

OVOL



Japan Pulp & Paper Group
Integrated Report

2024



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

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."





Our Brand



The world is currently facing a variety of social issues, and companies are expected to help resolve them. At the Japan Pulp & Paper Group, we are working to address each issue while promoting sustainable management that realizes both economic and social value.

As we work to achieve our long-term vision, we are entering a new stage under the group brand OVOL. We are communicating the direction of the group to stakeholders, enhancing the sense of unity among executives and employees as our business operations and workforce become more diverse, and accelerating our growth strategy.

The Meaning Behind Our Brand Logo

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. The gray used as the brand color has a high affinity with other colors and is also a harmonizing color that enhances any surrounding colors. As gray is a blend of all colors, it represents the cooperative ability to bring out the best in, and bring together, others.



Contributing to the Establishment of a Better Society and Environment

Initiative 1

Recycling Discarded Difficult-to-Recycle Wastepaper

The Corelex Group promotes the recycling of difficult-to-recycle wastepaper using its proprietary technology for removing foreign matter, and develops products such as coreless toilet paper that shows the reduction rate of CO₂ emissions on the package. In ways such as this, the Corelex Group is finding ways to blend environmental needs with customer needs to create new value.



Decarbo Score



Initiative 2

Realizing New Possibilities for the Paper Business through an E-Commerce Site

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



Paper & Green website



Initiative 3

Mobile Flush Toilets Toilet Trailer

JP Household Supply offers mobile toilet trailers that are designed for use in emergencies and have various features that help maintain sanitary conditions during long-term use. 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. Following the Noto Peninsula earthquake in January 2024, many of the toilet trailers sold to local governments were dispatched to the disaster area.



Initiative 4

The Paper Diaper Project: Expanding Opportunities from the Publishing Paper Business to the Elderly Care Sector

We sell publishing paper to the Gakken Group, which operates in the publishing and content business. In addition, the Gakken Group has been expanding into healthcare and nursing, such as serviced senior citizen housing and group homes for individuals with dementia. In collaboration with Oji Nepia, we are supplying paper diapers to these facilities. Going forward, we will continue to collaborate with paper manufacturers and companies that use our products to provide new value and services.



Initiative 5

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

The Japan Pulp & Paper Group is enhancing product value by proposing solutions and developing products in response to market and customer needs not only within but also outside of Japan. In Indonesia, we are addressing social needs by increasing production capacity to meet growing demand for containerboard boxes, while also producing containerboard pallets made from reused waste materials.

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Integrated Report Editorial Policy

The Japan Pulp & Paper Group issues an integrated report to give stakeholders a deeper understanding of the group, and to facilitate dialogue that will enhance the group's corporate value. This year, we changed to a horizontal layout to improve readability, while refining the content. We have also included an explanation of OVOL Medium-term Business Plan 2026, which launched in 2024. The report also presents action plans and KPIs for material issues, as well as the value creation process backcasted from a long-term perspective. We hope this report helps you understand our commitment to sustainable management that realizes both economic and social value. We will continue to incorporate your feedback and work to clearly convey the appeal of the Japan Pulp & Paper Group.



Scope

Period:

April 1, 2023 to March 31, 2024

Note: Includes some activities after March 31, 2024.

Organizations:

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

Date of next issue: October 2025

Reference Guidelines

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

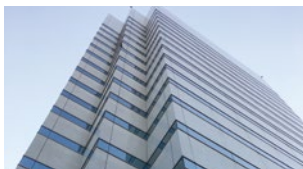


Forward-Looking Statements

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. 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, 2024)

History and Foundation



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

■ Years Since Foundation

179 years

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

52 years

■ Group Companies

127

Consolidated Results



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

■ Revenue

JPY **534.2** billion

■ Ordinary Profit

JPY **16.8** billion

■ Profit Attributable to Owners of Parent

JPY **10.4** billion

■ ROE

8.4%

■ Payout Ratio

16.5%

Sound Finances



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

■ Net D/E Ratio

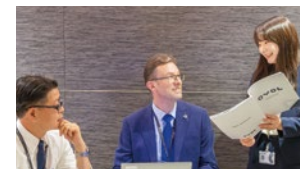
0.59_x

■ Issuer Credit Ratings

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

Japan Credit Rating Agency, Ltd. (JCR) **A**

Human Capital



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

■ Number of Consolidated Employees

4,157

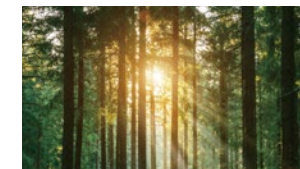
■ Percentage of Female Employees (Consolidated)

