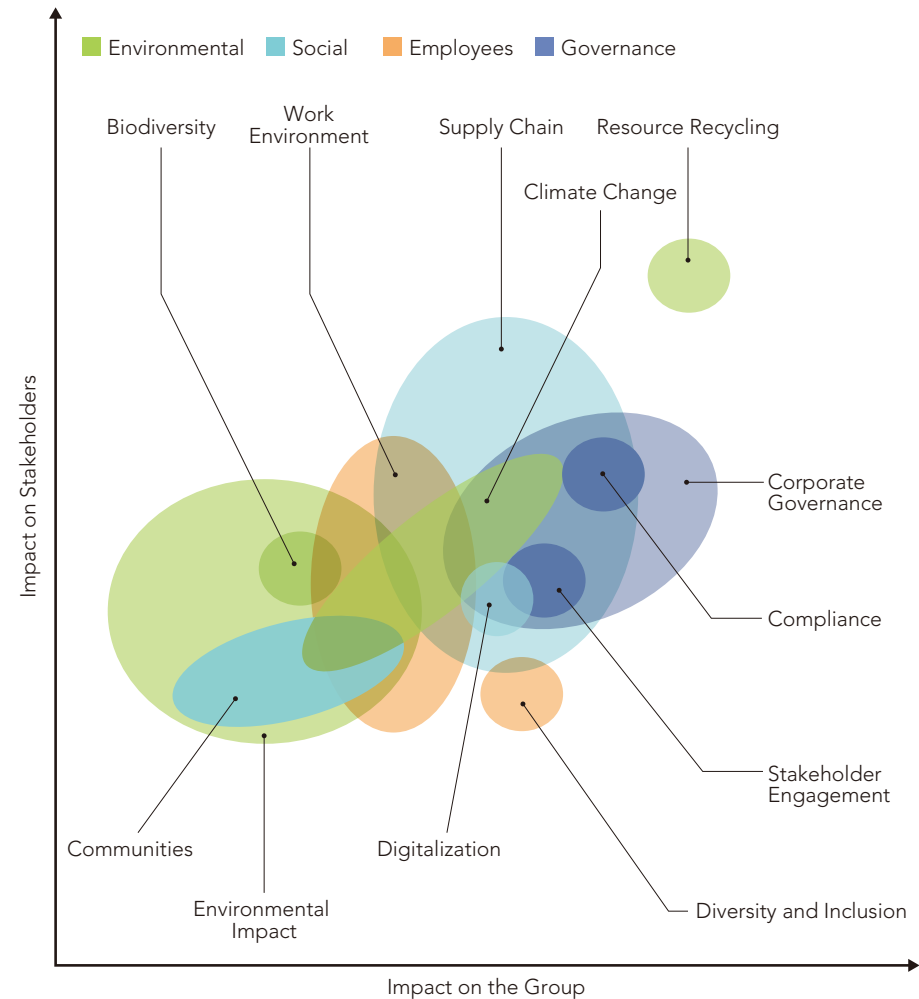
Based on the evaluation items of major ESG ratings agencies and industry-specific material issues provided by the U.S. Sustainability Accounting Standards Board (SASB), we determined “ESG-related issues such as environmental and social issues that have a significant impact on the group’s sustainability and ability to create value” and looked at ways the group impacts stakeholders in the value chain. We then analyzed the degree of importance and identified possible material issues from the perspective of “priority items related to the group and its businesses that have a high level of impact on the environment and society.”

Step 2

After narrowing down the possible material issues uncovered in Step 1 from the standpoints of their importance and frequency, external experts, executives, and employees performed another evaluation from the perspectives of “ESG-related issues such as environmental and social issues that have a significant impact on the group’s sustainability and ability to create value,” and “priority items related to the group and its businesses that have a high level of impact on the environment and society.”

Step 3

Based on the evaluation conducted in Step 2, and in order to realize sustainable business activities for the group, management held discussions 12 times to identify material issues based on the Charter of Corporate Behavior and Medium-term Business Plan 2023. As a result, we identified four themes and 12 material issues as internal and external factors that have a significant impact on achieving sustainable business activities that realize both economic and social value. After approval by the Executive Sustainability Committee, a resolution on material issues was passed by the Board of Directors.




Environment

Approach to the Environment

In the 1970s, when awareness of the possible crisis-level impact of industrialization and population growth on the planet was rising, and the United Nations and other global forums were beginning to discuss environmental issues, we made a full-scale entry into the wastepaper recycling business based on the growing recognition that promoting the use of wastepaper as a recycled resource was essential to ensuring a stable supply of paper for the future. Since then, we have been committed to contributing to environmental conservation through our business activities, and to finding a way to link those efforts to the group's mission of "carving a better future for society and the environment"—a mission we still uphold today.

To fulfill this mission, the group has identified "climate change," "biodiversity," "resource recycling," and "environmental impact" as material issues related to the environment and has strengthened its efforts to address these global environmental problems. In particular, as part of our response to climate change, we have set "Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions." Focusing on the Paper Manufacturing & Processing segment, we are further improving production efficiency, transitioning to renewable energy, and promoting energy conservation to achieve carbon neutrality by 2050. To this end, we regularly disclose real-time updates on our progress.

Japan Pulp & Paper Group Environmental Policy

 <https://www.kamipa.co.jp/eng/sustainability/environment/environmental-policy/>

Environmental Management System

Through the activities of the OVOL Environment & Safety Meetings, whose membership spans the entire group, we share environment-related policies and targets, as well as initiatives and other measures for conserving the environment that are conducted at each group company. We are also continuously striving to reduce environmental impact and preserve the global environment through our business activities. Currently, Japan Pulp & Paper, along with 13 companies in the group have obtained ISO 14001 certification.

Environment-Related Education and Training

The group conducts environment-related education and training to promote understanding and deepen awareness among executives and employees, and to ensure that they proactively promote sustainable management.

In addition to ISO training at our companies with ISO 14001 certification, we share information on revisions to laws concerning environmental and occupational safety, sustainability-related data, and other knowledge at OVOL Environment & Safety Meetings and OVOL Sustainability Promotion Meetings, which are made up of participants from each group company. We also promote the sharing of sustainability-related information such as efforts aimed at decarbonization, the strengthening of occupational safety management, and social contribution activities. Furthermore, when requested by business partners, we hold carbon neutral study sessions or similar events to promote our activities outside the company.

Environment-Related Education and Training for Japan Pulp & Paper Group (FY2024)

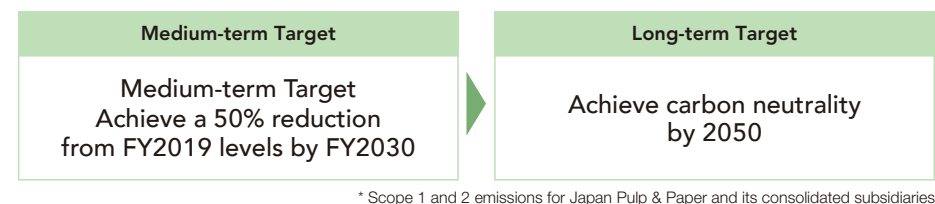
		Timing and Number of Sessions	Number of Participants
Group	OVOL Environment & Safety Meetings: National General Meeting	FY2023: 2 FY2024: 3	
	OVOL Sustainability Promotion Meetings: National General Meeting	FY2024: 2	
	Transmission of monthly report email containing law revision information	12 per year (continuously since FY2022)	
	Study sessions on environment-related laws	<ul style="list-style-type: none"> 1st Study Session on Environment-related Policies and Regulations: Information Exchange Session 2nd Study Session on Environment-related Policies and Regulations: Information Exchange Session August November FY2024: 2	
Parent company	ISO training	General environmental education and division-specific environmental education	FY2024: 1 Total participants 764
		New employee training	FY2024: 1 16
		Mid-career employee training	FY2024: 1 9
External	Study sessions on carbon neutrality for customers	FY2024: 4	Total participants 124

Environment

Climate Change

We recognize that climate change can lead to the depletion of forest resources, as well as increased risks associated with global warming and potential financial burdens. In addition, we view reducing greenhouse gas emissions across the entire supply chain as a corporate responsibility and have identified “climate change” as a material issue. Our response to climate change has focused mainly on the Paper Manufacturing & Processing segment, where greenhouse gas emissions are high. We have promoted energy efficiency and the utilization of non-fossil energy sources to reduce emissions. In fiscal 2024, two companies in the containerboard manufacturing business switched to renewable energy derived from hydroelectric power, and they also took measures such as upgrading to energy-saving facilities and improving productivity. At Japan Pulp & Paper as well, we offset all of our Scope 2 emissions by purchasing Non-Fossil Certificates, helping the group achieve a reduction rate of about 41% from the reference year. Based on greenhouse gas reduction targets set in May 2024, the group will proactively drive forward initiatives to achieve carbon neutrality by 2050.

Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions

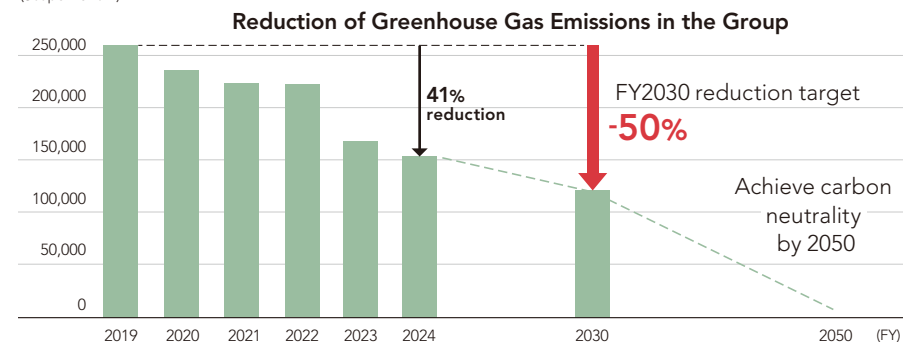


Key Initiatives

1. Pursue further production efficiency in the Paper Manufacturing & Processing segment
2. Promote thorough energy savings
3. Switch to renewable energy

* We are also currently calculating and determining Scope 3 emissions for the whole group, and plan to reduce emissions in the future

Greenhouse Gas Emissions (t-CO₂)
(Scope 1 and 2)



Disclosure Based on TCFD Recommendations

The group recognizes that responding to climate change is an urgent issue. We have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and joined the TCFD Consortium. We have also conducted scenario analyses of the risks and opportunities that climate change poses to the group's businesses, including the Paper and Paperboard Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing segments.* We disclose information on governance, strategy, risk management, and metrics and targets as recommended by the TCFD.

Based on our Environmental Policy, we will work harder to address climate change and reduce greenhouse gas emissions, and will promptly disclose relevant information.

* While there are five business segments (Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing), the Japan Wholesaling and Non-Japan Wholesaling segments were treated as the Paper and Paperboard Wholesaling segment for the scenario analysis.

1 Governance

We established the Executive Sustainability Committee to promote sustainable business management in a more proactive way. Under the supervision of the Board of Directors, the Executive Sustainability Committee is responsible for formulating policy and planning strategy on all climate change-related matters for the entire group, as well as overseeing the process of finding solutions to ESG issues and meeting our ESG goals. The committee also analyzes the group's risks and opportunities and studies countermeasures in line with the TCFD recommendations. The Executive Sustainability Committee is chaired by the representative director- president, who has ultimate responsibility for management decisions related to climate change. The progress of matters reviewed and discussed by the committee is regularly reported to the Board of Directors, and important matters are resolved by the board.

* See [page 66](#) for details on the sustainability and governance structure.

2 Strategies (Risks, Opportunities, and Responses)

The group has identified risks and opportunities associated with climate change in four business segments: the Paper and Paperboard Wholesaling business, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing, using two scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and other specialist organizations: one in which the increase in average temperature is limited to 1.5°C (2.0°C in some scenarios) and another in which the average temperature increase exceeds 4°C. Risks and opportunities posed by climate change are categorized by risks and physical impacts associated with the transition to a low-carbon society. In order to incorporate these risks and opportunities into our business strategy, we conducted an assessment of the associated financial impacts from the short-term, medium-term, and long-term perspectives.

Risks and Opportunities

Category			Impact on the Group	Scale of Impact	Countermeasures
Risks	Transition	Policies and Regulations	Significant increase in operating costs in the paper manufacturing business due to increased carbon taxes	Large	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing greenhouse gas emissions Promote further energy conservation initiatives Consider switching to renewable energy and purchasing green certificates, etc., corporate PPA, introducing internal carbon pricing schemes, and other measures Promote electrification of freight vehicles, etc.
		Reputation	Decline in corporate value and loss of stakeholder confidence due to delays in response to climate change, resulting in lower sales revenues, impact on financing ability, and decline in brand value	Moderate	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing greenhouse gas emissions Promote further energy conservation initiatives Promote appropriate information disclosure
	Physical	Acute	Extensive damage to sites, facilities, inventories, real estate, etc., due to wind and flood damage	Moderate	<ul style="list-style-type: none"> Conduct hazard surveys and implement flood prevention measures Conduct disaster preparedness drills and establish a Business Continuity Management (BCM) system in preparation for disasters
			Suspension of business due to disruptions in the supply chain caused by wind and flood damage, and resulting decline in sales revenues	Moderate	<ul style="list-style-type: none"> Request suppliers to establish BCM systems and prepare Business Continuity Plans (BCPs) to mitigate wind and flood damage Ensure stable procurement by diversifying raw material suppliers and transportation methods
		Chronic	Impact of storm surge and other flood damage on coastal sites due to rise in sea levels	Moderate	<ul style="list-style-type: none"> Conduct hazard surveys and implement flood prevention measures Conduct disaster preparedness drills and establish a BCM (Business Continuity Management) system in preparation for disasters
	Opportunities	Market	Contribution to business performance from increased demand for functional materials related to electronic components associated with the advance of electrification	Moderate	<ul style="list-style-type: none"> Monitor demand trends for functional materials related to electronic components, develop products, and ensure supply volumes in accordance with conditions
			Contribution to business performance from increased demand for environmentally friendly products such as paper with FSC® and PEFC Forest Certification and recycled paper	Moderate	<ul style="list-style-type: none"> Monitor demand trends for environment-friendly products, develop products, and ensure supply volumes in accordance with conditions
			Contribution to business performance from increased demand for paper products due to move away from plastics	Moderate	<ul style="list-style-type: none"> Monitor laws and regulations as well as demand trends, develop products, and ensure supply volumes in accordance with conditions

* Scale of Impact is categorized as "Large" if the event in question poses a risk to the survival of the business and "Moderate" if a major change in the business strategy is required.

* Scale of Impact (Large, Moderate) were compiled based on "Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks," COSO & WBCSD.

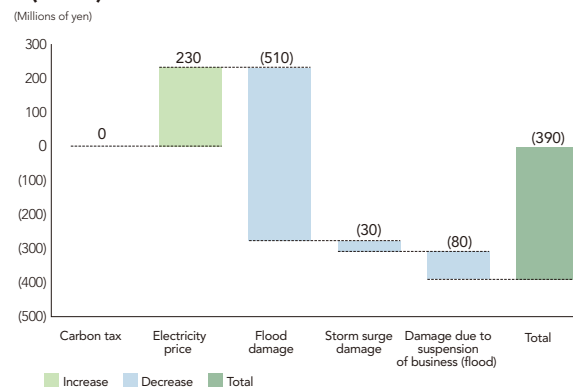
Environment

Financial Impact Analysis

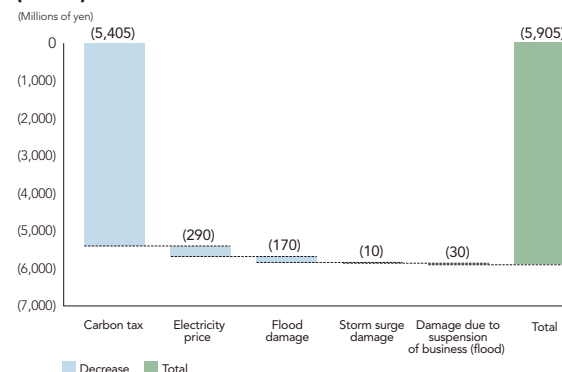
Based on the financial impact scenario analysis, we expect that the introduction of a carbon tax would have a significant impact, particularly on the group's paper manufacturing business. On the other hand, we believe that we can lower that impact by reducing greenhouse gas emissions.

In terms of physical risks, we estimate that damage to the main bases of the group in Japan due to abnormal weather events such as floods and typhoons would be in the range of JPY 200 million to JPY 600 million in the 1.5°C (2°C) and 4°C scenarios respectively. In the event of severe damage to a business partner, there is a possibility that factories in the supply chain would not be able to operate and that the transportation of products, raw materials, and fuel would be disrupted, resulting in damage beyond our estimate.

