

01

Our Value Creation Story

Our History of Value Creation	16
Value Creation Process	17
Capital (Inputs)	18
The Group's Business Activities and Products/Services	20
Providing Value to Stakeholders	25
Value Creation Examples	27

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 can best leverage the three strengths (ability to make proposals, technological strengths, and organizational capabilities) we have built based on trust, drawing up management strategies, taking on challenges, and mobilizing the collective strength of the group.

1845—



Market Needs and Social Issues

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

Initiatives and Strategies of the Japan Pulp & Paper Group

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

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

1970—



Market Needs and Social Issues

- Paper demand in Japan expands further after a period of rapid economic growth. Applications for paper become more diversified. Japan becomes one of the world's leading paper and paperboard producing countries.
- Interest in recycling increases rapidly due to measures to reduce waste and resource/energy issues associated with a global oil crisis

Initiatives and Strategies of the Japan Pulp & Paper Group

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

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

2000—



Market Needs and Social Issues

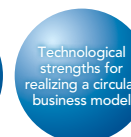
- Demand for paper and paperboard in Japan reaches its peak
- Activities to protect nature and forest resources spread globally, resulting in increased demand for eco-friendly materials such as paper with forest certification

Initiatives and Strategies of the Japan Pulp & Paper Group

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

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

2010—



Market Needs and Social Issues

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

Initiatives and Strategies of the Japan Pulp & Paper Group

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

- 2010 Gould Paper, a leading U.S. paper merchant, joins the group.
- 2011 Corelex Group joins the group.
- 2015 Eco Power JP begins operation of Kushiro Onbetsu Solar Power Generation Plant.
- 2016 Noda Bio Power JP begins power generation from woody biomass.
- 2017 Launch of Group brand OVOL. Ball & Doggett Group, a leading paper merchant in Oceania, joins the group. Fukudasansho, a major Japanese wastepaper trading company, joins the group.
- 2019 Premier Paper Group, a leading paper merchant in the U.K., joins the group.
- 2021 Formulation of OVOL Vision 2030.

During the period of Medium-term Business Plan 2023, three companies in Japan and twelve companies outside Japan became group companies.

FY2023 Consolidated Ordinary Profit

JPY 16.8 billion



Value Creation Process

The Japan Pulp & Paper Group aims to achieve OVOL Vision 2030 through a value creation process that involves envisioning the external environment from 2030 to 2050 and backcasting from a long-term perspective. Continuing to implement this process will enable us to realize our goal of becoming a sustainable corporate group.

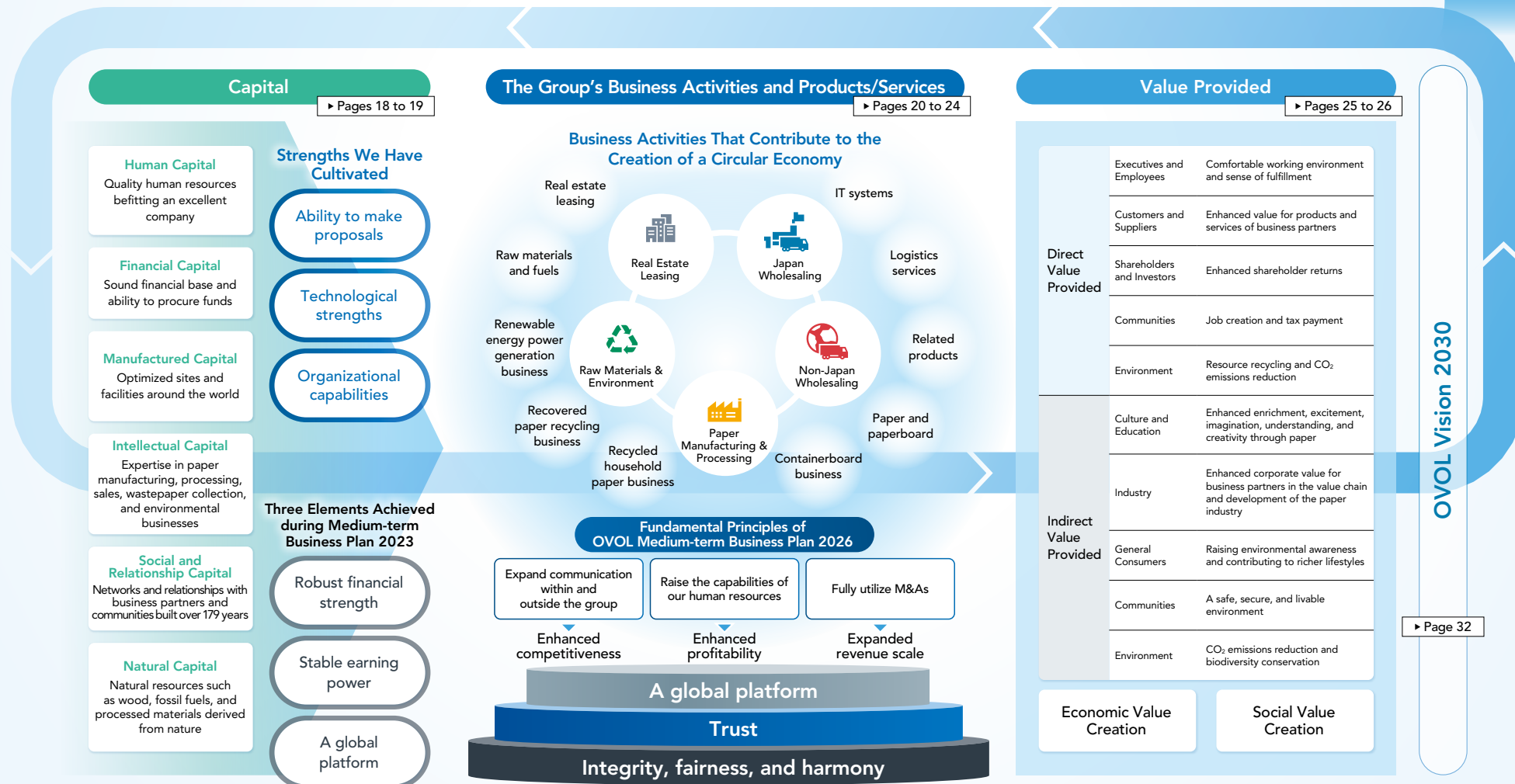
Social and Business Issues

- Depletion of forest resources and loss of biodiversity
- Population decline in developed countries and population growth in emerging countries
- Geopolitical risks
- Growing environmental awareness
- Increasing awareness of health and hygiene
- Increasing demand for sustainability initiatives and more comprehensive disclosure regulations
- Diversification of the functions, value, and uses of paper
- Progress of digitalization

Material Issues ▶ Pages 65 to 67

Environment	• Climate Change	• Biodiversity	• Resource Recycling	• Environmental Impact
Society	• Supply Chain	• Communities	• Digitalization	
Employees	• Work Environment	• Diversity and Inclusion		
Governance	• Corporate Governance	• Compliance	• Stakeholder Engagement	

Our Mission
 Carving a better future for society and the environment.
Sustainable Corporate Group



Capital (Inputs)

Capital

Business Activities and Products/Services

Providing Value

The Japan Pulp & Paper Group invests its six forms of management capital in the value creation process to support ongoing business activities and increase corporate value.

