

OVOL

Paper, and beyond



Paper, and beyond

OVOL

Japan Pulp & Paper Co.,Ltd.

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

**Japan Pulp & Paper Group
Integrated Report 2023**

Corporate Philosophy

Our Corporate Spirit

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

Our Mission

Carving a better future for society
and the environment.

Our Principles

- Change** Change ourselves as society changes.
- Challenge** Challenge new fields with conviction and ambitious spirit.
- Create** Create fresh global value through diversity.

Corporate Slogan

Paper, and beyond

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Integrated Report Editorial Policy

The Japan Pulp & Paper Group began issuing an integrated report in fiscal 2022. Our goals in issuing this report are to give stakeholders a deeper understanding of the group's efforts for sustainable value creation, and to facilitate dialogue that will lead to further enhancement of the group's corporate value. We hope that in addition to presenting the group's long-term vision, management strategies and business activities, it will help you to understand our commitment to sustainable management that realizes both social and economic value, including our efforts to resolve social issues through our businesses.

We will incorporate stakeholder feedback as we continue to improve the content of the integrated report and evolve it into a report that is easier to understand.

Scope

Period:
April 1, 2022 to March 31, 2023
Note: Includes some activities after March 31, 2023.

Organization:

Japan Pulp & Paper Co., Ltd. and the Japan Pulp & Paper Group

Date of next issue: October 2024

Reference Guidelines

- IFRS Foundation, "International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry, "Guidance for Collaborative Value Creation"



Forward-Looking Statements

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

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The Japan Pulp & Paper Group by the Numbers (As of March 31, 2023)

History and Foundation

Since our establishment in 1845, we have expanded the possibilities of paper and the value we offer by diversifying our business with paper wholesaling as our mainstay.

Years Since Establishment
178 years

Continuously Profitable (Ordinary Profit) Since Listing on the Tokyo Stock Exchange in 1972
51 years

Group Companies
127

Distribution Sites for Wholesaling Businesses
92

Consolidated Results

We are working to enhance each of our diversified segments and create synergies with existing businesses to build a stable revenue base for the entire group.

Revenue
JPY 545.3 billion

Ordinary Profit
JPY 21.2 billion

Profit Attributable to Owners of Parent
JPY 25.4 billion

ROE
24.0%

Payout Ratio
6.5%

Sound Finances

We have maintained financial soundness with stable earnings and appropriate management of interest-bearing debt, and have received an A/Stable rating and outlook from two credit rating agencies.

Net D/E Ratio
0.66 times

Issuer Credit Ratings

A Rating and Investment Information, Inc. (R&I)

A Japan Credit Rating Agency, Ltd. (JCR)

Human Capital

We are enhancing cohesion and utilizing diverse human resources within the group under the OVOL brand as well as accelerating our growth strategy.

Number of Consolidated Employees
4,338

Average Length of Service (Parent Company Employees)
19.7 years

Percentage of Female Employees (Parent Company)
38.4%

Percentage of Employees Working Outside of Japan
48.3%

Global Operations

As one of the world's leading distribution companies in the paper industry, we have built a procurement and supply system that covers the entire world.

Ratio of Revenue Outside of Japan
56.0%

Trading Partner Countries and Regions (Including Japan)
57

Countries and Regions in Which We Do Business
22

Environment-related Businesses

The group's environment-related businesses aim to contribute to a sustainable society and the environment. These businesses encompass the recycling business, including wastepaper recycling, and the renewable energy power generation business.

Raw Materials & Environment Segment Revenue
JPY 26.8 billion

Renewable Energy-related Business Sites
5

- Renewable energy power plants: 3
- Palm kernel shell storage sites: 2

Manufacturing Sites Using Recycled Paper as a Raw Material
7

Recycling Business Sites
29

- Wastepaper yards: 28
- Comprehensive recycling business sites: 1

Message from the President



We will realize our group vision by promoting sustainable management based on 178 years of trust.

Akihiko Watanabe
Representative Director,
President & CEO

As a leading company in the paper distribution industry since its establishment in 1845, the Japan Pulp & Paper Group has lived up to its unchanging mission of providing a stable supply of paper and paperboard, which are indispensable for social, industrial, and cultural development as well as for people’s daily lives. We have anticipated the needs of society and customers throughout each era, and pursued value creation that is unique to the group by expanding our business fields and building a global network with paper at the core.

Currently, our business environment and the pulp and paper industry are undergoing major changes. Structural factors such as the progress of digitalization and the population decline in Japan since the 2000s continue to reduce demand for graphic paper such as newsprint and printing and communication paper. On the other hand, the demand structure is also transforming in line with social change. For example, in addition to stable demand in the food industry, mainly for processed foods, and in the consumer electronics field, demand for

packaging paper such as containerboard has remained strong due to the growth of e-commerce. Furthermore, companies are facing growing expectations to address environmental issues that impact society globally, such as climate change, biodiversity, and plastic waste. Industrial structures are also rapidly changing due to the emergence of new values.

Under these circumstances, in 2021 we formulated OVOL Vision 2030 and Medium-term Business Plan 2023 based on our corporate slogan “Paper, and beyond.” Our goal was to express our determination to create new value by evolving beyond the boundaries of the paper industry and further expanding globally. The group is now working to become “the world’s leading paper distribution group,” “a group that contributes to a sustainable society and global environment,” and “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry,” with a view toward 2030.

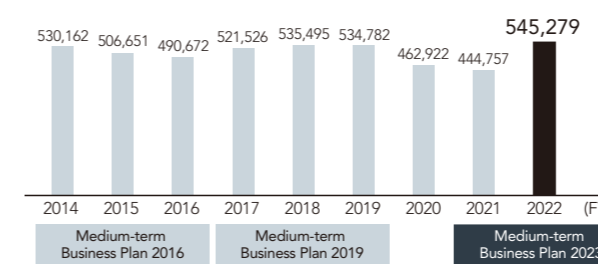
Review of Fiscal 2022 and Progress of Medium-term Business Plan 2023

Looking at the progress of Medium-term Business Plan 2023, we were able to achieve our quantitative targets as well as record-high profits (on a consolidated basis) in fiscal 2022, as we did in fiscal 2021. However, we recognize that we are still only halfway to achieving our qualitative targets, namely “creating added value in the New Normal” and “evolving into a group that pursues excellence even

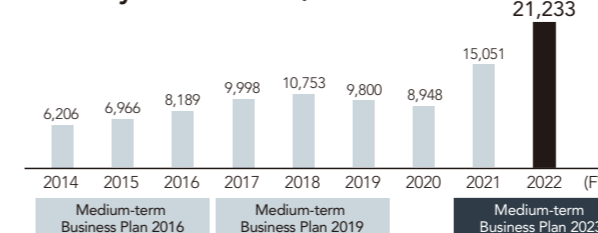
beyond the paper industry,” as stated in Medium-term Business Plan 2023.

Regarding the quantitative aspects of Medium-term Business Plan 2023, we set a target of JPY15 billion in ordinary profit for the final year (fiscal 2023). Ordinary profit in fiscal 2022 far exceeded this target, reaching JPY21.2 billion, which was a record high. However, these results

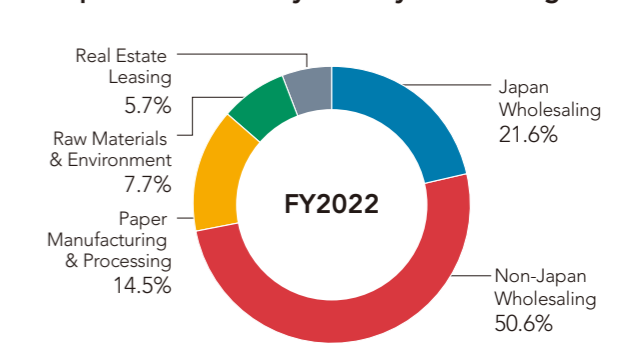
Revenue (Millions of yen)^{1, 2}



Ordinary Profit (Millions of yen)²



Composition of Ordinary Profit by Business Segment³



1. From the fiscal year ended March 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) has been adopted. Accordingly, “Net sales” has been reclassified as “Revenue.” Revenue for the fiscal year ended March 31, 2022 decreased compared with the previous fiscal year. Net sales calculated according to the former accounting standard, however, would have increased by JPY58,781 million, or 12.7% year on year, to JPY521,703 million.
2. We launched the current Medium-term Business Plan 2023 in fiscal 2021 (the year ended March 31, 2022) due to the impact of the COVID-19 pandemic.
3. Ordinary profit by business segment is a simple aggregation, excluding adjustments

Message from the President

were boosted by favorable conditions. One factor was growth of the Non-Japan Wholesaling segment, which was driven by fluctuations in supply, demand, and prices in Europe, the United States, and Oceania at levels far exceeding the initial plan. Consolidated ordinary profit in fiscal 2021, the first year of Medium-term Business Plan 2023, was JPY15.1 billion. This means that we achieved the final year target of JPY15 billion in ordinary profit for the second consecutive year (in fiscal 2021 and fiscal 2022). This demonstrates that each segment was able to establish a robust earnings structure and respond to the rapid changes in the business environment caused by the COVID-19 pandemic, especially in the Non-Japan Wholesaling segment. In this segment, we promoted rationalization at major operating bases and further developed our “glocal” strategies. Putting the favorable conditions to the side, I think we made great progress in this area. Furthermore, I think the Paper Manufacturing & Processing segment’s performance is to be commended based on its efforts to date, despite facing difficult conditions caused by rising manufacturing costs mainly due to the impact of soaring logistics costs as well as energy costs such as electricity and gas. In addition to the initiatives in each segment, the diversification strategy that we have been promoting since 2010 has proven successful, leading to enhanced risk tolerance and expansion of our scale.

While we are working to achieve further growth in all five segments in a balanced way, there are external factors that we expect will have a significant impact on our business performance in fiscal 2023. Specifically, in the Non-Japan Wholesaling segment, we need to remain aware of the supply-demand balance in major markets such as Europe, the United States, and Oceania, as well as the activities of Chinese and Korean manufacturers. In the Paper



Manufacturing & Processing segment, the main external factor is the price of raw materials and fuel. In the Raw Materials & Environment segment, external factors include supply and demand trends for wastepaper and woody biomass fuel, as well as how various businesses and local governments respond to new plastics-related laws. We believe that by steadily implementing specific measures to address these external factors, we will be able to realize the two basic policies of Medium-term Business Plan 2023 —“creating added value in the New Normal” and “evolving into a group that pursues excellence even beyond the paper industry.” It is now essential to create specific structures and systems in order to significantly increase the value the group provides, including functions and services, while eliminating wasteful operations and costs. We will make steady progress in fiscal 2023, which is the final year of Medium-term Business Plan 2023.

As president, my mission is to win the support of the group’s executives and employees and to realize the group’s long-term vision.

My most important mission at present is to bring the group closer to achieving the three goals of OVOL Vision 2030. The first goal is to become “the world’s leading paper distribution group.” OVOL Vision 2030 is based on our desire to provide the best possible paper distribution services globally and on a local level, and to earn recognition as an outstanding and reliable company. We will also focus on achieving regional and business diversification and enhancing capital efficiency and profit margins. The second goal is to be “a group that contributes to a sustainable society and global environment.” In addition to contributing to better living and businesses by unlocking the potential of paper, we will make a significant contribution to the realization of a circular economy by strengthening our wastepaper recycling, paper manufacturing, comprehensive recycling, and renewable energy power generation businesses, which make more effective use of the environmental performance of paper. The third goal is to be “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry.” By combining the first two goals with active investment in human capital, we will create next-generation innovation and satisfy all stakeholders, including shareholders, investors, business partners, local communities, and group executives and employees.

In order to realize the goals of OVOL Vision 2030, it is important to get as many of the group’s executives

and employees as possible to support the group’s long-term vision and the efforts being made to achieve it, as well as to get everyone moving in the same direction. I believe that the daily efforts that result will eventually lead to value creation that is unique to the group. We conducted an engagement survey for the first time in May 2023, and will analyze the results and work to increase work engagement.

As our business environment becomes even more challenging, mainly due to structural factors such as the progress of digitalization and population decline in Japan, in order for group executives and employees across the world to work as a unified front, it is critical that they experience success as much as possible, no matter how small. Since a successful experience is one in which you feel “the work is finished and the results are good,” the hardships and hurdles you faced along the way may be forgotten. However, it is important to understand and experience that process and the secrets of success. Looking back at my own experience, I have learned that while it is obviously important to have a sense of ownership, it is also important to “try when in doubt,” “never interpret problems in a manner that suits you,” and “be sincere behind the scenes.” Our failures often teach us much more than our successes, and we must remember to treat failure as a source of personal growth and make the most of it in the future.

Our Group Vision for 2030 “OVOL Vision 2030: Paper, and beyond”

The World’s Leading Paper Distribution Group

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

A Group That Contributes to a Sustainable Society and Global Environment

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

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

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

Target Estimate for 2030

Consolidated ordinary profit of JPY**25** billion

Basic Policy of Medium-term Business Plan 2023

1 Creating Added Value in the New Normal

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

2 Evolving into a Group That Pursues Excellence Even Beyond the Paper Industry

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

Final Target

Consolidated ordinary profit of JPY**15** billion

Note: For specific examples of the group’s unique value creation initiatives, please refer to “Value Creation Examples” on pages 26–29.

Toward OVOL Vision 2030

I will now explain the positioning of Medium-term Business Plan 2023 and Medium-term Business Plan 2026 in connection with OVOL Vision 2030. As mentioned earlier, the goals of OVOL Vision 2030 are to become “the world’s leading paper distribution group,” “a group that contributes to a sustainable society and global environment,” and “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry.” As a quantitative target of OVOL Vision 2030, we have set a consolidated ordinary profit target estimate of JPY25 billion.

With regard to the upcoming Medium-term Business Plan 2026, I would like to talk about the direction I believe we will take in achieving the goals of OVOL Vision 2030. First, during the period of Medium-term Business Plan 2023, we have established a stable revenue structure that has enabled us to achieve the final year target of JPY15 billion in ordinary profit every year of the plan (JPY15.1 billion in fiscal 2021, JPY21.2 billion in fiscal 2022, and JPY17 billion forecast for fiscal 2023). Furthermore, our capital-to-asset ratio is over 30%, and as of the end of fiscal 2022, we have achieved all of the financial indicator targets of Medium-term Business Plan 2023, including a net D/E ratio of 1.4 times or less (currently 0.66 times, far below the target), ROE of 8%, ROA of 4%, and ROIC of 5%. As a result, we have enhanced the soundness of our financial base and ability to procure funds. For qualitative targets, we were able to establish a platform for value creation both inside and outside of Japan that is unique to the group.

In Medium-term Business Plan 2026, which is the next stage, we will work to enhance communication inside and outside the group by utilizing our value creation platform, and to significantly increase the value the group provides, including functions and services. Amid the rapid changes in society’s values and the demands placed on companies, it is easy to understand that even though conditions are good now, we live in a world where we cannot survive if we stand still, and by the time we realize this, it may already

Promoting Sustainable Management

To realize OVOL Vision 2030, we must promote sustainable management that realizes both social and economic value. To this end, we established the Executive Sustainability Committee and the Corporate Sustainability Division in April 2022, and formulated the Sustainability Policy as well as several other related policies. The establishment of these organizations and their subordinate bodies has made it possible for us to quickly and properly communicate throughout the group when an issue related to social

be too late. I want the entire group to work together to implement innovative initiatives in each of our business areas by backcasting measures and activities based on the goals of OVOL Vision 2030. We consider Medium-term Business Plan 2026 to be a period for creating the structures and systems that will determine the success or failure of OVOL Vision 2030. We will set the most ambitious, aggressive, dramatic, exciting, and challenging targets as well as concrete measures in the history of the group. Furthermore, in order to implement such measures, we must improve our human resource capabilities and enhance work engagement. We are considering the further promotion of human capital management, which will lead to higher productivity through enhanced work engagement, and also improve our competitiveness and profitability.

In addition, to achieve OVOL Vision 2030’s ordinary profit target estimate of JPY25 billion, we need to further expand the scale of our business and earnings. One measure is to significantly expand business in existing areas as well as in new areas by making full use of M&A, which will also lead to increased competitiveness. This will include both complementary and strategic M&As. For complementary M&As, we will continue to identify and add to the essential functions required for the group’s platform to operate. Especially in developed countries, where the market for graphic paper is expected to shrink further, we need to incorporate new value-added products and growth products in order to maintain a level that enables us to effectively utilize the distribution network and other resources we already possess as a paper distributor. Instead of starting from scratch, we are looking to make steady progress in a short time by implementing M&As. In addition, we will consider strategic M&A investments to create new value both inside and outside of Japan. Under the corporate slogan “Paper, and beyond,” we will examine the measures of Medium-term Business Plan 2026 to create new business pillars based on value creation that is unique to the group.

trends and needs necessitates a response, and to include the entire group in that process. In September of the same year, we issued our first integrated report as a tool for dialogue and communication with stakeholders. The report presented the group’s vision, the value creation process for achieving that vision, and our commitment to material issues, which showed what we believe is important. However, as this was our first publication, many issues and areas of concern were uncovered from the results of internal

and external questionnaires and discussions. I hope that through *Integrated Report 2023*, executives and employees will gain a greater level of sympathy with the group’s long-term vision and the efforts being made to achieve it. I also hope it serves to guide them in the same direction. Accordingly, based on the aforementioned issues and areas of concern, this report has been improved and expanded both in content and design from the previous year. In the fiscal 2024 edition, we intend to evolve it further as a tool for dialogue and communication, while also linking it to Medium-term Business Plan 2026, which will begin in the following fiscal year. For sustainable management, I am currently focusing on our approach to employees, which is one of the themes for our material issues. In particular, I am emphasizing the promotion of human capital management through enhanced work engagement. The goal of improving work engagement is to create a workplace where group executives and employees feel a sense of excitement about coming to work. This is the aspect that I am most interested in pursuing.

Note: For specific human resource initiatives, please refer to “Employees” on pages 69–72.

To Our Stakeholders

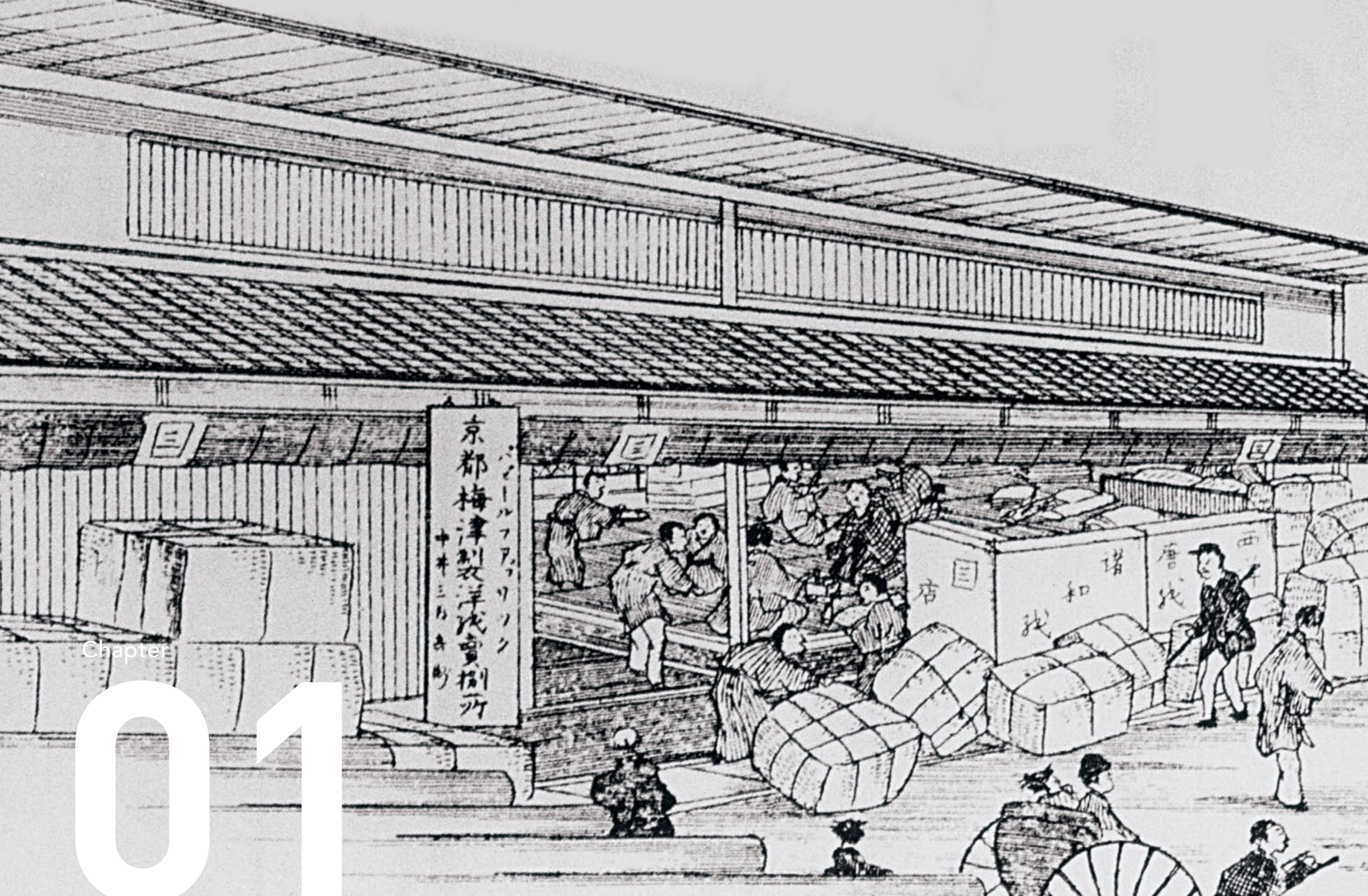
This is my own theory, but I believe that a reaction against the rapid progress of digitalization and a kind of digital fatigue are gradually emerging, and at the same time, the original aesthetics and functions of paper in relation to the human mind are being reevaluated. For example, if we compare an e-book with a paper book, the amount of information that is input, such as the progress of the story and the overall picture, differs depending first on the touch and then on the act of turning the pages. Moreover, the recent boom in trading cards is also a reminder of the attractiveness of paper products as real objects that satisfy the desire to own and collect. Furthermore, as the trend toward elimination of plastics in containers and packaging intensifies, we can expect increased demand for alternative materials such as paper due to its environmental performance. Various trials are underway and some practical applications have already been found. As paper professionals, we will continue to make proposals and communicate with society in order to enhance the value of paper.

In addition to our policy of ensuring stable shareholder returns, we will also raise dividends in line with growth in profitability and link efforts to improve the value of paper to enhancing corporate value. In this way, investors and shareholders can also share in the growth of the company.



I would also like each group executive and employee to formulate action plans that express “I will do _____,” “I will start _____,” or “I will create _____,” based on backcasting the exciting targets and objectives they have set for creating new value. By promoting this sense of excitement, the actions of each group executive and employee will lead to the creation of an organization that is ready to take on the challenges of the new world. While the path to OVOL Vision 2030 will not be a smooth one, I am excited about the journey. In order to implement specific initiatives for human capital management, we are in the process of analyzing our current position, considering the direction we should take, and formulating a promotion plan.

Under Medium-term Business Plan 2026, which begins in fiscal 2024, we will set targets and concrete, effective measures that will be more exciting for all stakeholders, including shareholders, investors, business partners, local communities, and group executives and employees. We believe that the results of these efforts will lead to the realization of OVOL Vision 2030 and the embodiment of our corporate slogan, “Paper, and beyond.” We also believe in the importance of engaging in genuine dialogue with our stakeholders. The group is currently planning events that will be held for the first time in several years, and we see these as opportunities to fully demonstrate our inherent strengths. In addition, in order to further invigorate communication, we will strengthen both the quality and quantity of our public relations and investor relations communications, and above all, we will utilize *Integrated Report 2023* as an important tool for dialogue and communication. Going forward, we will continue to work to accurately grasp the opinions and expectations of our diverse stakeholders, and reflect them in management through dialogue and co-creation in a variety of ways. We will enhance the corporate value of the group and aim to be a corporate group that is trusted by all stakeholders. I look forward to your continued guidance and support.



諸紙膏之郷
 三條通東洞院西へ入
 中井三郎兵衛

Chapter
01

Our Value Creation Story

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Our History of Value Creation

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

1845-

Market Needs and Social Issues

With the establishment of a modern market-oriented society in Japan, demand for paper for newspapers, magazines, books and other products increases, and the paper manufacturing industry expands

Initiatives and Strategies of the Japan Pulp & Paper Group

- Founded as a traditional Japanese paper (washi) merchant
- First in Japan to trade in machine-made paper
- Expansion of scope of operations as a distributor for paper manufacturers in Japan



- 1845 Echisan Shoten established in Kyoto as a merchant in the trade of traditional Japanese paper (washi).
- 1876 First in Japan to trade in machine-made paper.
- 1899 Shanghai Nakai established.
- 1955 Hong Kong Representative Office opened.
- 1967 New York Representative Office opened.

1970-

Market Needs and Social Issues

Paper demand in Japan expands further after a period of rapid economic growth. Applications for paper become more diversified. Japan becomes one of the world's leading paper and paperboard producing countries.

Interest in recycling increases rapidly due to measures to reduce waste and resource/energy issues associated with a global oil crisis

Initiatives and Strategies of the Japan Pulp & Paper Group

- Strengthening competitiveness through mergers
- Enhancing management base by listing stock
- Entry into the wastepaper recycling business



- 1970 Japan Pulp & Paper formed through a merger with Fuji Yoshiten.
- 1972 Listed on the Tokyo Stock Exchange. Dusseldorf Representative Office opened.
- 1973 JP Resources established, marking the group's full-scale entry into the wastepaper recycling business.
- 1979 JP Information Center established, marking the group's entry into the ICT business.
- 1998 Safeshred (of the US) joins the group.

2000-

Market Needs and Social Issues

- Demand for paper and paperboard in Japan reaches its peak
- Activities to protect nature and forest resources spread globally, resulting in increased demand for eco-friendly materials such as paper with forest certification

Initiatives and Strategies of the Japan Pulp & Paper Group

- Entry into the paper manufacturing business (containerboard and printing paper using recovered paper as a raw material)
- Entry into the comprehensive recycling business, including waste plastic recycling
- Acquisition of ISO 14001 certification and forest certification (FSC®/PEFC) at Japan Pulp & Paper



- 2003 Taiho Paper and Indonesia's Oriental Asahi JP Carton Box (OAJ) join the group.
- 2007 Kawabe Biomass Power Generation begins power generation from woody biomass. Eco-Port Kyushu established.
- 2009 Transfer of the paper manufacturing business of Tokiwa to Eco Paper JP.

2010-

Market Needs and Social Issues

- In Japan, due to structural issues in society such as population decline and digitalization, demand for printing and communication paper decreases. Paperboard production exceeds paper production for the first time in 2020.
- Paper begins to gain greater attention as a material that supports resource recycling and the elimination of plastics as part of efforts to realize a sustainable society

Initiatives and Strategies of the Japan Pulp & Paper Group

- Entry into the recycled household paper manufacturing business
- Expanding the Non-Japan Wholesaling segment
- Strengthening the renewable energy power generation business

Built up over 178 years as a leader in the paper distribution industry

Trust



- 2010 Gould Paper, a leading US paper merchant, joins the group.
- 2011 Corelex Group joins the group.
- 2012 KCT Trading, an Indian paper merchant, joins the group.
- 2015 Eco Power JP begins operation of Kushiro Onbetsu Solar Power Generation Plant.
- 2016 Noda Bio Power JP begins power generation from woody biomass.
- 2017 Ball & Doggett Group, the largest paper merchant in Oceania, joins the group. Fukudasansho, a major Japanese wastepaper trading company, joins the group.
- 2018 In Southeast Asia, paper merchants Spicers Paper (Singapore) (now OVOL Singapore) and Spicers Paper (Malaysia) (now OVOL Malaysia) join the group. OVOL New Energy established.
- 2019 Premier Paper Group, a leading paper merchant in the UK, joins the group.
- 2022 Osaka Paperware Mfg. and Misuzushigyo, containerboard manufacturers in Osaka, join the group.

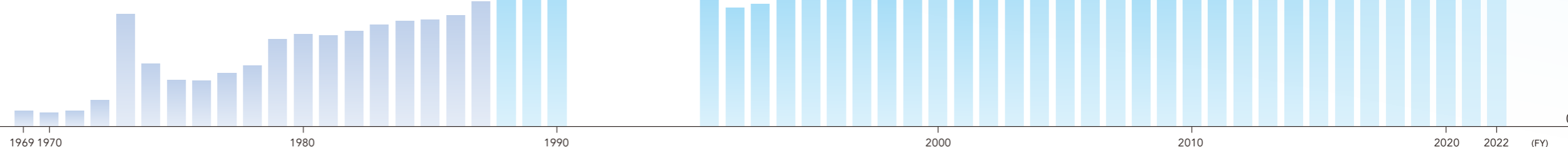
Fostering the Japan Pulp & Paper Group's unique strengths based on trust



Fiscal 2022 Consolidated Ordinary Profit
JPY 21,233 million

Ordinary Profit

- Non-consolidated
- Consolidated



Corporate Philosophy

▶ Page 2

OVOL Vision 2030

▶ Pages 8, 32

Material Issues ▶ Pages 57–59

Environment	Society	Employees	Governance
<ul style="list-style-type: none"> Climate Change Biodiversity Resource Recycling Environmental Impact 	<ul style="list-style-type: none"> Supply Chain Communities Digitalization 	<ul style="list-style-type: none"> Work Environment Diversity and Inclusion 	<ul style="list-style-type: none"> Corporate Governance Compliance Stakeholder Engagement

Social and Business Issues

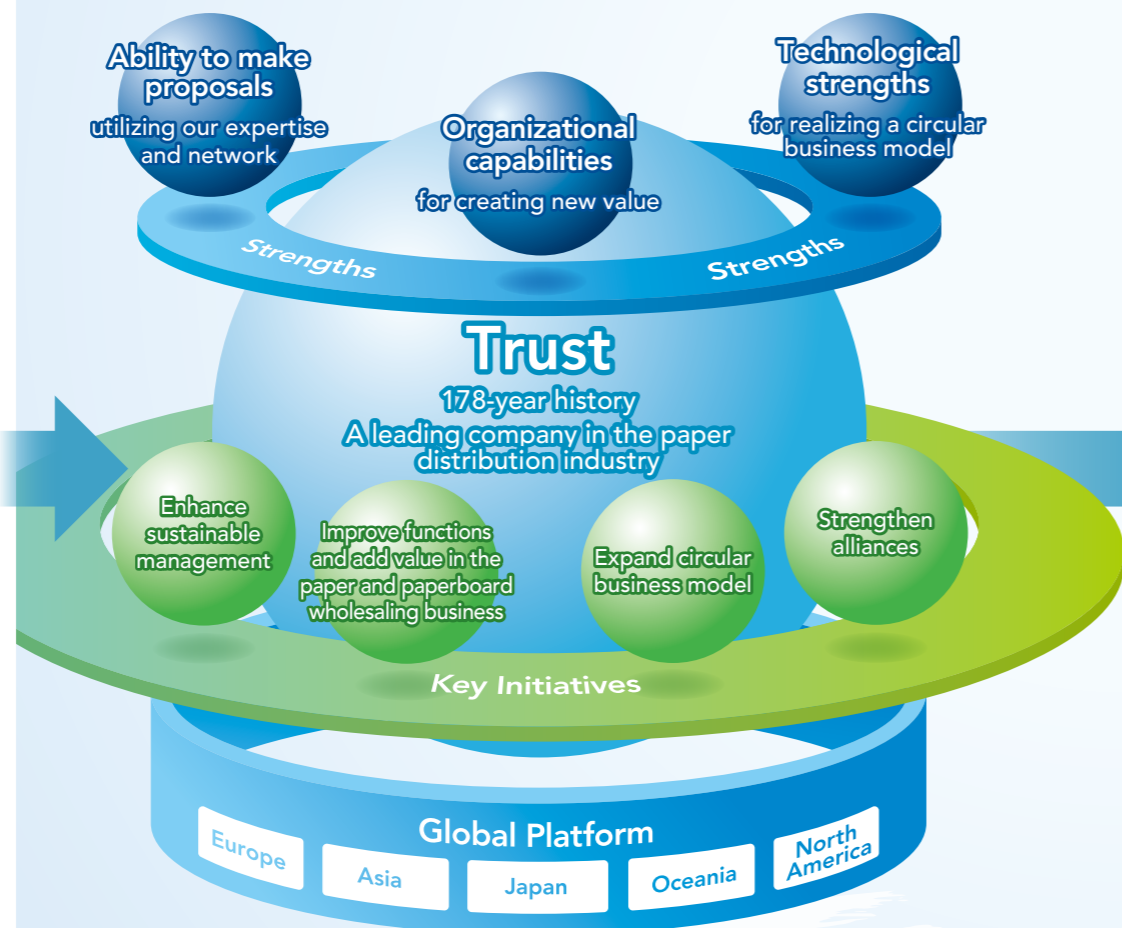
- Climate change and decarbonized society
- Biodiversity and forest conservation
- Depletion of water resources and water pollution
- Circular economy
- Social demand for respect for human rights and diversity
- Human capital management
- Digitalization
- Changes in people's awareness of the environment
- Harmonious coexistence with local communities
- Geopolitical risks
- Declining birthrate and aging population in Japan
- Changing world population and demographics
- Disclosure of ESG initiatives

Inputs
▶ Pages 18–19

Note: As of March 31, 2023

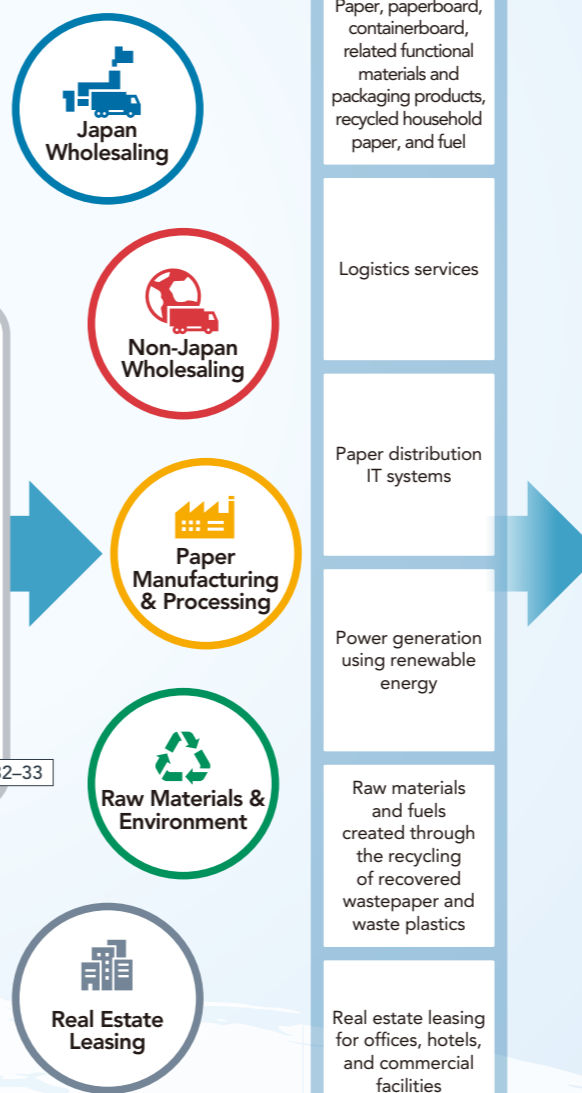
- Human Capital**
- Quality human resources and status as an industry-leading company
 - Number of consolidated employees: 4,338
 - Percentage of female employees (parent company): 38.4%
 - Percentage of employees working outside of Japan: 48.3%
 - Average length of service of parent company employees: 19.7 years
- Financial Capital**
- Sound financial base and ability to procure funds
 - Net assets: JPY128,295 million
 - Interest-bearing debt: JPY108,887 million
 - Net D/E ratio: 0.66 times
 - Free cash flow: JPY23,977 million
 - Issuer credit rating: A
- Manufactured Capital**
- Distribution sites around the world
 - Paper mills with unique technologies
 - 92 distribution sites for wholesaling businesses
 - 15 manufacturing and processing sites
 - 29 recycling business sites
 - 5 renewable energy sites
 - 13 rental properties
- Intellectual Capital**
- Expertise and ability to make proposals in the paper business
 - Expertise in paper manufacturing, processing, sales, wastepaper collection, and environmental businesses
 - Paper distribution IT systems
- Social and Relationship Capital**
- Networks and relationships of trust with business partners built over 178 years
 - Good relationships with communities near business sites
- Natural Capital**
- Wood, water, raw materials derived from fossil fuels, fossil fuels, woody biomass, and solar power

Business Model
▶ Pages 20–23



Outputs
▶ Pages 38–51

Group Products and Services



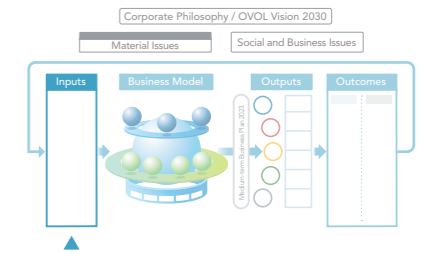
Outcomes
▶ Pages 24–25

Value for Stakeholders Created through Our Business Activities and Outputs

- Direct Outcomes**
- Executives and Employees**
- Stable, long-term employment opportunities
 - Growth opportunities through education and on-the-job training
 - Well-being
- Customers**
- Improve the value of customers' products by proposing new products and services such as material mix coordination
 - Create new business models
 - Stable procurement of paper and paperboard
 - Reduce financial burden and improve creditworthiness by providing trading company finance
 - Acquire new business opportunities for customers by creating demand through educational activities for consumers and society to reaffirm the value of paper
- Suppliers**
- Consigning sales to the group results in:
 - Reliable sales
 - Sales opportunity expansion
 - Optimized production and reduction of inventory risk
 - Creation of product development opportunities by providing information concerning market needs
 - Stable procurement of recovered paper raw materials
- Shareholders and Investors**
- Dividends
 - Stock price increases in line with earnings growth
- Communities**
- Job creation
 - Tax payment
 - Reduce waste by recycling wastepaper
 - Community contribution through activities such as disaster support and human resource development
- Environment**
- Resource recycling by reusing wastepaper and waste plastic
 - Promote reduction of CO₂ emissions through the use of renewable energy
- Indirect Outcomes**
- Culture**
- Enhanced enrichment of life through understanding of the true value of paper
- Education**
- Paper is beneficial to education
- Industry**
- Ensure stable procurement of paper and paperboard products for a wide-range of industries beyond those of our customers
 - Revitalization of the industry through use of paper-based packaging that is easy to recycle and has lower environmental impact
 - Contribution to environmental conservation efforts in the supply chain through promotion of recycling
 - Improve business foundation and standing of the pulp and paper industry and business partners through educational activities to reaffirm the value of paper
- General Consumers**
- Opportunities to participate in a circular economy
 - Stable purchase of daily necessities that are environmentally friendly
 - Enrichment of daily life through paper and paperboard products
- Communities**
- Revitalization of local economies and environmental conservation
 - Reduce burden on incineration facilities by recycling wastepaper
 - Enhance the value of resource recycling initiatives through educational activities to reaffirm the need to recycle
- Environment**
- Lower CO₂ emissions by reducing waste through recycling
 - Promote the sustainable use of forest resources through the use of recovered paper materials
 - Conserve biodiversity

Management Capital (Inputs)

The Japan Pulp & Paper Group invests its six forms of management capital in the value creation process to support ongoing business activities and increase corporate value. The group is committed to sustainable business management that realizes both social and economic value and reinvests in the value creation process to strengthen and increase each form of management capital.