24.3%

■ Average Length of Service (Parent Company Employees)

20.0 years

Environment-related Businesses



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

■ Raw Materials & Environment Segment Revenue

JPY **23.6** billion

■ Manufacturing Sites Using Recycled Paper as a Raw Material

6

■ Renewable Energy-related Business Sites

6

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

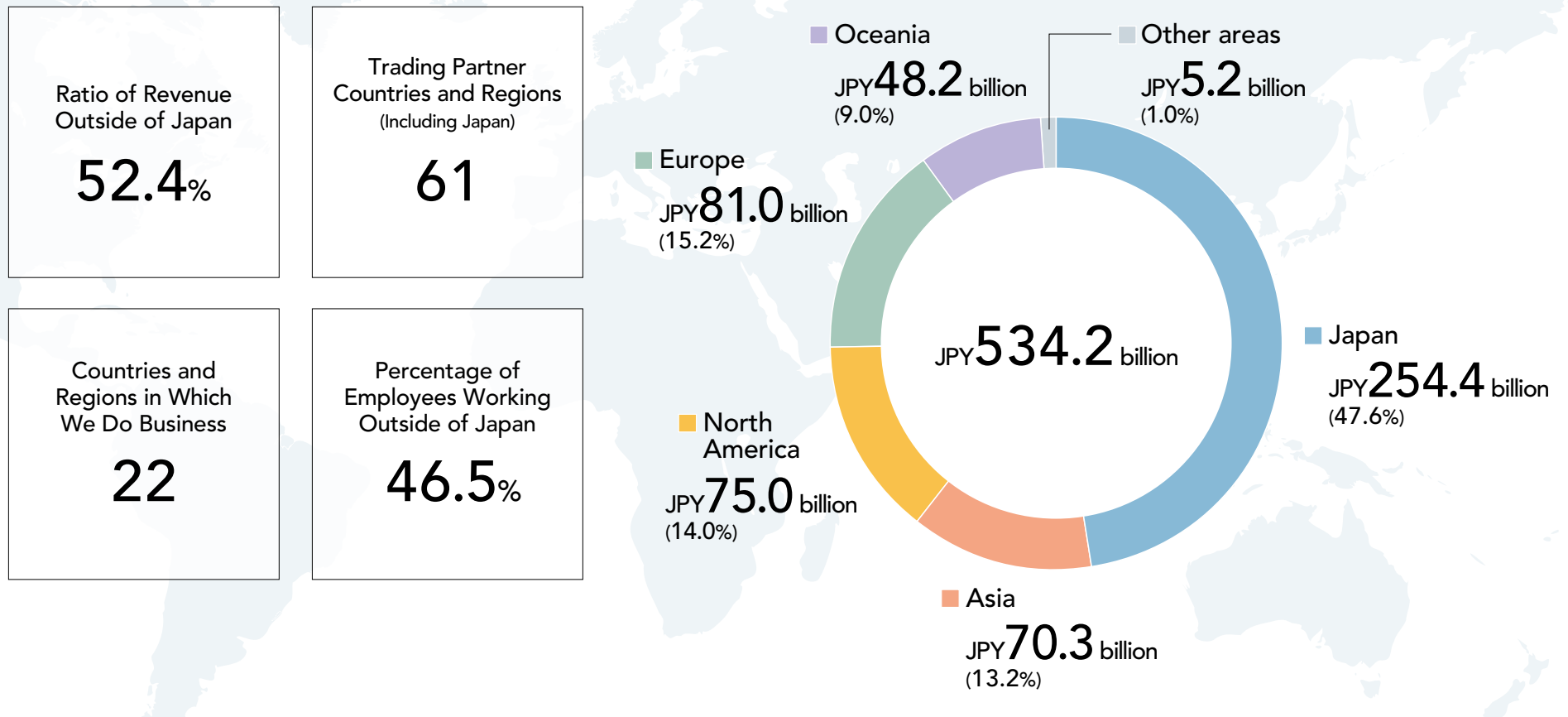
■ Recycling Business Sites

27

- Wastepaper yards: 26
- Comprehensive recycling business sites: 1

Global Operations

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



Message from the President



Launch of OVOL Medium-term Business Plan 2026 to support the realization of OVOL Vision 2030