The group is committed to sustainable business management that realizes both economic and social value and reinvests in the value creation process to strengthen and increase each form of management capital.

Current Capital of the Japan Pulp & Paper Group

Elements to be Acquired or Strengthened Going Forward



Human Capital

- Quality **human resources** and status as an **industry-leading company**
- Number of consolidated employees: **4,157**
- Percentage of employees working outside of Japan: **46.5%**
- Percentage of female employees (consolidated): **24.3%**
- Average length of service of parent company employees: **20.0** years

Human capital is the most important form of management capital for achieving the group's long-term vision of becoming "a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry." We aim to foster a corporate culture where talented and diverse individuals can work in good health and enthusiastically, while securing highly skilled professionals in terms of both quality and quantity.

- Quality human resources befitting an excellent company
- Highly skilled professionals (Environment, global operations, new businesses, M&As, management consulting, DX, and logistics)
- A workforce with high-level work engagement



Financial Capital

- **Sound** financial base and ability to procure funds
- Net assets: JPY**138.3** billion
- Interest-bearing debt: JPY**93.0** billion
- Net D/E ratio: **0.59x**
- Free cash flow: JPY**18.0** billion
- Issuer credit rating: **A**

We ensure stable earnings from a well-balanced business portfolio and high-quality receivables based on relationships of trust built over the years. We ensure sound finances by maintaining strict financial discipline and focusing on capital efficiency. The group is committed to improving its corporate value by investing the cash it generates back into the value creation process.

- Optimized allocation of resources with a focus on capital efficiency



Manufactured Capital

- **Glocal distribution** sites
- Paper mills with **unique technologies**: **6**
- Recycling business sites: **27**
- Renewable energy-related business sites: **6**
- Rental properties: **13**

To achieve our goal of becoming the world's leading paper distribution group, we must fully utilize our global distribution sites to deliver exceptional services rooted in local communities. We aim to create a circular economy by strengthening our paper manufacturing and processing business that uses wastepaper as a raw material, enhancing the collection and recycling of wastepaper, and promoting renewable energy power generation.

- Digitally optimized, highly efficient logistics facilities
- Environmentally friendly production equipment
- Global packaging processing sites
- Robust geographical platform

Capital (Inputs)

Capital

Business Activities and Products/Services

Providing Value

Current Capital of the Japan Pulp & Paper Group

Elements to be Acquired or Strengthened Going Forward

**Intellectual Capital**

- **Expertise** in paper manufacturing, processing, sales, wastepaper collection, and environmental businesses
- **Expertise** and **ability to make proposals** in the paper business
- **IT systems for paper distribution**

Our extensive knowledge related to paper and other materials, peripheral markets such as printing and processing, and the entire supply chain is a potent strength. This intellectual capital is unique to the group. The Corelex Group's proprietary technology for recycling difficult-to-recycle wastepaper contributes to the creation of a circular economy. We are also developing dedicated IT systems for paper distribution and logistics.

- Knowledge of the supply chain including processes related to packaging
- Data analysis and business optimization systems

**Social and Relationship Capital**

- **Networks and relationships of trust** with business partners built over **179 years**
- **Good relationships with communities** near business sites

The group has built relationships of trust with stakeholders including business partners over 179 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. Going forward, we will strengthen collaboration with stakeholders to address declining paper demand due to digitalization. Our goal is to realize both economic and social value as we grow together.

- Strengthening collaboration with stakeholders

**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. Furthermore, we contribute to the creation of a circular economy through our wastepaper and waste plastic recycling businesses and the renewable energy power generation business, which includes woody biomass and solar power. We will continue to enhance our environment-related knowledge and technologies to contribute to the preservation of the global environment and the creation of economic value through the efficient use of natural capital and reduction of environmental impact.

- Strengthen procurement capabilities in response to decline in availability of wastepaper