Human Capital ▶ For details, see "Employees" on pages 69–72.

Quality human resources and status as an **industry-leading company**

Number of consolidated employees
4,338

Percentage of female employees (parent company)
38.4%

Percentage of employees working outside of Japan
48.3%

Average length of service of parent company employees
19.7 years

Human capital is the most important form of management capital for achieving the group's goal of becoming a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry. The creation of new value, which is achieved by organically combining extensive expertise in the paper business with internal and external assets, is based on human capital. We will further strengthen our human capital by qualitatively and quantitatively hiring highly skilled people and empowering them to generate value by leveraging their diversity, individuality, and ideas. We are also committed to creating a corporate culture in which all employees can continue to work enthusiastically and in good health.

Financial Capital ▶ For details, see "Financial Strategies" on pages 34–37.

Sound financial base and ability to procure funds

Net assets
JPY128,295 million

Interest-bearing debt
JPY108,887 million

Net D/E ratio
0.66 times

Free cash flow
JPY23,977 million

Issuer credit rating
A

The group is further increasing its corporate value by diversifying its businesses, reinforcing existing platforms, and creating value by strengthening alliances. The group also needs to enhance its financial capital because it is the source of funding for investments that will strengthen earnings. Our financial capital features stable earnings from a well-balanced business portfolio and high-quality receivables based on the relationships of trust built with business partners that the group has nurtured over the years. It also features stable and sound finances as a result of a practice of maintaining strict financial discipline and thorough management and execution of measures to ensure capital efficiency. The group is committed to improving its corporate value by investing the cash it generates from its financial capital in the value creation process.

Manufactured Capital ▶ For details, see "Business Segments" on pages 40–51.

Distribution sites **around the world**

Paper mills with **unique technologies**

Distribution sites for wholesaling businesses
92

Manufacturing and processing sites
15

Recycling business sites: **29**
(Wastepaper yards: 28; Comprehensive recycling business sites: 1)

Renewable energy-related business sites: **5**
(Renewable energy power plants: 3; Palm kernel shell storage sites: 2)

Rental properties: **13**

Guided by OVOL Vision 2030, the group is refining its expertise and network in the paper and paperboard wholesaling business to become recognized as the world's leading paper distribution group. We must therefore establish distribution sites in markets around the world, and provide the highest level of locally rooted services in the key markets of the countries and regions we serve. The group also intends to increase its manufactured capital, one of its strengths, to encompass the manufacturing and processing of wastepaper as a raw material, which also includes the businesses of wastepaper collection and recycling. Furthermore, our commitment to contributing to the realization of a circular economy involves the renewable energy power generation business.

Intellectual Capital

Expertise and **ability to make proposals** in the paper business

Expertise in paper manufacturing, processing, sales, wastepaper collection, and environmental businesses

Paper distribution IT systems

The group has been involved in the paper business for 178 years. Its extensive knowledge and experience related to paper and other materials, peripheral markets such as printing and processing, and the entire supply chain is a potent strength. This intellectual capital is unique to the group.

The Corelex Group, which is engaged in the recycled household paper manufacturing business, has a proprietary technology for removing foreign matter in the wastepaper pulping process. This technology enables the recycling of difficult-to-recycle wastepaper for use as a raw material for paper manufacturing.

Furthermore, the group uses all of its intellectual capital to create new value in ways such as developing and marketing paper distribution IT systems. We will improve our ability to make proposals utilizing our expertise and network while quickly turning ideas into realities to increase the group's corporate value.

Social and Relationship Capital

Networks and relationships of trust with business partners built over **178 years**

Good relationships with communities near business sites

The group has built relationships of trust with stakeholders including business partners over 178 years. This social and relationship capital is unique to the group, and helps us create business opportunities and maintain our reputation in the markets we serve.

The group needs to address major changes in the market, such as the continued decline in demand for paper due to population decline and digitalization. Part of that effort will involve greater collaboration with various stakeholders, including communities, to realize both social and economic value and the sharing of information through dialogue to strengthen our relationship and grow together.

Natural Capital ▶ For details, see "Environment" on pages 60–66.

Wood

Water

Raw materials derived from fossil fuels

Fossil fuels

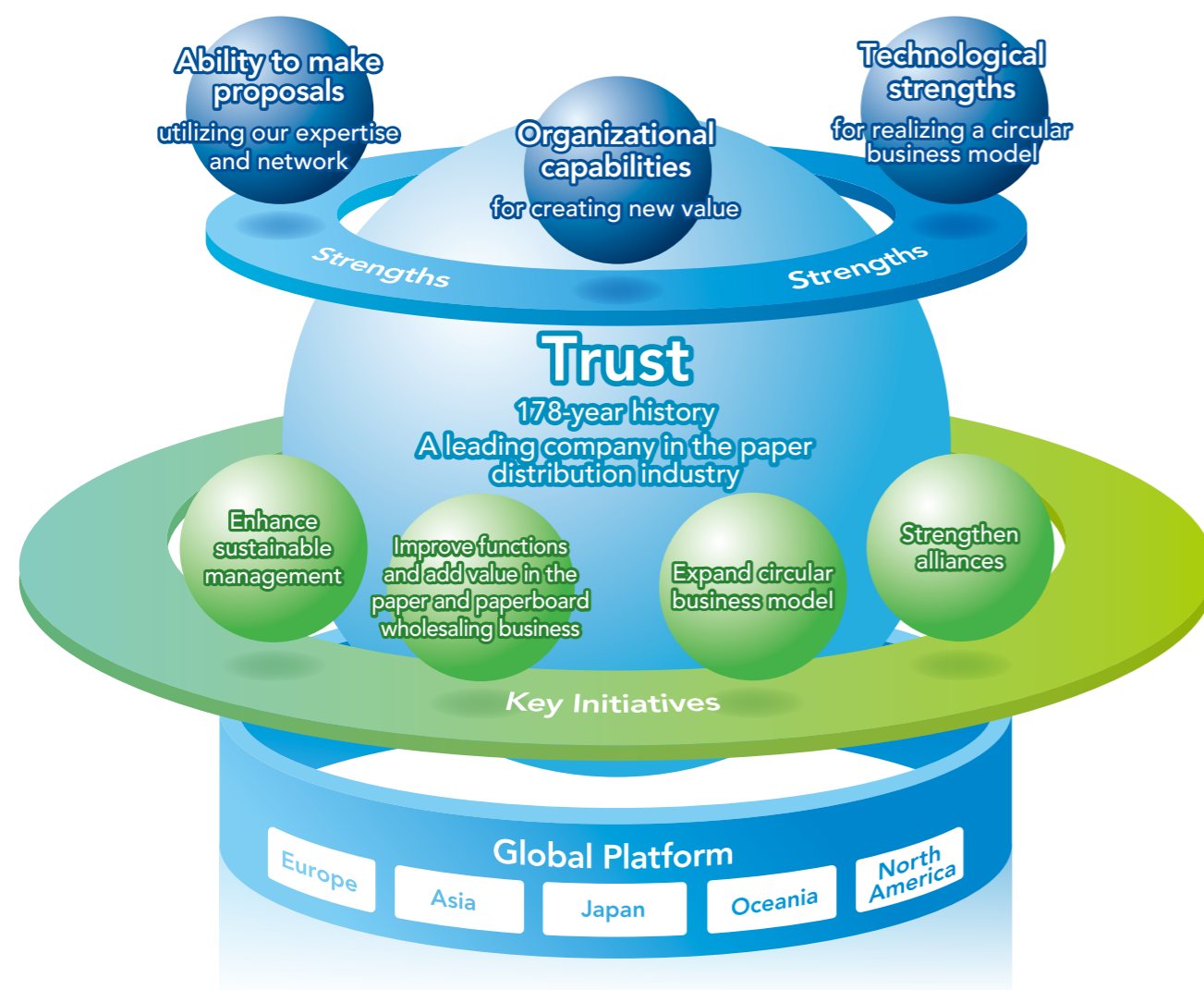
Woody biomass

Solar power

The group's business activities are closely related to natural capital, which encompasses the use of wood, water, and fossil-derived materials as product-related raw materials, and fossil fuels as energy sources. We are using the power of natural capital to build our businesses. For example, the renewable energy power generation business, which includes woody biomass and solar power, promotes initiatives related to decarbonization. Furthermore, the group operates in the wastepaper and waste plastic recycling businesses, and in so doing aims to create a circular economy that supports the recycling and conservation of natural capital. We will enhance our environmental knowledge, expertise, and technology to efficiently use natural capital and reduce our environmental impact. Our initiatives to conserve the global environment and create economic value will help us fulfill our corporate social responsibility.

Throughout its long history, the Japan Pulp & Paper Group has worked to build a unique business model based on trust. The group will further evolve this business model to realize both social and economic value.

A Business Model Based on Trust



We have continued to build trust over our 178-year history with a commitment to what we do as a leading paper distribution group. Our Corporate Philosophy identifies integrity, fairness, and harmony as our core values, and everything we do begins and ends with our Corporate Philosophy. The trust we receive from our stakeholders is a major asset and the source of the group's unique strengths.

Three Strengths

1 Ability to make proposals utilizing our expertise and network

Our 178-year history in the paper industry gives the group confidence in its strengths, which include extensive knowledge, expertise, and experience related to paper and other materials, peripheral markets such as printing and processing, and the entire paper supply chain. We leverage these strengths, our global network, and strong relationships of trust with business partners to offer the optimal products and appropriate processing technologies according to customer needs and application. We will demonstrate our ability to make proposals to coordinate every step from development to delivery, striving to create new value by rediscovering the value of paper and exploring all possibilities.

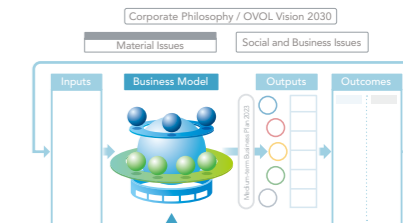
2 Technological strengths for realizing a circular business model

We see our paper recycling technology as a powerful technological strength that helps us realize a circular business model unique to the group. In each of the Corelex companies in the group we deploy this technology to manufacture household paper from recovered wastepaper materials that are difficult to recycle. The Corelex Group transformed milk cartons and paper cups into recycled resources—items that are now commonly recycled. We are also developing new recycling systems by creating innovative technologies for applications such as transforming laminated paper, aluminum packing paper, and used paper plates into recycled resources. We have been involved in recycling wastepaper into a resource since the 1970s, and we will organically link our unique technological strengths to this and other businesses to promote resource recycling, take part in resolving social issues, and contribute to the creation of a society that recycles.

3 Organizational capabilities for creating new value

The group is able to create new value by integrating group functions and competitive advantages, and these organizational capabilities are a group strength. The 127 group companies around the world employ their various functions and capabilities in a broad array of businesses centered on paper in five segments: Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. In addition, the group will exercise its organizational capabilities within alliances that combine its assets with those of external business partners. Our organizational capabilities allow us to create new value as we utilize a unique tapestry of functions and strengths. The group intends to exercise new functions and provide greater added value while deploying its organizational capabilities to further expand its businesses, which will further enhance the group's unique strengths.

► See "Value Creation Examples" on pages 26–29 for examples of initiatives that leverage the group's unique strengths to create value.



The Japan Pulp & Paper Group's Ability to Make Proposals

Wholesaling

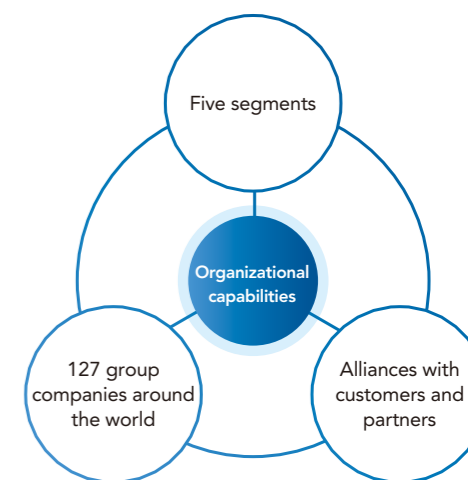
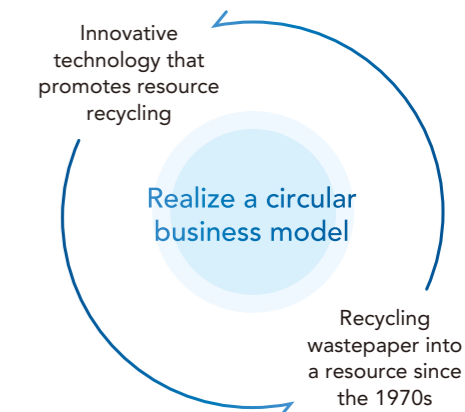
Our ability to make proposals involves coordinating everything from selecting the optimum product to meet the needs of society to development and delivery by making use of our technological strengths to realize appropriate processing.

Manufacturing

Our ability to make proposals contributes to developing products that meet the new demands of society using our technological strengths.

Environment

Our ability to make proposals to promote resource recycling using the organizational capabilities of the group



Business Model

The Japan Pulp & Paper Group leverages its three strengths (the ability to make proposals, technological strengths, and organizational capabilities) in working to realize its long-term vision. As such, we are promoting the following four key initiatives: improve functions and add value in the paper and paperboard wholesaling business; strengthen alliances; expand circular business model; and enhance sustainable management.

Four Key Initiatives

1 Improve functions and add value in the paper and paperboard wholesaling business

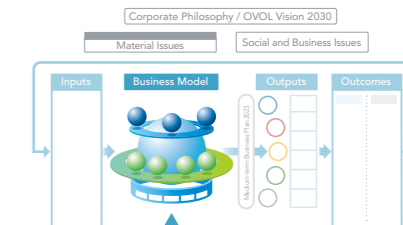
Reason for Selection and Goal	In order to continue to be selected by customers, it is crucial that we provide the functions and added value customers need to improve their businesses. In addition to analyzing information such as market trends, we make full use of the product and peripheral knowledge we have cultivated to date. We are expanding functions and increasing added value in order to make proposals that help customers manage their business operations, such as proposals for optimizing overall logistics or realizing a circular business model that includes recycling items post-sale.
Initiative Status	Paper and paperboard are ubiquitous materials that are difficult to differentiate. We need to leverage the relationships of trust we have built with customers over many years and make proposals that employ the organizational capabilities that combine our ability to make proposals and technological strengths. This will enable us to help improve the business of our customers, effectively providing the new functions and added value the group offers along with products that already offer value.

2 Strengthen alliances

Reason for Selection and Goal	Strengthening alliances throughout the group is key to value creation and will involve utilizing our ability to make proposals, technological strengths, and organizational capabilities. The group has built relationships of trust over many years, and we have business partners in a variety of businesses and regions. We understand the importance of strengthening and expanding alliances with them.
Initiative Status	Paper and paperboard are bulky, which makes strengthening our alliances geographically the key to creating an efficient inventory and delivery network that serves local production and consumption. In addition, market trends including population decline and digitalization suggest a downward trend in demand for paper and paperboard, so alliances will be important for improving efficiency. Our alliances with business partners will be the catalyst for developing new products, services, and businesses.

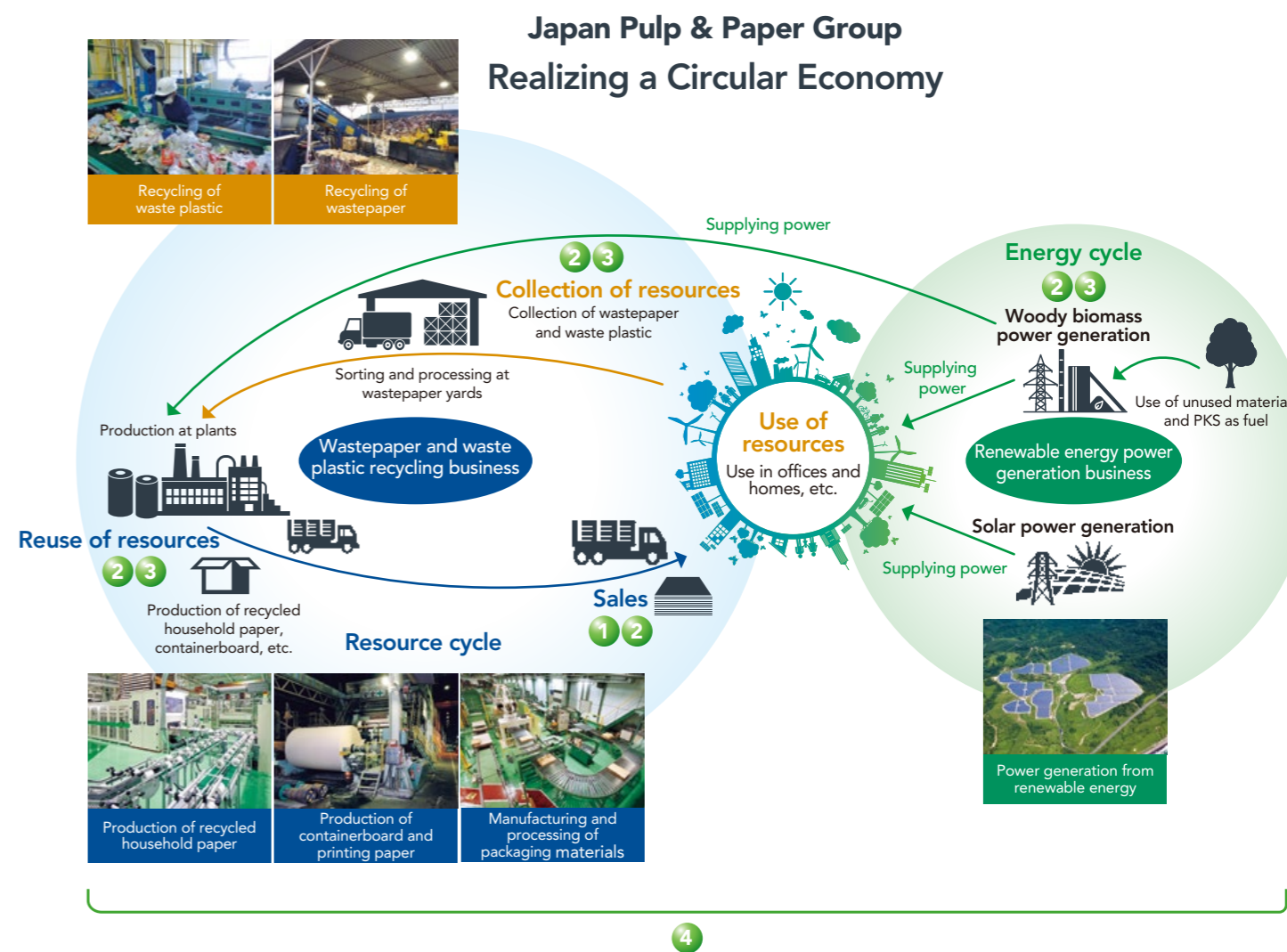
3 Expand circular business model

Reason for Selection and Goal	We will contribute to solving social issues by expanding our circular business model, which leverages the group's strengths. We have been further enhancing sorting quality in our wastepaper recovery business to help maintain and promote a circular business model in the Japanese paper industry with a focus on stably supplying paper manufacturers in Japan. In addition, our renewable energy power generation business contributes to reducing CO ₂ emissions.
Initiative Status	In the resource cycle, in addition to the wastepaper recovery business, we are manufacturing household paper using difficult-to-recycle wastepaper. We are also expanding our comprehensive recycling business with an emphasis on recycling plastic materials, thus achieving both waste reduction and resource recycling. In addition, the energy cycle includes the use of woody biomass as renewable energy for paper mills that employ used paper as a raw material.



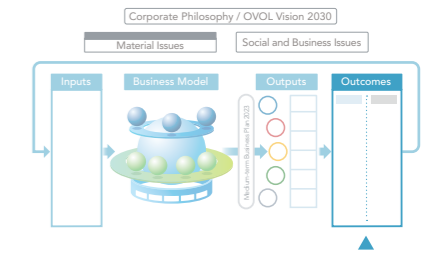
4 Enhance sustainable management

Reason for Selection and Goal	As society now expects companies to contribute to environmental, social, and economic sustainability, the group is working to enhance sustainable management, based on the recognition that it is important to realize both social and economic value.
Initiative Status	On April 1, 2022, we established the Executive Sustainability Committee and the Corporate Sustainability Division. We also established the Sustainability Policy as a way to link our Corporate Philosophy to sustainable management. We also conducted related initiatives such as revising our Charter of Corporate Behavior and Code of Conduct for Executives and Employees. In January 2023, we signed the United Nations Global Compact (UNGC), and are promoting further sustainability initiatives in line with the 10 principles advocated by the UNGC. We will promote awareness and understanding of sustainable management, and encourage all executives and employees to embrace that approach in order to drive initiatives that increase corporate value and achieve sustainable development.



Creating Value for Stakeholders

The Japan Pulp & Paper Group creates direct outcomes and indirect outcomes for its stakeholders through a business model based on trust. Going forward, the group will continue to engage in sustainable business activities that realize both social and economic value.



Direct Outcomes

Stakeholders	Direct Outcomes	Examples of Initiatives
Executives and Employees	<ul style="list-style-type: none"> Stable, long-term employment opportunities Growth opportunities through education and on-the-job training Well-being 	<ul style="list-style-type: none"> Improving engagement by instilling the group's corporate philosophy Extension of retirement age Promote dialogue between management and employees Create an environment where executives and employees can work comfortably and make the most of their abilities
Customers	<ul style="list-style-type: none"> Improve the value of customer's products by proposing new products and services such as material mix coordination Create new business models Stable procurement of paper and paperboard Reduce financial burden and improve creditworthiness by providing trading company finance Acquire new business opportunities for customers by creating demand through educational activities for consumers and society to reaffirm the value of paper 	<ul style="list-style-type: none"> An extensive lineup of products to suit all users, needs, and applications Supply of products at the right price, volume, and time Global paper and paperboard distribution network Provide products with low environmental impact that resolve social issues Propose new business models for co-creation Recycle the paper and plastic used in product packaging Sponsor campaigns related to paper books and hold events to reaffirm the value of paper
Suppliers	<ul style="list-style-type: none"> Consigning sales to the group results in: <ul style="list-style-type: none"> Reliable sales Sales opportunity expansion Optimized production and reduction of inventory risk Creation of product development opportunities by providing information concerning market needs Stable procurement of recovered paper raw materials 	<ul style="list-style-type: none"> Revitalize pulp and paper-related industries by improving the value of paper through the implementation of educational activities Create sales opportunities Enhance wastepaper supply network
Shareholders and Investors	<ul style="list-style-type: none"> Dividends Stock price increases in line with earnings growth 	<ul style="list-style-type: none"> Realize OVOL Vision 2030 and implement Medium-term Business Plan 2023 Promote sustainable management and disclose information in response to requests related to ESG
Communities	<ul style="list-style-type: none"> Job creation Tax payment Reduce waste by recycling wastepaper Community contribution through activities such as disaster support and human resource development 	<ul style="list-style-type: none"> Realize OVOL Vision 2030 and implement Medium-term Business Plan 2023 Expand resource collection in cooperation with local governments Conclude disaster prevention agreements with local governments and establish human resource development funds
Environment	<ul style="list-style-type: none"> Resource recycling by reusing wastepaper and waste plastic Promote reduction of CO₂ emissions through the use of renewable energy 	<ul style="list-style-type: none"> Strengthen the recycling business for wastepaper and waste plastic Manufacture printing paper, containerboard, and household paper using wastepaper as a raw material Manufacture recycled pulp and recycled plastic materials

Indirect Outcomes

Stakeholders	Indirect Outcomes	Examples of Initiatives
Culture	<ul style="list-style-type: none"> Enhanced enrichment of life through understanding of the true value of paper 	<ul style="list-style-type: none"> Sponsor campaigns related to paper books to increase awareness of the functions and value of paper, its new possibilities, and other benefits <p>How does paper enrich people's lives? For example, flipping through the pages of a book gives you a sense of how the story unfolds and the overall picture. Writing a letter not only lets you convey and organize your thoughts but is also a tactile experience.</p>
Education	<ul style="list-style-type: none"> Paper is beneficial to education 	<ul style="list-style-type: none"> Hold events to reaffirm the value of paper to increase awareness such as through reading, writing, and learning on paper <p>How is paper beneficial to education? Education encompasses more than simply gathering information. Writing or marking on paper allows one to physically experience something that would otherwise be intangible.</p>
Industry	<ul style="list-style-type: none"> Ensure stable procurement of paper and paperboard products for a wide-range of industries beyond those of our customers Revitalization of the industry through use of paper-based packaging that is easy to recycle and has lower environmental impact Contribution to environmental conservation efforts in the supply chain through promotion of recycling Improve business foundation and standing of the pulp and paper industry and business partners through educational activities to reaffirm the value of paper 	<ul style="list-style-type: none"> Stable supply of daily necessities such as printing and communication paper, household paper, and containerboard Recycle wastepaper and waste plastic Sponsor campaigns related to paper books and hold events to reaffirm the value of paper
General Consumers	<ul style="list-style-type: none"> Opportunities to participate in a circular economy Stable purchase of daily necessities that are environmentally friendly Enrichment of daily life through paper and paperboard products 	<ul style="list-style-type: none"> Support resource recycling in homes and communities through the recycling of wastepaper and waste plastic Provide opportunities for tours of recycled paper manufacturing mills and recycling facilities to promote understanding of paper, which is an environmentally friendly and sustainable material, as well as resource recycling Provide opportunities to purchase environmentally friendly products at reasonable prices
Communities	<ul style="list-style-type: none"> Revitalization of local economies and environmental conservation Reduce burden on incineration facilities by recycling wastepaper Enhance the value of resource recycling initiatives through educational activities to reaffirm the need to recycle 	<ul style="list-style-type: none"> Establish recycling systems in communities in cooperation with local governments Promote understanding of resource recycling by providing opportunities for tours of recycled paper manufacturing mills and recycling facilities
Environment	<ul style="list-style-type: none"> Lower CO₂ emissions by reducing waste through recycling Promote the sustainable use of forest resources through the use of recovered paper materials Conserve biodiversity 	<ul style="list-style-type: none"> Contribute to the environment through the group's supply chain, from the collection of wastepaper to the commercialization of products Reduce CO₂ emissions through efficient logistics and shortening of delivery distances resulting from optimized inventory locations

Value Creation Example

1



Promoting Resource Recycling through a Unique Wastepaper Processing Technology

Corelex Shin-Ei's "Smart Flower"

Within the Japan Pulp & Paper Group, the Corelex Group has established a proprietary contaminant removal technology. This technology enables the recycling of difficult-to-recycle wastepaper and contributes to the realization of a circular economy. Corelex Group company Corelex Shin-Ei, located in Fuji City, Shizuoka Prefecture, has utilized this revolutionary wastepaper recycling technology to launch a coreless toilet paper and tissue paper box set, which also exemplifies our efforts to reduce CO₂ emissions. Corelex Shin-Ei reflects both environmental and customer needs in its household paper products to create new value.

Social Issues and Solutions Proposed by the Japan Pulp & Paper Group

Recycling Discarded Difficult-to-Recycle Wastepaper

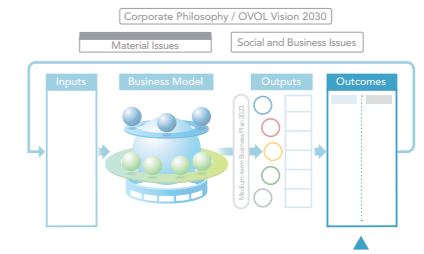
Japan has long been a proponent of recycling paper. In comparison with other developed countries/regions such as the United States and Europe, wastepaper collection is at a high level in Japan (wastepaper collection rate of 80%). However, paper cartons containing aluminum, paper covered with film and other materials, duplicate slips, dirty food containers, and similar items are often simply discarded or incinerated because they are not suitable for use as a raw material for paper manufacturing.

The Corelex Group manufactures recycled household paper as part of the Japan Pulp & Paper Group, and is working to utilize difficult-to-recycle wastepaper in order to make more effective use of limited resources. The Corelex Group's proprietary contaminant removal technology makes it possible to extract only paper fibers from difficult-to-recycle wastepaper. In addition, storage boxes containing confidential documents discarded by companies and government institutions can be pulped and recycled without the need for opening and sorting them.

As the demand for paper declines, the shortage of wastepaper continues to grow. As part of its efforts to strengthen the collection of difficult-to-recycle wastepaper, the Corelex Group makes proposals to local governments and companies for the collection of mixed paper,¹ which was previously incinerated as garbage. In this way, the company is focusing on building win-win relationships where it ensures a supply of wastepaper for use as a raw material, and local governments, companies, and others can help reduce the amount of waste.

The Japan Pulp & Paper Group regards previously unutilized waste as a new resource, and will continue to contribute to the realization of a sustainable society by accelerating recycling that circulates resources.

1. Wastepaper that falls outside the category of items that are typically collected such as newspapers, containerboard, and milk cartons.



Specific Value Created

Manufacturing Ethical Toilet Paper and Tissue Paper Using Difficult-to-Recycle Wastepaper

Corelex Shin-Ei manufactures and sells box sets of coreless toilet paper and tissue paper made from difficult-to-recycle wastepaper under the "Smart Flower" label.

Coreless toilet paper "One Touch Fuwahana" is a long roll-type made of 100% recycled paper, with a length of 70 meters per roll and 21 rolls in a package. This is equivalent to 49 rolls of standard 30-meter roll toilet paper, making it efficient to ship. It only uses half the usual amount of containerboard packaging, so it is also very environmentally friendly. In addition, by using a simple packaging design, in which products are directly packed into containerboard without individual packaging, we are contributing to the reduction of plastic waste.

"Hana Ippai Tissue" is a large-capacity 6-pack of 200 2-ply (400) sheets of 100% recycled paper, which is equivalent to 6.5 packs of 180 2-ply (360) sheets of standard tissue paper.

Corelex Shin-Ei uses its proprietary technology for recycling difficult-to-recycle wastepaper to recycle items such as mixed paper and confidential documents, which previously had to be incinerated, and is striving to reduce CO₂ emissions in the manufacturing process by conserving energy. In addition, toilet paper is directly packed into containerboard instead of being packaged individually, and comes in a long roll-type with more than twice the length of typical toilet paper. This helped us achieve a 53% reduction in CO₂ emissions (compared with manufacturing using virgin pulp) in the Decarbo Score,² which measures the reduction rate of CO₂ equivalent emissions (CO₂e).

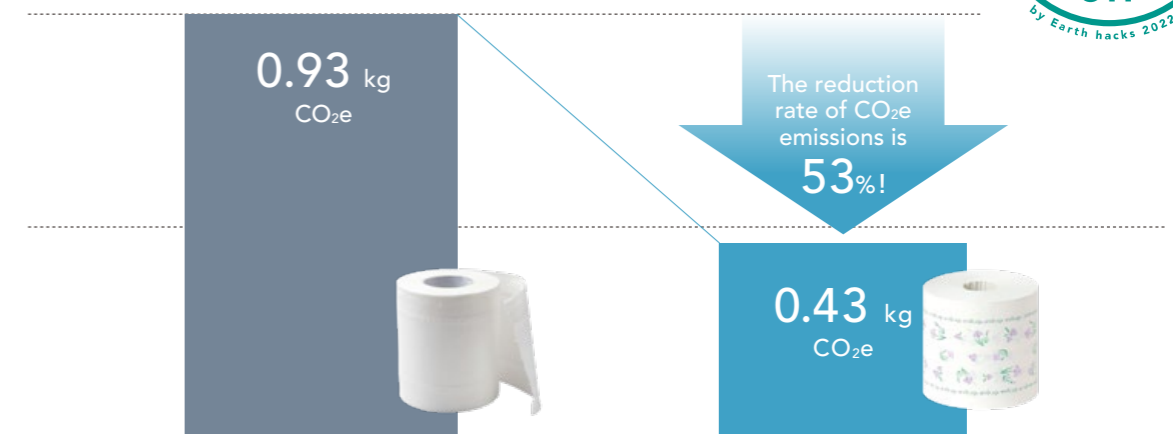
Furthermore, as the product can only be purchased online, Corelex Shin-Ei can ship it directly from the head office factory to its final destination, thereby contributing to a further reduction in CO₂ emissions.

2. Decarbo Score: The platform Earth hacks, which promotes a decarbonized society, shows the reduction rate of CO₂e emissions from products and services. This indicator shows how much less CO₂ is emitted from a product compared with products made with conventional materials and methods. The Decarbo Score of a 53% reduction was determined by comparing CO₂e emissions during the manufacture of toilet paper made from virgin pulp with toilet paper made from 100% recycled pulp (60% difficult-to-recycle wastepaper) using Corelex Shin-Ei's equipment.

<https://earthhacks.jp/> (Japanese only)



The Decarbo Score shows the reduction rate of CO₂e emissions from this product.



