Section 3

Foundation for Sustainable Growth

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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.

Japan Pulp & Paper was selected to be a constituent stock of the FTSE JPX Blossom Japan Index (from July 2026) and the FTSE JPX Blossom Japan Sector Relative Index (from July 2025), both leading stock indices for ESG investments provided by FTSE Russell. These indices have been adopted as some of the benchmarks for ESG passive management by the Government Pension Investment Fund (GPIF), and they are widely used as key decision-making indices for investors both in and outside of Japan. We believe we were chosen for these 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 JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

*For details on the FTSE JPX Blossom Japan Index and the FTSE JPX Blossom Japan Sector Relative Index, see the following website.
https://www.lseg.com/en/ftse-russell/indices/blossom-japan#t-ftse-jpx-blossomjapan-sector-relative-index

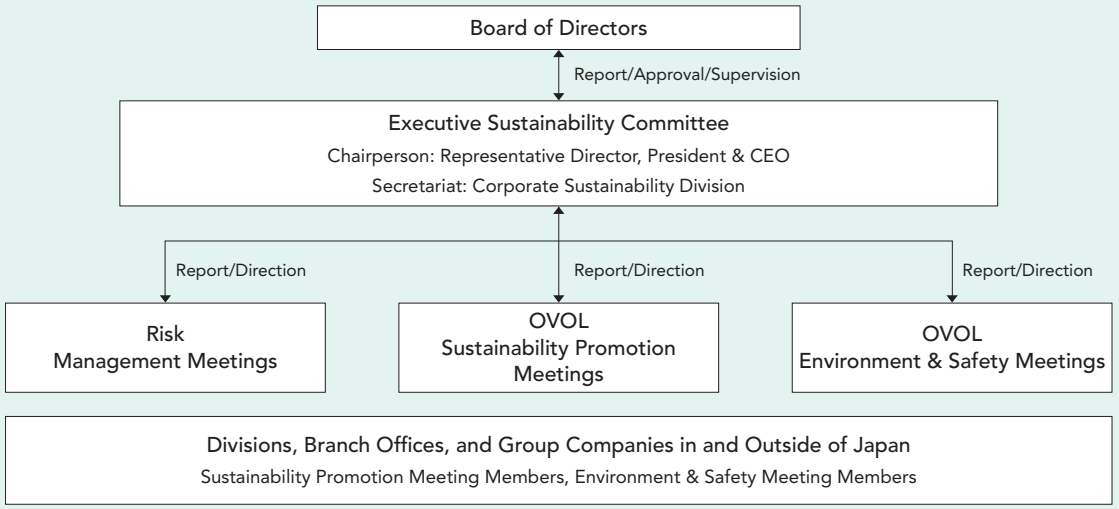
Japan Pulp & Paper Group Sustainability Policy
https://www.kamipa.co.jp/eng/sustainability/management/sustainability-policy/

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 (Observers: Full-time Audit & Supervisory Board member)	10	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, Corporate DX Division, and International Business Division (Observers: CFO, full-time Audit & Supervisory Board member, business head of Administration, Planning & Sustainability, and CIO)	8	Based on the Basic Rules on Risk Management, the meetings 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 chairperson: 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 (Observers: Business head of Administration, Planning & Sustainability)	2	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 chairperson: 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 (Observers: 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 2025

Executive Sustainability Committee Activities

The Executive Sustainability Committee reviews progress on the annual action plans for compliance, risk management, and sustainability each quarter. By directing that measures be revised or supplemented as necessary, the committee is enhancing the effectiveness of the PDCA cycle. In fiscal 2025, the committee designated greenhouse gas emissions reduction targets and action plans at consolidated group companies in Japan as key agenda items. It deliberated on the consistency of their reduction roadmaps, focusing primarily on Scope 1 and 2 emissions, as well as specific initiatives such as introducing renewable energy and upgrading equipment. The committee also assesses the progress and operation of the three-tier environmental and occupational safety compliance management systems at group companies in Japan and is strengthening the monitoring framework to identify and correct serious risks at an early stage. The committee has also discussed the group's overall human rights due diligence plan and measures for addressing human rights issues, taking into account international guidelines, industry trends, and stakeholders' expectations. Based on the results, it then established the direction of a framework for assessing human rights risks and implementing corrective measures across the entire supply chain. In addition, the committee regularly reviews the company's rating from ESG rating agencies and the underlying expectations of stakeholders, including institutional investors. By reflecting these expectations in improvements to its sustainability initiatives and disclosures, the company strives to sustainably enhance corporate value and maintain society's trust.

Review of Material Issues

The group identified its material issues in fiscal 2022 and has used them as guiding principles for its sustainable management. In light of subsequent changes in the business environment and growing stakeholder expectations and demands, the group began reviewing its material issues in fiscal 2025 and aims to disclose the results in fiscal 2027.

In this review, the group aims to incorporate the double materiality perspective more comprehensively and reassess its sustainability issues from two perspectives: the group's impact on society and the environment, and the financial risks and opportunities that social and environmental issues present to the group. Through this process, it aims to identify material issues for the group as a whole with greater clarity and specificity.

This will enable the group to clearly align its material issues with the next medium-term business plan and further strengthen the foundation for sustainable management that realizes both economic and social value. By clarifying the sustainability themes that should be addressed as priorities across the group, we will also establish a stronger foundation that will enable us to respond appropriately while closely monitoring moves to formalize sustainability disclosure requirements in and outside of Japan.

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 2025	Scope
Environment	Climate Change	• 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. • 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.	• Achieve carbon neutrality.	• 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	• Reduced Scope 1 and 2 greenhouse gas emissions (reduction of 40.9% compared with fiscal 2019); Target: Reduce emissions by 50% by fiscal 2030 (compared with fiscal 2019)	• Consolidated
					• Greenhouse gas emissions (Scope 3): 9.490 million t-CO_2	• Consolidated
					• Utilization rate of renewable energy: 53.5%	• Consolidated
					• Introduction of Zeroboard, a greenhouse gas emissions visualization tool	• Consolidated
					• Promotion of proposals to eliminate and reduce plastic use through Paper & Green, and launch of five new products under the Kami Eco® paper packaging brand	• Parent company
					• Proposals to replace plastic trays for frozen foods with paper alternatives and sales of paper trays	• Parent company
	Biodiversity	• 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.	• Promote nature-positive initiatives for sustainable forest resources.	• Gain understanding of dependence on, impact, risks, and opportunities related to nature (TNFD initiatives)	• Number of group companies with Forest Certifications: 50 companies with FSC®-CoC certification and 24 companies with PEFC-CoC certification	• Consolidated
					• Sales coverage rate of FSC® and PEFC Forest-certified products: 37.1% *Excluding revenue from the Real Estate Leasing segment	• Consolidated
	Resource Recycling	• 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.	• Realize a circular economy by recycling waste in society.	• Promote wastepaper usage • Expand comprehensive recycling businesses • Enhance resource recycling networks • Promote recycling of industrial waste generated within the group	• Volume of wastepaper used: 392,000 t	• Group paper manufacturing companies
					• Recycling rate of industrial waste: 84.3%	• Consolidated companies in Japan
					• Expansion of the resource recycling networks through the addition of Masukoh Paper to the group	• Consolidated companies in Japan
					• Corelex Shin-Ei participated in the Future Society Showcase Project Green Expo: Recycling of Hard-to-Recycle Wastepaper at Expo 2025 Osaka, Kansai, Japan	• Consolidated companies in Japan
	Environmental Impact	• 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.	• Implement specific zero emissions measures. • Minimize environmental impact throughout our supply chain.	• Ensure compliance with environmental and occupational safety regulations • Reduce impact on the environment • Efficient and reduced use of resources	• Implementation of environmental and occupational safety audits at group companies in Japan: 8 out of 36 companies at 11 locations	• Consolidated companies in Japan
					• Number of administrative penalties related to violations of environmental laws and regulations: 0	• Consolidated companies in Japan
					• Number of companies with ISO 14001 certification: 10 companies in Japan and 2 companies outside of Japan	• Consolidated
Society	Supply Chain	• 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.	• Achieve a high-level balance between ensuring a stable supply of raw materials and products and responsible procurement.	• Establish and implement a supplier monitoring system for human rights and environmental risk management • Establish a grievance mechanism for addressing human rights violations	• Implementation of risk assessments for human rights, the environment, and other areas through questionnaires targeting major business partners (Surveyed: Main business partners accounting for the top 85% of parent company suppliers by value)	• Parent company
	Local Communities	• It is essential to reduce the environmental impact on local communities and to achieve coexistence and co-prosperity through economic and social contributions.	• Create new value through coexistence and co-prosperity with local communities.	• Create opportunities for interaction with local communities through paper-related initiatives	• Costs associated with social contribution activities, including community donations: JPY 55.5 million	• Consolidated
					• Implementation of paper on-site classes and workshops for elementary and junior high school students: 5 events with a total of 362 participants	• Parent company
	Digitalization	• 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).	• 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.	• 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	• Promotion of the value of paper through the OVOL CREATIVE WORKSHOP SERIES of workshops for paper merchants across Japan	• Consolidated companies in Japan
					• Communication of the value and appeal of paper through the activities of the Paper Study Group	• Parent company
					• Exhibition theme at the Future Life Experience of Expo 2025 Osaka, Kansai, Japan: "Future Living: The Great Potential and Value Creation of Paper"	• Parent company
					• Formulation of a DX Grand Design, which serves as the basic policy for promoting DX, and establishment of the DX Meetings, a cross-functional organization encompassing all divisions (April 2026)	• Parent company
					• Number of users of generative AI (Japan Pulp & Paper's exclusive version of ChatGPT): 578	• Parent company
					• Number of employees with IT certification (including seconded employees): 41 with IT Passport and 77 with MOS	• 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 2025	Scope
Employees	Work Environment	• 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.	• 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.	• Promote health management • Enhance human resource development and create a more comfortable work environment • Strengthen environmental and occupational safety compliance systems	• Average monthly overtime hours: 12 hrs. 46 min. Target: 10 hours or less of overtime per month on average in fiscal 2026	• Parent company
					• Training expenses: JPY 69 million Target: At least three times the level of fiscal 2023 in fiscal 2026	• Parent company
					• Employee engagement survey: "BBB/BBB" rating Target: "BBB" or higher in fiscal 2026	• Parent company
					• Percentage of paid time off taken: 82.8% Target: 80% or more by fiscal 2026	• Parent company
					• Lost time injury frequency rate: 0.00	• Parent company
					• Conducted health and productivity management seminars for executives and employees	• Parent company
	Diversity and Inclusion	• 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.	• 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.	• Build a diverse and vibrant organization	• Percentage of female managers: 2.0% Target: 10% or higher by fiscal 2030	• Parent company
					• Ratio of female employees among new hires for career-track positions: 24.7% (average of the last five years) Target: 30% or higher by fiscal 2026	• Parent company
					• Percentage of eligible male employees taking childcare leave (includes the company's unique leave system): 100% Target: 100% by fiscal 2026	• Parent company
Governance	Corporate Governance	• 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.	• Achieve sustainable and medium-to-long-term improvement of corporate value through honest and fair governance.	• Conduct risk assessments • Strengthen IT security systems within the group • Revise the business continuity plan (BCP)	• Started work on measures to deal with high-priority topics based on the results of risk assessments conducted in fiscal 2023 and 2024	• Consolidated
					• Conducted a group IT control audit for 15 group companies Target: Holding audits every 3 years at 47 group companies both in and outside of Japan	• Consolidated
					• Strengthened the group's ability to respond to IT incidents through CSIRT activities	• Consolidated
					• Conducted training for standard-type phishing email attacks: 2 times	• Parent company
					• Comprehensive revision of the initial response section of the BCP Manual (tentative name), covering wind and flood damage and infectious diseases, and preparation of the business continuity section	• Parent company
	Compliance	• Our corporate value may be significantly impaired in the event of compliance-related issues.	• Ensure all executives and employees conduct business activities with a strong sense of ethics and responsibility.	• Enhance compliance systems	• Completion rate of compliance confirmation tests: 99.6% (annual average) Target: 100% by fiscal 2026	• Consolidated companies in Japan
					• Number of internal reports: 16	• Consolidated companies in Japan
					• Number of serious compliance violations: 0	• Consolidated
					• Distribution of an Antimonopoly Act handbook to executives and employees and implementation of Antimonopoly Act seminars	• Parent company
					• Holding of in-house consultation sessions regarding the Act on Ensuring Proper Transactions	• Parent company
	Stakeholder Engagement	• 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.	• Reflect the expectations and requests of stakeholders in management by engaging in dialogue.	• Strengthen dialogue and engagement with stakeholders • Actively disclose financial and nonfinancial information • Participate in initiatives and organizations aimed at solving social and environmental issues	• Number of meetings with institutional investors: 14	Other
					• Participation in various Global Compact Network Japan (GCNJ) subcommittees	• Parent company
					• Participation in the "Program for Developing In-house Specialists to Promote Respect for International Human Rights and Labor Standards," jointly organized by GCNJ and the ILO	• Parent company
					• Participation in GCNJ's AKK (an acronym of the Japanese for "association for thinking about the management of tomorrow"), a program for young executives (executive officer level)	• Parent company

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

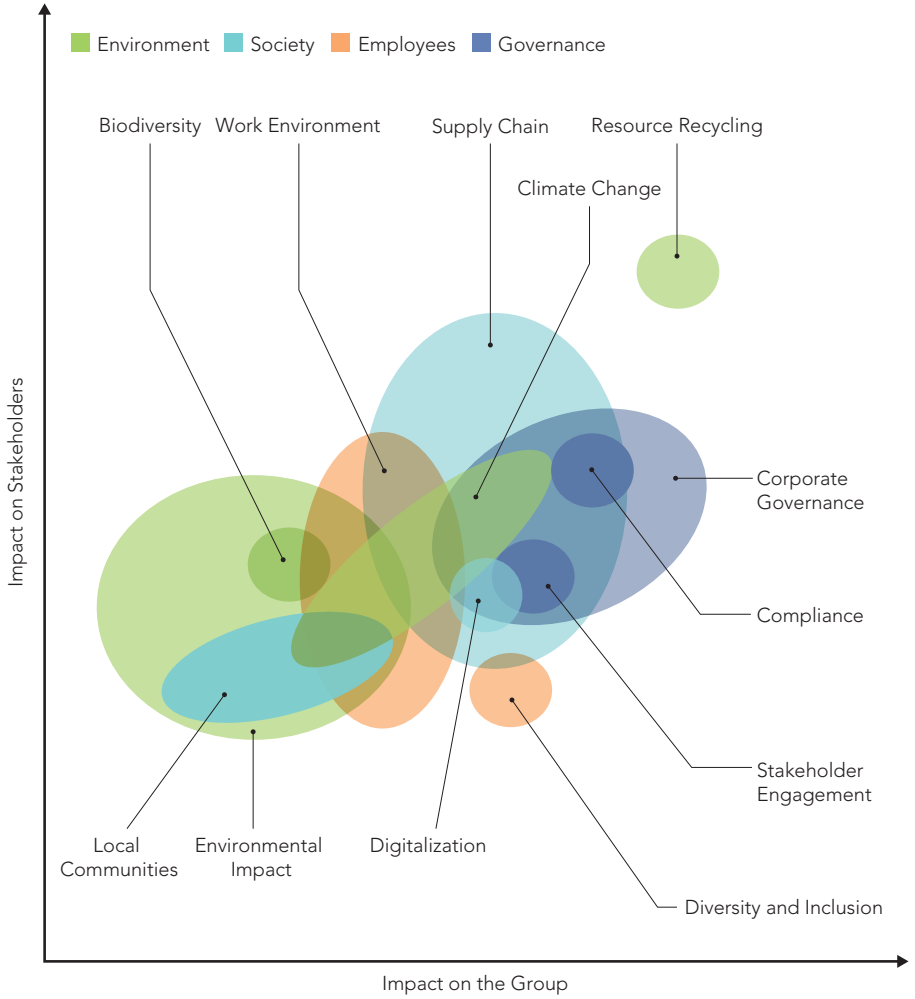
Based on the evaluation items of major ESG ratings agencies and industry-specific material issues provided by the U.S. Sustainability Accounting Standards Board (SASB), we determined "ESG-related issues such as environmental and social issues that have a significant impact on the group's sustainability 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

Since its founding, the Japan Pulp & Paper Group has recognized its responsibility, as a company handling paper, a renewable resource, to pass on the planet's limited resources to future generations. We have therefore regarded contributing to environmental conservation through our business activities as one of our fundamental principles.

