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Notice Concerning Introduction of Monetary Compensation Plan for Directors of the Board, Audit & Supervisory Board Members, and Executive Officers Aimed at Acquisition of Company Shares

Japan Pulp & Paper Co., Ltd. (the “Company”) hereby announces that it resolved at a meeting of its Board of Directors held today to introduce a new monetary compensation plan for Directors of the Board, Audit & Supervisory Board Members, and Executive Officers aimed at acquisition of Company shares (the “Plan”), as outlined below.

Monetary compensation to be paid to Directors of the Board and Audit & Supervisory Board Members of the Company under the Plan shall be within the scope of the total amount of compensation approved at the 149th Ordinary General Meeting of Shareholders held on June 29, 2011.

1. Purpose of introducing the Plan

The purpose of the Plan is to provide incentive for the sustainable growth and enhancement of the corporate value of the Company over the medium to long term by promoting holding of Company shares by Directors of the Board, Audit & Supervisory Board Members, and Executive Officers, thereby sharing values with shareholders, as well as linking compensation with achievement of the performance targets and achievement of “Human Resource-Related KPIs” targets.

By making a framework in which the Company pays monetary compensation to eligible persons and the eligible persons contribute the full amount of said monetary compensation to the shareholding association to acquire Company shares, the Plan provides compensation that is effectively paid as shares.

2. Persons eligible for the Plan

Persons eligible for the Plan are as follows:

Directors of the Board of the Company (including Outside Directors of the Board)

Audit & Supervisory Board Members of the Company (including Outside Audit & Supervisory Board Members)

Executive Officers of the Company

Note: Outside Directors of the Board and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) will be given a fixed compensation without a performance condition.

3. Structure of the plan

3-1. Method of decision-making on compensation amounts (Directors of the Board (excluding Outside Directors of the Board) and Executive Officers)

The amount of monetary compensation paid under the Plan is determined in consideration of the following elements.

(i) Amount of compensation to be paid when performance targets are met

This will be paid upon the achievement of the consolidated ordinary profit forecast figures for the full year announced in the financial results report in May every year (in the final year of the Medium-term Business Plan, the Medium-term Business Plan final year consolidated ordinary profit set as the target during the formulation of the Medium-term Business Plan) with achievement of the consolidated ordinary profit set as the performance targets as the necessary and sufficient condition for payment of such compensation.

(ii) Amount of compensation to be added/subtracted based on the degree of achievement of “Human Resource-Related KPIs” targets

Evaluation will be made based on the degree of achievement of “Human Resource-Related KPIs” targets and added to/subtracted from the compensation in (i) only in the event the compensation payment in (i) is determined upon achievement of the performance targets provided for in (i).

As for the method for evaluation, with respect to each of the following six items set as “Human Resource-Related KPIs” targets in the Medium-term Business Plan 2026, the compensation amount will be added to if there has been improvement or enhancement compared to the past year, or deducted from if there has been deterioration or decline.

Percentage of eligible male employees taking childcare leave (100%)

Employee engagement rating (BBB or higher)

Training expenses compared to FY2023 (3x or more)

Percentage of leave taken (80% or more)

Average monthly overtime hours (10 hrs. or less)

Ratio of female employees in career-track positions (30% or more)

(iii) Amount of specially paid compensation (Executive Officers excluding those concurrently serving as Directors of the Board)

Regardless of the achievement/non-achievement of the consolidated ordinary profit target set as the performance target, special payments to Executive Officers (excluding those concurrently serving as Directors of the Board) with a significant degree of contribution to business performance during the applicable year within the fixed limit amount will be subject to the discretion of the Representative Director and President.

3-2. Method of calculating compensation amounts

In the event payment of “(i) Amount of compensation to be paid when performance targets are met” is confirmed, the compensation amount (monthly amount) in the Plan will be calculated in consideration of (ii) and (iii) in the amount of such compensation.

In the event (i) is not paid and payment of (iii) has been confirmed, the amount of compensation (monthly amount) in the Plan will be (iii) only.

However, as described in 2., Outside Directors of the Board and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) will be given a fixed compensation regardless of performance.

3-3. Compensation payment method and contribution to shareholding association

For Directors of the Board, Audit & Supervisory Board Members, and Executive Officers equivalent to or higher than Senior Vice President, the compensation amount (monthly amount) calculated in 3-2 will be paid in addition to the monthly compensation from July to June of the following year. Eligible persons will contribute the same amount to the Company’s Officer Shareholding Association each month, and acquire the Company’s common shares through the Shareholding Association.

For Executive Officers that are employees, the compensation amount (monthly amount) calculated in 3-2 will be converted into an annual amount and paid as monetary compensation claims. Utilizing the “Employee Shareholding Association Performance-based Restricted Share Incentive Plan” disclosed on February 10, 2025, they will acquire the Company’s common shares with transfer restrictions through the Company’s Employee Shareholding Association.

4. Other

Shares withdrawn from the Officer Shareholding Association shall continue to be held for the duration of tenure and for one year after resignation.

Of the compensation paid under the Plan, with respect to the compensation for Directors of the Board (excluding Outside Directors of the Board) and Executive Officers equivalent to or higher than Senior Vice President, in the event of a certain event such as material accounting mistakes or fraudulent activities, the Company may reduce or not pay unpaid portions of compensation (malus) and make a request for the return of the amount already paid (clawback) by resolution of the Board of Directors.

5. Timing of introduction

The Plan is scheduled to be applied from the July 2026 payment.