In the case that standard virgin pulp toilet paper was manufactured by Corelex Shin-Ei With core, 70-meter roll (2.33 rolls equivalent)

"One Touch Fuwahana" 70-meter double-ply toilet paper manufactured by Corelex Shin-Ei Coreless, 70-meter roll/Difficult-to-recycle wastepaper containment rate of 60%



Value Creation Example

2

Improving Product Value through Proposals and Manufacturing in Anticipation of Market and Customer Needs

Oriental Asahi JP's New Plant

Containerboard is mainly used as a packaging material. It is also highly recyclable and contributes to the realization of a circular economy. In recent years, demand for containerboard boxes has increased dramatically in line with economic growth in the Asia-Pacific region, including Indonesia. Japan Pulp & Paper has long been engaged in containerboard box manufacturing in Indonesia through a joint venture with Asahi Shigyo. In order to meet recent strong demand for containerboard boxes in Indonesia, we built a new plant nearly double the size of the previous one and it is now operating smoothly.

Social Issues and Solutions Proposed by the Japan Pulp & Paper Group

Increase Production Capacity in Indonesia Due to Growing Domestic Demand for Containerboard Boxes

The global market for containerboard boxes reached approximately US\$200 billion in 2022, and the market is expected to grow at a compound annual growth rate (CAGR) of more than 2% from 2023 to 2028, reaching approximately US\$230 billion by 2028.

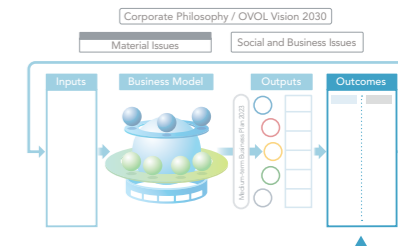
The increase in demand for containerboard boxes is largely due to the recent expansion of mail-order sales, in addition to the wide range of applications for them as packaging materials, such as boxes for food items, electronic products, chemicals, and household goods. In addition, the impact of non-biodegradable plastic packaging on the environment and ecosystems is further driving demand for containerboard boxes. In terms of recyclability, containerboard boxes are almost 100% recyclable paper resources, and we have a recovery rate of roughly 96% in Japan, including imported

containerboard boxes. This is another factor that further boosts the demand for highly recyclable containerboard boxes.

Containerboard can also be used for a variety of purposes other than packaging. For example, it can also be used as a cushioning material (as an alternative to polystyrene foam). Applications like this take advantage of the lightweight and sturdy nature of containerboard, as well as its recyclability. It has also been used to make simple beds for evacuation shelters in the event of a disaster.

Japan Pulp & Paper has been developing its containerboard box manufacturing business in Indonesia through PT Oriental Asahi JP Carton Box (OAJ), a joint venture with Asahi Shigyo.

In order to meet the growing demand in the Indonesian market, we built a new plant to increase production capacity, and began full-scale operation in September 2021.



Specific Value Created

Stable Supply of High-Quality Containerboard Boxes and Promotion of Sustainability Together with Customers

OAJ established a plant in West Java Province, Indonesia in 1992. The aim was to supply containerboard boxes with the same quality as those in Japan to Japanese companies exporting products from Indonesia. OAJ has consistently been highly evaluated by its Indonesian-based Japanese customers, who demand high quality and accurate deliveries, for establishing a high-value-added, small lot, high-variety, just-in-time delivery system (the same as in Japan).

In recent years, domestic demand for daily necessities, such as food and beverages, has been rapidly expanding in Indonesia due to the growth of the middle and affluent classes. As a result of OAJ's efforts to capture demand for containerboard boxes in the domestic market, it became necessary to further increase production capacity.

Therefore, we acquired a site in an industrial park adjacent to the old factory in December 2018, and started construction of the new factory in May 2019. Although the project was delayed by about a year due to the COVID-19 pandemic, the new factory was completed in June 2021. The land and building area are almost double that of the old factory, and the new factory is equipped with two corrugators, four printing/folding machines, and four flatbed die-cutting machines as its main production equipment.

Since the new factory commenced operation, we have further enhanced our existing services, and together with customers who value sustainability, we will continue to explore the creation of new added value that meets the needs of society. This includes proposing the production and use of containerboard pallets made from reused waste materials, and switching from wooden box packaging to special containerboard packaging.

Furthermore, OAJ had previously taken the initiative in obtaining ISO and FSC certifications and has been carrying out environmentally considerate management. In addition, the company acquired OHSAS 18001 certification, an international standard for occupational health and safety management systems, in June 2015. It also acquired the ISO equivalent of this, ISO 45001 certification, in April 2020. At the new plant, we are also working to improve conditions for our employees and create an even safer operating environment.

OAJ will continue to provide a stable supply of high-quality containerboard boxes to Japanese companies in Indonesia as well as to local companies, and will also work with customers to strengthen environmental conservation and sustainability initiatives.

Containerboard Box Production Process



Panoramic view of the new plant

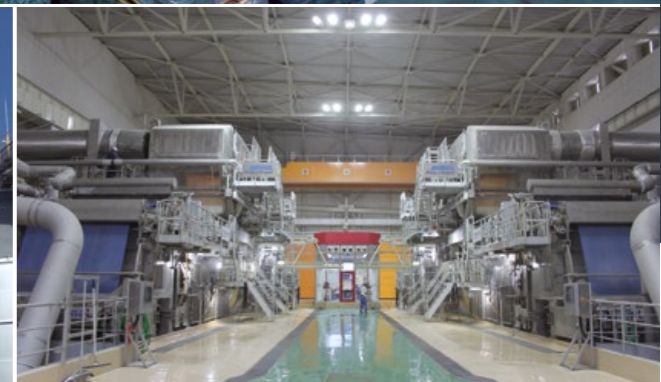
Overview of the New Plant

Site Area	60,000 m ²
Building Area	38,000 m ²
Business Activities	Manufacture and sale of containerboard boxes
Main Production Equipment	<ul style="list-style-type: none"> • 2 corrugators • 4 printing/folding machines • 4 flatbed die-cutting machines
Certifications Acquired	<ul style="list-style-type: none"> • ISO 9001 • ISO 14001 • ISO 45001 • FSC® forest certification (CoC certification)



Chapter

02



Introduction

Our Value Creation Story

Strategies and Strengths

Foundation for Sustainable Growth

Data

Strategies and Strengths

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Progress of OVOL Vision 2030 and Medium-term Business Plan 2023

OVOL Vision 2030

We formulated "OVOL Vision 2030" as our group vision for 2030, and aim to achieve consolidated ordinary profit of JPY25 billion.

The World's Leading Paper Distribution Group

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

A Group That Contributes to a Sustainable Society and Global Environment

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

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

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

Target Estimate for 2030

Consolidated ordinary profit of JPY**25** billion

Basic Policies of Medium-term Business Plan 2023

In Medium-term Business Plan 2023, we have set a target for solidifying core profitability in order to realize OVOL Vision 2030 and remain competitive in the paper industry. Under this plan, we will implement the following two basic policies and aim to achieve consolidated ordinary profit of JPY15 billion.

1 Creating Added Value in the New Normal

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

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

Initial Target for the Final Year (FY2023) of Medium-term Business Plan

Consolidated ordinary profit: JPY**15** billion
(Consolidated Ordinary Profit Target for FY2023: JPY17 billion)

2 Evolving into a Group That Pursues Excellence Even Beyond the Paper Industry

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

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

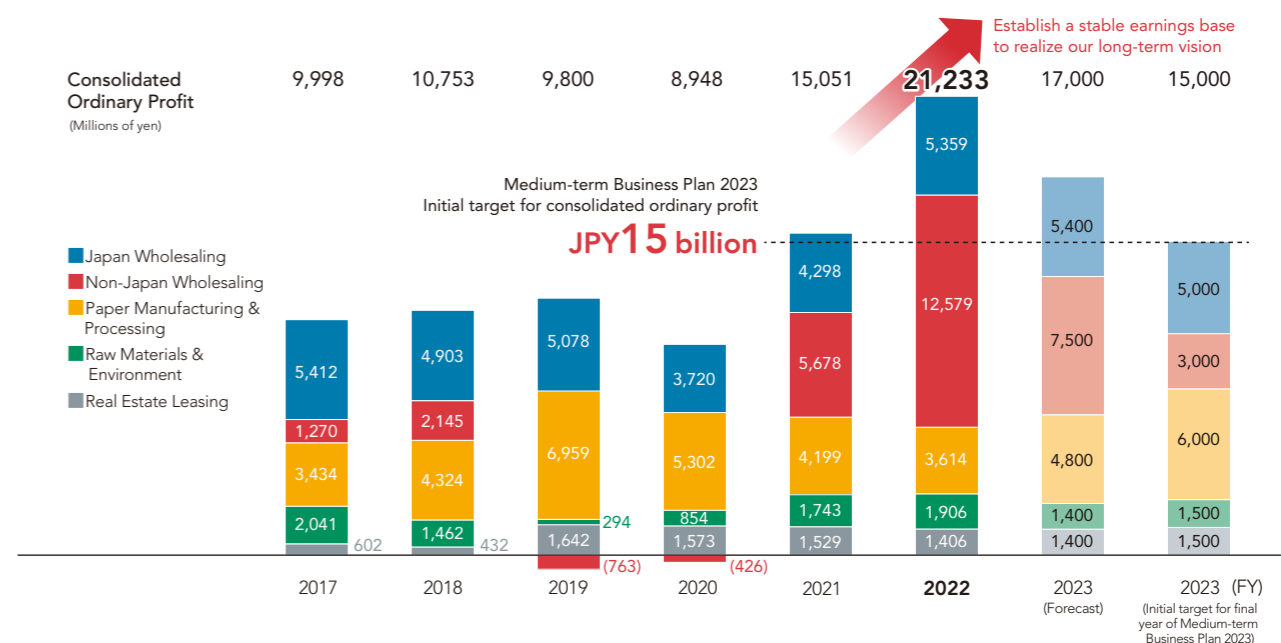
Medium-term Business Plan 2023: Progress toward Quantitative Targets

Regarding our progress toward consolidated ordinary profit of JPY15 billion, which is the quantitative target for the final year of Medium-term Business Plan 2023, we achieved JPY15.1 billion (year-on-year increase of 68.2%) in fiscal 2021, the first year of Medium-term Business Plan 2023. In fiscal 2022, consolidated ordinary profit was JPY21.2 billion (year-on-year increase of 41.1%), significantly higher than the previous year due to a recovery in demand and continued price revisions, especially in the Non-Japan Wholesaling segment. We exceeded the final year target of JPY15 billion for two consecutive years. In fiscal 2022, earnings reached record highs for each level of income, while the financial indicators of ROE, ROA, and the net D/E ratio also exceeded targets.

The forecast for consolidated ordinary income in fiscal 2023 is JPY17 billion, so we expect to exceed the quantitative target of ordinary income of JPY15 billion set in Medium-term Business Plan 2023 in a stable manner. By segment, we do not expect the Paper Manufacturing & Processing segment to achieve its initial target for the final year of the plan due to the impact of unexpectedly large increases in manufacturing costs, including energy costs such as gas and electricity, and a decline in final demand. However, we expect the Non-Japan Wholesaling segment to exceed the initial target for the final year of the plan due to successful rationalization at large bases and complementary M&As.

Initial Ordinary Profit Targets, Fiscal 2022 Results, and Fiscal 2023 Forecast by Segment

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Forecast	Initial Target for Final Year of Medium-term Business Plan 2023
Japan Wholesaling	5,412	4,903	5,078	3,720	4,298	5,359	5,400	5,000
Non-Japan Wholesaling	1,270	2,145	(763)	(426)	5,678	12,579	7,500	3,000
Paper Manufacturing & Processing	3,434	4,324	6,959	5,302	4,199	3,614	4,800	6,000
Raw Materials & Environment	2,041	1,462	294	854	1,743	1,906	1,400	1,500
Real Estate Leasing	602	432	1,642	1,573	1,529	1,406	1,400	1,500
Adjustments	(2,761)	(2,513)	(3,410)	(2,075)	(2,396)	(3,632)	(3,500)	(2,000)
Consolidated	9,998	10,753	9,800	8,948	15,051	21,233	17,000	15,000



Consolidated Financial Indicator Targets and Fiscal 2022 Results

Management Indicator	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Targets for Final Year of Plan
ROE	7.6%	4.5%	6.1%	4.5%	13.0%	24.0%	8.0%
ROA	3.2%	3.1%	2.8%	2.7%	4.6%	5.9%	4.0%
ROIC	3.7%	3.6%	3.6%	3.0%	4.9%	6.5%	5.0%
Net D/E ratio	1.28x	1.31x	1.50x	1.23x	1.06x	0.66x	1.40x or less

Financial Strategies

We focus on maintaining financial soundness, making investments necessary for growth, and ensuring shareholder returns. We will also continue to improve corporate value and work to resolve social issues.

Chihiro Katsuta

Representative Director
Senior Executive Vice President
CFO



Review of Financial Results

On a consolidated basis for fiscal 2022, the second year of Medium-term Business Plan 2023, we reached record highs for the second consecutive year for each level of income, with operating profit of JPY20.3 billion, ordinary profit of JPY21.2 billion, and profit attributable to owners of parent of JPY25.4 billion.

In particular, with regard to consolidated ordinary profit, which the group has set as a quantitative target, results significantly exceeded JPY15 billion—the target for the final year of the plan.

In terms of consolidated financial indicators, ROE was 24.0%, ROA was 5.9%, and ROIC was 6.5%. Each of these indicators exceeded the target we set for the final year of Medium-term Business Plan 2023.

The group has been working to strengthen the revenue base of each of its five business segments, and has stabilized profitability. We now have the ability to withstand economic fluctuations. As a result, in fiscal 2022 we were able to exceed the ordinary profit targets of Medium-term Business Plan 2023 in the three segments of Japan Wholesaling, Non-Japan Wholesaling, and Raw Materials & Environment.

In the Non-Japan Wholesaling segment in particular, in addition to the recovery in demand following normalization of socio-economic activities, we conducted multiple price increases amid tightening supply and demand and the profit margin increased temporarily. This led to results that greatly exceeded expectations, helping the group achieve strong results in fiscal 2022.

On the other hand, in the Paper Manufacturing & Processing segment, price revisions could not fully compensate for the increase in manufacturing costs due to soaring raw material, fuel, and electricity prices. This resulted in a decrease in profit, but due to our originality and ingenuity in improving

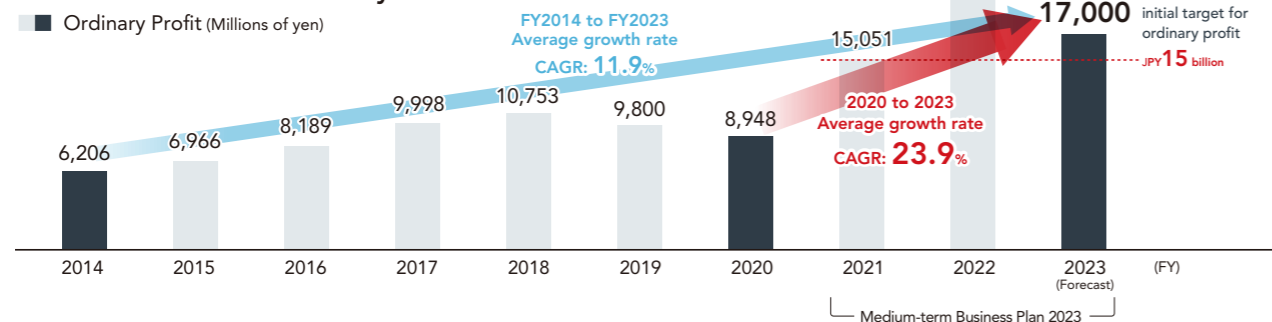
production efficiency, we were still able to secure solid earnings. In the Real Estate Leasing segment, ordinary profit decreased slightly due to the sale of some real estate, but the segment continues to contribute to the group's business performance.

Regarding cash flow in fiscal 2022, cash flows from operating activities decreased by JPY13.7 billion from the previous year due to a rapid increase in demand for working capital as a result of higher revenue and inventories in the Non-Japan Wholesaling segment, especially in the US, the UK, and Australia, where business performance was strong. However, a JPY27.8 billion increase in cash flows from investing activities due to the sale of non-current assets, investment securities, and other assets resulted in free cash flow increasing by JPY14 billion year on year to JPY24 billion. Part of the cash was used to repay interest-bearing debt, while a portion was reserved for future growth investments.

In fiscal 2023, we expect an increase in profit in the Paper Manufacturing & Processing segment as the impact of price revisions implemented in stages in the previous fiscal year will become evident. However, we expect that the leveling off of the profit margin, which temporarily increased and led to better-than-expected results in the Non-Japan Wholesaling segment in the previous fiscal year, will have a significant impact. As a result, we forecast consolidated ordinary profit of JPY17 billion (a 19.9% year-on-year decrease).

If we look at the compound annual growth rate (CAGR) for consolidated ordinary profit over the 10-year period from fiscal 2014 (JPY6.2 billion) to fiscal 2023 (JPY17 billion, forecast), it is 11.9%. However, if we look at it from fiscal 2020 (consolidated ordinary profit of JPY8.9 billion), which is before the start of Medium-term Business Plan 2023, to fiscal 2023 (JPY17 billion, forecast), CAGR is 23.9%. Therefore, the overall growth

CAGR of Consolidated Ordinary Profit



potential of the group has greatly increased during the period of Medium-term Business Plan 2023.

Under OVOL Vision 2030, the quantitative target for consolidated ordinary profit for fiscal 2030 is JPY25 billion. The CAGR from fiscal 2023, in which the group forecasts consolidated ordinary profit of JPY17 billion, to the fiscal 2030 target, is 5.7%. We expect to be able to meet the quantitative target of OVOL Vision 2030 by strengthening the foundation of each business segment.

Fiscal 2023 is the final year of Medium-term Business Plan 2023. In the first quarter of fiscal 2023, consolidated ordinary profit increased by 12.7% year on year to JPY5 billion due to, among other factors, higher selling prices in the Japan

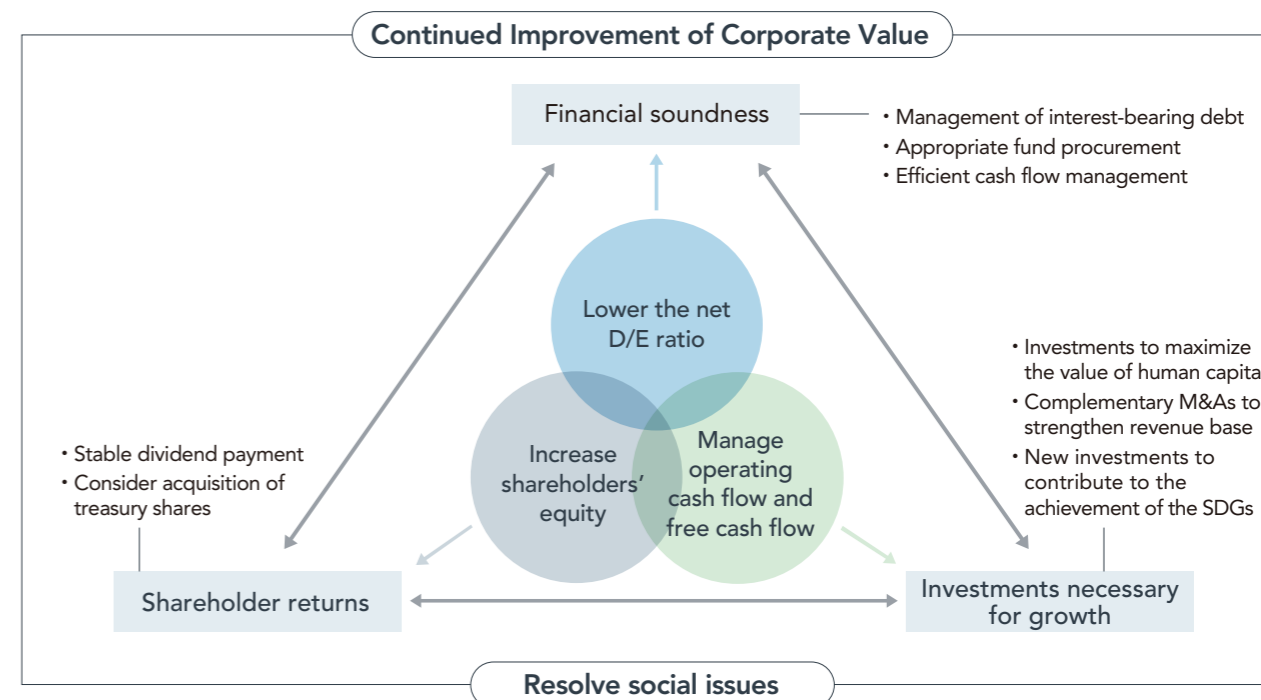
Wholesaling and Paper Manufacturing & Processing segments. This is a good start and an achievement rate of 29.4% toward the consolidated earnings forecast of JPY17 billion. Profit attributable to owners of parent decreased 79.6% year on year to JPY2.8 billion due to the absence of the gain on sale of non-current assets in the previous fiscal year. This is an achievement rate of 25.5% toward the full-year forecast of JPY11 billion—proceeding roughly according to plan. In fiscal 2023, we will further strengthen the revenue base of each business segment as we aim to achieve JPY17 billion in consolidated ordinary profit, exceeding the initial target of JPY15 billion that we set for the final year of Medium-term Business Plan 2023.

Review of FY2022

	FY2021	FY2022	Change	Comments
Total assets (Billions of yen)	338.9	385.1	46.2	• Increase in trade receivables and inventories due to higher selling prices, etc. • Increase in deposits due to proceeds from the transfer of non-current assets
Equity (Billions of yen)	92.8	118.4	25.6	• Increase in retained earnings due to a significant increase in profit resulting from an increase in ordinary profit and the recording of gain on sale of non-current assets
Capital adequacy ratio	27.4%	30.7%	3.3 points	
Net interest-bearing debt (Billions of yen)	97.9	78.3	(19.6)	• Increase in deposits due to proceeds from the transfer of non-current assets and decrease in interest-bearing debt such as commercial paper
Net D/E ratio	1.06x	0.66x	(0.40)x	• Increase in equity
Payout ratio	13.7%	6.5%	(7.2) points	• Although dividends increased, equity increased due to a significant increase in profit for the year
DOE	1.8%	1.6%	(0.2) points	
Ordinary profit (Billions of yen)	15.1	21.2	6.1	• Significantly increased due to higher operating profit and improved management efficiency • Achieved Medium-term Business Plan 2023 target of JPY15 billion (average of JPY13.2 billion over the last 5 years)
ROE	13.0%	24.0%	11.0 points	• Increase in net profit margin (2.6% → 4.7%) • 19.7% when one-time factors (gain on sale of non-current assets) is excluded
ROA	4.6%	5.9%	1.3 points	• Increase in ordinary profit margin (3.4% → 3.9%) • Achieved Medium-term Business Plan 2023 target of 4.0% (average of 3.8% over the last 5 years)
ROIC	4.9%	6.5%	1.6 points	• Increase in operating profit margin (3.2% → 3.7%) • Achieved Medium-term Business Plan 2023 target of 5.0% (average of 4.3% over the last 5 years)

Financial Strategies

Our basic financial strategy is to maintain financial soundness by appropriately managing interest-bearing debt, make investments necessary for growth, and pay stable dividends. The group will continue to focus on maintaining financial soundness, making investments necessary for growth, and ensuring shareholder returns as it works to improve corporate value and resolve social issues.



Financial Soundness

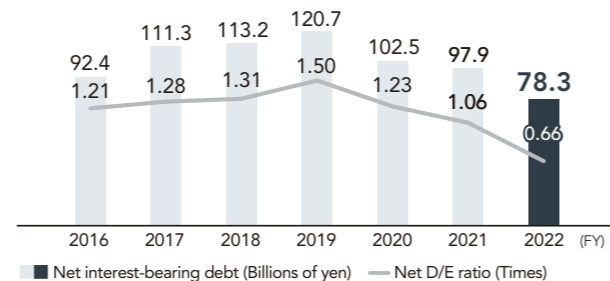
In Medium-term Business Plan 2023, we aim to continue to cap the net D/E ratio at 1.4 times or less, and reach the targeted consolidated financial indicators of ROE of 8%, ROA of 4%, and ROIC of 5%, all of which we achieved as of the end of fiscal 2022. We will continue working to meet these targets and achieve further growth.

In fiscal 2022, working capital requirements for the group increased rapidly in line with strong business performance. On the other hand, we used the proceeds from the sales of non-current assets to cover the strong demand for funds related to sales activities, and we were able to reduce net interest-bearing debt. As a result, the net D/E ratio in fiscal 2022 decreased to 0.66, further strengthening our financial foundation.

In February 2022, two credit rating agencies raised our credit rating to A, and this remains unchanged in 2023. We will further improve profitability while maintaining financial soundness and working to ensure that we are highly evaluated by stakeholders.

Net Interest-bearing Debt and Net D/E Ratio

	2016	2017	2018	2019	2020	2021	2022
Net interest-bearing debt (Billions of yen)	92.4	111.3	113.2	120.7	102.5	97.9	78.3
Net D/E ratio (Times)	1.21	1.28	1.31	1.50	1.23	1.06	0.66
Equity (Billions of yen)	76.1	87.0	86.6	80.3	83.5	92.8	118.4



Credit Ratings

Rating and Investment Information, Inc. (R&I)	Japan Credit Rating Agency, Ltd. (JCR)	Net D/E Ratio (Target of Medium-term Business Plan 2023)
A	A	1.4 times or less

Investment Strategies

Decisions on investments are based on the strategies of each business segment as well as qualitative and quantitative analyses and deliberation by the Executive Management Committee. Final decisions about important investment projects are made after further discussion by the Board of Directors.

The group's net D/E ratio in fiscal 2022 further improved to 0.66 times. Even if the figure were to reach 1.4 times, our management indicator for financial soundness, we estimate that we would still have an investment capacity of over JPY80 billion. Changes in operating capital have a significant impact on the group's capital requirements. Going forward,

we will conduct M&As to further strengthen the revenue base of each business segment, make investments to maintain and enhance the asset value of real estate and facilities, and invest in new businesses with potential and human capital, which is the most important form of management capital, while appropriately managing working capital requirements.

In addition, we have been re-examining assets and investments in each segment and disposing of and liquidating assets and investments that we have determined to have little potential of contributing to future profits. In terms of stocks held as cross-shareholdings, we conduct yearly reviews, and since the adoption of the Corporate

Overview of Recent Major Investments

Medium-term Business Plan Period (FY)	Amount	Major Investments
2014–2016	JPY22.9 billion	<ul style="list-style-type: none"> Construction of a mill for recycled household paper Upgrade of facilities at a containerboard manufacturing plant Construction of a solar power generation plant Construction of a biomass power generation plant
2017–2019	JPY41.6 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant Construction of a corrugated packaging manufacturing plant outside of Japan Redevelopment of real estate holdings
2020	JPY7.3 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant
2021–	JPY16.7 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment M&A of a corrugated packaging manufacturing plant and upgrade to its facilities

Governance Code in 2015, we have sold a total of 57 stocks (worth approximately JPY10.5 billion) resulting in a gain of approximately JPY4.2 billion (as of March 2023), and we will continue to improve the efficiency of our assets. Furthermore, we have inherited, invested in, and operated real estate in prime locations throughout our long history. The Real Estate Leasing segment underpins our revenue, and we select highly profitable and low-risk investments for redevelopment, maintenance, and renewal. In addition, we work to improve asset efficiency and low-profit investments

with little chance of being effectively utilized are sold instead of being redeveloped. The sale of some real estate in June 2022 was a decision made in consideration of real estate market conditions, with the aim of effectively utilizing management resources and improving asset efficiency.

Going forward, we will continue to re-examine low-profit assets and investments with little strategic feasibility from the standpoint of improving asset efficiency. We will also make investments necessary for growth, replace existing assets, and appropriately manage our balance sheet.

Reduction in Cross-Shareholdings

FY	2015	2016	2017	2018	2019	2020	2021	2022	Total Amount
Number of issues*	7	21	13	6	3	5	6	7	57
Selling price (Billions of yen)	1.9	5.2	0.2	0.9	0.0	0.4	1.1	0.8	10.5
Proceeds from sale (Billions of yen)	0.9	1.8	0.1	0.3	0.0	0.2	0.4	0.4	4.2

* The aggregate amount for each fiscal year does not equal the total amount as some issues were sold over several years.

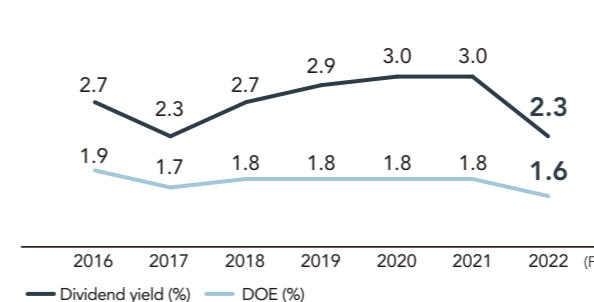
Shareholder Returns

Our basic policy for shareholder returns is to pay stable dividends, taking into account trends in consolidated performance, the dividend payout ratio, and the dividend on equity (DOE) ratio. Due to the increase in net income and shareholders' equity associated with the gain on sale of non-current assets (reported under extraordinary income) in fiscal 2022, each of the above indicators decreased. However, we have never changed the dividend amount based on fluctuations in business results caused by temporary factors, and have steadily raised dividends in line with growth in profitability. We have also never decreased dividends (not taking into account commemorative dividends). In fiscal 2022, our annual dividend per share was JPY120,

representing an increase of JPY5 per share (compared with the annual dividend per share of JPY115 in fiscal 2021). In fiscal 2023, we plan to increase the annual dividend by JPY10 to JPY130 per share. We will continue to promote a policy of ensuring stable dividends, which is the basis of our financial strategy.

Furthermore, we believe that the acquisition of treasury shares is a means of raising shareholder value per share, increasing shareholder returns, and enhancing corporate value through, for example, the improvement of ROE. We have acquired treasury shares in the past based on the stock price and financial conditions, and will continue to consider such measures in the future.

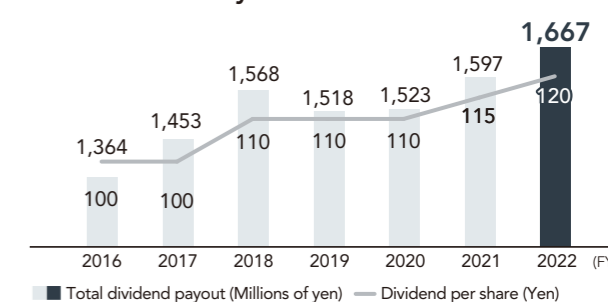
Dividend Yield and DOE



$$DOE = \frac{\text{Dividend per share}}{\text{Net assets per share (Average at the beginning and end of the fiscal year)}}$$

We aim to enhance shareholders' equity by continuing to improve profitability and ensure profits, and emphasize the payment of stable dividends that are not susceptible to temporary downturns in business performance.

Total Dividend Payout and Dividend Per Share



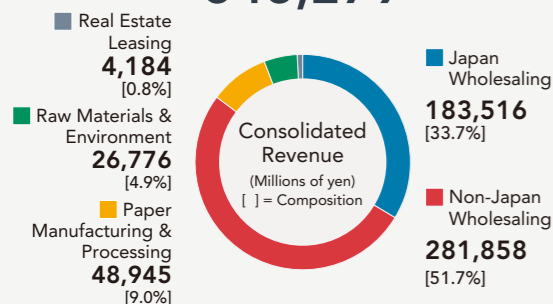
Note: Effective October 1, 2017, the company conducted a consolidation of shares in which 10 common shares were consolidated into one share. Dividends for fiscal 2016 and the interim dividend for fiscal 2017 take this consolidation into account.

Strategies and Strengths
Business Overview

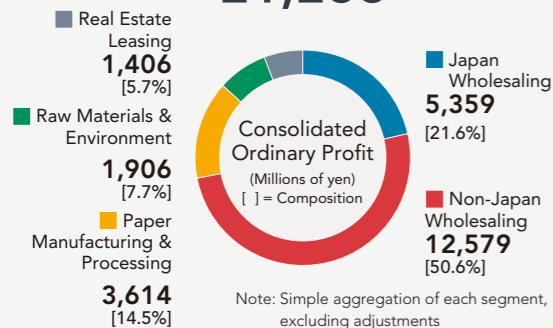
Since its establishment, the Japan Pulp & Paper Group has contributed to society through the supply of paper—a material necessary for daily life and the development of industry and culture—as a leader in paper distribution. Today, the group continues to expand its business fields, backed by its outstanding know-how in the paper and paperboard wholesaling business and its global network. We are working to enhance our diversified segments and create synergies with existing businesses to build a stable revenue base for the entire group.

**Japan Pulp & Paper Group
 FY2022 Results**

**Consolidated Revenue
 545,279**



**Consolidated Ordinary Profit
 21,233**



Consolidated Subsidiaries
77

Associated Companies (Equity-Method)
6

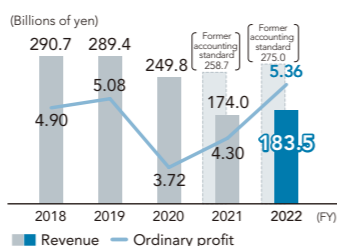
Japan Wholesaling



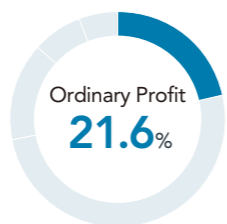
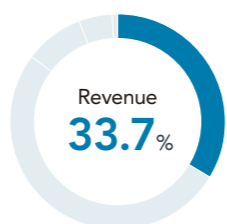
Main Businesses

- Sale of paper, paperboard, and related products
- Warehousing and transportation businesses
- ICT system development
- Sale of information equipment
- Information service business etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

10

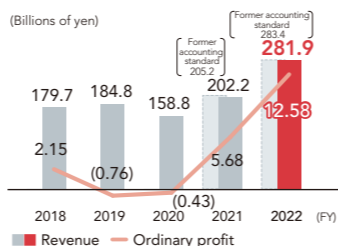
Non-Japan Wholesaling



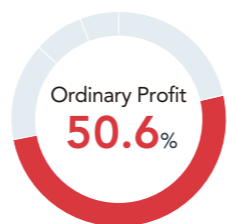
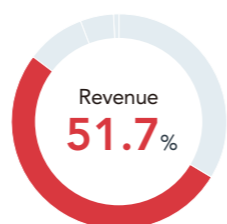
Main Businesses

- Sale of paper, paperboard, and related products
- Sign and display products, packaging, films, and related business etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

49

Entities outside of Japan: **49**

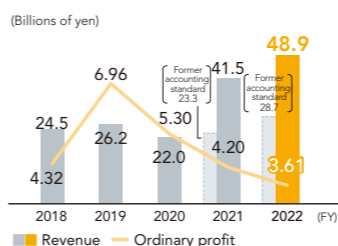
Paper Manufacturing & Processing



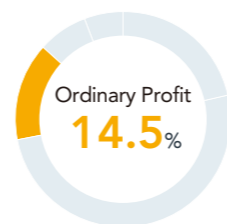
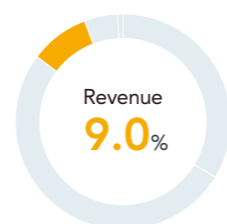
Main Businesses

- Manufacturing of household paper, containerboard, and printing paper using recycled wastepaper as a raw material
- Manufacturing of containerboard boxes and related products etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

11

Entities outside of Japan: **2**

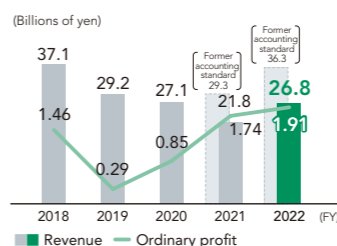
Raw Materials & Environment



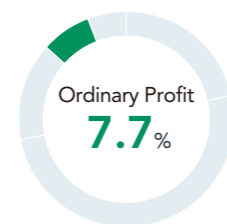
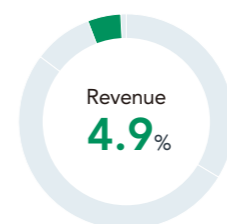
Main Businesses

- Sale of raw materials such as wastepaper and pulp as well as of biomass fuels and related products
- Comprehensive recycling business
- Renewable energy power generation business etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

7

Entities outside of Japan: **3**

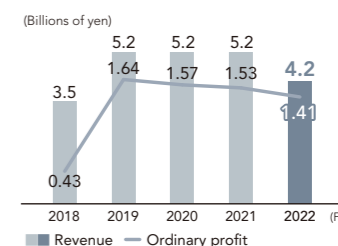
Real Estate Leasing



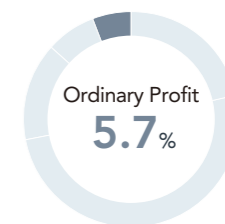
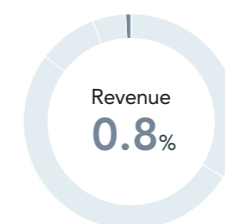
Main Businesses

- Leasing of real estate

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

4

Note: For purpose of comparison with previous years, figures for fiscal 2021 and fiscal 2022 are presented under the former accounting standard.