In the 1970s, when global environmental issues began to be recognized as a worldwide challenge against the backdrop of industrialization and population growth, we made a full-scale entry into the wastepaper recycling business based on the recognition that expanding the use of wastepaper as a recycled resource was essential to ensuring both a stable supply of paper and the conservation of forest resources. This history has shaped the group's current mission of "carving a better future for society and the environment."

To fulfill this mission, the group has identified climate change, biodiversity, resource recycling, and environmental impact as material environmental issues and is promoting environmental initiatives that are integrated with its business strategy. In particular, in response to climate change, we have established the Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions and are aiming to achieve carbon neutrality by 2050. Focusing primarily on our Paper Manufacturing & Processing segment, which accounts for a relatively large share of our greenhouse gas emissions, we are working to improve production efficiency, transition to renewable energy, and promote thorough energy savings, while also reducing environmental impact across the entire supply chain and enhancing information disclosure.

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 our Environmental Policy, areas of focus, greenhouse gas emissions reduction targets, and environmental conservation activities at each group company, working together as a group to reduce environmental impact and preserve the global environment. We also continuously follow up on the initiatives of each group company to enhance the effectiveness of our environmental management. With regard to ISO 14001, Japan Pulp & Paper and 13 group companies have obtained certification and are committed to maintaining and continually improving their environmental management systems.

Environment-Related Education and Training

The group believes that, in practicing sustainable management, it is important for every executive and employee to treat environmental issues as their own responsibility and take initiative in addressing them.

To this end, we provide ongoing environment-related education and training to enhance the understanding and practical capabilities of executives and employees. In addition to ISO education and training at our companies with ISO 14001 certification, we share information on revisions to environmental and occupational health and safety laws and regulations, as well as sustainability trends in and outside Japan, through the OVOL Environment & Safety Meetings and OVOL Sustainability Promotion Meetings. We also support personnel at each business site in obtaining the latest information necessary for their operations by distributing a monthly report summarizing legal revisions and holding study sessions on environmental legislation. Furthermore, in response to requests from business partners, we organize seminars and lectures on topics such as carbon neutrality, environmental policy, and industry trends, and work to raise environmental awareness outside the group. Going forward, we will continue to review and enhance the content of our environment-related education and training programs and link them with our ISO 14001-based management system to develop human resources capable of reducing environmental risks while creating business opportunities.

Environment-Related Education and Training for Japan Pulp & Paper Group (FY2025)

			Timing and Number of Sessions	Total Attendance
Group	OVOL Environment & Safety Meetings: National General Meeting*		FY2025: 3	262
	OVOL Sustainability Promotion Meetings: National General Meeting		FY2025: 2	166
	Transmission of monthly report email containing law revision information		12 per year (continuously since FY2022)	
	Study sessions, plant tours, and opinion-exchange meetings on recycling and resource circulation		FY2025: 8	140
	In-house study sessions on environmental legislation (Waste Management and Public Cleansing Act)		FY2025: 2	15
Parent company	ISO training	• General environmental education and division-specific environmental education	FY2025: 1	764
		• New employee training	FY2025: 1	26
		• Mid-career employee training	FY2025: 1	9
External	External lectures on environmental policy and industry trends		FY2025: 1	48

* National General Meeting in Japan only

Environment

Climate Change

We recognize that climate change can have a significant impact on our business activities and financial performance through the depletion of forest resources, increased physical risks resulting from extreme weather, and rising carbon costs, among other factors, and position it as one of our key management issues. In our Paper Manufacturing & Processing segment, which accounts for a relatively large share of our greenhouse gas emissions, we are reducing energy consumption through more efficient production processes and facility upgrades, while also systematically promoting the transition to renewable energy sources, including hydroelectric power. In addition, on the logistics side, we are working to reduce energy consumption and greenhouse gas emissions by improving transportation efficiency and promoting joint deliveries, among other initiatives. On a non-consolidated basis, Japan Pulp & Paper offsets Scope 2 emissions using Non-Fossil Certificates for purchased electricity.

Through these initiatives, we reduced our fiscal 2025 Scope 1 and Scope 2 emissions by approximately 41% compared with fiscal 2019 levels. Based on the Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions established in May 2024, we aim to achieve a 50% reduction from fiscal 2019 levels by fiscal 2030 and carbon neutrality by 2050. Going forward, in addition to improving energy efficiency and expanding the use of renewable energy, we will continue working to reduce emissions across the supply chain and adapt to climate-change risks.

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

Medium-term Target	Long-term Target
Achieve a 50% reduction from FY2019 levels by FY2030	Achieve carbon neutrality by 2050

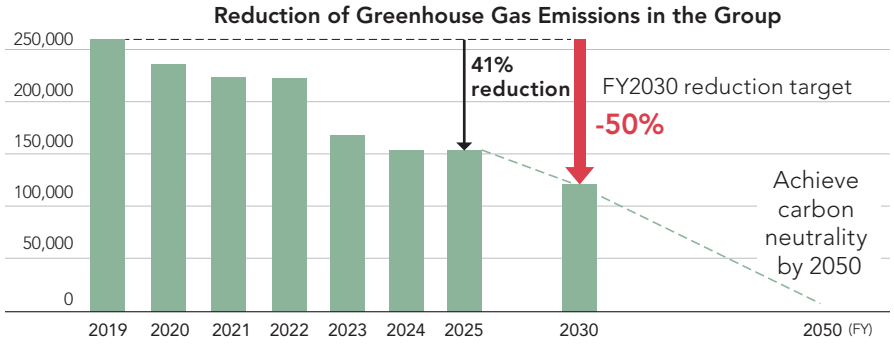
* Scope of targets: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries

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 ($t\text{-}CO_2$)
(Scope 1 and 2)



Disclosure Based on TCFD Recommendations

The group recognizes responding to climate change as an important issue for the group as a whole. In June 2021, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and joined the TCFD Consortium. Although the TCFD completed its work in 2023 and the international framework for climate-related disclosure has since been superseded by IFRS S2 Climate-related Disclosures and other standards issued by the International Sustainability Standards Board (ISSB), the group continues to disclose information in accordance with the framework set out in the TCFD recommendations. Specifically, we analyze transition risks, physical risks, and business opportunities in four business areas: Paper and Paperboard Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. We also disclose information in accordance with the four pillars recommended by the TCFD: Governance, Strategy, Risk Management, and Metrics and Targets. Going forward, we will continue working to improve data accuracy, including Scope 3 data, and enhance the content of our disclosures to facilitate constructive dialogue with stakeholders, including investors.

1 Governance

We established the Executive Sustainability Committee to promote more proactive sustainable business management and to oversee the group's response to ESG issues, which include climate change. Under the supervision of the Board of Directors, the Executive Sustainability Committee is responsible for formulating the group's climate change policy, medium- and long-term targets, and key initiatives, as well as managing their progress. It is also responsible for analyzing the group's risks and opportunities and studying countermeasures in line with the TCFD recommendations. The Executive Sustainability Committee is chaired by the representative director-president & CEO, who has ultimate responsibility for management decisions related to climate change. Matters discussed by the committee and their progress are regularly reported to the Board of Directors, and important matters are resolved by the Board. Through this governance structure, we integrate climate change response into our management strategy and promote company-wide initiatives.

2 Strategies (Risks, Opportunities, and Responses)

Referring to scenarios presented by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and other organizations, the group uses two scenarios, one in which the global temperature increase is limited to 1.5°C or 2.0°C and another in which it exceeds 4°C, in order to identify climate-related risks and opportunities and assess their financial impacts in the four business areas of Paper and Paperboard Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. We expect transition risks to include increased energy costs resulting from stronger carbon taxes and emissions regulations, as well as reputational risks associated with delays in responding to the transition to a low-carbon society. In response, we are promoting the setting of greenhouse gas emissions targets, thorough energy conservation, transitioning to renewable energy, and the use of Non-Fossil Certificates. At the same time, we view the growing demand for products such as forest-certified paper and recycled paper, the increased demand for paper products driven by the shift away from plastics, and the increased demand for functional materials related to electronic components associated with the advance of electrification as business opportunities, and we are expanding our products and services accordingly.

The results of these analyses are incorporated into our medium- to long-term business strategies and investment plans and are utilized to enhance business resilience.

* See ▸page 57 for details on the sustainability and governance structure.

Risks and Opportunities

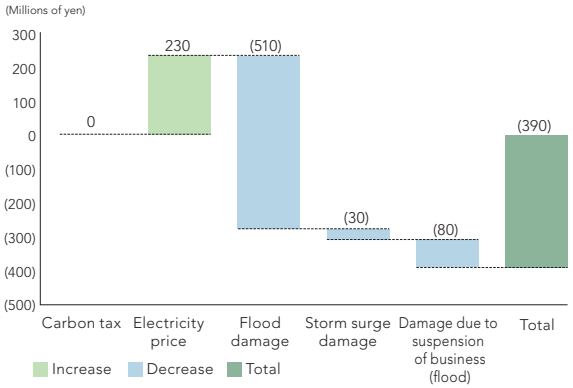
Category			Impact on the Group	Scale of Impact	Countermeasures
Risks	Transition	Policies and Regulations	Significant increase in operating costs in the paper manufacturing business due to increased carbon taxes	Large	• Set medium-to-long-term targets for reducing greenhouse gas emissions • Promote further energy conservation initiatives • Consider switching to renewable energy and purchasing certificates such as green certificates and introducing measures such as corporate PPA and internal carbon pricing schemes. • 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	• 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	• 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	• 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	• Conduct hazard surveys and implement flood prevention measures • Conduct disaster preparedness drills and establish a BCM 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	• 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 products such as paper with FSC® and PEFC Forest Certification and recycled paper	Moderate	• Monitor demand trends, 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	• 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) was compiled based on "Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks," COSO & WBCSD.

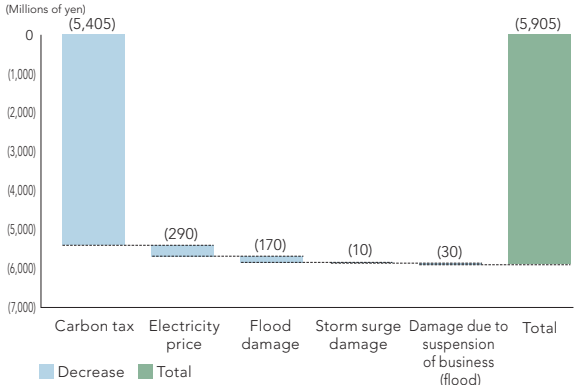
Financial Impact Analysis

Based on the TCFD framework, the group analyzes the financial impacts of carbon taxes, fluctuations in electricity prices, and physical risks from climate change-related events such as floods and storm surges, across multiple scenarios. The analysis indicates that while carbon taxes on the group's greenhouse gas emissions, particularly those from our paper manufacturing business, are expected to have a significant impact, this burden can be reduced to some extent by lowering emissions through energy conservation and the adoption of renewable energy. In addition, we estimate damages from floods and storm surges, as well as losses resulting from business interruptions at major sites in Japan under both the 1.5°C (2°C) and 4°C scenarios. We use the results to determine priorities for disaster prevention and mitigation investments and to develop BCM systems.

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 Results*1

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

Climate-related risks and opportunities are managed on an annual basis under the leadership of the Executive Sustainability Committee. The committee identifies climate-related risks and opportunities for the group as a whole, assesses their significance, formulates response plans, manages their progress, and reports the results to the Board of Directors. The Board approves the content of reports or issues instructions for improvement, monitoring results to ensure that appropriate risk management is being implemented.

Climate change-related matters deliberated by the Executive Sustainability Committee are coordinated with the Risk Management Meetings, the OVOL Sustainability Promotion Meetings, and the OVOL Environment & Safety Meetings, and are reflected in specific measures at operational sites and in the BCP.

4 Metrics and Targets

In response to climate change, we have set the Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions, aiming to achieve a 50% reduction in Scope 1 and Scope 2 emissions from fiscal 2019 levels by fiscal 2030, and to achieve carbon neutrality by 2050. To achieve these targets, we are fundamentally improving production efficiency in the Paper Manufacturing & Processing segment, upgrading facilities, thoroughly promoting energy savings, transitioning purchased electricity to renewable energy, and utilizing Non-Fossil Certificates. Through these initiatives, the group's Scope 1 and Scope 2 emissions in fiscal 2025 were reduced by approximately 41% compared with fiscal 2019 levels, representing steady progress toward its interim target.

In addition, all consolidated group companies have established greenhouse gas emissions reduction targets and action plans, which are managed in an integrated manner together with each company's individual initiatives. These metrics and performance results are disclosed in the integrated report and on the company's website, and we are also working to improve the reliability of our data

through third-party assurance.

Going forward, we will further advance our consideration of specific initiatives, including the development of a climate transition plan. We will also identify potential emissions reduction across the entire supply chain and support the transition to a decarbonized society by collaborating with our business partners.

Japan Pulp & Paper GmbH
Awarded Platinum Medal in EcoVadis Sustainability Assessment

Japan Pulp & Paper GmbH, one of our group companies in Germany, was awarded a platinum medal in a 2025 sustainability assessment by EcoVadis. EcoVadis is a globally recognized organization that assesses corporate ESG (environmental, social, and governance) initiatives across four areas: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

Japan Pulp & Paper GmbH was first awarded the bronze medal in 2022. While strengthening its sustainability-related initiatives the company received the silver medal in 2023 and the gold medal in 2024, with this year's platinum medal putting it in the top 1% of companies assessed. 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.

Building a Regional Decarbonization and Resource Circulation Model Through the Group's Paper Manufacturing Subsidiaries

The group is promoting the development of a regional decarbonization and resource circulation model centered on Taiho Paper and Eco Paper JP, both manufacturers of containerboard, in collaboration with local communities.