In fiscal 2024, we launched OVOL Medium-term Business Plan 2026, which was formulated using a backcasting approach. The goal of the plan is to pave the way for the realization of OVOL Vision 2030. We aim to continue being a corporate group trusted by all stakeholders.

A handwritten signature in black ink, appearing to read 'Akihiko Watanabe', written in a cursive style.

Akihiko Watanabe
Representative Director,
President & CEO

Japan Pulp & Paper was founded as a traditional Japanese paper merchant in Kyoto in 1845. Today, we are working to identify societal needs that evolve with the changing times, diversify and globalize our business with paper at the core, and focus on businesses that help develop a circular economy.

As described on page 34 (“Business Environment”), it is a well-known fact that demand for graphic paper, such as newsprint and printing and communication paper, is declining in developed countries mainly due to advances in digitalization. However, demand for packaging paper remains steady. In this business environment, we formulated OVOL Vision 2030 in 2021, which defines three goals for the group. The first goal is to become “the world’s leading paper distribution group.” The second goal is to be “a group that contributes to a sustainable society and the global environment.” The third goal is to be “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper

industry.” I would like to take this opportunity to reaffirm the intent behind each of these goals. The first goal does not by any means imply striving to be the largest in terms of revenue, number of employees, or other metrics. Rather, it means becoming the most highly functional and trusted distribution group within the paper supply chain, particularly in the BtoB sector, on a global scale. The second goal reflects the group’s commitment to realizing a circular economy. This involves not only making more effective use of the environmental performance of paper through our wholesaling, wastepaper recycling, and paper manufacturing business activities within and outside of Japan, but also strengthening our comprehensive recycling and renewable energy power generation businesses. The third goal embodies our determination to become a “trustworthy and engaging partner” in both name and reality and drive next-generation innovation by combining the first two goals with aggressive investments in human capital, which is

the source of value creation. Over the past 179 years, the group has maintained a steady focus on paper and has garnered a certain level of recognition within the paper industry. Going forward, we aim to become a “trustworthy and engaging partner” that creates both economic and social value, meeting not only the expectations of the paper industry but also those of our shareholders, investors, business partners, local communities, and all other stakeholders, including group executives and employees.

In fiscal 2024, we launched OVOL Medium-term Business Plan 2026, and started taking decisive steps toward realizing our long-term vision.

Going forward, the Japan Pulp & Paper Group will continue working to generate economic value while increasing its contributions to the environment, communities, culture, and society through the creation of social value.

Three Goals of OVOL Vision 2030

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 the 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.

Review of Medium-term Business Plan 2023

In Medium-term Business Plan 2023, we set firm targets to solidify our core earning power with the aim of achieving our long-term vision and remaining competitive in the paper industry. We implemented two basic policies: “creating added value in the new normal” and “evolving into a group that pursues excellence even beyond the paper industry.” We aimed and worked to achieve consolidated ordinary profit of JPY15.0 billion. Looking back at the three years of this plan, first from a quantitative perspective, we were able to exceed the final-year consolidated ordinary profit target of JPY15.0 billion in each of the three years. As a result, over the three-year period, we generated JPY51.9 billion in free cash flow, and our credit rating also improved from A– to A.