Business Segments

Japan Wholesaling

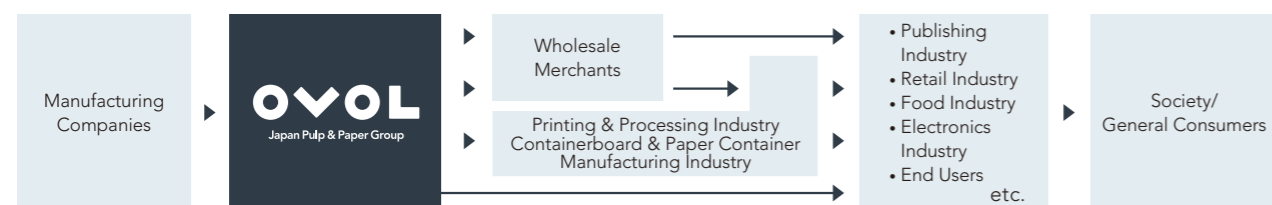
A Leading Company in Paper Distribution

Based on the expertise and trust it has accumulated since its founding 178 years ago, the Japan Pulp & Paper Group sells paper, paperboard, and related products as a distributor for manufacturers. Today, we are pursuing new possibilities in paper and peripheral fields. While we supply various materials, daily necessities, and industrial goods with a wide range of applications, we also handle paper products including more specialized functional materials for electronic components, ecofriendly films, and packaging materials.

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

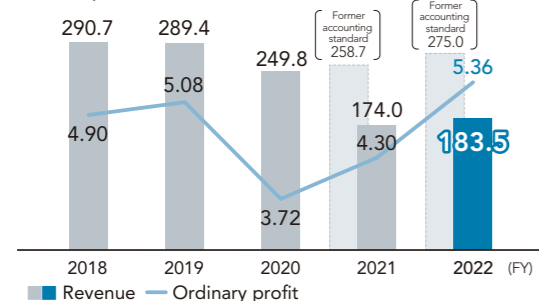


Business Flow



Fiscal 2022 Results

Revenue/Ordinary Profit



- Paper sales volume decreased year on year due to the significant impact of a decline in periodical magazine readership and lower sales of photo copying paper, although there was a recovery in demand for paper in some markets.
- Paperboard sales volume decreased year on year as sales for automotive and machinery-related applications remained sluggish. However, sales of products for e-commerce and processed food packaging were strong, and sales of products for souvenirs and gifts recovered.
- Sales volume of functional materials related to electronic components decreased year on year due to the impact of the zero-COVID policy in China and the resulting economic stagnation after the policy was lifted.
- Revenue increased year on year, reflecting higher selling prices due to price revisions for paper and paperboard.
- Ordinary profit increased year on year due to increased revenue and decreased personnel expenses, etc.

Strengths

- Relationships with business partners based on trust built over 178 years
- Human resources to support our position as an industry leading company
- Ability to make proposals based on advanced expertise and know-how in the paper business
- A nationwide distribution network that enables the stable supply of paper

Opportunities

- Return to paper from digital formats as people rediscover its enriching and comforting value and qualities
- Growing demand for environmentally friendly products
- Normalization of socio-economic activities due to the easing of restrictions on activities related to COVID-19

Risks

- Decreasing demand for paper due to the declining population and digitalization
- Changing trends in demand due to rising prices

Medium-term Business Plan 2023 Initiatives

Policy

Recover profits through structural reforms and rationalization

Ordinary Profit by Segment in Final Year of Plan **JPY5 billion**

1. Strengthen sales capabilities for paper and paperboard while focusing on profitability, and solidify our position as the No. 1 distributor in Japan
2. Raise the level of knowledge and expertise in all aspects of the supply chain, including knowledge of products, purchasing, sales, printing, processing, and logistics, and collaborate with business partners and stakeholders to create value and returns for our company

Progress Report

Strengthened domestic sales capabilities for paper and paperboard

Paper merchant Narumi-Kamiten (based in Aomori Prefecture) was made a group company in order to maintain regional paper distribution networks. In addition, containerboard manufacturers Misuzushigyo and Osaka Paperware Mfg. were added to the group in order to expand the sales volume of containerboard.

Promoted rationalization through structural reforms and optimization of logistics

Future Initiatives

Dedicate ourselves to creating added value

We will develop specific measures, systems, and mechanisms to raise the level of knowledge and expertise in all areas of the supply chain, including related to products, purchasing, sales, printing, processing, and logistics. In addition, we will dedicate ourselves to creating added value by promoting initiatives to reaffirm the unique value, functions, and role of paper.

Explore functions and added value demanded by new values

We will create new businesses and products by engaging in communication with diverse business partners and utilizing their assets. In October 2023, we plan to hold an event with the participation of managers from about 150 domestic wholesalers.

We will provide new functions and added value in order to be chosen by customers.



Tetsuo Izawa
Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, Logistics

In the domestic market, particularly in the field of printing and communication paper, we expect demand to continue to decline due to the shift from paper media to digital media, and that manufacturing costs will remain high due to soaring raw material and fuel prices. Maintaining reproducible prices is a key issue in the pulp and paper industry.

Under these circumstances, the Japan Pulp & Paper Group continues to conduct sales activities that emphasize profit and efficiency rather than focusing solely on increasing sales volume and expanding market share. We will promote efficiency and strengthen our foundation as an organization. We will also provide new functions and added value in areas such as environmentally friendly products and logistics in order to be chosen by customers. As it is such a ubiquitous material, the functions and role of paper as well as the value created from it are not widely recognized. We are working to strengthen our communication activities so that our business partners and the rest of society can better understand the value of paper.

As I said last year, selling paper is our original business, and it will continue to be the core business of the Japan Pulp & Paper Group. I believe that the real value of the group is our ability to propose not only the best solutions, but the ones customers truly need, so they can rely on us even in difficult times. For that reason, I recognize that developing talented human resources is our most important task.

Non-Japan Wholesaling

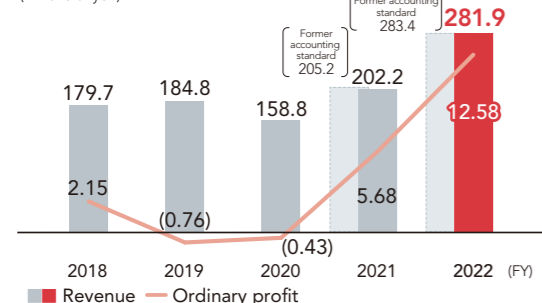
One of the World's Leading Paper Distribution Companies

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



Fiscal 2022 Results

Revenue/Ordinary Profit



- In the US, the UK, and Australia, sales volume increased due to the recovery in demand in connection with the normalization of social activities. Selling prices increased as a result of multiple price revisions.
- Revenue increased significantly due to increased exports from Japan and the impact of foreign exchange conversion resulting from the depreciation of the yen.
- Ordinary profit increased significantly year on year, especially in the US and the UK.

Strengths

- Trust from business partners outside Japan built over 124 years since expanding into Shanghai in 1899
- Paper wholesaling business with locally rooted inventory, processing, and delivery functions
- A procurement and supply network that spans the globe (67 group companies in 21 countries outside of Japan)
- Global distribution sites
- Ability to make proposals utilizing procurement, supply, and information capabilities based on extensive experience

Opportunities

- Expansion of demand for high-value-added films, packaging, and sign and display products
- Increase in demand for environmentally friendly products
- Growth potential of the Asian market

Risks

- Supply and demand gap, fluctuation in market prices, and other related issues
- Trends of Chinese and Korean manufacturers
- Decline in paper demand due to structural issues such as the digitalization of information media

Medium-term Business Plan 2023 Initiatives

Policy

Strengthen existing platforms and build a stable revenue structure

Ordinary Profit by Segment in Final Year of Plan **JPY 3 billion**

1. Utilize OVOL's global network to strengthen sales of packaging, chemical products, functional products, and environmentally friendly products, in addition to conventional graphic paper while incorporating complementary M&A initiatives
2. Ensure stable earnings by streamlining unprofitable businesses and divisions, and improving efficiency through the development of logistics infrastructure and systems

Progress Report

• Successful transition to profitable structure through business restructuring

We successfully transitioned to a profitable structure through business restructuring that included the optimization of human resources, offices, and logistics facilities, all of which began at major operating bases before the COVID-19 pandemic. Setting aside the rapid growth in profit due to changes in demand and selling prices, we were able to successfully transition to a structure in which we can secure stable and consistent profit.

• Strengthened platform through complementary M&A initiatives

We conducted complementary M&A initiatives to strengthen sales of films, packaging, sign and display products, thermal transfer ribbons, functional products, and environmentally friendly products. We also promoted efforts to stabilize earnings.

Future Initiatives

• Effectively utilize our distribution network as a local and nationwide paper merchant

In light of the decline in demand for graphic paper in developed markets, we will continue to conduct complementary M&A initiatives to diversify the products we handle, including value-added products and growth products. We also aim to make effective use of assets, such as our distribution network, as a local and nationwide paper merchant.

• Promote a "glocal" strategy in Asia

We will promote a glocal strategy in order to demonstrate the various functions of the group, such as inventory, processing, and delivery, at several locations in Asia where business is centered on trading.

We will expand our lineup of high-value-added products and growth products.



Mitsutoshi Imamura
Executive Vice President
Global Business, Specialties

In fiscal 2022, continued tightening of global supply and demand for paper, and the increase in paper prices at our major bases in the US, the UK, Australia, New Zealand, and other countries led to a substantial improvement in results. This was due to our ability to perform the inventory, processing, and delivery functions as a paper distribution business rooted in local markets, rather than just trading. In terms of the financial results forecast for fiscal 2023, although we expect the profit margin, which expanded significantly as a result of price revisions in 2022, to shrink, we believe that we will be able to secure adequate profits.

In line with the basic policy of Medium-term Business Plan 2023, which is to "strengthen existing platforms and build a stable revenue structure," we will continue to expand our lineup of high-value-added products and growth products by conducting complementary M&A initiatives.

In fiscal 2022, we carried out M&As in the film, packaging, sign and display product, and thermal transfer ribbon converting businesses in the UK, Australia, New Zealand, and Singapore, and also expanded into Ireland. Going forward, we plan to conduct M&As to expand our business areas in response to declining demand for graphic paper in developed countries.

Non-Japan Wholesaling Segment Highlight



In the Non-Japan Wholesaling segment, as a basic policy of Medium-term Business Plan 2023, we are utilizing our existing sales network to actively conduct complementary M&A initiatives with the aim of strengthening sales of high-value-added products such as packaging, chemical products, and functional products. The following companies joined the Japan Pulp & Paper Group in 2022 and 2023.

UK

Zulu Packaging (Premier Lamination Films)



In July 2022, Zulu Packaging, a successful laminating film specialist in the UK market, joined the Premier Paper Group (hereinafter "PPG"), which is a leading paper merchant in the country.

We have sold laminating films in many countries, and have utilized our experience and expertise to propose and provide new products (other than paper) to existing and new customers. With the acquisition of Zulu Packaging, the Japan Pulp & Paper Group has established a sales system that can flexibly respond to customer needs. This includes delivering a wide variety of laminating films together with paper. In the future, Zulu Packaging will provide products for a wide range of areas, such as flexible packaging films for food items, laminating films for packaging materials, and commercial printing operations as PPG's specialized laminating film division. In addition, it will work to create new value such as by providing customers with more choices and enhanced convenience.



UK

Wine Box Company



In December 2022, UK-based Wine Box Company (hereinafter "WBC"), a leading supplier of packaging materials for high-end beverages, food packaging, and POS products (packaging materials printed with barcodes for individual item management), joined PPG.

WBC currently offers over 1,600 products, including a wide selection of gift, transport, and premium beverage packaging options. In addition to display and packaging materials, it also offers cloth bags and tailor-made products. These operations complement the business of PPG, which itself operates as a traditional paper merchant. This addition will be a major step toward expanding sales of high-value-added products and other items. As part of PPG, WBC will be able to expand the variety of its services and product selection and improve quality by utilizing the extensive resources and logistical support and expertise of PPG. Going forward, we will work to develop and provide new products and services by sharing know-how and expertise with all divisions.

Ireland

Graphic And Paper Merchants Holdings



In January 2023, Ireland-based Graphic And Paper Merchants Holdings (hereinafter "GPMI"), a leading paper merchant with operations covering all areas from paper to packaging, joined PPG.

GPMI is a leading paper merchant with a strong position in the (Republic of) Ireland and Northern Ireland markets for over 40 years. It offers paper, plastics and hardware, inks, consumables, and related technical services for commercial printing and sign and display products. For PPG, GPMI will provide it with a geographical advantage for new market development. For GPMI, based on PPG's foundation as a paper merchant, PPG will work to promote self-sustaining growth by conducting further complementary M&A initiatives and expanding its product lineup. GPMI, as part of the Japan Pulp & Paper Group, will work to further expand the variety of its services and product selection for customers in Ireland and Northern Ireland. It will also create new value in the printing and graphic communication market for both customers and suppliers.



Singapore

Transam Industries



In September 2022, Singapore-based Transam Industries (hereinafter "Transam"), which has built a strong reputation as the largest thermal transfer ribbon processor in Southeast Asia, joined group company OVOL Singapore.

Since its founding, Transam has specialized in the thermal transfer ribbon processing business for barcode printing, and now offers more than 40 types of thermal transfer ribbons with a large production capacity of 70,000 rolls per month. In more than 50 countries in Asia, Africa, the Middle East, Australia, and Europe, it provides products for companies in the food, textile, pharmaceutical, hospital, semiconductor, and logistics industries, among others. Transam, as part of the Japan Pulp & Paper Group, will be able to utilize group resources to further improve its strengths in fully understanding customer needs, responding flexibly to those needs, and quickly completing all deliveries. Through these efforts, we will develop businesses that are not bound by preconceived notions, consider new ideas for entering markets, create and provide new products, cultivate potential new customers in various regions, and expand sales channels.



New Zealand

Caspak Products



In September 2022, New Zealand-based Caspak Products (hereinafter "Caspak"), which provides flexible packaging solutions with excellent barrier performance, joined group company BJ Ball Group.

As a leading provider of flexible packaging solutions with excellent barrier performance such as stretch packaging films, shrink packaging and skin packaging films, standing pouches, and compression bags, Caspak has earned a strong market reputation for its high level of product knowledge and excellent customer service. Up until now, we have been offering flexible packaging solutions with excellent barrier performance through similar products from the label business department of BJ Ball Group. By welcoming Caspak to the group, we were able to expand our product lineup and strengthen our ability to make proposals in that market. Currently, Caspak is focused on providing packaging with excellent barrier performance in meat-related industries and is striving to minimize food waste in the most sustainable way by using the latest technologies and materials to extend the shelf life of food. Going forward, it will work to further expand its business by utilizing the Japan Pulp & Paper Group's resources and networks.

Australia



Conect Enterprises

In September 2022, Conect Enterprises (hereinafter "Conect"), a leading supplier in the Australian sign and display product market, joined group company Ball & Doggett (hereinafter "B&D").

With over 30 years of industry knowledge and experience, Conect has established a strong position in the sign and display product market. This includes serving as a distributor for global brands, including HP, Roland, Metamark, Avery, and SISER. It offers a wide range of media products such as adhesive films and thermal transfer films, as well as hardware, including wide format equipment. Until now, B&D has operated in the sign and display product market in the Oceania region. By welcoming Conect to the group, we have been able to complement our existing business portfolio and can now offer an even wider assortment of products. Going forward, B&D will leverage the strength of Conect's brand to enhance its position in the sign and display product market.



Paper Manufacturing & Processing

Environmentally Conscious Paper Manufacturing and Processing

The Japan Pulp & Paper Group is contributing to resource conservation through its paper manufacturing and processing business, which uses recycled wastepaper as a raw material for containerboard, printing papers, and household paper.

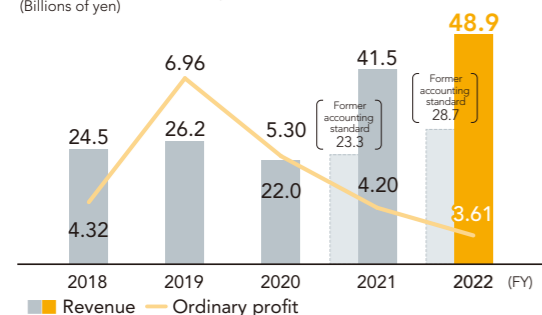
In our recycled household paper business, the Corelex Group, an industry leader in Japan, has established a stable supply structure for household paper including toilet paper. In the containerboard business, we are focusing on investment in production facilities for containerboard and boxes, and on building a structure capable of meeting diverse needs by adding corrugated packaging manufacturing companies to the group.

Throughout this segment, we are optimizing the group's internal supply chain from raw material procurement to manufacturing and sales, and are working to manage rising costs in order to further strengthen our competitiveness.



Fiscal 2022 Results

Revenue/Ordinary Profit (Billions of yen)



- In the containerboard manufacturing business and the recycled household paper manufacturing business in Japan, selling prices increased as a result of widespread price revisions.
- Revenue increased year on year due to price revisions in Japan, as well as higher sales volume in the containerboard box manufacturing business in Indonesia and the recycled household paper manufacturing business in Japan, despite lower sales volume in the containerboard manufacturing business.
- Ordinary profit decreased year on year because of the significant impact of an increase in manufacturing costs caused by rising prices for recovered paper raw materials and secondary materials and soaring energy costs, such as electricity and gas.

Strengths

- The group's value chain covering upstream to downstream operations ranging from the manufacturing of recovered paper, containerboard, and household paper to wholesaling
- A robust value chain based on trust that links raw material procurement and customers
- Difficult-to-recycle wastepaper processing technology of the Corelex Group

Opportunities

- Expanding need for wastepaper processing technology in response to rising environmental awareness and environmental measures
- Growing demand for environmentally friendly products, including plastic alternatives
- Initiatives for decarbonization

Risks

- Procurement of wastepaper and fluctuations in market conditions
- Rising manufacturing costs due to sharp increases in raw material and fuel prices

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY6 billion**

1. Implement downstream strategies rooted in local communities in order to establish a system for supplying comprehensive packaging solutions
2. Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

Progress Report

• Building a system for supplying comprehensive packaging solutions

As part of a downstream strategy rooted in local communities, containerboard manufacturers Misuzushigyo and Osaka Paperware Mfg. (both based in Osaka) were made group companies. Outside of Japan, the new plant of PT Oriental Asahi JP Carton Box in Indonesia began full-scale operation in response to the rapid growth of the domestic containerboard box market.

• Expanded sales of national brands in the recycled household paper business

We worked to develop and expand sales of national household paper product brands by taking advantage of the Corelex Group's difficult-to-recycle recovered paper recycling technology. In addition, we conducted public relations activities related to recycled toilet paper, including participation in events at commercial facilities.

Future Initiatives

• Further improve the collective strength of the group

By forging alliances within the industry and seeking synergies within the group, we will further enhance the collective strength of the group in terms of raw materials, cost, manufacturing, distribution, and sales.

• Build a framework for the management of environmental and safety issues

Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

We will refine our technological strengths and grow into a strong paper manufacturing and processing business.



Kazuhiko Sakurai
Director of the Board
Senior Executive Vice President
Paperboard & Household Paper

In fiscal 2022, the Paper Manufacturing & Processing segment faced extremely challenging conditions as manufacturing costs increased due to the impact of soaring energy prices and other factors.

From the perspective of sustainability, the Japan Pulp & Paper Group has consistently promoted resource recycling through its paper manufacturing business that uses wastepaper as a raw material. We recognize the importance of the role this segment plays and that its presence within the group is steadily increasing. In order to be "a group that contributes to a sustainable society and global environment" as stated in OVOL Vision 2030, we must work to reduce greenhouse gases with the goal of achieving carbon neutrality by 2050. To achieve this, it will be necessary to consider new capital investments and deal with cost increases as well as to refine the technological strengths that are one of our advantages. We believe that growing into a strong paper manufacturing and processing business through these initiatives will enable us to realize both social and economic value.

We cannot conduct sustainable business activities unless we are a corporate group that responds to the changing needs of society and is indispensable to society. To that end, we will become a strong paper manufacturing and processing business and create synergies by leveraging our organizational capabilities that encompass the Japan Wholesaling, Paper Manufacturing & Processing, and Raw Materials & Environment segments and by utilizing our ability to make proposals.

Raw Materials & Environment

Building a Circular Economy by Recycling Resources

The Japan Pulp & Paper Group has been working since the 1970s to build a circular economy through the recycling of wastepaper, which is increasingly important as a raw material for paper manufacturing. The Japan Pulp & Paper Group is expanding the wastepaper recycling business in Japan and other countries, the comprehensive recycling business, which aims to efficiently recycle plastic and other waste, and the renewable energy power generation business, which includes solar and woody biomass power.

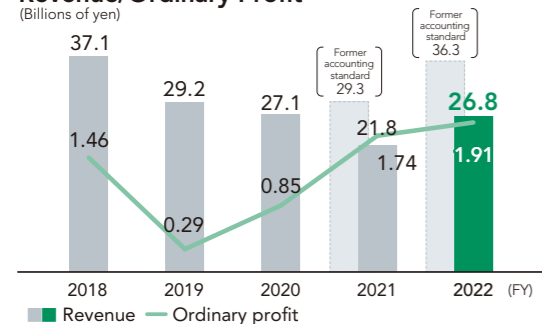
In the wastepaper recycling business, we further enhanced our nationwide wastepaper recovery network in Japan and bolstered procurement and supply with the acquisition of Fukudasansho in 2017, and with a presence in the United States and India we are continuing to expand our network outside of Japan.

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



Fiscal 2022 Results

Revenue/Ordinary Profit



- In the wastepaper recycling business in Japan, selling prices increased offsetting a decrease in sales volume due to less wastepaper being generated. In addition, sales volume increased in the US, and overall revenue in the wastepaper recycling business increased.
- Sales volume of pulp for paper manufacturers in Japan and other countries increased, as did selling prices. In addition, sales volume of fuel (PKS) for woody biomass power generation plants also grew, and revenue for the entire segment increased year on year.
- Ordinary profit was negatively impacted by soaring prices of fuel for woody biomass power generation, but it increased year on year due to higher revenue from other businesses such as the recovered paper business in the US.

Strengths

- Stable supplies to paper manufacturers in Japan with an emphasis on the quality of recovered paper
- Own wastepaper yards in Japan and other countries, and the ability to promote the reuse of recovered paper as a raw material for paper manufacturing with a global perspective
- A comprehensive recycling business that efficiently recycles wastepaper, plastic waste, and wood-based waste
- A pulp business linked to our original business of selling paper

Opportunities

- Expansion of the market and increase in demand for plastic recycling due to Japan's Plastic Resource Circulation Act, which came into force in April 2022

Risks

- Changes in market conditions related to wastepaper and wood biomass
- Change in the procurement environment due to a decrease in the generation of wastepaper

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY1.5 billion**

1. Strengthen cooperation with business partners and experts, and accelerate the development of management personnel with operational and facility knowledge in various fields
2. Ensure both supply capacity for the group's paper manufacturing companies and a stable profit structure for the group's recovered paper operations
3. Further strengthen cooperation with our existing business partners to continue stable operations in each of our renewable energy power generation and comprehensive recycling businesses, and consider entering into new businesses
4. Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group

Progress Report

• Made steady progress with initiatives in each business

Wastepaper recycling business: Prioritizing the stable supply of superior quality goods to paper manufacturers in Japan, we worked to improve earnings by reviewing profitability in the recovered paper business in Japan, and strengthened a material crushing business in our recovered paper operations outside of Japan.

Comprehensive recycling business: We strengthened measures to address the Plastic Resource Circulation Act.

Renewable energy power generation business: Although biomass power generation was impacted by soaring fuel prices, solar power generation initiatives made steady progress. The PKS export business in Malaysia expanded its scope of operations.

Future Initiatives

• Expand the scale of the comprehensive recycling business

In anticipation of the plastic-free movement as typified by the Plastic Resource Circulation Act, which came into force in April 2022, we are looking to expand the scale of our comprehensive recycling business in Kyushu, centered on group company Eco-Port Kyushu.

We will position the recovered paper and comprehensive recycling businesses and the renewable energy power generation business as important drivers, and work to expand our circular business model.



Makoto Shirovani
Executive Vice President
Raw Materials & Environment

In the wastepaper recycling business, which is at the core of the expansion of a circular business model, the amount of wastepaper generated is decreasing in Japan as the demand for paper declines. However, we still believe that the importance of our role in supplying Japan's paper manufacturers will not change. Japan's Plastic Resource Circulation Act came into force in April 2022, and in order for us to support the recycling of plastic waste, a movement that is expected to gain further momentum in the future, we are considering expanding the scale of the comprehensive recycling business, mainly through group company Eco-Port Kyushu.

In the renewable energy power generation business, we signed a new contract with a local forestry cooperative for the stable supply of fuel as a measure to deal with the tight supply and demand situation related to fuel procurement for our woody biomass power generation project in Iwate Prefecture. This contract was possible because we have been building solid and friendly relationships with people in the area since we started operations in 2016. In Malaysia, a new PKS yard started operation in July 2023, and we are working to build a stable supply system to meet increasing demand.

In order to continue being "a group that contributes to a sustainable society and global environment," we will position the recovered paper and comprehensive recycling businesses and the renewable energy power generation business as important drivers of this segment, and work to expand our circular business model.

Real Estate Leasing

Utilization of Community-based Real Estate

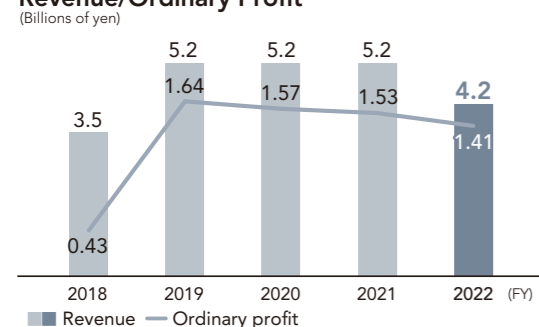
In our real estate leasing business, our properties in areas including Tokyo, Osaka and Kyoto are used as offices, multi-dwelling residences and hotels. In 2018, construction was completed on the OVOL Nihonbashi Building, which is one of the projects in the second phase of the Nihonbashi Revitalization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

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



Fiscal 2022 Results

Revenue/Ordinary Profit



- Sold some real estate holdings in order to more effectively utilize management resources and improve asset efficiency
- Revenue decreased year on year due to lower rental income resulting from vacancies in major tenant buildings and the partial transfer of non-current assets.
- Ordinary profit decreased year on year due to a decrease in revenue, which exceeded the decrease in depreciation, real estate management, and other expenses associated with the partial transfer of non-current assets.

Strengths

- Business operations utilizing real estate assets in prime locations in major urban areas, including Tokyo, Osaka, and Kyoto
- Provision of office space for rent to meet the needs of diverse companies

Opportunities

- Fluctuations due to economic trends and real estate market conditions
- Prime locations in major urban areas

Risks

- Fluctuations due to economic trends and real estate market conditions
- Decrease in office demand and in rent levels due to changes in ways of working
- Major repairs of aged buildings

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY1.5 billion**

1. Appropriately manage and maximize the value of major properties
2. Formulate redevelopment plans for older properties

Progress Report

Continued to contribute to the group's business performance

Our properties in Tokyo, Osaka, Kyoto, and other places are in prime locations. Rental income from office spaces and multi-dwelling residences and leasing to hotel operators continued to contribute to the group's business performance. Although there were temporary vacancies in fiscal 2022, new tenants moved in, and our tenant buildings maintained high occupancy rates.

Sold some real estate holdings

In June 2022, we sold some real estate holdings in Chuo-ku, Tokyo, in order to more effectively utilize management resources and improve asset efficiency.

Future Initiatives

Maximize the value of major properties

We will maximize the value of major properties by ensuring proper maintenance and through leasing.

Formulate redevelopment plans

We will promote optimization of the real estate portfolio, such as by formulating redevelopment plans for older properties.

Main Rental Properties

Name	Location	Number of Floors	Use
Cerulean Homes Kachidoki	Kachidoki, Chuo-ku, Tokyo	26 floors above ground and 1 below	Apartments, shops
Rio Frente	Kachidoki, Chuo-ku, Tokyo	8 floors above ground and 1 below	Apartments
Nihombashi Nichigin-Dori Building	Nihonbashi Hongokuchō, Chuo-ku, Tokyo	8 floors above ground	Offices, shops
OVOL Nihonbashi Building	Nihonbashi Murōmachi, Chuo-ku, Tokyo	15 floors above ground and 3 below	Offices, hotel, shops
Osaka JP Building	Kawaramachi, Chuo-ku, Osaka	8 floors above ground and 2 below	Offices, shops
Kyoto Nakai Building	Sanjo-dori, Nakagyo-ku, Kyoto	6 floors above ground and 1 below	Offices, shops
OVOL Kyoto Ekimae Building	Kita-Fudondocho, Shimogyo-ku, Kyoto	10 floors above ground	Hotel
Azalea Heim Takamatsu	Takamatsu, Toshima-ku, Tokyo	6 floors above ground	Apartments
Dormitory Gyotoku	Kakemama, Ichikawa-shi, Chiba	3 floors above ground	Apartments



Nihombashi Nichigin-Dori Building



OVOL Nihonbashi Building



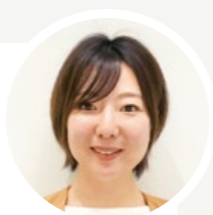
OVOL Kyoto Ekimae Building

Accounts from the Frontlines of Value Creation

Human capital is the most important form of management capital for achieving the group's goal of "evolving into a group that pursues excellence even beyond the paper industry." In this section, we introduce messages from executives and employees who create value in the Japan Wholesaling and Non-Japan Wholesaling, Paper Manufacturing & Processing, and Raw Materials & Environment segments.

Japan Wholesaling

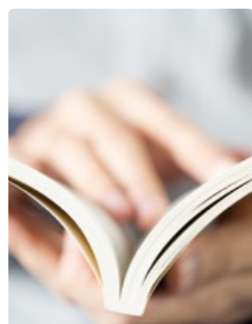
Eri Tomonaga
Newsprint & Publication Paper Sales Division
Japan Pulp & Paper Co., Ltd.



Promoting the Appeal of Paper in Daily Sales Activities

The paper used in books is carefully selected by writers, designers, and editors for its color, texture, and flexibility. As a sales representative, in order to meet the needs and realize the desired concept of designers and editors at publishing companies, I handle paper every day and choose and then propose the best option from among many different types. When the paper I propose is used in a book and I pick it up at a bookstore, and the finish of the print and the feeling of turning the pages are exactly what I imagined, it is very rewarding.

We live in an era in which many people read books online, but the feeling of turning the pages of a book by hand is a unique and satisfying experience. There are still many types of paper I do not know. I would like to further explore different paper and convey its quality to others.



Japan Wholesaling

Toru Sano
Leader
JP Transport Service Co., Ltd.



Supporting Paper Distribution by Practicing Eco-Driving

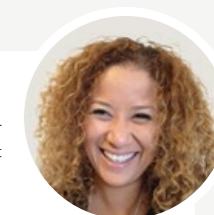
I have been involved in the delivery of paper for 20 years. Every time I see the paper delivered to printing companies transformed into publications and arranged in bookstores and convenience stores, I truly feel that my work is both connected and beneficial to society.

It is only natural to make deliveries according to the customer's requests to ensure that publications and leaflets are issued without delay. In addition, I always try to contribute to the prevention of global warming in my own way by practicing eco-driving. This is driving where I am conscious of reducing CO₂ emissions, such as those from fuel consumption, combined with safe driving. Going forward, I would like to continue to be involved in logistics operations, confident in the knowledge that I am supporting the foundation of paper distribution.



Non-Japan Wholesaling

Zaidee Jackson
National Business Development Manager
Ball & Doggett



Achieving Sustainability for Customers Through "ecoporium by Ball & Doggett"

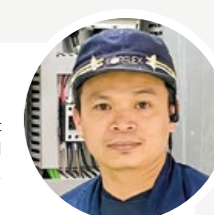
As the National Business Development Manager – Sustainable Packaging, the key has been the recent delivery of the ecoporium.com.au platform for the Australian market. Positioned as The Destination to Sustainable Packaging we created an educational platform for our Labels & Packaging range with sustainability in focus. We created an industry experience. Sharing interviews with industry, sustainability specialists and suppliers on how they view sustainable packaging through their lens. These are also available through a podcast.

I work with our national team supporting them in partnering with brands to drive decisions on their choice of materials towards their sustainable roadmaps meeting National Packaging Targets.



Paper Manufacturing & Processing

Nguyen Anh Tuan
General Manager, Production Engineering Department
Tokyo Mill
Corelex San-Ei Co., Ltd.



Responding to Change with Strong Motivation

I work as the head of the electrical unit, and my job is very rewarding.

At our mill, we improve efficiency by automating production and introducing new technologies, and we are working to reduce production costs by reducing the use of raw materials, electricity, and gas. In addition, we also strive to protect the environment, such as by reducing CO₂ emissions and wastewater. Our director inspires us to constantly make improvements and progress, and we are always encouraged to learn and put those skills into practice. The world is changing rapidly now. The electrical unit and all employees are committed to responding to change while maintaining a high level of motivation at all times.



Raw Materials & Environment

Hirokazu Miyazaki
Manager, Resin Sorting Division
Materials Business Department
Eco-Port Kyushu Co., Ltd.



Promoting Waste Plastic Recycling as the Foundation for Realizing a Circular Economy

The Materials Business Department that I work for conducts its operations in line with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging. We sort and process plastic containers and packaging with a "plastic" mark collected from households by municipalities, and produce pellets and other raw materials for plastic recycling.

Since I joined the company, my supervisors and senior colleagues have told me that the saying "If you mix it, it's waste; if you separate it, it's a resource" expresses the significance of our work. In recent years, society has come to expect more of companies in terms of contributing to sustainability, and I believe that plastic recycling will become even more important going forward. We will continue to promote waste plastic recycling, while recognizing that our work is where the plastic cycle begins and forms the foundation for realizing a circular economy.





Chapter

03

Foundation for Sustainable Growth

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Sustainability Management

Approach to Promoting Sustainability



Yasushi Takei
Executive Vice President
Administration, Planning & Sustainability

In 2022, the group implemented various initiatives to strengthen its sustainable management system. As part of these efforts, we identified four themes (the environment, society, employees, and governance) for our material issues and are working to address each issue.

For the environment, we disclosed Scope 1 and Scope 2 emissions for Japan Pulp & Paper and its subsidiaries in Japan in 2022. In addition, in 2023 we calculated Scope 1 and 2 emissions at subsidiaries outside of Japan and Scope 3 emissions for Japan Pulp & Paper and disclosed the results together with an analysis of the financial impact of climate change.

For employees, in order to make effective and appropriate investments in and maximize the value of human capital, which is the largest management capital input in our value creation process, we conducted an engagement survey of Japan Pulp & Paper employees to better understand the current situation.

Drawing on the information we have gathered through the processes of assessing, collating and analyzing current conditions, we will enhance dialogue with stakeholders based on the concept of honest and fair governance. We will also further enhance sustainable management with the aim of achieving the vision we have set for each material issue.

Sustainability Promotion Framework

The Executive Sustainability Committee, chaired by the representative director, president, 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 across the entire group, serves as a secretariat for the OVOL Sustainability Promotion Meetings and the OVOL Environment & Safety Meetings.

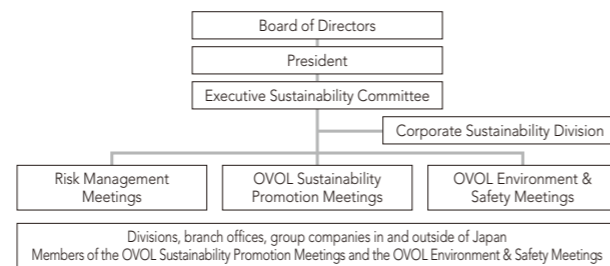
In fiscal 2022, we launched *OVOL Sustainability News*, an in-house newsletter. We are also working to enhance the provision of information on global trends in sustainability and other initiatives within the group through the OVOL Sustainability Promotion Meetings. The OVOL Environment & Safety Meetings distributed information on revisions to environmental laws and regulations 12 times in fiscal 2022. In addition, the Environment & Safety Promotion Office conducted 12 on-site inspections of environmental and occupational safety compliance. These are part of efforts to

raise awareness of the environment and occupational safety as well as strengthen compliance.