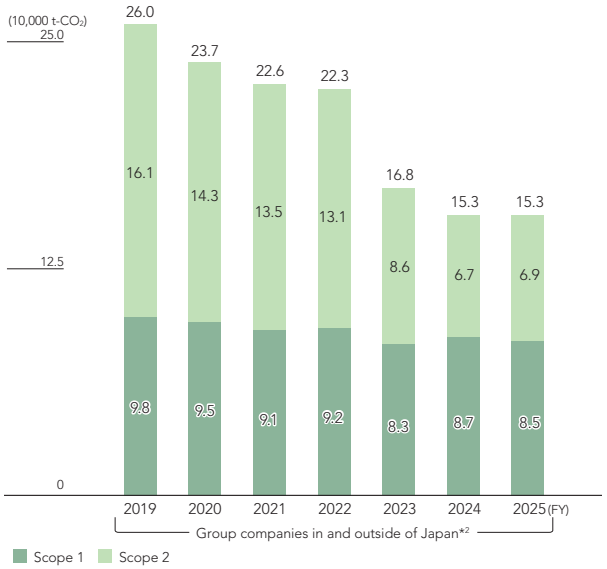
At Taiho Paper, in addition to introducing a woody biomass boiler, the company transitioned to "Gifu Seiryu Green Denki," hydroelectric power supplied in Gifu Prefecture. As a result, the comprehensive greenhouse gas emissions intensity from its business activities in fiscal 2024 was reduced by 96.8% compared with fiscal 2021. These initiatives have been recognized through its certification as a "Gifu Decarbonization Outstanding Business Operator."

Meanwhile, Eco Paper JP uses surplus steam from the waste incineration facility operated by the Eastern Owari Sanitation Association in its paper-drying process, thereby reducing both fossil fuel consumption and CO_2 emissions. This initiative has been recognized as a pioneering example of effectively utilizing regional resources while reducing environmental impact and received the New Energy Foundation Chairperson's Award (Regional Symbiosis category) at the New Energy Awards.

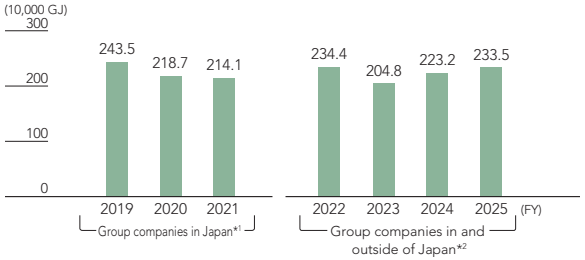
Both initiatives combine the manufacture of containerboard from recovered paper with the effective use of renewable energy. They represent leading examples of the Japan Pulp & Paper Group's sustainability management, which contributes to the realization of a decarbonized society and a circular economy through collaboration with local communities.

Climate Change-Related Data

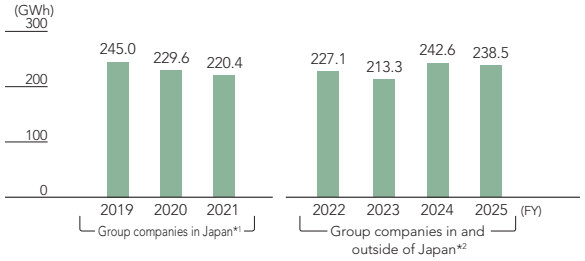
Greenhouse Gas Emissions*3, 4, 5, 6



Energy Consumption

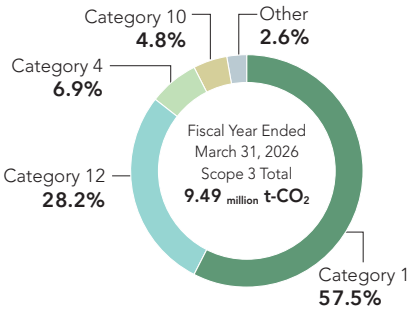


Electricity Consumption



*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 2024 and of Scope 3 emissions for fiscal 2024 (parent company) has been conducted by the Japan Management Association GHG Certification Center.

Scope 3 Breakdown (Consolidated)



	Item	Fiscal Year Ended March 31, 2024 (1,000 t-CO₂)	Fiscal Year Ended March 31, 2025 (1,000 t-CO₂)	Fiscal Year Ended March 31, 2026 (1,000 t-CO₂)
Category 1	Purchased goods and services	7,564	7,734	5,550
Category 2	Capital goods	14	13	8
Category 3	Fuel- and energy-related activities	24	37	37
Category 4	Upstream transportation and distribution	790	520	661
Category 5	Waste generated in operations	0	0	0
Category 6	Business travel	0	0	0
Category 7	Employee commuting	2	2	2
Category 8	Upstream leased assets	0	0	0
Category 9	Downstream transportation and distribution	14	11	12
Category 10	Processing of sold products	422	425	459
Category 11	Use of sold products	1	57	16
Category 12	End-of-life treatment of sold products	479	2,378	2,721
Category 13	Downstream leased assets	20	20	22
Category 14	Franchises	0	0	0
Category 15	Investments	0	0	0
Scope 3 Total		**9,331**	**11,198**	**9,490**

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.

Toward Disclosure in Line with the TCFD Framework

The group positions information disclosure in line with the TCFD framework as an important foundation for bringing its climate change initiatives into dialogue with capital markets. In accordance with the four pillars of the TCFD recommendations—Governance, Strategy, Risk Management, and Metrics and Targets—we systematically organize and disclose information in our integrated report and on our corporate website. Specifically, we provide integrated disclosure of the Board of Directors' oversight framework; the roles and processes of the Executive Sustainability Committee and other bodies; the identification of climate-related risks and opportunities and their incorporation into our business strategy; and our greenhouse gas emissions, together with reduction targets and our progress towards those targets. Furthermore, by disclosing, to the extent possible, both qualitative and quantitative information on the assumptions and key findings of analyses across multiple temperature scenarios, as well as assessments of the impacts of carbon costs and physical risks, we strive to clearly communicate our group's resilience.

We are also continuing to enhance our disclosures based on the TCFD framework through our ongoing responses to the CDP Climate Change Questionnaire. CDP requires detailed disclosure regarding calculation methodologies and management processes for greenhouse gas emissions (Scopes 1, 2, and 3), emissions-reduction targets and performance results, climate-related risks and opportunities and their financial impacts, and internal evaluation methodologies, including carbon pricing. From among the information compiled for CDP, we select information that is useful for fostering dialogue with stakeholders, including investors and business partners, and incorporate it into this report.
Moreover, by periodically reviewing the scope of data covered and calculation methodologies alongside our CDP responses, we strive to improve the consistency, completeness, and comparability of our climate-related data, including greenhouse gas emissions. Going forward, we will also consider expanding the scope of third-party verification to further enhance the transparency and reliability of our disclosures.

Biodiversity

The group recognizes biodiversity conservation as one of its key environmental issues, based on the understanding that its businesses, centered on the sale of paper and paperboard, depend heavily on the benefits provided by forests and ecosystems.

The group's Environmental Policy establishes the protection of the environment as one of its principles. By expanding the procurement of raw materials from properly managed forests and expanding our lineup of forest-certified paper and recycled paper products, we are working to reduce the risks of forest degradation and illegal logging while maintaining natural capital.

Japan Pulp & Paper and its group companies in and outside of Japan have obtained CoC certification under FSC® and PEFC, among other organizations, and strive to ensure traceability throughout the supply chain. In addition, while requesting suppliers to procure materials with due consideration for environmental and social issues, the group provides information reflecting certification schemes and related policy developments in Japan and around the world, thereby supporting customers' responsible procurement and adoption of environmentally friendly products. In addition, as part of its preparations for disclosure aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, the group applied in August 2026 to join the TNFD Forum, an international initiative established to develop a framework for corporate nature-related risk management and disclosure, and has begun analysis using the LEAP approach in order to make disclosures aligned with the four pillars of the TNFD (governance, strategy, risk and impact management, and metrics and targets) starting from the current fiscal year. We plan to publish disclosures aligned with the four pillars from 2027 onward. Because nature-related issues are location-specific, it is important to analyze and assess where the businesses in each of the group's segments interact with nature and ecosystems and what activities they conduct in relation to them. As an initial step, we are evaluating the interfaces with nature and the status of operations in ecologically sensitive areas, including throughout the supply chain, for the group's core businesses of Japan Wholesaling and Non-Japan Wholesaling, along with Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing, to identify businesses that should be prioritized for action from a natural capital risk perspective and are preparing to disclose the results.

Status of Forest Certification

The forest certification system is a mechanism through which independent third-party organizations certify responsibly managed forests and forest-based products. Japan Pulp & Paper has obtained FSC® and PEFC CoC certifications and contributes to promoting sustainable forest management by providing forest-certified paper and certified pulp.

Forest Certifications Acquired by Japan Pulp & Paper

Certification	FSC® Forest Certification CoC Certification (acquired in October 2002) FSC®-C007042 PEFC Forest Certification CoC Certification (acquired in October 2007) PEFC/31-31-71
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 Certifications Acquired by the Group

(As of July 2026)

	Japan	Outside Japan
FSC® CoC Certification	13 companies	37 companies
PEFC CoC Certification	3 companies	21 companies

Resource Recycling

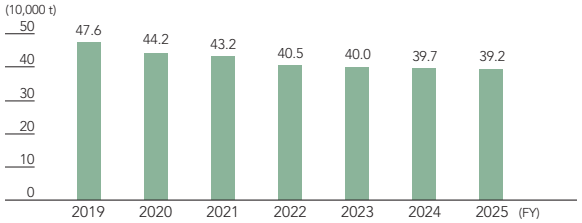
The efficient and reduced use of resources is part of our Environmental Policy, and we designated resource

recycling as a material issue. We are contributing to the creation of a resource-recycling society by working to reduce waste and conserve forest resources through our wastepaper recycling business, waste plastic recycling business, and paper manufacturing business that uses recovered paper as a raw material.

* See ▸page 49 for initiative examples.

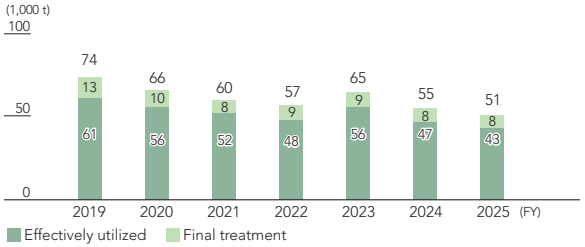
Wastepaper Usage

(Consolidated paper manufacturing subsidiaries in Japan)



Industrial Waste Generated

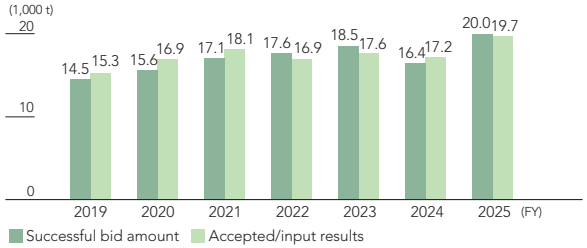
(Parent company and consolidated subsidiaries in Japan)



* 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 environmental impact, and efficient and reduced use of resources. In addition, we have identified environmental impact as a material issue that significantly affects our business and are promoting systematic initiatives across the company to address this.

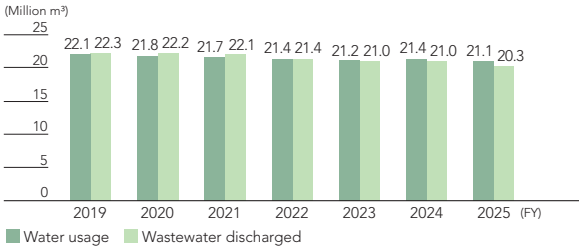
Specifically, we strive to ensure compliance with environmental laws and regulations in each country and region in which we operate, and work to reduce environmental impact throughout our business activities, including by lowering greenhouse gas emissions, reducing and properly disposing of waste, promoting recycling, and using energy and water resources efficiently.

In addition to the sale and delivery of products such as paper, paperboard, and household paper, we have a supply chain extending from the collection of wastepaper to the manufacture of containerboard and recycled household paper, and we are strengthening initiatives addressing resource and energy conservation and the reduction of environmental impact at each stage of our operations. In particular, each company in the paper manufacturing business has established internal wastewater standards that are more stringent than local wastewater regulations, and strives to protect water quality through continuous wastewater monitoring and facility improvements.

Going forward, we will pursue continuous improvement through quantitative assessments of environmental impact and more sophisticated target management, while promoting environmental value creation throughout the supply chain.

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 water input by reusing it within the manufacturing process.

Compliance with Environmental Laws and Regulations

We position compliance with environmental laws and regulations as a fundamental prerequisite for our business activities and have therefore established a group-wide compliance system. In the event of a violation of environmental and occupational safety laws and regulations or the occurrence of an accident, the issue is promptly reported to the department in charge of company management, and the Environment & Safety Promotion Office monitors the situation and follows the matter through to root cause analysis and the formulation and implementation of measures to prevent recurrence.

For group companies in Japan, in addition to each company's autonomous management system, the Environment & Safety Promotion Office conducts documentation and onsite checks, while external experts also conduct onsite inspections. This three-tier review system is used to verify legal compliance and risk factors. We also conduct self-assessments, including desktop audits, at business sites outside Japan to verify compliance with the laws and regulations of each country and region. Going forward, we will continue to accurately monitor amendments to laws and new regulatory developments, and further strengthen environmental compliance by incorporating them into our internal regulations and employee education programs.

In fiscal 2025, 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.

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 many business sites, partners, suppliers, contractors, customers, and end users in Japan and around the world, and conducts business through its supply chain based on relationships with diverse stakeholders representing a wide range of racial, national, and cultural backgrounds.

Furthermore, as the group is mainly involved in the paper business, which uses wood as a raw material, we understand that wood requires particular consideration due to its impacts on human rights and the environment throughout every stage of production and processing. Therefore, recognizing 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

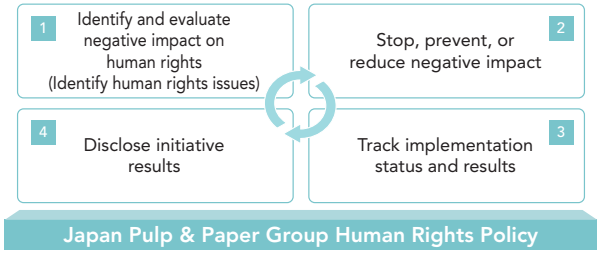
Management and employees on the ground come together to address human rights issues via the sustainability and governance structure and fulfill the company's responsibilities to respect human rights globally. The Sustainability Promotion Office studies proposals for responding to human rights issues and proposes 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, which formulates basic policies and strategies related to respect for human rights across the entire group and 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. A structure has also been established where key matters related to respect for human rights are monitored and supervised by the Board of Directors.

* See ▸page 57 for details on the sustainability and governance structure.

Implementation of Human Rights Due Diligence

The group began conducting human rights due diligence based on the Japan Pulp & Paper Group Human Rights Policy in fiscal 2024. In fiscal 2025, it identified the human rights issues of greatest importance to the group and continued investigating the implementation of a grievance mechanism.

Flow of Human Rights Due Diligence



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. The group is also undertaking various initiatives to promote respect for human rights, including identifying and assessing negative human rights impacts through human rights due diligence. In fiscal 2025, it implemented the initiatives described below. Going forward, we will promote policies to address the identified human rights issues and 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 responsibility to respect human rights throughout the group's business activities.

