

Paper, and beyond



Japan Pulp & Paper Group
Integrated Report 2022



Japan Pulp & Paper Co.,Ltd.

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Paper, and beyond



Paper, and beyond



The Value We Create

Harnessing the possibilities of paper to contribute to better living and business and realize a circular economy

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

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

OVOL

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

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

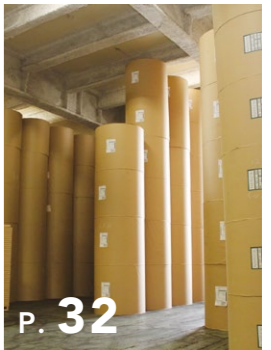
- Change** Change ourselves as society changes.
- Challenge** Challenge new fields with conviction and ambitious spirit.
- Create** Create fresh global value through diversity.

Corporate Slogan

Paper, and beyond

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Scope

Period:
April 1, 2021 to March 31, 2022
Note: Includes some activities after March 31, 2022.

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

Date of next issue: September 2023

Reference Guidelines

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



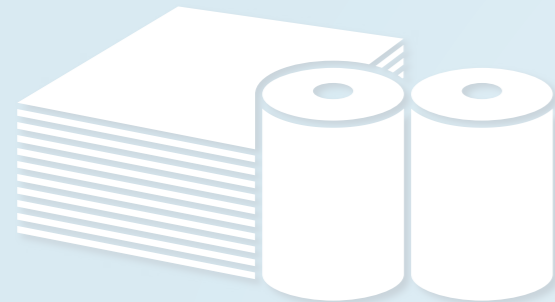
Forward-Looking Statements

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.

The Japan Pulp & Paper Group by the Numbers

(As of March 31, 2022)

History and Foundation



Years Since
Establishment

177 years

Group Companies

114

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.

Continuously Profitable
(Ordinary Profit) since Listing on the
Tokyo Stock Exchange in 1972

50 years

Distribution Sites for
Wholesaling Businesses

88

Human Capital



Number of Consolidated
Employees

4,097

Number of
Parent Company
Employees

697

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

Percentage of Employees
Working Outside of Japan

47.2%

Average Length of Service of
Parent Company Employees

19.3 years

Consolidated Results

Revenue

JPY **444.8** billion

Ordinary Profit

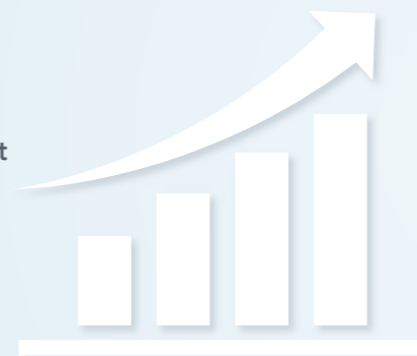
JPY **15.1** billion

Operating Profit

JPY **14.1** billion

Profit Attributable to Owners of Parent

JPY **11.5** billion



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.

Ratio of Revenue
Outside of Japan

50.1%

Trading Partner Countries

52

Countries in Which We Do Business

21

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

Global Operations



Sound Finances



Net D/E Ratio

1.06 times

Issuer Credit Ratings

A

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

A

Japan Credit Rating
Agency, Ltd. (JCR)

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.

Environment-related Businesses



Raw Materials & Environment
Segment Revenue

JPY **21.8** 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

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

Message from the President



We will promote sustainable management and contribute to a sustainable society through new functions and added value.

Akihiko Watanabe
Representative Director, President

In the 177 years since its founding, the Japan Pulp & Paper Group has pursued value creation unique to the group, with paper, an environmentally friendly material, at the core of its business. We have steadily diversified our business and expanded globally, increasing our corporate value and promoting initiatives to build a circular economy ahead of the growing environmental awareness of society. We have defined "sustainability" as sustainable business activities that simultaneously generate social and economic value. We also identified our "material issues," which are internal and external factors that have a significant impact on realizing sustainable business activities. Based on this, we will help resolve various social issues by creating new functions and adding value in each of our businesses. We will also implement sustainable management as a corporate

group that helps make society prosperous and sustainable. This integrated report is the first we have published, and will be used as a tool for providing our stakeholders with information on the Japan Pulp & Paper Group's value creation process and specific initiatives related to its material issues. We met the quantitative targets we set for fiscal 2023, which is the final year of the Medium-term Business Plan 2023, in fiscal 2021 (ahead of schedule) despite the rapid socioeconomic changes arising from the COVID-19 pandemic. This success was the result of joint value creation by the group's executives, employees, and the external stakeholders who have given us their support. I would like to take this opportunity to thank all of our stakeholders.

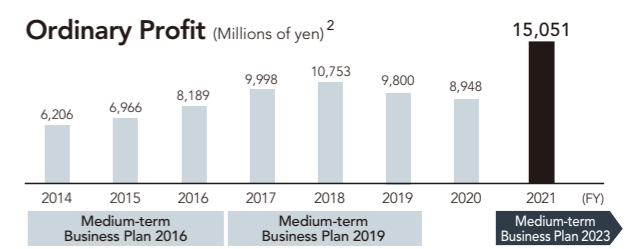
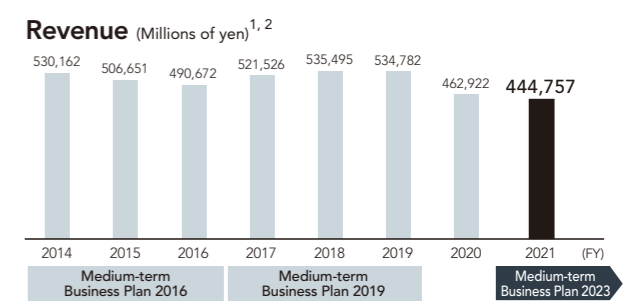
Excellent Progress of the Medium-term Business Plan 2023

The group launched the Medium-term Business Plan 2023 in fiscal 2021. The plan is based on OVOL Vision 2030, which runs through the period up to 2030. We set the quantitative target of JPY15 billion for consolidated ordinary profit in fiscal 2023, the final year of the plan. Our two basic policies are "creating added value in the New Normal," and "evolving into a group that pursues excellence even beyond the paper industry."

Results for the first year of the plan included consolidated ordinary profit of JPY15.1 billion, a year-on-year increase of 68.2%. This means we were able to achieve one of the final targets of the plan two years ahead of schedule. In addition, earnings increased to new highs for each level of income, while ROE, ROA, and the net D/E ratio also exceeded targets.

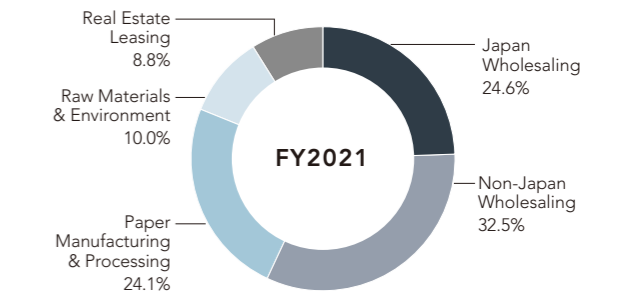
Also of note, the diversification of our businesses has improved the balance of earnings contributed by each of our five segments. As a result, the group has significantly enhanced its resilience against the risk of unforeseen events and has structured an extremely stable consolidated earnings base.

On the other hand, we are still only halfway to achieving the two qualitative targets set out as the basic policies of the Medium-term Business Plan 2023. To achieve those targets, we will continue to steadily implement measures formulated for each segment and promote sustainable management. We inaugurated the Executive Sustainability Committee and the Corporate Sustainability Division in fiscal 2022. These organizations and the ones beneath them will promote sustainable management for the entire group. In addition, we revised the Charter of Corporate Behavior and the 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 as well as several other related policies.



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 12.7%, to JPY521.7 billion
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.

Composition of Ordinary Profit by Business Segment



Note: Ordinary profit by business segment before adjustments

Toward OVOL Vision 2030

The first goal of OVOL Vision 2030 and the Medium-term Business Plan 2023 is to become “the world’s leading paper distribution group.” This vision 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, recycling paper resources, and enhancing capital efficiency and profit margins. We have already created the fundamental platform necessary for regional and business diversification and for resource recycling. While continuing to conduct complementary M&A to further improve capital efficiency and profit margins, we will pursue profits backed by new functions and added value. In addition, we will work to reduce costs by streamlining operations and create a robust business structure for each of our business segments.

We have achieved some aspects of our vision to become the “world’s leading” group, but I still see much work ahead. The Japan Pulp & Paper Group must deliver new functions and added value to enable it to become the world’s leading paper distribution group. In addition, we will encourage society to reaffirm the value of paper and discover the new value we can provide. We also want to broaden the extent to which paper is demanded and help to improve the status of the paper industry and its products by communicating the significant role that paper plays in enriching and comforting people.

The second goal of OVOL Vision 2030 is to be “a group that contributes to a sustainable society and the global environment.” We will proactively propose more effective solutions that make use of paper’s environmental performance. We will also contribute significantly to the creation of a sustainable society by strengthening our wastepaper collection and recycling business, our paper manufacturing and processing business, our renewable energy power generation business, and our comprehensive recycling business, which aims to efficiently recycle plastic and other waste.

The third goal of OVOL Vision 2030 is to be “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry.” This involves supporting the first two goals with appropriate investment in human capital to create next-generation innovations and satisfy all stakeholders, including shareholders, investors, business partners, local communities, and employees.

Furthermore, as a quantitative target of OVOL Vision 2030, we have set a consolidated ordinary profit target of JPY25 billion. We are looking at expansion into new core businesses to achieve this target estimate.

Address Risk and Leverage Opportunities to Simultaneously Generate Two Types of Value

To achieve all of the goals of OVOL Vision 2030 and the Medium-term Business Plan 2023, as well as realize sustainable management that simultaneously generates both social and economic value, we must recognize the risks and opportunities that impact the group and address and leverage them appropriately. Risks common to all companies include soaring raw material and fuel prices, geopolitical risks typified by the situation in Russia and Ukraine, and pandemics typified by the COVID-19 pandemic.

The direct impact of the situation in Russia and Ukraine on the group has been very limited. However, soaring raw material and fuel prices that have led to higher logistics costs, and higher prices for natural gas, electricity, and other forms of energy have had an impact on the group, particularly in the Paper Manufacturing & Processing segment. In addition, the paper manufacturers that supply our Japan Wholesaling segment have revised their prices for both paper and paperboard due to factors such as soaring raw material and fuel prices. As a major distributor, we are working with our business partners to deal with the current situation.



At the same time, restrictions to stop the spread of COVID-19 are easing and travel-related markets are recovering, so we expect demand for pamphlets, packaging for souvenirs and the like, and household paper to increase. However, the group is exposed to risks resulting from major market changes, including the continued decline in demand for paper due to population decline and digitalization. Post pandemic, we see little likelihood that demand for paper will return to pre-pandemic levels.

Turning to opportunities, people are showing signs of fatigue with overwhelming digitalization and are beginning to look for ways to harness the best of both paper and digital media. In addition, the demand for paper to replace plastic is expanding. Paper media offers value because it can directly affect human sensibilities and the five senses, enriches and comforts people, and satisfies the desire to own and collect. This creates opportunities for the group.

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 JPY25 billion

Basic Policy of the 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 JPY15 billion

Initiatives for Identified Material Issues

We have been holding meetings to identify the group’s material issues, and during this process, I myself attended a total of 35 related meetings to discuss the value creation process and the formulation of various measures. The most important issues for the group and, by extension, all stakeholders, are the environment, society, human resources, and governance. I will take the lead in implementing initiatives going forward.

Environment

Today, companies are expected to make their utmost contribution to help resolve environmental issues, and this has become a matter of urgent importance that can determine their very survival. On the other hand, companies need to identify their strengths and to balance environmental and economic considerations. Paper features excellent environmental performance and can be used as an alternative to plastic. As a distribution company mainly specializing in paper, we create economic value through products that also help resolve environmental issues. Even today, as we have diversified geographically and in terms of our business, group

companies continue to engage in sustainable management that prioritizes environmental issues.

Society

In the Japan Wholesaling and Non-Japan Wholesaling segments, we function as a distribution company intermediary between paper manufacturers and customers such as wholesalers, publishers, and printing companies. As such, we may be directly and significant impacted by the business partners we engage with in the supply chain. We need to continue providing new functions and added value beyond those of a traditional distribution company to quickly respond to risks in the supply chain. I have mentioned digitalization several times. We take this trend seriously, just as we do the decline in paper demand accompanying the acceleration of digital transformation promoted by the Japanese government. However, if excessive digitalization does in fact bring about a return to paper, and even if the volume of demand does not reach the peaks of the past, I look forward to seeing a demand structure based on the full recognition of the essential

Message from the President

functions and value of paper. I would therefore expect the value of paper, including its transaction price, to be higher than before. We will aggressively implement the initiatives we have in place to raise awareness about the functions and value of paper, and about the ability of paper to enrich and comfort people. This will increase the economic value of the group, and will also effectively enhance the standing of the industry as a whole.

We will also emphasize our relationships with local communities. In particular, each of our locations in the Paper Manufacturing & Processing and Raw Materials & Environment segments, including those outside Japan, seeks the understanding of local residents and recognizes the responsibility of operating in that place and environment. With that always in mind, we want to generate positive returns that include job creation and revitalization of local economies.

Human Resources

We recognize that the ability of a distribution company to create economic value depends on its people. We are committed to ensuring that our workplaces facilitate even more productive work, that we hire high-level people, both qualitatively and quantitatively, and that we help them function with optimum efficiency. The amount of resources that the group currently uses to develop its people (among the highest in the industry) is not considered a cost, but an investment that will generate future earnings. We therefore place importance on collecting and using employee data, identifying the skills required to increase corporate value over

the long term, implementing strategic training and recruiting, and ensuring that our processes are highly transparent.

Utilizing diversity to improve the economic value of the group is another key theme, but we do not limit ourselves to superficial factors such as gender or nationality. Each officer and employee has different ways of thinking and experiences, so the key to promoting diversity is to create a more positive culture that recognizes and develops individuality and enables everyone to express their opinions freely and openly.

Governance

The number of group companies and regions we serve has grown through diversification, which has significantly increased compliance risk, and inappropriate incidents have occurred in recent years. Enhanced governance is therefore even more important. Compliance can be perceived in different ways by different people, so we provide ongoing compliance education that is consistent throughout the group. In response to the issue of improper disposal of industrial waste, we established the group-wide OVOL Environment & Safety Meetings to prevent the recurrence of earlier mistakes. I am happy to report that the meetings are functioning effectively to enhance group synergies, including in areas related to occupational health and safety. Furthermore, the meetings and their ideas have been key to structuring a sustainable management system for the entire group.

In addition, to further enhance the group's social and economic value we engage in active communication with stakeholders to benefit from their capabilities and wisdom.

number of group companies increases. We are also able to demonstrate our organizational capabilities—capabilities that combine internal and external assets in alliances with external business partners. We pursue all possibilities and efficiencies in paper selection, combination, and processing to best meet our customers' needs through our ability to make proposals that leverage all of the above. Alternatively, we coordinate with multiple business partners and organically link their assets to catalyze win-win outcomes.

Our recycled household paper business exemplifies our technological strengths. The Corelex Group has technologies that are a unique strength of the Japan Pulp & Paper Group, including technologies that enable the recovery and reuse of wastepaper that is difficult to recycle. We are able to promote resource recycling and contribute to the sophisticated resolution of social issues by effectively linking this technological strength with group businesses including wastepaper recovery and containerboard manufacturing and processing.

We have earned the trust of our business partners and leverage our many strengths with a primary focus on creating new functions and added value in our paper and paperboard wholesaling business. As mentioned earlier, trust enables us to differentiate our businesses. A crucial issue will be expanding the functions of the group and its employees along with the added value that we can provide to our customers in order to earn even greater trust. We must therefore leverage our extensive and diverse knowledge to enhance our organizational capabilities and ability to make proposals so that we provide value that

goes beyond paper. We believe that we must enhance our perceptiveness and sensitivity to the market, accumulate information and knowledge, and strengthen our organizational capabilities and ability to make proposals if we are to continue being of value to our stakeholders.

Our second priority is to strengthen alliances. For example, geographical alliances to create structurally efficient distribution networks are absolutely critical to improving profitability in paper wholesaling. Our objective is to improve the efficiency of existing businesses and develop new ones through alliances. This applies not only to paper wholesaling, but to all other group businesses as well.

Our third priority is a focus on expanding our circular business model. In recent years, the group's Raw Materials & Environment business has played a part in contributing to Japan's high wastepaper recovery and wastepaper utilization rates. We will further improve the sorting quality of the wastepaper we collect, stably supply paper manufacturers in Japan, and actively participate in a circular business model for the paper industry. In addition, we will further strengthen our household paper business, which fully utilizes its technology for making use of difficult-to-recycle paper, and our containerboard manufacturing and processing businesses. We will continue to promote a circular business model within the group. Furthermore, we will implement initiatives for safe and stable renewable energy power generation and expand the comprehensive recycling business with an emphasis on plastic material recycling. These efforts will contribute to society by offering increasingly diverse value.

Promoting a Business Model That Contributes to Society

The "trust" of our business partners is at the core of the group's business model. As a leading paper distribution group with a history of 177 years, everything we do begins and ends with our philosophy of integrity, fairness, and

harmony. Differentiating our products from those of other companies is not always easy in our core paper and paperboard wholesaling business. However, we are able to differentiate the group through the trust we earn, even if the paper products we handle are similar to those provided by others. We demonstrate our capabilities best when our business partners rely on us when they experience problems. Without doubt, this trust will enable the group to make even greater progress in the future.

In addition, alliances and collaboration with companies in related industries are an increasingly effective business strategy, and the trust we earn from these partners is crucial.

The trust we earn is in large measure the result of our knowledge of materials, such as paper and related films, and pertinent knowledge in areas including printing and processing, all of which are backed by our history. In addition, we have an extensive knowledge of and experience with the entire paper supply chain and our internal assets are becoming more diversified as the

To Our Stakeholders

The COVID-19 pandemic severely restricted our sales activities and daily operations, and we were forced to take measures to deal with this unprecedented situation. However, we were able to meet the quantitative targets we set for fiscal 2023, which is the final year of the Medium-term Business Plan 2023, two years ahead of schedule. Once again, I would like to express my heartfelt thanks to the executives and employees of the group for their efforts, and to all of our external stakeholders for their support.

While social and economic conditions remain unclear, the group will continue to demonstrate a unified commitment to sustainable management. We have identified material issues and will further implement strategies with a holistic environment, society, and governance (ESG) perspective. In addition, we have published this initial integrated report to provide broad external disclosure of the group's value creation process, and to create new value by communicating with our stakeholders in a more direct way. We also want to promote understanding and

awareness within the group. I call on all group employees to embrace the spirit of "change, challenge, and create" with a strong sense of ownership and motivation so that we can consistently meet our quantitative as well as qualitative targets and simultaneously generate both social and economic value.

We must remain committed to the notion that everything we do begins and ends with our Corporate Philosophy in order to fully mitigate risks, leverage opportunities, and continue to develop. I will exemplify this commitment and show the way forward with aggressive but well-reasoned leadership.

We sincerely and humbly respond to the advice and opinions of our shareholders, members of the local community, business partners, and other stakeholders as we work to improve the overall satisfaction of all stakeholders, including group executives and employees. To this end, I look forward to your further guidance and encouragement.



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.



Built up over 177 years as a leader in the paper distribution industry

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

1845-

- Founded as a traditional Japanese paper (washi) merchant
- First in Japan to trade in machine-made paper



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

1970-

- Stock listing
- Entry into the wastepaper recycling business



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

2000-

- Entry into the containerboard and printing paper manufacturing businesses, both of which use recovered paper as a raw material
- Entry into the comprehensive recycling business, including waste plastic recycling



- 2000 Launched "Paper & Goods," a website focused on the sale of digital on-demand printing paper.
- 2003 Taiho Paper Co., Ltd. and Indonesia's PT Oriental Asahi JP Carton Box (OAJ) join the group.
- 2007 Kawabe Biomass Power Generation Co., Ltd. begins power generation from woody biomass. Eco-Port Kyushu Co., Ltd. established, expanding the group's recycling business to waste plastic and other materials.
- 2009 Transfer of the paper manufacturing business of Tokiwa Corporation to Eco Paper JP Co., Ltd.

2010-

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

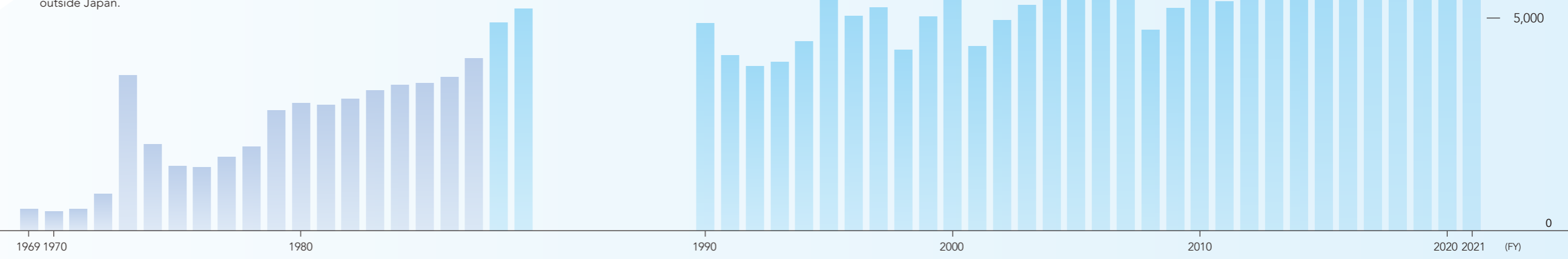


- 2010 Gould Paper Corporation, a leading US paper merchant, joins the group, strengthening the group's business foundation in the US and Europe.
- 2011 Corelex Group joins the group, marking entry into the recycled household paper business.
- 2012 KCT Trading Private Limited, an Indian paper merchant, joins the group, strengthening the group's business foundation in India.
- 2015 Corelex Shin-Ei Co., Ltd. begins operation of a new mill. Eco Power JP Co., Ltd. begins operation of Kushiro Onbetsu Solar Power Generation Plant.
- 2016 Noda Bio Power JP Co., Ltd. begins power generation from woody biomass.
- 2017 Ball & Doggett Group Pty Ltd joins the group, strengthening the group's business platform in Oceania. Fukudasansho Co., Ltd., a major Japanese wastepaper trading company, joins the group.
- 2018 Southeast Asia paper merchants Spicers Paper (Singapore) Pte Ltd (now OVOL Singapore Pte. Ltd.) and Spicers Paper (Malaysia) Sdn Bhd (now OVOL Malaysia Sdn. Bhd.) join the group. OVOL New Energy Sdn. Bhd. established, and begins collection, sales, and export of PKS in Malaysia.
- 2019 Premier Paper Group Limited, a leading paper merchant in the UK, joins the group, strengthening the group's business foundation in the UK. Launched "Paper & Green," a website specializing in environmentally conscious products.
- 2020 Fuchikami Co., Ltd., a paper merchant in Kagoshima and Okinawa, joins the group.
- 2021 Narumi-Kamiten Co., a paper merchant in Aomori, joins the group. OAJ begins full-scale operations of its new mill.
- 2022 Osaka Paperware Mfg. Co., Ltd. and Misuzushigyo Co., Ltd., containerboard manufacturers in Osaka, join the group.