We will continue to implement initiatives such as education and training to promote understanding and awareness among executives and employees.

* ESG-related issues refer to a wide range of environment (E), society (S), and governance (G) issues such as the following:
 Environment (E): Issues related to climate change, resource depletion, waste, pollution, deforestation, etc.
 Society (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 Promotion Structure



Executive Sustainability Committee and Various Meetings

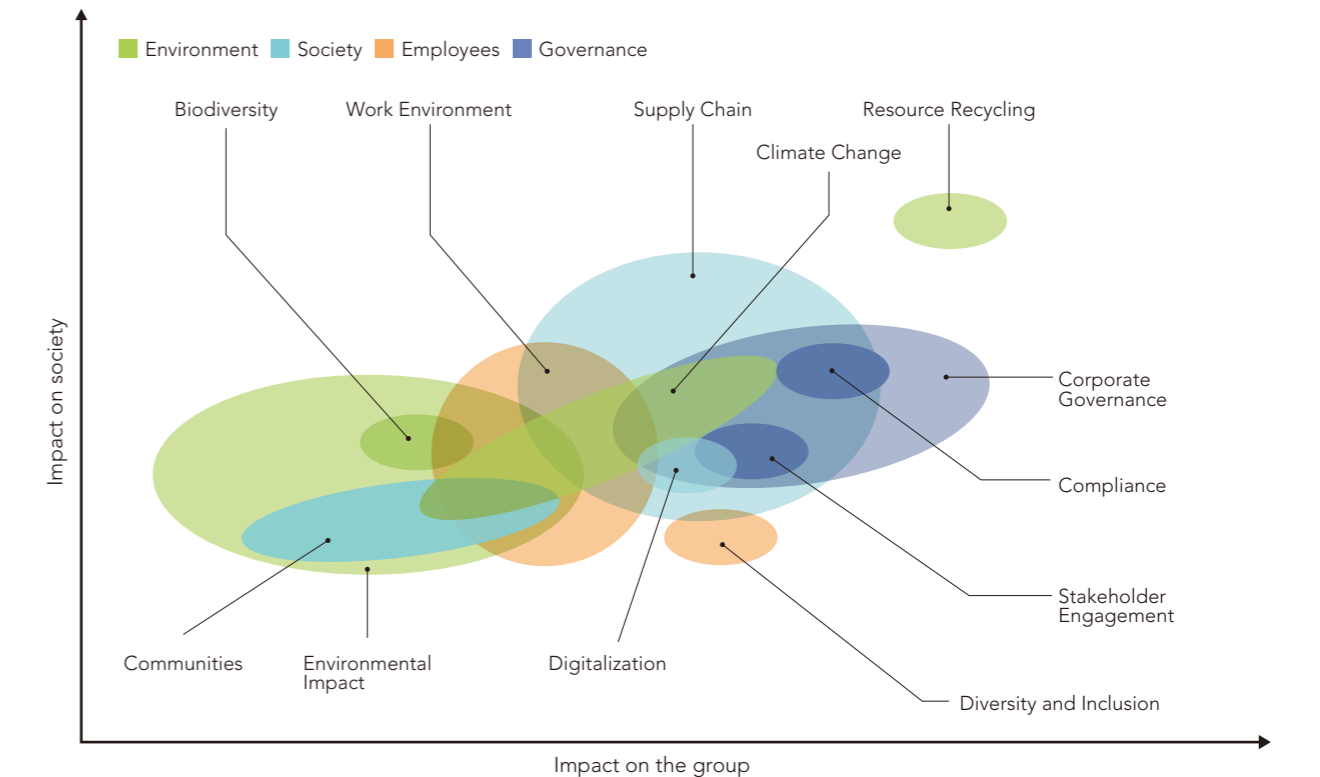
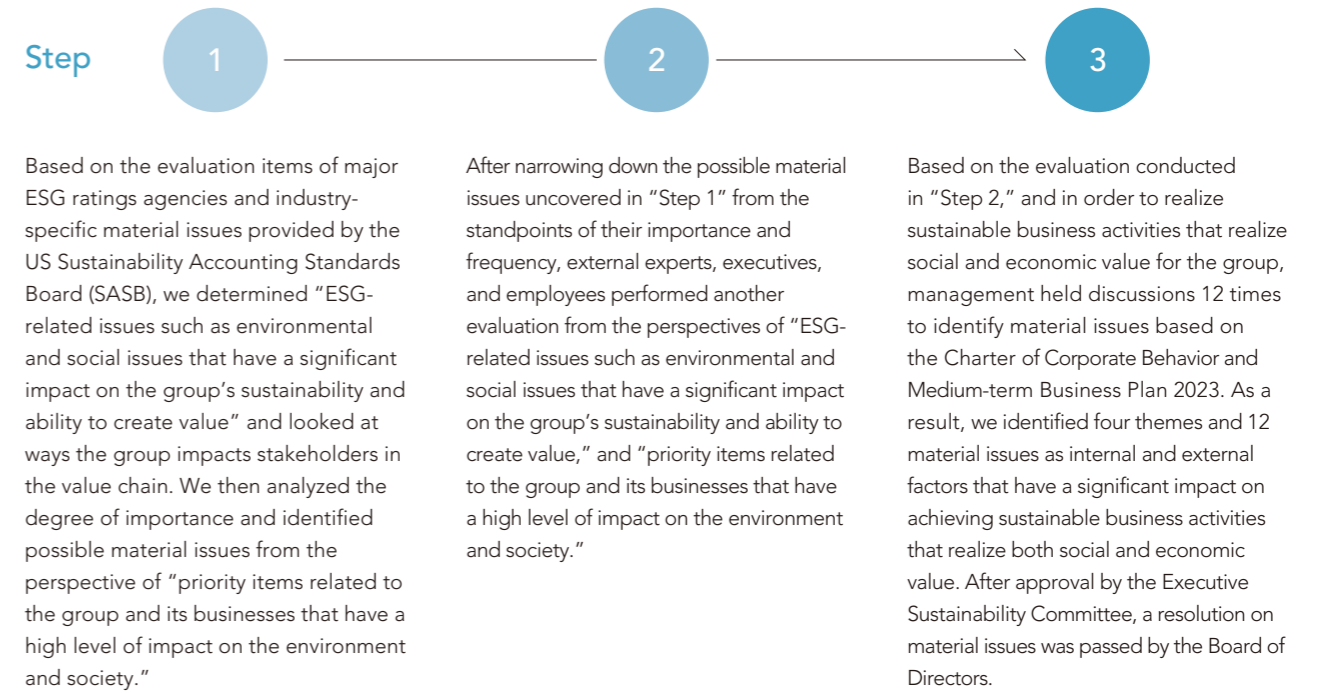
Organization	Chairperson	Members	Number of Meetings Held*	Objective/Role
Executive Sustainability Committee	Representative director, president	Members: Full-time directors and executive officers who are in positions controlling major areas of the business (Observer: Full-time Audit & Supervisory Board member)	15	This committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives.
Risk Management Meetings	General manager, Finance & Administration Division	Members: Appointed from the Internal Audit Office, Corporate Sustainability Division, Finance & Administration Division, Corporate Planning Division, and other related divisions (Observers: CFO, full-time Audit & Supervisory Board member, executive vice president in charge of Administration & Planning and Sustainability)	11	Based on the Basic Rules on Risk Management, the meetings will identify, analyze, evaluate, and prioritize risks; formulate measures to address specific risks; and work to reduce risks.
OVOL Sustainability Promotion Meetings	General manager, Corporate Sustainability Division	Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Executive vice president in charge of Administration & Planning and Sustainability)	3 (Via email)	Members work to strengthen group-wide sustainability initiatives. They also promote sustainability and compliance in their respective organizations, and serve as liaisons with divisions in the event of a disaster or other emergency.
OVOL Environment & Safety Meetings	General manager, Corporate Sustainability Division	Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Executive vice president in charge of Administration & Planning and Sustainability)	12 (Via email)	Members work to strengthen 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 in fiscal 2022

Material Issues

The Group has identified the four themes (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 social and economic value."

Process of Identifying Material Issues



Material Issues

The following presents material issues of the Japan Pulp & Paper Group, the reasons for their identification, our goals for the future and related initiatives, and SDGs to which the group contributes.

Note: The number below each SDG icon represents a specific target.

Themes	Material Issues	Reasons for Identification	Goals	Initiatives up to Fiscal 2022	Initiatives Planned from Fiscal 2023 Onward	SDGs to Which the Group Contributes
Environment	Climate Change	<ul style="list-style-type: none"> The depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business. There are physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burden associated with responding to these risks. It is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain. 	<ul style="list-style-type: none"> Achieve carbon neutrality 	<ul style="list-style-type: none"> Participated in the TCFD (Task Force on Climate-related Financial Disclosures) Consortium Examined analysis methods such as conducting a quantitative analysis to enhance information disclosure based on TCFD recommendations Calculated Scope 1 and 2 emissions for the entire group from fiscal 2022 Calculated Scope 3 emissions (scope: Japan Pulp & Paper Co., Ltd.) Conducted third-party verification of greenhouse gas emissions (scope: Japan Pulp & Paper Co., Ltd.) Considered introducing green power Considered establishing a greenhouse gas emission calculation system Held joint study sessions on energy conservation with paper manufacturing companies in the group Considered measures to address climate change 	<ul style="list-style-type: none"> Conduct quantitative risk analysis based on TCFD recommendations Calculate and disclose Scope 1 and 2 emissions of the entire group Expand calculation scope of Scope 3 emissions Set medium-to-long-term targets for reducing GHG emissions to contribute to carbon neutrality Expand the scope of third-party verification of greenhouse gas emissions Promote joint delivery to reduce CO₂ emissions Promote electrification of freight vehicles Switch to renewable energy for electricity Consider introducing a greenhouse gas emission calculation system 	
	Biodiversity	<ul style="list-style-type: none"> Increased efforts to conserve biodiversity may lead to stricter regulations and higher costs in the procurement of raw materials used in the production of paper. It is essential to sell paper made with wood from properly managed forests, so as to have minimal impact on animal life and the natural environment. 	<ul style="list-style-type: none"> Promote nature positive initiatives for sustainable forest resources 	<ul style="list-style-type: none"> Enhanced understanding of TNFD (Task Force on Nature-related Financial Disclosures) trends 	<ul style="list-style-type: none"> Formulate a biodiversity policy and action plans 	
	Resource Recycling	<ul style="list-style-type: none"> It is essential to promote initiatives to realize a circular economy, including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. It is essential to reduce all of society's waste and conserve the Earth's forest resources. It is essential to provide environmentally friendly products. 	<ul style="list-style-type: none"> Realize a circular economy by recycling waste in society 	<p>In Japan:</p> <ul style="list-style-type: none"> Monitored industrial waste recycling rate Helped customers reduce plastic by proposing paper products Converted in-house supplies from plastic to paper in ways such as using paper filing folders Continued to propose recycling loops for wastepaper discharged by business partners Considered strengthening the recycling businesses to comply with the new Plastic Resource Circulation Act 	<p>In Japan:</p> <ul style="list-style-type: none"> Promote initiatives to create a resource recycling society through the strengthening of wastepaper recycling, comprehensive recycling, and recycled paper manufacturing businesses Further strengthen recycling businesses to comply with the new Plastic Resource Circulation Act 	
	Environmental Impact	<ul style="list-style-type: none"> It is essential to respond to stricter environmental regulations related to logistics and factory operations. It is our corporate responsibility to manage water intake/discharge and exhaust gas, as well as reduce waste. 	<ul style="list-style-type: none"> Implement specific zero emission measures Minimize environmental impact throughout our supply chain 	<ul style="list-style-type: none"> Implemented initiatives to reduce waste and promote recycling at business sites Confirmed whether business sites are in water-stressed areas 	<ul style="list-style-type: none"> Initiatives to reduce waste and recycle at each business site Continue to confirm whether business sites are in water-stressed areas and formulate action plans 	
	Supply Chain	<ul style="list-style-type: none"> It is essential to ensure sustainability throughout the group and the entire supply chain in order to maintain the stable supply of paper and other products. We will accomplish this by strengthening sustainable supply chains. 	<ul style="list-style-type: none"> Ensure a stable supply of raw materials and products and responsible procurement 	<ul style="list-style-type: none"> Established guidelines for sustainable procurement as a group, including those related to human rights issues 	<ul style="list-style-type: none"> Formulate guidelines for sustainable procurement and establish monitoring systems Implement in-house training on business and human rights Conduct due diligence on new business partners concerning human rights and manage existing business partners 	
Society	Communities	<ul style="list-style-type: none"> It is essential to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through economic and social contributions. 	<ul style="list-style-type: none"> Create new value through coexistence and co-prosperity with local communities 	<ul style="list-style-type: none"> Designated disaster evacuation sites Contributed to waste reduction and recycling 	<ul style="list-style-type: none"> Continue to designate disaster evacuation sites Continue to contribute to waste reduction and recycling 	
	Digitalization	<ul style="list-style-type: none"> Declining demand for paper due to the progress of digitization will have a significant impact on the group's business. It is essential to improve productivity and the use of energy by promoting digital transformation (DX). 	<ul style="list-style-type: none"> Create new demand for paper by proposing the value and enhancing the role of paper in a digital society Leverage digital technology as a new business strength 	<ul style="list-style-type: none"> Formulated basic policies for promoting ICT use 	<ul style="list-style-type: none"> Set goals for improving productivity with business reforms that employ ICT Launch of group IT control promotion activities 	
	Work Environment	<ul style="list-style-type: none"> It is essential to provide stable employment, opportunities to develop skills, fair evaluations and equitable treatment, and to create a comfortable working environment. It is essential to strengthen our human capital by improving labor productivity and employee engagement. 	<ul style="list-style-type: none"> Achieve zero workplace accidents in safe, secure, and healthy working environments Creating 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 	<p>Japan Pulp & Paper Co., Ltd.:</p> <ul style="list-style-type: none"> Set targets for human capital development and occupational health and safety Conducted employee engagement surveys Promoted health management Worked to earn certification as a Health & Productivity Management Outstanding Organization Regularly implemented occupational safety and health training Conducted environmental and safety compliance surveys <p>Japan Pulp & Paper Group:</p> <ul style="list-style-type: none"> Participated in the Human Capital Management Consortium Established a project team for conducting human capital management 	<p>Japan Pulp & Paper Co., Ltd.:</p> <ul style="list-style-type: none"> Continue to conduct employee engagement surveys <p>Japan Pulp & Paper Group:</p> <ul style="list-style-type: none"> Set targets for human capital development and occupational health and safety Identify key HR data 	
Employees	Diversity and Inclusion	<ul style="list-style-type: none"> By properly addressing diversity and inclusion, we will be able to promote the active participation of diverse human resources, strengthen our corporate competitiveness by adopting diverse values and ideas, revitalize our corporate culture, and improve employee engagement. 	<ul style="list-style-type: none"> Create a corporate culture where all executives and employees, regardless of gender, nationality, experience, or other factors, acknowledge and respect each other's diversity. In this culture, diverse talent and ideas can flourish, contributing to the strength and competitiveness of the group. 	<p>Japan Pulp & Paper Co., Ltd.:</p> <ul style="list-style-type: none"> Reduced overtime work and improved the percentage of paid leave taken based on the Action Plan for Promoting Female Participation and Advancement in the Workplace Set targets for diversity, such as the percentage of female managers Provided education through means including harassment training and posting the Compliance Letter in the group's magazine Promoted employment for people with disabilities <p>Japan Pulp & Paper Group:</p> <ul style="list-style-type: none"> Disseminated and monitored compliance with the Japan Pulp & Paper Group Human Rights Policy 	<p>Japan Pulp & Paper Group:</p> <ul style="list-style-type: none"> Set targets for diversity, such as the percentage of female managers Track diversity and inclusion (D&I) data Determine whether human rights violations are an issue 	
	Corporate Governance	<ul style="list-style-type: none"> It is essential to build a transparent and effective management system from the perspective of sustainable and medium-to-long-term improvement of corporate value. 	<ul style="list-style-type: none"> Achieve sustainable medium-to-long-term improvement of corporate value through honest and fair governance 	<ul style="list-style-type: none"> Used self-assessments to evaluate the effectiveness of the Board of Directors and formulated initiatives based on the results Formulated an action plan to reduce cross-shareholdings 	<ul style="list-style-type: none"> Use self-assessments to evaluate the effectiveness of the Board of Directors and formulated initiatives based on the results Formulate an action plan to reduce cross-shareholdings 	
	Compliance	<ul style="list-style-type: none"> Our corporate value may be significantly impaired in the event of compliance-related issues. 	<ul style="list-style-type: none"> Ensure all executives and employees conduct business activities with a strong sense of ethics and feeling of responsibility 	<ul style="list-style-type: none"> Conducted on-site verification of environmental and safety management systems for group companies in Japan Tracked awareness of the whistleblowing system Held antitrust law seminars 	<ul style="list-style-type: none"> Build and operate an environment and safety management and supervision system Revise our compliance handbook Regularly implement employee compliance training and related initiatives Implement e-learning Hold antitrust law seminars 	
Governance	Stakeholder Engagement	<ul style="list-style-type: none"> It is our responsibility as a company to understand the expectations and demands that society has for the group. We will accomplish this through dialogue with stakeholders and by reflecting feedback in management operations. 	<ul style="list-style-type: none"> Reflect the expectations and requests of stakeholders in management by engaging in dialogue 	<ul style="list-style-type: none"> Enhanced IR and SR activities Tracked dialogue with external experts, including NPOs and NGOs 	<ul style="list-style-type: none"> Continue to enhance IR and SR activities Consider holding briefings for individual investors Continue to engage with stakeholders other than investors 	

The Japan Pulp & Paper Group's definition of material issues: "Internal and external factors that have a significant impact on achieving sustainable business activities that realize both social and economic value."

Approach to the Environment

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

With this in mind, in recent years we have been further promoting efforts to address climate change and other environmental issues within the group. We have also been working to contribute to achieving common global objectives, such as carbon neutrality. In 2022, we revised our Charter of Corporate Behavior and Code of Conduct for Executives and Employees, both of which have a strong connection to our Corporate Philosophy and sustainable management, and established the Sustainability Policy. We also revised our

Environmental Policy and renamed it the Japan Pulp & Paper Group Environmental Policy. In addition, we restructured our sustainability promotion system. (For details, see the Sustainability Promotion Structure chart on page 56.)

Japan Pulp & Paper Group Environmental Policy (Summary)

1. Compliance with Relevant Laws and Regulations
2. Protecting the Natural Environment
3. Reducing the Impact on the Environment
4. Efficient and Reduced Use of Resources
5. Building a Circular Economy
6. Preventing Environmental Pollution
7. Promotion of Communication

<https://www.kamipa.co.jp/eng/activity/policy/>

Environmental Management System

Japan Pulp & Paper has an environmental management system based on ISO 14001, an international standard for environmental management. We work continuously to reduce our environmental impact and protect the global environment through our business activities.

Japan Pulp & Paper Co., Ltd.

Registration number: JE0074H Registration date: January 29, 2001
 Review organization: JIA-QA Center Expiration date: January 28, 2025

11 group companies in Japan and 3 companies outside of Japan have now obtained ISO 14001 certification.

Environment-related Education and Training

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

Examples of ongoing educational activities include ISO training and seminars on waste. In addition, employees from group companies participate in OVOL Sustainability Promotion Meetings and OVOL Environment & Safety Meetings. These

organizations serve as forums for sharing sustainability-related data and information on revisions to laws; promoting efforts aimed at decarbonization; strengthening environmental and safety management; giving updates on social contribution activities; compiling and analyzing ESG-related data; and conducting sustainability-related education. In fiscal 2022, we held three seminars on the value of paper and sustainability.



Climate Change

Climate change-related depletion of forest resources, which are raw materials for paper, will have a major impact on the group's business. There are also physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burden associated with responding to these risks. As it is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout the group and the entire supply chain, we have

identified "climate change" as a material issue that will have a significant impact on the group.

We have been working to reduce greenhouse gas emissions, mainly in our paper manufacturing and processing business. We will continue to promote further energy savings throughout the group and strengthen our efforts to achieve carbon neutrality by 2050.

Disclosure Based on TCFD Recommendations

The group recognizes that responding to climate change is an urgent issue. In June 2021, we announced our endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) recommendations, and joined the TCFD Consortium. Since then, we have conducted scenario analyses of the risks and opportunities that climate change poses to the group's businesses. In order to clarify the impact of climate change on each segment, we conducted an analysis of the Paper and Paperboard Wholesaling,* Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing segments based on the four elements proposed by the TCFD, and

disclosed the following information on governance, strategy, risk management, and metrics and targets as recommended by the TCFD.

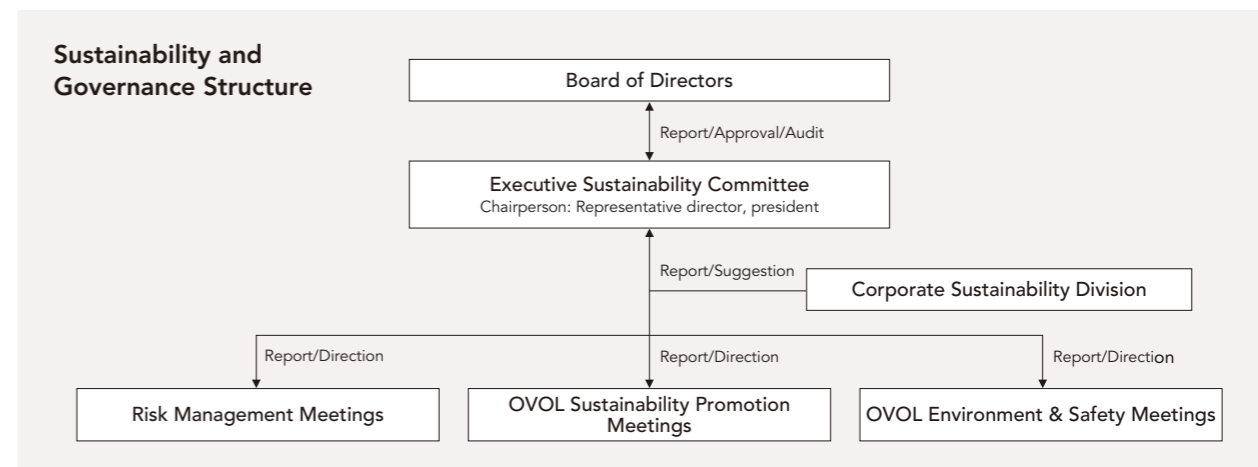
Based on our Sustainability Policy, we will work harder to address climate change and reduce greenhouse gas emissions, and will disclose information based on TCFD recommendations.

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

1 Governance

We established the Executive Sustainability Committee on April 1, 2022 with the aim of promoting sustainable business management in a more proactive way. Under the supervision of the Board of Directors, the Executive Sustainability Committee is responsible for formulating policy and planning strategy on all sustainability-related matters for the entire group, as well as overseeing the process of finding solutions to ESG issues and meeting our ESG goals. The committee reports to the Board of Directors on the progress of climate change initiatives, and important matters are resolved by the Board. Matters resolved

by the Board of Directors are then directed to the OVOL Sustainability Promotion Meetings and the OVOL Environment & Safety Meetings, which are group-wide organizations under the Executive Sustainability Committee, for implementation at each group site. We also established a new Corporate Sustainability Division, which is responsible for implementing policies relating to sustainability across the entire group. The representative director, president chairs the Executive Sustainability Committee and is ultimately responsible for management decisions related to environmental issues.



2 Strategies (Risks, Opportunities, and Responses)

The group has identified risks and opportunities associated with climate change in four business segments: the Paper and Paperboard Wholesaling business, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing, using two scenarios developed by the IPCC, IEA, and other specialist organizations: one in which the increase in average temperature is limited to 1.5°C (2.0°C in some scenarios) and another in which the average temperature

increase exceeds 4°C. Risks and opportunities posed by climate change are categorized into risks associated with the transition to a low-carbon society (transition risks) and the physical impacts of climate change (physical risks). In order to incorporate these risks and opportunities into our business strategy, we conducted an assessment of the associated financial impacts in the short-term (up to 2025), medium-term (up to 2030), and long-term (up to 2050).

Risks and Opportunities

Category	Impact on the Company	Countermeasures	Scale of Impact
Risks	Transition Policies and Regulations	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing greenhouse gas emissions Promote further energy conservation initiatives Consider switching to renewable energy and purchasing green certificates, etc., corporate PPA, introducing internal carbon pricing schemes, and other measures Promote electrification of freight vehicles, etc. 	Large
	Reputation	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing greenhouse gas emissions Promote further energy conservation initiatives Promote appropriate information disclosure 	Moderate
	Physical Acute	<ul style="list-style-type: none"> Conduct hazard surveys and implement flood prevention measures Conduct disaster preparedness drills and establish a Business Continuity Management (BCM) system in preparation for disasters Request suppliers to establish BCM systems and prepare Business Continuity Plans (BCPs) to mitigate wind and flooding damage Ensure stable procurement by diversifying raw material suppliers and transportation methods 	Moderate
Opportunities	Market	<ul style="list-style-type: none"> Contribution to business performance from increased demand for functional materials related to electronic components associated with the advance of electrification Contribution to business performance from increased demand for environment-friendly products such as paper with FSC® and PEFC Forest Certification and recycled paper Contribution to business performance from increased demand for paper products due to move away from plastics 	Moderate
	Chronic	<ul style="list-style-type: none"> Impact of storm surge and other flooding damage to coastal sites due to rise in sea levels 	Moderate
	Physical Chronic	<ul style="list-style-type: none"> Conduct hazard surveys and implement flood prevention measures Conduct disaster preparedness drills and establish a BCM system in preparation for disasters 	Moderate

Note: Scale of Impact is categorized as "Large" if the event in question poses a risk to the survival of the business and "Moderate" if a major change in the business strategy is required. Scale of Impact (Large, Moderate) were compiled based on Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks, COSO & WBCSD.

Financial Impact Analysis

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

In terms of physical risks, we estimate that damage to the main bases of the group in Japan due to abnormal weather

events such as floods and typhoons would be in the range of JPY200 million to JPY600 million in the 1.5°C (2°C) and 4°C scenarios. In the event of severe damage to a business partner, there is a possibility that factories in the supply chain would not be able to operate and that the transportation of products, raw materials, and fuel would be disrupted, resulting in damage beyond our estimate.

Analysis Results¹

Item	Risk	Analysis Content	Financial Impact (2050)	
			4°C Scenario	1.5°C (2°C) Scenario
Carbon tax	Transition	Impact of carbon tax introduction	—	JPY(6,630) million ²
Electricity price	Transition	Impact of electricity price changes	JPY230 million	JPY(290) million
Flood damage	Physical	Annual average flood damage	JPY(510) million	JPY(170) million
Storm surge damage	Physical	Annual average storm surge damage	JPY(30) million	JPY(10) million
Damage due to suspension of business (flood)	Physical	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 fiscal 2019

Referenced Scenarios

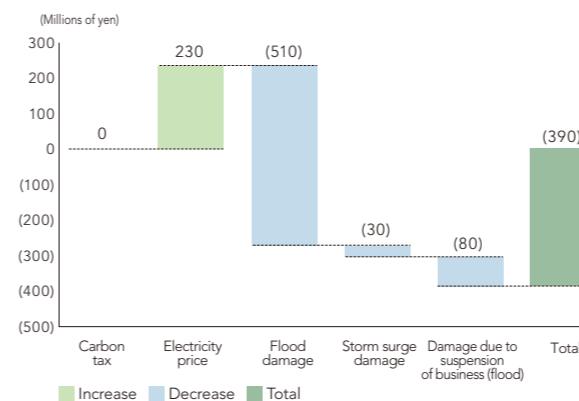
Transition Risks	IEA NZE	Net Zero Emissions by 2050 Scenario (NZE) This scenario assumes that net zero CO ₂ emissions will be achieved by 2050.
	IEA SDS	Sustainable Development Scenario (SDS) In this scenario, the path to achieving the goal set in the Paris Agreement to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels" was analyzed.
	IEA APS	Announced Pledges Scenario (APS) This scenario reflects the ambitions and targets of each member country to reduce emissions, assuming that all the announced pledges of every government are implemented (also includes those that have not yet been implemented).
	IEA STEPS	Stated Policies Scenario (STEPS) This scenario incorporates the current plans of each government, including policy initiatives that have already been announced and implemented around the world.
	IEA B2DS	Beyond 2 Degrees Scenario (B2DS) This scenario assumes there is a 50% probability that the temperature rise in 2060 does not exceed 1.75°C.
Physical Risks	IPCC RCP 2.6	A scenario that projects a temperature increase of around 2°C compared with pre-industrial levels
	IPCC RCP 8.5	4°C scenario with the highest temperature increase

Parameters Used for Financial Impact Analysis

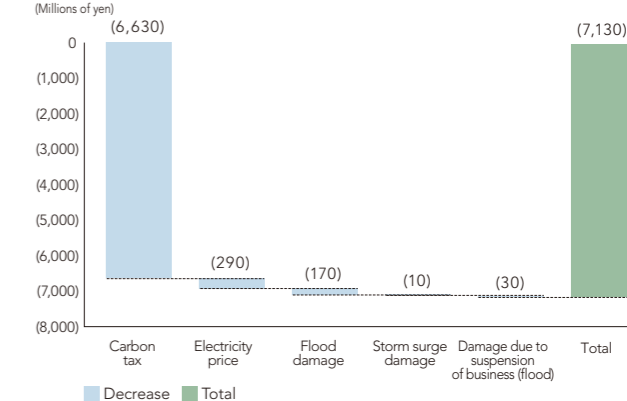
Item Name	Standard	Unit	Present	2050			Source
				4°C	2°C	1.5°C	
Carbon Price	Developed countries (With net zero pledge)	USD/t-CO ₂	0	0	200	250	IEA WEO 2022
Electricity Price	Japan	USD/MWh	216 (2018)	203 (2040)*	232 (2040)*	—	IEA WEO 2019
Flood Rate	Japan	—	—	4 (2040)*	2 (2040)*	—	Proposal for Flood Control Plans Based on Climate Change (Ministry of Land, Infrastructure, Transport and Tourism)
Storm Surge Rate	Japan	—	—	2	1.2	—	Assessment Report on Climate Change Impacts in Japan (Ministry of the Environment)

* Analysis of figures for 2040 as there are no parameters for 2050

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



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



3 Risk Management

The Executive Sustainability Committee identifies risks and opportunities related to climate change for the group as a whole, formulates response plans, instructs corresponding organizations led by the Corporate Sustainability Division, which is responsible for practical implementation, manages progress of measures, and reports to the Board of Directors.

The Board of Directors approves the content of reports or gives instructions on improvements, and monitors results to

ensure that appropriate risk management is being implemented. Risk matters related to climate change deliberated by the Executive Sustainability Committee are directed to its subordinate organizations, the Risk Management Meetings, the OVOL Environment & Safety Meetings, and the OVOL Sustainability Promotion Meetings, and reflected in the group's risk management.

4 Metrics and Targets

As part of efforts to address climate change, we began calculating the group's greenhouse gas emissions. In 2022, we disclosed Scope 1 and 2 emissions in Japan from 2019 onward for Japan Pulp & Paper and its consolidated subsidiaries in Japan. In 2023, we expanded the scope of calculation to the entire group, including subsidiaries outside of Japan, and disclosed Scope 3 emissions at Japan Pulp & Paper.

Going forward, we will further strengthen our response to climate change by setting specific group-wide metrics and targets for decarbonization, contributing to the realization of decarbonized society by 2050, and building a sustainable future.

Renewable Energy Power Generation

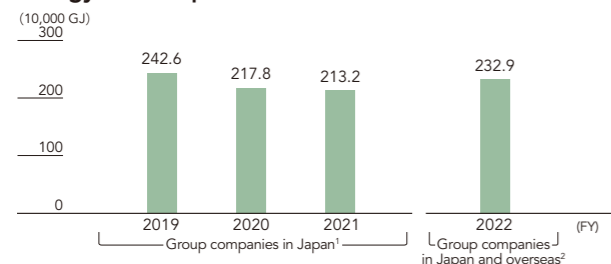
Since entering the biomass power generation business with the aim of supplying energy to the group's paper manufacturing companies, we have been working to ensure a stable supply of clean and safe electricity to meet growing demand from society. In 2016, we began operation of a woody biomass power plant (power output: 14,000 kW) in Noda Village, Iwate Prefecture under a renewable energy feed-in tariff (FIT) scheme. In collaboration with regional governments, we are developing projects that benefit the public interest and lead to the revitalization of local industries. In 2018, we established OVOL New Energy Sdn. Bhd., a company that collects palm kernel shells (PKS) in Malaysia and exports them to Japan and other countries, strengthening our system for the stable supply of biomass fuel to the Japanese market.

Under a renewable energy FIT scheme, we also operate a solar power generation business in Kushiro, Hokkaido (power output: 20,000 kW) and supply the electricity it generates.

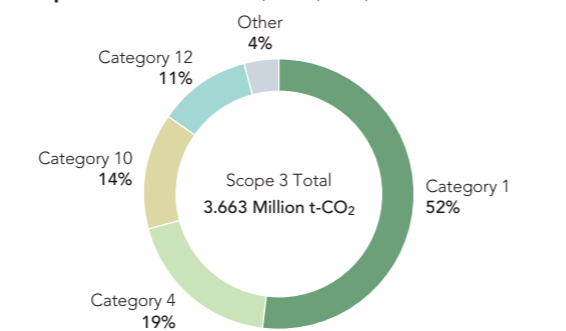


Climate Change-related Data

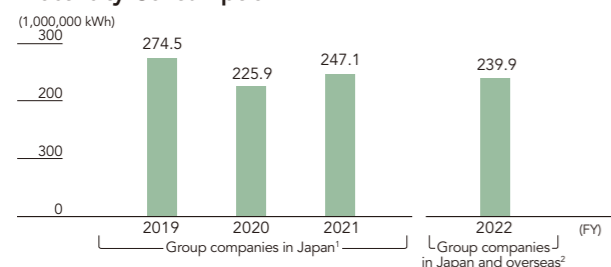
Energy Consumption



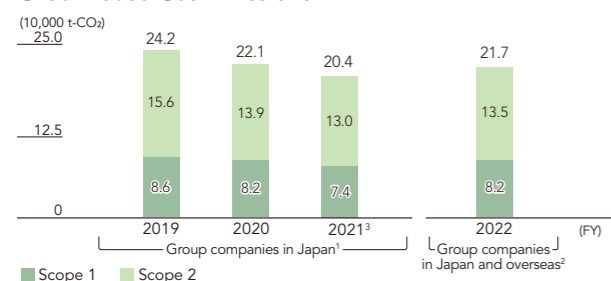
Scope 3 Breakdown (Japan Pulp & Paper)



Electricity Consumption



Greenhouse Gas Emissions



1. Japan Pulp & Paper and its consolidated subsidiaries in Japan
 2. Japan Pulp & Paper and its consolidated subsidiaries
 3. Third-party verification of Scope 1 and 2 greenhouse gas emissions (parent company) has been conducted by the Japan Management Association GHG Certification Center

Item	Fiscal year ended March 31, 2022 (Unit: 10,000 t-CO ₂)
Category 1 Purchased goods and services	191.2
Category 2 Capital goods	0.2
Category 3 Fuel- and energy-related activities	4.4
Category 4 Upstream transportation and distribution	68.5
Category 5 Waste generated in operations	0
Category 6 Business travel	0
Category 7 Employee commuting	0
Category 8 Upstream leased assets	—
Category 9 Downstream transportation and distribution	0.9
Category 10 Processing of sold products	50.7
Category 11 Use of sold products	7.5
Category 12 End-of-life treatment of sold products	41.3
Category 13 Downstream leased assets	1.6
Category 14 Franchises	—
Category 15 Investments	—
Scope 3 Total	366.3

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

Biodiversity

In addition to "protecting the natural environment," as stated in our Environmental Policy, the group has identified "biodiversity" as a material issue. Forest resources are the main raw material for paper, and 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. In addition, it is essential to sell paper made with wood from properly managed forests, so as to have minimal impact on animal life and the natural environment.