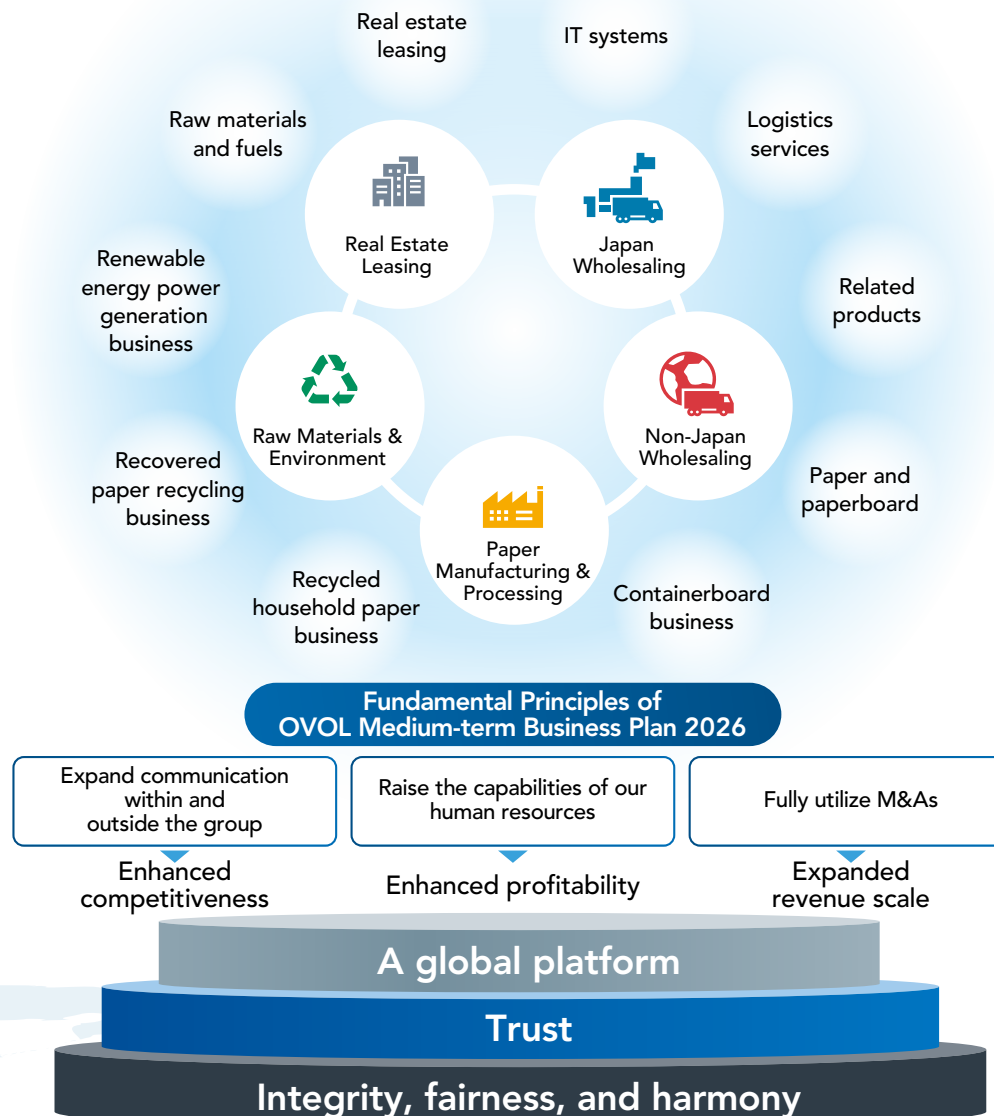
The Group's Business Activities and Products/Services



Business Activities That Contribute to the Creation of a Circular Economy

We have continued to build trust over our 179-year history with a commitment to what we do as a leading paper distribution group. We will continue to build on that trust to develop business unique to the Japan Pulp & Paper Group. Our Corporate Philosophy identifies integrity, fairness, and harmony as our Corporate Spirit, 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.

Our mission is "carving a better future for society and the environment" and we have designated "resource recycling" as a material issue. We are contributing to the creation of a circular society by working to reduce waste and protect forest resources through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. We will further evolve our business activities to realize both economic and social value.



The Group's Business Activities and Products/Services

Capital

Business Activities and Products/Services

Providing Value

Three Strengths

Ability to make proposals utilizing our expertise and network

The foundation of our business activities is the trust of our stakeholders, and one of the strengths that allows us to respond to this trust is our ability to make proposals utilizing our expertise and network. Based on 179 years of experience in the paper business, we have absolute confidence and strengths in paper and other materials, peripheral markets such as printing and processing, and the entire supply chain. By leveraging these strengths, along with our global network and relationships of trust with business partners, we coordinate everything from development to delivery to meet customer needs based on our ability to make proposals. In this way, we are helping to rediscover the value of paper and pursuing new possibilities.

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

Wholesaling

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

Manufacturing

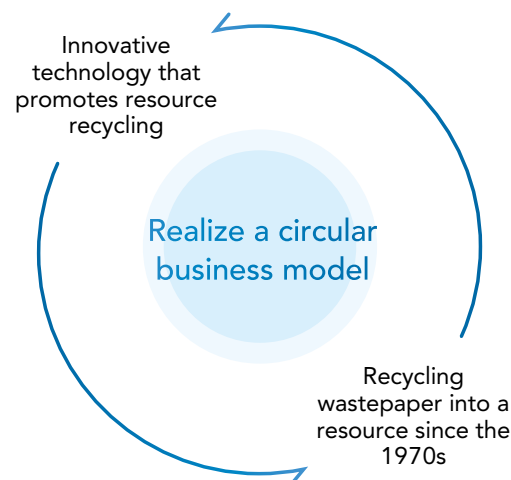
Our ability to make proposals contributes to developing products that meet the new demands of society using our technological strengths.

Environment

Our ability to make proposals to promote resource recycling is based on the organizational capabilities of the group.

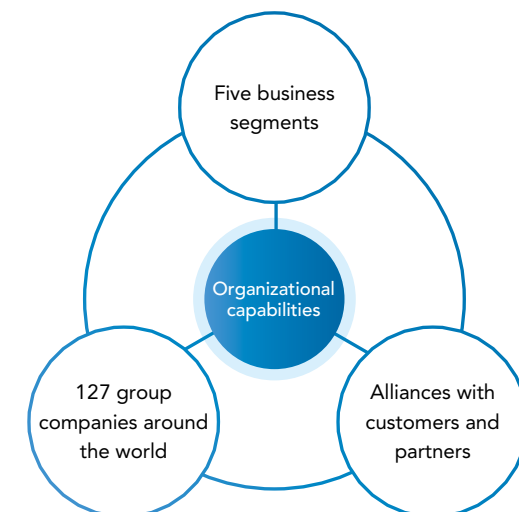
Technological strengths for realizing a circular business model

We see our paper recycling technology as a powerful technological strength that helps us realize a circular business model unique to the group. We manufacture household paper using difficult-to-recycle wastepaper as a raw material, and are developing innovative technologies to create a new recycling system. We have been involved in the wastepaper recycling business since the 1970s, and we will organically link our unique technological strengths to create a circular society.



Organizational capabilities for creating new value

The group is able to create new value by integrating group functions and competitive advantages, and these organizational capabilities are a group strength. The 127 group companies around the world utilize their various functions and capabilities in a broad array of businesses centered on paper in five segments. Our organizational capabilities lie in combining the group's diverse businesses and our extensive global network. We are able to integrate various functions and strengths unique to the group to create new value.



▶ See "Value Creation Examples" on [pages 27–30](#) for examples of initiatives that leverage the group's unique strengths to create value.

Capital

Business Activities and Products/Services

Providing Value

The Japan Pulp & Paper Group is leveraging its three strengths (the ability to make proposals, technological strengths, and organizational capabilities), expanding communication within and outside the group, raising the capabilities of its human resources, and fully utilizing M&As in working to realize its long-term vision. As such, we are focusing on the following initiatives: improving functions and adding value in the paper and paperboard wholesaling business; strengthening alliances; expanding our circular business model; and enhancing sustainable management.