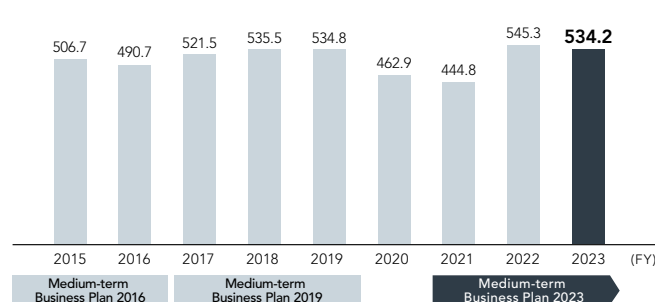
We believe the initiatives underpinned by our two basic policies have yielded steady results. In the

Japan Wholesaling segment, we worked on activities to expand demand for paper, as exemplified by OVOL Bridges 2023—The 2nd Paper Merchants Forum. In the Non-Japan Wholesaling segment, we conducted complementary M&As, expanding our platform in key markets outside of Japan. In the Paper Manufacturing & Processing segment, we improved profitability through greater production efficiency and by expanding alliances to strengthen sales capabilities. On the other hand, despite undertaking various initiatives for “creating added value in the new normal” and “evolving into a group that pursues excellence even beyond the paper industry,” we acknowledge that we have yet to fully achieve the high standards of becoming the “world’s leading paper distribution group” and a “trustworthy and engaging partner” incorporated in our long-term vision. To illustrate this with an example, if we were to ask 100 different stakeholders whether they consider us the “world’s leading paper distribution group” or

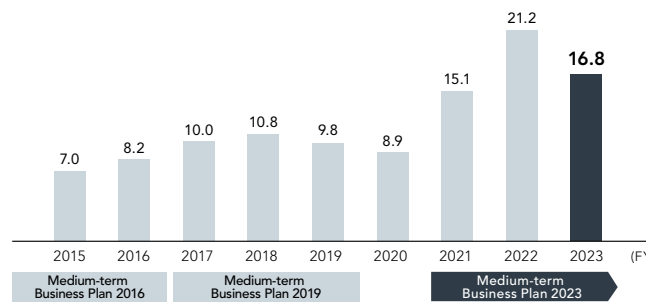
a “trustworthy and engaging partner,” I don’t think we would get many affirmative answers. I believe we are continuing to build the necessary assets and foundations to achieve these goals, but the key to realizing them lies in fundamentally transforming the mindset of each executive and employee of the group. If we can shift our mindset, I am confident that we can utilize the assets we have accumulated to an even higher degree and achieve our long-term vision. As such, we are promoting initiatives to increase work engagement, but are still only halfway there. I recognize that we must continue to focus on these efforts to achieve our long-term vision.

Reflecting on the past three years, I believe they can be summed up in three key achievements: “stable earning power,” “robust financial strength,” and “a global platform.” In my view, these assets provide an adequate foundation for implementing new strategies, starting with OVOL Medium-term Business Plan 2026, as we work toward realizing

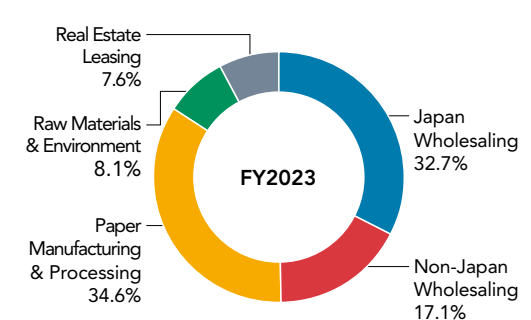
Revenue (Billions of yen)^{1, 2}



Ordinary Profit (Billions of yen)²



Composition of Ordinary Profit by Business Segment³



1. From the fiscal year ended March 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) has been adopted. Accordingly, “Net sales” has been reclassified as “Revenue.” Revenue for the fiscal year ended March 31, 2022 decreased compared with the previous fiscal year. Net sales calculated according to the former accounting standard, however, would have increased by JPY58,781 million, or 12.7% year on year, to JPY521,703 million.

2. We launched Medium-term Business Plan 2023 in fiscal 2021 (the year ended March 31, 2022) due to the impact of the COVID-19 pandemic. 3. Ordinary profit by business segment is a simple aggregation, excluding adjustments

the goals of becoming the “world’s leading paper distribution group” and a “trustworthy and engaging partner” under our long-term vision.