Environmentally Friendly Procurement

We aim to achieve sustainable wood consumption that does not lead to the destruction or degradation of forests. As such, we have acquired FSC® and PEFC Chain of Custody Certification (CoC Certification), both of which are global forest certification systems.

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

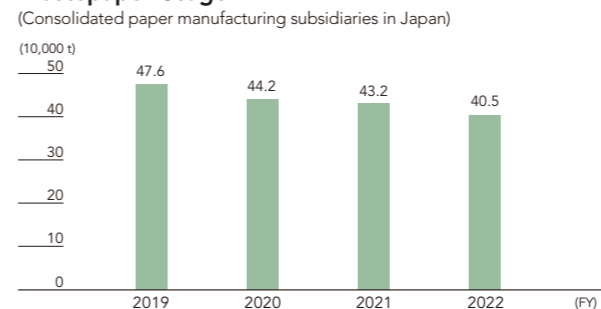
Acquisition of Forest Certification by the Group (As of July 2023)

	Japan	Outside Japan
FSC® CoC Certification	16 companies	34 companies
PEFC CoC Certification	1 company	17 companies

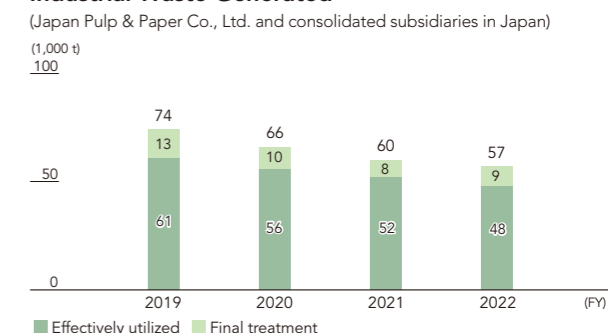
Resource Recycling

"Efficient and reduced use of resources" is part of our Environmental Policy, and we designated "resource recycling" as a material issue. We are contributing to the creation of a resource recycling society by working to reduce waste and protect forest resources throughout society including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses.

Wastepaper Usage



Industrial Waste Generated



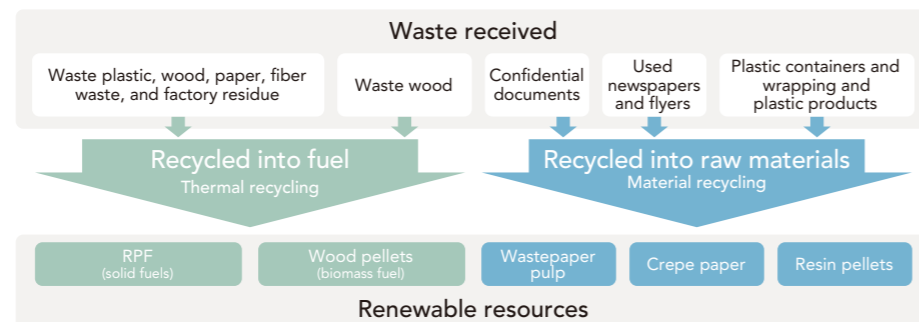
Wastepaper Recycling

We promote the reuse and stable supply of wastepaper as a raw material for paper manufacturing. Since our full-scale entry into the wastepaper recycling business in 1973, we have expanded operations throughout Japan, and some business sites have acquired security certifications for processing confidential documents. Outside of Japan, we drew on the experience and know-how cultivated in Japan to expand into the United States in 1998. We have since commenced operations in India as well, working to strengthen our ability to collect and ship wastepaper. Currently, we have 28 wastepaper yards in Japan and in countries around the world, and are working to expand our global wastepaper collection network.



Comprehensive Recycling

We work to efficiently recycle wastepaper, waste plastic, and waste wood through the combined use of thermal and material recycling.



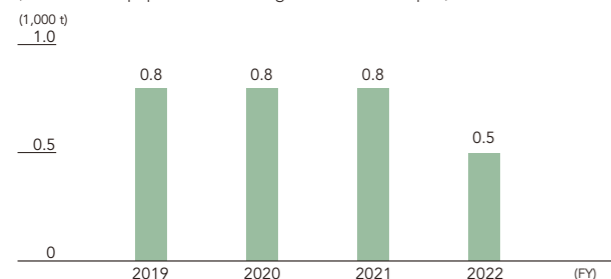
Environmental Impact

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

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

Emissions and Transfer of Substances under Japan's PRTR Regulations

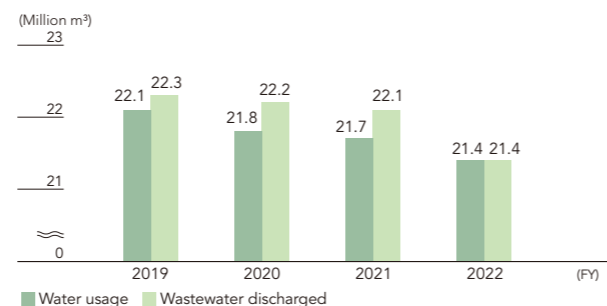
(Consolidated paper manufacturing subsidiaries in Japan)



* A system in which companies report data and estimates for potentially hazardous chemical substances and/or pollutants released at business sites into air, water and soil and transferred off-site for treatment or disposal to enable governmental authorities to aggregate and publish the volume of emissions and transfers.

Water Usage & Wastewater Discharge

(Consolidated paper manufacturing subsidiaries in Japan)



Approach to Social Issues

The Japan Pulp & Paper Group promotes sustainable management and has clarified the role it should play in helping to realize a sustainable society. We are mindful of the supply chain, human rights, and communities in all our business activities.

Supply Chain

As a responsible member of the supply chain, we are committed to fair and appropriate transactions with all suppliers based on the values of integrity, fairness, and harmony. We have defined these values in our Corporate Philosophy as values that should be cherished. We also work to maintain a sustainable and responsible procurement system, and to strengthen our supply chain management in order to provide a stable supply of safe and secure products and services. Current efforts are based on the Charter of Corporate Behavior, the Code of Conduct for

Executives and Employees, the Sustainability Policy, and the Environmental Policy. These policies help to demonstrate our basic approach to supply chain management both within and outside the group, and show our determination to comply with laws, regulations, and social norms. Going forward, we will formulate guidelines and action plans for sustainable procurement by the end of fiscal 2023 in order to more widely demonstrate our basic approach.

Procurement

As a distribution company, the most important aspect of supply chain management is providing a stable supply of raw materials and quality products to customers and business partners worldwide without interruption. We procure a variety of products, raw materials, and other items from suppliers around the world to ensure a stable supply.

Respect for Human Rights

To build a sustainable supply chain system that respects human rights, we are promoting group-wide initiatives based on the Japan Pulp & Paper Group Human Rights Policy formulated in February 2022. Under this policy, we recognize that respect for human rights is the foundation of all our business activities, and as such we respect the human rights of all people involved in our business. We will promote measures to ensure respect for human rights as we work to achieve our aim of realizing a sustainable society.

The Japan Pulp & Paper Group Human Rights Policy applies to all executives and employees (including contract, temporary, and part-time workers), and we want all business partners to also support it.

In order to foster awareness of human rights, we are working to ensure that all executives and employees have knowledge of the policy, provide education and distribute the *Compliance Letter*. Furthermore, we will continue to appropriately check, report on, and evaluate our business activities to prevent violations. For our business partners and suppliers, we will work to raise their understanding of this policy and awareness of human rights, and are considering the implementation of human rights due diligence in the supply chain to confirm compliance.

Japan Pulp & Paper Group Human Rights Policy (Summary)

1. Basic Approach
2. Scope of Application
3. Due Diligence on Human Rights
4. Redress
5. Dialogue and Discussions with Stakeholders
6. Education for Executives and Employees
7. Disclosure of Information
8. Responsibility
9. Strict Compliance with Laws and Regulations

https://www.kamipa.co.jp/eng/activity/human_rights/

Highlight Paper & Green

Paper & Green is a website that promotes the use of environmentally friendly products, proposes solutions, and provides consulting services. We renewed the website in October 2022, and we will contribute to the realization of a sustainable, circular economy by providing a variety of environmentally friendly products through our group network and by offering custom-made products to meet customer needs.

<https://www.paperandgreen.com/>
(Japanese only)



Communities

As we expand our business activities, we recognize that it is essential to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through social and economic contributions. As such, we have identified “communities” as one of our material issues. We are working with local governments to reduce waste and promoting understanding of resource recycling through educational activities such as tours of recycled paper manufacturing mills and recycling facilities.

Examples of Initiatives: Wastepaper Exchange Events

Headquartered in Shizuoka Prefecture, group company Corelex Shin-Ei has been developing a new recycling system ahead of the rest of the industry. In recent years, it has made a significant contribution to the creation of a recycling society by developing a system to prevent information leakage of confidential documents generated in office buildings, financial institutions, governments, and other organizations based on a revolutionary method for collecting and recycling. In October 2022, Corelex Shin-Ei held an on-site sale and wastepaper exchange event at its factory. The wastepaper exchange event was held in a drive-through format on the factory premises—a format adopted in 2021 as a COVID-19 countermeasure. Attendees remained in their vehicles, while employees unloaded the wastepaper in front of the raw material receiving area and loaded a similar amount of products at the product shipping area. During the two-day event, the company was able to collect about 50 tons of wastepaper from households. Going forward, we will continue to promote awareness-raising activities related to the use of wastepaper.



Drive-through format for collecting wastepaper from attendees and loading products

Digitalization

Digitalization as the Driving Force for Creating New Business Opportunities



Fumio Watanabe
Executive Vice President
CIO

Digitalization is having two major impacts on the group. First, the paper wholesaling business, the group’s main business, is facing a continuing decrease in demand for graphic paper due to progress in digitalization and a declining population in Japan. It is difficult to imagine a significant recovery in demand for paper in this field. However, paper is capable of presenting information clearly and easily. It also has a physical presence and characteristics such as touch, texture, and workability.

There is every reason to believe that it is possible for paper and digital media to coexist.

On the other hand, in order to realize OVOL Vision 2030, it is essential to build a robust management system that utilizes digital technology. From the perspective of business continuity plans (BCPs), we established the DX Promotion Office and began implementing group IT control activities from fiscal 2023. In addition, in order to generate further synergy across our diverse businesses, it is important to establish a data governance system for the entire group and to achieve higher productivity and more energy efficiency through DX. To do so, we aim to further enhance our organizational capabilities and fully utilize the strengths of each group company. We believe this will be the driving force for creating new business opportunities.

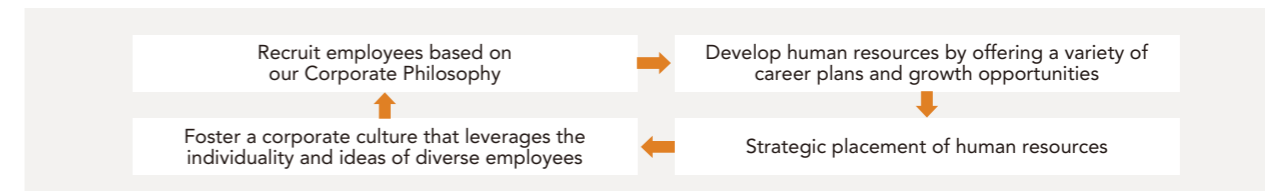
Approach to Human Resources

Human resources are our greatest form of management capital. They are the foundation of the Japan Pulp & Paper Group’s business competitiveness, and are the main factor for achieving sustained growth. Accordingly, we have designated the “work environment” and “diversity and inclusion” as material issues.

In order to further strengthen human resources, our greatest form of management capital, we aim to secure high-level employees (both qualitatively and quantitatively) and give them the opportunity to demonstrate their value. To that end, one of the policies of

Medium-term Business Plan 2023 is “to respect diverse values and create an environment where it is easy to work and where individual abilities can be maximized.”

Going forward, in addition to focusing on recruiting the best people, we will offer opportunities for skills development, ensure fair treatment and impartial personnel evaluations, and provide a comfortable working environment. By encouraging all employees to play a more active role, we aim to improve our capabilities as an organization.



Working Environment

Recruitment of Employees

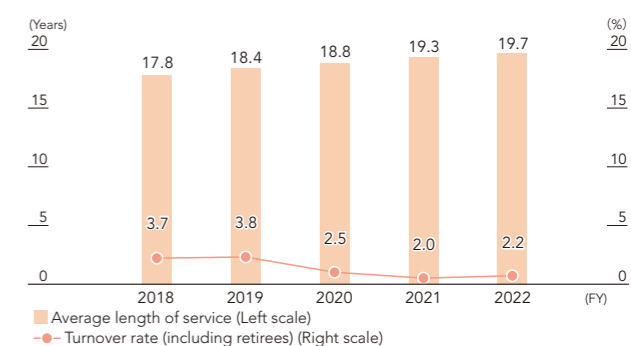
For the group to sustainably increase its corporate value in the future, it is essential to further strengthen human resources, which are our greatest form of management capital. For this reason, it is important to hire, train, and utilize excellent human resources.

Our hiring of employees is based on Our Corporate Spirit of integrity, fairness, and harmony, a belief that has been nurtured since our founding 178 years ago. We are committed to hiring people who can actively practice the three Cs: “Change (Change ourselves as society changes); Challenge (Challenge new fields with conviction and ambitious spirit); and Create (Create fresh global value through diversity).”

In addition, we are promoting the recruitment of experienced candidates as a way to strategically place human resources in areas of group business expansion. We welcome professionals with varied experience and a “Challenge” mindset, who are

looking for an environment where they can make the most of their abilities.

Average Length of Service & Turnover Rate (Including Retirees) (Parent company)



Human Resource Evaluation and Treatment

The personnel evaluation system at Japan Pulp & Paper is comprised of Grade Standard Evaluation and Challenge Evaluation components. For the Grade Standard Evaluation, the expected level at each grade of a role is uniformly set as the “grade standard,” and the employee is evaluated based on the extent to which they demonstrate and realize that standard. The Challenge Evaluation consists of a “performance evaluation” and a “process evaluation.” In a performance evaluation, the employee’s organization is evaluated based on the extent to which it achieved quantitative results during the applicable time period. In a 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. During these evaluation processes, emphasis is placed more on how difficulties and changes were handled than simply the level to which set goals have been achieved. We expect meaningful goals and true challenges to be established. In both setting goals and conducting evaluations, with clear communication between employees and evaluators, we focus on improving employee satisfaction and motivation levels through fair evaluation of achievements and actions, increased transparency of feedback, and rewarding their results.

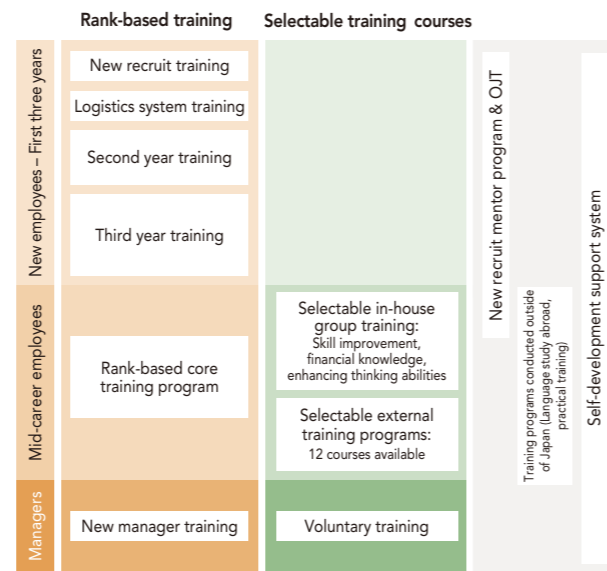
Human Resource Development

Japan Pulp & Paper has adopted a personnel system centered on the Role Responsibility System and is working to vitalize human resources, its greatest form of management capital, through development and optimal utilization. The Role Responsibility System not only emphasizes organizational management, but also focuses on the promotion and recruitment of highly skilled and motivated persons for positions in which they can demonstrate their expertise and achieve specific tasks. In terms of education and training systems aimed at developing human resources, we created a program aimed at raising the skills of each and every individual and vitalizing people and organizations based on the concepts of “developing human resources able to fulfill their roles and responsibilities” and “developing personnel with self-initiative who are able to respond to times of change.”

Through rank-based training, we bring together all employees eligible for promotion and train them to understand what’s expected of them in their next role and to perform at a higher level. Selectable training courses incorporate practical training programs designed to give core personnel the necessary management knowledge and skills to solve and accomplish increasingly sophisticated and complex organizational and business challenges. In addition, one of our training programs is conducted outside of Japan to give employees a more international perspective and to develop their practical communication skills in foreign languages.

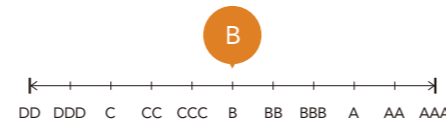
Through our talent management system, we also centrally manage and visualize basic employee data, such as their work

history, as well as their experience and other abilities including specific skills. We use this data for training and education purposes, and for strategic human resource placement that takes each employee’s uniqueness into account. Going forward, we will further refine our human resource data, and use it when making strategic investments in human resource development. In this way, we seek to improve the skills and abilities of employees who have the responsibility of continuously enhancing our corporate value.



Engagement

We have positioned human capital management as one of the most important strategic issues related to the group’s sustainable management, which we have been developing and strengthening since fiscal 2022. In promoting human capital management, we first conducted an engagement survey* in May 2023 in order to visualize the current state of employee engagement, and we plan to conduct the survey on a regular basis going forward. By analyzing the results, 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 survey creates an Engagement Rating through the Motivation Cloud service offered by Link and Motivation Inc. Results are divided into 11 levels, and we currently have a “B” rating, which is a mid-range (6th level) rating.

Health Management

Japan Pulp & Paper Group Health Management Policy (Summary)

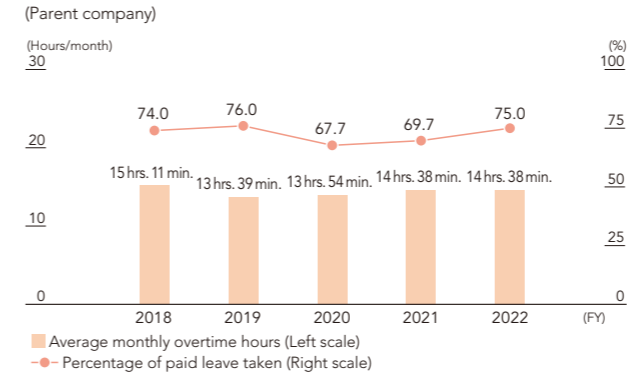
1. Promoting Good Mental and Physical Health
2. Creating an Energetic Workplace
3. Realizing Work-life Balance

<https://www.kamipa.co.jp/eng/activity/health/>

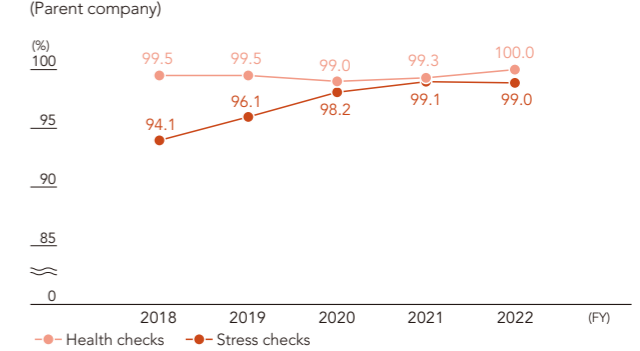
We aim to create a healthy working environment for our employees, our greatest form of management capital. We believe that if every employee, at every level, takes responsibility for his or her own physical and mental health and actively works to maintain and

improve it, both their quality of life and work will improve. This in turn will increase productivity and the group’s corporate value. To that end, we are implementing health management initiatives. We are committed to achieving work-life balance by reducing overtime hours, such as with “no-overtime days,” making it easier for employees to take paid leave, and introducing work-from-home and shift work systems. In addition, to prevent diseases and other issues, we conduct various medical examinations and stress checks and employ an industrial physician, full-time nurses, and appoint multiple health supervisors. We also aim to create a workplace in which every employee can actively demonstrate their abilities in a physically and mentally healthy way. We cooperate with external organizations as one way to achieve this goal.

Average Monthly Overtime Hours & Percentage of Paid Leave Taken



Percentage of Employees Receiving Health Checks & Percentage of Employees Receiving Stress Checks



Occupational Health and Safety

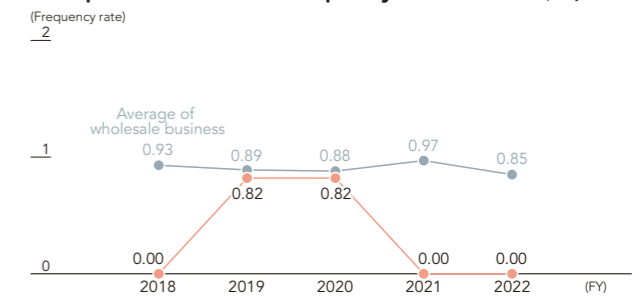
Japan Pulp & Paper Group Occupational Health and Safety Policy (Summary)

1. Strict Adherence to Relevant Laws and Regulations and Internal Rules
2. Building a Workplace Where Everyone Can Work in Comfort
3. Preventing Occupational Accidents
4. Promoting Occupational Health and Safety Training and Education

<https://www.kamipa.co.jp/eng/activity/safety/>

The group is working to strengthen its occupational health and safety system and management with the aim of eradicating workplace accidents, hazards, and occupational illnesses. Each group company implements initiatives through the Personnel Department, the Environment & Safety Promotion Office, and the

Occupational Accident Frequency Rate (Parent company)



OVOL Environment & Safety Meetings and progress is reported to the Executive Sustainability Committee. As a result of these activities, the group recorded zero fatal accidents in fiscal 2022. We have set “work environment” as a material issue for the group, and will continue to improve occupational health and safety as our highest priority by implementing measures to prevent workplace accidents and providing comfortable workplaces.

Diversity and Inclusion

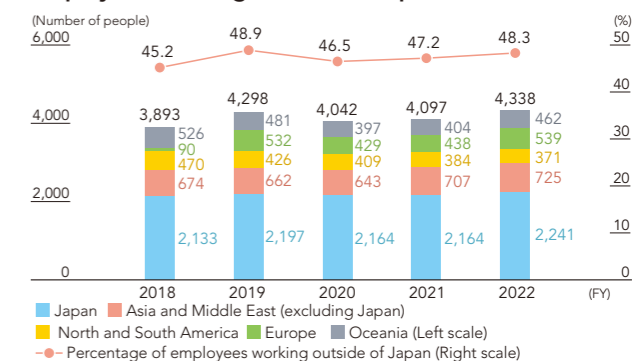
For the group to continually enhance its corporate value, it is essential that every employee has diverse experience, skills, and ways of thinking, and that they can add value by demonstrating their individuality and capabilities. Although we extended the retirement age in 2021, we have not set a fixed retirement age for each position, and the treatment of employees regardless of age remains unchanged. In order

to achieve diversity and inclusion, the group will focus on fostering a comfortable workplace culture, raising awareness, and building systems that embrace diverse attributes, values, and working styles, including ethnicity, religion, faith, gender, sexual orientation/gender identity, nationality, age, place of origin, educational background, or physical or mental disability.

Global Human Resources

The group aims to be an organization in which diverse human resources can play an active role regardless of race or nationality. Currently, regions outside Japan account for approximately 50% of the group’s revenue, and roughly 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 & Percentage of Employees Working Outside of Japan (Consolidated)

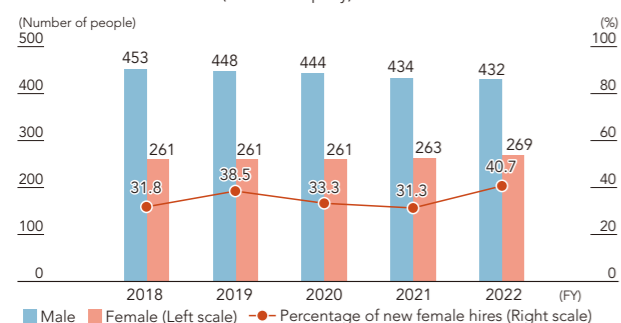


Promotion of Female Participation and Advancement in the Workplace

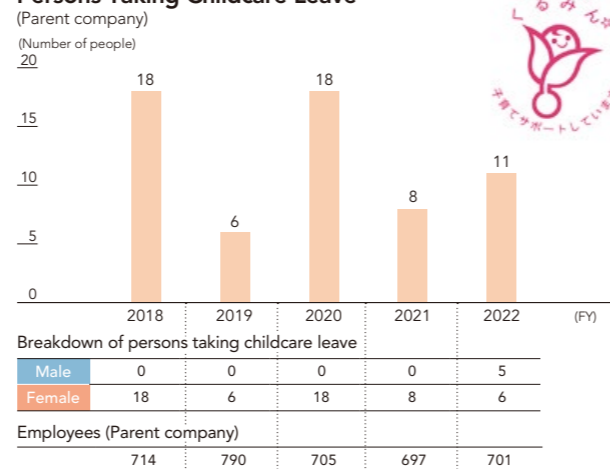
In order to realize a work environment in which all employees can create their own work-life balance, fully demonstrate their abilities, and continue to work regardless of gender, we have created the Action Plan for Promoting Female Participation and Advancement in the Workplace. We are implementing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

and family life. In addition to expanding our childcare support, we have extended the period for which the shorter working hour system can be applied, introduced a shift work system that can be used for childcare, and established a system for limiting work areas. In recognition of these measures, in 2021 we received "Kurumin Certification" from the Japanese government for our childcare support activities.

Number of Employees by Gender & Percentage of New Female Hires (Parent company)



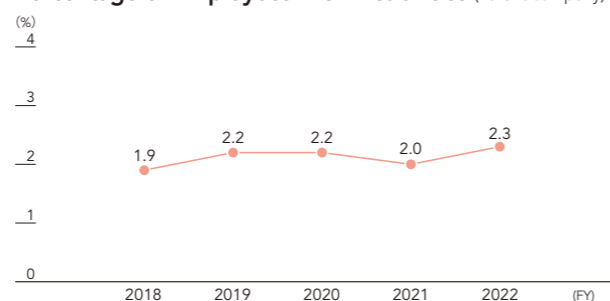
Persons Taking Childcare Leave (Parent company)



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

In order to create 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 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.



Yasushi Takei
Executive Vice President
Administration, Planning & Sustainability

Approach to Promoting Human Capital Management

In promoting sustainable management, we have positioned human capital management as a strategically important issue.

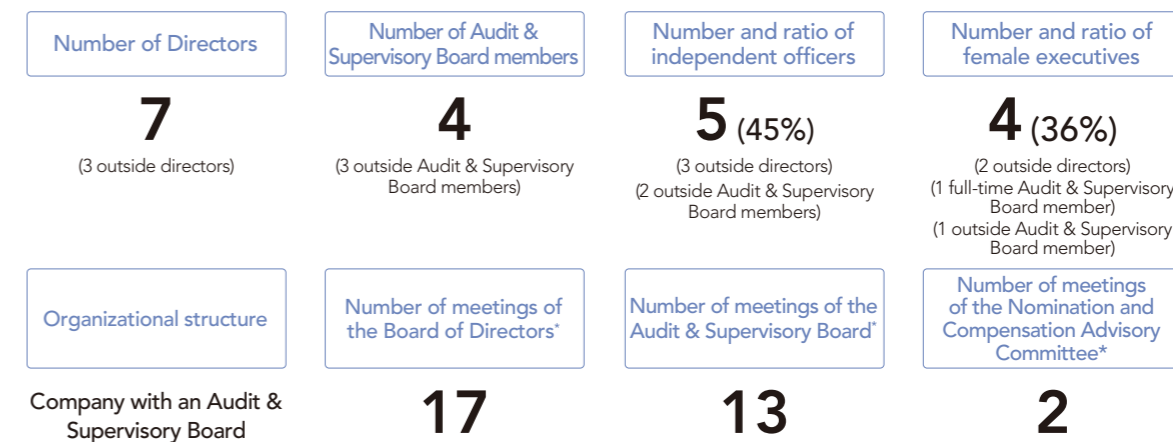
In order to realize OVOL Vision 2030, we must actively invest in human capital, our source of future innovation, and improve work engagement. Based on the results of an employee engagement survey we conducted in fiscal 2023, we will create a human resource strategy that is linked with our management strategy; build a human resource portfolio and then hire, assign, and develop talent based on that portfolio; and create an environment where diverse employees can thrive.

Approach to Governance

The Japan Pulp & Paper Group recognizes that 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 23, 2023)



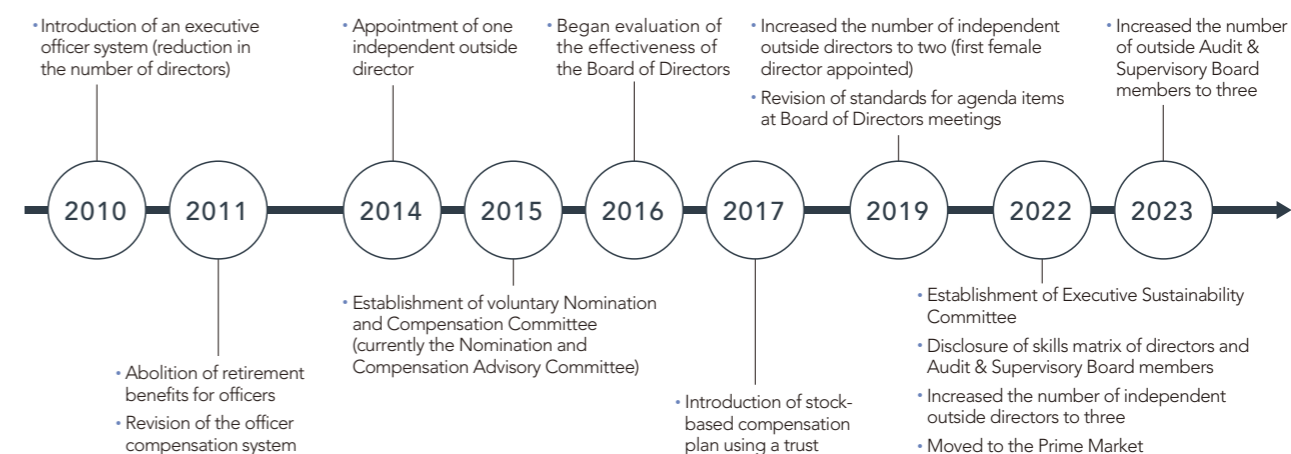
* Number of meetings in fiscal 2022

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 realizing 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.

Efforts to Strengthen Governance



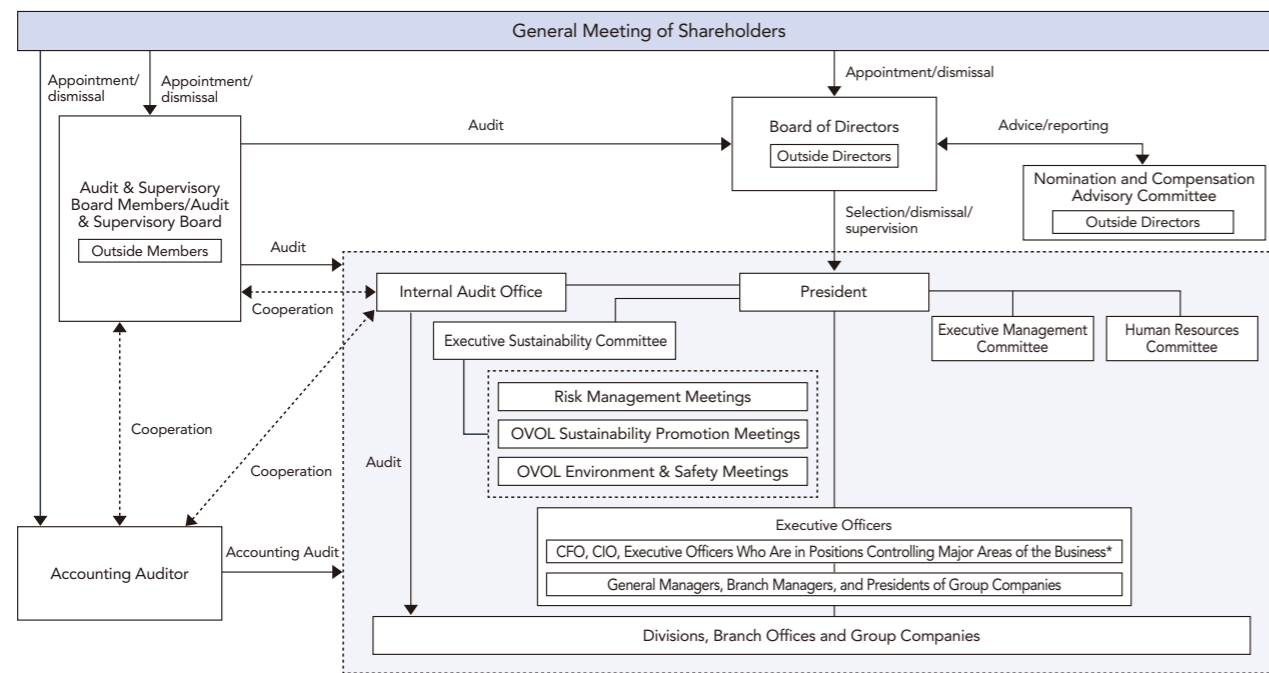
Overview of Corporate Governance Structure

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. 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 also participate in the process of nominating and setting the compensation of directors and

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

■ Corporate Governance Structure



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

■ Board of Directors

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

Composition	7 directors, including 3 outside directors
Number of meetings	17 meetings in fiscal 2022
Chairperson	Representative director, president
Main agenda items for fiscal 2022	Partial amendments to the Articles of Incorporation, distribution of dividends from retained earnings, transfer of real estate, overseas M&A, reorganization of group companies in Japan, matters concerning internal control systems, confirmation of appropriateness of cross-shareholdings, and matters concerning sustainability/ESG, etc.

■ Audit & Supervisory Board

The Audit & Supervisory Board meets regularly once a month and whenever necessary, in accordance with laws, the Articles of Incorporation and the rules of the Audit & Supervisory Board. It conducts audits of Board of Directors' proposals and the directors' execution of their duties. It also holds liaison meetings with the representative directors once a month to exchange opinions on matters including issues the company should address, the environment for audits by Audit & Supervisory Board members, and material issues regarding auditing.

Composition	1 full-time Audit & Supervisory Board member and 3 outside Audit & Supervisory Board members
Number of meetings	Held 13 times in fiscal 2022

■ Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee was established to discuss and report on personnel-related matters and compensation for 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 times in fiscal 2022
Content of discussions held in fiscal 2022	<ul style="list-style-type: none"> Proposal for election of director candidates Proposal for election of candidates for Audit & Supervisory Board members 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

■ 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); CIO; executive officers who are in positions controlling major areas of the business;* branch managers of the Kansai Branch and Chubu Branch
Number of meetings	Held 13 times in fiscal 2022

■ Executive Officers

The company has appointed a total of 28 executive officers, including four who are also directors as of June 23, 2023. Executive officers who are also directors, or who are in positions controlling major areas of the business,* oversee group business as a whole, and assist the president with each major management target to support achievement of common

■ 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 also 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 in the event of disasters, accidents, misconduct, etc. In fiscal 2023, as part of efforts to enhance group governance we launched an initiative related to group IT control activities and plan to conduct a risk assessment in order to identify significant risks to the group.

■ 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; CIO; executive officers who are in positions controlling major areas of the business;* full-time Audit & Supervisory Board member (observer)
Number of meetings	Held 22 times in fiscal 2022

■ Executive Sustainability Committee

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

Composition	Representative director, president (chairperson); full-time directors; CIO; executive officers who are in positions controlling major areas of the business;* full-time Audit & Supervisory Board member (observer)
Number of meetings	Held 15 times in fiscal 2022

group targets. Other executive officers focus on fulfilling their respective roles and improving results as general managers, branch managers, or presidents of group companies.

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

To ensure proper group governance, the Internal Audit Office supports the 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, managers, and personnel in administration divisions and conduct on-site audits and inspections or use an online format.

The group will work to improve the effectiveness of group governance through these activities.