Financial Impact (Risk) under the 4°C Scenario (2050)



Financial Impact (Risk) under the 1.5°C (2°C) Scenario (2050)



Parameters Used for Financial Impact Analysis

<https://www.kamipa.co.jp/eng/sustainability/environment/climate-change/>

Analysis Results¹

Item	Risks	Analysis Content	Financial Impact (2050)	
			4°C Scenario	1.5°C (2°C) Scenario
Carbon tax	Transition Risk	Impact of carbon tax introduction	—	JPY (5,405) million ^{*2}
Electricity price	Transition Risk	Impact of electricity price changes	JPY 230 million	JPY (290) million
Flood damage	Physical Risk	Annual average flood damage	JPY (510) million	JPY (170) million
Storm surge damage	Physical Risk	Annual average storm surge damage	JPY (30) million	JPY (10) million
Damage due to suspension of business (flood)	Physical Risk	Annual average damage due to suspension of business (flood)	JPY (80) million	JPY (30) million

^{*1} Analysis of Japan Pulp & Paper Co., Ltd. and consolidated subsidiaries in Japan

^{*2} Analysis based on greenhouse gas emissions in 2024

3 Risk Management

The Executive Sustainability Committee identifies risks and opportunities related to climate change for the group as a whole, formulates response plans, instructs corresponding organizations led by the Corporate Sustainability Division, manages progress of measures, and reports to the Board of Directors. The Board of Directors approves the content of reports or gives instructions on improvements, and monitors results to ensure that appropriate risk management is being implemented. Risk matters related to climate change deliberated by the Executive Sustainability Committee are directed to the Risk Management Meetings, the OVOL Sustainability Promotion Meetings, and the OVOL Environment & Safety Meetings, and reflected in the group's overall risk management.

4 Metrics and Targets

In response to climate change, we have set “Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions” that aim to achieve a 50% reduction from fiscal 2019 levels by fiscal 2030 and carbon neutrality by 2050. To achieve the 2030 medium-term targets, we are currently implementing various measures to reduce Scope 1 and 2 emissions throughout the group, including switching our purchased electricity to renewable energy, and fundamentally reforming production efficiency through DX. In fiscal 2024, two companies in the containerboard manufacturing business switched their purchased electricity to renewable energy, and Japan Pulp & Paper Co., Ltd. also purchased Non-Fossil Certificates to offset its emissions. As a result, we reduced Scope 1 and 2 emissions by approximately 41% throughout the group, compared with fiscal 2019 levels. Every consolidated group company formulated greenhouse gas reduction targets and action plans, and is carrying out various policies and investments to achieve the 50% reduction target by fiscal 2030.

At Japan Pulp & Paper, we will work on formulating greenhouse gas reduction targets and reduction measures for Scope 3 emissions as part of our efforts to acquire Science Based Targets (SBT) certification.

Promotion of Solar Panel Installation at Worksites by Premier Paper Group

The U.K.'s Premier Paper Group, one of our group companies, is installing solar panels at its business sites as part of its sustainable management. The installation work is expected to be completed by the end of 2025. By transitioning to renewable energy, we aim to reduce environmental impact and contribute to the U.K.'s green economy.

This initiative forms the core of Premium Paper's comprehensive sustainability strategy, as they seek to promote the responsible use of resources and minimization of environmental impact across the entire paper industry. The solar panels installed at the first five worksites are expected to generate about 547,500 kWh of electric power annually, reducing CO₂ emissions by more than 257 tons every year.

Japan Pulp & Paper GmbH (Germany) Awarded Gold Medal in Sustainability Assessment by EcoVadis

Japan Pulp & Paper GmbH (Dusseldorf, Germany), one of our group companies, was awarded a gold medal in a 2023 sustainability assessment by EcoVadis.

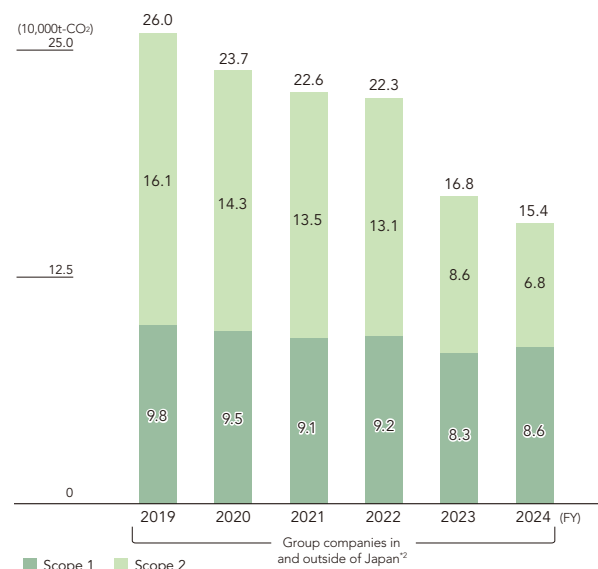
EcoVadis is an international organization that assesses corporate initiatives related to ESG (environmental, social, and governance). The assessment is divided into the four themes of Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

Japan Pulp & Paper GmbH first won the bronze medal in 2022. By strengthening various sustainability-related initiatives, they won the silver medal in 2023 and improved results sufficiently to enter the top 5% of companies and win the gold medal in the most recent assessment.

Going forward, the Japan Pulp & Paper Group will continue to advance sustainability initiatives with the aim of conducting sustainable business activities and achieving both economic and social value.

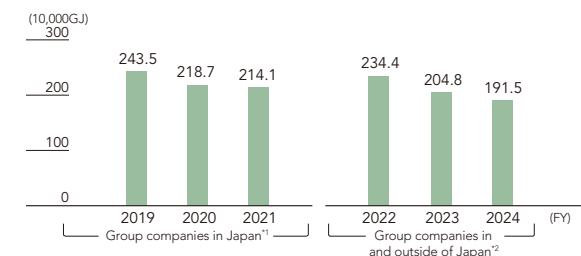
Climate Change-Related Data

Greenhouse Gas Emissions^{*3, 4, 5, 6}

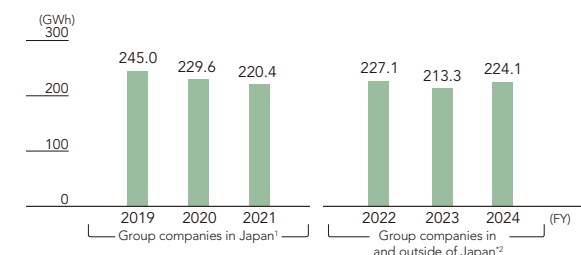


^{*1} Japan Pulp & Paper and consolidated subsidiaries in Japan ^{*2} Japan Pulp & Paper and consolidated subsidiaries in and outside of Japan ^{*3} Figures for subsidiaries outside of Japan for fiscal 2019 to 2021 are estimated based on 2022 emissions. ^{*4} Calculated in accordance with the standards of the GHG Protocol. The coefficients used for calculations are based on Japan's Act on Promotion of Global Warming Countermeasures. ^{*5} Scope 1 and 2 GHG emissions have been recalculated retroactively to fiscal 2019 due to business acquisitions, etc. ^{*6} Third-party verification of Scope 1 and 2 GHG emissions for fiscal 2021 to 2023 and of Scope 3 for fiscal 2023 (parent company) has been conducted by the Japan Management Association GHG Certification Center.

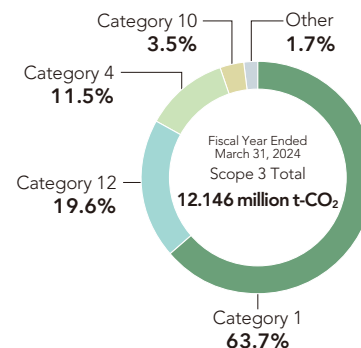
Energy Consumption



Electricity Consumption



Scope 3 Breakdown (Consolidated)



Item	Fiscal Year Ended	
	March 31, 2023	March 31, 2024
Category 1 Purchased goods and services	756.4	773.4
Category 2 Capital goods	1.4	1.2
Category 3 Fuel- and energy-related activities	2.4	3.6
Category 4 Upstream transportation and distribution	79.0	140.0
Category 5 Waste generated in operations	0.0	0.0
Category 6 Business travel	0.0	0.0
Category 7 Employee commuting	0.2	0.2
Category 8 Upstream leased assets	0.0	0.0
Category 9 Downstream transportation and distribution	1.4	2.3
Category 10 Processing of sold products	42.2	42.5
Category 11 Use of sold products	0.1	11.6
Category 12 End-of-life treatment of sold products	47.9	237.8
Category 13 Downstream leased assets	2.0	2.0
Category 14 Franchises	0.0	0.0
Category 15 Investments	0.0	0.0
Scope 3 Total	933.1	1,214.6

Calculation standard: Ministry of the Environment's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and "GHG Protocol: Technical Guidance for Calculating Scope 3 Emissions"

Excluded categories: There are no relevant activities for categories 8, 14, and 15.

Environment

Biodiversity

We believe it is important for the group to sell products that contribute to biodiversity conservation, including paper made from forest resources that are properly managed so as not to harm forest ecosystems or the natural environment.

In addition to “protecting the natural environment,” as stated in our Environmental Policy, the group has identified “biodiversity” as a material issue, and we are promoting more effective initiatives concerning natural capital and studying disclosure under the Taskforce on Nature-related Financial Disclosures (TNFD). As a part of these efforts, from fiscal 2025 we will participate in the Natural Capital Study Group organized by Zeroboard Inc. Through lectures by experts and group work with the participating companies, we aim to deepen our understanding about the importance of natural capital and to learn practical knowledge. Going forward, we will leverage the know-how acquired from the study group to better understand our group’s dependence on nature and its related impacts, risks, and opportunities in order to achieve nature-positive outcomes with regard to sustainable forest resources.

Environmentally Friendly Business Activities

The forest certification system is a process in which third-party organizations certify forests and their products as being properly managed. We have acquired FSC® and PEFC Chain of Custody (CoC) certifications, both of which are global forest certification systems.

Forest Certification Acquired

Certification	FSC® Forest Certification CoC Certification (acquired in October 2002) FSC®-C007042 PEFC Forest Certification CoC Certification (acquired in October 2007)
Scope	For both FSC® and PEFC, the scope is: 1) Purchase, cutting, and sale of managed forest certified paper 2) Purchase and sale of managed forest certified pulp

Forest Certification in Our Group

(As of July 2025)

	Japan	Outside Japan
FSC® CoC Certification	14 companies	34 companies
PEFC CoC Certification	3 companies	17 companies

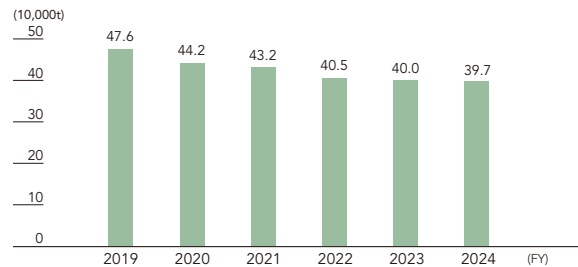
Resource Recycling

“Efficient and reduced use of resources” is part of our Environmental Policy, and we designated “resource recycling” as a material issue. We are contributing to the creation of a resource-recycling society by working to reduce waste and protect forest resources, including through the wastepaper recycling business, the paper manufacturing business that uses wastepaper as a raw material, and the waste plastic recycling business.

* See [▶ page 56](#) for initiative examples.

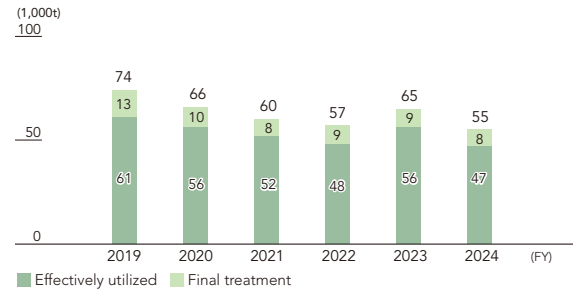
Wastepaper Usage

(Consolidated paper manufacturing subsidiaries in Japan)



Industrial Waste Generated

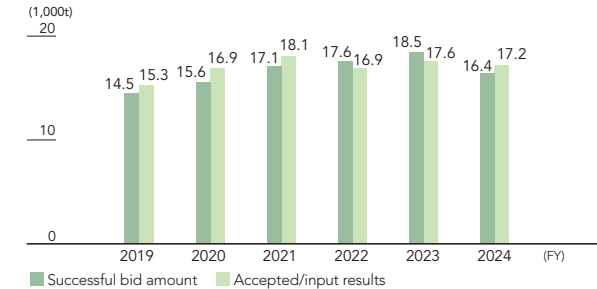
(Parent company and consolidated subsidiaries in Japan)



* Final treatment refers to controlled waste delivered to landfill facilities, mainly the ashes and other waste generated at power plants.

Recycling Results at Eco-Port Kyushu

(Plastic containers and packaging)



Environmental Impact

In our Environmental Policy, we have set forth the goals of “Compliance with Relevant Laws and Regulations,” “Reducing the Impact on the Environment,” and achieving “Efficient and Reduced Use of Resources.” In addition, we have identified “environmental impact” as a material issue that has a significant impact on the group’s business.

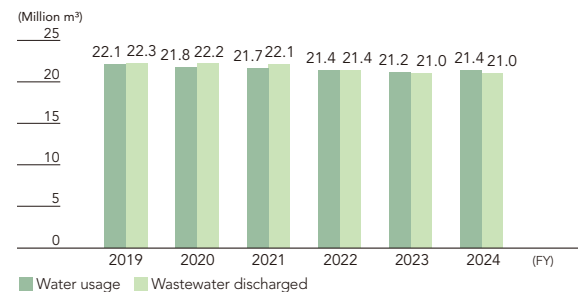
In our business operations, we strive to comply with the laws and regulations related to environmental conservation of each country and region we serve, and work to reduce environmental impact by reducing greenhouse gas emissions, reducing and properly disposing of waste, and promoting recycling. We will also effectively utilize and reduce the use of energy, water, and other resources.

In addition to the sale and delivery of products such as paper, paperboard, and household paper, we have built a supply chain within the group extending from the collection of wastepaper to the manufacture of containerboard and recycled household paper, and in each of these processes, we strive to make effective use of resources and reduce environmental impact.

Furthermore, each company in the paper manufacturing business has set internal wastewater regulations that are stricter than those required by local authorities, and these are constantly monitored as we work to reduce environmental impact.

Water Usage and Wastewater Discharge

(Five consolidated paper manufacturing subsidiaries in Japan)



* The paper manufacturing business uses a large amount of water in the manufacturing process, but we are making efforts to reduce the amount of input water by reusing it within the manufacturing process.

The five companies in the paper manufacturing business reduced their water usage intensity in fiscal 2024 by about 4.2% from 2019 levels.

Compliance with Environmental Laws and Regulations

We comply with environmental laws and regulations and work collectively across the group to reduce our environmental impact. In the event of a violation of any laws or regulations related to environmental and

occupational safety within the group, the issue is promptly reported to the department in charge of company management, and the situation is monitored by the Environment & Safety Promotion Office. To comply with environmental and occupational safety laws and regulations within the group companies in Japan, each company runs its own autonomous management system, the Environment & Safety Promotion Office conducts checks onsite and via documentation, and external experts also conduct their own onsite checks. We built this three-tier supervisory system to further strengthen compliance. Onsite checks in fiscal 2024 were conducted by the Environment & Safety Promotion Office at 16 sites belonging to 10 different companies, and by external experts at four sites belonging to four different companies.

We are also conducting voluntary desktop audits for worksites outside of Japan.

In fiscal 2024, there were no incidents of legal violations, or penalties or fines imposed, related to environmental and occupational safety across all the worksites of the group.

We will continue to ensure compliance with current legal frameworks while strengthening our response to expected future regulations.

Society

Approach to Social Issues

The Japan Pulp & Paper Group, as part of its efforts to realize a sustainable society, is committed to respecting human rights and considering the environment throughout the entire supply chain. This includes not only within the group but also with business partners and other companies. We also promote sustainable management by contributing to local communities.