Four Key Initiatives

1 Improving functions and adding value in the paper and paperboard wholesaling business

Reason for Selection and Goal	In order to continue to be selected by customers, it is crucial that we provide the functions and added value customers need to improve their businesses. In addition to analyzing information such as market trends, we make full use of the product and peripheral knowledge we have cultivated to date. We are expanding functions and increasing added value in order to make proposals that help customers manage their business operations, such as proposals for optimizing overall logistics or realizing a circular business model that includes recycling items post-sale.	
Initiative Status	Paper and paperboard are ubiquitous materials that are difficult to differentiate. We need to leverage the relationships of trust we have built with customers over many years and make proposals that employ the organizational capabilities that combine our ability to make proposals and technological strengths. This will enable us to help improve the business of our customers, effectively providing the new functions and added value the group offers along with products that already offer value.	
Future Initiatives of the Japan Pulp & Paper Group	• Enhancing the Value of Paper	Through three new initiatives aimed at exploring the limitless potential of paper, including the launch of the paper study group following OVOL Bridges 2023—The 2nd Paper Merchants Forum (held in October 2023), we will continue to make proposals and communicate with society to enhance awareness of the value of paper.
	• Expanding Sign and Display Sales	We will work to expand sales of sign and display products, a market that is growing around the world and that includes outdoor advertising, facility signage, and POP displays. We offer hardware such as printers, technical services, media such as paper and film, and supplies including ink.
	• Promoting Glocal Strategies	Currently, the group's paper and paperboard distribution network has expanded to more than 60 cities in 22 countries and regions around the world. Going forward, we will focus on enhancing functions such as inventory, processing, and distribution in regions including Southeast Asia—further accelerating our glocal strategies.
	• Developing and Proposing Environmentally Friendly Products	See "Expanding our circular business model" on page 23 for more details.

2 Strengthening alliances

Reason for Selection and Goal	Strengthening alliances throughout the group is key to value creation and will involve utilizing our ability to make proposals, technological strengths, and organizational capabilities. The group has built relationships of trust over many years, and we have business partners in a variety of businesses and regions. We understand the importance of strengthening and expanding alliances with them.	
Initiative Status	Due to the bulky nature of paper and paperboard, we are expanding and strengthening our alliances geographically to establish efficient production, inventory, and delivery networks. In addition, market trends including population decline and digitalization suggest a downward trend in demand for paper and paperboard, so alliances will be important for improving efficiency. Our alliances with business partners will be the catalyst for developing new products, services, and businesses.	
Future Initiatives of the Japan Pulp & Paper Group	• Expanding Alliances	Through alliances with business partners in various regions and industries as well as with brand owners, we will work to create bold and ambitious frameworks, as outlined in OVOL Medium-term Business Plan 2026. We are aiming for further growth in existing areas and expansion into new business domains.
	• Ensuring Stable Procurement of Raw Materials	The group's paper manufacturing business, which uses wastepaper as a raw material, is being significantly impacted by the decrease in the availability of wastepaper due to the decline in paper demand. In addition, securing fuel has become an issue in the woody biomass power generation business. We will continue working to ensure the stable procurement of raw materials, including wastepaper, by expanding alliances with local governments, communities, and businesses.

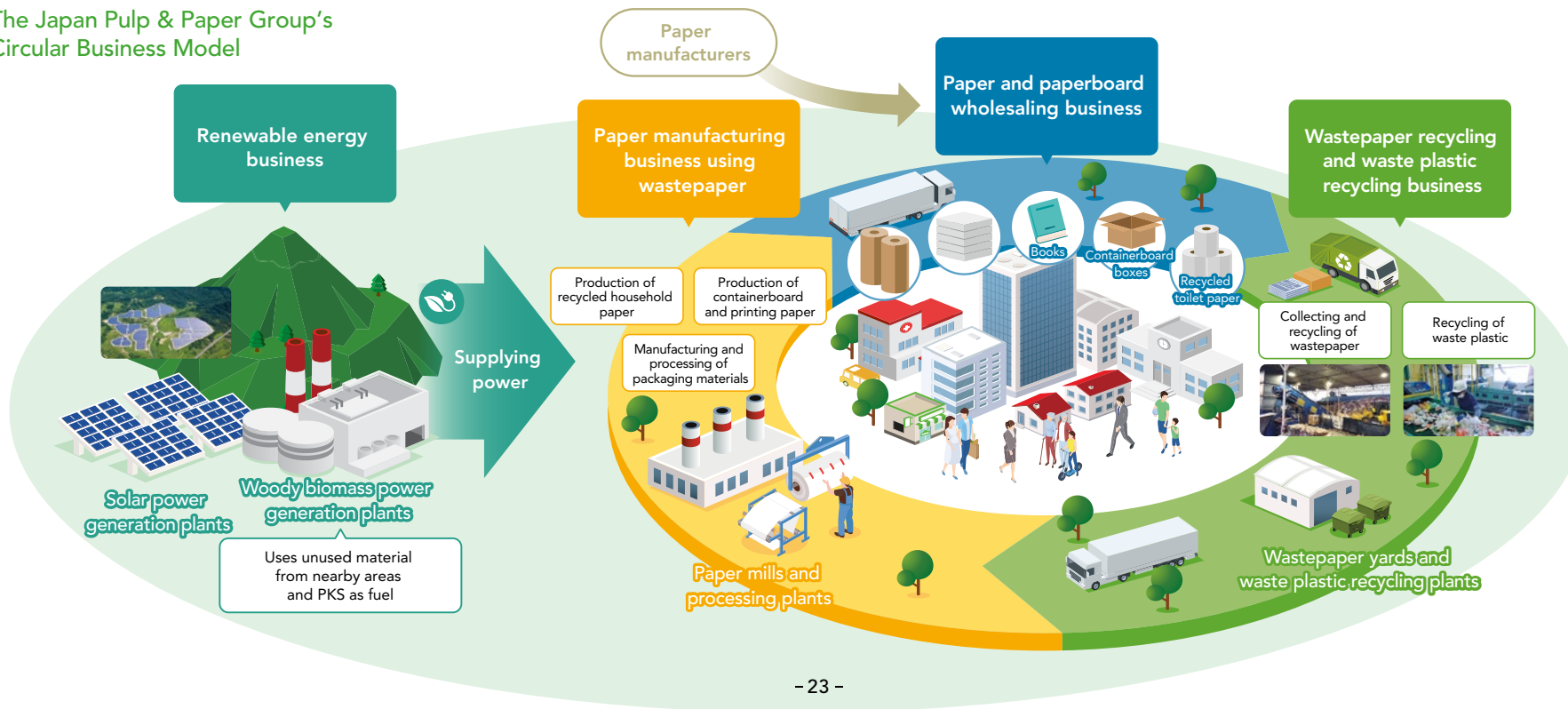
The Group's Business Activities and Products/Services