1	**Fostering and instilling a culture of respect for human rights**	• "Business and Human Rights" Conducted training and comprehension confirmation tests regarding the group's human rights issues (In fiscal 2025, 1,881 executives and employees of Japan Pulp & Paper and its group companies in Japan participated. Training for executives and employees outside Japan was conducted in fiscal 2026, with 385 participants.)
2	**Implementation of human rights due diligence and identification and improvement of risks**	• Formulated an overall plan through 2030 regarding human rights due diligence for the group
3	**Implementation of a grievance mechanism**	• Continuing to investigate the establishment of a dedicated human rights grievance channel based on a review of grievance mechanism implementation at each group company

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* • Results of surveys targeting Japan Pulp & Paper and group companies Main survey contents: ⇨ Human rights issues expected to arise within the group ⇨ 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 76)
2. Crisis management	●				Strengthening risk management (BCP revisions) (see page 96)
3. Discrimination	●	●	●		Promoting diversity and inclusion initiatives (see page 76)
4. Harassment	●	●			
5. Modern slavery, child labor		●			Strengthening supply chain management (see page 70)
6. Impact on environment from procurement		●		●	
7. Impact on communities from business activities				●	
8. Violation of portrait rights, copyrights, etc.	●	●	●	●	Implementing training for executives and employees
9. Information leakage	●	●	●		Strengthening response to digitalization and information security initiatives (see page 53)
10. Implementation of grievance mechanism	●	●	●	●	Establishing a whistleblower system (see page 95)

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 these initiatives at our 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 it in making improvements.

Results up to fiscal 2025

Surveyed:	Main business partners in top 85% 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 mutual 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 1

Collaborative Project Promoting Local Greening and Environmental Conservation – OVOL Singapore’s OneMillionTrees Community Initiative –

OVOL Singapore, a distributor of paper, paperboard, and packaging materials, as well as visual communication materials and hardware, in Singapore, is actively promoting environmental conservation in collaboration with the local community through its participation in the OneMillionTrees Movement, an urban greening initiative led by Singapore’s National Parks Board (NParks).

As part of its commitment to sustainability, the company has contributed a cumulative SGD 45,000 to the Garden City Fund’s Plant-A-Tree programme, which supports environmental conservation projects. Financed through a portion of the company’s sales, these donations have been used to support tree-planting initiatives in parks and green corridors across Singapore.

In addition, between 2022 and 2025, OVOL Singapore partnered with NParks to plan and organize three tree-planting events. To date, 168 participants, including employees, customers, and suppliers, have taken part, helping to expand environmental stewardship beyond industry boundaries.

Through these activities, participants have gained a deeper understanding of the important role trees play in mitigating urban heat, preserving biodiversity, and improving air quality. The initiative has also highlighted the importance of collaboration among diverse stakeholders in addressing environmental issues.

The program not only helps foster awareness toward the realization of a sustainable society, but also helps build stronger relationships between OVOL Singapore and local communities.



Planting trees at East Coast Park in Singapore

Initiative Example 2

Initiative to Create Opportunities for Community Interaction and Learning Through Paper

In March 2026, the group exhibited at KOBE BOOK FAIR & MARKET 2026, organized by the City of Kobe, creating opportunities for community learning and interaction through paper. The event attracted approximately 7,000 visitors, more than 1,000 of whom stopped by the group’s booth.

The exhibition area introduced the book production process, from selecting paper for a book through bookbinding. Displays of apparel made with washi paper yarn, toilet paper and tissue paper made from recovered paper, and a mobile toilet trailer designed for use during disasters gave visitors a firsthand sense of paper’s diverse potential and the group’s initiatives in resource circulation and disaster preparedness.

The hands-on area featured a quiz about paper, picture-card storytelling, and a workshop where participants made notebooks using paper they had selected themselves, attracting many families with children. At the talk event titled “What Is the Functional Beauty Inherent in Printed Books and Bookstores?” company employees also took the stage, giving participants an opportunity to rediscover the appeal of printed books and bookstores.



Digitalization

Building and Strengthening Systems

In April 2025, the company established the Corporate DX Division, followed by the DX Meetings in July of the same year, creating a structure responsible for promoting digital transformation (DX) and maintaining IT controls. In January 2026, the company announced its DX Grand Design and in the following April established the Executive DX Committee, with the division transforming from an organization focused on planning and promotion into one that leads transformation itself. These initiatives have strengthened the integration of management, business operations, and information technology and enhanced our DX governance structure. As a result, the company received DX Certification from the Ministry of Economy, Trade and Industry in May 2026. The company will continue using digital technologies to transform its businesses and reform its operations, with the aim of sustainably enhancing corporate value.

* See ▸pages 53 to 55 for details.

Employees

Approach to Human Resources



Shigeyuki Sasaki
Executive Officer, General Manager
Corporate Planning Division

The group regards its people as its most important management resource. We believe that our people are the source of our competitiveness and the driving force behind our sustainable growth over the long term. We aspire to be a collective of people who embody the 3Cs (change, challenge, and create): employees who understand their individual roles, fully apply their capabilities, exercise creativity in pursuing new business opportunities, and take the initiative to drive their own growth and development toward self-fulfillment. Under OVOL Medium-term Business Plan 2026, which is now in its final fiscal year, we are strengthening human capital as we strive to become a trustworthy and engaging partner as envisioned in OVOL Vision 2030. Although some of the company's human resource-related KPIs have yet to be met, initiatives toward achieving our targets are making steady progress. During the current medium-term business plan period, we will seek to realize our long-term vision by taking the organizational model the group aspires to as a foundation and linking measures based on the three fundamental principles below with our various human resource strategies.

Fundamental Principles of OVOL Medium-term Business Plan 2026

Expand communication within and outside the group to significantly increase the value provided by our functions, services, and other offerings
(Enhanced competitiveness)

Raise the capabilities of our human resources and dramatically increase work engagement
(Enhanced profitability)

Fully utilize M&As to rapidly expand our business in new and existing areas
(Expanded revenue scale)

×

People who put change, challenge, and create into practice

An organization where employees with diverse talents can make the most of their individual strengths and continue taking on challenges

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

Indicator	KPI		FY2025 Results	
Percentage of eligible male employees taking childcare leave	100%	(FY2023: 76.9%)	100%	✓ Achieved
Employee engagement rating	BBB or higher	(FY2023 rating: B)*1	BBB	✓ Achieved
Training expenses	3x or more	(compared to FY2023)	2x more than in FY2023	
Percentage of paid leave taken	80% or more	(FY2023: 79.0%)	82.8%	✓ Achieved
Average monthly overtime hours	10 hrs. or less	(FY2023: 13 hrs.)	12 hrs. 46 min.	
Ratio of female employees among new hires for career-track positions	30% or more	(Average over the last five years: 24.7%)*2	19.4%	

*1 The B rating is the sixth of the eleven engagement rating levels. The BBB target rating is two levels higher.
*2 The ratio of female employees in career-track positions at the company was 11.7% as of April 1, 2026. We have set the above target to increase the ratio of female employees in career-track positions.

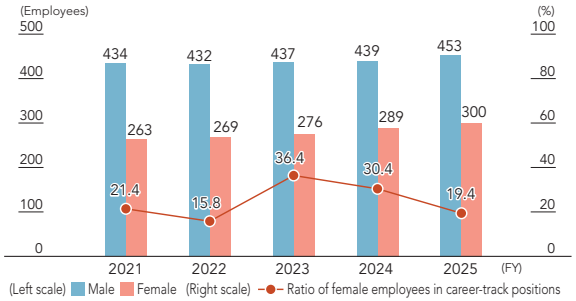
Employees

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 over 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 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 among new hires for career-track positions to 30% or more. 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 Among New Hires for Career-Track Positions
(Non-consolidated)



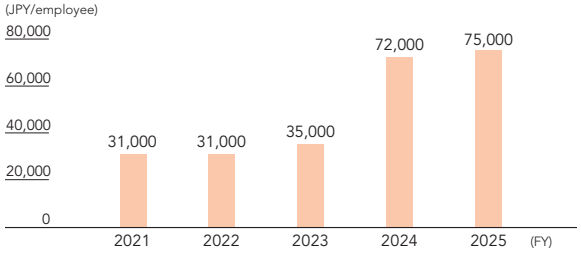
Human Resource Development

The group is active in five businesses: 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 training programs conducted outside of Japan 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 to support self-directed learning. 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)



Human Resource Development at Japan Pulp & Paper

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

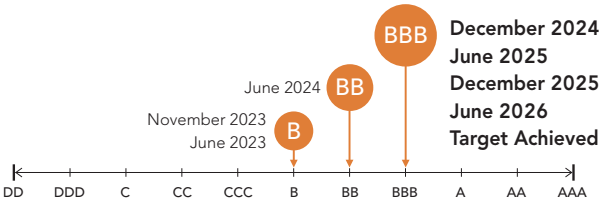
Goal Management and Personnel Evaluation System

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 making personnel decisions. 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. ・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.



* The engagement survey creates an Engagement Rating through the Motivation Cloud service offered by Link and Motivation Inc.

Challenges Identified and Initiatives Based on Survey Results

Challenges

· Communicating and embedding the group's growth strategy
· Developing employees through personnel rotation

Initiatives

· Holding discussion sessions between the president and employees
· Reviewing the operating standards for development-focused transfers (rotation rules)

Holding Discussion Sessions Between the President and Employees

As part of our initiatives to promote communication about the group's growth strategy, we hold discussion sessions between the president and employees several times a year at the head office and each branch. These sessions provide opportunities for management to communicate and share information, strengthening the communication channel between management and employees on the ground. Through two-way communication in which the president directly explains to employees the thinking behind OVOL Vision 2030 and the strategies of OVOL Medium-term Business Plan 2026, we are further deepening each employee's understanding of our long-term vision.

Participation in Discussion Session with the President

Ririko Terada
Publishing Section V
Publishing Department II
Newsprint & Publication Paper Sales Division



During the discussion session, I heard directly from the president about the company's long-term vision and future strategies. This gave me a clear picture of the position the company aims to establish, even as the environment surrounding the publishing industry undergoes major changes. What particularly stayed with me was his message that, as Japan's domestic demand for paper declines, we have reached a stage where we must firmly capture the benefits available to the remaining industry players. He also emphasized that doing so requires us to move beyond conventional methods, cast a wide net for information, and use it to generate fresh ideas in our sales activities. As a member of the Newsprint & Publication Paper Sales Division, I gained a clear sense that our efforts are directly linked to realizing the company's long-term vision and maintaining and strengthening its earnings base. The meeting reinforced my determination to take greater ownership of my day-to-day proposal activities.

Employees

Revision of Developmental Job Rotation Guidelines (Rotation Policy)

The company has established operational guidelines for developmental job rotations to systematically give employees experience in multiple roles through personnel transfers, with the aims of developing their capabilities and enhancing their skills, developing people from a long-term perspective, revitalizing the organization, and facilitating optimal workforce allocation. In recent years, however, employees have tended to remain in their assigned departments for longer periods, which has also become one factor contributing to lower employee engagement. Accordingly, in April 2026, we revised the developmental guidelines for job rotation transfers. Under the revised standards, employees must, in principle, gain experience in at least three departments with different functions before reaching the assistant manager level. This will lay the groundwork for supporting employees' career development and cultivating a core group of mid-level employees with the diverse experience and skills needed to adapt to future changes in the business. At the same time, we will encourage interaction among employees across the company and strengthen our organizational capabilities.

Changes to the Rotation Policy for Career-track Positions



Ayako Watanabe
Paper Merchant Section
Paper Merchant Department
Kansai Branch

I joined the company in April 2021 and was initially assigned to the Purchasing Department of the Kansai Branch, where I spent four years working in purchasing. In my fifth year with the company, I was transferred within the branch and am now in the Paper Merchant Department of the Kansai Branch, which is part of the sales organization. By my fourth year with the company, I had developed a deeper understanding of purchasing and was beginning to find the work rewarding, so I felt that being transferred after exactly four years was a little early. However, I believe that gaining experience in a department with substantially different responsibilities while still young has been valuable in broadening my perspective and experience. I also believe that the new system's policy limiting assignments to an employee's initial department to five years provides a good opportunity for career development. Clearly setting out the rotation guidelines should also enable younger employees to form a concrete picture of how their careers can develop with the company. Going forward, I hope to leverage the experience I have gained in both purchasing and sales to help enhance value for our business partners and the company.

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

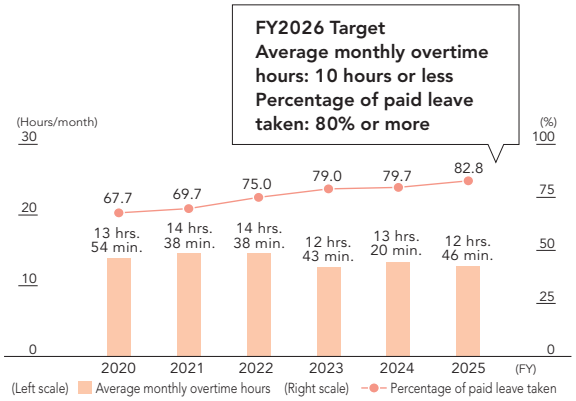


Our Health Management Strategy

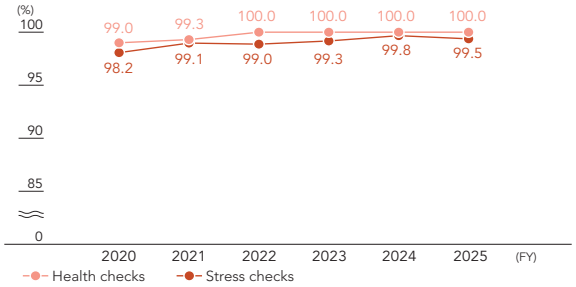
Japan Pulp & Paper's health management strategy involves implementing health policies based on four main themes: (1) Improving health literacy, (2) Strengthening measures to prevent cancer and lifestyle diseases, (3) Strengthening measures for mental health, and (4) Achieving a work-life balance. Recently, 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 provide line management care training for managers as part of our health education efforts. In addition, we have introduced various systems to achieve a better work-life balance, including work from home, staggered work hours, and the ability to take annual paid leave in hourly units. As part of OVOL Medium-term Business Plan 2026, we aim to reduce average monthly overtime to 10 hours or less and increase the paid leave usage rate to 80% or more, supporting a better work-life balance.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

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)

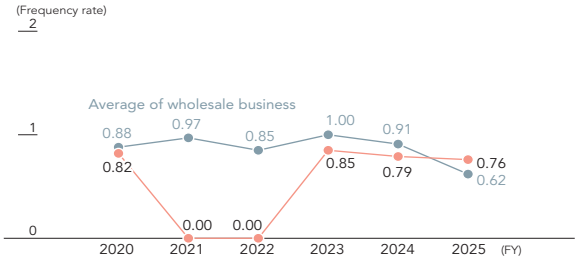


Occupational Health and Safety

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. As part of our occupational health and safety management framework, we continue to conduct risk assessments and hazard prediction activities at each site and collect and share near-miss information. The head office's Environment & Safety Promotion Office also systematically reviews the systems, records, and workplaces of group companies in Japan, combining these reviews with onsite inspections by external experts as necessary to provide effective audits and support for improvement.