OVOL Medium-term Business Plan 2026

Positioning of OVOL Medium-term Business Plan 2026

In formulating OVOL Medium-term Business Plan 2026, we did not rely on traditional approaches or linear thinking. Instead, we adopted a backcasting approach—starting from our desired future as outlined in our long-term vision—to guide our strategic planning, while considering the rapidly changing business environment. We first assessed our current position, reviewing our assets, including the achievements made during Medium-term Business Plan 2023, and repeatedly discussed the necessary conditions to realize our long-term vision. We positioned OVOL Medium-term Business Plan 2026 as a three-year period for “developing specific mechanisms and measures to create economic and social value toward the realization of OVOL Vision 2030.” Rather than merely building on our accomplishments to date, we are firmly committed to challenging ourselves with entirely new endeavors. We will focus on how to take that next step and decide what to create from scratch.

Recognition of the Business Environment

I would now like to explain the expected business environment during the three years of OVOL Medium-term Business Plan 2026. In Japan, structural factors such as population decline and advances in digitalization are expected to depress paper demand in the foreseeable future. At the same time, labor shortages and rising labor, logistics, and other expenses will likely further drive-up sales costs. The mindset shift toward “quality and margins over volume” that has gained traction over the past two to three years will become increasingly important, and we also anticipate that a certain degree of industry consolidation will become inevitable. Outside the Japanese market, we expect demand for graphic paper to continue declining in developed countries, while demand for packaging paper will remain steady. In developing countries, we expect demand for paper and paperboard to increase due to factors such as population growth, improved living standards accompanying economic development, and changes in industrial structures driven by industrialization. Furthermore, both within and outside of Japan we are paying close attention to initiatives such as the push for the replacement of plastic with paper for containers and packaging, increasing sales opportunities for products that contribute to a reduction in CO₂ emissions, and building sustainable supply chains. In this way, we aim to support environmental and societal sustainability, addressing issues such as the need for greater responsiveness to climate change and the tightening of environmental regulations across the entire supply chain.



Achieving Our Long-term Vision by Implementing Measures Based on Three Fundamental Principles

We have identified three measures to achieve our long-term vision: “enhanced competitiveness,” “enhanced profitability,” and “expanded revenue scale.” These measures are not only fundamental for realizing our long-term vision but also represent the outcomes and value we must create during the current medium-term business plan. “Enhanced competitiveness” refers mainly to improving the value we provide in terms of functions, added value, and services, as well as implementing strategies and measures to remain competitive by differentiating ourselves from other companies. “Enhanced profitability” involves raising productivity throughout

the entire group and work engagement among executives and employees to a higher level than ever before. “Expanded revenue scale” involves leveraging the unique assets of the group and taking on new challenges to drive growth in existing areas and expansion into new areas.

In OVOL Medium-term Business Plan 2026, we have established three fundamental principles to achieve our long-term vision. The first is to “expand communication within and outside the group to significantly increase the value provided by our functions, services, and other offerings.” The second

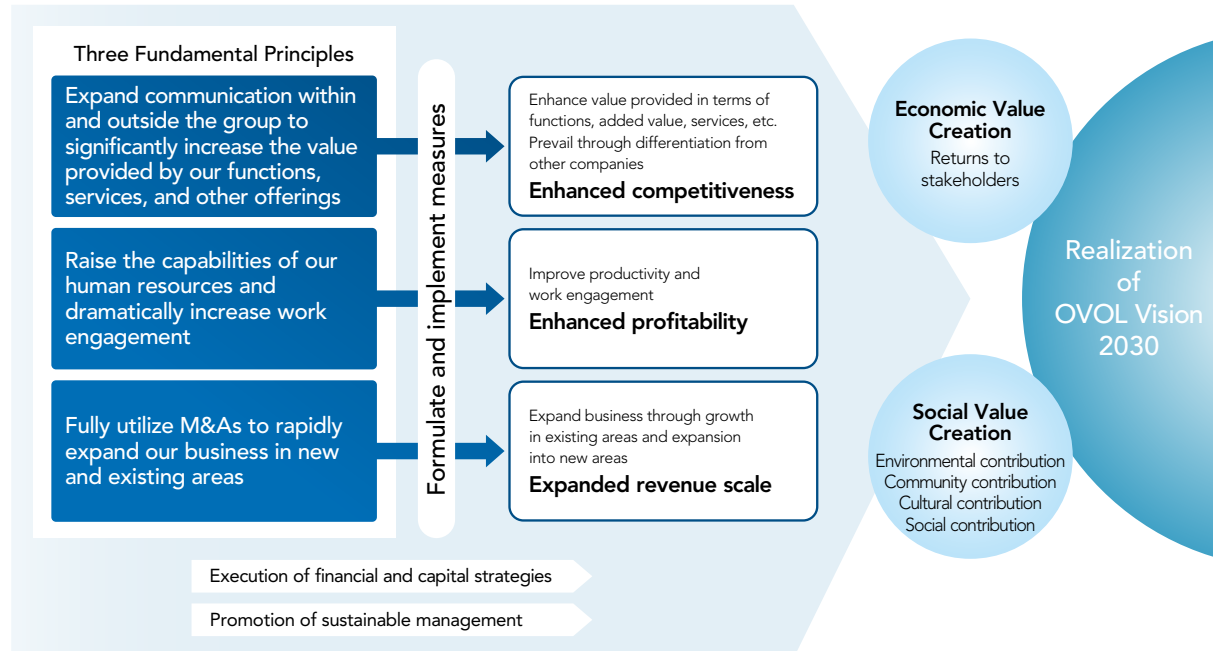
is to “raise the capabilities of our human resources and dramatically increase work engagement.”