3 Expand our circular business model

<p>Reason for Selection and Goal</p>	<p>We will contribute to solving social issues by expanding our circular business model, which leverages the group's strengths. We have been further enhancing sorting quality in our wastepaper recovery business to help maintain and promote a circular business model in the Japanese paper industry with a focus on stably supplying paper manufacturers in Japan. In addition, our renewable energy power generation business contributes to the reduction of CO₂ emissions.</p>
<p>Initiative Status</p>	<p>In the resource cycle, in addition to the wastepaper recovery business, we are manufacturing household paper using difficult-to-recycle wastepaper. We are also expanding our comprehensive recycling business with an emphasis on recycling plastic materials, thus achieving both waste reduction and resource recycling. In addition, the energy cycle includes the use of woody biomass as renewable energy for paper mills that employ used paper as a raw material.</p>
<p>Future Initiatives of the Japan Pulp & Paper Group</p>	<p>For resource recycling, we will focus on developing and proposing products that contribute to reducing environmental impact, including the recycling of wastepaper into containerboard, printing paper, and household paper, as well as recycling waste plastic. In terms of energy circulation, we are promoting the renewable energy power generation business to meet growing demands from society for a stable supply of clean and safe electricity. In particular, we are working to ensure a stable supply of palm kernel shells (PKS), a key fuel for woody biomass power generation, which is seeing increased demand in Japan.</p> <ul style="list-style-type: none"> • Developing and Proposing Environmentally Friendly Products

The Japan Pulp & Paper Group's Circular Business Model



Capital

Business Activities and Products/Services

Providing Value

4 Enhance sustainable management

▶ Page 64

Reason for Selection and Goal	As society now expects companies to contribute to environmental, social, and economic sustainability, the group is working to enhance sustainable management, based on the recognition that it is important to realize both economic and social value.	
Initiative Status	On April 1, 2022, we established the Executive Sustainability Committee and the Corporate Sustainability Division. We also established the Sustainability Policy as a way to link our Corporate Philosophy to sustainable management. We also conducted related initiatives such as revising our Charter of Corporate Behavior and Code of Conduct for Executives and Employees. In January 2023, we signed the United Nations Global Compact (UNGC), and are promoting further sustainability initiatives in line with the 10 principles advocated by the UNGC.	
Future Initiatives of the Japan Pulp & Paper Group	<ul style="list-style-type: none"> • Promoting Community Contribution Activities 	We designated “communities” as a material issue and aim to create new value through coexistence and mutual prosperity with local communities. To achieve this, we will continue to host events in cooperation with local governments and promote activities aimed at raising awareness of resource recycling and encourage volunteer activities.
	<ul style="list-style-type: none"> • Investing in Human Capital 	To strengthen human capital, our most important form of management capital, we will enhance human resource development programs, build an optimal personnel portfolio, and improve organizational issues based on engagement surveys.
	<ul style="list-style-type: none"> • Responding to Business and Human Rights Issues 	We will establish and institutionalize systems to address human rights, which are the foundation of sustainable management and human capital management. This includes fostering a culture of respect for human rights, implementing human rights due diligence, identifying and addressing risks, and creating a grievance mechanism.
	<ul style="list-style-type: none"> • Strengthening Risk Management 	To enhance our sustainable and medium-to-long-term corporate value, we are focusing on using risk assessments to identify risks that could impact business activities; formulating and implementing countermeasures; revising our business continuity plan (BCP); and enhancing initiatives to ensure compliance.

Other Future Initiatives of the Japan Pulp & Paper Group

- Fully utilizing M&As
- Strengthening communication, including awareness-raising activities to enhance the value of paper
- Utilizing data through the development of demand forecasting systems and other initiatives
- Enhancing logistics efficiency and DX
- Leveraging existing paper and paperboard logistics networks
- Supporting customers’ business operations, including for sustainable management and consulting for new business development
- Formulating and implementing redevelopment plans for older real estate properties
- Optimizing the real estate portfolio through selection and concentration

Providing Value to Stakeholders







Capital

Business Activities and Products/Services

Providing Value

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

Direct Value Provided







The Value We Currently Create		Examples of Initiatives	The Value We Aim to Create in the Future
 Executives and Employees	<ul style="list-style-type: none"> Stable, long-term employment opportunities Growth opportunities through education and on-the-job training Well-being 	<ul style="list-style-type: none"> Improve engagement by instilling the group's Corporate Philosophy Extension of retirement age Promote dialogue between management and employees Create an environment where executives and employees can work comfortably and make the most of their abilities 	<ul style="list-style-type: none"> Further improve the value we provide
 Customers	<ul style="list-style-type: none"> Improve the value of customer's products by proposing new products and services such as material mix coordination Create new business models Stably procure paper and paperboard Reduce financial burden and improve creditworthiness by providing trading company finance Acquire new business opportunities for customers by creating demand through educational activities for consumers and society to reaffirm the value of paper 	<ul style="list-style-type: none"> An extensive lineup of products to suit all users, needs, and applications Supply of products at the right price, volume, and time Global paper and paperboard distribution network Provide products with low environmental impact that resolve social issues Propose new business models for co-creation Recycle the paper and plastic used in packaging Sponsor campaigns related to paper books and hold events to reaffirm the value of paper 	<ul style="list-style-type: none"> Support customers in improving corporate value, ensuring business continuity, expanding business, and resolving labor shortages Support customers in developing talent through workshops Provide logistics functions to industries other than the paper industry
 Suppliers	<ul style="list-style-type: none"> Consigning sales to the group results in: <ul style="list-style-type: none"> Reliable sales Sales opportunity expansion Optimized production and reduction of inventory risk Product development by providing information about market needs Create business opportunities Stable procurement of recovered paper raw materials 	<ul style="list-style-type: none"> Revitalize related industries by improving the value of paper through the implementation of educational activities Create sales opportunities Enhance wastepaper supply network 	<ul style="list-style-type: none"> Develop new low-carbon products Support suppliers in improving corporate value, ensuring business continuity, expanding business, and resolving labor shortages
 Shareholders and Investors	<ul style="list-style-type: none"> Payment of dividends Stock price increases in line with earnings growth 	<ul style="list-style-type: none"> Realize OVOL Vision 2030 and implement OVOL Medium-term Business Plan 2026 Promote sustainable management and disclose information in response to requests related to ESG Dynamic and flexible stock buybacks 	<ul style="list-style-type: none"> Enhance shareholder returns through sustainable growth
 Communities	<ul style="list-style-type: none"> Job creation Tax payment Reduce waste by recycling wastepaper Disaster relief support 	<ul style="list-style-type: none"> Realize OVOL Vision 2030 and implement OVOL Medium-term Business Plan 2026 Expand resource collection in cooperation with local governments Conclude disaster prevention agreements with local governments and establish human resource development funds 	<ul style="list-style-type: none"> Help improve sanitary conditions
 Environment	<ul style="list-style-type: none"> Resource recycling by reusing wastepaper and waste plastic Promote reduction of CO₂ emissions through the use of renewable energy 	<ul style="list-style-type: none"> Strengthen the recycling business for wastepaper and waste plastic Manufacture printing paper, containerboard, and household paper using wastepaper as a raw material Manufacture recycled pulp and recycled plastic materials 	<ul style="list-style-type: none"> Further improve the value we provide