In response to increasingly extreme heat and severe natural disasters caused by climate change, we are also focusing on measures to prevent heatstroke and on strengthening systems for confirming employees' safety during disasters and ensuring business continuity. No fatal accidents occurred within the group in fiscal 2025, which we believe indicates that our safety management system is delivering results. We will continue to improve occupational health and safety as our highest priority by implementing measures to prevent workplace accidents and providing comfortable workplaces.

Occupational Accident Frequency Rate (Non-consolidated)



Japan Pulp & Paper Group Occupational Health and Safety Policy
https://www.kamipa.co.jp/eng/sustainability/employees/health-and-safety-policy/

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.

Diversity and Inclusion

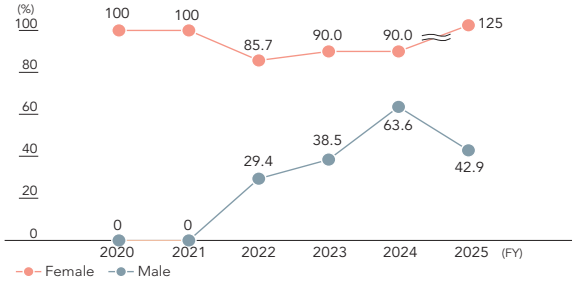
For the group to continually raise its corporate value, it is essential that every executive and employee, using their diverse experiences, skills, and values, works to create new value by maximizing their individuality and capabilities. We have also identified "diversity and inclusion (D&I)" as one 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 paid leave utilization rates. We are also working to expand support systems for balancing work and family life. In addition to increasing 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 male employees taking childcare leave (including the company's unique leave system) at 100% (we achieved 100% in fiscal 2025).

Percentage of Childcare Leave Taken (Parent company)

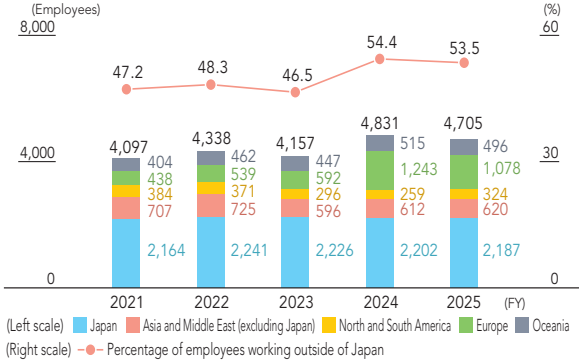


* The target for eligible male employees taking childcare leave, including the company's unique leave system, is 100% for fiscal 2026.

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 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.

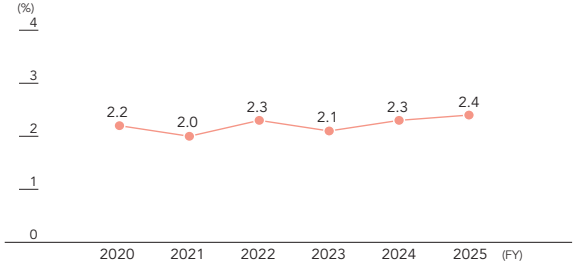
Number of Employees by Region and Percentage of Employees Working Outside of Japan (Consolidated)



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.

Governance

Management Team (As of June 25, 2026)



1 **Akihiko Watanabe**
Representative Director
President & CEO

2 **Chihiro Katsuta**
Representative Director

3 **Kazuhiko Sakurai**
Director

4 **Sumiko Takeuchi**
Outside Director

5 **Yoko Suzuki**
Outside Director

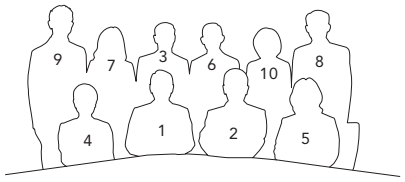
6 **Hiroshi Takahashi**
Outside Director

7 **Rie Uesaka**
Audit & Supervisory Board Member (full-time)

8 **Naofumi Higuchi**
Outside Audit & Supervisory Board Member

9 **Mitsutaka Hondo**
Outside Audit & Supervisory Board Member

10 **Miyuki Fukushima**
Outside Audit & Supervisory Board Member



Governance

Management Team

Directors

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)

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
June 2019 Representative Director, Senior Executive Vice President (present position)

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)

Sumiko Takeuchi Independent
Outside Director

June 2019 Outside Director (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
Outside Director of Idemitsu Kosan Co., Ltd.

Yoko Suzuki Independent
Outside Director

June 2022 Outside Director (present position)

Significant Concurrent Positions
Partner of Suzuki Sogo Law Office
Outside Director and Member of the Audit Committee of Bridgestone Corporation
External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.

Hiroshi Takahashi Independent
Outside Director

June 2023 Outside Director (present position)

Significant Concurrent Positions
Director of J-group Medical Corporation

* 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 (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.
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 (present position)

Significant Concurrent Positions
Attorney at Marunouchi Law Office

Miyuki Fukushima Independent
Outside Audit & Supervisory Board Member

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

Significant Concurrent Positions
Representing Partner of FLAIR Accounting Firm
Representative Director and President of MiD POINT Corporation

Executive Officers

President & CEO

Akihiko Watanabe

Senior Executive Vice President

Chihiro Katsuta
CFO and Business Head – Raw Materials & Environment
Kazuhiko Sakurai
Business Head – Paperboard, Household Paper

Executive Vice Presidents

Yasushi Takei
Head – Administration, Planning & Sustainability
Fumio Watanabe
CIO
Nobuyuki Matsuura
Business Head – Paper Sales & Marketing, Logistics
Mitsutoshi Imamura
Business Head – Global Business, Specialties
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
Masaaki Sato
Deputy Business Head – Global Business, General Manager, International Business Division
Hiroyuki Ito
Deputy Business Head – Household Paper, Vice President, JP Corelex Holdings Co., Ltd.
Kenichiro Fujii
General Manager, Finance & Administration Division
Hisaaki Matsuoka
General Manager, Purchasing Division
Kagetaka Matsuura
General Manager, Paper Merchant & Printer Sales Division
Seiichi Suganuma
General Manager, Functional Materials Sales Division
Koji Ukeguchi
General Manager, Chubu Branch
Hiroshi Kashima
Chief Representative of Europe

Executive Officers

Shinsuke Yamamoto
General Manager
Corporate Sustainability Division
Shigeyuki Sasaki
General Manager
Corporate Planning Division
Fumiteru Kase
General Manager, Corporate DX Division
Akito Fujishima
General Manager, Newsprint & Publication Paper Sales Division
Shuichi Takeoka
General Manager, Kyushu Branch
Toshihiko Kitayama
General Manager, Kitanihon Branch
Satoshi Ishii
Deputy General Manager
Functional Materials Sales Division
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

Governance

Roundtable Discussion Among the Outside Directors

Supporting our pursuit of becoming a trustworthy and engaging corporate group through effective dialogue-based governance

Current State of Corporate Governance: Evaluation and Challenges

Takeuchi My longstanding impression that the company has a very robust governance structure remains unchanged. At the same time, the business environment surrounding the paper industry is constantly changing. Over the past year, the Board of Directors, including the outside directors, has repeatedly discussed how to align the diversification and M&A strategies pursued for sustainable growth with the appropriate form of corporate governance.

Suzuki I believe that one of the company's greatest governance strengths is its well-balanced combination of "offense" and "defense." While advancing the "offensive" aspect of its M&A strategy, the Board of Directors is also firmly addressing the "defensive" aspect, particularly compliance.



Sumiko Takeuchi
Outside Director

Sumiko Takeuchi joined Tokyo Electric Power Company (TEPCO) in 1994, and has been a Director and Senior Fellow of the International Environment and Economy Institute since 2012. She holds a PhD in Engineering from the Graduate School of Engineering at the University of Tokyo, and became a Specially Appointed Professor at Tohoku University in 2020. She serves as 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.



Yoko Suzuki
Outside Director

Registered as an attorney in 1998, Yoko Suzuki became a partner at Suzuki Sogo Law Office in 2002. After serving in positions including Outside Audit & Supervisory Board Member of Seven & i Holdings Co., Ltd., she currently serves as Outside Director and Member of the Audit Committee of Bridgestone Corporation and External Audit & Supervisory Board Member of MARUI GROUP CO., LTD. She has been serving as an outside director of Japan Pulp & Paper since 2022.



Hiroshi Takahashi
Outside Director

After joining Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited) in 1985, Hiroshi Takahashi has held numerous senior 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. He currently serves as Director of J-group Medical Corporation, and has been serving as an outside director of Japan Pulp & Paper since 2023.

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Takahashi I believe the robust governance structure you have both described is supported by the high quality of the company's Board of Directors' operations. One recent development I would particularly emphasize is the progress made in information sharing, which is essential to transparent and fair management. Timely and appropriate information is now shared with Board members, ensuring transparency in management. For example, the minutes of Executive Management Committee meetings, including the identity of speakers and the details of discussions, are now shared during preliminary briefings for outside directors. This allows us to understand not only the substance of agenda items but also their background and the process through which they were considered, enabling more substantive and constructive discussions at Board meetings. These initiatives have enhanced management transparency and enabled outside directors to provide more effective oversight and advice. I consider them important improvements that have increased the effectiveness of governance. By making discussions at the Executive Management Committee and other meetings held before Board meetings visible in this way, outside directors can fully understand the background and essence of agenda items without having to attend those meetings individually as observers. As a result, the Board is able to engage in deeper and more constructive discussions based on information that is comprehensive in both quality and quantity.

The company also takes the evaluation of Board effectiveness seriously. Over the past year, the improvements we proposed have been steadily reflected in Board operations and practices. For example, in addition to reviewing matters submitted for deliberation and reporting, operational improvements are being made to better document and share Board discussions and decision-making processes. I believe these initiatives are strengthening the Board's oversight capabilities. I also believe that steady progress is being made because the president listens sincerely to a wide range of opinions and is open-minded in accepting them.



Suzuki As Mr. Takahashi noted, the company has made steady progress in increasing the transparency of operations on the Board of Directors and enhancing information sharing, and I believe the results can be seen in the Board's improved effectiveness. I also believe that clearly documenting the comments made by outside directors and other attendees in the minutes is highly effective in building a shared understanding of the opinions and concerns raised at Board meetings and improving the quality of discussions.

Last year, as part of its efforts to improve Board effectiveness, the company conducted a survey examining the appropriateness of submission criteria and agenda setting for matters presented to the Board over the preceding year, and made improvements based on the results. For my part, I proposed reviewing both the monetary thresholds for investment opportunities and the scope of personnel matters requiring Board deliberation. I also recommended that matters of major strategic importance, such as relocating the head office, should be discussed by the Board even when they do not meet the formal criteria for Board approval.

I greatly value the company's continuous review of what the Board should discuss and the fact that recommendations from outside directors are reflected in actual operational improvements. As an outside director, I will continue to proactively recommend improvements and issues for discussion so that the Board can make more effective decisions and exercise stronger oversight.

Takeuchi Looking back over the past year, I believe the area in which corporate governance has advanced most significantly is group governance, including governance of subsidiaries outside Japan. The M&As undertaken in Europe as opportunities for significant growth have not necessarily progressed smoothly, partly due to deteriorating market conditions. However, the local executive assigned to the acquired companies has briefed the Board of Directors directly on the situation. The opportunity to hear and discuss firsthand where the problems lie within local management and how they will be addressed has enabled more precise monitoring. I regard this as important progress toward more sophisticated group governance. I believe the company should continue building on such carefully tailored initiatives to further strengthen and enhance group governance.

Suzuki As an outside director, I have continued emphasizing the need for regular progress reports and stronger monitoring by the Board of Directors when it comes to the European businesses, which continue to face difficulties. These

recommendations are now steadily being put into practice. Given the challenging performance, detailed reports are now provided to the Board on structural reform policies and specific measures, along with explanations of contingency scenarios should the improvement measures fail to proceed as planned. I view this positively. This enables highly effective monitoring that goes beyond simply understanding the current situation. Moreover, similar initiatives have been extended to group subsidiaries in Japan, which I feel is raising the operational effectiveness of the group's governance.

Takahashi Another concrete initiative to strengthen group governance was the global meeting held in March 2026, which brought together senior management from the group's paper merchant subsidiaries outside of Japan, and which outside directors also attended online. Initiatives such as these have steadily raised the standard of the company's group governance founded on information sharing over the past several years. At the same time, I believe there are still areas requiring attention as the company works to make group governance even more sophisticated. Particularly when it comes to decisions concerning the business expansion outside Japan, there are times when the emphasis on taking the offensive and an eagerness to move forward take precedence compared with business expansion in Japan. The company still has financial capacity for future growth investments, and I expect it to continue actively pursuing M&A transactions involving businesses outside Japan. When doing so, the Board of Directors must exercise even stronger oversight and checks, carefully assess the balance between risk and return, and ensure disciplined decision-making.

Suzuki Not every M&A transaction will proceed exactly as initially anticipated. It is true that the more recently acquired European business, particularly its German subsidiaries, are facing greater difficulties than expected. Nevertheless, M&A remains essential to realizing our goal of becoming "the world's leading paper distribution group," under OVOL Vision 2030. The Board of Directors must continue discussing the company's future M&A strategy in line with the policies and specific measures set out in OVOL Medium-term Business Plan 2026 while appropriately monitoring the progress of individual M&As.

Takeuchi Just as global governance has become more sophisticated, steady progress has also been made in IT governance, which was identified as an area requiring attention since last year. This fiscal year, outside directors were given an opportunity to speak directly with members of the Corporate DX Division. I focused on confirming whether management fully recognizes IT governance as an important issue and whether the necessary management resources, including personnel and funding, are being allocated appropriately. Although challenges remain, including developing and securing specialized talent, I was able to confirm that IT governance is positioned as an important company-wide issue and is being strengthened systematically.

Suzuki IT governance provides the foundation for DX, which is indispensable to the company's strategy for remaining competitive in the face of structural changes in paper demand. It is therefore an extremely important management issue. The Board of Directors is already actively discussing the development of IT governance and cybersecurity systems required to support the promotion of DX.

Takahashi With the elevation of the organization overseeing DX to division status and the formulation of the DX Grand Design, a framework for advancing DX has been established and the company is now finally moving into the implementation stage. In particular, as the use of generative AI becomes even more widespread in business operations, establishing AI governance is an urgent priority. While AI can be a powerful means of accelerating DX, the company must also appropriately address the risk of outputs that do not align with its intentions. In order to continue conducting business smoothly in an environment where people and AI coexist, it is essential to establish rules defining who should be granted what authority and how such authority should be governed and controlled. Within IT governance, the company must also continually strengthen its cybersecurity and resilience against large-scale disasters.

Recommendations for Enhancing Corporate Value over the Medium to Long Term

Takahashi The company has set out three aspirations in OVOL Vision 2030. Of these, I regard being "a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry" as the ultimate goal. This does not simply mean moving the company's business domains beyond paper. It expresses the company's determination to transcend industry boundaries and become an outstanding enterprise. To become a trustworthy and engaging corporate group, I believe the time has come to begin discussions that look beyond OVOL Vision 2030, covering not only the next medium-term business plan beginning in fiscal 2027 but also fundamental questions about what the company should be.