Fiscal 2021 Consolidated Ordinary Profit
JPY 15.1 billion

Ordinary Profit
■ Non-consolidated
■ Consolidated



Value Creation Process

Corporate Philosophy

▶ Page 2

OVOL Vision 2030

▶ Page 8

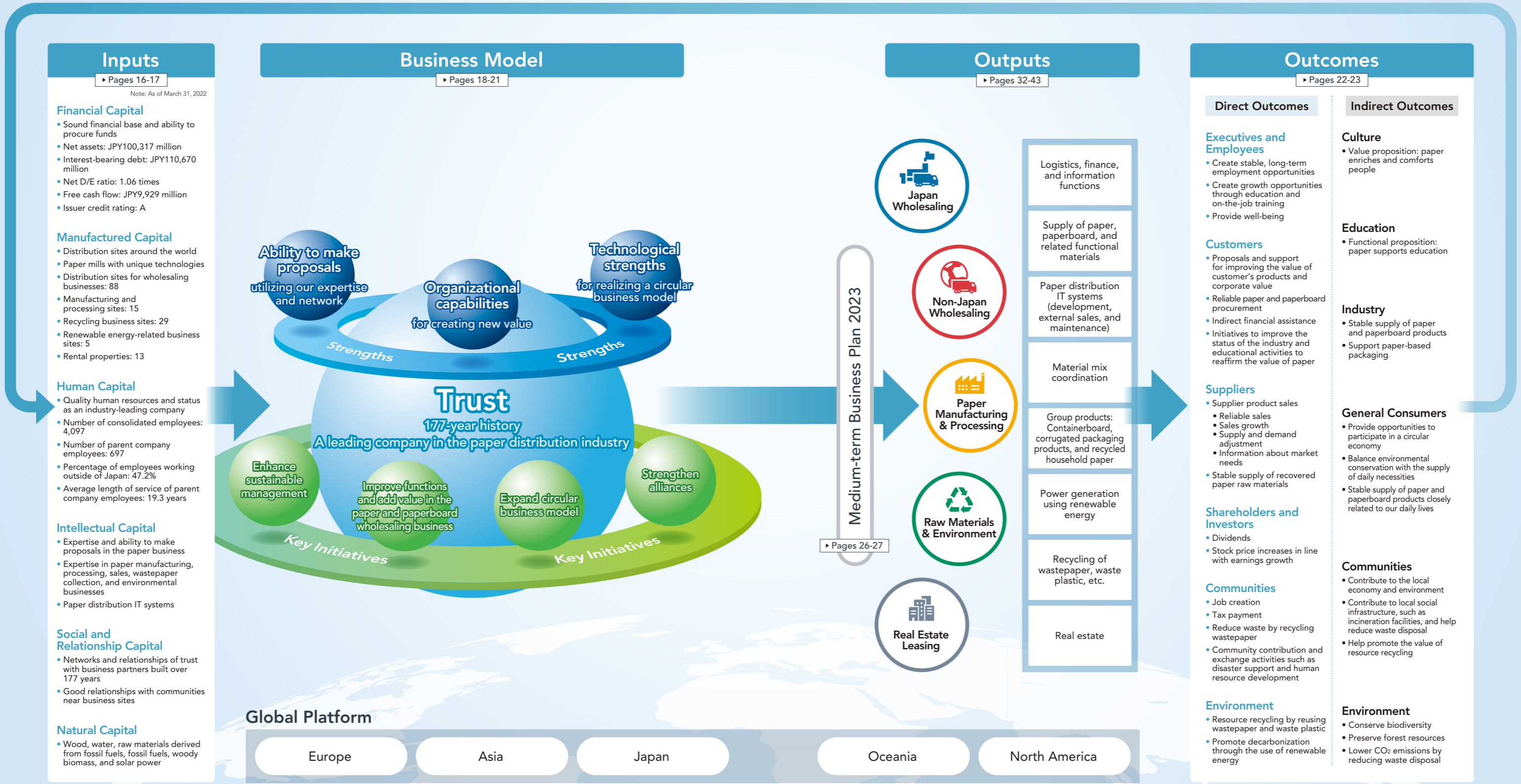
Material Issues

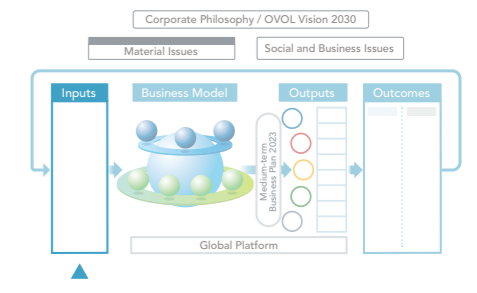
▶ Pages 24-25, 45

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

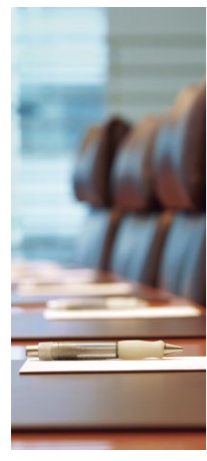
<ul style="list-style-type: none"> Climate change and decarbonized society Biodiversity and forest conservation Depletion of water resources and water pollution Circular economy 	<ul style="list-style-type: none"> Social demand for respect for human rights and diversity Digitalization Demand for ESG initiatives Changes in people's awareness of the environment 	<ul style="list-style-type: none"> Harmonious coexistence with local communities Geopolitical risks Declining birthrate and aging population in Japan Changing world population and demographics
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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 simultaneously generates both social and economic value and reinvests in the value creation process to strengthen and increase each form of management capital.



1 Financial Capital

- Sound financial base and ability to **procure funds**
- Net assets: **JPY100,317** million
- Interest-bearing debt: **JPY110,670** million
- Net D/E ratio: **1.06** times
- Free cash flow: **JPY9,929** million
- Issuer credit rating: **A**

The group is further increasing its corporate value by diversifying its businesses, reinforcing existing platforms, and creating value through 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 policy 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.



2 Manufactured Capital

- Distribution sites **around the world**
- Paper mills with **unique technologies**
- Distribution sites for wholesaling businesses: **88**
- 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 localized 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, processing, and sale of wastepaper as a raw material, which also includes the businesses of wastepaper collection and recycling. Furthermore, our commitment to realizing a circular economy involves the renewable energy power generation business.



3 Human Capital

- **Quality human resources and status** as an **industry-leading company**
- Number of consolidated employees: **4,097**
- Number of parent company employees: **697**
- Percentage of employees working outside of Japan: **47.2%**
- Average length of service of parent company employees: **19.3** years

Human capital is the most important form of management capital for achieving the group's goal of becoming the world's leading paper distribution group. 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.



4 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**

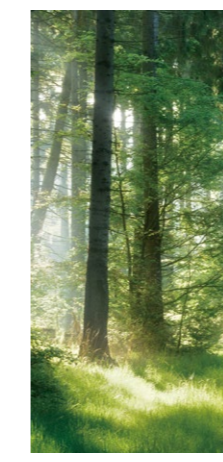
The group has been involved in the paper business for 177 years. Its extensive knowledge and experience related to paper and other materials, peripheral markets such as printing and processing, and the entire supply chain is a potent strength. This intellectual capital is unique to the group. Furthermore, the group uses this intellectual capital throughout the organization to create 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.



5 Social and Relationship Capital

- **Networks** and **relationships of trust** with business partners built over **177** years
- **Good relationships with communities** near business sites

The group has built relationships of trust with stakeholders including customers and business partners over 177 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 simultaneously generate both social and economic value and the sharing of information with stakeholders through dialogue to strengthen our relationship and grow together.



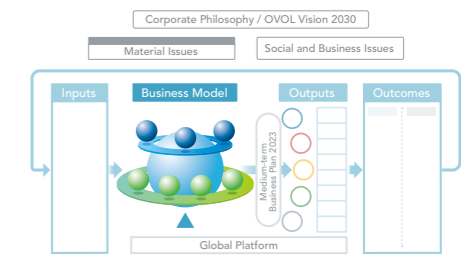
6 Natural Capital

- **Wood, water, raw materials derived from fossil fuels, fossil fuels, woody biomass, and 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. Furthermore, the group operates in the wastepaper and waste plastic recycling businesses, and in so doing aims to create a circular economy that support 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.

Business Model

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 simultaneously generate both social and economic value.



A Business Model Based on Trust



We have continued to build trust over our 177-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.

The Japan Pulp & Paper Group's core strengths are its ability to make proposals utilizing its expertise and network, technological strengths for realizing a circular business model, and organizational capabilities for creating new value. We are refining these strengths to gain and retain the trust of our stakeholders. Moreover, stakeholder trust is the basis of all of our initiatives as a leading paper distribution group. We will work to support our own development and the industry by actualizing the possibilities of paper in order to create new value.

Three Strengths

1 Ability to make proposals utilizing our expertise and network

Stakeholder trust is at the core of the group's business model. One of the strengths for earning that trust is our ability to make proposals utilizing our expertise and networks. The group began as a paper wholesaler, and today is a distribution company with a core business that specializes in paper wholesaling. Our 177-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 meet customer needs. This includes offering optimum paper products and appropriate processing capabilities, and other services. We are committed to creating new value by rediscovering the value of paper, and will explore all possibilities as we deploy our ability to make proposals.

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

As a Distributor	As a Trading Company	As a Coordinator
As a distributor for manufacturers in and outside of Japan, we have the ability to make proposals that meet the different market needs of the countries and regions we serve, procure the most appropriate products, and expand sales.	Our ability to make proposals utilizes the information and logistical networks we have built globally, and our financial functions to support society and business partners in various fields.	Our ability to make proposals involves coordinating everything from selecting the optimum product for customer needs to development and delivery.

2 Technological strengths for realizing a circular business model

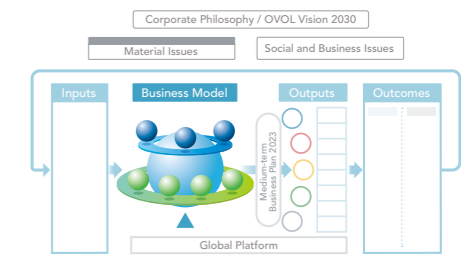
We see our paper recycling technology as a powerful technological strength that helps us realize a circular business model unique to the group. In each of the Corelex companies in our group we deploy this technology to manufacture household paper from recycled wastepaper materials that are difficult to recycle. The Corelex Group transformed milk cartons and paper cups into a recycled resource, and they are now commonly recycled.

We are also developing new recycling systems by creating innovative technologies for applications such as recycling laminated paper, aluminum packing paper, and used paper plates as raw materials. We have been involved in wastepaper recovery 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. Japan Pulp & Paper Co., Ltd. and its 114 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. Our organizational capabilities weave the group's diverse businesses and

extensive global operations together in a rich tapestry of functions and strengths to create new value. 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. In addition, the group will exercise its organizational capabilities within alliances that combine its assets with those of external business partners.



Key Initiatives

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

One key initiative is improving functions and adding value in the paper and paperboard wholesaling business. This involves leveraging group strengths with the mission of helping customers to improve their business. We will do so by employing the product and peripheral knowledge we have acquired as the basis for providing analyses of market trends and other information, offer proposals to holistically optimize logistics, and provide solutions for environmentally responsible businesses that integrate product lifecycles from sale to recycling. These are all ways in which we help customers manage their businesses. 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. Group businesses handle the ubiquitous material that is "paper," and our ability to improve functions and add value in the paper and paperboard wholesaling business is a key differentiator that leads customers to choose us. We will continue to offer more functions and increase added value to remain the corporate group of choice for our customers.

2 Strengthen alliances

Paper is a ubiquitous material, so the group is best able to clearly differentiate itself by adding value in its paper businesses. We are therefore emphasizing better and stronger alliances beyond the boundaries of the group. For example, paper, paperboard, and cardboard are bulky, which makes strengthening our alliances geographically the key to creating an efficient inventory and delivery network that serves local production and consumption. 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. We need to identify partners that can grow with us in order to create stronger alliances. The group has built relationships throughout its long history and has alliances built on trust with business partners in an array of regions and businesses. Our alliances with business partners will help increase the efficiency of existing businesses, and will be the catalyst for developing new products, services, and businesses. Strengthening our alliances will naturally involve utilizing our ability to make proposals, our organizational capabilities, and our technological strengths, and will include all segments. Our objective is to create value.

3 Expand circular business model

Expanding our circular business model will accelerate initiatives that leverage group strengths in the resource and energy cycles. In the resource cycle, we are leveraging our technological strengths to manufacture household paper from recycled wastepaper materials that are difficult to recycle. This technology for recycling used paper transforms wastepaper that used to be discarded into a raw material, thus creating a recycled resource that reduces waste. We will further enhance sorting quality in our wastepaper recovery business to increase the role of recycling in the domestic paper industry with a focus on stably supplying paper manufacturers in Japan. In addition, we are leveraging the group's organizational capabilities in an internal resource cycle in which our used paper recycling business supplies the group's Paper Manufacturing & Processing segment. We are addressing tighter regulations

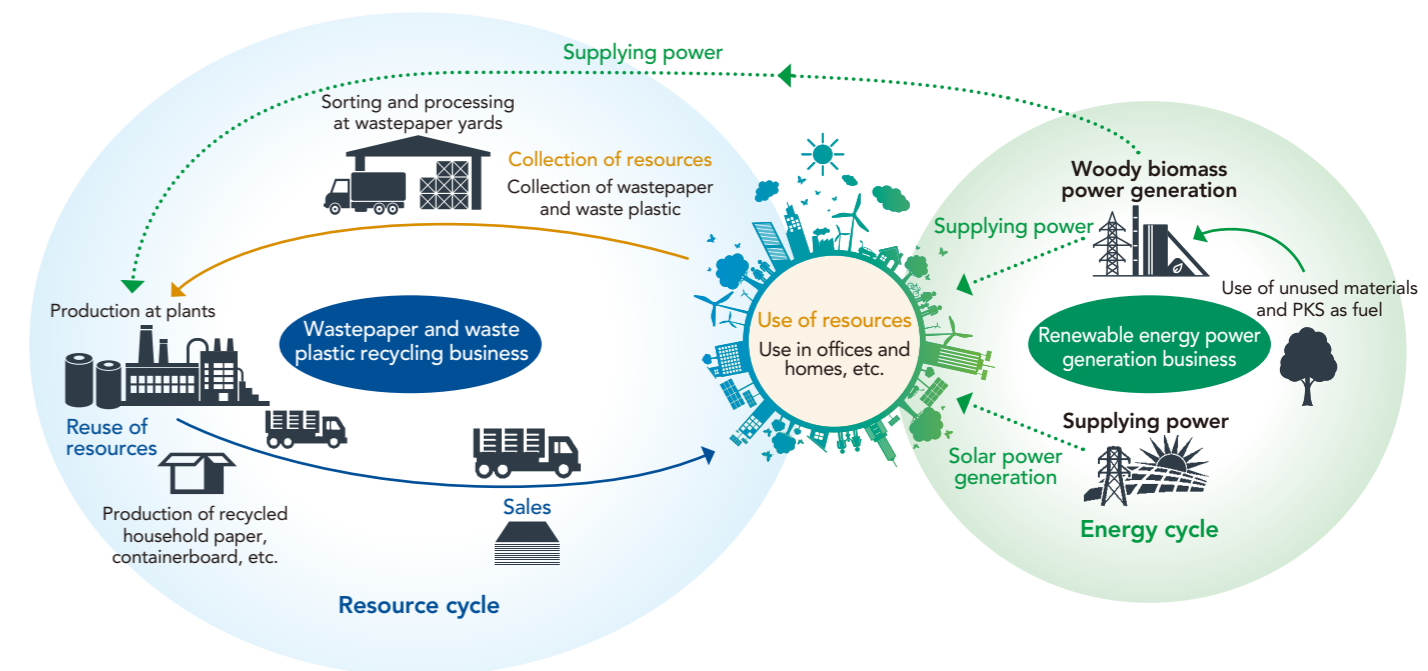
over the past several years and the increasing societal awareness of the importance of recycling waste plastic resources by aggressively expanding our comprehensive recycling business with an emphasis on recycling plastic materials. The energy cycle includes the renewable energy power generation business. We are fully committed to the mission of stably providing safe, environmentally responsible energy. 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, thus integrating the resource and energy cycles within the group. We are deploying the resource cycle we have built using our technological strengths and organizational capabilities to enhance our ability to make proposals, and we will also expand recycling businesses throughout the group.

4 Enhance sustainable management

Around the world, various social problems such as climate change, resource depletion, marine pollution, poverty, widening disparities, and human rights violations are rapidly becoming more apparent and serious. Addressing these issues is therefore an urgent matter that impacts corporate sustainability. Given these circumstances, the group believes it can continue to increase corporate value by simultaneously generating social and economic value. Enhancing sustainable management is also a commitment to the stakeholders who place their trust in the group. Specific initiatives to enhance sustainable management

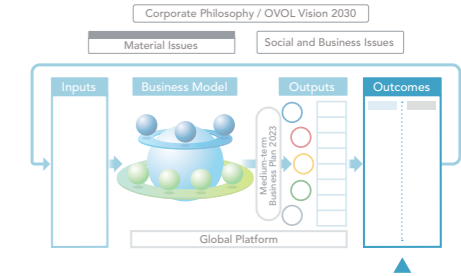
include the April 1, 2022 launch of the Executive Sustainability Committee and its operational organization, the Corporate Sustainability Division. We also revised the Charter of Corporate Behavior and the Code of Conduct for Executives and Employees, and established the Sustainability Policy and other related policies in order to link our Corporate Philosophy to sustainable management. We are committed to sustainable management, and we will proactively promote awareness and understanding. We want to encourage all executives and employees to embrace that approach in order to drive initiatives that increase corporate value and achieve sustainable development.

Realizing a Circular Economy



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 simultaneously generate social and economic value.



Direct Outcomes

Subject	Direct Outcomes	Examples of Initiatives
Executives and Employees	<ul style="list-style-type: none"> Create stable, long-term employment opportunities Create growth opportunities through education and on-the-job training Provide well-being 	<ul style="list-style-type: none"> Spread the group's Corporate Philosophy Promote dialogue between management and employees to create an environment where executives and employees can work comfortably and make the most of their abilities
Customers	<ul style="list-style-type: none"> Proposals and support for improving the value of customer's products and corporate value Reliable paper and paperboard procurement Indirect financial assistance Initiatives to improve the status of the industry and educational activities 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 Promote resource recycling by recycling the paper and plastic used in product packaging
Suppliers	<ul style="list-style-type: none"> Supplier product sales <ul style="list-style-type: none"> Reliable sales Sales growth Supply and demand adjustment Information about market needs Stable supply of recovered paper raw materials 	<ul style="list-style-type: none"> Revitalize pulp and paper-related industries by improving the value of paper Create sales opportunities Create product development opportunities by providing information on market needs
Shareholders and Investors	<ul style="list-style-type: none"> Dividends Stock price increases in line with earnings growth 	<ul style="list-style-type: none"> Implement OVOL Vision 2030 Implement the Medium-term Business Plan 2023 Promote sustainable management
Communities	<ul style="list-style-type: none"> Job creation Tax payment Reduce waste by recycling wastepaper Community contribution and exchange activities such as disaster support and human resource development 	<ul style="list-style-type: none"> Revitalize local economies near the group's business sites and the locations of its customers, suppliers, and other stakeholders
Environment	<ul style="list-style-type: none"> Resource recycling by reusing wastepaper and waste plastic Promote decarbonization through the use of renewable energy 	<ul style="list-style-type: none"> Reduce CO₂ emissions through the reduction of waste by recycling Promote the sustainable use of forest resources through the use of recovered paper materials Promote resource recycling through the use of recycled pulp and plastic materials

Indirect Outcomes

Subject	Indirect Outcomes	Examples of Initiatives
Culture	<ul style="list-style-type: none"> Value proposition: paper enriches and comforts people 	<ul style="list-style-type: none"> Activities to increase awareness about the functions and value of paper, its new possibilities, and other benefits
Education	<ul style="list-style-type: none"> Functional proposition: paper supports education 	<ul style="list-style-type: none"> Activities to increase awareness such as reading, writing, and learning on paper
Industry	<ul style="list-style-type: none"> Stable supply of paper and paperboard products Support paper-based packaging 	<ul style="list-style-type: none"> Stable supply of daily necessities such as printing and communication paper, household paper, and containerboard Contribute to a circular economy through the recycling of wastepaper Contribute to lowering our carbon impact throughout the entire supply chain
General Consumers	<ul style="list-style-type: none"> Provide opportunities to participate in a circular economy Balance environmental conservation with the supply of daily necessities Stable supply of paper and paperboard products closely related to our daily lives 	<ul style="list-style-type: none"> Contribute to better living through the pursuit of paper's unique functions and appeal Raise awareness of paper as an environmentally friendly and sustainable material Provide opportunities to purchase environmentally friendly products at reasonable prices
Communities	<ul style="list-style-type: none"> Contribute to the local economy and environment Contribute to local social infrastructure, such as incineration facilities, and help reduce waste disposal Help promote the value of resource recycling 	<ul style="list-style-type: none"> Reduce waste in communities and raise consciousness in cooperation with local governments Promote understanding of resource recycling through activities to raise awareness such as tours of recycled paper manufacturing mills and recycling facilities
Environment	<ul style="list-style-type: none"> Conserve biodiversity Preserve forest resources Lower CO₂ emissions by reducing waste disposal 	<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 appropriate inventory locations

Examples of initiatives Flat-rate diaper delivery service

Approximately 6,000 diapers are needed for each baby. Eliminating the burden of restocking diapers and wipes contributes to more time for childcare.

We provide a flat-rate diaper delivery service in cooperation with Gakken Holdings Co., Ltd., Gakken E-Mirai Co., Ltd., and Oji Nepia Co., Ltd. We aim to provide added value to disposable diapers and reduce the burden of diaper supply for nursery schools and parents.

Until now, nursery schools had to manage diapers for each individual child and inform parents when diapers were running low or needed to be restocked. Parents also had to bring diapers to the nursery school and, depending on the rules, write their children's names on each diaper, which was a major hassle. We teamed up with Oji Nepia and Gakken E-Mirai, which have nationwide networks of kindergartens and nursery schools, to reduce this burden by providing sets of diapers and wipes, essential items for changing diapers, to infants and toddlers.

This service was initiated in cooperation with Gakken Holdings, Gakken E-Mirai, and Oji Nepia. It highlights the possibilities of paper and provides added value to disposable diapers as it creates new products and services that go beyond what we have accomplished to date. We will continue to take on the challenge of creating new value to benefit various companies and consumers by connecting paper manufacturers and user companies.



Examples of initiatives Gift Book Campaign 2022

Words, pictures, and photos on paper have the power to create lasting memories. We hope that as many people as possible enjoy the appeal of paper as it enriches and comforts them.

We sponsored the Gift Book Campaign 2022 organized by Bunka News, Ltd. that began in December 2021 at bookstores across Japan. This campaign was aimed at establishing the concept of, and passing on the outstanding culture of giving books as gifts to loved ones, including to oneself, by selling *Hon no Kimochi Desu 2022*, a comprehensive catalogue based on the joy of reading books. The catalogue features information on what books to give as gifts and includes recommendations by 50 celebrities, booksellers, librarians, and other professionals. It launched in bookstores nationwide during the Christmas and New Year's gift-giving season.

In *Hon no Kimochi Desu 2022*, each celebrity (including business people, cultural figures, scholars, athletes, and entertainers) has selected three titles, and major booksellers and librarians, who are connoisseurs of books, have each selected one title. The catalogue includes comments on each selection and a message from the person making the selection, and is well worth reading.

In the Medium-term Business Plan 2023, we have stated our commitment to "deliver the value of paper and paper products to society through events and business activities." We sponsored the event as we sympathized with the campaign's objective of "preventing the next generation of young people from moving away from paper media and passing on the culture of the printed word." We will continue to pursue the infinite possibilities of paper and take on the challenge of creating new value.