Capital

Business Activities and Products/Services

Providing Value

Indirect Value Provided

The Value We Currently Create		Examples of Initiatives	The Value We Aim to Create in the Future
 Culture	<ul style="list-style-type: none"> Enhanced enrichment of life through understanding of the true value of paper 	<ul style="list-style-type: none"> Sponsor campaigns related to paper books as part of educational activities to increase awareness of the functions and value of paper, its new possibilities, and other benefits 	<ul style="list-style-type: none"> Foster excitement in consumers through the experience of using paper
 Education	<ul style="list-style-type: none"> Paper is beneficial to education 	<ul style="list-style-type: none"> Hold events to reaffirm the value of paper as part of educational activities to increase awareness such as through reading, writing, and learning on paper 	<ul style="list-style-type: none"> Promote activities to increase awareness of the value of paper through on-site classes at elementary and junior high schools
 Industry	<ul style="list-style-type: none"> Ensure stable procurement of paper and paperboard products for a wide-range of industries beyond those of our customers Revitalization of the industry through use of paper-based packaging that is easy to recycle and has lower environmental impact Contribution to environmental conservation efforts in the supply chain through promotion of recycling Improve business foundation and the standing of the pulp and paper industry and business partners through educational activities to reaffirm the value of paper 	<ul style="list-style-type: none"> Ensure stable supply of daily necessities such as printing and graphic paper, household paper, and containerboard Recycle wastepaper and waste plastic Sponsor campaigns related to paper books and hold events to reaffirm the value of paper 	<ul style="list-style-type: none"> Enhance the corporate value of customers and business partners Foster excitement in consumers through the experience of using paper
 General Consumers	<ul style="list-style-type: none"> Opportunities to participate in a circular economy Stable purchase of daily necessities that are environmentally friendly Enrichment of daily life through paper and paperboard products 	<ul style="list-style-type: none"> Support resource recycling in homes and communities through the recycling of wastepaper and waste plastic Provide opportunities for tours of recycled paper manufacturing mills and recycling facilities to promote understanding of paper, which is an environmentally friendly and sustainable material, as well as resource recycling Provide opportunities to purchase environmentally friendly products at reasonable prices 	<ul style="list-style-type: none"> Improve consumer environmental literacy about paper through paper study groups
 Communities	<ul style="list-style-type: none"> Revitalization of local economies and environmental conservation Reduce burden on incineration facilities by recycling wastepaper Enhance the value of resource recycling initiatives through educational activities to reaffirm the need to recycle 	<ul style="list-style-type: none"> Establish recycling systems in communities in cooperation with local governments Promote understanding of resource recycling by providing opportunities for tours of recycled paper manufacturing mills and recycling facilities Volunteer and donation activities 	<ul style="list-style-type: none"> Further improve the value we provide
 Environment	<ul style="list-style-type: none"> Lower CO₂ emissions by reducing waste through recycling Promote the sustainable use of forest resources through the use of recovered paper materials Conserve biodiversity 	<ul style="list-style-type: none"> Contribute to the environment through the group's supply chain, from the collection of wastepaper to the commercialization of products Reduce CO₂ emissions through efficient logistics and shortening of delivery distances resulting from optimized inventory locations 	<ul style="list-style-type: none"> Further improve the value we provide

Value Creation Example

1

Hosted a Forum on the Topics of “Future Challenges for Paper Merchant Management” and “Reaffirming the Value of Paper”

Ability to make proposals

Organizational capabilities

Shaping the Future of Paper: OVOL Bridges 2023—The 2nd Paper Merchants Forum

Since its founding in 1845, Japan Pulp & Paper has contributed to the development of industry and culture as a specialized paper trading company. In recent years, the group has been further exploring the possibilities of paper, taking on the challenge of creating new value, and addressing societal challenges and environmental preservation. Demand for graphic paper has been decreasing in recent years in Japan due to population decline, the aging of society, and digitalization. The entire paper distribution industry in Japan faces challenges such as securing human resources, business succession, and promoting digital transformation (DX). As a way to address these common challenges, in October 2023 we held OVOL Bridges 2023—The 2nd Paper Merchants Forum on the topics of “Future challenges for paper merchant management” and “Reaffirming the value of paper.” Approximately 500 participants attended the forum, which consisted of three parts: a seminar by experts, a panel discussion, and a roundtable discussion. Participants engaged in a lively exchange of opinions for about four hours.

Created Value
(Impact)

- Enhancing the value provided to business partners to increase the group’s competitiveness
- Creating new businesses through collaboration with the paper merchants who attended the forum
- Promoting the presence of paper as a physical object and its environmental performance, as well as reaffirming to society the value and functions of paper



OVOL Bridges 2023

The 2nd Paper Merchants Forum

Challenges That Face Leaders Shaping the Future of the Paper Industry

In the first part of OVOL Bridges 2023—The 2nd Paper Merchants Forum, a management seminar was held with presentations by three prominent figures: Yuri Okina, chairperson of The Japan Research Institute; Yasuyuki Imai, representative director and COO of SoftBank (currently director and chairman); and Hiroaki Miyahara, president and representative director of Gakken Holdings. The speakers addressed key challenges and the latest trends. First, Yuri Okina delivered a lecture on “Challenges facing Japan’s non-manufacturing industries and future direction: Productivity improvement and human capital management,” emphasizing the importance of such initiatives. Next, Yasuyuki Imai spoke on the topic of “Paper wholesalers in the age of digitalization: The path to business transformation through DX.” Using the initiatives of Trusco Nakayama as an example, he explained how promoting DX in the wholesale

industry can enhance competitiveness and stressed that improving convenience across the entire industry is crucial, making now the perfect time to push forward with DX. Finally, Hiroaki Miyahara talked about “Business succession challenges and M&A management: The path to a V-shaped recovery.” Drawing on his experience leading his company’s own V-shaped recovery, he emphasized the importance of strategy and tactics, and encouraged the audience, stating that “We must preserve paper culture and work together as an industry.”