The third is to “fully utilize M&As to rapidly expand our business in new and existing areas.” Through these initiatives we expect to achieve “enhanced competitiveness,” “enhanced profitability,” and “expanded revenue scale.”

For the first principle, we will work to create mechanisms to revitalize communication, including by providing analytical information on market trends and other areas that contribute to an improvement in our customers’ businesses based on the extensive

product knowledge and related expertise the group has accumulated over the years. We will also use our expertise to make proposals that are beneficial to our customers’ operations, such as logistics proposals for overall optimization and recycling-oriented business proposals that extend to the recycling of sold products. For the second principle, we will focus on education and reskilling to enhance the skillsets of our employees, investing more than three times the amount we previously allocated for training (compared with fiscal 2023, parent company). For the third principle, we will actively seek strategic investments, including complementary M&As in existing areas, to reap the benefits of being one of the few remaining players in the industry, and aggressively explore investment opportunities to enter new business areas. In addition, for all of these fundamental principles, we will strategically invest in initiatives such as promoting digital transformation (DX) and reforming logistics to enhance the value delivered to customers. At the same time, by rigorously pursuing financial and capital strategies as well as sustainable management, we aim to enhance our standing with all stakeholders, including shareholders, investors, employees, and society at large. This will dramatically help increase synergy among our efforts for “enhanced competitiveness,” “enhanced profitability,” and “expanded revenue scale.” Through the creation of economic value, we intend to increase returns to stakeholders, and by generating social value, we aim to enhance our contributions to the environment, communities, culture,

OVOL Medium-term Business Plan 2026



and society. It is my belief that this will enable us to realize the goals described in our long-term vision and pave the way for a sustainable virtuous cycle in the future.

Quantitative Targets

The quantitative target we have set for the final year of OVOL Medium-term Business Plan 2026 is JPY22.0 billion in consolidated ordinary profit. This target is a high figure that surpasses the record-high profit in fiscal 2022, which was assisted by tailwinds such as favorable supply/demand and price trends in the European, American, and Oceania markets, leading to significant growth in the Non-Japan Wholesaling segment and exceeding the initial plan. We established this target using a backcasting approach, setting a goal that the group must achieve. We believe that through the steady implementation of the new initiatives and strategies under this plan, the target is attainable even in the absence of favorable market conditions.

Segment Strategies

In the Japan Wholesaling segment, demand for graphic paper continues to decline significantly, falling roughly 10% year on year. Going forward, we will focus on implementing various strategies to sharply differentiate ourselves, and reap the benefits of being one of the few remaining players in the industry, enabling us to attain even greater profit than before. We will also strive to expand demand for paper by pursuing the functionality and

appeal of paper products and widely promoting the environmental performance of paper to society, thereby contributing to an improvement in the industry's image.