Material Issues

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. In accordance with this Corporate Philosophy, the group strengthened its sustainability promotion framework by establishing the Executive Sustainability Committee on April 1, 2022, with the aim of proactively promoting sustainable management. The group also revised its Charter of Corporate Behavior and established the Sustainability Policy as well as several other related policies.

Going forward, the group will work to strengthen sustainable management and promote effective initiatives by regularly confirming and reviewing material issues, which we have identified as "internal and external factors that have a significant impact on realizing sustainable business activities that generate both social and economic value," based on changes in the external environment.

Process of Identifying Material Issues

STEP 1 ▶

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

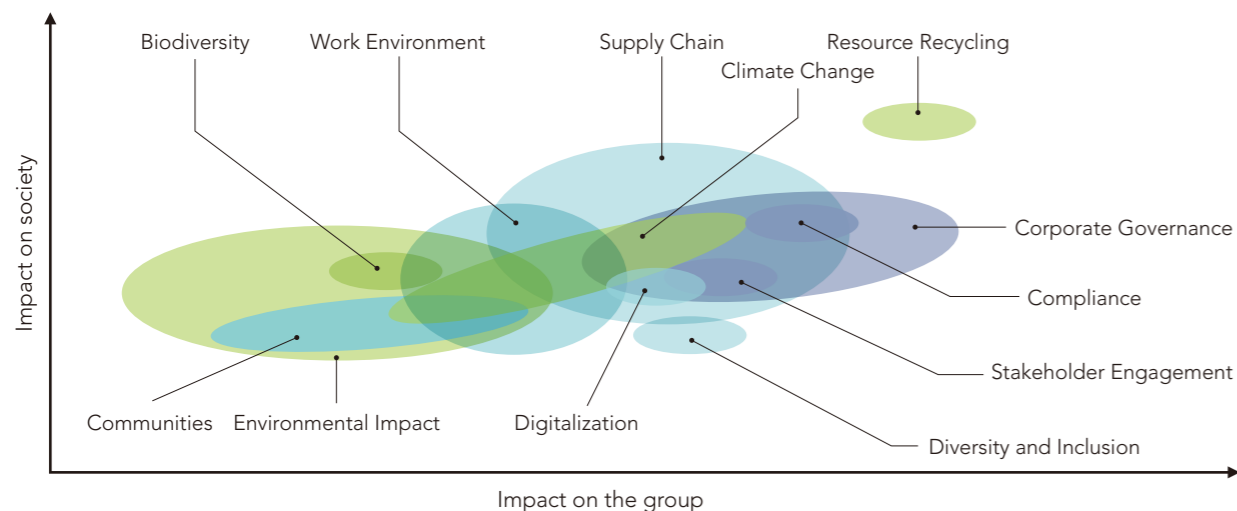
STEP 2 ▶

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

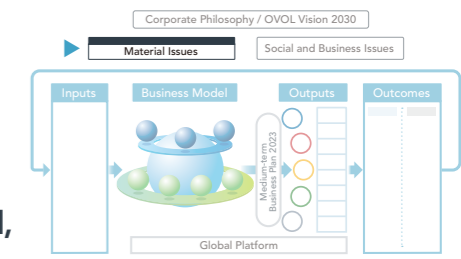
STEP 3

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

* 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.



The following presents material issues of the Japan Pulp & Paper Group, the reasons they were identified, and the SDGs to which the group contributes.



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

Themes	Material Issues	Reasons for Identification	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. 	
	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. 	
	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. 	
	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. 	
Society	Supply Chain	<ul style="list-style-type: none"> It is essential to ensure sustainability throughout our 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. 	
	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. 	
	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). 	
Employees	Work Environment	<ul style="list-style-type: none"> It is essential to provide stable employment, opportunities to develop skills, fair evaluations and equitable treatment, and to create a comfortable working environment. It is essential to strengthen our human capital by improving labor productivity and employee engagement. 	
	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. 	
Governance	Corporate Governance	<ul style="list-style-type: none"> It is essential to build a transparent and effective management system from the perspective of sustainable and medium-to-long-term improvement of corporate value. 	
	Compliance	<ul style="list-style-type: none"> Our corporate value may be significantly impaired in the event of compliance-related issues. 	
	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. 	

Medium-term Business Plan 2023 – Progress

Basic Policies of the Medium-term Business Plan 2023

In the 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.

Consolidated ordinary profit target for FY2023

JPY15 billion

1

Creating Added Value in the New Normal

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

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

2

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

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

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

Medium-term Business Plan 2023 – Quantitative Targets

The quantitative target for consolidated ordinary profit in fiscal 2023 is JPY15 billion, based on the following segment targets: JPY5 billion for Japan Wholesaling; JPY3 billion for Non-Japan Wholesaling; JPY6 billion for Paper Manufacturing & Processing; JPY1.5 billion for Raw Materials & Environment; and JPY1.5 billion for Real Estate Leasing. (Minus JPY2 billion for Adjustments)

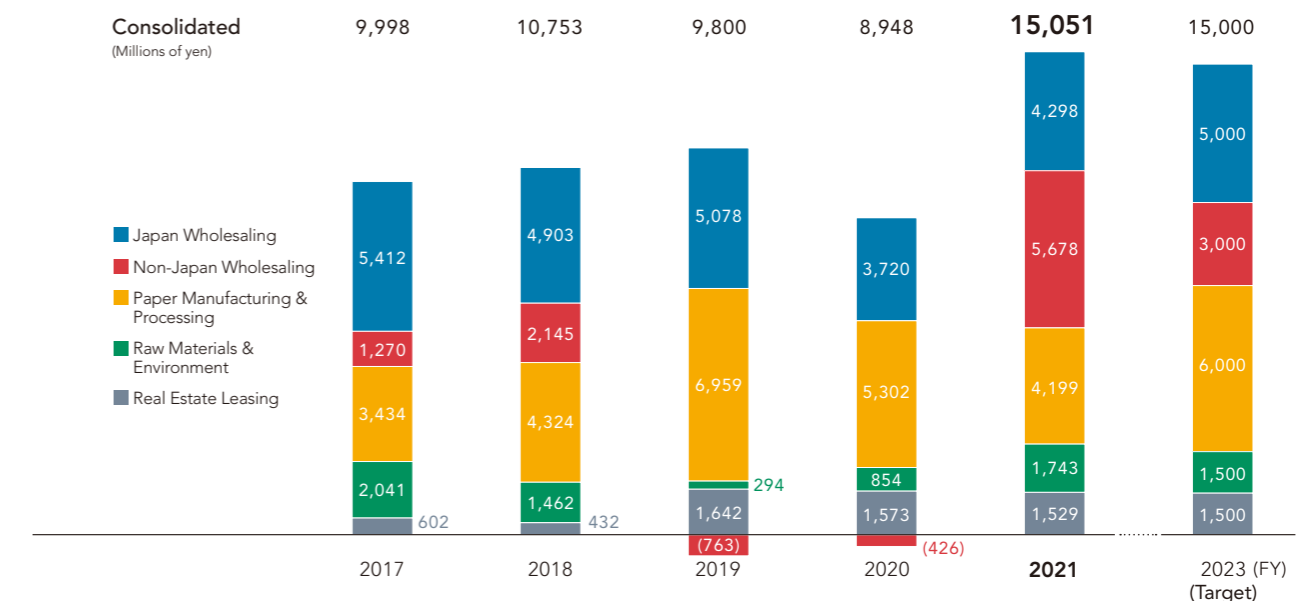
In fiscal 2021, the first year of the Medium-term Business Plan 2023, we achieved consolidated ordinary profit (one of the final targets of the plan) of JPY15.1 billion (year-over-year increase of 68.2%) two years ahead of schedule.

In addition, earnings increased to new highs for each level of income, while ROE, ROA, and the net D/E ratio also exceeded targets.

Ordinary Profit Targets and Fiscal 2021 Results by Segment

(Millions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2023 Targets
Japan Wholesaling	5,412	4,903	5,078	3,720	4,298	5,000
Non-Japan Wholesaling	1,270	2,145	(763)	(426)	5,678	3,000
Paper Manufacturing & Processing	3,434	4,324	6,959	5,302	4,199	6,000
Raw Materials & Environment	2,041	1,462	294	854	1,743	1,500
Real Estate Leasing	602	432	1,642	1,573	1,529	1,500
Adjustments	(2,761)	(2,513)	(3,410)	(2,075)	(2,396)	(2,000)
Consolidated	9,998	10,753	9,800	8,948	15,051	15,000



Consolidated Financial Indicator Targets and Fiscal 2021 Results

Management Indicator	FY2017	FY2018	FY2019	FY2020	FY2021	FY2023 Target
ROE	7.6%	4.5%	6.1%	4.5%	13.0%	8.0%
ROA	3.2%	3.1%	2.8%	2.7%	4.6%	4.0%
ROIC	3.7%	3.6%	3.6%	3.0%	4.9%	5.0%
Net D/E ratio	1.28x	1.31x	1.50x	1.23x	1.06x	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, Raw Materials & Environment

Review of Financial Results

The group formulated its three-year Medium-term Business Plan 2023, which started in April of fiscal 2021 (the year ended March 31, 2022), based on the results of fiscal 2020 (consolidated ordinary profit of JPY8.9 billion). The plan set a target for consolidated ordinary profit of JPY15 billion in fiscal 2023, the final year of the plan, significantly exceeding the record JPY10.8 billion achieved in fiscal 2018.

Results (earnings) on a consolidated basis for the first year of the plan were operating profit of JPY14.1 billion, ordinary profit of JPY15.1 billion, and profit attributable to owners of parent of JPY11.5 billion. As such, earnings increased to new highs for each level of income, and we achieved one of the final targets of the plan two years ahead of schedule.

In the Non-Japan Wholesaling segment, which had been struggling with losses for two consecutive fiscal years due in part to the heavy burden of goodwill amortization, profit increased significantly in fiscal 2021 due to higher selling prices in response to tighter supply and demand conditions and the impact of business structure reforms. As a result, all five segments made a well-balanced contribution to overall results, leading to record-high profits.

The group has pursued well-balanced and diversified management that does not overly rely on a particular segment, and has been strengthening the revenue base of each segment. As a result, the Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, and Raw Materials & Environment segments are able to

complement each other and are resilient to changes in economic conditions. Furthermore, the group has been able to establish an even more resilient revenue base due to the stability of the Real Estate Leasing segment.

In fiscal 2022, a key issue will be the extent to which price revisions and improved efficiency will be able to compensate for soaring prices for electricity, fuel, and raw materials as well as higher logistics costs, particularly in the Paper Manufacturing & Processing segment. Our outlook is somewhat conservative as we expect a limited but unavoidable decrease in profit. However, as a result of the continued increase in sales volume and selling prices in the major markets of the Non-Japan Wholesaling segment, consolidated ordinary profit for the group was JPY4.5 billion in the first quarter of fiscal 2022. This marks strong progress toward the consolidated ordinary profit forecast of JPY14 billion (32% achievement rate). In addition, the sale of some property held in Kachidoki, Tokyo in the first quarter of fiscal 2022 resulted in a JPY16.8 billion gain on sale of non-current assets (reported under extraordinary income). We expect profit attributable to owners of parent to increase 69.6% year on year to JPY19.5 billion in fiscal 2022.

In the final year of the Medium-term Business Plan 2023, we intend to further strengthen the revenue base of each business segment and achieve the consolidated ordinary profit target of JPY15 billion, and aim for continued growth.

Review of FY2021

	FY2020	FY2021	Change	Comments
Total assets (Billions of yen)	322.0	338.9	17.0	Increase in sales due to a recovery in economic activities
Equity (Billions of yen)	83.5	92.8	9.4	Recording of profit attributable to owners of parent, etc.
Capital adequacy ratio	25.9%	27.4%	1.5 points	Recording of profit, appropriate management of balance sheet, etc.
Net interest-bearing debt (Billions of yen)	102.5	97.9	(4.5)	Repayment of long-term borrowings, etc.
Net D/E ratio	1.23x	1.06x	(0.17)	The Medium-term Business Plan 2023 target: 1.4x or less
DOE	1.8%	1.8%	-	Shareholder returns through stable dividends
Ordinary profit (Billions of yen)	8.9	15.1	6.1	Record-high ordinary profit due to an increase in sales and improved efficiency
ROE	4.5%	13.0%	8.5 points	Achieved the Medium-term Business Plan 2023 target of 8.0%
ROA	2.7%	4.6%	1.9 points	Achieved the Medium-term Business Plan 2023 target of 4.0%
ROIC	3.0%	4.9%	1.9 points	Yet to achieve the Medium-term Business Plan 2023 target of 5.0%

Ordinary Profit by Segment

	FY2017	FY2018	FY2019	FY2020	FY2021
Japan Wholesaling	5.4	4.9	5.1	3.7	4.3
Non-Japan Wholesaling	1.3	2.1	(0.8)	(0.4)	5.7
Paper Manufacturing & Processing	3.4	4.3	7.0	5.3	4.2
Raw Materials & Environment	2.0	1.5	0.3	0.9	1.7
Real Estate Leasing	0.6	0.4	1.6	1.6	1.5
Adjustments	(2.8)	(2.5)	(3.4)	(2.1)	(2.4)
Ordinary Profit	10.0	10.8	9.8	8.9	15.1

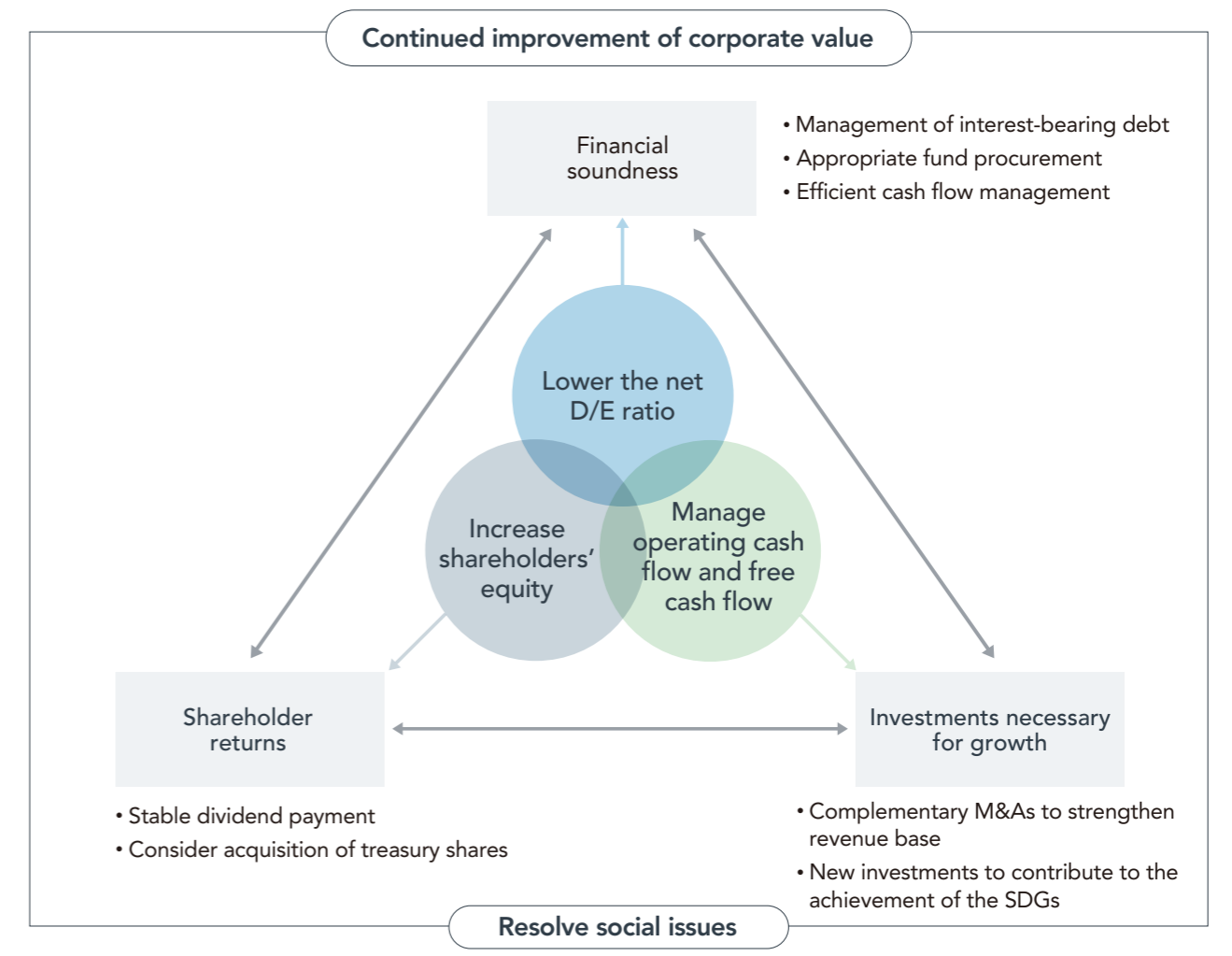
Basic Policies of the Medium-term Business Plan 2023

Consolidated ordinary profit	ROE	ROA	ROIC
JPY15 billion	8%	4%	5%

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. In the Medium-term Business Plan 2023, we aim to cap the net D/E ratio at 1.4 times or less and achieve the targeted financial indicators of ROE of 8%, ROA of 4%, and ROIC of 5%.

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

Regarding capital requirements in fiscal 2021, working capital needed in wholesaling businesses accounted for approximately 70% of net interest-bearing debt. Accounts receivable, which makes up part of working capital, are characterized as high-quality receivables based on the relationships of trust built with business partners that the group has nurtured over the years. This is one of the group's strengths.

The group manages interest-bearing debt and works to cap the net D/E ratio at 1.4 times or less, including working capital requirements.

In February 2022, two credit rating agencies raised our credit rating from an A- to an A/Stable rating and outlook. We believe that this upgrade reflects the success of our policy of maintaining strict financial discipline as well as the increased stability of the revenue base of each segment.

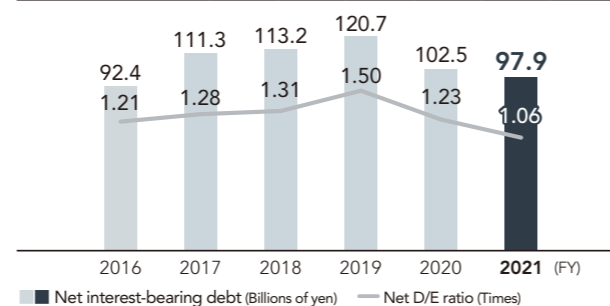
Our policy for procuring funds balances indirect financing in which we steadily procure funds from financial institutions that we have built business relationships with over the years, and direct financing from capital markets such as through commercial papers and bonds as necessary, based on financing requirements. This may include short-term or long-term financing.

Furthermore, for cash flow management, we have established a structure for ensuring capital efficiency and work to eliminate waste by streamlining funding through

a group-wide finance system and by continuously reducing surplus funds through overdraft facility accounts at financial institutions.

Net Interest-bearing Debt and Net D/E Ratio (FY)

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



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

Investment decisions are examined 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.

Regarding future investments, although we have completed a series of major investments, we will continue to execute complementary 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 consider investments in new businesses with potential.

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 Governance Code in 2015, have sold a total of 51 stocks (worth approximately JPY9.7 billion) resulting in a gain of approximately JPY3.7 billion (as of March 2022). We will continue to increase the efficiency of assets.

Overview of Recent Major Investments

Medium-term Business Plan Period (FY)	Amount (Billions of yen)	Major Investments
2014-2016	22.9	<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	41.6	<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	7.3	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant
2021-	4.4	<ul style="list-style-type: none"> M&A of a corrugated packaging manufacturing plant and upgrade to its facilities

Furthermore, we have inherited and invested in real estate in prime locations throughout our long history. The Real Estate Leasing segment underpins our revenue base, 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 property held in Kachidoki, Tokyo in June 2022 was the result of a review of assets and efforts to more effectively utilize management resources and improve asset efficiency, with

a decision made in light of actual conditions in the real estate market.

The group's net D/E ratio in fiscal 2021 improved to 1.06 times, strengthening our financial foundation and increasing investment capacity. 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	Total amount
Number of issues*	7	21	13	6	3	5	6	51
Selling price (Billions of yen)	1.9	5.2	0.2	0.9	0	0.4	1.1	9.7
Proceeds from sale (Billions of yen)	0.9	1.8	0.1	0.3	0	0.2	0.4	3.7

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

Shareholder Returns

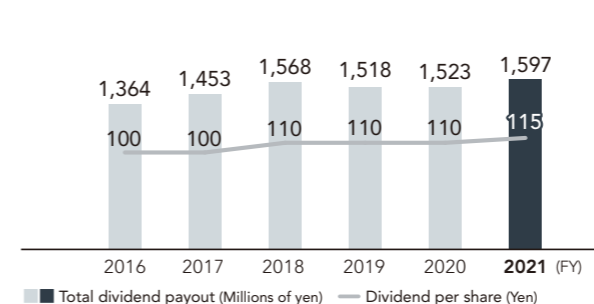
Our basic policy for shareholder returns is to pay stable dividends, taking into account trends in consolidated performance, the dividend payout ratio, and the dividend on equity (DOE) ratio. In fiscal 2021, the annual dividend per share was JPY115, representing an increase of JPY5 per share (compared with the annual dividend per share of JPY110 in fiscal 2020). In fiscal 2022, we plan to increase the annual dividend by JPY5 to JPY120 per share.

We have steadily raised dividends in line with the growth in profitability and have never decreased dividends,

excluding commemorative dividends. We will continue to promote a policy of ensuring stable dividends. This is the basis of our financial strategy.

Furthermore, we believe that the acquisition of treasury shares is an effective means of raising shareholder value per share, increasing shareholder returns, and enhancing corporate value through 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.

Total Dividend Payout and Dividend Per Share

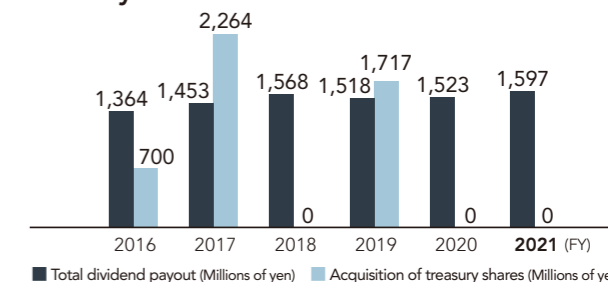


Note: Effective October 1, 2017, the company conducted a consolidation of shares in which 10 common shares were consolidated into one share. Dividends for fiscal 2016 and the interim dividend for fiscal 2017 take this consolidation into account.