Takeuchi As Mr. Takahashi noted, the company has set out a vision of becoming a trustworthy and engaging corporate

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group. Generally, improvements in financial indicators such as capital efficiency and PBR are important to achieving excellence in corporate management. However, making the improvement of these KPIs an end in itself will not lead to genuine value creation. The company should continually pursue the question of what kind of value it wants to provide to its stakeholders. I believe that consistently doing so is what will create genuine corporate value. I intend to continue sharing this perspective with the Board of Directors.

Regarding the human capital initiatives that will underpin our being a trustworthy and engaging corporate group, the president's remarks and discussions at Board meetings have convinced me that the company places human capital at the heart of its management approach, which I view very positively. At Board meetings, management engages in ongoing and active discussions including how to ensure the well-being of every employee, how to create an environment where individuals can make full use of their talents, and what KPIs should be used to measure these outcomes.

Suzuki With respect to human capital, I believe it is important not only to address fundamental issues such as increasing the visibility of individual capabilities and skills and enhancing human resource systems, but also to advance initiatives aligned with the company's management strategy. For example, I believe there is room for deeper discussions concerning how to recruit and develop the human resources needed for key medium-term business plan initiatives, such as promoting the value of paper, expanding businesses outside Japan, and advancing DX, as well as how to improve the employee engagement that supports the company's growth. Because employee engagement is difficult to quantify, the company should periodically review whether its current targets and KPIs remain appropriate and revise them as necessary.

Takahashi From a human capital perspective, one of the most important challenges is how to secure and develop highly specialized professionals capable of leading the company's DX initiatives. Additionally, as DX progresses and the division of responsibilities between AI and people becomes more defined, for example, human resources management will likely continue shifting from a membership-based model toward a more job-based model. Developing human resources systems suited to an era in which IT and AI are fundamental will also be an important human capital issue in achieving sustainable value creation.

Suzuki Alongside human capital, as part of the financial strategy that provides a foundation for sustainable corporate value creation, each year there are growing expectations for management to place greater emphasis on capital efficiency. Based on discussions at the Board of Directors, the company has been steadily reducing its cross-shareholdings and has also made it clear that it will review its real estate holdings, including asset sales. I recognize that the Board consistently shares a strong commitment to improving capital efficiency.

Takeuchi As communicated at financial results briefings and elsewhere, the company is steadily transitioning toward management that emphasizes capital efficiency, including improving PBR through higher ROE. Measures such as share repurchases and the sale of cross-shareholdings and real estate are also raised for discussion as appropriate. The question is no longer whether these measures should be implemented, but rather when and at what pace.

Takahashi Looking at the indicators used to assess the company in capital markets, under the previous medium-term business plan covering fiscal 2021 through fiscal 2023, ROE, which indicates the ability to generate earnings, reached a reasonably solid level of 8% to 24%. However, PER, which reflects growth expectations, remained low at 2x to 6x due to sluggishness in the Japanese equity market and industry characteristics. Consequently, PBR remained in the range of 0.5x and 0.6x.

Since the start of the current medium-term business plan (fiscal 2024-2026) began, ROE has remained sluggish at 3% to 5%, reflecting the structural reforms in businesses outside Japan and the concentrated recognition of goodwill impairment losses. PER, meanwhile, has remained high at 15x to 28x, supported by the revitalization of Japan's equity market, the company's rapid succession of capital-efficiency and shareholder-return measures, including a progressive dividend policy, the introduction of DOE, stock splits, share repurchases, and the sale of cross-shareholdings, as well as expectations for growth through proactive M&A, primarily outside Japan. As a result, PBR has finally improved to around 1.0x. For fiscal 2026, I expect ROE to

recover to the 6% range, PER to reach 16x, which is roughly in line with the wholesale industry average, and PBR to reach approximately 1.1x. Based on a theoretical share price calculation, multiplying earnings per share by an appropriate PER of 12x to 15x yields a share-price range of JPY 1,260 to JPY 1,535. Compared with the current share price of JPY 1,200, I believe the shares remain somewhat undervalued. At the same time, further enhancing corporate value will require additional efforts to improve the market's assessment of the company by expanding shareholder returns and advancing growth investments, such as M&A, even further. The company also needs a more defensive approach to its businesses outside Japan. How to determine the balance between growth and risk management is an issue that should be examined more deeply in the next medium-term business plan.

Suzuki I feel that the role expected of outside directors in contributing to greater corporate value is expanding each year. One area I consider particularly important is the monitoring of growth investments. In a highly uncertain business environment, the company must respond promptly when conditions change the assumptions underlying an investment after it has been made. Even a profitable business may eventually reach a point where withdrawal needs to be considered. In such cases, I recommend that the Board of Directors conduct rigorous ex ante and ex post reviews of the causes and the appropriateness of management's decisions. I feel that oversight by outside directors of growth investments is becoming increasingly important.

Takahashi When monitoring investments, it is important to perform ongoing gap analyses comparing current performance with the level of profit anticipated when each investment was made. Reports of this kind were recently presented to the Board of Directors for certain M&A transactions, but I have always believed that this should be established as a standard practice applicable to all investments. The president shares this view, and the company has begun to provide a comprehensive overview of the progress of its M&A transactions. Furthermore, when evaluating investments, it is essential not to attribute outcomes solely to external factors, but to rigorously review and reflect on the soundness of the judgements made at the time of investment. I have continued to raise this point at Board meetings.

Takeuchi There is no question that reflection and learning from past decisions are important. However, it is equally important not to let reflection become an end in itself. What matters is deriving insights that will increase the likelihood of success next time. From this perspective, I have recommended that the Board of Directors focus on how such lessons can be applied going forward. I also recognize that a key role of outside directors is to bring an external perspective into these discussions. I therefore share my own insights gained from policy discussions at bodies such as the Council for Japan's Growth Strategy, in which I participate, as well as from global energy trends. Drawing on my expertise in the energy sector, I have also been raising BCP-related concerns related to risks such as fluctuations in energy and material prices resulting from developments in the Middle East.

Takahashi Along with monitoring growth investments, I am also paying close attention to the progress of initiatives relating to material issues, which underpin sustainable growth. The Board of Directors receives reports on revisions to the company's material issues as needed, but continued monitoring as to whether the resulting action plans have filtered throughout entire organization, whether every employee takes personal ownership of them, and how their results are reflected in work engagement scores, is needed. I regard the increasing frequency of Board discussions on material issues as a highly positive trend.

Nomination and Compensation Advisory Committee

Takahashi Over the past year, significant progress has been made in the sharing of personnel information, which I had hoped to see as a member of the Nomination and Compensation Advisory Committee. Potential executive candidates are now more visible, and more comprehensive information is available on each candidate, with the ability to identify candidates meeting specific criteria quickly. Going forward, I would like to see further refinement and enhancement of the information available, not only with respect to immediate successor candidates but also the future generation of potential successors. I believe this will enable more substantive and effective discussions regarding succession planning.

Suzuki I share Mr. Takahashi's view that information sharing related to nominations has improved significantly. In particular, I highly value the progress made on the greater visibility of management talent, including the next generation of leaders. Going forward, it will be important to build on this foundation and deepen discussions regarding the systematic development and deployment of management talent.

Takeuchi In addition to the improvements in personnel information, I see great value in the expanded opportunities for direct communication with the people responsible for individual businesses, including businesses outside Japan and DX. As a member of the Nomination and Compensation Advisory

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Committee, gaining a detailed understanding not only of personnel but also of the realities of individual businesses and workplaces on the ground has significantly improved the quality of our discussions.

Regarding executive appointments, I believe there is still room to further increase the diversity of candidates in terms of age and career background. I look forward to further refining the succession plan, which has a direct bearing on the company's future. The current approach focuses primarily on evaluating individual candidates, but it is also important to view management as a single team and lay more emphasis on the combination and balance of experience and skills across that team.

Takahashi I have also consistently emphasized the need to review the executive compensation system, which should occur alongside discussions on nominations. Under the previous system, the KPI for performance-linked remuneration was limited to consolidated ordinary profit and was determined according to position, and as a result, the performance of individual divisions was not adequately reflected.

The remuneration system is now steadily being revised to align it more closely to medium- and long-term enhancement in corporate value. Improvements include introducing stock-based remuneration and the establishment of mechanisms that incorporate the achievement of human capital-related KPIs into compensation. A special remuneration program linked to performance contributions has also been introduced for executive officers. The next challenge will be the full-scale development of a remuneration system that reflects performance by business division.

Takeuchi I also support linking remuneration to business division performance. Although the newly introduced special remuneration is paid to individuals, it is underpinned by the achievements of the divisions for which they are responsible. Clearly communicating this within the company should help employees on the ground understand and accept the system while improving motivation for all executives and employees. I have shared this view with the Board of Directors.

Closing Thoughts

Takeuchi In a rapidly changing business environment, it is important to not only share clear aspirations for the future, but also to steadily implement the measures needed to achieve that vision based on realistic timelines and to remain flexible enough to make course corrections when necessary. For example, with respect to long-term aspirations such as carbon neutrality, focusing too heavily on ambitious targets without sufficient consideration of the time required to achieve them may inadvertently distort initiatives that are more immediate and pressing. I would like to continue discussing with management how best to bridge the gap between long-term visions and practical, achievable actions.

Suzuki People are the source of corporate value, making greater employee engagement and workforce diversity extremely important management priorities. The company must further develop systems that enable employees to remain highly motivated and demonstrate their abilities, including appropriate remuneration and evaluation systems. It is also important to create an environment in which everyone can thrive regardless of gender or age. From the perspective of ensuring diversity, I intend to actively encourage efforts within the company to further empower women.

Takahashi The company operates not only in the paper and pulp business but also across diverse fields such as the environment, energy, and real estate. Clarifying its business portfolio strategy is therefore a key theme related to unlocking future growth. Taking the characteristics of each business into account, I want to contribute to discussions on the optimal business portfolio and organizational structure for the company's future stage of growth, including options such as a corporate name change or a transition to a holding company structure.

Turning to the company's core paper and pulp business, while the term "paperless" describes replacing paper with digital alternatives, recently there is growing recognition that paper and digital media can coexist, in addition to the emergence of the concept of "paperization." How to replace plastic with paper is therefore an enduring issue that the company must address as part of its mission.

I hope the group will enhance its corporate value over the medium to long term by building on the trust it has cultivated since its founding and by remaining committed to the values of integrity, fairness, and harmony while responding flexibly to change and demonstrating the strengths unique to the group.



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 25, 2026)

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*
6 (3 outside directors)	**4** (3 outside Audit & Supervisory Board members)	**5 (50%)** (3 outside directors) (2 outside Audit & Supervisory Board members)	**4 (40%)** (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 2025

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

2010
- Introduction of an executive officer system (Reduction in the number of directors)

2011
- Abolition of retirement benefits for officers
- Revision of the officer compensation system

2014
- Appointment of one independent outside director

2015
- Established a voluntary Nomination and Compensation Committee (Currently the Nomination and Compensation Advisory Committee)

2016
- Began evaluation of the effectiveness of the Board of Directors

2017
- Introduction of stock-based compensation plan using a trust

2019
- Increased the number of independent outside directors to two (First female director appointed)
- Revision of standards for agenda items at Board of Directors meetings

2022
- Established of Executive Sustainability Committee
- Disclosure of skills matrix of directors and Audit & Supervisory Board members
- Increased the number of independent outside directors to three
- Moved to the Prime Market

2023
- Increased the number of outside Audit & Supervisory Board members to three

2025
- Revised the procedural rules for the Board of Directors
- Narrowed down matters for resolution and streamlined reporting items

2026
- Increase in the ratio of independent outside directors to 50%
- Introduction of a monetary compensation system for officers for the purpose of acquiring the company's shares

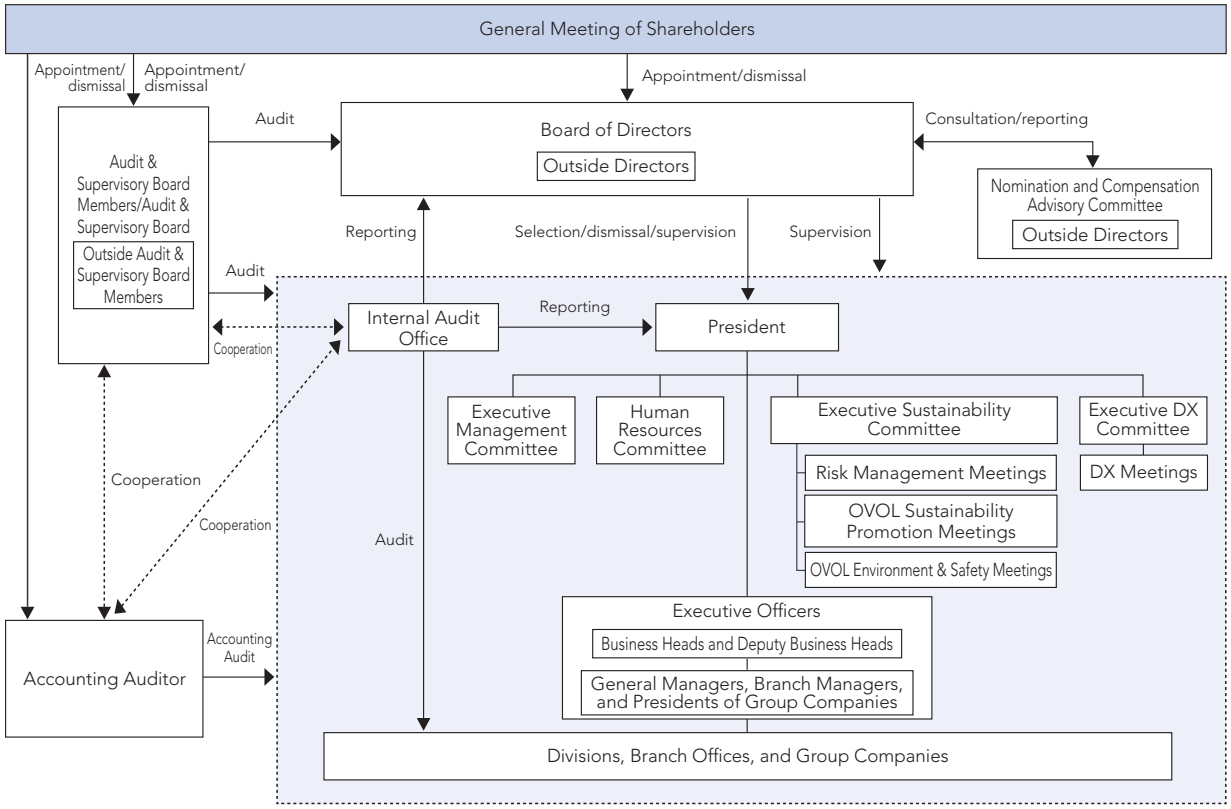
Governance

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	6 directors, including 3 outside directors
Number of meetings held	17 (fiscal 2025)
Chairperson	Representative director, president

Main agenda items for fiscal 2025

A monetary compensation system for officers for the purpose of acquiring the company's shares, acquisition and cancellation of treasury shares, changes to the dividend policy (introduction of the DOE indicator), matters concerning cross-shareholdings, and M&As in and outside of Japan, among other issues.