In the second part of the forum, four executives of companies that use paper took the stage. Masaru Onodera, president of Kawade Shobo Shinsha, made the case that “In the age of digitalization, the value of printed media is being reevaluated.” Hiroaki Miyahara, president of Gakken Holdings, stated, “The use of paper is crucial in early childhood education,” and emphasized the need for coexistence between paper and digital media. Naotake Murata, president of Digital AD Service,

remarked that “It is essential to leverage both paper and digital media for their respective benefits,” stressing the importance of using paper in the field of education. Remi Yano, CEO of Havarys, introduced the example of expanding paper-packaged water products, asserting, “It is vital for the entire industry to promote the environmental advantages of paper.”

In the third part of the forum, executives from various paper merchants discussed the future of the paper distribution industry. First, we discussed the results of a survey (conducted in advance) of general consumers regarding their awareness and knowledge of paper. The survey revealed that consumer interest in paper was lower than we had anticipated and that they were not fully aware of its environmental benefits. However, this made the future direction clearer, and it reaffirmed the importance of raising awareness of the value of paper to the general public.

Next, speakers introduced the initiatives of various companies to promote the value of paper. Akio Fujii, president of Raymay Fujii, touched on the expansion of paper-based gift flowers “Super Flower” as a new way of utilizing paper. Yasuo Okochi, president of Axuas, emphasized the importance of raising awareness in educational settings to deepen understanding of the environmental advantages of paper and introduced initiatives to develop new products using paper. Takahiro Nagai, chairman of Nagai Sangyo, stressed the need for promoting the environmental superiority of paper and mentioned plans to establish a permanent exhibition space. Keiichi Fujii, chairman of Daimaru, emphasized the importance of developing new uses for paper and promoting its environmental advantages. Shinichi Nakamura, president of Nakasho, spoke about the children’s craft workshops called “Chokipetasu,” which make use of the unique characteristics of paper.

In addition, a workshop held prior to the forum brought together young employees from various paper merchants across the country. They engaged in discussions to rethink the value of paper and shared ideas on how to promote its use. The ideas

generated during this workshop were consolidated into five strategic directions for the paper distribution industry, aiming to serve as a bridge that connects various elements within society.

Speakers also made various suggestions about the ideas generated during the workshop.

Bridge 1 Children and Experiences	Initiatives connecting children based on hands-on experiences and learning about paper
Bridge 2 Consumers and Storytelling	Creating opportunities for direct interaction between paper distributors and consumers, and sharing the appeal of and stories about paper
Bridge 3 Regional Revitalization and Recycling	Recycling initiatives that leverage the unique characteristics of each region
Bridge 4 Research, Development, and Lifestyles	Collaborating with paper manufacturers on research and development of new materials to realize more eco-friendly living
Bridge 5 Co-creation and Us	Ongoing initiatives that foster co-creation among paper distributors and that connect them in thinking about the future together

To conclude the forum, Japan Pulp & Paper Representative Director, President and CEO Akihiko Watanabe, remarked, “We have been promoting the functions, roles, and value of paper in various ways. Through this forum, we received valuable insights from many participants, giving us an opportunity to once again reaffirm the value of paper. I believe that having a shared understanding in the paper distribution industry and acting in a unified way, we can discover latent demand for paper and develop new applications. Going forward, Japan Pulp & Paper will use the insights gained at this forum as a starting point to further promote the functions, roles, and value of paper. At the same time, we will push forward with human capital management and DX in our wholesale business and share these experiences and outcomes with wholesalers, contributing to the industry as a whole.” He concluded by expressing his commitment to future initiatives.

Three New Initiatives in Pursuing the Infinite Possibilities of Paper

At OVOL Bridges 2023—The 2nd Paper Merchants Forum, we announced three initiatives: the nationwide expansion of on-site classes, regular workshops, and the establishment of a paper study group aimed at spreading the value of paper. These activities began in April 2024.

Initiative 1	Nationwide expansion of on-site classes to promote the value of paper	We will visit elementary schools nationwide to hold classes that convey the characteristics, appeal, and environmental advantages of paper.
Initiative 2	Regular workshops to explore new possibilities for paper with paper merchants nationwide	We will regularly hold workshops to fully support the challenges of young employees who will lead the next generation. In cooperation with paper merchants nationwide, we will explore the value and new possibilities of paper, linking these efforts to the realization of future strategies.
Initiative 3	Establishment of a paper study group to investigate and study the social value that can be realized through paper	We will work with companies and organizations in the paper and pulp industry to come up with and implement effective methods for raising the presence of paper in society through public relations activities, marketing, and environmental initiatives.

Through these initiatives, we aim to unite the entire industry to uncover hidden and potential demand and new uses for paper, thereby enhancing the presence, status, and appeal of paper.