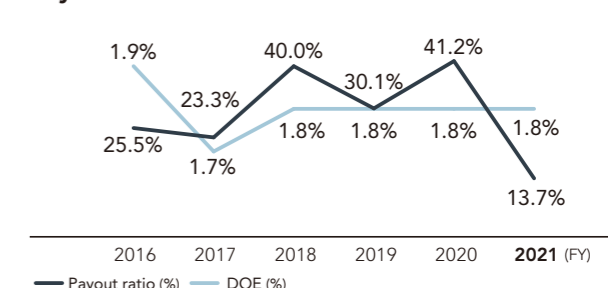
$$\text{DOE} = \frac{\text{Dividend per share}}{\text{Net assets per share (Average at the beginning and end of the fiscal year)}}$$

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

Total Dividend Payout and Acquisition of Treasury Shares

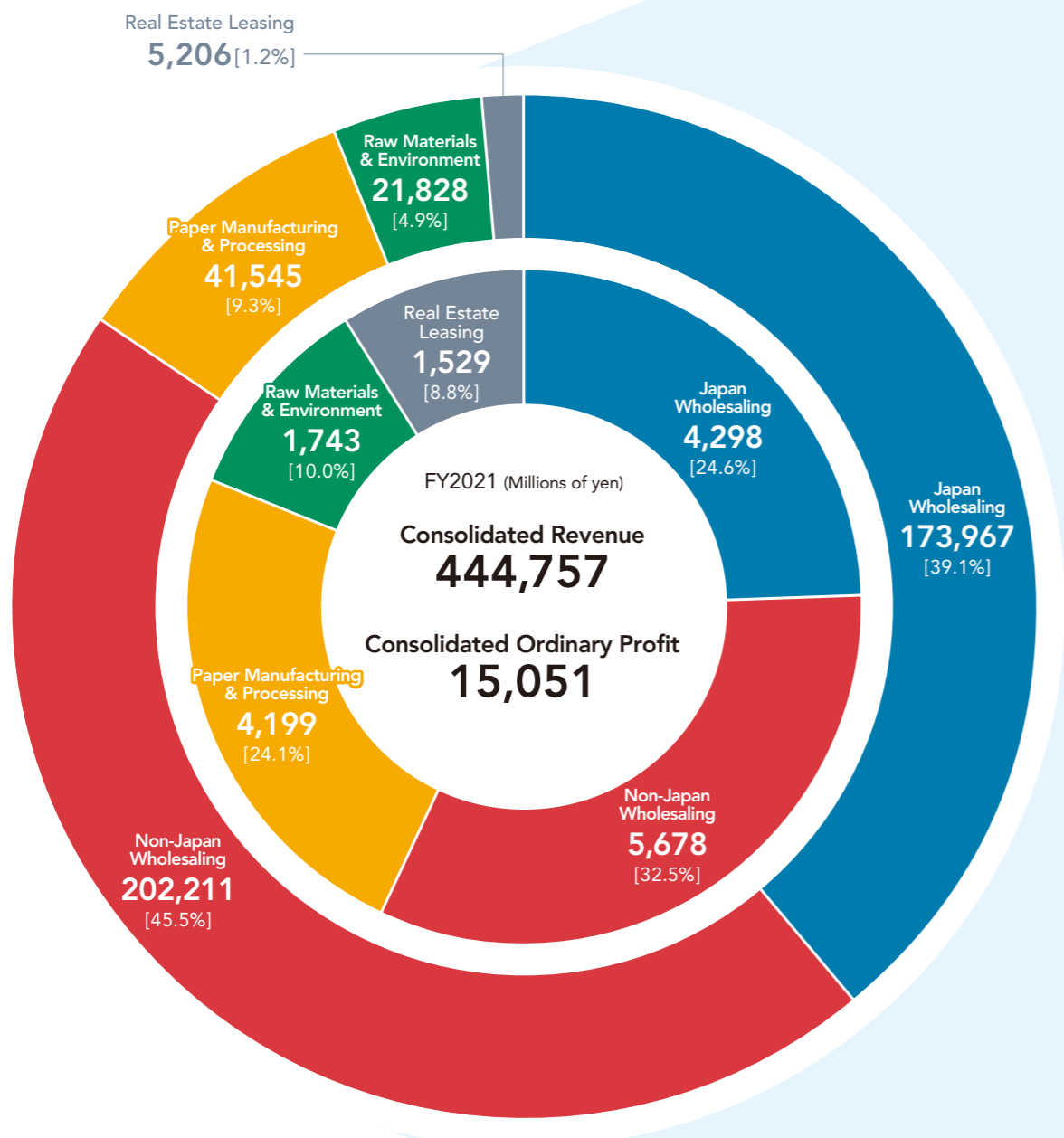


Payout Ratio and DOE



Business Overview

Since its establishment, the Japan Pulp & Paper Group has developed its business 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.

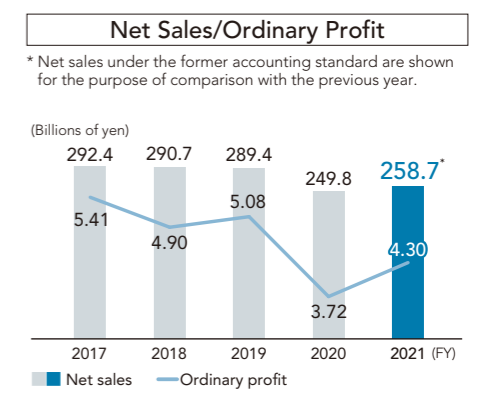


Outer circle: Consolidated revenue
Inner circle: Consolidated ordinary profit (simple aggregation of each segment, excluding adjustments)

Japan Wholesaling

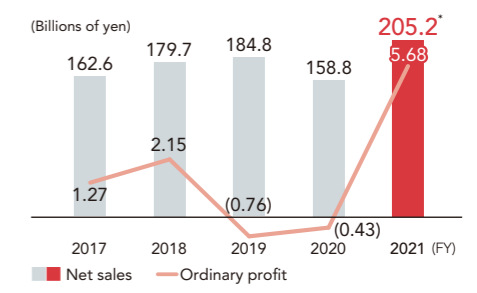
ICT System Development

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



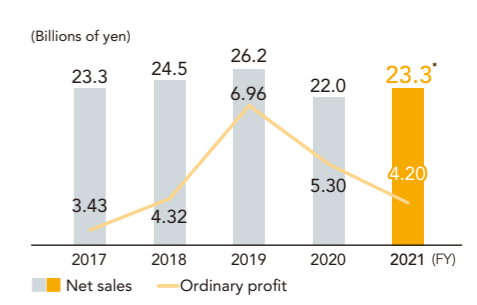
Non-Japan Wholesaling

We are developing "glocal" businesses around the world, and utilize our functions in each country that we serve. We supply products as a paper distributor with inventory and delivery functions in the US, the UK, Australia, New Zealand, India, Hong Kong, Singapore, and Malaysia.



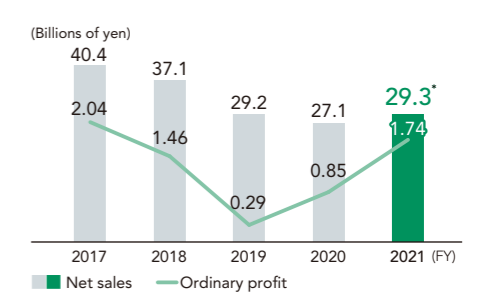
Paper Manufacturing & Processing

The group is engaged in the business of manufacturing and processing household paper, containerboard, and printing paper using recycled wastepaper as a raw material. In the recycled household paper business, we have established a stable supply structure, centered on the Corelex Group, which possesses outstanding technologies.



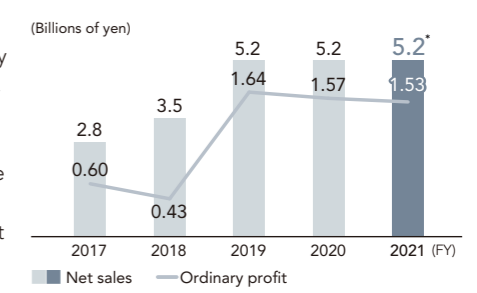
Raw Materials & Environment

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



Real Estate Leasing

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



Business Segments

Japan Wholesaling



A Leading Company in Paper Distribution

Based on the expertise and trust it has accumulated since its establishment in 1845, 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, eco-friendly 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.

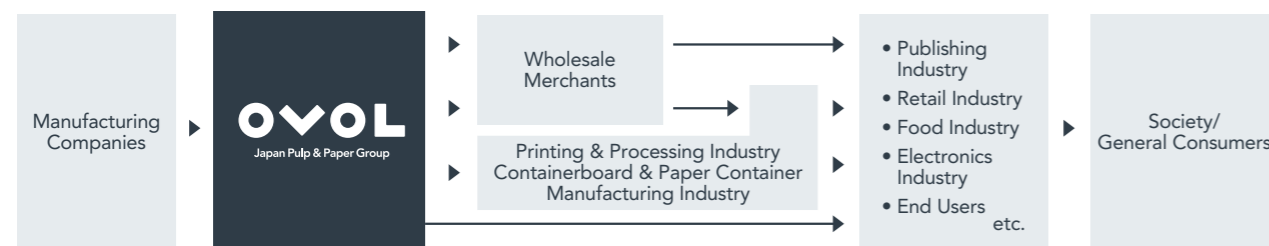
Strengths

- Relationships with business partners based on trust built over 177 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 stable supplies of paper

Opportunities and Risks

- Return to paper from digital formats as people rediscover its enriching and comforting value and qualities
- Growing demand for environmentally friendly products
- Decreasing demand for paper due to the declining population and digitalization
- Changing trends in demand due to rising prices

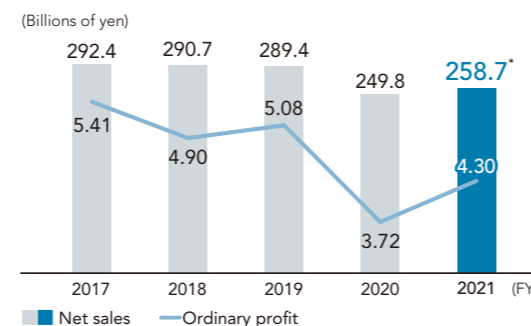
Business Flow



Fiscal 2021 Results

- Paper sales volume increased as demand for commercial printing gradually recovered.
- Paperboard sales volume increased on solid demand for use in e-commerce and processed food packaging, despite a decrease in demand for fruit and vegetable packaging due to unseasonable weather.
- Sales volume of industrial papers and electronics-related materials increased due to growing demand for use in electronic components and semiconductors.
- Net sales were up year on year, reflecting the increase in sales volume.
- Ordinary profit increased year on year as a result of higher sales volume and an increase in equity in earnings of affiliated companies.

Net Sales/Ordinary Profit



* Net sales under the former accounting standard are shown for the purpose of comparison with the previous year.

Medium-term Business Plan 2023 Initiatives

Policy

Ordinary Profit by Segment in Final Year of Plan

Recover profits through structural reform and rationalization

JPY 5 billion

1 Strengthen sales capabilities for paper and paperboard while focusing on profitability, and solidify our position as the No. 1 distributor in Japan

Actions

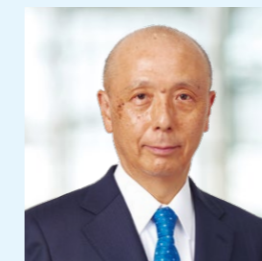
- In paper and paperboard, maintain sales approach of emphasizing profit and prices
- Paper merchant Narumi-Kamiten Co. was made a subsidiary, and will continue similar measures going forward in order to maintain regional paper distribution networks
- Expanded sales volume of containerboard by adding containerboard manufacturers Misuzushigyo Co., Ltd. and Osaka Paperware Mfg. Co., Ltd. to the group, and will continue similar measures going forward

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

Actions

- Started a flat-rate diaper delivery service with Oji Nepia and the Gakken Mirai Group, and will continue to collaborate with business partners going forward

Relationships of trust with customers and business partners are the source of our competitive advantage.



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

In recent years, major events such as the Great East Japan Earthquake and the COVID-19 pandemic have accelerated the shift from paper to digital media, which has had a significant negative impact on demand for paper. On the other hand, the various functions and qualities of paper have characteristics that are valued, such as texture. New functions and new added value are being recognized for paper with the development of applications that take advantage of its characteristics in the fields of education, culture, and industry.

Selling paper is our original business, and will remain our core business. The source of our competitiveness is our relationships of trust with customers and business partners, which ultimately comes down to our people. In the business environment of the Japan Wholesaling segment, the market is changing dramatically, particularly for printing and communication paper, but the real value of the Japan Pulp & Paper Group is that people can rely on us even in difficult times. For that reason, I believe 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, 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, and films 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.

Strengths

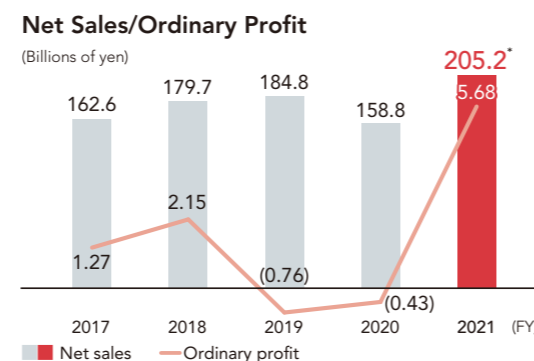
- Trust from business partners outside Japan built over 123 years since expanding into Shanghai in 1899
- Paper wholesaling business with locally rooted inventory, processing, and delivery functions
- A procurement and supply network that spans the globe (58 group companies in 20 countries outside of Japan)
- Global distribution sites
- Ability to make proposals utilizing procurement, supply, and information capabilities based on extensive experience

Opportunities and Risks

- Expansion of demand for high-value-added labels, films, and sign and display products
- Increase in demand for environmentally friendly products
- Supply and demand gap, fluctuation in market prices, and other related issues
- Decline in paper demand due to structural issues such as the digitalization of information media

Fiscal 2021 Results

- Sales volume increased at each site driven by a recovery in demand in connection with the loosening of COVID-19-related restrictions.
- Sales increased year on year due to an increase in sales volume and higher selling prices in response to tighter supply and demand conditions in markets outside of Japan and higher raw material and fuel prices, and an increase in paper exports from Japan.
- Ordinary profit was up significantly, reflecting higher revenue due to increases in sales volume and selling prices, which more than offset increases in freight rates due to a sharp rise in fuel prices, and in personnel and other costs as sales activities returned to normal. Business structure reforms at subsidiaries outside of Japan also contributed to ordinary profit.

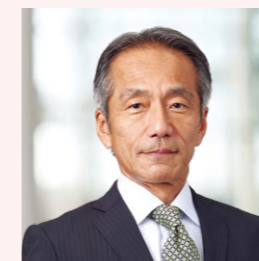


* Net sales under the former accounting standard are shown for the purpose of comparison with the previous year.

Medium-term Business Plan 2023 Initiatives

Policy	Ordinary Profit by Segment in Final Year of Plan
Strengthen existing platforms and build a stable revenue structure	JPY 3 billion
<p>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</p> <p>Actions</p> <ul style="list-style-type: none"> • Responded to changes in demand structure by increasing handling of high-value-added packages, films, and sign and display products • Continuation of complementary M&A initiatives 	
<p>2 Ensure stable earnings by streamlining unprofitable businesses and divisions, and improving efficiency through the development of logistics infrastructure and systems</p> <p>Actions</p> <ul style="list-style-type: none"> • Improved profitability in the US, the UK, Australia, and New Zealand through the steady execution of business structure reforms 	

We will aggressively pursue new business opportunities using our global network.



Mitsutoshi Imamura
Executive Vice President
Global Business, Specialties

The COVID-19 pandemic has had a significant impact on the Japan Pulp & Paper Group's operations outside of Japan. However, those bases are adopting a leaner corporate structure through business structure reforms that began before the pandemic. In fiscal 2021, in addition to the impact of structural reforms, paper prices increased significantly due to tightening supply and demand at our major operating bases in the US, the UK, Australia, New Zealand, and other countries, which led to a substantial improvement in results. This is due to our ability to perform the functions of inventory, processing, and delivery as a paper distribution business rooted in the local market, rather than just trading.

Additionally, we are leveraging our know-how gained from many years of handling paper and paperboard to expand our offerings of high value-added labels, films, and sign and display products. By taking advantage of our global network, we will aggressively pursue new business opportunities.

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, we are building a stable supply structure centered on the Corelex Group, an industry leader in Japan. In the containerboard business, we are focusing on investment in production facilities for containerboard manufacturing and case processing, 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 cutting costs to further strengthen our competitiveness.

Strengths

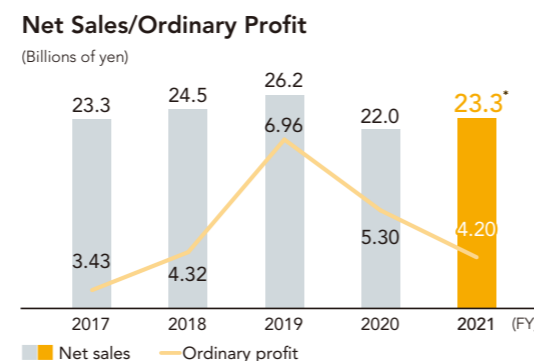
- The group's value chain covering upstream to downstream in operations ranging from recovered paper, household paper, containerboard, and wholesaling businesses
- A robust value chain based on trust that links raw material procurement and customers
- Difficult-to-recycle wastepaper processing technology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

Opportunities and Risks

- Expanding need for wastepaper processing technology in response to rising environmental awareness and environmental measures
- Growing demand for environmentally friendly products
- Initiatives for decarbonization
- Procurement of wastepaper and fluctuations in market conditions
- Rising manufacturing and energy costs due to sharp increases in manufacturing costs

Fiscal 2021 Results

- In the containerboard manufacturing and processing business, sales volume expanded in Japan, reflecting increased demand. In Indonesia, a new plant began operation, strengthening the production system, but sales volume grew only slightly because customer operations were curtailed by the COVID-19 pandemic and the shortage of parts.
- In the recycled household paper business, sales volume remained at about the level of the previous fiscal year in Japan, but declined outside Japan.
- Net sales increased year on year due to higher sales volume.
- Ordinary profit decreased year on year because of higher fixed costs associated with the startup of a containerboard manufacturing plant in Indonesia and lower sales volume of recycled household paper outside Japan, in addition to the rise in manufacturing costs resulting from high raw material and fuel prices in the second half of the fiscal year.

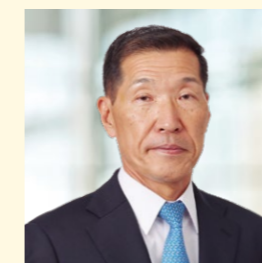


* Net sales under the former accounting standard are shown for the purpose of comparison with the previous year.

Medium-term Business Plan 2023 Initiatives

Policy	Ordinary Profit by Segment in Final Year of Plan
Enhance the group's integrated strength in the paper manufacturing and processing business	JPY 6 billion
<p>1 Implement downstream strategies rooted in local communities in order to establish a system for supplying comprehensive packaging solutions</p> <p>Actions</p> <ul style="list-style-type: none"> • Containerboard manufacturers Misuzushigyo Co., Ltd and Osaka Paperware Mfg. Co., Ltd. joined the group • PT Oriental Asahi JP Carton Box's new plant in Indonesia began full-scale operation • Seeking further alliances in the Paper Manufacturing & Processing segment 	
<p>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</p> <p>Actions</p> <ul style="list-style-type: none"> • Expand role of the group's Environment and Safety Committee and contribute to cost reductions 	

Cooperation across segments is one of our organizational capabilities that leads to the circulation of resources.



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

One characteristic of the Japan Pulp & Paper Group's business is that the group's internal supply chain includes the recovered paper business upstream and the household paper manufacturing, containerboard manufacturing and containerboard processing businesses downstream. The technological strengths of the recycled household paper business, including recycling technology for difficult-to-recycle wastepaper, are one of the group's competitive strengths. To further enhance that value, we continue to enhance cooperation across the Japan Wholesaling, Paper Processing & Manufacturing, and Raw Materials & Environment segments. This cooperation is one of our organizational capabilities that also leads to the reuse and circulation of resources.

In 2022, we established the Household Paper Business Promotion Office, creating an organizational structure for developing the household paper business throughout the group. We are also stepping up investment in human resources in the household paper business and strengthening relationships with household paper manufacturers outside the group.

We still need to deal with some issues in the household paper and containerboard businesses, and will make use of external alliances to expand the group's presence.

The foundation for strengthening relationships with customers in all of our businesses is trust. We believe the trust we have earned has enabled us to become a dependable presence and improved our ability to make proposals to customers.



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

In 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. It will supply PKS to woody biomass power generation plants in the Japan Pulp & Paper Group, as well as to outside companies.

Strengths

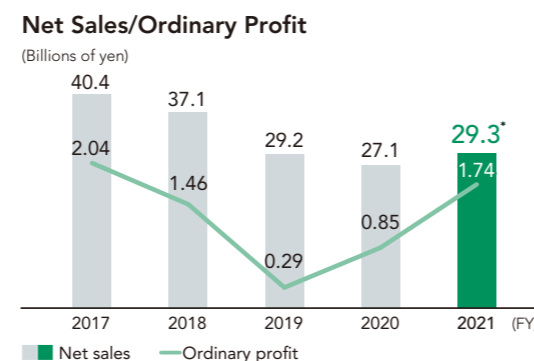
- Stable supplies to paper manufacturers in Japan with an emphasis on the quality of recovered paper
- Own wastepaper yards in Japan and other countries, and the ability to promote the reuse of recovered paper as a raw material for paper manufacturing with a global perspective
- A comprehensive recycling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

Opportunities and Risks

- Expansion of the market and increase in demand for plastic recycling due to Japan's Plastic Resource Circulation Act, which went into effect in April 2022
- Changes in market conditions related to wastepaper and woody biomass
- Change in the procurement environment due to a decrease in the generation of wastepaper

Fiscal 2021 Results

- In the recovered paper business, sales volume decreased in both Japan and the US, but sales increased as a result of price hikes, particularly in the US.
- In the comprehensive recycling business, the amount of waste handled increased in line with the increase in transaction volume.
- As a result, net sales increased year on year, reflecting increases in the amount of waste handled and sold.
- Ordinary profit increased year on year due to an expansion in the amount of waste handled in the comprehensive recycling business, sales volume in the recovered paper business in the US, and an improvement in earnings in the Japan recovered paper business and the renewable energy power generation business.



* Net sales under the former accounting standard are shown for the purpose of comparison with the previous year.

Medium-term Business Plan 2023 Initiatives

Policy

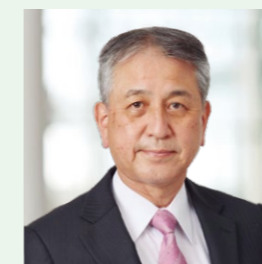
Contribute to a sustainable society and the global environment through safe operations

Ordinary Profit by Segment in Final Year of Plan

JPY 1.5 billion

- Strengthen cooperation with business partners and experts, and accelerate the development of management personnel with operational and facility knowledge in various fields**
 - Actions
 - Continue the program of loaning employees to other group companies for their professional development
- Ensure both supply capacity for the group's paper manufacturing companies and a stable profit structure for the group's recovered paper operations**
 - Actions
 - Improve earnings by reviewing profitability in the recovered paper business in Japan, and develop a shredding service for non-paper materials in our recovered paper operations outside of Japan
- 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**
 - Actions
 - Respond to the Plastic Resource Circulation Act
 - Continue stable operations in the power generation business
- 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**
 - Actions
 - Expand role of the group's Environment and Safety Committee and contribute to cost reductions

Trust is what supports our new businesses, including renewable energy power generation.



Makoto Shirota
Senior Vice President
Raw Materials & Environment

In the recovered paper business, we have concluded many transactions that started from relationships in the paper sales business that we have operated for many years. For example, in some cases the collection recipients are our customers, such as corrugated packaging manufacturers and printing companies, and the main customers are domestic paper manufacturers. The trust cultivated over the years in these business relationships also supports us when we enter new businesses and fields such as renewable energy power generation.

Even businesses that seem to have no direct connection to our original business of paper sales have become pillars of the group, partly because we have worked closely with business partners nurtured in the paper business from an early stage.

In the comprehensive recycling business, Japan's Plastic Resource Circulation Act went into effect in April 2022, and societal demands regarding plastic waste have increased greatly. We intend to address this issue, mainly through group company Eco-Port Kyushu.