Respect for Human Rights

Approach to Respect for Human Rights

The group has various stakeholders, starting with its executives and employees, and including many business sites, suppliers, business partners, customers, and end users both in and outside of Japan. As a result, the supply chain is composed of stakeholders who are diverse in terms of race, nationality, cultural background, and other characteristics. Furthermore, the group is mainly involved in the paper business that uses wood as its raw material — wood has been identified as a raw material that requires particular caution due to its impact on human rights and the environment during production and processing. Therefore, since we recognize the importance of initiatives to ensure respect for human rights that encompass the supply chain, we formulated the Japan Pulp & Paper Group Human Rights Policy to clarify the group's thinking toward human rights. Under OVOL Medium-term Business Plan 2026, we are (1) Fostering and instilling a culture of respect for human rights, (2) Implementing human rights due diligence, and identifying and addressing risks, and (3) Implementing a grievance mechanism, as a response to the United Nations Guiding Principles on Business and Human Rights.

Japan Pulp & Paper Group Human Rights Policy

<https://www.kamipa.co.jp/eng/sustainability/society/human-rights-policy/>

Promotion Framework

Management and employees on the ground come together to address human rights issues via the sustainability and governance structure and fulfill the company's responsibilities to respect human rights globally. The Sustainability Promotion Office has studied proposals for responding to human rights issues and proposed specific policies, such as conducting human rights training and human rights due diligence in cooperation with the relevant departments. The details are discussed at the Executive Sustainability Committee that

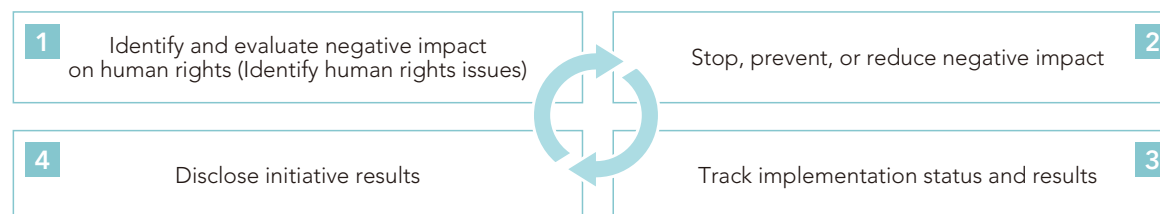
formulates basic policies and strategies related to respect for human rights across the entire group, and the committee promotes and monitors initiatives. Matters decided by the committee are expanded to each group site and implemented via the OVOL Sustainability Promotion Meetings. The progress of each policy is reported regularly to the Executive Sustainability Committee, and a structure has been established where key matters related to respect for human rights are monitored and supervised by the Board of Directors.

Note: See [▶page 66](#) for details on the sustainability and governance structure.

Implementation of Human Rights Due Diligence

In fiscal 2024, the first fiscal year of OVOL Medium-term Business Plan 2026, the group started its human rights due diligence, based on the Japan Pulp & Paper Group Human Rights Policy, to identify the key human rights issues of the group.

Flow of Human Rights Due Diligence



Japan Pulp & Paper Group Human Rights Policy

Initiatives to Enhance Respect for Human Rights

In January 2023, the group signed the United Nations Global Compact, an initiative that advocates for 10 principles in the four areas of human rights, labor, the environment, and anti-corruption. We then implemented the initiatives below to enhance respect for human rights. Going forward, we will study and promote policies to address the identified human rights issues and then monitor their progress at the Executive Sustainability Committee. We will also disclose information about the processes and results of each policy as appropriate. Through these activities, we will fulfill our responsibilities to respect human rights in the business activities of the group.

1	Fostering and instilling a culture of respect for human rights	<ul style="list-style-type: none"> “Business and Human Rights” e-learning training (In fiscal 2024, 1,719 executives and employees received training at the head office and group companies in and outside of Japan)
2	Implementation of human rights due diligence and identification and improvement of risks	<ul style="list-style-type: none"> Identification of group human rights issues via internal group surveys, etc. Surveyed: Total of 108 departments at the head office and group companies inside and outside of Japan. Valid response rate: 100%
3	Implementation of a grievance mechanism	<ul style="list-style-type: none"> Understanding of implementation status of grievance mechanism within the group

Identification Process for Human Rights Issues at the Group

STEP 1	Identify the expected human rights issues associated with the group, based on the United Nations Guiding Principles on Business and Human Rights, and with reference to the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO's International Labor Standards, Japan's "Guidelines on Respecting Human Rights in Responsible Supply Chains" and similar policy documents.
STEP 2	Evaluate the human rights issues by referring to the following information <ul style="list-style-type: none"> Results of surveys targeting Japan Pulp & Paper and group companies <ul style="list-style-type: none"> Main survey contents:⇒ Human rights issues expected to occur involving group <ul style="list-style-type: none"> ⇒ Impact on human rights of vulnerable stakeholders, such as indigenous peoples or children ⇒ Status of initiatives to address human rights issues at Japan Pulp & Paper departments and group companies, etc. Results of desktop audits related to human rights issues conducted by external experts (statements by NGOs and others, cases revealed at other companies, etc.) Status of measures to address human rights issues identified in the company's risk assessment results Results of responses to Self-Assessment Questionnaire for CSR Procurement for suppliers, etc.
STEP 3	Exchange opinions with external experts
STEP 4	After discussions at the Executive Sustainability Committee, identify the Group Human Rights Issues and report them to the Board of Directors

* Evaluate from the perspectives of "severity" and "likelihood of occurrence."

Group Human Rights Issues and Initiatives

Human Rights Issues	Main Impacted Rights Holders				Initiatives
	Group Executives and Employees	Suppliers/ Business Partners	Customers/ End Users	Local Residents	
1. Occupational health and safety	●	●			Strengthening the occupational health and safety system and management (see page 79)
2. Crisis management	●				Strengthening risk management (BCP revisions) (see page 100)
3. Discrimination	●	●	●		Promoting diversity and inclusion initiatives (see page 83)
4. Harassment	●	●			
5. Modern slavery, child labor		●			Strengthening supply chain management (see page 78)
6. Impact on environment from procurement		●		●	
7. Impact on communities from business activities				●	
8. Violation of portrait rights, copyrights, etc.	●	●	●	●	Studying implementation of executive and employee training
9. Information leakage	●	●	●		Strengthening response to digitalization and information security initiatives (see page 79&100)
10. Implementation of grievance mechanism	●	●	●	●	Establishing a whistleblower system (see page 101)

Supply Chain

Procurement

The group is strengthening its relationships of trust with suppliers to ensure a stable supply of raw materials and products. In addition, we share the Japan Pulp & Paper Group's Approach to Sustainable Procurement with suppliers and are promoting responsible procurement by considering social and environmental supply chain risks when procuring raw materials and products.

The Japan Pulp & Paper Group's Approach to Sustainable Procurement
 <https://www.kamipa.co.jp/eng/sustainability/society/sustainable-procurement/>

Supply Chain Management

To ensure that Approach to Sustainable Procurement initiatives are being implemented properly in the supply chain, we check the status of the initiatives at business partners using the Self-Assessment Questionnaire for CSR Procurement. When improvements are required at a partner company, we will communicate closely with the company and support them in making the improvements.

Fiscal 2024 Results

Surveyed: Main business partners in top 80% of parent company suppliers by value
 Valid response rate: 100%

Main surveyed items: Corporate governance, human rights, labor, environment, fair corporate activities, information security, supply chain, local communities

Society

Local Communities

As we expand our business activities, we recognize that it is essential for us to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through social and economic contributions. As such, we have identified “Local Communities” as one of our material issues. We sponsor events in collaboration with local governments and work to promote understanding of resource recycling.

Initiative Example Held a workshop on environmental conservation through the use of paper together with the local community

In February 2025, we held a workshop in partnership with our customer Gakken where children could make their own notebooks out of their favorite types of paper, as part of Tokyo’s Shinagawa ward’s “Exciting ★ SDGs Children’s Future Operation” event. The purpose of this workshop was to provide an opportunity to consider environmental issues while learning about paper. The event was held in two parts. In the first half, participants learned about paper and environmental conservation through a quiz, and in the second half, they chose their favorite types of paper and made their own original notebooks. About 100 parents and children participated on the day, and they energetically responded to the questions from the quiz. When making the notebooks, they carefully read about and compared the different characteristics and applications of each type of paper, and then diligently made their own unique notebooks. Going forward, the group will continue to conduct activities that contribute to the local community and environment in order to achieve the group mission of “Carving a better future for society and the environment.”



In the first half we used a quiz to share information about paper, such as where the trees used to make paper come from.



In the second half, participants chose their favorite paper types and used them to make their own notebooks.

Digitalization

Building and Strengthening Systems

In April 2025, we established a new Corporate DX Division to strengthen digital transformation (DX) and IT controls throughout the group. Through these efforts, we have been able to further accelerate innovation in our business processes by leveraging digital technologies and developing our data utilization platform, and we have also strengthened group-wide control structures.

* See [page 64](#) for details.

Initiatives

Promotion of DX

We conducted a business process review survey across the entire company to ascertain the issues and actual conditions of our business operations. As part of this survey, a detailed analysis of business operations was performed from the perspectives of quantity, type, skills, and position in order to visualize our business structure. Based on the survey results, we clarified the direction of DX and our future vision, and began to formulate a DX grand design to incorporate them into specific strategies.

Utilization of Generative AI

To utilize generative AI, we built our own dedicated ChatGPT environment to prevent external leakage of internal information, which we deployed as a tool to support planning and document creation tasks. Before being able to use this tool, users are fully made aware of the limits and characteristics of generative AI to ensure appropriate operation, and as a result we have increased work efficiency while ensuring safety.

Paper Study Groups

While promoting DX in our business activities, we are also working to promote the value and advantages of paper in a digital society.

At OVOL Bridges 2023—The 2nd Paper Merchants Forum, we declared the launch of paper study groups and are currently conducting research in cooperation with academics and others.

Going forward, we will continue to share the information obtained through these research activities, with the goal of helping improve the value of paper.

Employees

Approach to Human Resources

In OVOL Medium-term Business Plan 2026, which was launched in fiscal 2024, one of the fundamental principles is enhancing profitability by improving productivity and work engagement. To this end, we have set KPIs related to expanding our education and training systems, enhancing employee engagement, improving work styles, and ensuring diversity, and we are implementing specific measures to achieve these goals. For example, in our first employee engagement survey in fiscal 2023, our rating was “B,” which is in the mid-range. We set the goal of achieving a “BBB” rating by fiscal 2026 in our Medium-term Business Plan, but thanks to the continuous drives at improvement that we conducted across the organization, we have already achieved this target ahead of schedule in fiscal 2024, the first year of the plan. We are determined to maintain this rating in fiscal 2025. Going forward, we will continue to strengthen our communication and coordination capacities to further share and promote management strategies, thereby dramatically increasing work engagement, while also conducting recruitment, placement, and training based on a human resource portfolio aligned with those strategies. By raising the capabilities of our human resources, we aim to realize OVOL Vision 2030.

Human Resource-Related KPIs in OVOL Medium-term Business Plan 2026 (Non-consolidated)

Indicator	KPI	FY2024 Results
Percentage of eligible male employees taking childcare leave	100%	100%
Employee engagement rating	BBB or higher	BBB
Training expenses	3x or more compared with FY2023	2x more than in FY2023
Percentage of leave taken	80% or more	79.7%
Average monthly overtime hours	10 hrs. or less	13 hrs. 20 min.
Ratio of female employees in career-track positions	30% or more	30.4%

Work Environment

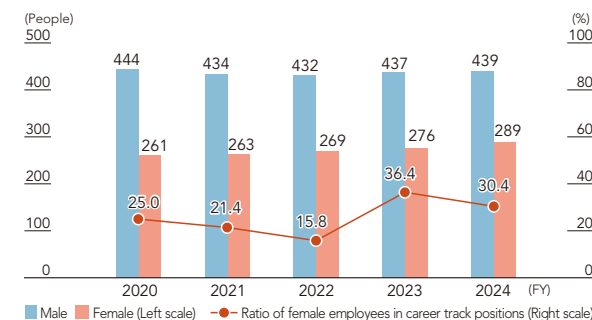
Recruitment of Employees

Our hiring of employees is based on Our Corporate Spirit of integrity, fairness, and harmony, a belief that has been nurtured since our founding 180 years ago. We are committed to hiring people who can actively practice the 3Cs: “Change (Change ourselves as society changes); Challenge (Challenge new fields with conviction and ambitious spirit); and Create (Create fresh global value through diversity).” In recent years, we have strengthened our human resource portfolio, for example by hiring more mid-career recruits, with the aim of capturing talent with the diverse experiences and skills that we need to expand the business areas of the group. “Diversity and inclusion” is a material issue for the group, and one of our initiatives under this theme is for Japan Pulp & Paper Co., Ltd. to raise its percentage of female managers to 10% or more

by fiscal 2030. To achieve this target, in OVOL Medium-term Business Plan 2026, we have set a goal of increasing the ratio of female employees in career-track positions to 30% or more. (We achieved this target in fiscal 2024.) Going forward, we will proactively leverage diverse recruitment channels, including headhunting and rehiring former employees, in order to further enhance our human resource recruitment.

Number of Employees by Gender, and Ratio of Female Employees in Career-Track Positions

(Non-consolidated)



Employees

Human Resource Development

The group is active in five business segments: Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. As we seek to expand our business areas going forward, the development of human resources with diverse experiences and skills has become an urgent task. To do this, OVOL Medium-term Business Plan 2026 has set out the goals of raising the skill level of employees and enhancing training to develop human resources with expertise. For example, we actively use business schools as a part of our selectable training courses, with the aim of developing manager-level human resources. We have also introduced an international training program to develop global talent with an international perspective that is capable of practical communication with counterparts from around the world. Another initiative is to proactively second our employees to group companies, business partners, and external organizations that are important to our business strategies, thereby enabling them to acquire a wide range of knowledge and strengthen their specialist skills through practical experience based on the group's business strategies. Going forward, we will strengthen our human resource development by further enhancing our lineup of open-application training courses that are useful for advancing the group's business strategies, while also making proactive use of the Udemy Business online training service that we adopted the previous fiscal year. Furthermore, human resource data about the experiences and skills that employees acquire through these initiatives is centrally managed and visualized in a talent management system. We use this data to compile a dynamic portfolio, and for strategic human resource placement that takes each employee's uniqueness into account.

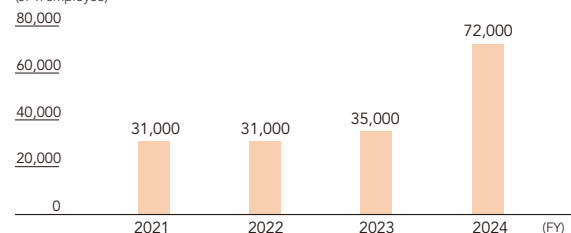
Human Resource-Related KPIs in OVOL Medium-term Business Plan 2026 (Non-consolidated)

Training expenses compared to FY2023 3x or more

Cost of Training/Education per Employee

(Non-consolidated)

(JPY/employee)



Human Resource Development at Japan Pulp & Paper

Rank-based training	Newly appointed general managers: External management training	Selectable Training Courses	In-house group training
	Employees promoted to different grades: Training to understand expected roles		External dispatch training
	Mid-career employees: Coaching and logical thinking training	Other Systems	Self-development support system
	First three years after joining the company: Group training (annually)		Training programs conducted outside of Japan (language study abroad and practical training)
			New recruit mentor program

Goal Management and Personnel Evaluation System

In business, goal management is essential for performance management. When combined with a personnel evaluation system, it promotes organizational motivation and individual skill development, and is an important factor in determining personnel management. The personnel evaluation system at Japan Pulp & Paper is comprised of Grade Standard Evaluation and Challenge Evaluation components. The system is used as a tool for employee development to maximize performance. In both setting goals and conducting evaluations, we emphasize clear communication between evaluators and those being evaluated to ensure fair evaluation of achievements and actions and increase transparency through feedback. Through this, we aim to enhance employees' receptiveness and motivation.

Evaluation Criteria		Key Points
Grade Standard Evaluation		Expected standards for each grade are uniformly set as "Grade Standards," and the degree of performance and execution is evaluated.
Challenge Evaluation	Performance Evaluation	Evaluates the achievement of quantitative performance goals for the employee's organization.
	Process Evaluation	The company establishes high-priority goals that need to be challenged in order to achieve performance goals, as well as medium-to-long-term initiatives to create new value, and evaluates the progress made in those areas. <ul style="list-style-type: none"> Emphasizes the ability to respond to difficulties and change Requires the goals to be truly challenging

Engagement

The company recognizes that improving engagement through the promotion of human capital management is a critical issue for achieving our long-term vision. Since fiscal 2023, we have been conducting employee engagement surveys twice a year. By using feedback from survey results to identify and address organizational challenges, we aim to further increase the job satisfaction of employees, foster an organizational culture in which employees can play a more active role and take on the challenge of developing new ideas that create added value, and improve productivity.