Value Creation Example

2

Practicing Sustainable Management to Create a Better Future for Society and the Environment

Decarbonization and Resource Recycling

Ability to make proposals

Technological strengths

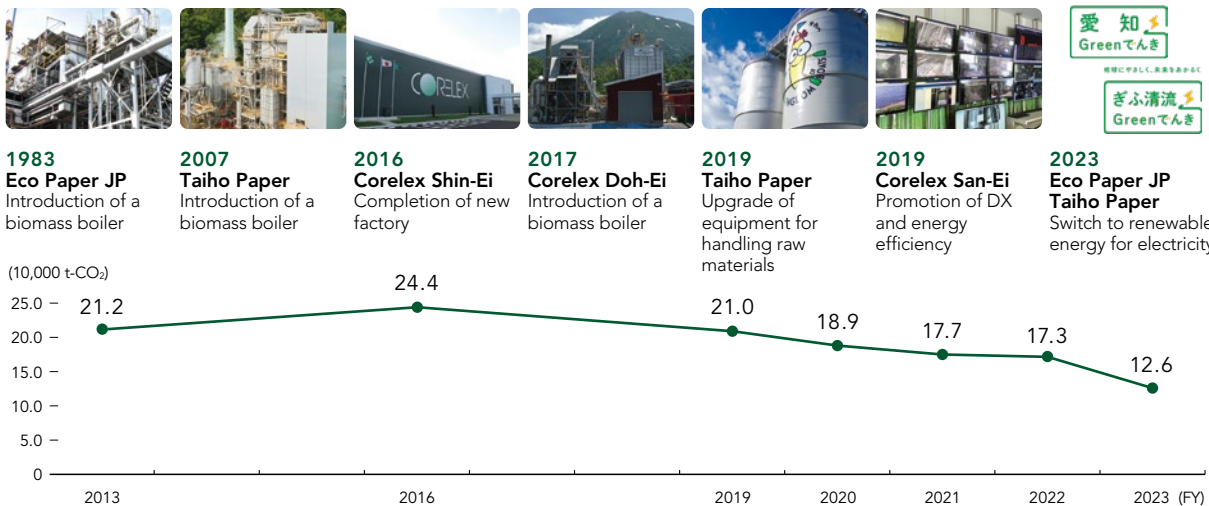
Organizational capabilities

In the 1970s, environmental issues such as pollution and excessive resource use caused by population growth and rapid economic development began to be discussed in global forums like the United Nations. At that time, we recognized that recycling wastepaper, which serves as raw material for paper production, was essential for ensuring a stable supply of paper. As such, we made a full-scale entry into the wastepaper recycling business. Since then, we have been committed to contributing to environmental conservation through our business activities, and to finding ways to link those efforts to the group's mission of "carving a better future for society and the environment."

"Efficient and reduced use of resources" is part of our Environmental Policy, and we designated "climate change" and "resource recycling" as material issues. We are contributing to the creation of a circular economy by working to reduce waste and protect forest resources at all levels of society including through our wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. In addition, we have been working to reduce greenhouse gas emissions, mainly in our paper manufacturing and processing business, and will continue to implement various measures to contribute to achieving carbon neutrality by 2050 and to address environmental challenges.

Created Value (Impact) Contributing to the creation of a circular economy and achieving carbon neutrality

Decarbonization Initiatives and Scope 1 & 2 GHG Emission Reduction Trend for the Group's Five Paper Manufacturers in Japan



Paper Manufacturing Business That Utilizes Renewable Energy

Group companies, Eco Paper JP and Taiho Paper, have introduced renewable energy with the goal of reducing greenhouse gas emissions. Eco Paper JP has been using power and steam generated from woody biomass for some time. In fiscal 2023, the company switched 50% of its purchased electricity to "Aichi Green Electricity," which is derived from hydroelectric power in Aichi Prefecture. Taiho Paper established Kawabe Biomass Power Generation in 2007, a company that generates power from woody biomass. The power and steam generated has been used in paper manufacturing processes, and Taiho Paper was one of the early adopters of renewable energy. In addition, the company switched its purchased electricity to "Gifu Seiryu Green Electricity," which is derived from hydroelectric power in Gifu Prefecture, making 100% of the electricity used at its factories derived from renewable energy.

Resource Recycling

As a group, we believe it is essential to contribute to the creation of a circular economy through businesses such as wastepaper recycling, recycled paper manufacturing, and comprehensive recycling.

In 1973, we established JP Resources (now Fukudasansho) and began full-scale operations in the wastepaper recycling business, supplying recycled wastepaper to paper manufacturers as raw materials. The group's paper manufacturing business uses wastepaper as raw material to produce containerboard,

printing paper, and household paper. Corelex Shin-Ei, which manufactures recycled household paper, produces environmentally friendly products using difficult-to-recycle wastepaper. The company has launched the "Smart Flower" box set of coreless toilet paper and tissue paper, which shows the reduction of CO₂ emissions on the package.

One of the key features of the group is the creation of an integrated value chain, from collecting wastepaper and manufacturing paper from recycled materials to selling the final products.

Group company Eco-Port Kyushu works to efficiently recycle waste plastic and waste wood through the combined use of thermal and material recycling. Going forward, as demand for plastic processing is expected to rise in Kyushu due to the Plastic Resource Circulation Act, we are planning to build a new factory to increase our recycling processing capacity.

Highlight: Contributing to Solving Social Issues

Supporting Japan's Disaster Response with the Toilet Trailer

It is said that one clean and safe toilet is needed for every 50 people at evacuation centers following a disaster. Group company JP Household Supply, a distributor of household paper and sanitary products, began selling mobile toilet trailers to local governments in 2016, and by 2023 it had sold 28 units. The toilet trailer is a new type of mobile toilet unit equipped with four spacious private stalls with Western-style toilets. These trailers are designed for use in emergencies and have various features that help maintain sanitary conditions during long-term use. As an option, you can change the specifications to include two standard private stalls and one "barrier-free" accessible stall. The toilet trailer can be towed by a car, facilitating its use even in remote disaster areas. It can also be used as a temporary outdoor toilet during non-emergency periods. Solar panels are installed on the roof, providing power for batteries and lighting, ensuring that the trailers can be used safely even at night or during prolonged evacuation periods. JP Household Supply has registered a design patent for this mobile toilet trailer with the Japan Patent Office and received the highest two-star rating from the NPO Japan Toilet Labo as a "comfortable toilet" based on standards set by the Ministry of Land, Infrastructure, Transport and Tourism.

Following the Noto Peninsula earthquake in January 2024, many of the toilet trailers sold to local governments were dispatched to the disaster area. The trailers were also used after the Kumamoto earthquake in 2016 and the disaster caused by Typhoon No. 15 in Kimitsu City, Chiba Prefecture in 2019. Going forward, we expected an increasing number of local governments to adopt use of these toilet trailers. As cooperation between local governments grows, the use of mobile toilet trailers will help maintain sanitary conditions after disasters and reduce disaster-related deaths. In addition, aside from disaster situations, these trailers are rented out for disaster prevention events and other activities such as marathons. In 2023, we exhibited a mobile toilet trailer and stockpiled toilet rolls at BOSAI Kokutai 2023, a disaster prevention event held at Yokohama National University. We will continue to collaborate with local governments and disaster support organizations to deploy toilet trailers across the country to address the issue of toilet shortages in disaster areas and evacuation centers.