Real Estate Leasing



Utilization of Community-based Real Estate

In our real estate leasing business, we lease our properties in areas including Tokyo, Osaka and Kyoto for use as offices, multi-dwelling residences and hotels. In 2018, construction was completed on the OVOL Nihonbashi Building, which is one of the projects in the second phase of 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.

In June 2022, the Japan Pulp & Paper Group sold part of a property it owns in Kachidoki, Tokyo, in order to more effectively utilize company resources and increase asset efficiency. 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.

Strengths

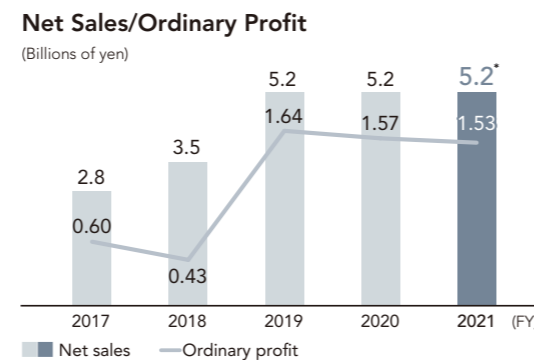
- Business operations utilizing real estate assets in good locations in major urban areas, including Tokyo, Osaka, and Kyoto
- Provision of office space for rent to meet the needs of diverse companies
- Regional revitalization with quality tenant buildings

Opportunities and 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

Fiscal 2021 Results

- Net sales were essentially unchanged from the previous fiscal year as occupancy rates of tenant buildings remained at a high level, and ordinary profit decreased slightly year on year due to an increase in repair costs and other expenses.



* Net sales under the former accounting standard are shown for the purpose of comparison with the previous year.

Medium-term Business Plan 2023 Initiatives

Policy	Ordinary Profit by Segment in Final Year of Plan
Continue to generate stable income from real estate holdings and optimize the real estate portfolio	JPY 1.5 billion
<ol style="list-style-type: none"> 1 Appropriately manage and maximize the value of major properties Actions • Strengthen appropriate maintenance and leasing initiatives of major properties 2 Formulate redevelopment plans for older properties 	

Main Rental Properties

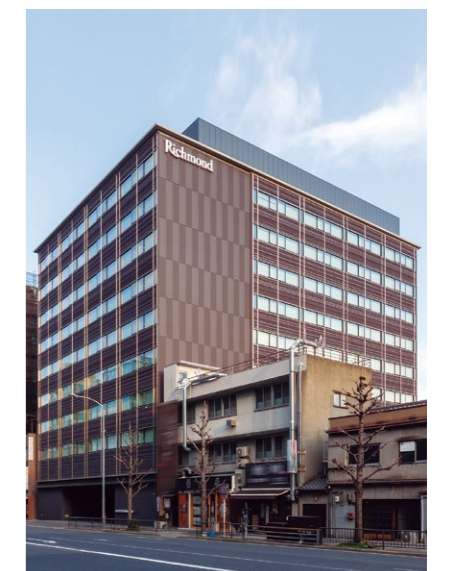
Name	Location	Number of floors	Use
Cerulean Homes Kachidoki	Kachidoki, Chuo-ku, Tokyo	26 floors above ground and 1 below	Apartments, shops
Rio Frente	Kachidoki, Chuo-ku, Tokyo	8 floors above ground and 1 below	Apartments
Nihombashi Nichigin-Dori Building	Nihonbashihongokuchō, Chuo-ku, Tokyo	8 floors above ground	Offices, shops
OVOL Nihonbashi Building	Nihonbashimuromachi, 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

Initiatives for Sustainability and Material Issues

Basic Approach to Sustainability



Yasushi Takei
Executive Vice President
Administration, Planning & Sustainability
General Manager,
Corporate Planning Division

We recognize that addressing sustainability is an important management issue that not only reduces risk but can also lead to profit. In 2022, we established the Executive Sustainability Committee and its operational organization, the Corporate Sustainability Division, to strengthen sustainable management.

In addition, we established the Sustainability Policy as well as several other related policies. We also defined sustainability as "sustainable business activities that simultaneously generate social and economic value," and identified four themes (the environment, society, employees, and governance), and 12 material issues. This has clarified the group's approach to and initiatives for various social issues.

As we work to achieve the targets and key performance indicators (KPIs) for each material issue, we will promote sustainable management, realize sustainable growth even more aggressively, enhance medium-to-long-term corporate value, and fulfill our mission of "carving a better future for society and the environment" as stated in our Corporate Philosophy.

Sustainability Promotion Framework

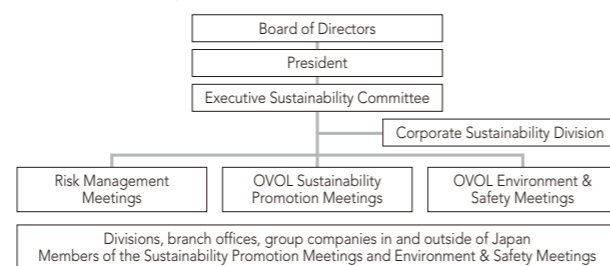
We strengthened our sustainability promotion framework on April 1, 2022 by establishing the Executive Sustainability Committee, which is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues,¹ and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives. The committee is chaired by the president, and is composed of full-time directors, the CFO, and executive officers who are in positions controlling major areas of the business,² with the full-time Audit & Supervisory Board member attending as an observer. The Corporate Sustainability Division was established to act as the operational organization responsible for overall measures to promote sustainability, including strengthening environmental-related initiatives and occupational safety throughout the group, enhancing initiatives aimed at decarbonization, serving as a point of contact for ESG and CSR-related responses from business partners and others, and social contribution initiatives. It also takes on the function of public relations to enhance the dissemination of financial and non-financial information. Furthermore, we established the OVOL Sustainability Promotion Meetings as a cross-organizational entity to promote sustainability throughout the group, and expanded the scope of OVOL Environment & Safety Meetings to include Japan Pulp & Paper and all group companies to strengthen environmental and safety compliance throughout

the group. In fiscal 2021, our initiatives included an online seminar on the SDGs to promote and implement sustainable management, which 839 employees of Japan Pulp & Paper attended (participation rate of 98.9%). 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.

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

Sustainability Promotion Structure



Executive Sustainability Committee and Various Meetings

The Executive Sustainability Committee and various meetings have been established to promote sustainable management and the sustainability of the group in light of social and environmental issues as well as in response to requests from various stakeholders.

Organization	Chairperson	Members	Number of Meetings Held	Objective/Role
Executive Sustainability Committee	Representative director, president	Full-time directors, the CFO, and executive officers who are in positions controlling major areas of the business* (Observer: full-time Audit & Supervisory Board member) * Administration, Planning & Sustainability, Paper Sales & Marketing, Paperboard, Global Business, Specialties, ICT & Logistics, Raw Materials & Environment, Household Paper	4 ¹	This new committee, which is an expanded form of the existing Companywide CSR Committee, is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives.
Risk Management Meetings	General manager, Finance & Administration Division	Vice chairperson: General manager, Corporate Planning Division Committee 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)	12 ²	Based on the Basic Rules on Risk Management, the meetings will identify, analyze, evaluate, and prioritize risks; formulate measures to address specific risks; and work to reduce risks.
OVOL Sustainability Promotion Meetings	General manager, Corporate Sustainability Division	Vice chairpersons: General manager, Finance & Administration Division and general manager, Corporate Planning Division (Observer: executive vice president in charge of Administration & Planning and Sustainability) Members: Appointed from divisions, branch offices, and group companies in and outside of Japan	Newly established (April 2022)	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	Vice chairpersons: General manager, Finance & Administration Division and general manager, Corporate Planning Division (Observers: executive vice president in charge of Administration & Planning and Sustainability) Members: Appointed from divisions, branch offices, and group companies in and outside of Japan	20 ²	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.

1. Number of meetings in fiscal 2021 (formerly the Companywide CSR Committee)
2. Number of meetings in fiscal 2021

The following presents material issues of the Japan Pulp & Paper Group

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

Themes	Material Issues	Fiscal 2022 Initiatives	Initiatives Planned from Fiscal 2023 Onward	SDGs to Which the Group Contributes
Environment	Climate Change	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing Scope 1 and 2 GHG emissions and energy consumption in Japan Set targets for using renewable energy Analyze TCFD scenarios Incorporate a company-wide strategy for addressing climate change Improve energy efficiency by promoting joint delivery 	<ul style="list-style-type: none"> Determine Scope 3 GHG emissions in Japan and set targets Determine and set targets for Scope 1, 2 and 3 GHG emissions at group companies outside Japan and in upstream and downstream supply chains Incorporate a company-wide strategy for addressing climate change Improve energy efficiency by promoting joint delivery 	
	Biodiversity	—	<ul style="list-style-type: none"> Formulate a biodiversity policy and action plan 	
	Resource Recycling	<ul style="list-style-type: none"> Help customers reduce plastic by proposing paper products Convert in-house supplies from plastic to paper in ways such as using paper filing folders Continue to propose recycling loops for wastepaper discharged by business partners Recycle to comply with the new Plastic Resource Circulation Act 	<ul style="list-style-type: none"> In Japan: <ul style="list-style-type: none"> Set target for industrial waste recycling rate Identify waste disposal costs Recycle to comply with the new Plastic Resource Circulation Act 	
Society	Environmental Impact	<ul style="list-style-type: none"> Confirm whether business sites are in water-stressed areas 	<ul style="list-style-type: none"> Confirm on an ongoing basis whether business sites are in water-stressed areas and formulate action plans 	
	Supply Chain	<ul style="list-style-type: none"> Formulate basic policies and action plans for sustainable procurement 	<ul style="list-style-type: none"> Formulate guidelines for sustainable procurement Establish monitoring systems Commission external assessments Perform due diligence on new business partners and manage existing business partners 	
	Communities	<ul style="list-style-type: none"> Designate disaster evacuation sites 	<ul style="list-style-type: none"> Designate disaster evacuation sites 	
	Digitalization	<ul style="list-style-type: none"> Formulate basic policy for promoting ICT use 	<ul style="list-style-type: none"> Set goals for improving productivity with business reforms that employ ICT Set goals for optimizing logistics efficiency Group IT controls 	
Employees	Work Environment	<ul style="list-style-type: none"> Japan Pulp & Paper Co., Ltd.: <ul style="list-style-type: none"> Set targets for human capital development and occupational health and safety Conduct employee engagement surveys Regularly implement occupational safety and health training Conduct environmental and safety compliance surveys 	<ul style="list-style-type: none"> Japan Pulp & Paper Group: <ul style="list-style-type: none"> Set targets for human capital development and occupational health and safety Conduct employee engagement surveys Identify key HR data 	
	Diversity and Inclusion	<ul style="list-style-type: none"> Japan Pulp & Paper Co., Ltd.: <ul style="list-style-type: none"> Reduce overtime work and improve 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 Provide education through means including harassment training and posting the Compliance Letter in the group's magazine Japan Pulp & Paper Group: <ul style="list-style-type: none"> Disseminate and monitor compliance with the Japan Pulp & Paper Group Human Rights Policy 	<ul style="list-style-type: none"> Japan Pulp & Paper Group: <ul style="list-style-type: none"> Set targets for diversity, such as the percentage of female managers Track diversity and inclusion data Determine whether human rights violations are an issue 	
Governance	Corporate Governance	<ul style="list-style-type: none"> Use self-assessments to evaluate the effectiveness of the Board of Directors and formulate initiatives based on the results Formulate 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 formulate initiatives based on the results Reduce cross-shareholdings 	
	Compliance	<ul style="list-style-type: none"> Regularly implement employee compliance training and related initiatives Track awareness of the whistleblowing system 	<ul style="list-style-type: none"> Regularly implement employee compliance training and related initiatives Introduce training and controls to preclude corruption Introduce training and controls to preclude anti-competitive behavior 	
	Stakeholder Engagement	<ul style="list-style-type: none"> Enhance IR and SR activities Track dialogue with external experts, including NPOs and NGOs 	<ul style="list-style-type: none"> Enhance IR and SR activities Engage with stakeholders other than investors 	

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

With the rapid emergence of various environmental issues such as climate change, resource depletion, and marine pollution, companies are now expected to address such issues through their business activities. 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. We recognize that addressing climate change and other global environmental issues is one of the most important aspects of our business. As such, we are working to protect the natural environment through our business activities, including by reducing greenhouse gas emissions. In February 2022, we revised our Charter of Corporate Behavior and the Code of Conduct for Executives and Employees, both of which have a strong connection to our Corporate Philosophy and sustainable management, as well as the Sustainability Policy and the Environmental Policy, as part of efforts to promote sustainable management.

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

We recognize that preserving the natural environment is an important issue common to all humankind and a fundamental principle in corporate management. We aim to contribute to the environment and reduce our environmental impact through our business activities. In order to further strengthen our environmental management system, we introduced the ISO 14001 environmental management system, an international standard for environmental management, and obtained ISO 14001 certification for the Tokyo area in January 2001, followed by expanded ISO 14001 certification for all

branch offices (of the parent company) in January 2002. In October 2021, an internal audit was conducted and one non-conformity was noted. In November 2021, a renewal audit by an external review organization was conducted and two minor nonconformities were noted. However, corrective actions for both have been completed. Furthermore, 11 companies in Japan and 3 companies outside of Japan have now obtained ISO 14001 certification. There were no environmental accidents, legal violations, or fines within the group.

Environment Education and Training

We conduct environmental education and training to promote understanding and awareness among executives and employees, and to ensure that they proactively promote sustainable management. From fiscal 2020 to fiscal 2021, many executives and employees improved their understanding of environmental issues by participating in environmental education and training, including seminars on waste, and education related to ISO standards. We will continue to create a system for sharing policies and the latest information on sustainable management with all executives and employees.

Japan Pulp & Paper ISO Education (Fiscal 2021)

Training	Number of Times Held	Number of Participants
General environmental education (for new employees)	1	13
General environmental education (for all Japan Pulp & Paper employees)	14	773
Specific training (for drivers of company-owned vehicles)	6	217
Internal auditor education	1	7



Climate Change

The depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business. 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. Furthermore, it is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain, and we have identified climate change as a material issue that will have a significant impact on the group.

Disclosure Based on TCFD Recommendations

In June 2021, we announced our endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) recommendations related to appropriate disclosure of response to climate change, and joined the TCFD Consortium. In order to clarify the impact of climate change on each business segment,* we conducted scenario analysis of risks and opportunities for the Paper and Paperboard Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing segments, and disclosed

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

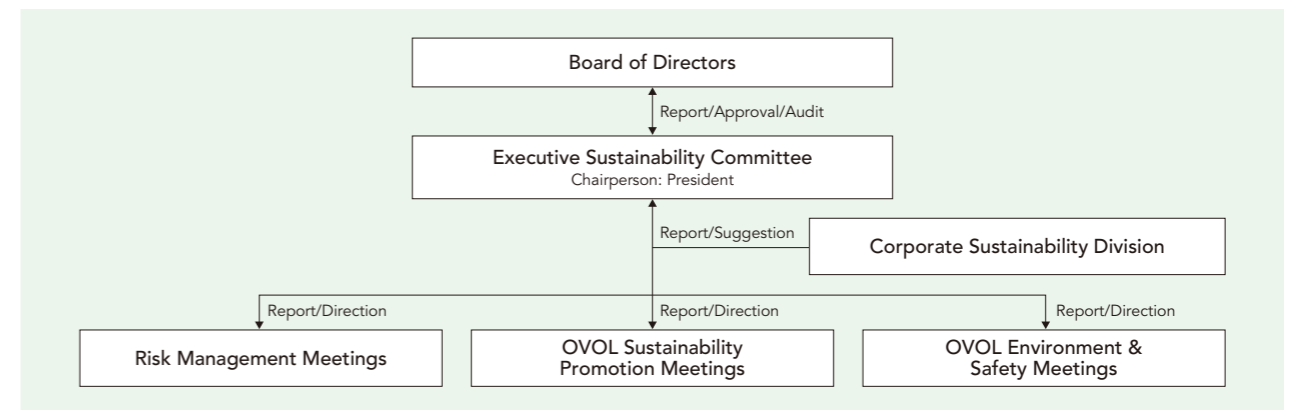
The group will continue to work to address climate change and reduce greenhouse gas emissions, and will proactively disclose information based on TCFD recommendations.

* 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 active and 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 management of finding solutions to ESG issues and meeting our ESG goals. The Committee reports to the Board of Directors on a quarterly basis on important matters, including the progress of climate change initiatives, as well as seeks resolution by the

Board as necessary. 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 site within the group. We also established a new Corporate Sustainability Division, which is responsible for implementing policies relating to sustainability across the entire group. The president chairs the Executive Sustainability Committee and is ultimately responsible for management decisions related to environmental issues.



2 Risk Management

The Executive Sustainability Committee identifies risks and opportunities related to climate change for the group as a whole, instructs corresponding organizations, formulates response plans, manages progress of measures, and reports to the Board of Directors. The Board of Directors approves the content of reports or instructs improvements, and monitors 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 OVOL Sustainability Promotion Meetings, the OVOL Environment & Safety Meetings and Risk Management Meetings, and reflected in the group's risk management.

3 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 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 a qualitative assessment of the associated financial impacts in the short-term (2025), medium-term (2030), and long-term (2050). The following is a list of items expected to have moderate to significant impact over the short, medium, and long term, based on a collation of the impacts on each segment.

Category	Impact on the Company	Countermeasures	Scale of Impact		
Risks	Transition	Policies and Regulations	<ul style="list-style-type: none"> Significant increase in operating costs in the papermaking business due to increased carbon taxes 	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing GHG emissions Promote further energy conservation initiatives Consider switching to renewable energy and purchasing green certificates*1, corporate PPA*2, introducing internal carbon pricing schemes*3, etc. Promote electrification of freight vehicles, etc. 	Large
		Reputation	<ul style="list-style-type: none"> Decline in corporate value and loss of stakeholder confidence due to delays in response to climate change response, resulting in lower sales revenues, impact on financing ability, and decline in brand value 	<ul style="list-style-type: none"> Set medium-to-long-term targets for reducing GHG emissions Promote further energy conservation initiatives Promote appropriate information disclosure 	Moderate
	Physical	Acute*4	<ul style="list-style-type: none"> Extensive damage to sites, facilities, inventories, real estate, etc., due to wind and flood damage 	<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 	Moderate
		Acute*4	<ul style="list-style-type: none"> Suspension of business due to disruptions in the supply chain caused by wind and flood damage, and resulting decline in sales revenues 	<ul style="list-style-type: none"> 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
		Chronic*5	<ul style="list-style-type: none"> Impact of storm surge and other flooding damage to coastal sites due to rise in sea levels 	<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
	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 	<ul style="list-style-type: none"> Monitor demand trends for functional materials related to electronic components, develop products, ensure supply volumes in accordance with conditions 	Moderate
<ul style="list-style-type: none"> Contribution to business performance from increased demand for environment-friendly products such as paper with FSC® and PEFC Forest Certification and recycled paper 			<ul style="list-style-type: none"> Monitor demand trends for environment-friendly products, develop products, ensure supply volumes in accordance with conditions 	Moderate	
<ul style="list-style-type: none"> Contribution to business performance from increased demand for paper products due to move away from plastics 			<ul style="list-style-type: none"> Monitor legal regulations and demand trends, develop products, ensure supply volumes in accordance with conditions 	Moderate	

* Transition risks and opportunities were compiled based on the 1.5°C scenario. Physical risks were compiled based on the 4°C scenario.
 * 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.
 *1. Green Certificate: A tradable certificate representing the environmental value of electricity generated from renewable energy sources.
 *2. Corporate Power Purchase Agreement (PPA): A system in which companies contract directly with power generators and electricity retailers to procure electricity from renewable energy sources
 *3. Internal Carbon Pricing: A carbon price set internally by companies in order to promote carbon reduction initiatives
 *4. Acute: Disasters and extreme weather conditions caused by meteorological phenomena (sudden, acute risks)
 *5. Chronic: Phenomena caused by changes in long-term climate and rainfall patterns (gradual, chronic risk)

4 Metrics and Targets

The group's mission is to carve out a better future for society and the environment, and we recognize that tackling climate change and other global environmental issues is a key task in our business activities.

As a first step toward addressing climate change, in February 2022 we disclosed GHG emissions (Scope 1 and 2) for Japan Pulp & Paper and its subsidiaries in Japan. In fiscal 2022, we will continue working to reduce emissions in the group by

identifying Scope 1 and 2 emissions at our subsidiaries outside of Japan and Scope 3 emissions at the parent company.

We will also continue to calculate the financial impact of the potential risks and opportunities based on the scenario analysis that we conducted, while working to further address climate change by studying new initiatives to mitigate risks and leverage opportunities, and set specific metrics and targets (KPIs) to measure performance.

Renewable Energy Power Generation

The group is engaged in the power generation business using renewable energy with the aim of providing a stable supply of clean and safe electricity.

Woody Biomass Power Generation

Since entering the biomass power generation business with the aim of supplying electricity to the group's paper companies, we have been working to ensure a stable supply of clean and safe electricity that meets increased societal demand. 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 are strongly in the public interest and will lead to the revitalization of local industries. In 2018, we established OVOL New Energy Sdn. Bhd. in Malaysia to collect PKS and export them to Japan and other countries, strengthening our system for a stable supply of biomass fuel to the Japanese market.



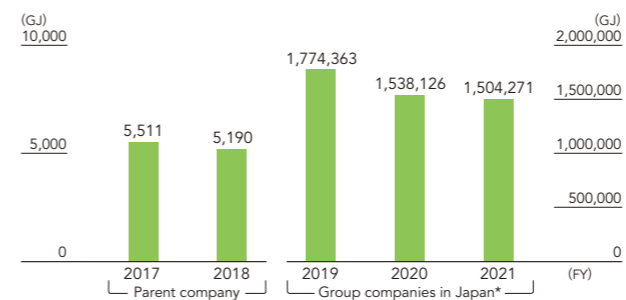
Solar Power Generation

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

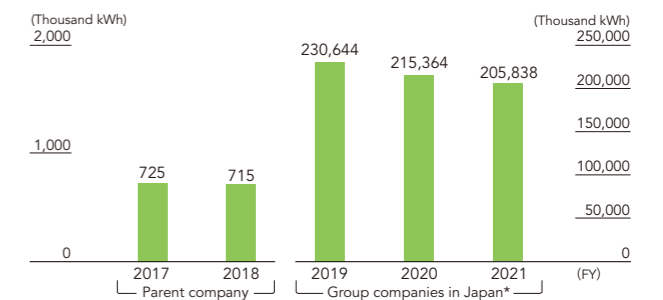


Climate Change-related Data

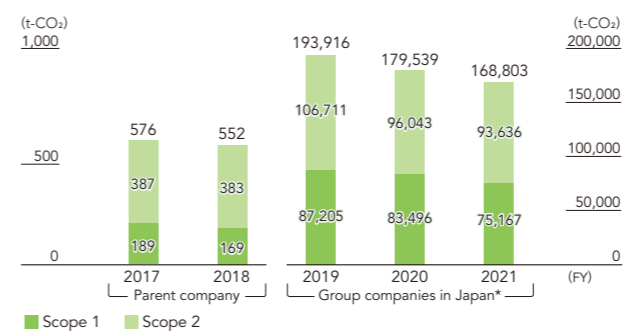
Energy Consumption



Electricity Consumption



Greenhouse Gas Emissions



* Covers Japan Pulp & Paper Co., Ltd. and consolidated and non-consolidated subsidiaries in Japan.