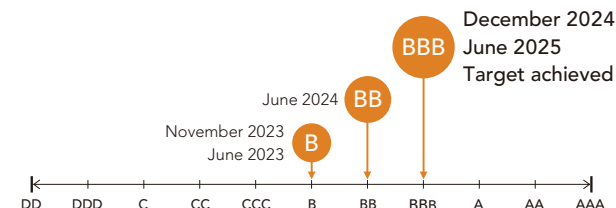
Challenges Identified and Initiatives Based on Survey Results

In the engagement surveys conducted in December 2024 and June 2025, we achieved a BBB score, meeting our target in the Medium-term Business Plan two years ahead of schedule. Challenges identified through engagement surveys include the lack of communication with employees about the group's growth strategy and the development of human resources through personnel rotation. As a part of our initiatives to promote communication about the group's growth strategy, we held seminars for general managers, branch

managers, and division managers in order to strengthen the "coordination function" between management and employees on the ground. We also held "dialogue meetings" between the president and division managers, and meetings between branch employees and management as forums for senior management to share and communicate with the rest of the company.

During these forums, the president directly explained to employees the thinking behind OVOL Vision 2030 and the strategies in OVOL Medium-term Business Plan 2026, further promoting and deepening each employee's understanding of our long-term vision. Going forward, we will strive to further improve engagement by restructuring

our development program through personnel rotation, which is another challenge we are tackling.



* The engagement survey creates an Engagement Rating through the Motivation Cloud service offered by Link and Motivation Inc. Results are divided into 11 levels.

Health Management

We view human resources as our most important form of management capital and support each executive and employee in taking the initiative to improve their health and increase their vitality.

Health Management Promotion Framework



Our Health Management Strategy

Japan Pulp & Paper's health management strategy involves implementing health policies based on four main themes: (1) Improving health literacy, (2) Strengthening measures to prevent cancer and lifestyle diseases, (3) Strengthening measures for mental health, and (4) Achieving a work-life balance. Recently, we introduced the

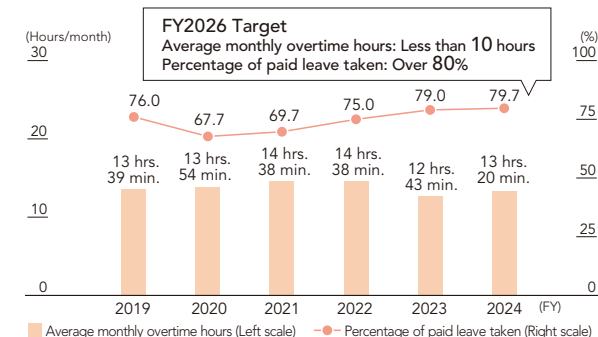
KENPOS health improvement self-care service for all executives and employees to improve health literacy. This is used to raise awareness of health issues across the company, promote the well-being of employees, and improve the workplace environment. As part of strengthening our measures against cancer and lifestyle diseases, our target for employees receiving health checks is 100%, and we have maintained a 100% rate since fiscal 2022. We also centrally manage health check results on a computer system and implement effective health policies based on this health check data to further strengthen the health management of executives and employees. To strengthen support for mental health, we have set a goal of getting 100% of employees to receive stress checks, and we will conduct line management care training while coordinating with external EAP (Employee Assistance Program) organizations. We have also introduced various systems to achieve a better work-life balance, including work from home, staggered work hours, and the ability to take paid leave in hourly units. As part of OVOL Medium-term Business Plan 2026, we aim to reduce average monthly overtime to less than 10 hours and increase the paid leave usage rate to over 80%, supporting a better work-life balance.



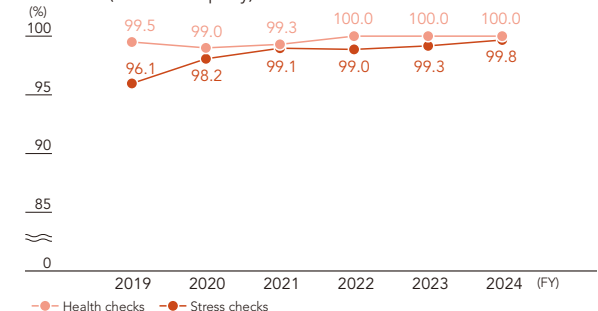
Japan Pulp & Paper Group Health Management Policy

<https://www.kamipa.co.jp/eng/sustainability/employees/health-management-policy/>

Average Monthly Overtime Hours and Percentage of Paid Leave Taken (Parent company)



Percentage of Employees Receiving Health Checks and Percentage of Employees Receiving Stress Checks (Parent company)



Employees

Occupational Health and Safety

Based on the Occupational Health and Safety Policy, the Japan Pulp & Paper Group is aiming to eradicate workplace accidents, hazards, and occupational illnesses. To do this, the Personnel Department and the Environment & Safety Promotion Office are taking the lead in implementing initiatives at each group company through the OVOL Environment & Safety Meetings, and they report the progress of these initiatives to the Executive Sustainability Committee. These activities are also monitored by the Board of Directors. To strengthen health and safety management, we have built a three-tier supervisory system similar to the one in the environmental management system: an autonomous management system run by each company, documentary and onsite checks conducted by the Environment & Safety Promotion Office, and onsite checks conducted by external experts. In the two-tier and three-tier on-site inspections conducted in fiscal 2024, we identified some instances of statutory appointees not being appointed or reported, and

corrective actions were taken. We share information about any occupational accidents or other incidents that occur within the group to strengthen recurrence countermeasures as we strive for continuous improvement. In addition, general meetings of the OVOL Environment & Safety Meetings that cover all group companies in Japan are held regularly. We held three of these meetings in fiscal 2024, where we exchanged opinions on measures to combat the summer heat, an issue that is getting worse every year.

Furthermore, in fiscal 2024 there were no fatal accidents within the group, and we see this in part as evidence of the effectiveness of our safety management system.

We have set our “work environment” as a material issue for the group, and will continue to improve occupational health and safety as our highest priority by implementing measures to prevent workplace accidents and providing comfortable workplaces.

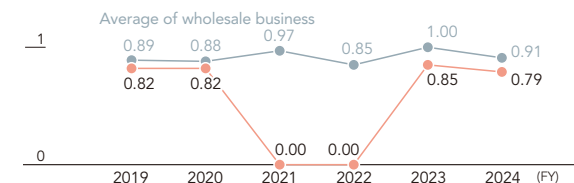
Japan Pulp & Paper Group Occupational Health and Safety Policy

<https://www.kamipa.co.jp/eng/sustainability/employees/health-and-safety-policy/>

Occupational Accident Frequency Rate (Non-consolidated)

(Frequency rate)

$\frac{2}{1}$



Head Office Relocation

Relocation to TOFROM YAESU TOWER (In second half of 2026)

Since we sold Forefront Tower, which housed our head office, in June 2022, we have been searching for a suitable location to serve as the next head office of Japan Pulp & Paper Co., Ltd. and a hub for our group going forward. We narrowed down our property search by focusing on locations that not only will be convenient for employees at the head office, but will also improve access for branch offices, and group companies and business partners both inside and outside Japan, as this will lead to better communication and stronger relationships. In terms of the facility layout, we want to relocate our current offices, which are dispersed across multiple floors, to an office with a large standard floor area, thereby stimulating communication that will transcend

organizational barriers.

At the same time, head office employees launched the Head Office Relocation and Work Styles Study Project to consider new work styles that will further increase productivity and improve corporate value. During this process, they came up with “Beyond Boundary! -Crossover & Choice” as a grand concept for the head office relocation. This head office relocation is not simply changing an address. Rather, it is part of our investment in growth and human capital as we seek to realize our long-term vision. The relocation is also one of many frameworks and initiatives based on the three fundamental principles in OVOL Medium-term Business Plan 2026, and it is positioned as a key policy that will result in even higher corporate value for the group. As we strive to realize our long-term vision, we will take on the challenge of creating new mechanisms and measures that are not merely extensions of what has been done before, but are rather completely new, and which transcend the conventional frameworks of work, departments, generations, and industries.

Diversity and Inclusion

For the group to continually raise its corporate value, it is essential that every executive and employee, using their diverse experiences, skills, and values, works to create new value by maximizing their individuality and capabilities. We have also identified “diversity and inclusion (D&I)” as one of our material issues. Although we extended the retirement age to 65 in 2021, we do not treat employees differently based on age and we have not set a fixed retirement age system for each position. In order to achieve D&I, the entire group will focus on fostering a comfortable workplace culture, raising awareness about, and establishing systems that respect diverse attributes, values, and working styles, including ethnicity, religion, faith, gender, sexual orientation/ gender identity, nationality, age, place of origin, educational background, and physical or mental disability.

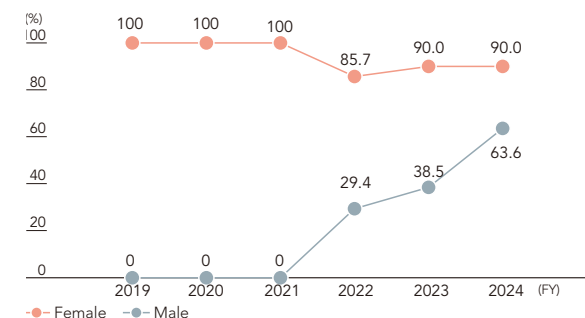
Promotion of Female Participation and Advancement in the Workplace

In order to realize a work environment in which all employees can create their own work-life balance, fully demonstrate their abilities, and continue to work regardless of gender, the company has created the Action Plan for Promoting Female Participation and Advancement in the Workplace. We are implementing various measures with the goals of increasing the ratio of female employees, supporting continued employment and career advancement, reducing long working hours, and improving the percentage of paid leave employees take. We are also working to expand support systems for balancing work and family life. In addition to expanding our childcare support, we have extended the period for which the shorter working hour system can be applied, introduced a

shift work system that can be used for childcare, and established systems for hourly paid leave and limiting work locations. In 2024, we received “Kurumin Certification” from the Japanese government for our childcare support activities, following our previous certification in 2021. Also, as part of our efforts to further promote the advancement of women in the workplace, in OVOL Medium-term Business Plan 2026 we set the target for eligible employees taking paternity leave (including the company’s unique leave system) at 100% (we achieved 100% in fiscal 2024).



Percentage of Childcare Leave Taken (Parent company)

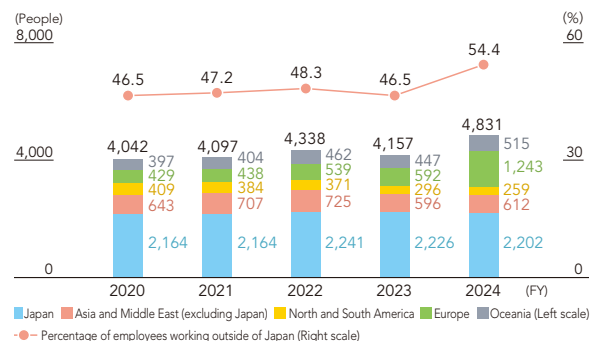


* The target for eligible male employees taking childcare leave, including the company’s unique leave system, is 100% for fiscal 2026.

Global Human Resources

The group aims to be an organization in which diverse human resources can play an active role regardless of race or nationality. Currently, regions outside Japan account for approximately 50% or more of the group’s revenue, and at least half of our employees are non-Japanese. To secure and nurture human resources who can work globally, we are committed to creating a work environment where employees of different nationalities, religions, and lifestyles can cooperate and demonstrate their individuality, experience, skills, and other abilities.

Number of Employees by Region and Percentage of Employees Working Outside of Japan (Consolidated)

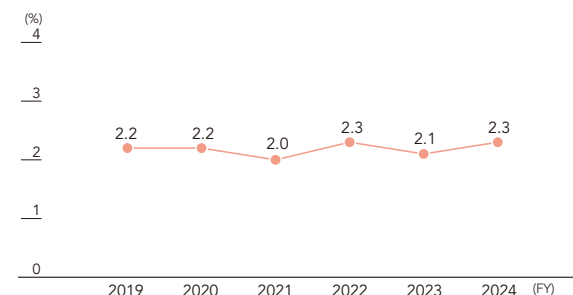


Employment of People with Disabilities

We are committed to facilitating the employment of people with disabilities. When hiring people with disabilities, securing an appropriate employment opportunity that takes their specific circumstances into consideration is something we take very seriously. We make decisions about work locations and duties after talking with each employee about the nature of their disability and their areas of expertise. We will continue to expand the employment opportunities for people with disabilities, and promote initiatives that enable them to make the most of their skills.

Percentage of Employees with Disabilities

(Parent company)



Promoting Understanding of LGBT Issues

In order to maintain a work environment where people from different backgrounds can respect each other and make the most of their abilities, we are moving forward with initiatives to promote proper understanding, awareness, and unbiased treatment of LGBT employees and other sexual minority groups through internal measures such as posting information on intranet bulletin boards and conducting harassment prevention training. In our Charter of Corporate Behavior and the Code of Conduct for Executives and Employees, the group clearly states that it will not engage in any conduct that infringes on human rights, such as discriminatory behavior related to sexual orientation or gender identity.

Introduction of Stock-based Compensation for Employees

In fiscal 2025, we introduced a performance-based restricted stock incentive plan for the Employee Shareholding Association. In addition to helping our employees accumulate assets, the purpose of this plan is to further strengthen the commitment of employees to improve corporate results by incentivizing them to continuously raise corporate value.

Management Team (As of June 27, 2025)



1 Akihiko Watanabe
Representative Director,
President & CEO

2 Chihiro Katsuta
Representative Director

3 Kazuhiko Sakurai
Director

4 Tetsuo Izawa
Director

5 Sumiko Takeuchi
Outside Director

6 Yoko Suzuki
Outside Director

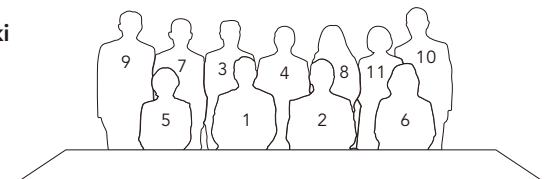
7 Hiroshi Takahashi
Outside Director

8 Rie Uesaka
Full-time Audit & Supervisory
Board Member

9 Naofumi Higuchi
Outside Audit & Supervisory
Board Member

10 Mitsutaka Honda
Outside Audit & Supervisory
Board Member

11 Miyuki Fukushima
Outside Audit & Supervisory
Board Member



Director

Akihiko Watanabe*

Representative Director, President & CEO

April 1982 Joined the Company
June 2016 Director of the Board
Executive Vice President

April 2017 Representative Director, President
April 2023 Representative Director, President & CEO (present position)

Sumiko Takeuchi

Independent

Outside Director

June 2019 Outside Director of the Company (present position)

Significant Concurrent Positions

Director and Senior Fellow of International Environment and Economy Institute
Co-representative of U3Innovations LLC
Specially Appointed Professor at Tohoku University
Outside Director of GRID INC.
Outside Director and Audit and Supervisory Committee Member of
NIPPON STEEL CORPORATION

Chihiro Katsuta*

Representative Director

April 1982 Joined the Company
June 2016 Director of the Board
Executive Vice President

April 2017 Director of the Board
Senior Executive Vice President
Representative Director
June 2019 Senior Executive Vice President (present position)

Yoko Suzuki

Independent

Outside Director

June 2022 Outside Director of the Company (present position)

Significant Concurrent Positions

Partner of Suzuki Sogo Law Office
Outside Director and Member of the Audit Committee of Bridgestone Corporation
Outside Director and Audit and Supervisory Committee Member of
Nippon Pigment Holdings Company Limited
External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.
Auditor of NATIONAL ARCHIVES OF JAPAN
Auditor of Maison franco-japonaise

Kazuhiko Sakurai*

Director

April 1982 Joined the Company
June 2015 Director of the Board
Executive Vice President
June 2019 Director of the Board
Senior Executive Vice President (present position)

Hiroshi Takahashi

Independent

Outside Director

June 2023 Outside Director of the Company (present position)

Significant Concurrent Positions

Corporate Advisor of The Developer Sanshin Co., Ltd.
Director of J-group Medical Corporation

Tetsuo Izawa*

Director

April 1981 Joined the Company
June 2021 Director of the Board
Senior Executive Vice President (present position)

* Director of the Board also serving as an Executive Officer

Independent Outside directors and outside auditors registered as independent officers as stipulated by the Tokyo Stock Exchange.