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 group 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 2025)

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 2025)

Main agenda items for fiscal 2025

- Proposal for nomination of director candidates
- 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
- Deliberation on the introduction of a monetary compensation system for the purpose of acquiring the company's shares

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; Tokyo-based business heads and deputy business heads; (observer) full-time Audit & Supervisory Board member
Number of meetings held	24 (fiscal 2025)

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); Tokyo-based business heads and deputy business heads; branch general managers of the Kansai Branch and Chubu Branch
Number of meetings held	12 (fiscal 2025)

Executive Sustainability Committee

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

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.

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	10 (fiscal 2025)

Executive DX Committee

The Executive DX Committee was established on April 1, 2026, to assist the president in deliberating important matters concerning the company's DX strategy and formulating related policies and plans. In accordance with the rules of the Executive DX Committee, the committee meets regularly once a month and whenever necessary.

Composition	Representative director, president (chairperson); full-time directors; business heads and Tokyo-based deputy business heads; (observer) full-time Audit & Supervisory Board member

Executive Officers

The company has appointed a total of 31 executive officers, including three who also serve as directors as of June 25, 2026. 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 25, 2026

Name	Position	Independent Officer	Nomination and Compensation Advisory Committee	Number of Years in Office	Major Areas of Expertise and Experience							
					Industry Insight	Corporate Management	Sales	Global	Finance and Accounting	Legal Affairs and Compliance	Human Resource Management	Sustainability
Akihiko Watanabe	Representative Director, President & CEO		○ Chair-person	10	●	●	●	●		●	●	
Chihiro Katsuta	Representative Director, Senior Executive Vice President			10	●	●	●		●	●	●	
Kazuhiko Sakurai	Director, Senior Executive Vice President			9	●	●	●				●	
Sumiko Takeuchi	Director (outside)	○	○	7		●		●				●
Yoko Suzuki	Director (outside)	○	○	4						●	●	●
Hiroshi Takahashi	Director (outside)	○	○	3		●	●		●		●	●
Rie Uesaka	Audit & Supervisory Board Member (full-time)			6	●	●		●	●			
Naofumi Higuchi	Audit & Supervisory Board Member (outside)	○		10				●	●	●		
Mitsutaka Hondo	Audit & Supervisory Board Member (outside)			3						●	●	
Miyuki Fukushima	Audit & Supervisory Board Member (outside)	○		3		●			●			

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	• Appropriate decision making and supervision of important business operations as part of a leading paper distribution company	• 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	• 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	• 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	• Possessing extensive knowledge and experience in sales, as our main business is wholesaling and distribution	• Experience in management of departments related to sales, marketing, and procurement
Global	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• Experience as a chairperson of a human resource committee, or in the management of a human resource department
Sustainability	• 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	• 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 independent officer candidates, 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, 2026	
				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 highly specialized 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; Outside Director of Idemitsu Kosan Co., Ltd.	17/17 (100%)	—
Outside Directors	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 highly specialized 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; External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.	17/17 (100%)	—
Outside Directors	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:** 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.; Audit & Supervisory Board Member of JMA Consultants Inc.; Outside Audit & Supervisory Board Member of FunPep Co., Ltd.	17/17 (100%)	14/14 (100%)
Outside Audit & Supervisory Board Members	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%)
Outside Audit & Supervisory Board Members	Miyuki Fukushima	○	After leaving her previous company, Miyuki Fukushima has 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	16/17 (94%)	14/14 (100%)

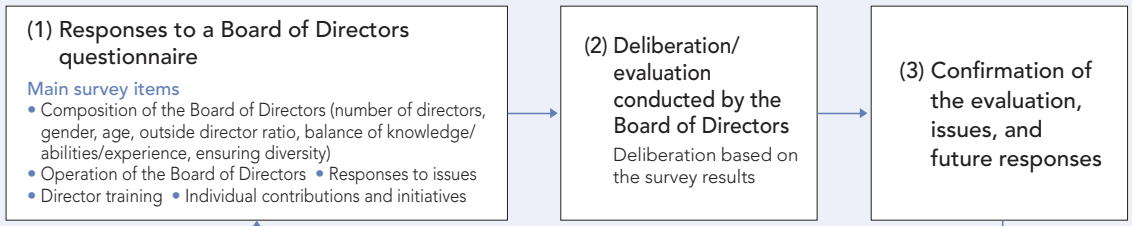
Evaluation of the Effectiveness of the Board of Directors

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. The fiscal 2025 questionnaire indicated that the composition of the Board was reported to be generally well balanced, with 55% outside officers and 36% female officers, ensuring diversity in both structure and skills. In addition, with respect to the content of deliberations, compared to the previous fiscal year, deliberations had become further enhanced regarding the verification of investment outcomes, details of dialogue with investors, group governance, compliance-related matters, and other issues. With regard to operations as well, sufficient opportunities were ensured to interview persons directly charged with practical operations, enabling open, constructive, and active discussions and exchanges of views. Based on these results, the Board of Directors determined that the effectiveness of the Board continues to be ensured.

On the other hand, the following were identified as future issues for the Board: (1) promotion of the DX strategy including the use of AI, (2) strengthening post-acquisition monitoring of entities outside of Japan, (3) strengthening human capital, and (4) creating opportunities for exchanges of opinions outside the Board regarding material issues, sustainability, and other related issues.

The Board of Directors will continue to implement necessary improvements based on these results and strive to further enhance its effectiveness.

Method for conducting the Board effectiveness evaluation



FY2024

Issues Identified

(1) Verification of investment effects, corporate governance structures, group governance, internal control and risk management, human capital

(2) Further streamlining meeting resolutions, simplifying reporting items

(3) Creating opportunities to discuss important issues (such as those related to sustainability) beyond the meeting agenda

FY2025

Initiatives

(1) • Introduced quarterly progress reports on M&As to the Board of Directors by the business head in charge
• Contributed to the evaluation of investment effectiveness, group governance, and internal control and risk management

(2) • Discussed the matters targeted for streamlining
• Narrowed down matters for resolution and streamlined reporting items, ultimately resulting in the revision of the procedural rules for the Board of Directors
• Reviewed the method of recording matters in the minutes

(3) • Created a new category of "matters for deliberation" at Board of Directors meetings, separate from "matters for resolution" and "reporting items," thereby providing a forum for discussion

Summary of Evaluation Results

<Composition and skills of officers>

The composition is generally well balanced, and diversity is also ensured.

<Deliberations>

Compared with the previous year, deliberations on topics such as the evaluation of investment effectiveness, the substance of dialogue with investors, group governance, and compliance were further enhanced.

<Operations>

Sufficient opportunities are provided to hear from the personnel directly responsible for relevant operations, and open, lively, and constructive discussions and exchanges of opinions take place.

Issues Identified

(1) Promotion of the DX strategy including the use of AI

(2) Strengthening post-acquisition monitoring of entities outside of Japan

(3) Strengthening human capital

(4) Creating opportunities for exchanges of opinions outside the Board of Directors regarding material issues, sustainability, and other topics

FY2026

Direction of Initiatives

(1) • Formulate the DX Grand Design to accelerate DX, create new competitive advantages, and continuously enhance corporate value
• Contribute to realizing OVOL Vision 2030 through the three components of the DX Vision, DX Strategies, and DX Initiatives

(2) • Continue quarterly progress reports by the responsible business head to the Board of Directors

(3) • Enhance engagement
• Promote health management
• Invest in human resources

(4) • Create a forum for deliberation at Board of Directors meetings while considering ways to provide further opportunities for discussion

Director and Audit & Supervisory Board Member Training

Through its General Affairs Department and Internal Audit Office, the company provides information and access to the knowledge necessary for directors and Audit & Supervisory Board members to fulfill their oversight and auditing 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 2025, board members visited the power plant of Noda Bio Power JP, a group company that operates a woody biomass power generation business, as well as the storage yard for PKS (palm kernel shells) at Kuji Port in August.

Officer Compensation

1 Basic Policy

Compensation for the company's directors consists of four types: base compensation paid according to the director's role and responsibilities; performance-based bonuses as a short-term incentive; 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; and monetary compensation for the purpose of acquiring the company's shares linked to performance conditions and human resource KPIs. 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 and other types of compensation.

With respect to outside directors, in light of their duties, no bonuses or stock-based compensation will be paid, and monetary compensation for the purpose of acquiring the company's shares shall be a fixed amount.

2 Overview of Officer Compensation System

Base Compensation

The base compensation for the company's directors is a fixed monthly 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 conducted 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 (the fiscal year ending March in the year preceding the start of the current medium-term business plan) and is paid at a fixed time every year.

Monetary Compensation for the Purpose of Acquiring the Company's Shares

Only when the full-year consolidated ordinary profit forecast announced in the financial results summary each May (in the final year of the medium-term business plan, the consolidated ordinary profit for the final year of the medium-term business plan set as a target at the time the medium-term business plan was formulated) is achieved, an amount determined by taking into account the degree of achievement of KPI targets relating to human resources, in addition to a certain amount set by position (for outside directors, a fixed amount regardless of performance), will be paid by adding it to monthly compensation from July through June of the following year, and eligible persons shall contribute the same amount to the Officer Shareholding Association. In addition, with respect to monetary compensation for the purpose of acquiring the company's shares paid to directors (excluding outside directors), in the event that certain events occur, such as a material accounting error or fraudulent conduct, by resolution of the Board of Directors, the company may reduce or withhold unpaid amounts (malus) and request return of amounts already paid (clawback).

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. In principle, directors shall receive the company's shares upon their retirement from office.

3 Process for Determining Officer Compensation

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

④ Compensation (Fiscal 2025)

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)	237	119	72	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 2025, 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, or 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 the company's 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 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, 2024	As of March 31, 2025	As of March 31, 2026	Change from the Previous Year
Number of Stocks (of which, listed stocks)	120 (56)	117 (53)	111 (48)	-6
Amount Recorded on the Balance Sheet (Millions of yen)	29,279	25,530	22,228	-3,302
Percentage of Consolidated Net Assets (%)	21.20	17.50	15.80	-1.70 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. In addition, for significant overseas acquisitions, the executive in charge reports progress to the Board of Directors quarterly.

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.

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.

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 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/company/charter/

Japan Pulp & Paper Group Code of Conduct for Executives and Employees
https://www.kamipa.co.jp/eng/company/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 executives 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 to raise awareness of compliance and ensure they have the knowledge and information necessary to put it into practice.

Compliance Awareness Activities	Target	Frequency of Meetings in Fiscal 2025	Number of Participants and Participation Rate
Rank-Based Compliance Training	New employees, new managers, and seconded employees of Japan Pulp & Paper	3 times	76 participants
E-Learning Tests	Executives and employees of Japan Pulp & Paper and group companies in Japan	2 times	Average participation rate: 99.6%

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 its internal control activities.

In fiscal 2025, 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 appropriately set the scope of information sharing and, depending on the content, consult with legal counsel. We then respond earnestly to the reports and work toward resolving any issues.

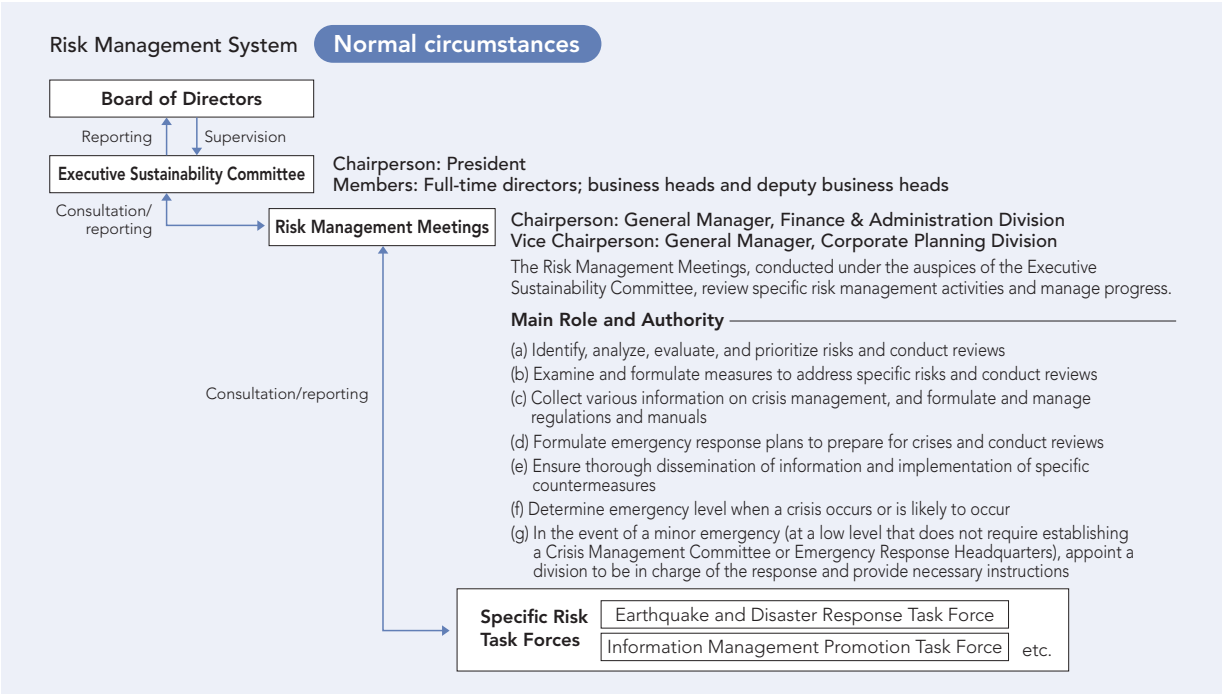
Risk Management

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 companies face 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. In addition, the committee reports annually 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.



Identification of Risks

We conduct risk assessments for the company and all group companies inside Japan and throughout the global network with the aim of identifying risks that are important from both a group-wide and medium-to-long-term perspective, as well as 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.

Governance

Business Risks

The principal risks that the group recognizes as potentially having a significant impact on investor judgment are as follows.