Supporting Biodiversity

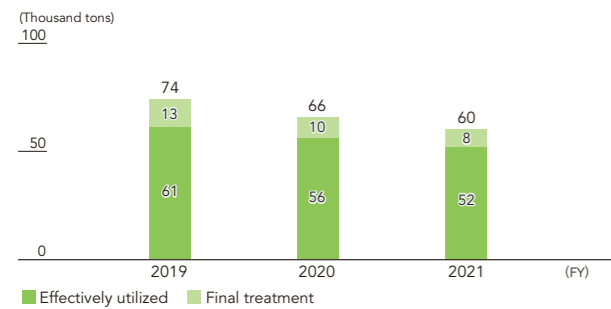
In addition to "protecting the natural environment," as stated in our Environmental Policy, the group has identified "biodiversity" as a material issue. Forest resources are the main raw material for paper, and increased efforts to conserve biodiversity may lead to stricter regulations and higher costs 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.

Resource Recycling

It is essential to promote initiatives to realize a circular economy, including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. We are committed to reducing waste in society and protecting forest resources, as well as to providing environmentally friendly products.

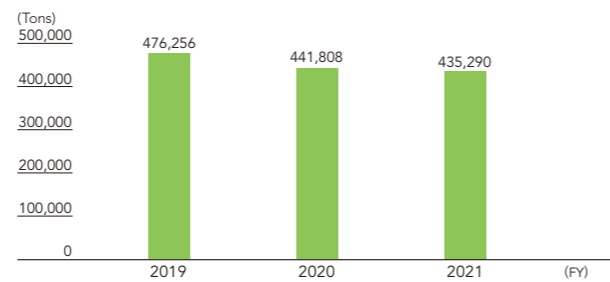
Industrial Waste Generated

(Japan Pulp & Paper Co., Ltd. and consolidated and non-consolidate subsidiaries in Japan)



Wastepaper Usage

(Consolidated paper manufacturing subsidiaries in Japan)



Wastepaper Recycling

With 28 wastepaper yards in Japan and throughout the world, we work from a global perspective to recycle wastepaper as a raw material for papermaking.

Business in Japan

Since our full-scale entry into the wastepaper recycling business in 1973, we have continued to expand operations throughout Japan. In collaboration with partners nationwide, we have established a wastepaper collection network that ensures a stable supply of wastepaper as a raw material for papermaking to paper manufacturers in Japan. In addition, some business sites have introduced information security management systems and other security certifications for the processing of confidential documents, for which there has been an increasing need in recent years.



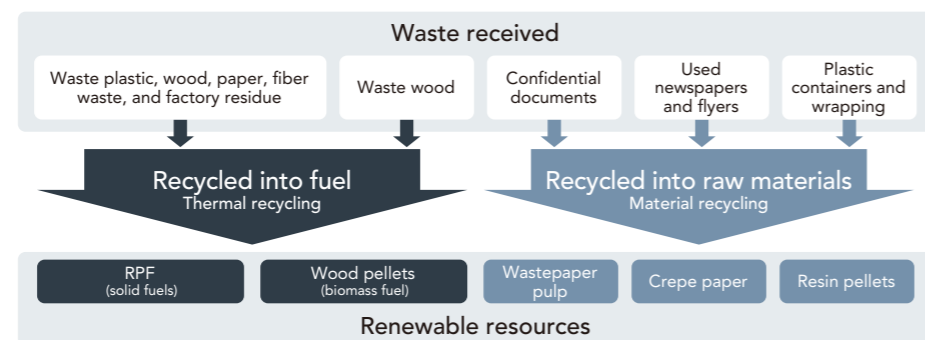
Business Outside of Japan

In 1998, we launched a wastepaper recycling business in the United States, drawing on the experience and know-how cultivated in Japan. Safeshred operates a recovered paper recycling business in Los Angeles. Based in Southern California, Safeshred collects and shreds office wastepaper, such as confidential documents received from government agencies and major corporations in central and local areas using special security containers. In 2011, JRS Resources began operating as part of the group in Los Angeles, and in 2016 we opened a site in Phoenix, Arizona. This further strengthened our ability to collect and ship wastepaper in the US. Furthermore in 2018, OVOL Fibre Solution India commenced operations in India as part of our efforts to continue expanding our wastepaper collection network outside of Japan.



Comprehensive Recycling

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



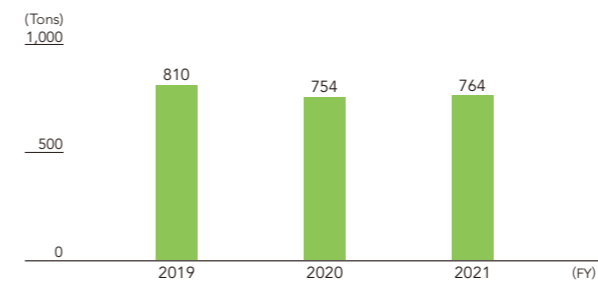
Environmental Impact

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 comply with the environmental protection laws and regulations of each country and region we serve, and work to reduce environmental impact by curtailing GHG emissions, reducing and properly disposing of waste, and promoting recycling. We will effectively utilize and reduce the use of energy, water, and other resources.

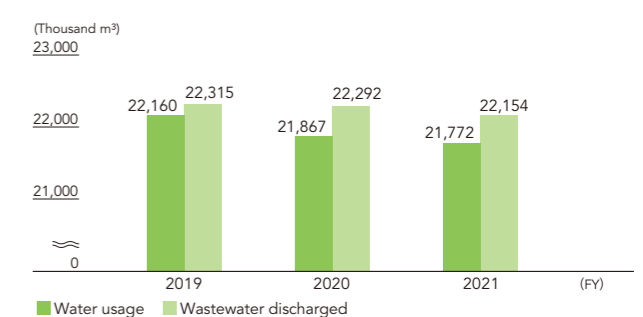
Emissions and Transfer of Substances under Japan's PRTR Regulations

(Consolidated paper manufacturing subsidiaries in Japan)



Water Usage & Wastewater Discharge

(Japan Pulp & Paper Co., Ltd. and consolidated and non-consolidated subsidiaries in Japan)



* A system in which companies report data and estimates for potentially hazardous chemical substances and/or pollutants released at business sites to 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.

Environmentally Friendly Procurement, Products, and Services

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.

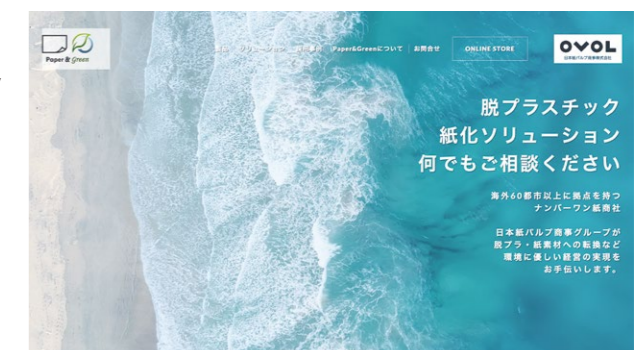
Forest Certification	FSC® Forest Certification/CoC Certification (acquired in October 2002) PEFC Forest Certification/CoC certification (acquired in October 2007)
Scope	For both FSC® and PEFC, the scope is: 1) Purchase, cutting, and sale of managed forest certified paper 2) Purchase and sale of managed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

Acquisition of Forest Certification by the Group (As of July 2022)

	Japan	Outside Japan
FSC® CoC Certification	16 companies	25 companies
PEFC CoC Certification	1 company	13 companies

Paper & Green

Paper & Green is a website that promotes the use of environmentally friendly products, proposes solutions, and provides consulting services. We 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)

Employees

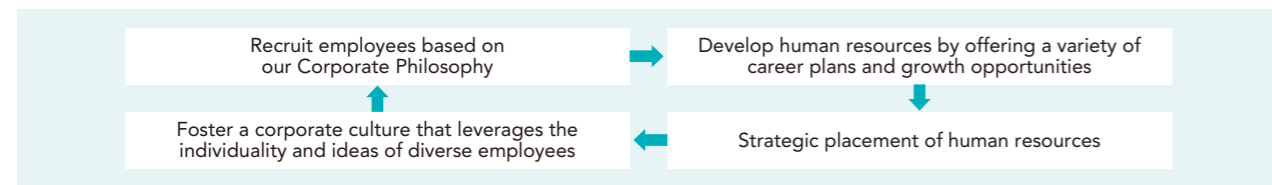
Basic Approach to Human Resources

Human resources are our greatest form of management capital. They are the foundation of the Japan Pulp & Paper Group's business competitiveness, and are positioned as the main factor for achieving sustained growth. Accordingly, we have designated the work environment, and diversity and inclusivity, 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 to give them the opportunity to demonstrate their value. To that end,

one of the policies of the 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, fair treatment and impartial personnel evaluations, and a comfortable working environment. By encouraging all employees to play a more active role, we aim to improve our capabilities as an organization.



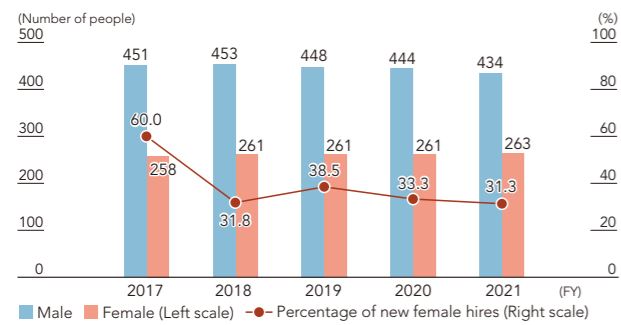
Recruitment of Employees

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 new employees is based on "Our Corporate Spirit" of integrity, fairness, and harmony, a belief that has been nurtured since our founding 177 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.

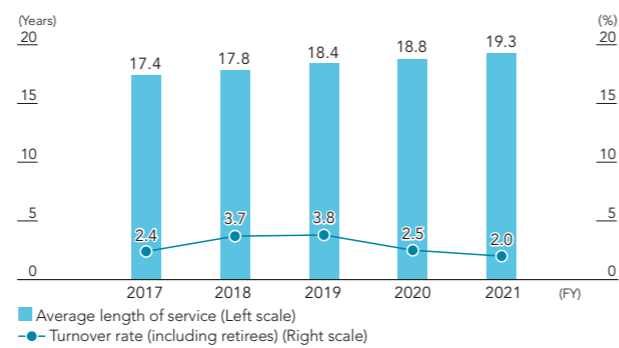
Number of Employees by Gender & Percentage of New Female Hires (Parent company)



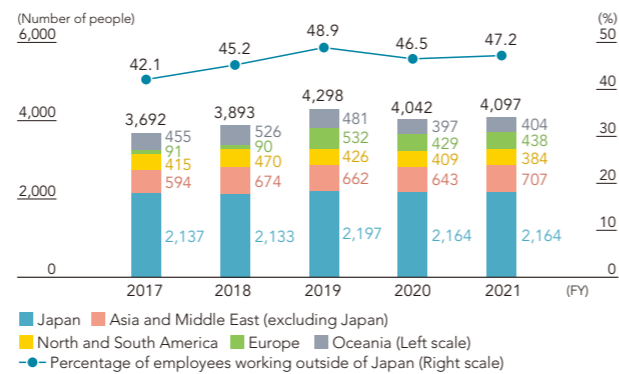
Human Resource Development

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 of capital, through development and optimal utilization. The Role

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



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

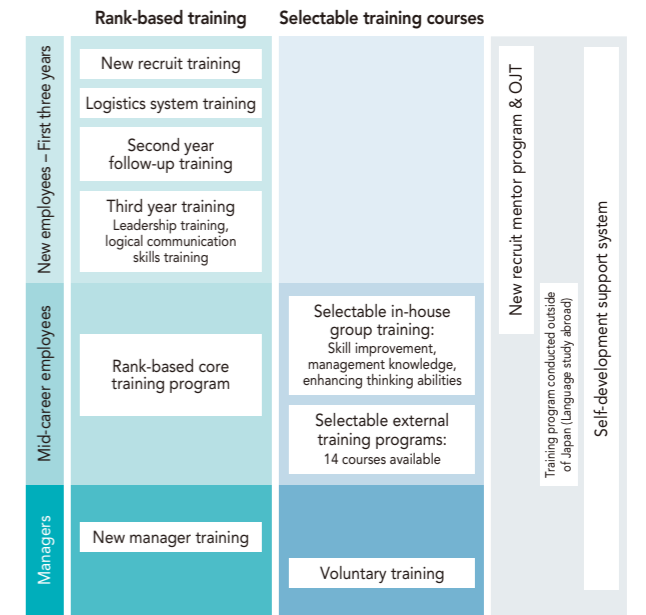


Responsibility System not only emphasizes organizational management, but also focuses on the promotion and recruitment of highly skilled and motivated persons for positions in which they can demonstrate their expertise and

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

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, we have a training program conducted outside of Japan to give employees a more international perspective and develop their practical communication skills in foreign languages. In addition, through our talent management system, we 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 the human resource data we possess, 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.

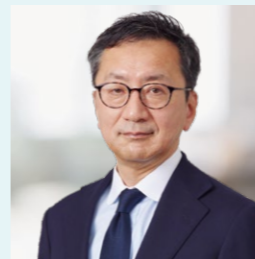


Human Resource Evaluation and Treatment

Our personnel evaluation system 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 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.

We consider human resources to be our greatest form of management capital.



Yasushi Takei
Executive Vice President
Administration, Planning & Sustainability
General Manager,
Corporate Planning Division

We have introduced a work-from-home system, a shift work and shortened working hours system and a limited working area system, with the aim of supporting flexible working styles and creating a work environment where employees can perform at their best. We have made it easier for employees to take paid leave, and worked to reduce overtime hours.

In April 2021, we extended the retirement age for employees. In doing so, we established the basic policies of "treating employees based on the ability they demonstrate, regardless of age," "treating employees appropriately, based on fair evaluations," and "revitalizing the organization and maintaining employee motivation." We will continue to treat employees over the age of 60 the same way we did when they were 59, and there will be no fixed retirement age for any position.

Investment in human capital, our source of future innovation, is one of the most important issues for the group's sustainability. We will continue our efforts to improve work-life balance, develop human resources, and ensure diversity.

Working Environment

Health Management

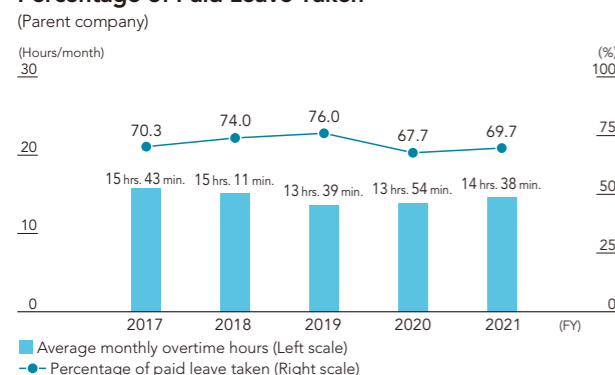
Japan Pulp & Paper Group Health Management Policy (Summary)

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/>

A healthy working environment for our employees, our greatest form of management capital, is invaluable. We believe that if every employee, at every level, takes responsibility for their own physical and mental health and actively works to maintain and improve it, both their quality of life and work will improve, in turn increasing productivity and the group's corporate value. We are committed to creating a healthy, safe, and comfortable

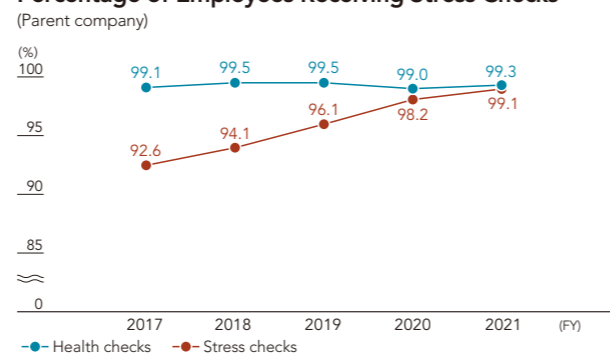
Average Monthly Overtime Hours & Percentage of Paid Leave Taken



work environment, and have implemented health management initiatives. The Personnel Department is leading these efforts, and reports their progress at the Human Resources Committee. We are also verifying the effectiveness of each measure and expanding our use of more effective measures.

In terms of specific initiatives, we are reforming our work style to ensure that every employee at every level feels a sense of fulfillment in both their work and private lives. 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 reduce the risk of lifestyle-related diseases, mental health problems, and other conditions, we conduct various medical examinations and stress checks, and in cooperation with external organizations, we employ an industrial physician, full-time nurses, and appoint multiple health supervisors. We aim to create a workplace in which every employee can actively demonstrate their abilities in a physically and mentally healthy way. Going forward, we will expand these efforts to group companies in and outside of Japan to promote unified health management throughout the group.

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

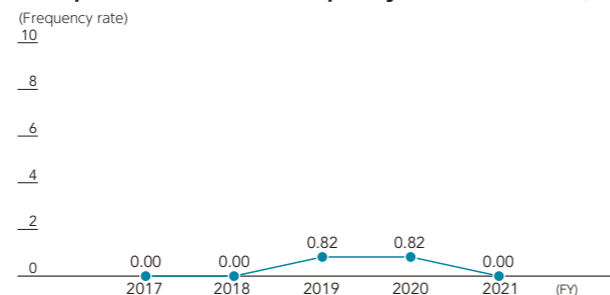
<https://www.kamipa.co.jp/eng/activity/safety/>

We recognize that occupational health and safety measures are one of the most important aspects of our business activities. The Japan Pulp & Paper Group Occupational Health and Safety Policy was established to strengthen its occupational health and safety system and management with the aim of eradicating workplace accidents, hazards, and occupational illnesses. The

Corporate Sustainability Division, the OVOL Environment & Safety Meetings, and the Personnel Department are leading these efforts, and progress is reported to the Executive Sustainability Committee.

As a result of these activities, the group had zero fatal accidents in fiscal 2021. We will continue to promote and improve occupational health and safety as our highest priority by implementing measures to prevent workplace accidents and providing comfortable workplaces.

Occupational Accident Frequency Rate (Parent company)



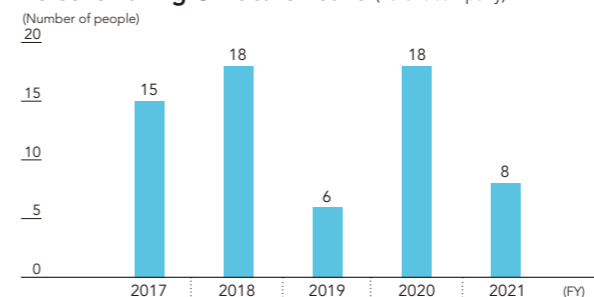
Diversity and Inclusion

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. Achieving diversity and inclusion is one of the group's highest priorities. In order to do so, the group will focus on building a workplace culture and systems that embrace diverse attributes, values, and working styles. The group as a whole is committed to ensuring that individuals are not discriminated against on the basis of ethnicity, religion, faith, gender, sexual orientation/gender identity, nationality, age, place of origin, educational background, or physical or mental disability. We are also working to change mindsets in the workplace, so that employees can continue to demonstrate their value while handling various personal circumstances such as childcare, nursing care, and illness.

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 reasons, and introduced a system for limiting work areas. In recognition of these measures, in 2021 we received "Kurumin Certification" from the Japanese government for our childcare support activities. In addition, we have established a work-from-home system and provided laptops as part of our efforts to support flexible working styles.

Persons Taking Childcare Leave (Parent company)



Breakdown of persons taking childcare leave

	2017	2018	2019	2020	2021
Male	0	0	0	0	0
Female	15	18	6	18	8

Employees (Parent company)

	2017	2018	2019	2020	2021
Employees	709	714	709	705	697

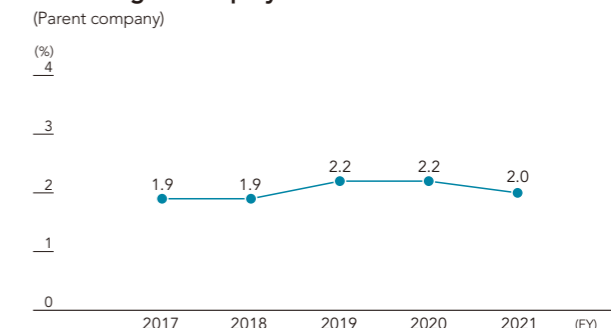
Global Human Resources

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.

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 consulting each employee on 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



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 behavioral change toward LGBT employees and other minority groups through internal measures such as bulletin boards and 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.



Supply Chain Management

We are developing a wide range of global businesses primarily in the paper industry, and offer various functions, products, and services in five segments: Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. 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 complying with laws, regulations, and social norms. Going forward, we will formulate policies and action plans for sustainable procurement by the end of fiscal 2022 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 lies at 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, 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 and provide education and distribute *Compliance Letters*. 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.

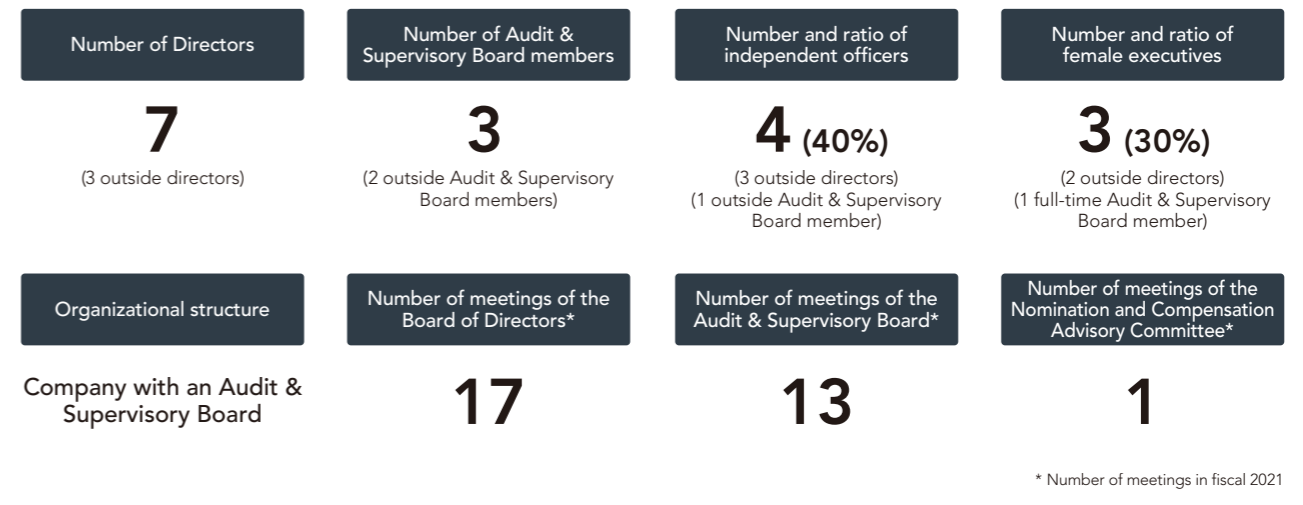
Japan Pulp & Paper Group Human Rights Policy (Summary)

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/

Corporate Governance

Overview (As of June 27, 2022)

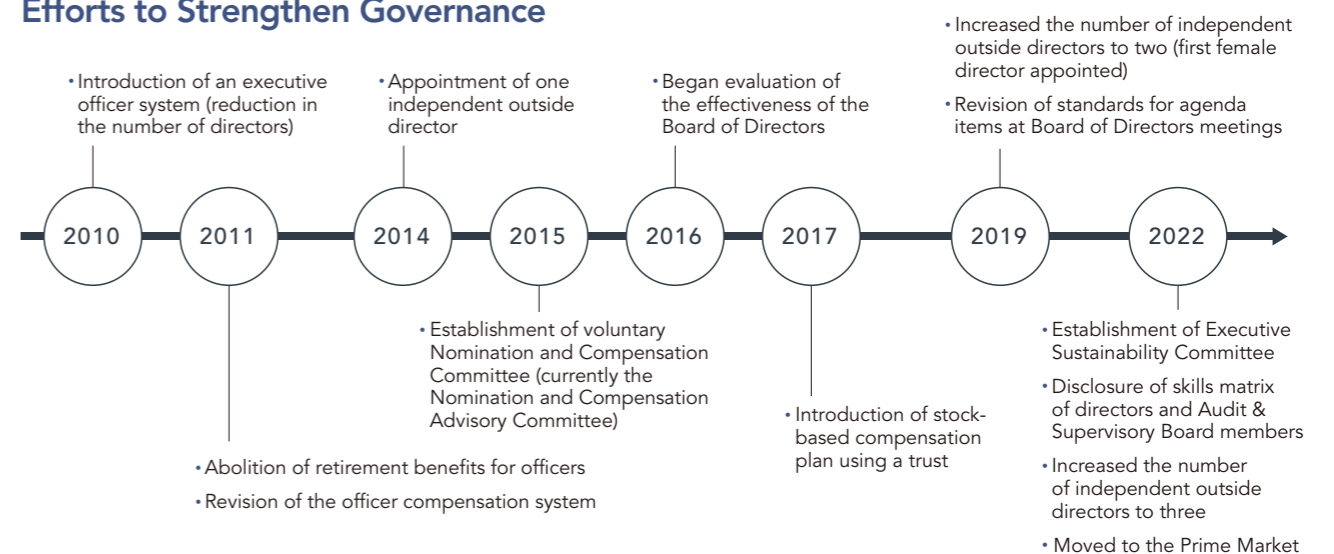


Basic Stance

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. We will continue to further enhance and strengthen corporate governance.