Audit & Supervisory Board Members

Rie Uesaka

Full-time Audit & Supervisory Board Member

April 1986 Joined the Company
June 2020 Full-time Audit & Supervisory Board Member
(present position)

Naofumi Higuchi

Independent

Outside Audit & Supervisory Board Member

June 2016 Outside Audit & Supervisory Board Member of the
Company (present position)

Significant Concurrent Positions

Representative of Higuchi Certified Public Accountant Office
Professor of Tohoku University Accounting School
Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.
Council Member of the Japanese Institute of Certified Public Accountants
Audit & Supervisory Board Member of JMA Consultants Inc.
Outside Audit & Supervisory Board Member of FunPep Co., Ltd.

Mitsutaka Hondo

Outside Audit & Supervisory Board Member

June 2023 Outside Audit & Supervisory Board Member of the
Company (present position)

Significant Concurrent Positions

Attorney of Marunouchi Law Office

Miyuki Fukushima

Independent

Outside Audit & Supervisory Board Member

June 2023 Outside Audit & Supervisory Board Member of the
Company (present position)

Significant Concurrent Positions

Representing Partner of FLAIR Accounting Firm
Representative Director and President of MID POINT Corporation
Outside Director and Audit and Supervisory Committee Member of
NIPPON DENSETSU KOGYO CO., LTD.

Executive Officers

President & CEO

Akihiko Watanabe

Senior Executive Vice Presidents

Chihiro Katsuta

CFO and Business Head
– Raw Materials & Environment

Kazuhiko Sakurai

Business Head
– Paperboard, Household Paper

Tetsuo Izawa

Business Head
– Paper Sales & Marketing, Logistics

Executive Vice Presidents

Yasushi Takei

Head
– Administration, Planning & Sustainability

Fumio Watanabe

CIO

Mitsutoshi Imamura

Business Head
– Global Business, Specialties

Nobuyuki Matsuura

Deputy Business Head – Paper Sales &
Marketing, Logistics, General Manager,
Newsprint & Publication Paper Sales Division

Makoto Shirotani

General Manager, Kansai Branch

Senior Vice Presidents

Susumu Tanaami

Deputy Business Head – Paperboard
General Manager, Industrial Materials Sales Division

Yutaka Endo

Deputy Business Head – Raw Materials & Environment, General
Manager, Raw Materials & Environmental Business Division

Hiroyuki Ito

Deputy Business Head – Household Paper
Vice President, JP Corelex Holdings Co., Ltd.

Kagetaka Matsuura

General Manager, Paper Merchant & Printer Sales Division

Masaaki Sato

General Manager, International Business Division

Koji Ukeguchi

General Manager, Chubu Branch

Hiroshi Kashima

Chief Representative of Europe

Executive Officers

Shinsuke Yamamoto

General Manager
Corporate Sustainability Division

Kenichiro Fujii

General Manager
Finance & Administration Division

Shigeyuki Sasaki

General Manager
Corporate Planning Division

Fumiteru Kase

General Manager, Corporate DX Division

Hisaaki Matsuoka

General Manager, Purchasing Division

Seiichi Suganuma

General Manager
Functional Materials Sales Division

Shuichi Takeoka

General Manager, Kyushu Branch

Toshihiko Kitayama

General Manager, Kitanihon Branch

Satoshi Wada

Deputy General Manager, Kansai Branch

Takeyuki Matsuura

President, JP Household Supply Co., Ltd.

Kozo Nishio

President, Misuzushigyo Co., Ltd.

Hideo Ogi

Senior Executive Director, Eco-Port Kyushu Co., Ltd.

Koichi Okuda

President, Japan Pulp & Paper (U.S.A.) Corp.

Takahiro Miyata

Managing Director, Ball & Doggett Group Pty Ltd

Roundtable Discussion Among the Outside Directors



Outside Director

 **Sumiko Takeuchi**


Joined Tokyo Electric Power Company (TEPCO) in 1994. Since 2012, she has served as Director and Senior Fellow at the International Environment and Economy Institute (present position). She holds a PhD in Engineering from the School of Engineering at the University of Tokyo. She also serves as a specially appointed professor at Tohoku University, Co-Representative of U3Innovations LLC, and Outside Director and Audit and Supervisory Committee Member of NIPPON STEEL CORPORATION. She has been serving as an outside director of Japan Pulp & Paper since 2019.

Outside Director

 **Yoko Suzuki**

Registered as an attorney in 1998. She has held various positions, including Outside Audit & Supervisory Board Member of Seven & i Holdings Co., Ltd. She currently also serves as Outside Director and Member of the Audit Committee of Bridgestone Corporation and as Auditor of the National Archives of Japan. She has been serving as an outside director of Japan Pulp & Paper since 2022.

Outside Director

 **Hiroshi Takahashi**

Joined Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited) in 1985. He has held various positions, including Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, Representative Director and Vice President of Japan Trustee Services Bank, Ltd., and Director and Senior Managing Executive Officer of Custody Bank of Japan, Ltd. His current roles include serving as Corporate Advisor of The Developer Sanshin Co., Ltd. He has been serving as an outside director of Japan Pulp & Paper since 2023.

A strategy of achieving sustainable growth in global markets through DX promotion, developing highly skilled professionals, and sustainable management, based on both offensive and defensive governance

Current State of Corporate Governance: Evaluation and Challenges

Takahashi One example of a challenge we faced in

recent years was an Antimonopoly Law incident in fiscal 2023 that unfortunately occurred, related to a bidding project, which caused concern among stakeholders. However, I do not believe that this is evidence of the company's governance structure functioning improperly. Basic governance frameworks,

such as internal controls, have been firmly established, and information is shared between management and the outside directors in a timely and appropriate manner. My assessment is that management is sufficiently transparent.

On the other hand, the field of IT governance has

become an important issue as the group seeks to respond to rapid changes in the business environment. In April 2025, the company established the Corporate DX Division and entered a critical phase of developing policies and controls for the utilization of AI and other technologies. Additionally, providing resilience against threats such as cyberattacks and large-scale natural disasters has become a pressing issue. As some elements of computer systems are outsourced, it is essential to have defensive measures available in case of an emergency. The group continues to relentlessly expand globally, so group governance that covers operations outside of Japan is more important than ever before.

Suzuki Like Mr. Takahashi, I recognize that group-wide governance that covers IT and sites outside Japan is a continuing theme. By establishing the Corporate DX Division, the company started to make efforts toward visualization on a global scale, and I expect this will result in controls that are strengthened according to actual local conditions. As the number of group companies grows both in and outside of Japan, I am encouraged by the stance of management in seeking to discuss its goals in both offensive and defensive terms. Although the current business results are challenging, the Board of Directors shares a strong determination to closely monitor the situation and take measures to achieve swift results.

Takahashi Human resources are a key issue related to group governance. In particular, it has become essential for the company to find employees with expert skills rather than generalists. M&As in recent years have resulted in the need for higher capabilities in terms of organizational management, and acquiring and developing international, IT, and other expert personnel has become an urgent issue.

Takeuchi Overall, the company seems to have found a good balance between offensive and defensive

governance. The company has been proactively expanding M&As in recent years, mainly outside of Japan, but they have taken an extremely conservative stance toward risk, and they base their actions on very calm and stringent assessments. As I mentioned last year as well, this prudent stance is expressed through the forthrightness and sincerity that forms the core of their corporate culture, and this past year has reaffirmed that this is a strength of the company's governance. Of course, no matter how much they study or assess issues in advance, sometimes the company will face unexpected business risks. The company should try to become more agile going forward to allow for flexible and fearless course correction when encountering such risks.

Takahashi The most significant changes over the last year were the company's major acquisitions in Germany, France, and Portugal. These were difficult projects as we were purchasing bankrupt companies at risk of losing their customers. For this reason, it was vital for the head office to carefully apply controls instead of delegating to local entities. The outside directors strongly requested the establishment of a local governance structure and the construction of a framework that could be led by the head office. Currently, the Board of Directors receives reports every financial quarter that describe results, investment conditions, the progress of the governance structure, and other information, and the board implements appropriate controls.

Takeuchi We recognize that organizational homogeneity, which we identified last year, remains an issue. Although this has some positive aspects, when progress depends on a common understanding as a precondition, it can backfire. President Watanabe is intensely aware of this issue and the degree to which his message on it is permeating the rest of the company. After seeing the president explaining the long-term vision and details about the progress of

OVOL Medium-term Business Plan 2026 at the financial results briefing, I was impressed to see how resolutely and clearly all the executives spoke about their own strategies and responsibilities at the General Meeting of All Executives at the end of May. I thought it was very positive how they shared their awareness of issues and outlined specific policies for improvement.

Board of Directors' Meetings: Operation, Discussions, and Effectiveness

Takahashi Under the leadership of President Watanabe, who serves as chairperson, the Board of Directors has fostered an atmosphere where it is easy even for outside directors to speak our minds, and overall we actively engage in discussions. Execution and supervision are functioning in an appropriate manner, and I believe that a sound governance environment has been established. To further improve effectiveness, it is important to focus not only on Board meeting resolutions and report items, but also to expand the opportunities for discussion to wider strategic themes that go beyond just the meeting agenda. For example, we are increasingly discussing topics such as how to build and strengthen group governance, how to proceed with logistics reforms as a group, as well as closely related IT governance and other core management themes. I feel that the perspectives that we bring as outside directors in response to these topics can be leveraged to make discussions broader and more engaging.

Takeuchi In our role as outside directors, it is critical that we receive information in advance to allow us to make substantive contributions to board meeting discussions from our various perspectives, and the company has always been very good at doing this. Additionally, operational aspects of these preliminary briefings are improving so that, rather than examining

Roundtable Discussion among the Outside Directors

the minutiae of resolutions or agenda items, more time will be spent on gaining broader perspectives, such as what kind of discussions were held among executives. The opinions and questions of the outside directors during the preliminary briefings are diligently provided as feedback for the inside directors and management. Given our limited time and resources, a key strength of the company's corporate governance is the effective use of time in these preliminary briefings, which serve to efficiently deepen our discussions.

Suzuki The company is taking other distinctive measures to ensure that discussions at Board of Directors meetings are more substantial, such as timely sharing of information with outside directors about issues prioritized by the Audit & Supervisory Board. The company provides excellent coordination of information, and this has helped make discussions at board meetings more lively.

Takahashi In the last year, the onsite visits we made to key subsidiaries made a strong impression on me. These were arranged by the full-time Audit &

Supervisory Board member as part of her educational activities for outside directors. We had the opportunity to go to Eco-Port Kyushu and several other worksites that we hadn't had the chance to go to previously. Naturally, one gains a different level of empathy and understanding by actually going to a worksite and seeing conditions with one's own eyes, and so I think these experiences were very meaningful.

From the perspective of energizing discussions at board meetings, one valid option would be for outside directors to attend the Executive Management Committee as observers. Currently, it is difficult for the outside directors to visualize who, including the responsible executives, made which comments, and what kind of discussions are held before matters are brought before the Board of Directors. My impression is that the process is slightly predetermined and lacking in transparency. I'm particularly interested in discussions that are held between the president and executives in charge. Attending the Executive Management Committee or similar meetings as observers would help us identify the flow of discussions and give us a sense of the real atmosphere at the time, which will not only enable us to understand the topics discussed at the meeting, but will also help us to "get to know" the participants through the stances and approaches of the speakers. This would also be very useful for improving the effectiveness of succession plans. Of course, in my role as a supervisor I must judge carefully how far to enter executive discussions, but I think that depending on the theme, a flexible approach that includes the participation of observers may be a good idea.

Suzuki I agree completely. For example, the relocation of the head office is an important project and a subject of high strategic significance. At the same time, it is closely related to soft power such as employee creativity and organizational culture, and I wanted to understand the specifics of how discussions led to this decision and the actual atmosphere of the meetings.

Although they are necessary to comply with the standards for agenda items based on the rules of a company with an Audit & Supervisory Board, sometimes more minor issues are discussed by the board than is ideal. I have offered suggestions for improving this in my role as an outside director. For example, I recognize that introducing measures to further improve agenda setting and meeting operation, such as batch approval of minor matters and detailed reporting on an ad hoc basis for important projects, is a key challenge for the operation of board meetings. Although we have made steady progress on reviewing this issue, I hope we can shift to even more substantive discussions going forward. Conducting flexible and strategic Board of Directors meetings is an issue that needs to be addressed in the future to make discussions even more substantive.

The role of meeting minutes is not only to leave behind evidence of approved matters, but also to help us understand the flow and key points of discussions. It is important to create such records efficiently using tools such as AI. I have heard that such improvements are being considered, and I look forward to seeing future developments.

Takahashi The General Meeting of All Executives at the end of May that was mentioned by Ms. Takeuchi was established under the guidance of the president as an opportunity for the executives in charge of each department to explain the current conditions of their department, describe the gaps that exist in terms of their progress under the Medium-term Business Plan, and outline the measures that will be taken to close these gaps. This initiative was extremely worthwhile and informative. Going forward, it will be important to continue to have such opportunities for dialogue and information sharing.

Suzuki A clear theme that emerged at the General Meeting of All Executives was the need to create new mechanisms and measures to close the gap between



the current conditions and the targets in the final year of the Medium-term Business Plan. I was reassured to hear specific explanations from each department. At the same time, the Board of Directors needs to gain a firm understanding of how cross-sectional collaboration is actually built, both inside and outside the group, and how the progress of such partnerships is managed and driven forward. The board needs to ensure that it is handling these issues appropriately.

Takeuchi Although this is a tough time for business performance due to market conditions, the company's earning capacity is in no way inferior to its competitors. In fact, it can be seen as superior. Paper is an integral part of society and there is no likelihood of its complete elimination. I like to think of it as having similar value to other infrastructure that supports our everyday lives. As the president explained at the financial results briefing in May 2025, even if the overall market shrinks, the company should aim to capture a larger share within the market. The company's policy is not to remain within a specific region, but to expand while maintaining a good balance between global and local business. Based on this policy, the company has been steadily building a system composed of multiple business pillars over the last few years. As the business environment continues to change, having these different pillars will help disperse risk, and I expect that they will reinforce the company's competitive advantages. In particular, I believe that the difference in earning power between the company and its competitors will prove to be valuable in this context.

Operations of the Nomination and Compensation Advisory Committee

Takeuchi One challenge for the outside directors with regard to the Nomination and Compensation

Advisory Committee is the wide dispersal of human resources, especially those based outside of Japan. This makes it rather difficult to evaluate the work styles and vision of each individual, and whether they are people capable of linking their vision to strategic execution. Under these circumstances, I found it extremely valuable, as an outside director and a member of the Nomination and Compensation Advisory Committee, to have the opportunity to directly observe and learn about the character of the executives in charge of each department through the General Meeting of All Executives. Going forward, it is important for outside directors to create more opportunities, like these onsite tours, to help us increase our knowledge. Nevertheless, the fact that the current executive structure has remained unchanged for several years is an issue overall. If structural changes do become necessary in the future, major changes will be inevitable, and the risks involved in this should be kept in mind. This concern has been repeatedly discussed at the Nomination and Compensation Advisory Committee and the president and other managers are fully aware of the issue. In this sense, I felt that the discussions at the committee were very worthwhile.

Suzuki On the topic of the succession plan for the Board of Directors, the Board is still in the early phase when it comes to specific considerations, but the issue continues to be recognized as important. At the Nomination and Compensation Advisory Committee, the president outlined the kind of human resources he expects will be needed for future management structures born from DX, overseas expansion, and other initiatives, and how he intends to develop them. I was able to hear directly about these ideas and the company's awareness of the issues relating to them. Such dialogue provides an excellent opportunity to create the foundations for building a succession plan.

Takahashi The contents of the materials provided at the Nomination and Compensation Advisory Committee



have been further improved since last year and are excellent. Not only has information about the current directors been organized conscientiously, but certain information about potential leading candidates is also provided, an approach similar to succession planning. Currently, a comprehensive succession plan that covers, for example, the entire management team including the general managers of divisions, has not yet been established. I see the development and selection of managerial human resources from a medium-to long-term perspective as a major challenge going forward.

Suzuki When it comes to the officer compensation system, since corporate results in recent years have been greatly affected by overseas market conditions, I feel the time has come to consider revisions to the system design to make it more flexible and finely tuned. I understand, however, that this requires deeper discussions as we move forward. As a slight digression, I believe the launch of a stock reward system as a means of incentivizing employees is a very significant development. Turning employees into shareholders, including those who previously did not have any

Roundtable Discussion among the Outside Directors

holdings in the company, should increase engagement as employees conduct their daily work with a shareholder viewpoint, and this system design is desirable from the perspective of human capital management as well.

Takahashi The officer compensation system was designed with reference to outside survey data, and overall I think its benchmarks are appropriate. However, the performance-linked portion of remuneration is based on the officer's position, and is decided only by the rate of increase/decrease in consolidated ordinary profit, a structure that I believe has issues that need to be addressed. Revising the design to reflect more multi-faceted indicators and other contributions is an issue that needs consideration going forward.