Approach to the Diversity of the Board of Directors

To ensure diversity (regardless of gender, nationality, race, or age) and achieve balance in terms of knowledge, experience, and ability, the company appoints persons of outstanding character and insight from both inside and outside the company for Board of Director positions. This includes persons with extensive know-how and experience in each business field of the group, expertise in corporate planning and administration, experience in management positions at other companies, and knowledge of ESG 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.¹ (As of June 23, 2023)

Name	Position	Independent officer	Nomination and Compensation Advisory Committee	Number of years in office	Major areas of expertise and experience							
					Industrial insight	Corporate management	Sales	Global	Finance and accounting	Legal affairs and compliance	Human resource management	Sustainability
Akihiko Watanabe	Representative Director, President & CEO		Chairperson	7	●	●	●	●		●	●	
Chihiro Katsuta	Representative Director, Senior Executive Vice President			7	●	●	●		●	●	●	
Kazuhiko Sakurai	Director of the Board, Senior Executive Vice President			6	●	●	●				●	
Tetsuo Izawa	Director of the Board, Senior Executive Vice President			2	●	●	●				●	
Sumiko Takeuchi	Director (outside)	○	○	4		●		●				●
Yoko Suzuki	Director (outside)	○	○	1							●	●
Hiroshi Takahashi	Director (outside)	○	○	Newly appointed ²		●	●		●		●	●
Rie Uesaka	Audit & Supervisory Board Member (full-time)			3	●	●		●	●			
Naofumi Higuchi	Audit & Supervisory Board Member (outside)	○		7				●	●	●		
Mitsutaka Honda	Audit & Supervisory Board Member (outside)			Newly appointed ²						●	●	
Miyuki Fukushima	Audit & Supervisory Board Member (outside)	○		Newly appointed ²		●			●			

1. The table above does not indicate all of the skills and experience possessed by individual directors and Audit & Supervisory Board members.
 2. Newly appointed at the General Meeting of Shareholders held on June 23, 2023.

Reasons and Criteria for Selection of Skills

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

Item	Reason for selection	Criteria for selection
Industrial insight	• Necessary to have people who can make appropriate decisions and supervise important business operations as part of a leading paper distribution company	• Directors who are internally promoted to the position • Experience in management at other companies in related industries • Experience as a director of an industry association
Corporate management	• Necessary to have people who can properly develop sustainable growth strategies, and execute and supervise operations amid major changes in the business environment • Necessary to have people who can utilize management experience at other companies as an outside officer	• Experience as director of Japan Pulp & Paper or executive officer in position controlling major areas of business • 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	• Necessary as our main business is wholesaling and distribution	• Experience in management of departments related to sales, marketing, and procurement
Global	• Necessary to have people with extensive knowledge and experience in overseas management and expertise related to the business environments in order to achieve global growth and expand our Non-Japan Wholesaling segment	• Experience in management of departments related to overseas business • Experience as an officer of an overseas subsidiary • Experience as a member of an international organization • Experience as a participant in international conferences
Finance and accounting	• Necessary to have people with solid knowledge and experience in the fields of finance and accounting in order to develop financial strategies to ensure accurate financial reporting, build a sound financial base, promote M&A, and maintain stable dividends	• Experience related to financial management, fund procurement, loans, and accounting • People with relevant knowledge and experience, certified public accountants, tax accountants, etc.
Legal affairs and compliance	• Necessary to have people with solid 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	• Experience related to risk management and compliance departments • Experience as a member of a third-party committee • People with relevant knowledge and experience, lawyers, etc.
Human resource management	• Necessary to have people with 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	• Necessary to have people with solid 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, as well as based on the outstanding character and insight of the candidate. A resolution on their nomination is then made by the Board of Directors. The Board also obtains the prior consent of Audit & Supervisory Board members with respect to candidates for Audit & Supervisory Board member positions.

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

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

Reasons for Electing Outside Directors and Audit & Supervisory Board Members

Name	Independent officer	Reason for appointment	Attendance at meetings in the fiscal year ended March 31, 2023	
			Board of Directors	Audit & Supervisory Board
Outside directors	○	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 provide proposals and advice from a professional standpoint based on her experience as stated above and deep insight, as well as to supervise decision-making on important matters, the execution of business, and the progress of the medium-term business plan. Reason for designation as an independent officer: Ms. Takeuchi has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, she has been designated as an independent officer. Significant concurrent positions: Director and Senior Fellow of International Environment and Economy Institute; Joint Founder and Representative Director of U3Innovations LLC; Specially Appointed Professor of Tohoku University; Senior Advisor of Deloitte Tohmatsu Financial Advisory LLC; Outside Director of GRID co.	17/17 (100%)	—
	○	Yoko Suzuki possesses advanced professional knowledge as an attorney, and abundant experience as an outside director and audit and supervisory board member at several companies, and as a director and auditor at several corporations where she has been deeply engaged in corporate management. The company elected her as an outside director to provide advice to the company's management, to supervise its business execution, and to contribute to strengthening its corporate governance from an objective, professional standpoint, using her advanced professional knowledge and abundant experience as stated above. Reason for designation as an independent officer: Ms. Suzuki has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, she has been designated as an independent officer. Significant concurrent positions: Partner of Suzuki Sogo Law Office; Outside Director and Member of the Audit Committee of Bridgestone Corporation; Outside Director and Audit and Supervisory Committee Member of Nippon Pigment Company Limited; External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.	13/13 (100%)	—
	○	Hiroshi Takahashi has a wealth of experience in corporate management, having worked in key positions 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 company from an objective and professional standpoint. Reason for designation as independent officer: Mr. Takahashi worked at Sumitomo Mitsui Trust Bank, Limited, which has a transactional relationship with the company, and also is a shareholder of the company. Loans borrowed from the bank, as of the end of March 2023, amounted to 11.7% of the total borrowings of the company, and the ratio of the voting rights of the company held by the bank is 0.5%. However, the company deals with multiple financial institutions and the influence on its business is therefore negligible. He is also a director of Custody Bank of Japan, Ltd., a shareholder of the company, but the bank specializes in asset management, and the beneficial shareholders have the right to instruct the bank to exercise voting rights. There are no direct transactions between the bank and the company. Therefore, there is no risk of a conflict of interest arising with the company's general shareholders, and he has been designated as an independent officer. Significant concurrent positions: Director & Senior Managing Executive Officer of Custody Bank of Japan, Ltd.	(Newly appointed)	—
Outside Audit & Supervisory Board members	○	Naofumi Higuchi has experience in auditing many companies as a certified public accountant. He has a wealth of knowledge on finance and accounting, and is well versed in corporate accounting. Currently, in addition to operating his own certified public accounting office, he is serving as a professor at Tohoku University Accounting School. The company elected him as an outside Audit & Supervisory Board member so that he can utilize his wealth of knowledge and experience in audits of the company. Reason for designation as an independent officer: Mr. Higuchi has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, he has been designated as an independent officer. Significant concurrent positions: Professor of Tohoku University Accounting School; Representative of Higuchi Certified Public Accountant Office; Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.; Auditor of JMA Consultants Inc.	17/17 (100%)	13/13 (100%)
	—	Mitsutaka Honda 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 that his wealth of experience and knowledge will be reflected in its audits and contribute to strengthening the company's audit function and governance structure. Significant concurrent positions: Attorney of Marunouchi Law Office	(Newly appointed)	(Newly appointed)
	○	After working for a trading 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 audit functions and the governance system. Reason for designation as an independent officer: Ms. Fukushima has no special interests with the company, and no risk of a conflict of interest with the company's general shareholders. Therefore, she has been designated as an independent officer. Significant concurrent positions: Representing Partner of FLAIR Accounting Firm; Representative Director, President of MID POINT Corporation, Outside Director and Audit and Supervisory Committee Member of NIPPON DENSETSU KOGYO CO., LTD.	(Newly appointed)	(Newly appointed)

Efforts to Improve the Effectiveness of the Board of Directors

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

In fiscal 2022, a questionnaire survey of all directors and Audit & Supervisory Board members was conducted, and was used as the basis of discussion by the Board of Directors. It was confirmed that the Board of Director was sufficiently diverse and of the appropriate size (out of 10 officers including auditors, there are 5 outside officers (50%) and 3 women (30%)).* In terms of management, the content of resolutions and discussion time, and advance explanations to outside officers were generally

appropriate. It was confirmed that the effectiveness of the Board of Directors is secured, and that there are free and open exchanges of opinions at meetings. In addition, discussions on matters such as acquisitions, sustainability, internal control/risk management, and compliance-related issues have been further enhanced.

On the other hand, there was an awareness of issues such as those related to management strategy, evaluation of effectiveness of investments, human capital initiatives, corporate governance including group governance, and internal control/risk management. Taking this evaluation into account, we will make the necessary improvements and continue to secure and improve the effectiveness of the Board of Directors.

* As of December 2022

Director and Audit & Supervisory Board Member Training

Internal organizations such as the General Affairs Department and Internal Audit Office appropriately provide information and access to the knowledge necessary for directors and Audit & Supervisory Board members to fulfill their duties. In addition, outside directors and outside Audit & Supervisory Board members are provided with an explanation 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.

In addition, each member also actively participates in seminars and information exchange meetings organized by external organizations such as the Japan Foundation for Accounting Education and Learning.

In fiscal 2022, in response to a climate change questionnaire promoted by the Carbon Disclosure Project (CDP), an international environmental NGO, study sessions were held by the Executive Sustainability Committee in August 2022 and January 2023, with lecturers from consulting company SGS Japan.

Status of Audits

The Audit & Supervisory Board, in accordance with audit policy and the division of duties, not only attends the Board of Directors meetings but also holds liaison sessions with the representative directors once a month in principle, raising issues and exchanging opinions. Outside Audit & Supervisory Board members also perform routine business audits, attend important meetings with organizations such as of the Executive Management Committee and the Executive Sustainability Committee, exchange opinions with people from administrative departments, and read reports from branch offices and sales departments (to the extent possible). If a full-time Audit & Supervisory Board member acts independently, they share the information with other members, and if necessary, make

a recommendation to the Board after discussing the issue. In this way, we are able to properly audit the execution of duties by directors and enhance the check-and-balance system. Furthermore, we have set "initiatives to strengthen group governance" as a priority audit theme, and conduct regular audits of the business/financial condition of group companies and monitor business execution by holding meetings with auditors of group companies. In addition, we are strengthening the functions of the Audit & Supervisory Board by working together with accounting auditors and the Internal Audit Office to confirm the maintenance and operation status of the internal control system. We also established an Auditor Secretariat (a department dedicated to assisting auditors) in April 2023.

Officer Compensation

1. Basic Policy

Compensation of the company's directors consists of three types: base compensation paid according to the director's role and responsibilities, performance-based bonuses as a short-term incentive, and stock-based compensation, which raises directors' awareness of contributing to medium-to-long-term corporate value and clarifies the linkage of that value with the company's stock price. The company's basic policy is to

set each director's compensation at an appropriate level, taking the director's duties into consideration. Regarding the compensation ratio by compensation type, there are no major differences based on position, but higher-ranking directors have a higher ratio of performance-based compensation. In view of their duties, outside directors are paid only base compensation.

2. Overview of Officer Compensation System

Base Compensation

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

Bonuses

Bonuses of 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 by position by the ratio of consolidated

ordinary profit for the fiscal year to consolidated ordinary profit for the reference year (fiscal year ended March 31, 2021), and is paid at a fixed time every year.

Stock-based Compensation

The company has introduced a stock-based compensation plan using a Board Benefit Trust (BBT) plan. As stock-based compensation for directors (excluding outside directors), the company contributes up to JPY270 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 = 1 share) per fiscal year, with the number of points determined in accordance with the position of each director. Directors shall receive the company's shares upon their retirement from office, in principle.

3. Process for Determining Officer Compensation

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

The Nomination and Compensation Advisory Committee deliberates on the compensation of directors and the Board of Directors makes a resolution based on compensation limits

approved at the General Meeting of Shareholders. The allocation of base compensation and bonuses for each individual is determined by the representative director, president based on a resolution of the Board of Directors.

4. Compensation (Fiscal 2022)

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)	303	119	138	46	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	24	24	—	—	1
Outside officers	62	62	—	—	5

Note: As of the end of fiscal 2022, 7 directors (including 3 outside directors) and 3 Audit & Supervisory Board members (including 2 outside Audit & Supervisory Board members) are eligible.

Policy on Cross-Shareholdings

The company acquires and holds shares in companies it deems necessary in order to build, maintain, and strengthen business and cooperative relationships. Each year, the Board of Directors reviews the appropriateness of each individual stock held based on a quantitative look at whether the earnings from transactions and dividends exceed cost of capital, as well as a qualitative look at the medium-to-long-term business relationship with the company in question. If a company's holdings are determined

to be no longer appropriate, they are sold to reduce the size of our holdings. (See page 37 for details.)

In exercising voting rights for cross-shareholdings, the company examines proposals from the perspective of whether they will lead 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. A decision for or against the proposal is then made.

Status of Cross-Shareholdings

	As of March 31, 2022	As of March 31, 2023
Number of shares (of which, listed shares)	124 (58)	120 (56)
Amount recorded on the balance sheet	JPY23,918 million	JPY23,191 million
Percentage of consolidated net assets	23.84%	18.08%

Note: There are no deemed shares held.

Messages From Outside Directors and Outside Audit & Supervisory Board Members

In June 2023, Mr. Hiroshi Takahashi was appointed as an outside director, and Mr. Mitsutaka Hondo and Ms. Miyuki Fukushima were appointed as outside Audit and Supervisory Board members. There are now three outside directors and three outside Audit and Supervisory Board members. In this section, the six outside officers discuss the strengths of Japan Pulp & Paper Group and the value it provides.



Enhancing Board efficiency and ensuring diversity

Sumiko Takeuchi

Outside Director

Needless to say, for a company to enhance its value over the medium to long term it is critical that it has an effective Board of Directors. In order for it to be able to accurately identify risks and seize opportunities in these uncertain times, the company is working to improve the diversity of the Board. The percentage of female executives stands at 30.0%, which is second in the wholesale sector among

companies listed on the Prime Market (as of July 31, 2022), and lively and multifaceted discussions take place at every Board meeting.

In addition, while the Executive Sustainability Committee and the Corporate Sustainability Division were established in fiscal 2022 in order to enhance sustainable management, the group can only do so much on its own. I contributed in my own small way to bringing stakeholders into the mix by joining other members in giving lectures at meetings with business partners on the topic of environmental and energy issues. I look forward not only to group-wide efforts to help achieve a sustainable society, but also to working more closely with a wide range of stakeholders based on the Corporate Philosophy, which encompasses Our Corporate Spirit of integrity, fairness, and harmony.

Japan Pulp & Paper has a 178-year history as a leading paper distribution company. However, the company has not rested on past accomplishments and continues to create new value. I will participate in Board meetings with a strong awareness of the need to further refine the group's organizational capabilities for creating new value, the ability to make proposals utilizing its expertise and network, and the technological strengths for realizing a circular business model. I will continue to participate in Board discussions in support of efforts toward realizing the corporate slogan of "Paper, and beyond."

Contributing to the creation of a vibrant work environment that generates innovation

Yoko Suzuki

Outside Director

It has been a year since I was elected as an outside director in 2022. One thing I have found very beneficial is the pre-briefings that take place prior to Board meetings. In addition to thorough explanations, receiving reports from the Audit & Supervisory Board and the Executive Management Committee gives me the chance to review the necessary information before attending Board meetings. We are able to have lively discussions at Board meetings due to the efforts of the Secretariat of the Board of Directors. This also contributes to improving the effectiveness of the Board of Directors and, in turn, the effectiveness of governance. Going forward, it will be important to link these efforts to group governance and establish a more well-coordinated governance system.

As evidenced by the early achievement of the quantitative targets of Medium-term Business Plan 2023, the group is creating value through a wide range of businesses based on a stable management foundation. For nearly half a



century, the group has also contributed to the realization of a circular economy through its recycling business, including wastepaper recycling. I want to make sure this value creation and other unique group initiatives are conveyed to society and receive the recognition they deserve.

In order to further enhance corporate value in the future, the company needs to create a vibrant work environment that unlocks the potential of employees and generates innovation. I will fulfill my duties as an outside director and contribute to these efforts.

Strengthening human capital management and pursuing the potential of the paper business

Hiroshi Takahashi

Outside Director

I was elected as an outside director at the General Meeting of Shareholders held in June 2023. I began my career working at a bank in 1985, and have continued to be involved in a wide variety of banking businesses. I would like to use my experience to supervise and provide advice on the overall management of the group from the standpoint of an outside director.

Looking at the current business environment and performance trends, sustainable growth and value creation will be determined by how the group mitigates risk and firmly seizes business opportunities. One of the most common risks associated with the paper industry is that demand for paper will decline as digital technology progresses, limiting the potential for growth. However, I believe that the group has unlimited potential to create high-value-added products if it firmly seizes business opportunities by utilizing its ability to make proposals, its organizational capabilities, and its technological strengths—all three of which are group strengths. In other words, further enhancing group governance and achieving group synergy will lead to the continued realization of the corporate slogan, "Paper and beyond."



While taking advantage of paper's inherent qualities such as its ability to convey a message or its uses for wrapping and wiping, as well as its flexibility and other features, the group will pursue the unlimited potential of the paper business. This will include strengthening the group's unique circular business model and expanding business in peripheral areas through M&A. In this way, the group will be able to provide new value to society.

Human capital is the most important form of capital for achieving the group's goal of becoming the world's leading paper distribution group, so it is important to develop executive candidates, including talent from outside of Japan, for the next generation of management.

I look forward to further strengthening human capital management, including the development of the human resource management system.

Further enhancing internal controls to create a system for ensuring more effective group governance

Naofumi Higuchi

Outside Audit & Supervisory Board Member

One particular aspect of the governance structure that I would like to emphasize is that management has a system in place for taking immediate corrective action on any issues that may impact the group. Internal controls and corporate governance, as well as other elements that are a part of the inner workings of corporate management leadership, are appropriate, and internal audits are functioning well. In terms of group governance, while the current level is adequate for a company listed on the Prime Market, I believe it is necessary for the company to further strengthen and enhance its efforts as it looks to expand the scope of its operations in the future.

The Board of Directors carefully considers the M&As and investment projects that are frequently on the agenda, and spends a great deal of time evaluating and discussing the post-investment status of each project. The Board can confirm that the company is making good progress and achieving results, especially with regard to M&As outside of Japan. However, due to the physical distance between Japan and some of these countries overseas, the key to management and IT control lies in the head office taking the lead, while also considering the three lines of defense. As mentioned before, the number of group companies,

both in Japan and overseas, has increased through M&As, and the business is becoming more diverse. I would like to promote further fluidity and diversification of management personnel, such as by training people who can be entrusted with the management of subsidiaries and appointing talent from outside of Japan to management positions in Japan and other countries.

Finally, I would like to express my expectations for the group. The Japan Wholesaling segment, which is the group's original business, has the ability to generate stable cash flow. It also has considerable strengths and potential through the networks and know-how it has developed over its long history. I look forward to seeing these valuable management resources utilized to create new value as well as in cross-industry initiatives or even activities that go beyond the industry.



Providing new value to society by resolving the environmental issues facing companies

Mitsutaka Hondo

Outside Audit & Supervisory Board Member

I was elected as an Audit & Supervisory Board member in June 2023. I will utilize my practical experience as an attorney-at-law and my deep insight into legal and compliance matters to strengthen audit functions and the governance system.

Based on its position as a leading company in the paper wholesaling industry, Japan Pulp & Paper is taking on the challenge of creating new businesses and expanding the potential of paper. Paper is attracting attention as a material with a lot of potential, and it is increasingly being considered as an alternative to plastic. Moreover, paper has great potential in terms of reducing environmental impact. As a leading company in the industry, Japan Pulp & Paper can propose solutions to diverse issues. I look forward to seeing the group continue to propose solutions and provide value in helping to achieve the 17 SDGs and resolving issues that companies face in reducing their environmental impact.

Since there is no concrete goal line when it comes to corporate governance, it is important to both resolve governance issues that arise and update systems to ensure



they are fair and equitable from a social perspective. The potential of paper is expanding, and that is steadily being reflected in business results. Under these circumstances, problems are more likely to arise if the company becomes complacent. Therefore, I would like to fulfill my duties from the standpoint of an outside Audit & Supervisory Board member. As a global company, I expect Japan Pulp & Paper to enhance its corporate value by transforming its governance structure to meet global standards for fairness and honesty, and by emphasizing dialogue and communication with all stakeholders.

Enhancing audit functions and establishing a highly transparent management system

Miyuki Fukushima

Outside Audit & Supervisory Board Member

I was newly elected as an Audit & Supervisory Board member at the General Meeting of Shareholders held in June 2023. I hope to utilize my experience as a certified public tax accountant with knowledge of corporate taxation, accounting, and other related fields to enhance audit functions.

Since I have only been an Audit & Supervisory Board member for a short period of time, I would like to talk about my impressions of the company from an outsider's perspective. Although Japan Pulp & Paper has a history of 178 years, it has always taken on new challenges to enhance corporate value. Indicators such as the capital-to-asset ratio, cash ratio, debt, ROE, and the net D/E ratio show that it has a good balance of assets, liabilities, and capital. This indicates that it has been promoting management while remaining conscious of expanding its financial base.

In Medium-term Business Plan 2023, the final year targets for some indicators have already been achieved, and I see this as good progress in terms of earnings. Going forward, from the perspective of further enhancing sustainable

management, I expect the company to continue to promote initiatives that lead to increased corporate value, particularly when it comes to addressing climate change-related risks and expanding human capital management. In addition, from the perspective of realizing a sustainable society, I hope to see the establishment of a system for increasing employee satisfaction, and efforts to increase employee engagement by helping them realize that their work contributes to the enhancement of corporate value. I would also like to utilize my experience to contribute to enhancing corporate value and to the establishment of a highly transparent management system.



Governance

Directors of the Board, Audit & Supervisory Board Members and Executive Officers

(As of June 23, 2023)

Directors of the Board

* Director of the Board also serving as an Executive Officer



Akihiko Watanabe*
Representative Director,
President & CEO

Apr. 1982 Joined the Company
Apr. 2015 Executive Vice President of the Company
President of Japan Pulp & Paper (U.S.A.) Corp.
Apr. 2016 Executive Vice President
Global Business
General Manager, International Sales Division of
the Company
Jun. 2016 Director of the Board
Executive Vice President
Global Business
General Manager, International Sales Division of
the Company
Apr. 2017 Representative Director
President of the Company
Apr. 2023 Representative Director, President & CEO of the
Company (present position)



Chihiro Katsuta*
Representative Director

Apr. 1982 Joined the Company
Apr. 2014 Executive Vice President
General Manager, Chubu Branch of the
Company
Apr. 2016 Executive Vice President
Household Paper of the Company
Jun. 2016 Director of the Board
Executive Vice President
Household Paper of the Company
Apr. 2017 Director of the Board
Senior Executive Vice President
CFO of the Company
Jun. 2019 Representative Director
Senior Executive Vice President
CFO of the Company
Apr. 2021 Representative Director
Senior Executive Vice President
CFO
Raw Materials & Environment of the Company
Apr. 2023 Representative Director
Senior Executive Vice President
CFO of the Company (present position)



Kazuhiko Sakurai*
Director of the Board

Apr. 1982 Joined the Company
Apr. 2015 Executive Vice President
Paperboard & Household Paper of the Company
Jun. 2015 Director of the Board
Executive Vice President
Paperboard & Household Paper of the Company
Apr. 2016 Director of the Board
Executive Vice President
Paperboard of the Company
Apr. 2017 Director of the Board
Executive Vice President
Paperboard & Household Paper of the Company
Jun. 2017 Senior Executive Vice President
Paperboard & Household Paper of the Company
Jun. 2019 Director of the Board
Senior Executive Vice President
Paperboard & Household Paper of the Company
(present position)



Tetsuo Izawa*
Director of the Board

Apr. 1981 Joined the Company
Apr. 2015 Executive Vice President
General Manager, Kansai Branch of the
Company
Apr. 2018 Executive Vice President
Paper Sales & Marketing
General Manager, Paper Merchant Sales
Division of the Company
Apr. 2021 Senior Executive Vice President
Paper Sales & Marketing, ICT & Logistics of the
Company
Jun. 2021 Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, ICT & Logistics of the
Company
Apr. 2023 Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, Logistics of the
Company (present position)



Sumiko Takeuchi**
Director of the Board

Apr. 1994 Joined Tokyo Electric Power Company, Inc.
Jan. 2012 Director and Senior Fellow of International
Environment and Economy Institute (present
position)
Feb. 2012 Director of Forestock Association
Apr. 2014 Assistant Project Leader of The 21st Century
Public Policy Institute (present position)
Apr. 2016 Visiting Professor of University of Tsukuba
Oct. 2016 External Advisor of Accenture Japan Ltd.
Nov. 2016 Joint Representative of Matrix Associates LLP
Apr. 2018 Visiting Professor of Kansai University
Apr. 2018 External Advisor of McKinsey & Company, Inc.
Oct. 2018 Co-representative of U3Innovations LLC
(present position)
Jun. 2019 Outside Director of the Board of the Company
(present position)
Apr. 2020 Specially Appointed Professor of Tohoku
University (present position)
Apr. 2021 Senior Advisor of Deloitte Tohmatsu Financial
Advisory LLC (present position)
Jul. 2022 Outside Director of GRID co. (present position)



Yoko Suzuki**
Director of the Board

Apr. 1998 Registered as an attorney (Tokyo Bar Association)
Apr. 1998 Joined Takagi Godo Law Office
Nov. 2002 Partner of Suzuki Sogo Law Office (present
position)
May 2003 Outside Audit & Supervisory Board Member of
Ito-Yokado Co., Ltd.
Sep. 2005 Outside Audit & Supervisory Board Member of Seven
& i Holdings Co., Ltd.
Jan. 2008 Director of International IC Association of Japan
Apr. 2015 Auditor of The Research Institute of Economy,
Trade and Industry (RIETI) (present position)
Mar. 2018 Outside Director and Member of the Audit
Committee of Bridgestone Corporation (present
position)
Jun. 2018 Outside Director and Audit and Supervisory
Committee Member of Nippon Pigment
Company Limited (present position)
Jun. 2018 Auditor of Hitotsubashi University Collaboration
Center (present position)
Jun. 2020 External Audit & Supervisory Board Member of
MARUI GROUP CO., LTD. (present position)
Sep. 2021 Auditor of NATIONAL ARCHIVES OF JAPAN
(present position)
Jun. 2022 Outside Director of the Board of the Company
(present position)



Hiroshi Takahashi**
Director of the Board

Apr. 1985 Joined Mitsui Trust and Banking Company, Limited
Apr. 2012 Executive Officer, General Manager of Sales
Department 13 of Head Office of Sumitomo
Mitsui Trust Bank, Limited
Apr. 2015 Executive Officer, General Manager of Sales
Department 1 of Head Office of Sumitomo
Mitsui Trust Bank, Limited
Apr. 2017 Managing Executive Officer of Sumitomo Mitsui
Trust Bank, Limited
Apr. 2018 Representative Director & Vice President of
Japan Trustee Services Bank, Ltd.
Oct. 2018 Director of JTC Holdings, Ltd.
Jul. 2020 Director & Senior Managing Executive Officer of
Custody Bank of Japan, Ltd. (present
position)
Jun. 2023 Outside Director of the Board of the Company
(present position)

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

Audit & Supervisory Board Members



Rie Uesaka
Audit & Supervisory Board
Member (Full-time)

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



Naofumi Higuchi**
Audit & Supervisory Board
Member

Oct. 1997 Joined Chuo Audit Corporation
Apr. 2001 Registered as a certified public accountant
Aug. 2007 Joined Mizuho Securities Co., Ltd.
Aug. 2009 Joined the Japanese Institute of Certified Public
Accountants
Apr. 2012 Associate Professor of Tohoku University
Accounting School
Jan. 2013 Joined Grant Thornton Taiyo ASG LLC
Jun. 2016 Established Higuchi Certified Public Accountant
Office, Appointed as Representative (present
position)
Jun. 2016 Outside Audit & Supervisory Board Member of
the Company (present position)
Apr. 2018 Professor of Tohoku University Accounting
School (present position)
Mar. 2020 Outside Director of Nippon Aqua Co., Ltd.
Director of the Japanese Institute of Certified
Public Accountants (present position)
Mar. 2023 Outside Director and Audit and Supervisory
Committee Member of Nippon Aqua Co., Ltd.
(present position)
Jun. 2023 Auditor of JMA Consultants Inc. (present
position)



Mitsutaka Honda
Audit & Supervisory Board
Member

Nov. 1989 Passed the National Bar Examination
Apr. 1992 Completed legal apprenticeship
Apr. 1992 Registered as an attorney (Marunouchi Law
Office) (present position)
Apr. 2005 Director of EBIC Co., Ltd. (present position)
Jun. 2023 Outside Audit & Supervisory Board Member
of the Company (present position)



Miyuki Fukushima**
Audit & Supervisory Board
Member

Apr. 1980 Joined TOMEN Corporation (currently Toyota
Tsusho Corporation)
Dec. 1990 Passed the Certified Public Tax Accountant
Examination
Jan. 1991 Joined Yoshihiro Hongo Certified Public
Accountants' Office (currently Hongo Tsuji Tax
& Consulting)
Oct. 1994 Joined Horie Accounting Office
Mar. 1998 Registered as a certified public tax accountant
Oct. 2002 Established Miyuki Fukushima Tax Accounting
Office
Oct. 2011 Representing Partner of Fukushima Accounting
Firm (currently FLAIR Accounting Firm) (present
position)
Nov. 2011 Representative Director, President of MID
POINT Corporation (present position)
Jun. 2023 Outside Director and Audit and Supervisory
Committee Member of NIPPON DENSETSU
KOGYO CO., LTD. (present position)
Jun. 2023 Outside Audit & Supervisory Board Member of
the Company (present position)

Executive Officers

President & CEO

Akihiko Watanabe

Senior Executive Vice Presidents

Chihiro Katsuta
CFO

Kazuhiko Sakurai
Paperboard & Household Paper

Tetsuo Izawa
Paper Sales & Marketing, Logistics

Executive Vice Presidents

Yasushi Takei
Administration, Planning &
Sustainability

Fumio Watanabe
CIO

Mitsutoshi Imamura
Global Business, Specialties

Makoto Shirofumi
Raw Materials & Environment

Nobuyuki Matsuura
General Manager, Kansai Branch

Senior Vice Presidents

Koji Ukeguchi
General Manager, Newsprint
& Publication Paper Sales
Division

Kagetaka Matsuura
General Manager, Paper
Merchant & Printer Sales
Division

Masasaaki Sato
General Manager,
International Business
Division

Susumu Tanaami
General Manager, Chubu
Branch

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

Shinichiro Yamamoto

Executive Officers

Shinsuke Yamamoto
General Manager, Corporate
Sustainability Division

Kenichiro Fujii
General Manager, Finance &
Administration Division

Shigeyuki Sasaki
General Manager, Corporate
Planning Division

Hisaaki Matsuoka
General Manager, Purchasing
Division

Kozo Nishio
General Manager, Industrial
Materials Sales Division

Seiichi Suganuma
General Manager, Functional
Materials Sales Division

Yutaka Endo
General Manager, Raw Materials &
Environmental Business Division

Satoshi Wada
Deputy General Manager, Kansai
Branch

Shuichi Takeoka
General Manager, Kyushu Branch

Toshihiko Kitayama
General Manager, Kitanihon Branch

Takeyuki Matsuura
President, JP Household Supply
Co., Ltd.

Hiroyuki Ito
Vice President, JP Corelex Holdings
Co., Ltd.

Takahiro Miyata
Managing Director, Ball & Doggett
Group Pty Ltd

Compliance

Approach to Compliance

As a framework for thorough compliance, we have established a Charter of Corporate Behavior and a Code of Conduct for Executives and Employees based on our Corporate Philosophy. We place the highest priority on thorough compliance in all of our corporate activities. In addition, as our sustainability and compliance promotion system, we have established the Executive Sustainability Committee, chaired by the president, as the command center for group-wide sustainability initiatives. We also established the OVOL Sustainability Promotion Meetings, consisting of members appointed from each division, branch office, and group company, as a cross-organizational entity to promote sustainability and compliance.

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

The group revised its Charter of Corporate Behavior in April 2022 in order to further promote sustainable management. The charter is a guide for ensuring that all executives and employees recognize the values that have been cultivated over the years, and constantly embody them.

Japan Pulp & Paper Group Charter of Corporate Behavior		
1. Contributing to Society through Business Activities	4. Respect for Human Rights	7. Healthy and Safe Working Environment
2. Compliance with Laws and Regulations	5. Diversity	8. Thoroughgoing Risk and Crisis Management
3. Promoting Environmental Protection	6. Fair and Appropriate Business Practices and Responsible Sourcing	9. Harmonious Coexistence and Coprosperity with Stakeholders

The Code of Conduct for Executives and Employees, which was also revised in April 2022, is based on the Charter of Corporate Behavior and defines the values and actions that should be pursued by executives and employees of the group in their daily business activities in order to achieve the goals of the Sustainability Policy. 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.

Free, Fair, and Transparent Business Activities

We strive to be a company that is trusted by society due to our free, fair, and transparent business activities. The 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 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 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.

Furthermore, in order to maintain transparency and promote business activities on an equal and fair basis, we have established an Anti-corruption Policy and declared our commitment to preventing bribery of public and government officials as well as inappropriate demands of business partners.

On-site Inspection by the Japan Fair Trade Commission
On April 11, 2023, the Japan Fair Trade Commission conducted an on-site inspection on the suspicion of violation of the Antimonopoly Act in relation to a bid for recycled roll paper with the National Printing Bureau. We take this matter seriously, and will fully cooperate with the Japan Fair Trade Commission's investigation.

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.

Efforts to Ensure Compliance

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

Compliance awareness activities (Fiscal 2022)	Target	Frequency of meetings	Number of participants
Rank-based compliance training	New employees, new managers, and seconded employees of Japan Pulp & Paper	4 times	38
Harassment prevention training	Deputy section managers and assistant managers (including seconded employees) of Japan Pulp & Paper	5 times	232
Antimonopoly Act seminar	Executives and employees of Japan Pulp & Paper	1 time	913
e-learning tests	Executives and employees of Japan Pulp & Paper and group companies in Japan	2 times	Average: 1,873
Information on amendment to Act on the Regulation of Chemical Substances	Sales department managers of Japan Pulp & Paper	1 time	61

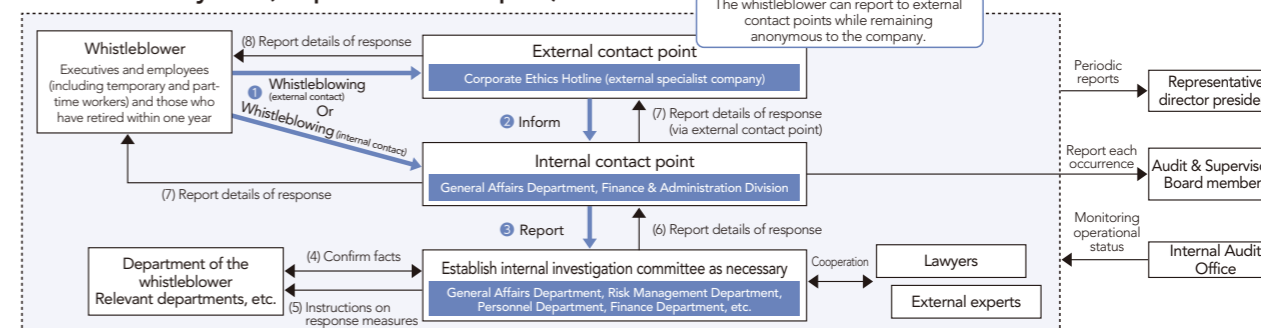
Whistleblower System

Some companies within the group have established dedicated internal and 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.

The content of the whistleblower reports and responses are conveyed to the representative director president and Audit & Supervisory Board members, and the Internal Audit Office regularly monitors the operational status of the whistleblower system as part of internal control.

In fiscal 2022, we received 13 whistleblower reports, nine of which were anonymous. The reports tended to be issues related to harassment and labor relations.