Efforts to Strengthen Governance

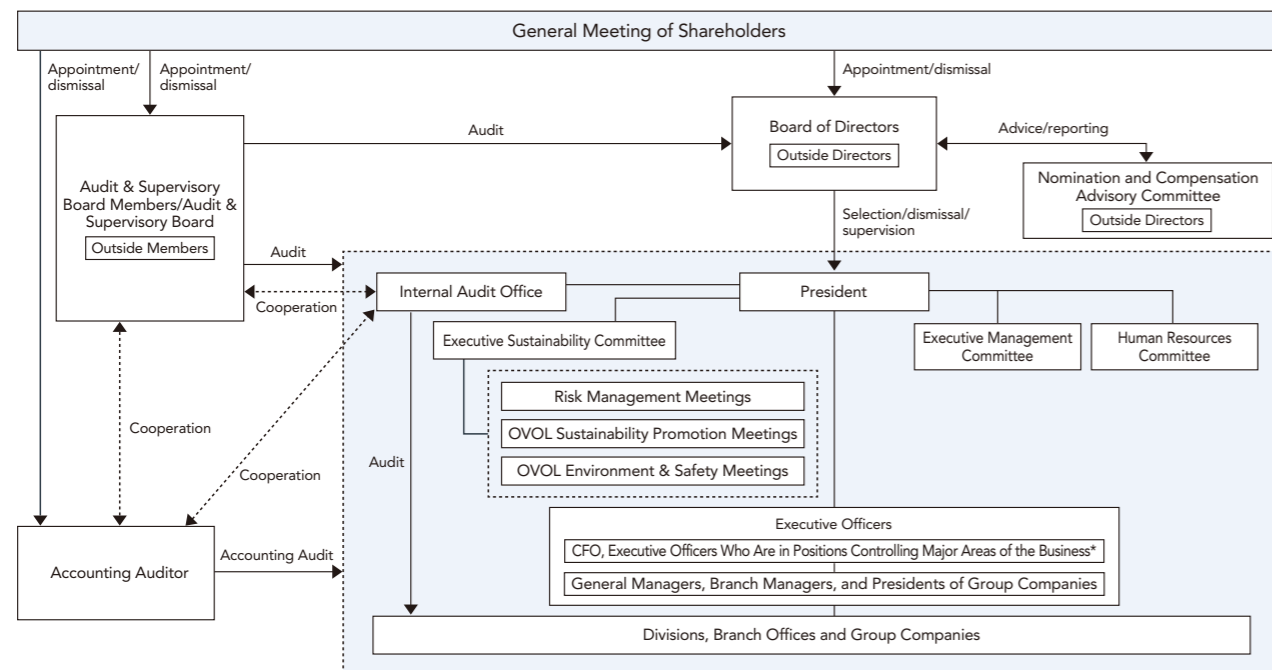


Overview of Corporate Governance Structure

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

the adequate monitoring of management by the Audit & Supervisory Board members that include outside members. To further strengthen our governance structure, we increased the number of outside directors by one at the General Meeting of Shareholders in June 2022, bringing the total number of directors to seven (including three independent outside directors). 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.

Corporate Governance Structure



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

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

Composition	7 directors, including 3 outside directors
Number of meetings	17 meetings in fiscal 2021
Chairperson	Representative director, president

Major agenda items for fiscal 2021
 Conflict of interest transactions by directors, individual director compensation, important personnel matters, appropriateness of cross-shareholdings, formulation of the long-term vision and medium-term business plan, promotion of sustainable management, move to the Prime Market, and distribution of dividends from retained earnings

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. The president serves as the chairperson.

Composition	Representative director, president (chairperson), 2 independent outside directors
Number of meetings	Held 1 time in fiscal 2021

- Content of discussions held in fiscal 2021**
- Proposal for election of director candidates
 - Proposal for election of candidates for substitute Audit & Supervisory Board members
 - Deliberation on base monthly compensation for directors by position
 - Deliberation on base annual amount of bonuses by position and performance-linked system
 - Deliberation on base annual amount of stock-based compensation by position

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 2 outside Audit & Supervisory Board members
Number of meetings	Held 13 times in fiscal 2021

Human Resources Committee

Based on committee rules, the Human Resources Committee determines important personnel measures necessary for the strategic business development of the group, and optimizes the allocation of human resources in the group.

Composition	Representative director, president (chairperson); full-time directors; the CFO and 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 12 times in fiscal 2021

Executive Officers

The company has appointed a total of 26 executive officers, including three who are also directors as of June 27, 2022. Executive officers who are also directors, or who serve as the CFO 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 targets. Other executive officers focus on fulfilling their respective roles and improving results as general managers, branch managers or presidents of group companies.

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.

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.

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; the CFO and executive officers who are in positions controlling major areas of the business;* full-time Audit & Supervisory Board member (observer)
Number of meetings	Held 19 times in fiscal 2021

Executive Sustainability Committee

Based on committee rules, the Executive Sustainability Committee meets regularly once a quarter and whenever necessary. This new committee, which is an expanded form of the existing Companywide CSR 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; the CFO and executive officers who are in positions controlling major areas of the business;* full-time Audit & Supervisory Board member (observer)
Number of meetings	Held 4 times in fiscal 2021 in the form of the Companywide CSR Committee

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

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.

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		Chairperson	6	●	●	●	●		●	●	
Chihiro Katsuta	Representative Director, Senior Executive Vice President			6	●	●	●		●	●	●	
Kazuhiko Sakurai	Director of the Board, Senior Executive Vice President			5	●	●	●				●	
Tetsuo Izawa	Director of the Board, Senior Executive Vice President			1	●	●	●				●	
Itaru Masuda	Director (outside)	○	○	5		●			●	●		
Sumiko Takeuchi	Director (outside)	○	○	3		●		●				●
Yoko Suzuki	Director (outside)	○		Newly appointed						●	●	●
Rie Uesaka	Audit & Supervisory Board Member (full-time)			2	●	●		●	●			
Katsunori Kitamura	Audit & Supervisory Board Member (outside)			7						●	●	
Naofumi Higuchi	Audit & Supervisory Board Member (outside)	○		6				●	●	●		

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

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, 2022	
			Board of Directors	Audit & Supervisory Board
Outside directors	Itaru Masuda	Itaru Masuda has been engaged in corporate management at financial institutions over many years, and also has abundant experience as an outside director and outside audit & supervisory board member at a number of listed companies. He was elected as an outside director to provide appropriate supervision of and advice regarding the company's management that draws on this experience and broad knowledge. Reason for designation as an independent officer: Mr. Masuda is from Sumitomo Mitsui Trust Bank, Limited, which has a business relationship with the company and is also a shareholder of the company. As of March 31, 2022, loans from this bank comprised 9.8% of the company's total borrowings, and the share of voting rights of the company held by the bank was 0.5%. However, as the company deals with multiple financial institutions, there is no risk of a conflict of interest with the company's general shareholders, and therefore Mr. Masuda has been designated as an independent officer.	17/17 (100%)	—
	Sumiko Takeuchi	Sumiko Takeuchi was involved for many years in nature and environmental conservation at her previous company. Since retiring from that post, she has been engaged in research in the fields of the environment and energy at an NPO, universities and other organizations, and has conducted wide-ranging research and advocacy activities in the fields of the environment and energy. She has also served in a large number of public roles, including as a government delegate. The company elected her as an outside director to provide advice to the company's management and to supervise its business execution from an objective, professional standpoint, using her deep insight based on her extensive experience as stated above. 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.	17/17 (100%)	—
	Yoko Suzuki	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, and at various corporate businesses. 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.	—	—
Outside Audit & Supervisory Board members	Katsunori Kitamura	Katsunori Kitamura has extensive experience as a judge and deep insight into management as an attorney. He is also an expert in corporate legal matters. The company elected him as an outside Audit & Supervisory Board member so that he can reflect his wealth of knowledge and experience in audits of the company. Mr. Kitamura is an attorney at the Marunouchi Law Office, with which the company has a consultation agreement.	17/17 (100%)	13/13 (100%)
	Naofumi Higuchi	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.	17/17 (100%)	13/13 (100%)

Efforts to Improve the Effectiveness of the Board of Directors

Evaluation of Effectiveness of the Board of Directors

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

In fiscal 2021, a questionnaire survey of all directors and Audit & Supervisory Board members was conducted, and was used as the basis of discussion by the Board of Directors. It was confirmed that the composition of the Board of Directors, the content of resolutions and discussion time, and support systems such as information provision are appropriate, that the effectiveness of the Board of Directors is secured, and that discussion of matters such as group governance, ESG and the SDGs, and other issues has been further enhanced. On the other hand, there was strong awareness of issues such as the need for more substantial discussions on some proposals that are submitted to the Board of Directors after being deliberated on by the Executive Management Committee and

other subordinate bodies, and the need to increase diversity in order to strengthen risk tolerance in an era of increasingly complex and fast-moving corporate management. Based on this evaluation, the Board of Directors will make the necessary improvements and continue striving to maintain and increase the effectiveness of the Board.

Director and Audit & Supervisory Board Member Training

To ensure that directors, Audit & Supervisory Board members, and executive officers are able to fulfill their required roles and responsibilities, the company provides opportunities to study and acquire the skills necessary for their respective duties and to increase their knowledge as appropriate. In fiscal 2021, we held an SDGs seminar that was hosted by a financial institution in October 2021. Another study session on the value creation process was hosted by a financial institution in January 2022. In addition, each director takes advantage of individual seminars and other opportunities to actively acquire knowledge as needed.

Status of Audit & Supervisory Board Members and Internal Audits

The Audit & Supervisory Board is comprised of three Audit & Supervisory Board members. Each Audit & Supervisory Board member attends meetings of the Board of Directors, and the full-time Audit & Supervisory Board member attends important meetings such as the Executive Management Committee to properly audit the execution of duties by directors. In addition, the Audit & Supervisory Board works to strengthen its functions by periodically examining the business and financial condition of affiliates and collaborating with the Accounting Auditor and the Internal Audit Office.

Regarding internal audits, the Internal Audit Office, which was established independently from business execution divisions, conducts audits of the overall operations of the group,

including compliance with laws, the Articles of Incorporation of each company, and internal regulations. It also monitors the appropriateness of procedures and execution of duties. The office cooperates and shares responsibilities with related divisions in accordance with the Internal Audit Regulations, and reports the results of audits to the president. In addition, the Internal Audit Office follows up on the status of improvements to items pointed out or suggested by internal audits in cooperation with related divisions.

Status of Accounting Audits

For accounting audits, the company has signed an audit and quarterly review contract with Yaesu Audit & Co., which performs accounting audits, internal control audits, and quarterly reviews in accordance with laws and regulations.

Coordination of Internal Audits, Corporate Audits, and Accounting Audits

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

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

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

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

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 long-term corporate value and clarifies the linkage of that with the company's stock price. The company's basic policy is to set each director's compensation at an appropriate level, taking the director's duties into consideration. 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

4. Compensation (Fiscal 2021) Compensation System

Officer category	Aggregate compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of officers eligible
		Monetary compensation		Non-monetary compensation	
		Base compensation	Bonuses	Stock-based compensation	
Directors (excluding outside directors)	264	119	99	46	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	24	24	—	—	1
Outside officers	36	34	2	—	4

Notes: 1. The table above includes one director who retired at the 159th General Meeting of Shareholders held on June 28, 2021.
2. Compensation to outside directors shall be paid only as base compensation going forward, with the last bonus paid in June 2022.

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 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 rational, they are sold to reduce the size of our holdings (see page 30 for details). In exercising voting rights for

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, 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 directors. 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 president based on a resolution of the Board of Directors.

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.

In the event that a company (cross-holding shareholder) that holds our shares as cross-holding shares expresses an intention to sell its shares, we will not interfere in the sale by suggesting a reduction in transactions.

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.	1. PR activities including information made available via our website 2. Response to inquiries submitted via our website 3. Integrated Report 4. Exhibitions, trade shows, and events 5. Promotional and advertising activities
Executives and Employees	We work to ensure that all executives and employees are fully aware of our Corporate Philosophy and to ensure understanding of the management policy through messages from the president. We carry out dialogue to build an environment where executives and employees with diverse values can work comfortably and make the most of their abilities.	6. Intranet 7. Issuing of the group magazine (four times a year) 8. Issuing <i>Compliance Letters</i> 9. HR appraisal/self-evaluation system 10. Dialogue sessions between management and employees 11. Training and seminars 12. Internal and external consultation desks 13. "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.	14. Communication through business activities 15. Dissemination of information through our e-commerce sites 16. Responses to inquiries via e-commerce sites 17. Certification 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.	18. General Meeting of Shareholders 19. Financial results briefings for analysts and institutional investors (twice a year) 20. Meetings with analysts and institutional investors (as necessary) 21. Securities Report 22. Financial Report 23. Timely disclosures to Tokyo Stock Exchange 24. 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.	25. Organizing exchange events with local community residents at our business facilities 26. Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation 27. 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.	28. Collaboration with NPOs and NGOs through our business 29. 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.	30. Appropriate communication with relevant government authorities and local governments 31. Activities through industry associations

Messages From Outside Directors and Outside Audit & Supervisory Board Members

In June 2022, Yoko Suzuki was newly appointed as an outside director, bringing the total number of outside directors to three, along with Itaru Masuda and Sumiko Takeuchi. Outside Auditor & Supervisory Board members Katsunori Kitamura and Naofumi Higuchi bring the total number of outside officers to five. Here, these five outside officers discuss the Japan Pulp & Paper Group's strengths and appeal, and the value it provides.

The group will proudly generate corporate growth and resolve social issues.



Itaru Masuda

Outside Director

Governance is a continuous, ongoing theme, and we believe that throughout the group's 177-year history, it has always worked to strengthen governance while fulfilling its responsibilities as a member of society.

Discussions and the exchange of opinions at Board meetings and other venues are open and constructive, and I highly appreciate the Board's sincere efforts to address issues.

The Medium-term Business Plan 2023 is now progressing smoothly, and we have achieved its earnings targets. A key feature of the group is that it never becomes complacent and continues to steadily push forward to new heights, step by step.

The key to improving the corporate value of the group is to hire and develop excellent human resources. Over the past 10 years, it has expanded its operations outside of Japan and has entered new markets besides paper sales. As a result, many employees have newly joined our ranks. We want them to be proud members of the Japan Pulp & Paper Group, so we need to implement human resource development, create the required systems, and ensure that management communicates effectively.

The group encompasses 114 companies in Japan and other parts of the world, and has approximately 4,000 employees. We therefore need to enhance group governance to inculcate group policies and values and bring all employees together to achieve our goals based on a common understanding. The growing scale of the group exposes it to the risk of problems outside of management's view. Risk management is another reason that enhanced governance will be an important issue going forward.

The group will continue to help resolve social issues while expanding its businesses in Japan and around the world. Furthermore, we intend to create additional value by appropriately disclosing relevant financial and non-financial information and by deepening stakeholder engagement.

Turbulent times necessitate management with a long-term vision.



Sumiko Takeuchi

Outside Director

Companies are focusing on management that encompasses the environment, society, and governance, or ESG management, in order to achieve long-term growth. Clarifying a company's long-term prospects and role in society along with the short-term value presented in the financial statements enables markets and investors to make decisions with a long-term perspective.

Currently, however, societal requirements and values are diversifying and changing rapidly. Recent examples include realization of the importance of economic security triggered by the COVID-19 pandemic, and the creation of new values brought on by the economic sanctions against Russia resulting from its invasion of Ukraine. The world's power balance, which has relied on the deterrence capabilities of the United States, is crumbling, and values sought by society are changing rapidly. Given this situation, we realize that being a company that contributes to the realization of a sustainable society will not be easy. Rather than setting a fixed goal and going straight toward it, we need the flexibility to determine the values we want to prioritize and adjust how we approach the actualization of those values depending on the social situation.

In light of the above, the group has indicated clearly that it will address these issues by strengthening its framework for promoting sustainability, led by the president. Our goals are to achieve both rapid top-down action that helps actualize our desired values and to discuss progress and review policies from a variety of perspectives as appropriate.

Many companies have introduced these kind of systems, and ours may seem similar on the surface. The key, however, is timely discussion from a variety of perspectives. Discussions are always frank and open at Board meetings. Although the male-to-female ratio is not 1:1, the group has female directors and auditors who often help to spark discussions.

Given the declining predictability of society, targeting long-term growth will require taking opinions from different angles into account. I feel that the group has a very strong will to incorporate diverse perspectives into management.

We will reaffirm our strengths and create new value in a time of change.



Yoko Suzuki

Outside Director

My name is Yoko Suzuki, and I was newly appointed as a director in June 2022. As such, I will properly perform my duties in order to realize highly effective corporate governance.

Founded in 1845, Japan Pulp & Paper has developed its corporate climate and culture over its long history. It has continued to grow as a company in unison with society's evolution by incorporating new changes without altering the essence of its business, which is to contribute to society by supplying paper—an essential material for the development of life, industry, and culture.

My experience has given me the conviction that an open organization is best able to rapidly inculcate company policies in employees, and empower employees because it gives them a shared understanding as they take on new challenges and work diligently to achieve goals. The group encompasses many companies in and outside of Japan. It must create systems that allow all executives and employees to share policies and the latest information on sustainable management in order for all group companies to work together toward sustainable growth and resolve social issues.

The potential of paper products is gaining new traction because of the global movement to reduce the use of plastics. The use of paper straws as an alternative to plastic straws is a good example. In this period of change, we must always look to the future so that we do not fall behind before we realize it. The key to avoiding this is remaining focused on environmental issues and embracing social trends. Paper is a leading environmentally friendly material. I would like to see the group leverage the relationships of trust it has built with its business partners to create new value. Part of that process is actualizing the potential of paper through means including collaboration with new companies.

In addition, I would like the group to focus on maintaining a corporate environment that empowers the effective use of the tangible and intangible assets it has acquired to date to take on the challenge of creating new businesses. As the reduction of plastics mentioned above and other social issues move toward resolution on a global scale, the potential of paper as a material will attract more attention, and the group will have more opportunities to play an active role in society. A period of change has begun, and I hope that the group will contribute to the resolution of environmental issues and increase its corporate value by providing new value to society.

We will inculcate management policy throughout the group and increase corporate value.



Katsunori Kitamura

Outside Audit & Supervisory Board Member

The group's corporate governance initiatives do not focus on compliance with the Corporate Governance Code in and of itself, but rather on how to inculcate compliance widely throughout the group. As the scale of the group expands globally, we will promote appropriate conduct on the part of all executives and employees in and outside of Japan by instilling an awareness of the importance of corporate governance and compliance. This will support increased corporate value. In addition, the group is enhancing its system for promoting sustainability, and from the perspective of increasing corporate value, the group is committed to ensuring that all of its executives and employees understand and act in accordance with its management policy, particularly with regard to its relationship with society. As I did in 2021, I will play my part in doing so by continuing to hold seminars on contracts.

My primary job as an outside Audit & Supervisory Board member is to supervise management to ensure that actions detrimental to corporate value do not occur. During discussions of investment plans prior to the final management decision, we rigorously scrutinize projects and make recommendations from the standpoint of potential procedural problems and whether the factors involved in making investment

decisions are appropriately considered. We also want to hear immediately about any potential frontline legal problems or uncertainties. In addition, we receive timely whistleblower reports and give advice on how to deal with them. At the same time, I have had the opportunity to participate in discussions about increasing corporate value and to express my opinions, and I feel that management has provided both appropriate and pointed opinions, and discussions have incorporated intelligent points of view. In formulating business strategies, management receives a summary of the strategy and detailed reports and materials supporting its validity from the bottom up. Management is typically rigorous in addressing these reports. Management subsequently improves precision in a process that involves repeated revision and verification, which makes for thorough governance.

The group began as a paper wholesaler, but is now embracing fresh ideas and initiatives in a new phase of expanding businesses and the scope of operations based on the slogan, "Paper, and beyond." The group is a leading paper company in Japan and many other countries, and I have great expectations that it will continue to grow and contribute to the resolution of social issues.

We will promote management with an ongoing commitment to benefiting the environment and society.



Naofumi Higuchi

Outside Audit & Supervisory Board Member

We meet the expectations of our stakeholders through corporate management with a long-term perspective. We manage our business to both generate earnings and fulfill our corporate social responsibility with a commitment to the environment, society, and other issues of public interest. The group is a specialized distribution company, so some people initially perceive it as specialized in a single business. As I see it, however, the group has a long history of adapting to change and taking on new challenges. In fact, management with a broad perspective typifies the group.

Given the group's global business expansion, corporate governance and compliance now require group-wide IT and globally integrated controls and businesses when appropriate. A key fundamental for sustainable management is the efficiency and accuracy with which group companies throughout the world can collect and report data ranging from the management and financial information required by the head office to non-financial ESG information. An integrated group-wide system is particularly important to the processes for aggregating and producing non-financial information because this enables the group to employ unified metrics and further improve efficiency. In addition, the group must continue to mitigate risks through means including preventive measures and countermeasures in the event of scandals, malfunctions, or accidents. Inculcating risk management is particularly important for the parts of the organization that deal directly with customers and the public.

The group has many strengths, especially its well-balanced business portfolio. In addition, as a major company and a leader in the paper wholesaling industry, the group has strengths in the form of intangible assets that are not reflected in the balance sheet, such as its relationships of trust with business partners built over its long history. At the same time, the group is expanding and so it should continue to focus on the crucial issues of further enhancing its work environment to ensure success post pandemic and bringing on people who can excel internationally. Immediate results are generally difficult to generate, so I would like all stakeholders to view the group's growth from a long-term perspective.