Deepening Sustainable Management

Takeuchi Although the ideals surrounding ESG and sustainability are facing an adverse climate at the moment, this does not fundamentally change “what needs to be done.” To date, companies have tended to be “vision driven,” and those that put out big ideas were highly praised regardless of whether or not they were put into practice. For example, in terms of climate change, there was a race to bring forward targets for achieving carbon neutrality, but this had the disadvantage of binding companies to overly ambitious targets that diverged from reality. Currently, the company emphasizes the theme of “realistic transition” and it seems to me like we have entered a new phase that prioritizes effective initiatives. A major strength of the company has been to keep its feet firmly on the ground and take steady, substantive actions without getting carried away by the fashionable trends of the day. This is a praiseworthy stance. How to proceed to the next stage and how to create a better future are questions that I am confident the company will be able

to answer in its own unique way. As an expert in the energy and environmental fields, I will continue to give the company my full support by providing my outside perspective.

Suzuki I want to fulfill my supervisory role as an outside director by closely monitoring the progress of OVOL Medium-term Business Plan 2026. At the same time, I will continue to carefully monitor not only human capital management that aims to raise the engagement of the human resources who support the company, but also sustainable management that necessitates proactive initiatives as a group involved in the paper business. These are key management pillars of the company. I expect in-depth discussions to be held on how to describe the growth story of the company with more clarity and communicate it externally. The company is a B-to-B business and is not widely known among regular investors, so the company has started to make efforts to promote IR targeting individual investors. Such initiatives are important to ensure more people understand the value of the company and its role in supporting society by expanding paper-focused business areas. Personally, I will continue to offer my outside perspective to support the company in refining its processes on its road to becoming a “trustworthy and engaging partner” as set out in its long-term vision.

Takahashi Various keywords such as human capital management, well-being management, and sustainable management are currently used in the context of management issues. These do not exist in isolation, but rather they are all connected organically. Ultimately, the most important element is the employees, and strengthening human capital management will improve the health of each employee both physically and mentally, resulting in well-being management that achieves high levels of social satisfaction. This leads to sustainable management that enhances the sustainability of the company, which then increases corporate value, giving rise to a virtuous circle.

Going forward, clearly communicating that we foster such values and specific initiatives both internally and externally will become ever more important. The company has 180 years of history, and from the outside it may seem to be a specialist trading company focused on paper and pulp that is easily impacted by changes in market conditions. But in reality, it is a team of multiple companies that is expanding as a group across a wide range of businesses, including paper manufacturing and processing, wastepaper and waste plastic collection, and even the power generation business. The company is also actively transforming its business portfolio as it seeks to become a “trustworthy and engaging partner” that achieves high levels of satisfaction among its various stakeholders. Raising broader awareness of such realities and initiatives will play a critical role in increasing corporate value. As a significant step toward achieving this, the president took the stage at an individual investor briefing that was held for the first time this year. I would like to see improved IR and SR activities in the future, and as outside directors, we will proactively engage in dialogue with investors as necessary and clearly communicate the initiatives and appeal of the company to the outside world in order to raise corporate value.



Governance

Approach to Governance

The Japan Pulp & Paper Group recognizes that further promoting corporate governance and strengthening compliance and risk management are critical to the sustainable improvement of corporate value. As such, governance is one of the themes we identified for our material issues.

Corporate Governance

Overview (As of June 27, 2025)

Number of Directors	Number of Audit & Supervisory Board members	Number and ratio of independent officers	Number and ratio of female executives	Organizational structure	Number of meetings of the Board of Directors*	Number of meetings of the Audit & Supervisory Board*	Number of meetings of the Nomination and Compensation Advisory Committee*
7 (3 outside directors)	4 (3 outside Audit & Supervisory Board members)	5 (45%) (3 outside directors) (2 outside Audit & Supervisory Board members)	4 (36%) (2 outside directors) (1 full-time Audit & Supervisory Board member) (1 outside Audit & Supervisory Board member)	Company with an Audit & Supervisory Board	17	14	2

* Results in fiscal 2024

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 executives and employees adhere to. The group conducts business activities based on the slogan "Paper, and beyond." We have also established a Charter of Corporate Behavior. We are committed to complying with all laws

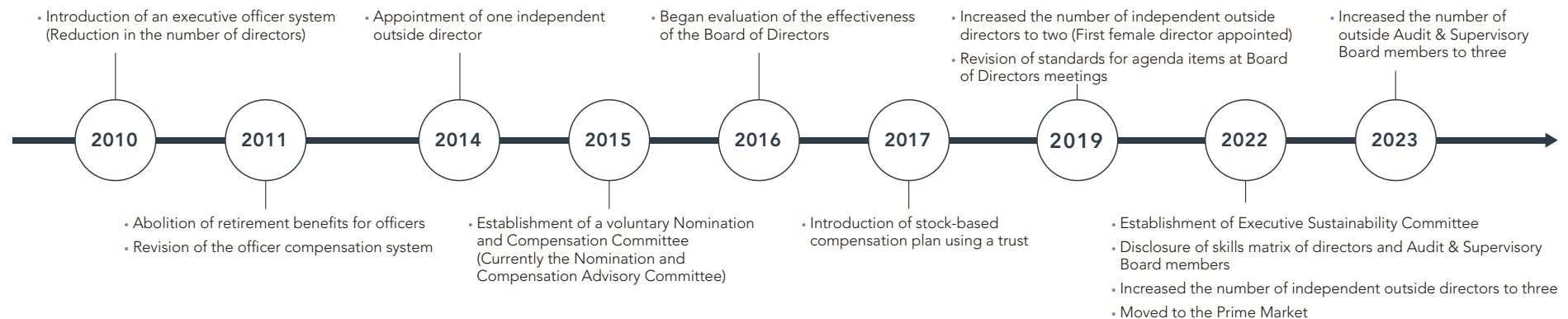
and regulations, promoting fair and appropriate transactions and responsible procurement, and achieving coexistence and co-prosperity with stakeholders.

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, employees, customers, business partners,

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.

The group will continue to further enhance and strengthen corporate governance.

Initiatives to Strengthen Governance



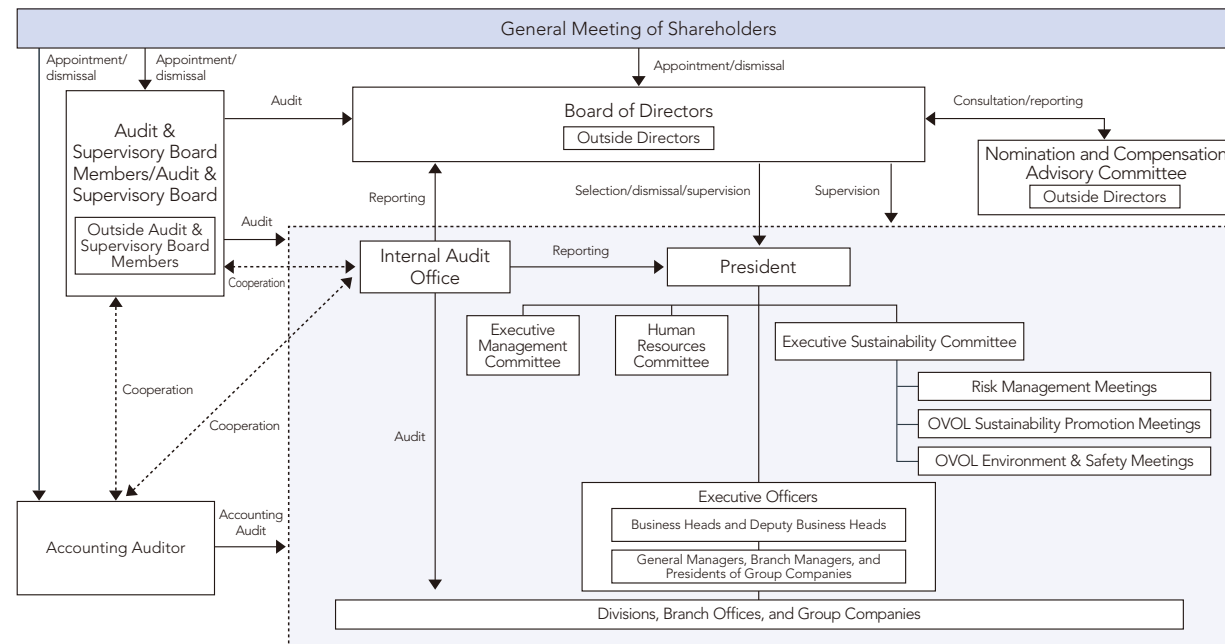
Governance

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 or possess a high level of expertise. 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.

In addition, outside directors participate in the process of nominating and setting the compensation for directors and Audit & Supervisory Board members and provide appropriate supervision and recommendations from an objective standpoint. Japan Pulp & Paper, as a company with an Audit & Supervisory Board, achieves enhanced monitoring and supervisory functions and transparency in decision-making by ensuring the adequate monitoring of management by the Audit & Supervisory Board, which includes outside members.

■ Corporate Governance Structure



Board of Directors

The Board of Directors meets regularly once a month and whenever necessary, in accordance with the law, the Articles of Incorporation, and the procedural rules for the Board of Directors. It makes decisions on matters stipulated by law 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.

Composition 7 directors, including 3 outside directors

Number of meetings held 17 (fiscal 2024)

Chairperson Representative director, president

Main agenda items for fiscal 2024

Matters related to officer compensation, head office relocation, stock splits, distribution of dividends from retained earnings, matters related to cross-shareholdings, overseas M&A, the medium-term business plan, matters related to the internal control system, and matters related to sustainability

Audit & Supervisory Board Members/Audit & Supervisory Board

The Audit & Supervisory Board meets regularly once a month and whenever necessary, in accordance with the law, 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, improving the auditing system of Audit & Supervisory Board members, and material issues regarding auditing.

Composition 1 full-time Audit & Supervisory Board member and 3 outside Audit & Supervisory Board members

Number of meetings held 14 (fiscal 2024)

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee was established to discuss and report on the appointment and compensation of directors and Audit & Supervisory Board members. The committee meets at least once a year and whenever necessary.

Composition	Representative director, president (chairperson), 3 independent outside directors
Number of meetings held	2 (fiscal 2024)
Main agenda items for fiscal 2024	
<ul style="list-style-type: none"> • Proposal for nomination of candidates for directors and Audit & Supervisory Board members • Approach to future nomination of officers • Deliberation on base monthly compensation for directors by position • Deliberation on base amount of bonuses by position and performance-linked system • Deliberation on base amount of stock-based compensation by position 	

Executive Management Committee

Based on committee rules, the Executive 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.

Composition	Representative director, president (chairperson); full-time directors; business heads and deputy business heads; (observer) full-time Audit & Supervisory Board member
Number of meetings held	27 (fiscal 2024)

Human Resources Committee

Based on committee rules, the Human Resources Committee meets regularly once a month and whenever necessary in order to determine important personnel measures necessary for the strategic business development of the group, and to optimize the allocation of human resources in the group.

Composition	Representative director, president (chairperson); the CFO (vice chairperson); business heads and deputy business heads; branch general managers of the Kansai Branch and Chubu Branch
Number of meetings held	12 (fiscal 2024)

Executive Sustainability Committee

Based on committee rules, the Executive Sustainability Committee meets regularly once a quarter and whenever necessary. The committee is in charge of formulating sustainability-related policies and strategies, responding to ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for promoting group-wide sustainability.

Progress updates and action plans are reported regularly to the Board of Directors, and specific initiatives related to each issue are entrusted to subordinate organizations, such as the Risk Management Meetings, the OVOL Sustainability Promotion Meetings, and the OVOL Environment & Safety Meetings.

In fiscal 2024, this committee held 16 meetings, where in addition to issuing their regular reports related to compliance, risk management, and sustainability, they deliberated on important agenda items such as responding to business and human rights, and on initiatives to reduce greenhouse gas emissions.

Composition	Representative director, president (chairperson); full-time directors; business heads and deputy business heads; (observer) full-time Audit & Supervisory Board member
Number of meetings held	16 (fiscal 2024)

Executive Officers

The company has appointed a total of 30 executive officers, including four who also serve as directors as of June 27, 2025. Executive officers who serve concurrently as directors, or who are responsible as business heads or deputy business heads, oversee group business as a whole, and assist the president with each major management objective to support the 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 group companies.

Governance

Approach to the Diversity of the Board of Directors

To ensure diversity (regardless of gender, nationality, race, or age) in management, reflect diverse management values, adapt to changes in the business environment, maximize corporate value, and achieve balance in terms of knowledge, experience, and ability, the company appoints individuals of outstanding character and insight from both inside and outside the company for Board of Director positions. This includes persons with extensive knowledge and experience in each business field of the group, expertise in corporate planning and administration, experience in management positions at other companies, and specialized knowledge of sustainability issues.

Skills Matrix of Directors and Audit & Supervisory Board Members

The major areas of expertise and experience of directors and Audit & Supervisory Board members are as follows.

As of June 27, 2025

Name	Position	Independent Officer	Nomination and Compensation Advisory Committee	Number of Years in Office	Major Areas of Expertise and Experience							
					Industrial Insight	Corporate Management	Sales	Global	Finance and Accounting	Legal Affairs and Compliance	Human Resource Management	Sustainability
Akihiko Watanabe	Representative Director, President & CEO		○ Chairperson	9	●	●	●	●		●	●	
Chihiro Katsuta	Representative Director, Senior Executive Vice President			9	●	●	●		●	●	●	
Kazuhiko Sakurai	Director, Senior Executive Vice President			8	●	●	●				●	
Tetsuo Izawa	Director, Senior Executive Vice President			4	●	●	●				●	
Sumiko Takeuchi	Director (outside)	○	○	6		●		●				●
Yoko Suzuki	Director (outside)	○	○	3						●	●	●
Hiroshi Takahashi	Director (outside)	○	○	2		●	●		●		●	●
Rie Uesaka	Audit & Supervisory Board Member (full-time)			5	●	●		●	●			
Naofumi Higuchi	Audit & Supervisory Board Member (outside)	○		9				●	●	●		
Mitsutaka Hondo	Audit & Supervisory Board Member (outside)			2						●	●	
Miyuki Fukushima	Audit & Supervisory Board Member (outside)	○		2		●			●			

Note: The table above does not indicate all of the skills and experience possessed by individual directors and Audit & Supervisory Board members.

■ Reasons for Selection of Skills and Evaluation Criteria

Based on our management plan and various policies, we have established the following eight items as skills criteria.

Item	Reason for Selection	Evaluation Criteria
Industry Insight	<ul style="list-style-type: none"> • Appropriate decision making and supervision of important business operations as part of a leading paper distribution company 	<ul style="list-style-type: none"> • Directors who are promoted to the position from within the company • Experience in management at other companies in related industries • Experience as a director of an industry association
Corporate Management	<ul style="list-style-type: none"> • Effective development of sustainable growth strategies, and execution and supervision of operations amid major changes in the business environment • Ability to utilize management experience at other companies as an outside officer 	<ul style="list-style-type: none"> • Experience as a director of Japan Pulp & Paper, business head, or deputy business head • Experience as a president of a subsidiary • (Outside officers) Experience as a representative director, president or vice president, etc., at other companies • Experience as an entrepreneur
Sales	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in sales, as our main business is wholesaling and distribution 	<ul style="list-style-type: none"> • Experience in management of departments related to sales, marketing, and procurement
Global	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in management outside of Japan and understanding of such business environments in order to achieve global growth and expand our Non-Japan Wholesaling segment 	<ul style="list-style-type: none"> • Experience in management of departments related to business outside of Japan • Experience as an officer of a subsidiary outside of Japan • Experience as a member of an international organization • Experience as a participant in international conferences
Finance and Accounting	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in the fields of finance and accounting in order to formulate a financial strategy that ensures accurate financial reporting, builds a sound financial base, promotes M&A, and maintains stable dividends 	<ul style="list-style-type: none"> • Management experience related to financial management, fund procurement, loans, and accounting • Possessing relevant knowledge and experience, certified public accountants, tax accountants, etc.
Legal Affairs and Compliance	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in the fields of governance, risk management, and compliance, in order to further enhance governance and compliance, which are the foundations for ensuring sustainable growth in corporate value 	<ul style="list-style-type: none"> • Management experience related to risk management and compliance departments • Experience as a member of a third-party committee • Possessing relevant knowledge and experience, lawyers, etc.
Human Resource Management	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in the fields of human resource development and management in order to further strengthen human capital, which is our most important form of management capital 	<ul style="list-style-type: none"> • Experience as a chairperson of a human resource committee, or in the management of a human resource department
Sustainability	<ul style="list-style-type: none"> • Possessing extensive knowledge and experience in the fields of sustainability, ESG, and the SDGs in order to respond to sustainability issues, as they are material management issues that not only reduce risks but also lead to new profit opportunities 	<ul style="list-style-type: none"> • Experience in management of a department related to sustainability, ESG, the SDGs, renewable energy, etc. • Experience as a member of advisory bodies and various organizations on sustainability, ESG, and the SDGs • Consultants, people with relevant knowledge and experience, and examiners

Standards for the Selection of Directors and Audit & Supervisory Board Members

The Nomination and Compensation Advisory Committee, which is comprised mainly of outside directors, nominates candidates for director and Audit & Supervisory Board member positions from among those who we expect will make significant contributions to the company and are considered indispensable for its development. Candidates should also display outstanding character and insight. A resolution on their nomination is then made by the Board of Directors. The board also obtains the prior consent of Audit & Supervisory Board members with respect to candidates for Audit & Supervisory Board member positions.