Risks			Segment impacted					
Classification	Subclassification	Details	Common	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing
Particularly significant risks	Natural disaster risks		●					
	Safety risks outside of Japan		●					
	Risk of equipment fires, explosions, and accidents		●					
	Human resource-related risks		●					
	Risks related to IT and information security		●					
Significant risks	Risks related to business environment	Risks related to a decrease in demand for main products handled, market conditions, and macroeconomic fluctuations		●	●	●	●	
		Impact of real estate market conditions						●
		Risks of policy changes at supplier manufacturers		●	●			
		Risks related to decline in paper distributor function		●	●			
		Country risks			●	●	●	
	Business risks	Credit risks of business partners	●					
		Risks related to logistics		●	●	●	●	
	Financial risks	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	●					
		Risks related to financing	●					
		Risks related to foreign exchange rate fluctuations		●	●	●	●	
		Risks of fluctuation in value of investment securities held	●					
		Risks related to recoverability of deferred tax assets	●					
	Legal risks	Legal and regulatory restrictions	●					
		Risks related to litigation	●					
	Human rights risks	Risks related to human rights issues*	●					
	Climate change risks	Risks related to climate change	●					

* **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. Through the human rights due diligence process initiated in fiscal 2024, which includes investigations into adverse human rights impacts within and outside the group, we identified key human rights issues in fiscal 2025. We are sequentially implementing training and comprehension tests on those human rights issues for group executives and employees in and outside of Japan. In addition, we continue to conduct assessments of human rights violation risks for our major suppliers. For more details on our initiatives to address human rights issues, see ▸page 70

For details, see the Annual Securities Report (available in Japanese only).

https://www.kamipa.co.jp/wp/wp-content/themes/jp-2017/assets/img/ir/pdf/securities/164_2025_04.pdf

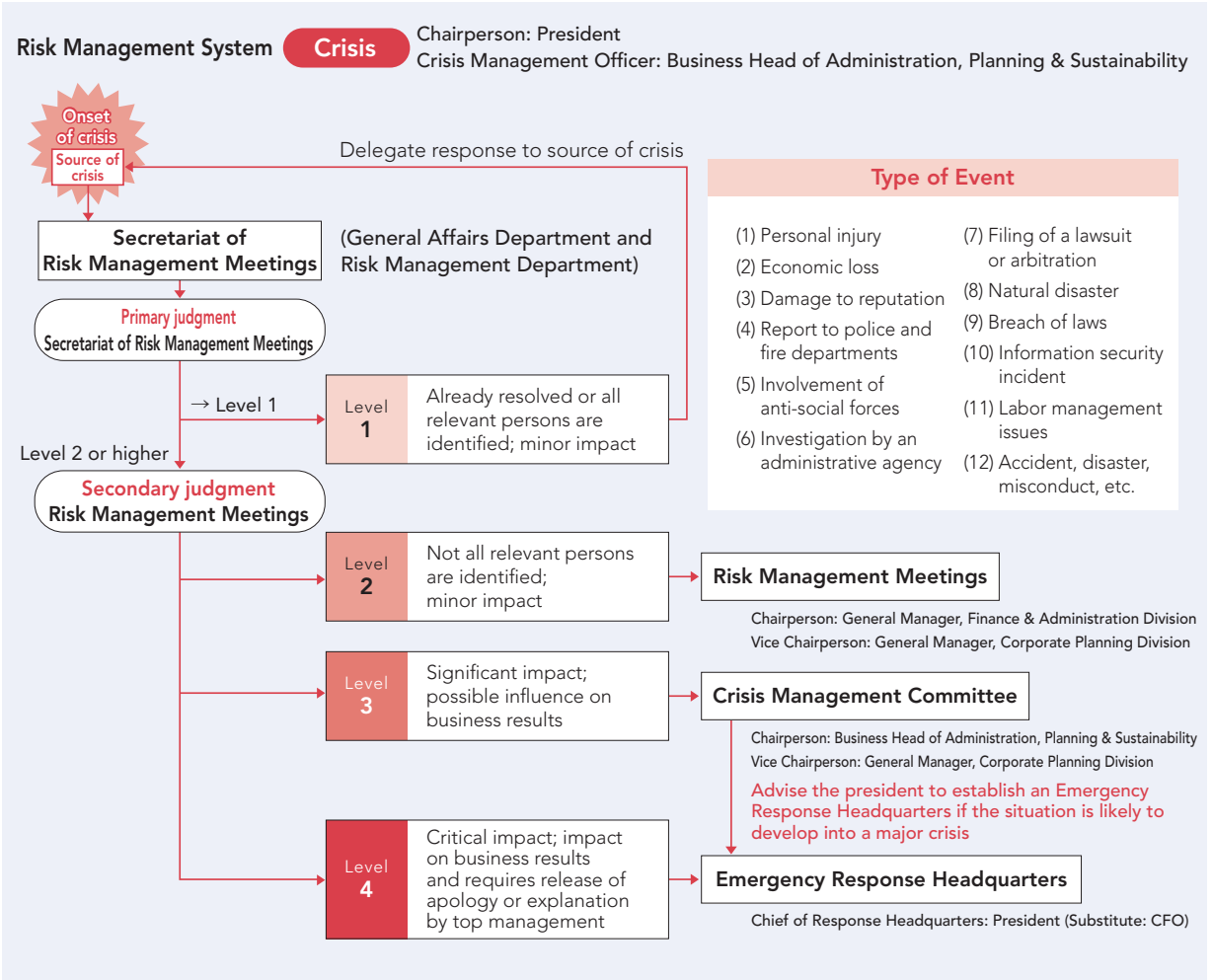
Promotion of IT Controls and IT Security

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 15 companies completed theirs in fiscal 2025. The audits are scheduled for completion at all group companies during fiscal 2026. Furthermore, with a view to enhancing cybersecurity, in April 2025 we established a CSIRT* and commenced operation of an incident response framework.

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

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

Investment Decisions and Monitoring That Lead to Future Earning Power



Naofumi Higuchi
Outside Audit & Supervisory Board Member

As an Outside Audit & Supervisory Board member, I would like to say a few words to our shareholders, investors, employees, business partners, and other stakeholders.

Although these have been ongoing issues for some time, the matters requiring the greatest attention include managing business and financial risks at subsidiaries outside of Japan as the group expands globally, as well as the challenging environment accompanying the maturation of the domestic Japanese market. At present, I believe that these matters are generally being addressed appropriately, and as an Audit & Supervisory Board member, I intend first to review reports on the status of group-wide risk management through opinion exchanges with the Board of Directors and representative directors, as well as assess the establishment and operation of a global governance structure that includes subsidiaries.

I also believe it is important to continue conducting comprehensive and periodic on-site audits of subsidiaries in and outside of Japan, and to coordinate with the accounting auditor and other relevant parties, as we have done in the past. Rather than simply tracking numerical results, I am closely monitoring whether systems are functioning effectively to identify the status of governance-related issues and early signs of risks specific to each group company. Specifically, it is important that the so-called “three lines of defense” function properly, and I will review the methods used to manage affiliated companies and the actual operation of internal controls, including internal audits and whistleblowing systems. In this regard, I will also gather information and conduct monitoring, as appropriate, through the administrative divisions, which constitute the second of the three lines of defense, and the internal audit division, which constitutes the third.

For the group to further enhance its corporate value, it must, put simply, continue to generate net profit. To achieve this, I believe it is important to produce results from its investments in subsidiaries and improve capital efficiency. Recently, we have seen a certain degree of progress in management that is conscious of the cost of capital, including share buybacks, but this must not end as a one-off return to shareholders. I would also like to support further enhancement of the monitoring of investments, including how investments in people, assets, and businesses both in and outside of Japan will contribute to the company’s earning power over the medium term and how they will bring us closer to our management target of JPY 25.0 billion in ordinary profit by fiscal 2030.

The company is currently in the process of evolving beyond the framework of a traditional specialized trading company into one that creates value globally while maintaining a strong foundation in Japan. As an Outside Audit & Supervisory Board member, I will continue to provide oversight from an independent perspective so that Japan Pulp & Paper can embrace change and steadily enhance its corporate value over the medium- to long-term through greater transparency in management. I hope you will continue to have high expectations for us into the future.

Maintaining Legal Compliance While Responding to the Changing Times



Mitsutaka Hondo
Outside Audit & Supervisory Board Member

I place particular importance on proper compliance with laws and regulations, as well as proper information disclosure. As digital technologies, including AI, continue to advance and reshape the business environment at an unprecedented pace, the importance of these responsibilities is only increasing. Changes in society and technology occur more rapidly than the development of legal systems and often precede it. For that reason, when undertaking new businesses or transactions, it is essential to thoroughly verify not only their business necessity but also their alignment with laws and regulations, internal rules, and societal expectations. In particular, AI, which is rapidly expanding beyond the traditional DX framework, not only presents business opportunities but also entails a wide range of risks in areas such as information management, authority management, transparency in decision-making processes, and legal and ethical compliance. I am closely monitoring this as an important audit issue. In light of the speed and scope of the impact of these changes in society and technology, I intend to objectively audit whether controls are functioning effectively.

I believe that the company’s current corporate governance has no significant problems and is functioning appropriately overall; however, as a company listed on the Prime Market of the Tokyo Stock Exchange, we are expected not merely to establish a formal framework, but to further improve our effectiveness in a manner that fulfills our accountability to a wide range of stakeholders,

including shareholders, business partners, and employees, contributing to the enhancement of corporate value over the medium- to long-term. Accordingly, I will continue to examine whether the Board of Directors is provided with the information necessary for important management decisions in a timely and sufficient manner, whether the knowledge of outside executives based on their independence and expertise is being substantively utilized, and whether conflicts of interest and related-party transactions are being appropriately managed. In addition, risks related to the Antimonopoly Act, labor laws, and responses to harassment are longstanding important issues, as decisions made on the ground can directly lead to significant legal risks for the company as a whole. In light of these legal and compliance-related risks, I believe it is important to continuously review matters such as price adjustments, changes in transaction terms, and shifts in societal expectations and values regarding harassment, while ensuring that risk awareness is instilled throughout the company and takes root at the ground level.

The company is exploring new possibilities for paper while pursuing growth opportunities by expanding its business domains into areas beyond paper. To support these business developments, as an Outside Audit and Supervisory Board member, I will confirm the executive side's responses to risks by attending Board of Directors meetings, reviewing internal approval requests, coordinating with the internal audit division and accounting auditor, and conducting on-site audits, and will provide checks and recommendations as necessary. Furthermore, by leveraging my professional expertise as a legal practitioner and maintaining an objective perspective, I will audit and verify whether new business developments are conducted legally and appropriately, and whether risk management, internal controls, and information disclosure are operated effectively, thereby supporting the sustainable enhancement of corporate value.

Supporting Disciplined Management Through Audits That Emphasize the Worksite



Miyuki Fukushima
Outside Audit & Supervisory Board Member

I intend to position myself at the intersection of front-line operations and management and conduct audits that capture the actual conditions on the ground, rather than relying solely on figures and documentation. Based on my expertise in finance and taxation, I strive to ensure the consistency of information that underpins management decisions and the appropriateness of disclosures, while taking the actual conditions at worksites into account.

At present, I recognize the effectiveness of group governance as a particular and growing area of importance. While respecting the autonomy of each operating base, I place importance on dialogue with worksites to maintain common values and standards of control across the group. And through on-site audits of group companies in and outside of Japan, I have seen firsthand the ongoing efforts each company is making while responding to changes in its business environment.

At the same time, there are differences in the maturity of governance and internal controls across the group, and I recognize that some subsidiaries in Japan have room for improvement in areas such as the standardization of accounting systems and business processes and instilling greater compliance awareness. In contrast, some recently acquired subsidiaries outside of Japan have relatively advanced internal control frameworks and systems in place. In light of these circumstances, I believe it is necessary to build a common governance foundation across the entire group, regardless of size or region. Toward this end, I will work to strengthen the group-wide governance structure by enhancing coordination among the Audit & Supervisory Board members, the Internal Audit Division and the independent auditor.

In addition, I am paying close attention to initiatives that link sustainability with management strategy, including the expansion of the company's environmental businesses and investments in human capital. Regarding said human capital, I highly value the company's corporate culture that enables diverse talent to thrive. At the same time, regarding the development and promotion of female employees, I expect the company to track progress against specific indicators and link results to enhanced corporate value.

At Board of Directors meetings, management and outside officers exchange views freely and openly and engage in constructive discussions, and I feel that the Board's effectiveness is steadily improving. Going forward, with respect to business investments undertaken in anticipation of structural changes in the Japanese paper market, particularly M&As undertaken outside of Japan, which are important for our growth strategy and at the same time require appropriate risk management, I will continue to monitor whether appropriate reviews of these investments are being conducted. This includes assessing the progress of PMI, post-acquisition business performance and earnings contributions, and improvements in capital efficiency. Additionally, I believe it is important to deepen the discussions at Board of Directors meetings on themes such as DX, human capital management, sustainability initiatives, and the processes for responding to external requirements and expectations. In a rapidly changing market environment, the sustainable enhancement of corporate value will require the company to not only review its business portfolio but also strike a careful balance between growth investments and capital efficiency. As an Outside Audit and Supervisory Board member, I will support the steady implementation of disciplined management that verifies the appropriateness of investment decisions, including M&As, and continuously examines their results to ensure the optimal allocation of management resources.

Governance

Stakeholder Engagement

Stakeholder Engagement

Basic Approach to Communication with Stakeholders

The group believes that constructive dialogue with stakeholders is essential to sustainably enhancing corporate value.

Through such dialogue, we seek to accurately understand stakeholders' expectations and their requests for the group and reflect the feedback and input we receive in our management and business activities. At the same time, we will work to enhance transparency through timely and appropriate disclosure of information and further deepen relationships of trust with our stakeholders.

Main Topics for Dialogues with Shareholders and Investors

- Trends in paper demand in markets in and outside Japan and the company's growth strategy
- Status of the losses at the German subsidiaries and their future outlook
- Purpose of M&A for our growth strategy
- Shareholder returns and acquisition of treasury shares
- Reduction of cross-shareholdings
- Real estate and the Real Estate Leasing business

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 human rights.	1. Dissemination of information through our website 2. Response to inquiries submitted via our website 3. Issuance of the integrated report 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 have an understanding of management policy through messages from the president. We promote dialogue to build an environment where executives and employees with diverse values can work comfortably and make the most of their abilities.	6. Dissemination of information through the intranet 7. Communication of information through the issuance of the group magazine 8. Issuance of the Compliance Letter 9. Issuance of the OVOL Sustainability News newsletter 10. Issuance of the OVOL Bridges Express disclosure summary 11. HR appraisal/self-evaluation system 12. Employee engagement surveys 13. Dialogue sessions between management and employees 14. Conducting training and seminars 15. Establishment of internal and external consultation desks
Business Partners and Consumers	We proactively release information and engage in dialogue to help us accurately identify the needs and issues of business partners and consumers, and contribute to solving them.	16. Communication through business activities 17. Dissemination of information through our service sites 18. Responses to inquiries via service sites 19. Responsible procurement activities and obtaining certifications 20. Holding environment-related study sessions for business partners 21. Responses to CSR assessments by business partners 22. Holding of workshops 23. Issuance of Forum Letters communicating the value of paper
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 earning a fair market valuation through continued growth and enhanced corporate value.	24. General Meeting of Shareholders 25. Holding financial results briefings for analysts and institutional investors 26. Holding company presentations for individual investors 27. Individual meetings with analysts and institutional investors 28. Dissemination of information for institutional and individual investors through our website 29. Issuance of securities reports 30. Issuance of shareholder newsletter 31. Timely disclosures to the Tokyo Stock Exchange 32. Responses to surveys by ESG rating agencies
Local Communities	We aim to contribute to the local communities where our business facilities are located as a good corporate citizen, and to achieve harmonious coexistence with them through collaboration with local governments.	33. Organizing community engagement events with local community residents at our business facilities 34. Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation 35. Social contribution and volunteer activities 36. Conducting on-site classes
NPOs and NGOs	Through dialogue with NPOs and NGOs, we work to understand the responses to social and environmental issues expected of our group and to reflect them in our business activities.	37. Collaboration with NPOs and NGOs through our business 38. Sponsorship and participation in events, etc.
Government Agencies, Local Governments, and Industry Associations	We abide by the laws and regulations of all the countries where we operate and fulfill our responsibilities as a corporate citizen. We cooperate appropriately with local governments and relevant organizations in the areas where our business facilities are located and work to contribute to local communities.	39. Appropriate communication with relevant government authorities and local governments 40. Activities through industry associations