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

(As of June 27, 2022)

Directors of the Board

* Director of the Board also serving as an Executive Officer



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
June 2016 Director of the Board
Executive Vice President
Global Business
General Manager, International Sales Division of the Company
Apr. 2017 Representative Director
President of the Company (present position)

Akihiko Watanabe
Representative Director,
President



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
June 2016 Director of the Board
Executive Vice President
Household Paper of the Company
Apr. 2017 Director of the Board
Senior Executive Vice President
CFO of the Company
June 2019 Representative Director
Senior Executive Vice President
CFO of the Company
Apr. 2021 Representative Director
Senior Executive Vice President
CFO Raw Materials & Environment of the Company (present position)

Chihiro Katsuta*
Representative Director



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

Kazuhiko Sakurai*
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
June 2021 Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, ICT & Logistics of the Company (present position)

Tetsuo Izawa*
Director of the Board



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

Itaru Masuda**
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 Joint Founder and Representative Director of U3Innovations LLC (present position)
June 2019 Outside Director of the Board of the Company (present position)
Apr. 2020 Specially Appointed Professor of Tohoku University (present position)
Apr. 2021 Senior Advisor of Deloitte Tohmatsu Financial Advisory LLC (present position)

Sumiko Takeuchi**
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)
June 2018 Outside Director and Audit and Supervisory Committee Member of Nippon Pigment Company Limited (present position)
June 2018 Auditor of Hitotsubashi University Collaboration Center (present position)
June 2020 External Audit & Supervisory Board Member of MARUI GROUP CO., LTD. (present position)
Sep. 2021 Auditor of NATIONAL ARCHIVES OF JAPAN (present position)
June 2022 Outside Director of the Board of the Company (present position)

Yoko Suzuki**
Director of the Board

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

Audit & Supervisory Board Members



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

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



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

Katsunori Kitamura
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
June 2016 Established Higuchi Certified Public Accountant Office, Appointed as Representative (present position)
June 2016 Outside Audit & Supervisory Board Member of the Company (present position)
Apr. 2018 Professor of Tohoku University Accounting School (present position)
Mar. 2020 Outside Director of Nippon Aqua Co., Ltd. (present position)
July 2022 Director of the Japanese Institute of Certified Public Accountants (present position)

Naofumi Higuchi**
Audit & Supervisory Board
Member

Executive Officers

Senior Executive Vice Presidents

Chihiro Katsuta
CFO, Raw Materials & Environment

Kazuhiko Sakurai
Paperboard & Household Paper

Tetsuo Izawa
Paper Sales & Marketing, ICT & Logistics

Executive Vice Presidents

Yasushi Takei
Administration, Planning & Sustainability
General Manager, Corporate Planning Division

Mitsutoshi Imamura
Global Business, Specialties

Nobuyuki Matsuura
General Manager, Kansai Branch

Senior Vice Presidents

Makoto Shirovani
Raw Materials & Environment

Koji Ukeguchi
General Manager, Newsprint & Publication Paper Sales Division

Kagetaka Matsuura
General Manager, Paper Merchant & Printer Sales Division

Susumu Tanaami
General Manager, Chubu Branch

Fumio Watanabe
President, OVOLICT Solutions Co., Ltd.

Shinichiro Yamamoto
President, Eco Paper JP Co., Ltd.

Executive Officers

Shinsuke Yamamoto
General Manager, Corporate Sustainability Division

Kenichiro Fujii
General Manager, Finance & Administration Division

Hisaaki Matsuoka
General Manager, Purchasing Division

Kozo Nishio
General Manager, Industrial Materials Sales Division

Hiroshi Kashima
General Manager, International Business 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.

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

Takahiro Miyata
Managing Director, Ball & Doggett Group Pty Ltd

Compliance and Risk Management

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, 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, which consists 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 has established a Charter of Corporate Behavior as a guide to ensure that all executives and employees recognize the values that have been cultivated over the years, and constantly embody them. We are working to further ensure and strengthen compliance with laws and regulations, and to promote fair and appropriate transactions and responsible procurement.

The Code of Conduct for Executives and Employees 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. It stipulates thorough

compliance with various laws and regulations, social norms, taxation policies, and the relevant laws and regulations of each country and region we serve.

Note: Please refer to our website for details of the Charter of Corporate Behavior, the Code of Conduct for Executives and Employees, and the Taxation Policy.

Charter of Corporate Behavior	https://www.kamipa.co.jp/eng/activity/charter/
Code of Conduct for Executives and Employees	https://www.kamipa.co.jp/eng/activity/code/
Taxation Policy	https://www.kamipa.co.jp/eng/activity/tax/

■ 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, and we are thoroughly committed to this goal. Specifically, we comply with the competition laws of each country and region we serve, work to prevent violations, and establish internal systems to correct violations should they occur. Moreover, we 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 all group executives and 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 established an Anti-corruption Policy in February 2022. We work to prevent bribery of public and government officials, inappropriate demands of business partners, and other acts of corruption.

Note: Please refer to our website for details of the Anti-corruption Policy.

Anti-corruption Policy	https://www.kamipa.co.jp/eng/activity/anti_corruption/
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■ Efforts to Ensure Compliance

The group conducts educational programs such as rank-based and theme-based compliance training and e-learning to ensure that 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 bulletin board twice a month and the *Compliance Letter* in the group's magazine four times a year. Our goal is to disseminate information to executives and employees and to promote awareness of the importance of compliance, including the promotion of fair trade.

Compliance awareness activities (Fiscal 2021)	Target	Frequency of meetings	Number of participants
Rank-based compliance training	New employees, new managers, and seconded employees of Japan Pulp & Paper	3 times	35
Harassment prevention training	Managers (including seconded employees) of Japan Pulp & Paper	1 time	251
Contract signing seminars	Employees and seconded employees of Japan Pulp & Paper	2 times	1st session: 775 / 2nd session: 671
e-learning tests	Executives and employees of Japan Pulp & Paper and group companies in Japan	2 times	Average: 1,886

■ 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 external contact point is outsourced to an external specialist to ensure anonymity, and is available 24 hours a day, 365 days a year.

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 the group faces are diverse and becoming increasingly complex and global due to the business expansion and the advancement of information technology. 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 operations. 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 of the occurrence of such risks and to ensure the implementation of measures to prevent the manifestation of such risks. We also have put measures in place to deal with situations when such risks do materialize. In addition, the Charter of Corporate Behavior, which was revised in February 2022, also contains a relevant section: "8. Thoroughgoing Risk and Crisis Management."

■ Risk Management System

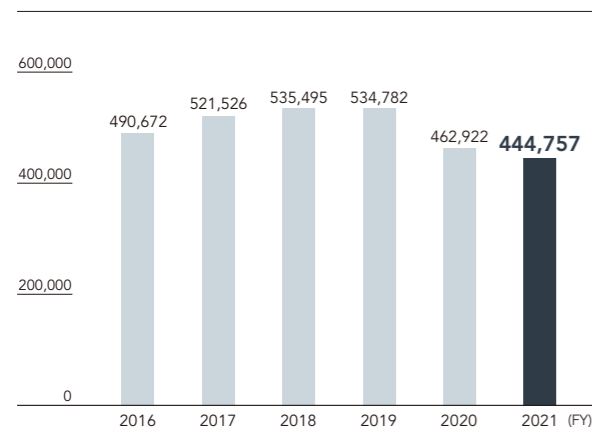
In order to identify various risks related to the management of the group, the Executive Sustainability Committee, with ultimate responsibility held by the president, examines policies and activities related to risk management. The Risk Management Meetings, conducted under the auspices of the Executive Sustainability Committee, are chaired by the general manager of the Finance & Administration Division and consists of members appointed from the Internal Audit Office, Corporate Sustainability Division, Finance & Administration Division, and other related divisions. The committee will identify, analyze, evaluate, and prioritize risks; formulate measures to address specific risks; and work to reduce risks.

Classification	Subclassification	Risks	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	●	●			
	Other significant risks	Risks related to decline in paper distributor function	●	●			
		Risks related to logistics	●	●	●	●	
		Risks related to new business investments	●	●	●	●	
Other urgent risks	Impact of COVID-19	Impairment risk for stocks of subsidiaries and affiliates and impairment of goodwill	●	●	●	●	
			●	●	●	●	●
Risks related to business environment	Legal and regulatory restrictions	Country risk	●	●	●	●	●
			●	●	●	●	●
	Risks related to financial markets	Risks related to financing	●	●	●	●	●
Other risks	Risks related to climate change, natural disasters, etc.	Risks related to foreign exchange rate fluctuations	●	●	●	●	
		Risks related to climate change and natural disasters, etc.	●	●	●	●	●
	Risks of fluctuation in market value of investment securities held	Risks related to climate change and natural disasters, etc.	●	●	●	●	●
		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	●	●	●	●	●	

Consolidated Financial Highlights

Revenue

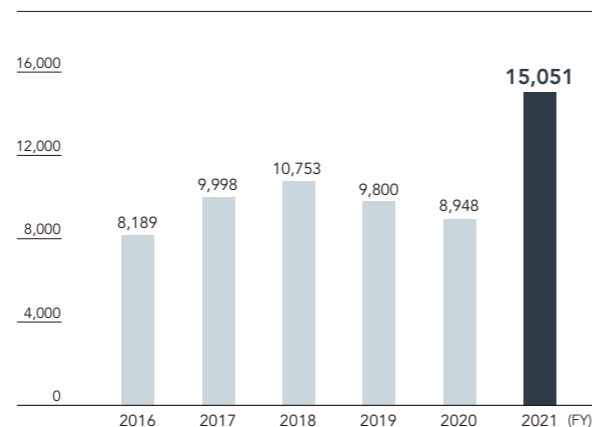
(Millions of yen)



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."

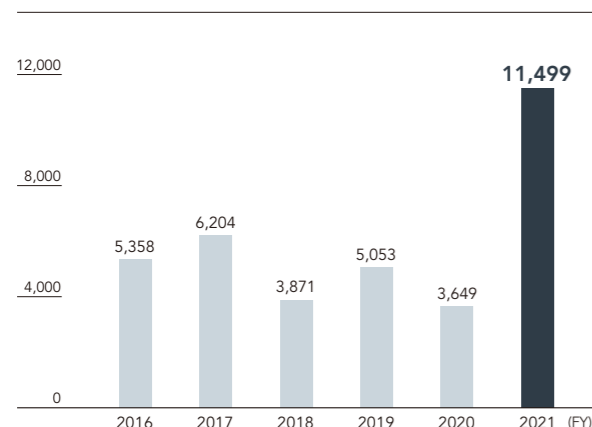
Ordinary Profit

(Millions of yen)



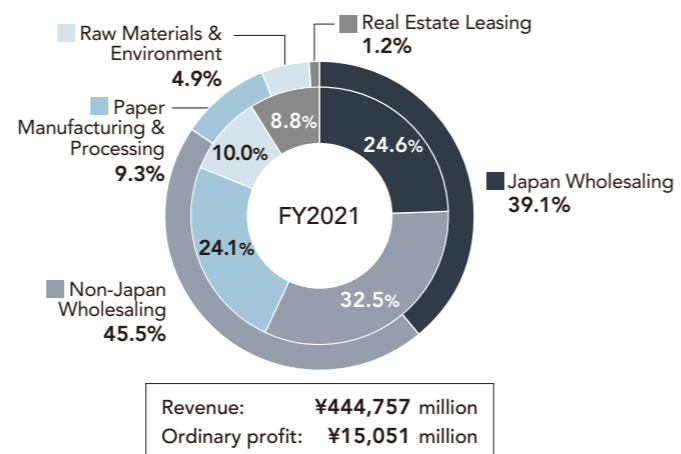
Profit Attributable to Owners of Parent

(Millions of yen)

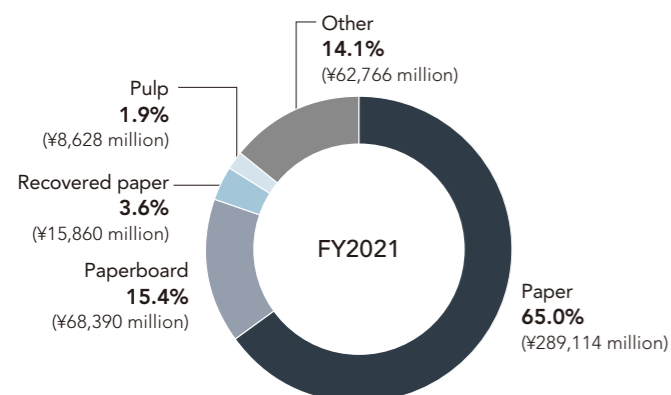


Composition of Revenue to Customers and Ordinary Profit Ratio by Business Segment

Outer circle: Revenue
Inner circle: Ordinary profit (simple aggregation of each segment, excluding adjustments)

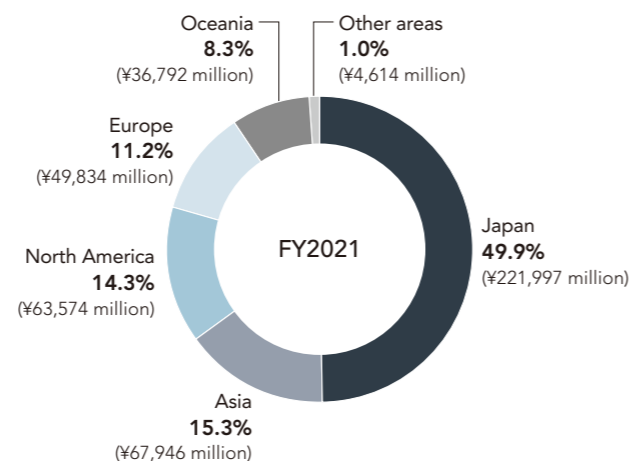


Revenue by Product Segment



Revenue by Geographic Segment

Note: Segments are based on the location of customers.



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue⁷ (Millions of yen/Millions of US dollars)	¥490,672	¥521,526	¥535,495	¥534,782	¥462,922	¥444,757 \$3,634
Operating profit (Millions of yen/Millions of US dollars)	¥8,276	¥10,125	¥10,805	¥10,924	¥8,896	¥14,064 \$115
Ordinary profit (Millions of yen/Millions of US dollars)	¥8,189	¥9,998	¥10,753	¥9,800	¥8,948	¥15,051 \$123
Profit attributable to owners of parent (Millions of yen/Millions of US dollars)	¥5,358	¥6,204	¥3,871	¥5,053	¥3,649	¥11,499 \$94
Comprehensive income (Millions of yen/Millions of US dollars)	¥6,809	¥11,379	¥1,847	¥3,170	¥9,627	¥12,506 \$102
Net assets (Millions of yen)	¥80,784	¥94,735	¥94,745	¥87,246	¥89,872	¥100,317
Total assets (Millions of yen)	¥287,863	¥337,323 ⁵	¥349,656	¥341,939	¥321,986	¥338,939
Net interest-bearing debt (Millions of yen)	¥92,385	¥111,342	¥113,152	¥120,701	¥102,471	¥97,939
Net assets per share (Yen)	¥559.06	¥6,170.79 ⁶	¥6,143.16	¥5,882.75	¥6,103.84	¥6,774.14
Basic earnings per share (Yen)	¥39.27	¥429.20 ⁶	¥274.69	¥365.01	¥266.92	¥839.50
Diluted earnings per share (Yen)	¥39.00	¥426.83 ⁶	¥273.12	¥363.44	¥266.08	¥837.56
Dividend per share (Yen)	¥10	— ⁴	¥110	¥110	¥110	¥115
Payout ratio (%)	25.5	23.3	40.0	30.1	41.2	13.7
Capital adequacy ratio (%)	26.4	25.8 ⁵	24.8	23.5	25.9	27.4
Rate of return on equity (ROE) (%)	7.2	7.6	4.5	6.1	4.5	13.0
Net D/E ratio (Times)	1.21	1.28	1.31	1.50	1.23	1.06
Price/Earnings ratio (PER) (Times)	9.4	10.0	15.1	10.3	13.7	4.6
Cash flows from operating activities (Millions of yen)	¥16,282	¥8,698	¥13,660	¥22,488	¥28,382	¥14,007
Cash flows from investing activities (Millions of yen)	¥367	¥(13,283)	¥(14,355)	¥(13,239)	¥(4,440)	¥(4,078)
Cash flows from financing activities (Millions of yen)	¥(15,641)	¥4,361	¥1,735	¥(9,712)	¥(19,899)	¥(9,833)
Free cash flow (Millions of yen)	¥16,649	¥(4,585)	¥(694)	¥9,249	¥23,942	¥9,929
Cash and cash equivalents at end of period (Millions of yen)	¥6,157	¥6,837	¥7,788	¥7,589	¥11,587	¥12,731
Number of employees	3,099	3,692	3,893	4,298	4,042	4,097

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

2. Consumption tax has not been included in revenue.

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

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

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

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

7. 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."

8. All US dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of JPY122.39 to USD1 as of March 31, 2022.

Japan Network

(As of September 1, 2022)

Note: Group companies are listed in bold.

Japan Pulp & Paper Co., Ltd.

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

Wholesaling

- **JP Household Supply Co., Ltd.** (Tokyo)
 - West Japan Sales Department
- **Kurashi Net JP Co., Ltd.** (Tokyo)
- **Kyoto Kami Shoji Co., Ltd.** (Kyoto)
 - Shiga Branch
 - Kisshoin Distribution Center
- **Koyosha Co., Ltd.** (Osaka)
 - Kobe Branch
- **Gokura Co., Ltd.** (Ehime)
 - Tokyo Branch
 - Osaka Branch
 - Plant and Distribution Center
- **Cosmo Paper Trading Co., Ltd.** (Tokyo)
 - Nagoya Branch
 - Osaka Branch
- **Fuchikami Co., Ltd.** (Kagoshima)
 - Okinawa Branch
 - Fukuoka Branch
- **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)
 - JCL Ariake Distribution Center
 - JCL Itabashi Distribution Center
 - Itabashi Distribution Center
 - Iwatsuki Distribution Center
 - Keihinjima Distribution Center
- **JP Transport Service Co., Ltd.** (Tokyo)
 - Itabashi Center/Wako Depot
- **Sapporo Kami Ryutsu Center Co., Ltd.** (Hokkaido)
- **Hakozaki Kami Ryutsu Center Co., Ltd.** (Fukuoka)
- **Nanko Paper Center Co., Ltd.** (Osaka)
- **Itabashi Paper Distribution Center Co., Ltd.** (Tokyo)
- **Osaka Kami Kyodo Soko Co., Ltd.** (Osaka)
- **Seihoku Paper Depot Co., Ltd.** (Tokyo)
 - Tokorozawa Distribution Center
- **Itabashi Kyoudo Sagyo Co., Ltd.** (Tokyo)

Paper Manufacturing & Processing

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

Raw Materials & Environment

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

Other

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

Global Network

(As of September 1, 2022)

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 US/New Jersey
■ Publishing & Catalog Division US/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
■ Haydock
■ Glasgow
■ Leeds
■ Washington
■ Bristol
■ Newton Abbot
■ Southampton
■ Langley
■ Dartford

Gould Papiers France

● France/Paris

OVOL Fiber Europe B.V.

● Netherlands/Amsterdam

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

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

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

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

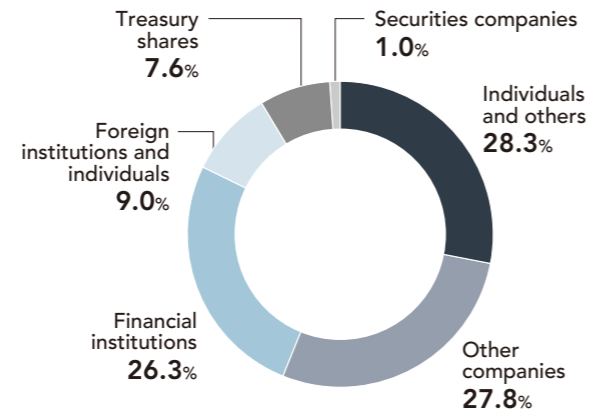
Stock Information and Corporate Data

(As of March 31, 2022)

Stock Information

Stock Listing	Tokyo Stock Exchange, Prime Market (Code: 8032)
Number of Shares	29,560,300
Common Shares Issued and Outstanding	15,021,551
Number of Shareholders	12,284

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)	1,284	9.2
Japan Pulp and Paper Company Limited Shareholding Association	483	3.4
Custody Bank of Japan, Ltd. (Trust Account)	439	3.1
JP Employee Shareholding Association	324	2.3
Hokuetsu Corporation	310	2.2
Chuetsu Pulp & Paper Co., Ltd.	258	1.8
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Direct Custody and Clearing, Citibank, N.A., Tokyo Branch)	210	1.5
KAKIMOTO SHOJI CO., LTD.	175	1.2
Total	6,529	47.0

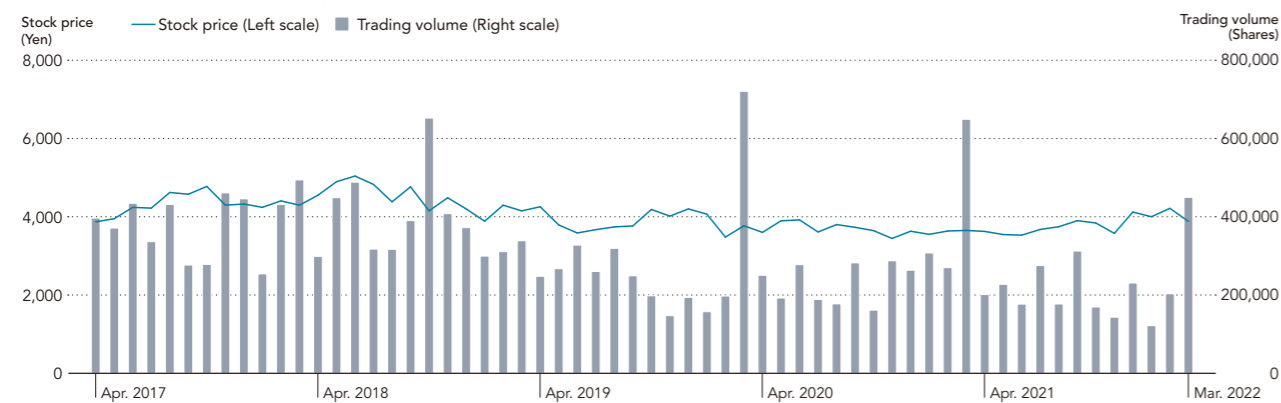
Notes: 1. The number of shares held in connection with trust business and included in the above figures is as follows.
 Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd., Custody Bank of Japan, Ltd. as trustee for Nippon Paper Industries Co., Ltd. 1,402 thousand shares
 The Master Trust Bank of Japan, Ltd. (Trust Account) 1,284 thousand shares
 Custody Bank of Japan, Ltd. (Trust Account) 439 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 1,134 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), 161 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



Note: Effective October 1, 2017, the company conducted a consolidation of shares in which 10 common shares were consolidated into one share. The figures for stock price and trading volume from April 2017 to September 2017 take this consolidation into account.

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
Foundation	1845
Date of Establishment	December 15, 1916
Capital	¥16,648.92 million
Fiscal Year-End	March 31
Number of Employees	Consolidated: 4,097 Non-consolidated: 697
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; Kansai Branch, Kyoto Sales Dept.; Chubu Branch; Kyushu Branch; Kitanihon Branch, Tohoku Sales Dept.; Kitanihon Branch, Hokkaido Sales Dept.
Consolidated Subsidiaries	71
Associated Companies (Equity-Method)	7
Main Banks	Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank

Company Website

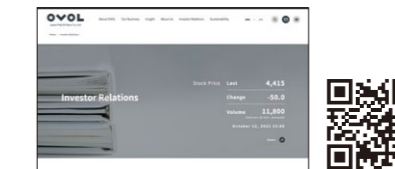
Homepage

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



Investor Relations

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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/>