For candidates for independent officers, the company selects individuals who can provide advice on the company's business from an objective viewpoint and professional perspective. Candidates are selected in accordance with the independence standards set by the Tokyo Stock Exchange.

When dismissing directors or Audit & Supervisory Board members, the Nomination and Compensation Advisory Committee deliberates on their competency. A resolution on their dismissal is made by the Board of Directors and then submitted for approval at the General Meeting of Shareholders.

Governance

Reasons for Electing Outside Directors and Outside Audit & Supervisory Board Members

	Name	Independent Officer	Reason for Appointment	Attendance at Meetings in the Fiscal Year Ended March 31, 2025	
				Board of Directors	Audit & Supervisory Board
Outside Directors	Sumiko Takeuchi	○	Sumiko Takeuchi was involved for many years in nature and environmental conservation at her previous company. Since retiring 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 supervise and provide advice on the overall management of the group, and to contribute to strengthening corporate governance from an objective, professional standpoint, using her advanced professional knowledge and abundant experience as stated above. Significant concurrent positions: Director and Senior Fellow of International Environment and Economy Institute; Co-representative of U3Innovations LLC; Specially Appointed Professor at Tohoku University; Outside Director of GRID INC.; Outside Director and Audit and Supervisory Committee Member of NIPPON STEEL CORPORATION	17/17 (100%)	—
	Yoko Suzuki	○	Yoko Suzuki possesses abundant knowledge in corporate legal affairs, having served as an outside director and Audit & Supervisory Board member at several companies, and as a director and auditor at several corporations, in addition to her advanced professional knowledge as a lawyer. The company elected her as an outside director to supervise and provide advice on the overall management of the group, and to contribute to strengthening corporate governance from an objective, professional standpoint, using her advanced professional knowledge and abundant experience as stated above. Significant concurrent positions: Partner of Suzuki Sogo Law Office; Outside Director and Member of the Audit Committee of Bridgestone Corporation; Outside Director and Audit and Supervisory Committee Member of Nippon Pigment Holdings Company Limited; External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.	17/17 (100%)	—
	Hiroshi Takahashi	○	Hiroshi Takahashi has a wealth of experience in corporate management, having worked in a variety of operations at financial institutions for many years and served as an executive officer and director. The company elected him as an outside director so he can utilize his experience and deep insight to supervise and provide advice on the overall management of the group, and to contribute to strengthening the corporate governance system from an objective and professional standpoint. Significant concurrent positions: Corporate Advisor of The Developer Sanshin Co., Ltd.; Director of J-group Medical Corporation	17/17 (100%)	—
Outside Audit & Supervisory Board Members	Naofumi Higuchi	○	Naofumi Higuchi has experience in auditing many companies as a certified public accountant. He has a wealth of knowledge related to 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. He has also served as an outside Audit & Supervisory Board member of the company since 2016 and has sufficient knowledge of the group's business operations to fulfill his responsibilities, including providing recommendations and advice to the Board of Directors and business execution divisions based on his extensive experience, broad insight, and professional perspective. Significant concurrent positions: Representative of Higuchi Certified Public Accountant Office; Professor of Tohoku University Accounting School; Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.; Director of the Japanese Institute of Certified Public Accountants; Audit & Supervisory Board Member of JMA Consultants Inc.; Outside Audit & Supervisory Board Member of FunPep Co., Ltd.	17/17 (100%)	14/14 (100%)
	Mitsutaka Hondo	—	Mitsutaka Hondo has extensive practical experience as an attorney-at-law, deep insight into legal and compliance matters as well as specialized knowledge and abundant experience. He is also well-versed in corporate legal affairs. The company elected him as an outside Audit & Supervisory Board member because it believes he can carry out his duties as an auditor appropriately by giving his objective opinions and suggestions at Board of Directors and Audit & Supervisory Board meetings and contribute to strengthening the company's audit function and governance structure. Significant concurrent positions: Attorney at Marunouchi Law Office	17/17 (100%)	14/14 (100%)
	Miyuki Fukushima	○	After leaving her previous company, Miyuki Fukushima has since been involved in taxation and accounting for many companies as a certified tax accountant and currently represents a tax accounting firm. The company elected her as an outside Audit & Supervisory Board member so she can utilize her high level of expertise and broad experience in taxation and accounting in audits and contribute to strengthening the group's audit functions and the governance system. Significant concurrent positions: Representing Partner of FLAIR Accounting Firm; Representative Director and President of MiD POINT Corporation; Outside Director and Audit and Supervisory Committee Member of NIPPON DENSETSU KOGYO CO., LTD.	17/17 (100%)	14/14 (100%)

Initiatives to Improve the Effectiveness of the Board of Directors

Every year, the Board of Directors conducts a questionnaire survey on the effectiveness of the board, targeting all members of the Board of Directors and the Audit & Supervisory Board. Based on the results, the board evaluates its effectiveness. Based on the results of the fiscal 2024 questionnaire, the composition of the board was reported to be well balanced, with 55% outside officers and 36% female officers, ensuring diversity in both structure and skills. Regarding the main agenda items, deliberations on topics such as formulating management strategies, internal control and risk management, and compliance were seen to have been further enhanced

compared with the previous fiscal year. In terms of operations, respondents noted that preliminary briefings had been further strengthened, enabling open, lively, and constructive discussions and exchanges of opinions. Based on these results, the Board of Directors determined that the effectiveness of the board continues to be ensured.

At the same time, the questionnaire identified skills such as digital transformation (DX), manufacturing technologies, and quality management as being necessary for the board going forward. It also highlighted themes such as verification of investment effectiveness, corporate governance structures, group governance, internal control

and risk management, and human capital as areas for more in-depth deliberation.

Furthermore, on the operational side, the need for improvement was noted in areas such as narrowing down matters for resolution, streamlining reporting items, and creating opportunities for discussions on important topics outside the formal agenda, such as sustainability. The Board of Directors will continue to implement necessary improvements based on the survey results and strive to further enhance its effectiveness.

Fiscal 2023 Evaluation		Fiscal 2024 Evaluation	
Summary of Evaluation Results	The composition of the board and content of discussions has been further enhanced, and transparency in providing information to outside officers has been maintained. Open and lively discussions continue to take place during meetings, ensuring the effectiveness of the Board of Directors.	Summary of Evaluation Results	In terms of composition and skills, a favorable balance was achieved and diversity was secured, while in terms of the main agenda items, deliberations were enhanced even further compared to the previous fiscal year on topics such as formulating management strategies, internal control and risk management, and compliance. In terms of operations, preliminary briefings were enhanced to enable open, lively, and constructive discussions and exchanges of opinions.
Issues Identified (Themes for Further Development)	Streamlining the agenda, simplifying reporting items, incorporating investor feedback in board discussions, enhancing advance explanations, and reviewing methods for sharing materials	Issues Identified (Themes for Further Development)	Evaluation of effectiveness of investments, corporate governance structures, group governance, internal control and risk management, human capital, further streamlining meeting resolutions, simplifying reporting items, creating more opportunities to discuss important issues (such as those related to sustainability) beyond the meeting agenda
Response to Issues	Necessary improvements will be implemented as appropriate, and we will continue to maintain and enhance the effectiveness of the Board of Directors.	Response to Issues	Necessary improvements will be implemented as appropriate, and we will continue to enhance the effectiveness of the Board of Directors.

Director and Audit & Supervisory Board Member Training

Internal organizations such as the General Affairs Department and Internal Audit Office appropriately provide information and access to the knowledge necessary for directors and Audit & Supervisory Board members to fulfill their duties. In addition, outside directors and outside Audit & Supervisory Board members are provided with explanations of the company's business environment and other information concerning their roles when they are appointed. In this way, we work to enhance their understanding of the required roles and responsibilities. We also offer them opportunities to deepen their knowledge after appointment through initiatives such as facility tours. In fiscal 2024, visits were arranged in November to group companies that are expanding the containerboard business in the Kansai region. In December, they visited Eco-Port Kyushu, which is developing the comprehensive recycling business. Each member also actively participates in seminars and information exchange meetings organized by external organizations such as the Japan Foundation for Accounting Education and Learning.

Governance

Officer Compensation

1 Basic Policy

Compensation for 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 medium-to-long-term corporate value enhancement and clarifies the linkage of that value 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. Regarding the compensation ratio by compensation type, there are no major differences based on position, but higher-ranking directors have a higher ratio of performance-based compensation, etc.

In view of their duties, outside directors are paid only base compensation.

3 Process for Determining Officer Compensation

The company has established a Nomination and Compensation Advisory Committee mainly comprised of outside directors.

The Nomination and Compensation Advisory Committee deliberates on the compensation of directors, and the Board of Directors makes a resolution based on compensation limits approved at the General Meeting of Shareholders. The allocation of base compensation and bonuses for each individual is determined by the representative director, president based on a delegation resolution of the Board of Directors.

2 Overview of Officer Compensation System

Base Compensation

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.

Bonuses

Bonuses for the company's directors (excluding outside directors) are performance-based compensation that reflects consolidated business performance and are linked with the medium-term business plan. The amount of payment is calculated by multiplying the standard bonus of each position by the ratio of consolidated ordinary profit

for the fiscal year to consolidated ordinary profit for the reference year (fiscal year ended March 31, 2025) and is paid at a fixed time every year.

Stock-based Compensation

The company has introduced a stock-based compensation plan using a Board Benefit Trust (BBT) plan. As stock-based compensation for directors (excluding outside directors), the company contributes up to JPY 270 million (over three fiscal years) as funds for stock acquisition in accordance with the company's stock-granting regulations, and grants a total of up to 30,000 points (1 point = 10 shares) per fiscal year, with the number of points determined in accordance with the position of each director. Directors shall receive the company's shares upon their retirement from office, in principle.

4 Compensation (Fiscal 2024)

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	Performance-Based Bonuses	Stock-Based Compensation	
Directors (Excluding Outside Directors)	263	113	104	46	4
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	24	24	—	—	1
Outside Officers	76	76	—	—	6

Note: As of the end of fiscal 2024, 7 directors (including 3 outside directors) and 4 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members) are eligible.

Approach to Cross-Shareholdings

The company acquires and holds shares in companies it deems necessary in order to build, maintain, and strengthen business and cooperative relationships. Each year, the Board of Directors reviews the appropriateness of each individual stock held based on a quantitative assessment of whether the earnings from transactions and dividends exceed cost of capital, as well as a qualitative assessment of the medium-to-long-term business relationship with the company in question. If the rationale behind the company's holdings no longer applies, they are sold to reduce our holdings.

In exercising voting rights for cross-shareholdings, the

company examines the details of the proposals carefully from the perspective of whether they will contribute to medium-to-long-term improvement in the corporate value

of the company in question and whether they are likely to damage our corporate value, and then a decision for or against is made.

Status of Cross-Shareholdings

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	Change from the Previous Year
Number of Stocks (of Which, Listed Shares)	120 (56)	120 (56)	117 (53)	-3
Amount Recorded on the Balance Sheet (Millions of yen)	23,191	29,279	25,530	-3,749
Percentage of Consolidated Net Assets (%)	18.08	21.20	17.50	-3.70 points

Group Governance

With regard to business management of group companies, prior approval of the parent company is required for important decisions in accordance with the Rules on the Management of Affiliates, while respecting the independence of group companies. Particularly important matters as defined in the rules require approval by the Board of Directors. In addition, each group company reports its business conditions and financial results to the department in charge of group company management on a regular basis. Reports are also made in a timely manner

to the parent company in the event of disasters, accidents, misconduct, or other events, including environmental and occupational safety issues.

To ensure proper group governance, the Internal Audit Office supports the group's internal control promotion system, while conducting periodic audits of group companies and providing guidance on areas for improvement. In addition to receiving reports such as those described above on a regular basis, Audit & Supervisory Board members verify the business reports of

group companies and exchange information and opinions at subsidiary auditor liaison meetings. In particular, for matters related to companies that have newly joined the group and group companies of high importance, Audit & Supervisory Board members directly engage in dialogue with the management team and managers and personnel in administration divisions through onsite audits and inspections or via an online format.

Through these activities, the group will further improve the effectiveness of group governance.

Promotion of IT Controls and IT Security

In January 2025, we established our IT Governance Policy and Information Security Policy as group policies and began IT control audits. In fiscal 2024, 14 companies completed their audits, and audits are underway at 15 companies in fiscal 2025. The audits are scheduled for completion at all group companies during fiscal 2026. Furthermore, we established a CSIRT* that launched during fiscal 2025 with the aim of raising the level of cyber security.

*CSIRT (Computer Security Incident Response Team) is a dedicated team that responds when an incident occurs.

Compliance

Approach to Compliance

The group recognizes compliance as one of the most important aspects of promoting sustainable management and has identified it as a material issue. Furthermore, our Charter of Corporate Behavior and Code of Conduct for Executives and Employees mandate strict adherence to laws and regulations based on our Corporate Philosophy. In addition to legal compliance, the group also promotes adherence to the Charter of Corporate Behavior, various regulations, societal rules, customs, and other social norms through education provided to executives and employees. To ensure thorough implementation, we promote compliance within each organization through the OVOL Sustainability Promotion Meetings, under the direction of the Executive Sustainability Committee.

Governance

Charter of Corporate Behavior and Code of Conduct for Executives and Employees

The Japan Pulp & Paper Group's Charter of Corporate Behavior is a guide for ensuring that all executives and employees recognize the values we have cultivated over the years and constantly embody them. It is also part of our efforts to further promote a more proactive sustainable management.

The Code of Conduct for Executives and Employees defines the values and actions that should be pursued by executives and employees of the group in their daily business activities. We will ensure that all executives and employees are fully aware of these charters, norms, and policies, and work to foster a stronger understanding of compliance.

Japan Pulp & Paper Group Charter of Corporate Behavior

 <https://www.kamipa.co.jp/eng/sustainability/management/charter/>

Japan Pulp & Paper Group Code of Conduct for Executives and Employees


 <https://www.kamipa.co.jp/eng/sustainability/management/code/>

Free, Fair, and Transparent Business Activities

The Japan Pulp & Paper Group's Code of Conduct for Executives and Employees states that we comply with the competition laws of each country and region we serve, work to prevent violations, and that we will establish internal systems to correct violations should they occur. We also prohibit bribery and any other acts that may be suspected of offering benefits that may be deemed as being for illicit gain; forbid the giving and receiving of gifts, entertainment, and other economic benefits beyond the scope of social etiquette; and require employees to refrain from any involvement in illicit business transactions and money laundering.

In line with this code, the group has established the Antimonopoly Law Compliance Policy and Anti-Corruption Policy to set clear standards of conduct. We also declare our commitment to building internal frameworks that include regular education and training for executive and employees, as well as periodic audits.

Japan Pulp & Paper Group Antimonopoly Law Compliance Policy

 <https://www.kamipa.co.jp/eng/sustainability/governance/antimonopoly-policy/>

Japan Pulp & Paper Group Anti-Corruption Policy

 <https://www.kamipa.co.jp/eng/sustainability/governance/anti-corruption-policy/>

Taxation Compliance

The Japan Pulp & Paper Group's Taxation Policy states its commitment to contributing to economic and social development and the interests of all stakeholders by paying appropriate taxes in accordance with the relevant laws and regulations of all countries and regions where it operates. The policy also clarifies our basic approach to tax compliance.

For important tax-related issues, the group receives advice from external experts and consults with tax authorities in advance, as necessary, in order to minimize tax risks.