Whistleblower System (Corporate Ethics Helpline)



Risk Management

Approach to Risk Management

To ensure business continuity and maintain a stable management base, we have positioned risk management as a management priority and are promoting relevant initiatives. The risks a company faces are becoming increasingly diverse and complex. If any of these serious risks materialize, not only could the group's management resources be damaged, but there may be harmful consequences for business continuity. This could include damage to the relationship of trust built with customers and business partners, as well as loss of social credibility. In order 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

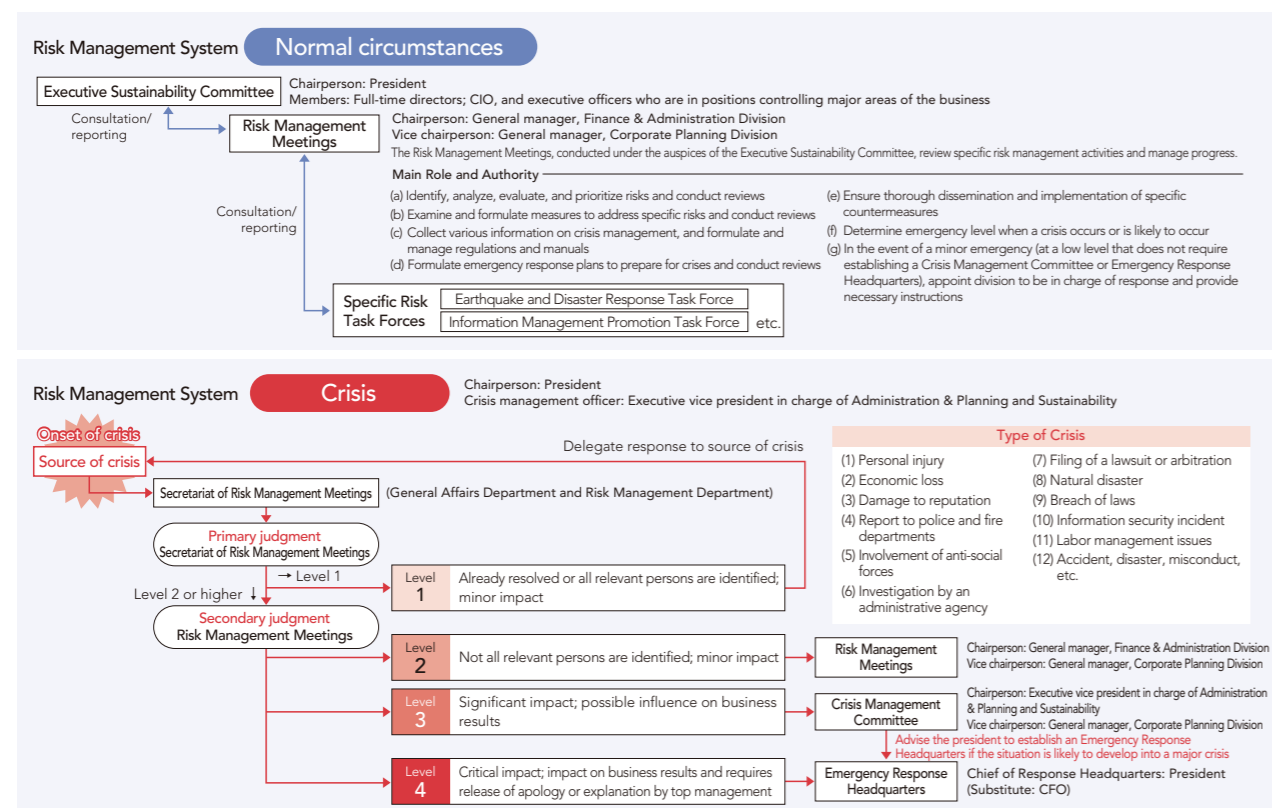
In order to identify various risks related to the management of the group, the Executive Sustainability Committee, with ultimate responsibility held by the president, approves annual activity plans related to risk management and confirms the progress of these plans on a quarterly basis. The Risk Management 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. In the event that a risk with a significant negative impact on the group's management or business arises, a Crisis Management Committee, with ultimate responsibility held by the president and chaired by the executive officer in charge 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.

Classification	Subclassification	Details	Segment impacted					
			Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing	
Particularly significant risks	Market conditions and market risks	Risks related to a decrease in demand for main products handled, market conditions, and macroeconomic fluctuations	●	●	●	●		
		Impact of real estate market conditions					●	
	Risks related to business transactions	Credit risks of business partners	●	●	●	●		
		Risks of policy changes at supplier manufacturers	●	●	●	●		
		Risks related to decline in paper distributor function	●	●	●	●		
		Risks related to logistics	●	●	●	●		
Other significant risks	Risks related to new business investments	●	●	●	●			
	Impairment risk for stocks of subsidiaries and affiliates and impairment of goodwill	●	●	●	●			
Other risks	Risks related to business environment	Legal and regulatory restrictions	●	●	●	●		
		Country risk	●	●	●	●		
	Risks related to financial markets	Risks related to financing	●	●	●	●		
		Risks related to foreign exchange rate fluctuations	●	●	●	●		
	Risks related to climate change, natural disasters, etc.	Risks related to climate change and natural disasters, etc.	●	●	●	●		
	Other risks	Risks of fluctuation in market value of investment securities held	Risks of fluctuation in market value of investment securities held	●	●	●	●	
			Risks related to IT and security	●	●	●	●	
			Risks related to litigation	●	●	●	●	
		Other risks	Human resource and labor-related risks	●	●	●	●	
			Risks of impairment of property, plant, and equipment	●	●	●	●	
			Risks related to recoverability of deferred tax assets	●	●	●	●	
Impact of resurgence of COVID-19			●	●	●	●		

Crisis Management System/BCP System

The group is addressing issues such as responding to revisions of laws and regulations, transaction risks, disaster and crime prevention, IT controls, strengthening of information security, and enhancing effectiveness of compliance activities. As part of our risk management activities, we have begun conducting risk assessments of current conditions and are using experts to help identify and analyze current risks and prioritize issues. Based on the results of the assessments, we plan to strengthen the risk management system of the entire group by informing each division and group company of the measures they need to take. We will also periodically check the progress of initiatives.



Stakeholder Engagement

Approach to Communication with Stakeholders

The group's Corporate Philosophy encompasses the values of integrity, fairness, and harmony, and the mission of "carving a better future for society and the environment" based on the principles of change, challenge, and create. Our aim is to realize a sustainable society.

In order to achieve this, it is important to accurately understand and respond to the expectations and demands of our stakeholders. We accomplish this through active dialogue. In addition to working to respond to the opinions and requests obtained through such dialogue, we will continue to aim for timely and appropriate information disclosure and proactive communication.

Type of Stakeholder	Description of Communication	Main Communication Activities and Methods
All Stakeholders	We engage in accurate information disclosure and active dialogue to help us accurately understand the expectations and demands of society and allow us to build relationships of trust. We provide and collect information relating to sustainability, including environmental protection and respect for human rights.	<ol style="list-style-type: none"> PR activities including information made available via our website Response to inquiries submitted via our website Integrated Report Exhibitions, trade shows, and events Promotional and advertising activities
Executives and Employees	We work to ensure that all executives and employees are fully aware of our Corporate Philosophy and to ensure understanding of the management policy through messages from the president. We engage in dialogue to build an environment where executives and employees with diverse values can work comfortably and make the most of their abilities.	<ol style="list-style-type: none"> Intranet Issuing of the group magazine (four times a year) Issuing of the <i>Compliance Letter</i> Issuing of the <i>OVOL Sustainability News</i> Issuing of the <i>OVOL Bridges Express</i> HR appraisal/self-evaluation system Employee engagement survey Dialogue sessions between management and employees Training and seminars Internal and external consultation desks "Something New" activities
Business Partners and Consumers	We proactively release information and engage in dialogue to help us understand the needs of business partners and consumers and to contribute to solving issues.	<ol style="list-style-type: none"> Communication through business activities Dissemination of information through our e-commerce sites Responses to inquiries via e-commerce sites Certification and registration for CSR procurement
Shareholders and Investors	We work to provide timely and accurate information, to improve management transparency and deepen understanding of the group's business, with the aim of achieving continued growth, increasing corporate value, and gaining a fair evaluation from investors.	<ol style="list-style-type: none"> General Meeting of Shareholders Financial results briefings for analysts and institutional investors (twice a year) Meetings with analysts and institutional investors as necessary (held 26 times in fiscal 2022) Securities Report Financial Report Timely disclosures to Tokyo Stock Exchange Response to surveys by ESG rating agencies
Local Communities	We aim to give back to the local communities in which our business facilities are located through our activities as a "good corporate citizen," and to achieve harmonious coexistence through collaboration with local governments.	<ol style="list-style-type: none"> Organizing exchange events with local community residents at our business facilities Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation Social contribution and volunteer activities
NPOs and NGOs	Through dialogue with NPOs and NGOs, we work to gain an understanding of the responses to social and environmental issues expected of our group, and ensure these are reflected in our business activities.	<ol style="list-style-type: none"> Collaboration with NPOs and NGOs through our business Sponsorship and participation in events, etc.
Government Agencies, Local Governments, and Industry Associations	In carrying out our business activities, we abide by the laws and regulations of all the countries where we operate, and fulfill our role as a "good corporate citizen." We cooperate with local governments in areas where our business facilities are located to contribute to local communities.	<ol style="list-style-type: none"> Appropriate communication with relevant government authorities and local governments Activities through industry associations



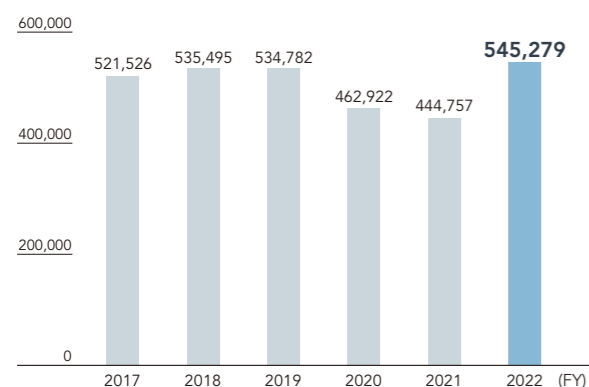
Chapter
04

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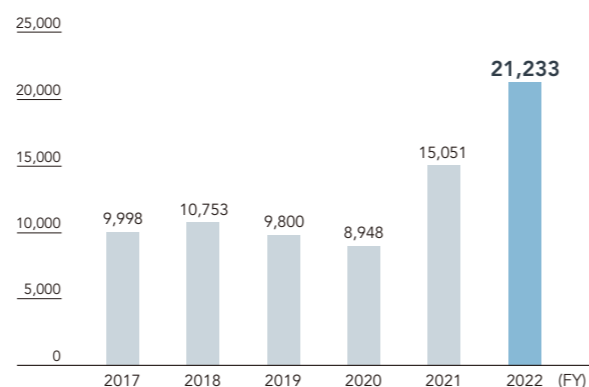
Consolidated Financial Highlights

Revenue (Millions of yen)

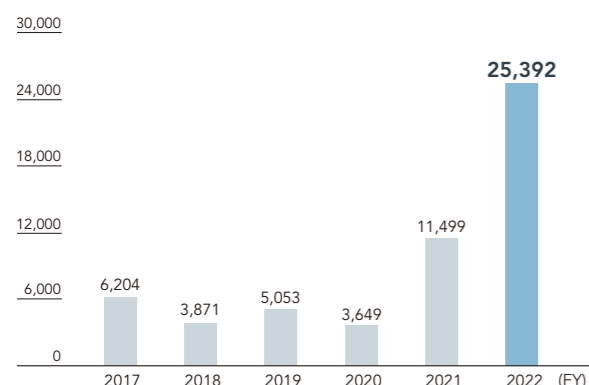


Note: From the fiscal year ended March 31, 2022, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted. Accordingly, "Net sales" has been reclassified as "Revenue."

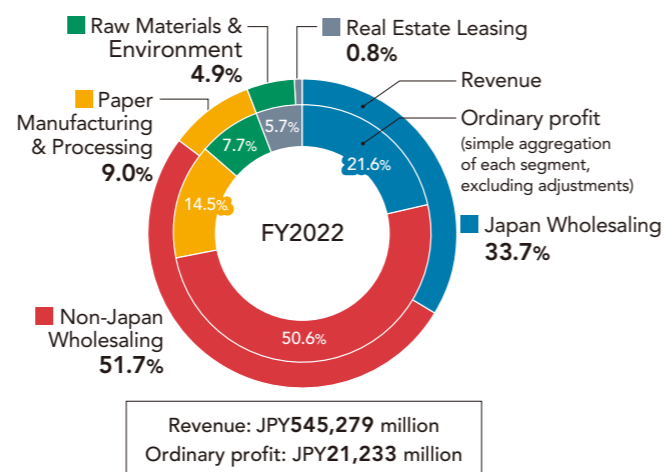
Ordinary Profit (Millions of yen)



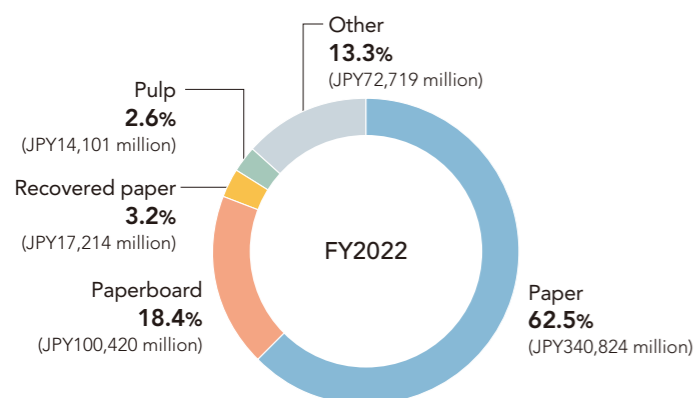
Profit Attributable to Owners of Parent (Millions of yen)



Composition of Revenue to Customers and Ordinary Profit Ratio by Business Segment

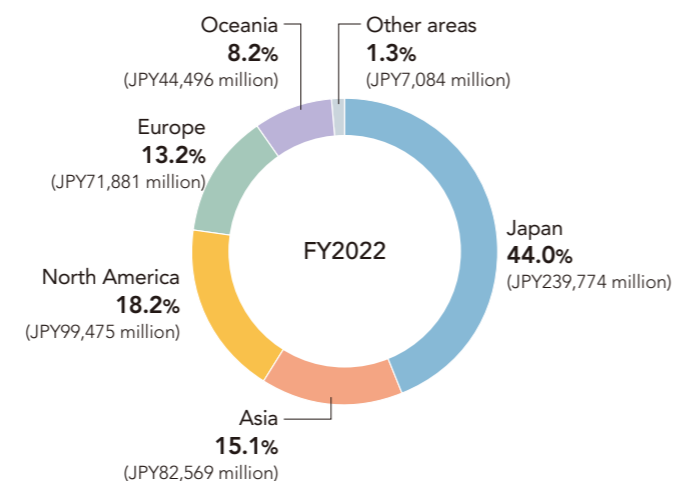


Revenue by Product Segment



Revenue by Geographic Segment

Note: Segments are based on the location of customers.



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue⁵ (Millions of yen/Millions of US dollars)	¥521,526	¥535,495	¥534,782	¥462,922	¥444,757	¥545,279 \$4,084
Operating profit (Millions of yen/Millions of US dollars)	¥10,125	¥10,805	¥10,924	¥8,896	¥14,064	¥20,264 \$152
Ordinary profit (Millions of yen/Millions of US dollars)	¥9,998	¥10,753	¥9,800	¥8,948	¥15,051	¥21,233 \$159
Profit attributable to owners of parent (Millions of yen/Millions of US dollars)	¥6,204	¥3,871	¥5,053	¥3,649	¥11,499	¥25,392 \$190
Comprehensive income (Millions of yen/Millions of US dollars)	¥11,379	¥1,847	¥3,170	¥9,627	¥12,506	¥28,287 \$212
Net assets (Millions of yen)	¥94,735	¥94,745	¥87,246	¥89,872	¥100,317	¥128,295
Total assets (Millions of yen)	¥337,323 ³	¥349,656	¥341,939	¥321,986	¥338,939	¥385,129
Net interest-bearing debt (Millions of yen)	¥111,342	¥113,152	¥120,701	¥102,471	¥97,939	¥78,336
Net assets per share (Yen)	¥6,170.79 ⁴	¥6,143.16	¥5,882.75	¥6,103.84	¥6,774.14	¥8,627.79
Basic earnings per share (Yen)	¥429.20 ⁴	¥274.69	¥365.01	¥266.92	¥839.50	¥1,851.04
Diluted earnings per share (Yen)	¥426.83 ⁴	¥273.12	¥363.44	¥266.08	¥837.56	¥1,847.27
Dividend per share (Yen)	— ²	¥110	¥110	¥110	¥115	¥120
Payout ratio (%)	23.3	40.0	30.1	41.2	13.7	6.5
Capital adequacy ratio (%)	25.8 ³	24.8	23.5	25.9	27.4	30.7
Rate of return on equity (ROE) (%)	7.6	4.5	6.1	4.5	13.0	24.0
Net D/E ratio (Times)	1.28	1.31	1.50	1.23	1.06	0.66
Price/Earnings ratio (PER) (Times)	10.0	15.1	10.3	13.7	4.6	2.8
Cash flows from operating activities (Millions of yen)	¥8,698	¥13,660	¥22,488	¥28,382	¥14,007	¥304
Cash flows from investing activities (Millions of yen)	¥(13,283)	¥(14,355)	¥(13,239)	¥(4,440)	¥(4,078)	¥23,673
Cash flows from financing activities (Millions of yen)	¥4,361	¥1,735	¥(9,712)	¥(19,899)	¥(9,833)	¥(10,086)
Free cash flow (Millions of yen)	¥(4,585)	¥(694)	¥9,249	¥23,942	¥9,929	¥23,977
Cash and cash equivalents at end of period (Millions of yen)	¥6,837	¥7,788	¥7,589	¥11,587	¥12,731	¥30,550
Number of employees	3,692	3,893	4,298	4,042	4,097	4,338

1. This financial information is presented based on generally accepted accounting principles in Japan.
 2. Effective October 1, 2017, the company conducted a consolidation of shares in which 10 common shares were consolidated into one share. For the fiscal year ended March 31, 2018, the interim dividend per share of JPY5 would have been JPY50 after factoring in the consolidation of shares, and the year-end dividend per share was JPY50. The annual dividend per share would therefore have been JPY100 after factoring in the aforementioned consolidation.
 3. Figures for the fiscal year ended March 31, 2018 have been reclassified to conform with "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28).
 4. Net assets per share, basic earnings per share and diluted earnings per share for the fiscal year ended March 31, 2018 have been calculated under the assumption that the consolidation of shares described in Note 2 was conducted at the beginning of the fiscal year.
 5. From the fiscal year ended March 31, 2022, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted. Accordingly, "Net sales" has been reclassified as "Revenue."
 6. All US dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of JPY133.53 to USD1 as of March 31, 2023.

Japan Network

(As of September 1, 2023)

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

Japan Pulp & Paper Co., Ltd.

- **Head Office** (Tokyo)
 - Kansai Branch
 - Kyoto Sales Department
 - Chubu Branch
 - Kyushu Branch
 - Kitanihon Branch
 - Tohoku Sales Department
 - Hokkaido Sales Department

Wholesaling

- **JP Household Supply Co., Ltd.** (Tokyo)
 - West Japan Sales Department
- **Kurashi Net JP Co., Ltd.** (Tokyo)
- **Kyoto Kami Shoji Co., Ltd.** (Kyoto)
 - Shiga Branch
 - Kisshoin Distribution Center
- **Koyosha Co., Ltd.** (Osaka)
 - Kobe Branch
- **Gokura Co., Ltd.** (Ehime)
 - Tokyo Branch
 - Osaka Branch
 - Plant and Distribution Center
- **Cosmo Paper Trading Co., Ltd.** (Tokyo)
 - Nagoya Branch
 - Osaka Branch
- **Fuchikami Co., Ltd.** (Kagoshima)
 - Okinawa Branch
 - Fukuoka Branch
- **Narumi-Kamiten Co.** (Aomori)
 - Aomori Branch
- **Tokyo Sangyo Yoshi Co., Ltd.** (Tokyo)
 - Kohoku Warehouse
- **Maruni Chikiriya Co., Ltd.** (Nagano)
 - Matsumoto Branch
 - Nagano Branch
 - Maebashi Branch
- **Akazawa Paper Co., Ltd.** (Iwate)
 - Sendai Branch
- **Yoshimoto Yoshiten Co., Ltd.** (Tokyo)
 - Atsugi Branch

Logistics

- **JP Loginet Co., Ltd.** (Tokyo)
 - Iwatsuki Distribution Center
 - Itabashi Distribution Center
 - Keihinjima Distribution Center
 - JCL Ariake Distribution Center
 - JCL Itabashi Distribution Center
 - Kyushu Hakozaki Distribution Center
- **JP Transport Service Co., Ltd.** (Tokyo)
 - Itabashi Center
 - Edogawa Center
- **Sapporo Paper Distribution Center Co., Ltd.** (Hokkaido)
- **Nanko Paper Center Co., Ltd.** (Osaka)
- **Itabashi Paper Distribution Center Co., Ltd.** (Tokyo)
- **Osaka Kami Kyodo Soko Inc.** (Osaka)
- **Seihoku Paper Depot Co., Ltd.** (Tokyo)
 - Tokorozawa Distribution Center
- **Itabashi Kyodo Sagyo Co., Ltd.** (Tokyo)

Paper Manufacturing & Processing

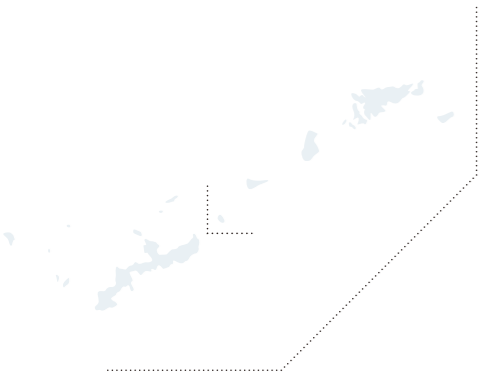
- **JP Corelex Holdings Co., Ltd.** (Shizuoka)
 - Tokyo Mill
 - Tokyo Office
- **Corelex San-Ei Co., Ltd.** (Shizuoka)
 - Tokyo Office
- **Corelex Shin-Ei Co., Ltd.** (Shizuoka)
 - Tokyo Office
- **Corelex Doh-Ei Co., Ltd.** (Hokkaido)
 - Fuji Mill
 - Sapporo Office
 - Tokyo Office
- **Eco Paper JP Co., Ltd.** (Aichi)
 - Tokyo Office
- **Taiho Paper Co., Ltd.** (Gifu)
- **Kawabe Biomass Power Generation Co., Ltd.** (Gifu)
- **Showa Packaging Industry Co., Ltd.** (Gifu)
 - Tsushima Plant
 - Nakatsugawa Branch Plant
- **Misuzushigyo Co., Ltd.** (Osaka)
 - Tokyo Plant
- **Misuzuunyu Co., Ltd.** (Osaka)
- **Osaka Paperware Mfg. Co., Ltd.** (Osaka)
- **Nabiace Co., Ltd.** (Aichi)
 - Nakatsugawa Plant
 - Nakatsugawa Office
 - Kameyama Plant, Kameyama Office, Kameyama Distribution Center
 - Kakegawa Plant, Kakegawa Office
 - Kanto Sales Headquarters
- **Mikunishiko Co., Ltd.** (Osaka)
 - Osaka Branch
 - Kyushu Plant/Kyushu Branch
 - Tokyo Branch
- **Sanpei Kogyo Co., Ltd.** (Osaka)
 - Yao Plant

Raw Materials & Environment

- **Fukudasansho Co., Ltd.** (Aichi)
 - Kofu Branch
 - Hamamatsu Branch
 - Toyohashi Branch
 - Okazaki Branch
 - Toyota Branch
 - Anjo Branch
 - Handa Branch
 - Meinan Branch
 - Fukufune Branch
 - Meihoku Branch
 - Fujimae Branch
 - Kasugai Branch
 - Komaki Branch
 - Ichinomiya Branch
 - Hashima Branch
 - Kawagoe Branch
 - Yokkaichi Branch
 - Oyama Branch
 - Yachiyo Branch
 - Higashimurayama Branch
 - Nagano Branch
 - Yanagihara Branch
- **Repasys Co., Ltd.** (Fukuoka)
 - Ogori Branch
- **Hokkai Shigyo Co., Ltd.** (Hokkaido)
- **JP Hokkai Co., Ltd.** (Hokkaido)
 - Ebetsu Plant
- **JH Recycle Co., Ltd.** (Fukushima)
 - Fukushima Plant
- **JK Recycle Co., Ltd.** (Tokyo)
 - Konosu Plant
- **Eco-Port Kyushu Co., Ltd.** (Kumamoto)
- **Eco Power JP Co., Ltd.** (Hokkaido)
- **Noda Bio Power JP Co., Ltd.** (Iwate)
- **Matsue Biomass Power Co., Ltd.** (Shimane)
- **Sun Energy Hirono Co., Ltd.** (Iwate)

Other

- **OVOL ICT Solutions Co., Ltd.** (Tokyo)
- **Arise Innovation, Inc.** (Tokyo)
- **JasmineSoft Co., Ltd.** (Okinawa)
 - Tokyo Office



Global Network

(As of September 1, 2023)

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

North America

Japan Pulp & Paper (U.S.A.) Corp.
● US/Los Angeles

Safeshred Co., Inc.
● US/Los Angeles

JRS Resources, Inc.
● US/Los Angeles
■ Phoenix

Gould Paper Corporation (OVOL USA)
● US/New York
■ Metro Division
New Jersey
■ Publishing & Catalog Division
Boston

Price & Pierce International Inc.
● US/New York

Western-BRW Paper Co., Inc.
● US/Dallas
■ Baxter Clean Care
■ Dallas
■ Longview
■ High Point
■ Houston

Bosworth Papers, Inc.
● US/Houston
■ Austin

Weiss McNair, LLC
● US/Chico

Central and South America

Talico, S.A. de C.V.
● Mexico/Mexico City
■ Guadalajara
■ Monterrey

Europe

Japan Pulp & Paper GmbH
● Germany/Dusseldorf
■ Russia/Moscow

Gould International UK Limited
● UK/London

Gould Publication Papers UK Limited
● UK/London

Gould Paper Sales UK Limited
● UK/London

Harlech PPM Limited
● UK/London

Premier Paper Group Limited
● UK/Birmingham
■ Castle Donington
■ Leicester
■ Bury St Edmunds
■ Northampton
■ Glasgow
■ Leeds
■ Washington
■ Bristol
■ Newton Abbot
■ Southampton
■ Langley
■ Dartford

Wine Box Company Limited
● UK/Crawley
■ London

Gould Papiers France
● France/Paris

OVOL Fiber Europe B.V.
● Netherlands/Amsterdam

Graphic And Paper Merchants Ireland Limited
● Ireland/Dublin

Graphic And Paper Merchants Northern Ireland Limited
● UK/Belfast

Reilly Plastics Limited
● Ireland/Navan

South Asia, Middle East

KCT Trading Private Limited
● India/Kolkata
■ Mumbai
■ Delhi
■ Chennai

OVOL Fibre Solution India Private Limited
● India/Kolkata
■ Mumbai

Tokyo Sangyo Yoshi Co., Ltd.
-India Liaison Office
■ India/Bangalore

Middle East Office
● UAE/Dubai

Southeast Asia

Japan Pulp & Paper (Thailand) Co., Ltd
● Thailand/Bangkok

Hanoi Representative Office
● Vietnam/Hanoi

JP Corelex (Vietnam) Co., Ltd.
● Vietnam/Hanoi

Ho Chi Minh Representative Office
● Vietnam/Ho Chi Minh

Japan Pulp & Paper (M) Sdn. Bhd.
● Malaysia/Kuala Lumpur

JP Asian Electronics Materials (M) Sdn. Bhd.
● Malaysia/Kuala Lumpur

OVOL Malaysia Sdn. Bhd.
● Malaysia/Kuala Lumpur
■ Penang
■ Ipoh
■ Johor Bahru
■ Kota Kinabalu
■ Kuching

Fine Paper Takeo (M) Sdn. Bhd.
● Malaysia/Kuala Lumpur

OVOL New Energy Sdn. Bhd.
● Malaysia/Kuala Lumpur

OVOL Singapore Pte. Ltd.
● Singapore
■ Vietnam/Ho Chi Minh

Transam Industries Pte Ltd.
● Singapore

Manila Representative Office
● Philippines/Manila

Jakarta Representative Office
● Indonesia/Jakarta

PT Oriental Asahi JP Carton Box
● Indonesia/Jakarta

East Asia

Japan Pulp & Paper Co., (H.K.) Ltd.
● China/Hong Kong

Tai Tak Paper Co., Ltd.
● China/Hong Kong

Tai Tak Paper (Shenzhen) Co., Ltd.
● China/Shenzhen

Wotai Paper (Shenzhen) Co., Ltd.
● China/Shenzhen
■ Beijing

Japan Pulp & Paper (Shanghai) Co., Ltd.
● China/Shanghai
■ Beijing

JPTS Electronics Materials (Shanghai) Co., Ltd.
● China/Shanghai

Price & Pierce (Shanghai)
■ China/Shanghai

Japan Pulp & Paper (Taiwan) Co., Ltd.
● Taiwan/Taipei

Japan Pulp & Paper (Korea) Co., Ltd.
● South Korea/Seoul

Daoyi (Shanghai) Trade Co., Ltd.
● China/Shanghai

Oceania

Japan Pulp & Paper (Australia) Pty Ltd
● Australia/Sydney

Ball & Doggett Group Pty Ltd
● Australia/Melbourne

Ball & Doggett Pty Ltd
● Australia/Melbourne
■ Sydney
■ Brisbane
■ Perth
■ Adelaide
■ Hobart

BJ Ball Limited
● New Zealand/Auckland
■ Christchurch
■ Wellington
■ Dunedin

Aarque Group Limited
● New Zealand/Auckland
■ Christchurch
■ Wellington
■ Dunedin

Stock Information and Corporate Data

(As of March 31, 2023)

Stock Information

Stock Listing

Prime Market, Tokyo Stock Exchange (Code: 8032)

Number of Shares

29,560,300

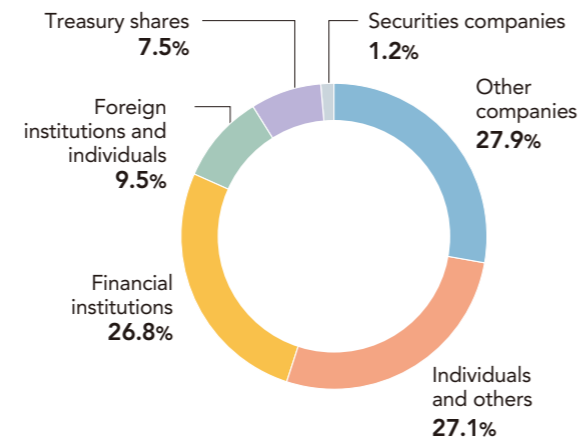
Common Shares Issued and Outstanding

15,021,551

Number of Shareholders

11,610

Composition of Shareholders

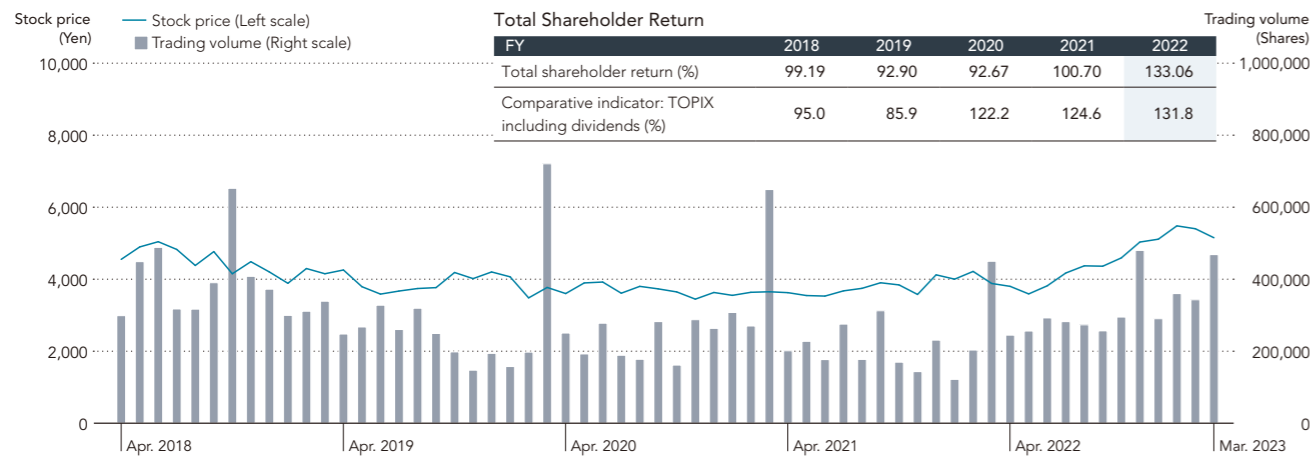


Information on Major Shareholders

Shareholder	Shares held (Thousand shares)	Shareholding ratio (%)
Oji Holdings Corporation	1,638	11.8
Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Custody Bank of Japan, Ltd. as trustee for Nippon Paper Industries Co., Ltd.	1,402	10.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,343	9.6
Japan Pulp and Paper Company Limited Shareholding Association	486	3.5
Custody Bank of Japan, Ltd. (Trust Account)	485	3.4
JP Employee Shareholding Association	336	2.4
Hokuetsu Corporation	310	2.2
Chuetsu Pulp & Paper Co., Ltd.	258	1.8
KAKIMOTO SHOJI Co., Ltd.	236	1.7
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Direct Custody and Clearing, Citibank, N.A., Tokyo Branch)	222	1.5
Total	6,721	48.0

Notes: 1. The number of shares held in connection with trust business and included in the above figures is as follows.
 Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Custody Bank of Japan, Ltd. as trustee for Nippon Paper Industries Co., Ltd.: 1,402 thousand shares
 The Master Trust Bank of Japan, Ltd. (Trust Account): 1,343 thousand shares
 Custody Bank of Japan, Ltd. (Trust Account): 485 thousand shares
 2. Although Nippon Paper Industries Co., Ltd. contributed 1,402 thousand shares of its common stock as trust property to the Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Custody Bank of Japan, Ltd., the right to instruct the exercise of voting rights is retained by Nippon Paper Industries Co., Ltd., the Entrustor, based on the trust agreement.
 3. Japan Pulp & Paper Co., Ltd. holds 1,132 thousand shares of treasury stock, which are excluded from the above list of major shareholders
 4. Of the shares held by Custody Bank of Japan, Ltd. (Trust Account), 148 thousand shares are the trust property of the Board Benefit Trust for officers of Japan Pulp & Paper Co., Ltd. These shares are included in treasury shares in the consolidated and non-consolidated financial statements.

Stock Price and Trading Volume



Corporate Data

Corporate Name	Japan Pulp & Paper Co., Ltd.
Head Office	Forefront Tower, 3-12-1 Kachidoki, Chuo-ku, Tokyo 104-8656 Japan
Representative	Akihiko Watanabe Representative Director, President & CEO
Foundation	1845
Date of Establishment	December 15, 1916
Capital	JPY16,648.92 million
Fiscal Year-End	March 31
Number of Employees	Non-consolidated : 701 Consolidated: 4,338
Major Activities	Japan Pulp & Paper Co., Ltd. and its group companies are involved in the sale and manufacturing of paper, paperboard, pulp, recovered paper, processed paper products, and related products; waste recycling; the generation, purchase, sale and provision of electricity; the development of IT systems; and real estate leasing.
Domestic Bases	Kansai Branch; Kyoto Sales Dept., Kansai Branch; Chubu Branch; Kyushu Branch; Tohoku Sales Dept., Kitanihon Branch; Hokkaido Sales Dept., Kitanihon Branch
Consolidated Subsidiaries	77
Associated Companies (Equity-Method)	6
Main Banks	Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank

Company Website

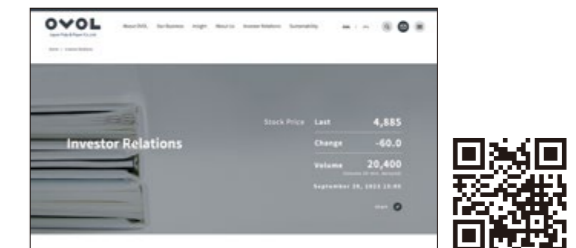
Homepage

<https://www.kamipa.co.jp/eng/>



Investor Relations

<https://www.kamipa.co.jp/eng/ir/>



Sustainability

<https://www.kamipa.co.jp/eng/activity/>



Annual Securities Report (Japanese only)

<https://www.kamipa.co.jp/ir/certificate/>



Corporate Governance Report (Japanese only)

<https://www.kamipa.co.jp/company/governance/>



ESG Data

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