Japan Pulp & Paper Group Taxation Policy

 <https://www.kamipa.co.jp/eng/sustainability/governance/taxation-policy/>

Initiatives to Ensure Compliance

The group conducts annual educational programs such as rank- and theme-based compliance training and e-learning. In addition, the group publishes the *Compliance Magazine* on the company's internal bulletin board twice a month, presents the *Compliance Letter* in the group's magazine four times a year, and creates compliance awareness posters. Our goal is to regularly disseminate information to executives and employees and to raise awareness of compliance to ensure they have the knowledge and information necessary to put it into practice.

Compliance Awareness Activities	Target	Frequency of Meetings in Fiscal 2024	Number of Participants and Participation Rate
Rank-Based Compliance Training	New employees, new managers, and seconded employees of Japan Pulp & Paper	3 times	95 participants
E-Learning Tests	Executives and employees of Japan Pulp & Paper and group companies in Japan	2 times	Average participation rate: 99.4%

■ Whistleblower System

Some companies within the group have established dedicated external contact points for whistleblowing on violations of laws and regulations, internal irregularities, and acts in violation of corporate ethics by executives and employees, in accordance with the Corporate Ethics Helpline Operating Regulations. These contact points are available 24/7 and reports can be made anonymously to guarantee whistleblower protection. In addition, the Internal Audit Office regularly monitors the operational status of the whistleblower system as part of internal control.

In fiscal 2024, we received reports from whistleblowers regarding 16 different cases and a large number of the reports involved harassment in the workplace. To address the issues raised in reports, we have appropriately set the scope of information sharing and, depending on the content, consult with legal counsel. We then respond earnestly to reports and work toward resolving any issues.

Risk Management

Approach to Risk Management

To ensure business continuity and maintain a stable management base, we have positioned risk management as a management priority and are promoting relevant initiatives. The risks a company faces are becoming increasingly diverse and complex. If any of these serious risks materialize, not only could the group's management resources be damaged, but there may be harmful consequences for business continuity. This could include damage to the relationships of trust built with customers and business partners, as well as loss of social credibility. To respond to these risks, we have established a system to identify the possibility and potential impact of the occurrence of such risks and to ensure the implementation of measures to prevent the manifestation of such risks. We have also put measures in place to deal with such risks in the event that they do materialize.

Risk Management System

Members of the Executive Sustainability Committee discuss and approve annual activity plans related to risk management and confirm the progress of these plans on a quarterly basis. The committee also reports to the Board of Directors, which supervises these activities. The Risk Management Meetings, under the auspices of the Executive Sustainability Committee, are chaired by the general manager of the Finance & Administration Division, and members identify, analyze, evaluate, and prioritize risks as well as formulate measures to address specific risks.



Governance

Business Risks

Risks that could significantly influence the decisions of investors regarding the group are as follows. Items marked with a ★ are those deemed to require particularly significant measures based on the results of risk assessments.

Risks			Segment impacted				
Classification	Subclassification	Details	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing
Particularly significant risks	Market conditions and market risks	Risks related to a decrease in demand for main products handled, market conditions, and macroeconomic fluctuations	●	●	●	●	
		Impact of real estate market conditions					●
	Risks related to business transactions	Credit risks of business partners	●	●	●	●	●
		Risks of policy changes at supplier manufacturers	●	●			
	Other significant risks	Risks related to decline in paper distributor function	●	●			
		Risks related to logistics	●	●	●	●	
		Risks related to new business investments	●	●	●	●	
		Impairment risk for stocks of subsidiaries and affiliates and impairment risk of goodwill	●	●	●	●	
		Impairment risk of property, plant, and equipment	●	●	●	●	●
Other risks	Risks related to business environment	Legal and regulatory restrictions	●	●	●	●	●
		Country risk		●	●	●	
	Risks related to financial markets	Risks related to financing	●	●	●	●	●
		Risks related to foreign exchange rate fluctuations	●	●	●	●	
	Risks related to climate change, natural disasters, etc.	Risks related to climate change and natural disasters, etc. ★	●	●	●	●	●
	Other risks	Risks of fluctuation in value of investment securities held	●	●	●	●	●
		Risks related to IT and security	●	●	●	●	●
		Risks related to litigation	●	●	●	●	●
		Human resource and labor-related risks ★	●	●	●	●	●
		Risks related to human rights issues*	●	●	●	●	●
		Risks related to recoverability of deferred tax assets	●	●	●	●	●

* Response to risks related to human rights issues: The group is responding to business and human rights issues as part of its sustainable management initiatives. In fiscal 2024, we conducted training for executives and employees at Japan Pulp & Paper as well as at all group companies, and we also performed human rights due diligence to identify important human rights issues at the group from such perspectives as severity and likelihood of occurrence. At the same time, we assessed the risk of human rights violations at our main suppliers. For more details on our initiatives to address human rights issues, see page 77.

Initiatives to Enhance Risk Management

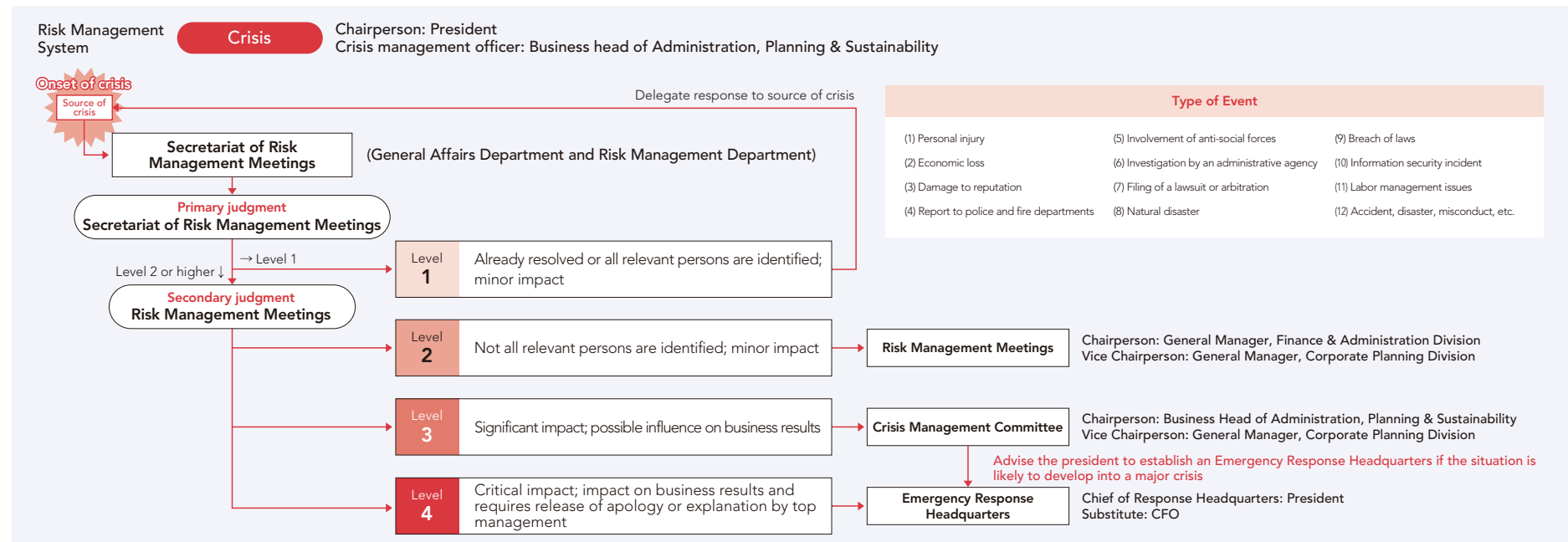
We conduct risk assessments with the aim of identifying risks that are important from both a group-wide and medium-to-long-term perspective, and in terms of enhancing future risk countermeasures. In our risk assessments, we have established approximately 130 evaluation items to comprehensively identify various risks. We assess risk based on two axes (impact and likelihood of occurrence) and consider the level of measures in place at the time of the assessment in order to identify priority issues.

The secretariat of the Risk Management Meetings conducted a risk assessment of Japan Pulp & Paper and all group companies in and outside of Japan between the end of fiscal 2023 and the first half of fiscal 2024. An analysis of the responses indicated the need to review and strengthen measures for risks related to natural disasters as well as human resource and labor-related risks, which were recognized as a shared challenge for the group. In addition, although not included in the aforementioned list of business risks, we reconfirmed that measures to ensure the safety of executives and employees residing outside of Japan and to respond to accidents at facilities were insufficient.

Based on these results, the Executive Sustainability Committee has decided on a final list of significant risks and implemented measures to address them, starting from those with the highest priority.

Crisis Response Structure

In the event that a risk with a significant negative impact on the group's management or business materializes, a Crisis Management Committee, with ultimate responsibility held by the president and chaired by the business head of Administration, Planning & Sustainability, will be established. The committee will be tasked with rapidly and appropriately dealing with the emergency situation, minimizing or preventing damage, restoring normalcy, and putting countermeasures in place.



Governance

Messages from Outside Audit & Supervisory Board Members



Naofumi Higuchi

Outside Audit & Supervisory Board Member

Steady progress builds future intangible assets

The company's governance and internal controls continue to meet the standards of a listed company, and a structure has been established that offers peace of mind to shareholders and investors. In particular, the company is working diligently to advance and integrate areas such as IT controls and risk management to apply them on a global level, and is closely monitoring its progress.

As attention turns to the status of key business activities, such good governance is the prerequisite for the various concrete policies that the company has launched to achieve OVOL Medium-term Business Plan 2026. We began our business expansion with acquisitions in Germany and France, and this will likely continue with second and third rounds of new business investments going forward.

As an outside Audit & Supervisory Board member, I will focus on decision-making processes for new investments and monitor the results, while also ensuring that governance is established and operated according to the standards expected by shareholders and investors.

The company has made various acquisitions in the past, and while that is not to say that they have always been successful, the required management structures have been built properly at each company, and overall, the businesses are progressing smoothly. The long history of the company is one of its strengths, which has enabled it to conduct management with its feet firmly on the ground while nurturing long-term relationships with stakeholders. This has built up a wealth of intangible assets that cannot be appreciated just by looking at earnings reports. Although it may not be flashy or result in explosive growth or change, the company has a track record of steadily achieving its targets through necessary self-transformation responding to changes in paper demand. I will strive to be a contributor to governance, which forms the foundation of the group as it expands both within and outside Japan.



Mitsutaka Hondo

Outside Audit & Supervisory Board Member

Leading sustainable growth based on law and discipline

Two years have passed since I was appointed as an outside Audit & Supervisory Board member. During this time, the company has continued to surprise me and deepen my respect for it through its involvement in a wide range of business areas, and its bold stance in aiming for growth even as the paper industry overall is shrinking. We are currently in a period of transition for the company,

as business operations and the organizational structure expand, and I believe continued focus is required on whether the company can establish management structures that can keep pace with these changes.

My area of expertise is the law, and I take care to always make objective and neutral judgments from a legal viewpoint. My role as an outside Audit & Supervisory Board member is to point out any issues without hesitation and without being influenced by my own personal values. From this perspective, my assessment is that the corporate governance of the company is functioning appropriately overall, and even when issues surface, the organization responds promptly and without bias. Nevertheless, as global expansion is progressing rapidly, supervisory structures must also be developed with a commensurate speed. In particular, a challenge going forward will be to build a structure that allows for flexible responses through the sharing of information with management divisions as soon as a risk occurs.

Although business expansion and profit growth are essential for the development of the company, doing so in a proper manner that is compliant with the law is also a prerequisite. More than ever, sound business practices can be a source of sustainable growth and corporate value. In the future, I will conduct my auditing with a level head and from an independent perspective to help make corporate management even more trustworthy.



Miyuki Fukushima

Outside Audit & Supervisory Board Member

Trustworthy governance linking worksites to the future

Over my two years as an outside Audit & Supervisory Board member, I have not only focused on numerical evidence but also tried to gain an understanding of conditions on the ground by placing myself at contact points between worksites and management. Based on my expertise in financial and tax affairs, I have worked hard to establish effective governance by paying attention to the integrity and proper disclosure of

information that forms the foundation of management decisions.

Although it may be relatively unusual for an outside Audit & Supervisory Board member to conduct onsite audits, the company proactively encourages them at group companies. I have visited several worksites where I was able to discuss issues directly with the people in charge, and this helped me to understand the actual state of internal controls and accounting processes. At small- to medium-sized subsidiaries in Japan, there is room for improvement in establishing systems and risk management structures, and I believe that by confirming conditions onsite, outside Audit & Supervisory Board members can play an important role in helping to raise control capabilities across the entire group.

It's also worth mentioning that sustainability initiatives concerning the theme of human capital management are being implemented, and managers take the lead in driving forward these policies in a way that is aligned with management strategies. I also feel that the increased presence of female executives and direct dialogue within the organization are being leveraged for decision-making, and this will become a major strength supporting future growth.

As sustainable management becomes the foundation for creating corporate value, Audit & Supervisory Board members will need to fulfill their roles from ever more advanced and diverse perspectives. Going forward, we will continue to support sound corporate governance and contribute to collaboration between the company and a sustainable society.

Governance

Stakeholder Engagement

Approach to Communication with Stakeholders

The group aims to contribute to the creation of a sustainable society by working to solve societal issues through the realization of its principles of change, challenge, and create, and also through its mission of “carving a better future for society and the environment” based on the values of integrity, fairness and harmony, as encompassed in its Corporate Philosophy.

To achieve this, we must accurately understand and respond to the expectations and demands of our stakeholders, which can only be accomplished through active dialogue. In addition to working to respond to the opinions and requests obtained through such dialogue, we will continue to aim for timely and appropriate information disclosure and proactive communication.

Type of Stakeholder	Description of Communication	Main Communication Activities and Methods
All Stakeholders	We engage in accurate information disclosure and active dialogue to help us accurately understand the expectations and demands of society and allow us to build relationships of trust. We provide and collect information relating to sustainability, including environmental protection and respect for human rights.	1. Dissemination of information through our website 2. Response to inquiries submitted via our website 3. Issuance of the <i>Integrated Report</i> 4. Participation in exhibitions and events 5. Promotional and advertising activities
Executives and Employees	We work to ensure that all executives and employees are fully aware of our Corporate Philosophy and to ensure understanding of the management policy through messages from the president. We engage in dialogue to build an environment where executives and employees with diverse values can work comfortably and make the most of their abilities.	6. Communication via Intranet 7. Issuance of the group magazine 8. Issuance of the <i>Compliance Letter</i> 9. Issuance of the <i>OVOL Sustainability News</i> newsletter 10. Issuance of the <i>OVOL Bridges Express</i> disclosure summary 11. HR appraisal/self-evaluation system 12. Employee engagement surveys 13. Dialogue sessions between management and employees 14. Training and seminars 15. Internal and external consultation desks
Business Partners and Consumers	We proactively release information and engage in dialogue to help us understand the needs of business partners and consumers and to contribute to solving issues.	16. Communication through business activities 17. Dissemination of information through our e-commerce sites 18. Responses to inquiries via e-commerce sites 19. Responsible procurement activities and certification registration 20. Environment-related study sessions for business partners 21. Responses to CSR assessments by business partners 22. Holding of workshops

Type of Stakeholder	Description of Communication	Main Communication Activities and Methods
Shareholders and Investors	We work to provide timely and accurate information to improve management transparency and deepen understanding of the group's business, with the aim of achieving continued growth, increasing corporate value, and gaining a fair evaluation from investors.	23. General Meeting of Shareholders 24. Financial results briefings for analysts and institutional investors (twice a year) 25. Annual company presentation for individual investors (once a year) 26. Meetings with analysts and institutional investors as necessary (held 32 times in fiscal 2024) 27. Website for individual investors 28. Issuance of securities reports 29. Issuance of financial reports 30. Timely disclosures to Tokyo Stock Exchange 31. Response to surveys by ESG rating agencies
Local Communities	We aim to give back to the local communities in which our business facilities are located through our activities as a “good corporate citizen,” and to achieve harmonious coexistence through collaboration with local governments.	32. Organizing exchange events with local community residents at our business facilities 33. Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation 34. Social contribution and volunteer activities 35. Holding of on-site classes designed to increase understanding of paper
NPOs and NGOs	Through dialogue with NPOs and NGOs, we work to gain an understanding of the responses to social and environmental issues expected of our group and ensure these are reflected in our business activities.	36. Collaboration with NPOs and NGOs through our business 37. Sponsorship and participation in events, etc.
Government Agencies, Local Governments, and Industry Associations	In carrying out our business activities, we abide by the laws and regulations of all the countries where we operate and fulfill our role as a “good corporate citizen.” We cooperate with local governments in areas where our business facilities are located to contribute to local communities.	38. Appropriate communication with relevant government authorities and local governments 39. Activities through industry associations