In the Non-Japan Wholesaling segment, in response to declining demand for graphic paper, we will continue to conduct complementary M&As to secure and expand earnings through sales growth in peripheral product categories. At the same time, we will strengthen various functions such as inventory, processing, and delivery in Southeast Asia (particularly in Thailand, Indonesia, and Vietnam), accelerating our glocal strategy to expand the scale of our business in Asia.

In the Paper Manufacturing & Processing segment, we aim to expand the revenue scale in the containerboard business through full-scale production and sales, including by strengthening intragroup procurement of wastepaper and enhancing our facility management system. In the recycled household paper business, we will focus on boosting earnings through improved brand strength and the expansion of alliances. In the Raw Materials & Environment segment, our top priority in the recovered paper recycling business remains high quality and stable supply to paper manufacturers in Japan. We will work to strengthen procurement capabilities to address the decline in the availability of wastepaper. In addition, in the comprehensive recycling business, we are pushing ahead with the construction of a second plant at Eco-Port Kyushu to address growing demand for waste plastic recycling following

the enactment of Japan's Plastic Resource Circulation Act. In the renewable energy power generation business, we are considering the establishment of a third yard in Malaysia or Indonesia to further expand our supply capacity of palm kernel shells (PKS), a key fuel source.

Creating Value through Sustainable Management

The group pivoted decisively toward sustainable management from fiscal 2022, which fell in the period covered by the previous medium-term business plan. In the first year, we built a framework for sustainable management through initiatives such as establishing the Corporate Sustainability Division, formulating basic policies, revamping various related policies, and identifying material issues. Starting from the second year, we promoted practical activities based on these basic policies and material issues. Going forward, we will expand our initiatives under OVOL Medium-term Business Plan 2026. We believe that this year's integrated report shows the group's current position, future direction, and value creation process related to sustainable management initiatives in a clear and concrete manner.

In OVOL Medium-term Business Plan 2026, we will continue to focus on strengthening human capital—the most important form of management capital—as an initiative to support sustainable management. We are currently formulating management strategies

aimed at realizing true human capital management, as well as human resource strategies that address medium-to-long-term challenges. During the current medium-term business plan, we aim to foster a corporate culture where diverse human resources can continue to take on challenges while leveraging their individuality. To achieve this, we are developing and implementing measures to enhance work engagement, as well as specific frameworks and mechanisms for training, education, and other forms of professional development tailored to each organization within the group. For environmental initiatives, we have set medium-to-long-term group targets for reducing greenhouse gas emissions. Our medium-term goal is to achieve a 50% reduction by fiscal 2030 (compared with the fiscal 2019

level), and our long-term goal is to achieve carbon neutrality by 2050. To realize these goals, we have formulated three key strategies: (1) pursue further improvements in production efficiency in the Paper Manufacturing & Processing segment, (2) promote thorough energy savings, and (3) switch to renewable energy. In addition, we recognize several critical challenges in advancing sustainable management, including “responding to business and human rights,” “strengthening the environmental and occupational safety compliance systems,” and “strengthening risk management.” In addressing these issues, we will implement specific measures such as conducting human rights due diligence, establishing management frameworks, and revising our business continuity plan (BCP).

competitiveness, differentiate ourselves, and ensure our survival in the industry by enhancing the value we provide to customers and business partners. An example of this was OVOL Bridges 2023—The 2nd Paper Merchants Forum, which was held in October 2023. Through the promotion of the forum’s three initiatives (nationwide expansion of on-site classes to promote the value of paper, regular workshops to explore new possibilities for paper with paper wholesalers nationwide, and the establishment of a paper study group to investigate and study the social value that can be realized through paper), we aim to collaborate with stakeholders to create new businesses and business models.

By developing bold and ambitious mechanisms and measures under OVOL Medium-term Business Plan 2026, we will achieve OVOL Vision 2030 and return both economic and social value to all our stakeholders. To this end, we will work even harder to foster a shared understanding and empathy within the group, while enhancing our communication and dialogue with external stakeholders, including investors.

Our Corporate Philosophy emphasizes Our Corporate Spirit of integrity, fairness, and harmony, and we are committed to upholding these values in all our actions. We will continue to sincerely listen to and act on the valuable advice and opinions of all our stakeholders, and greatly appreciate your continued guidance and support.

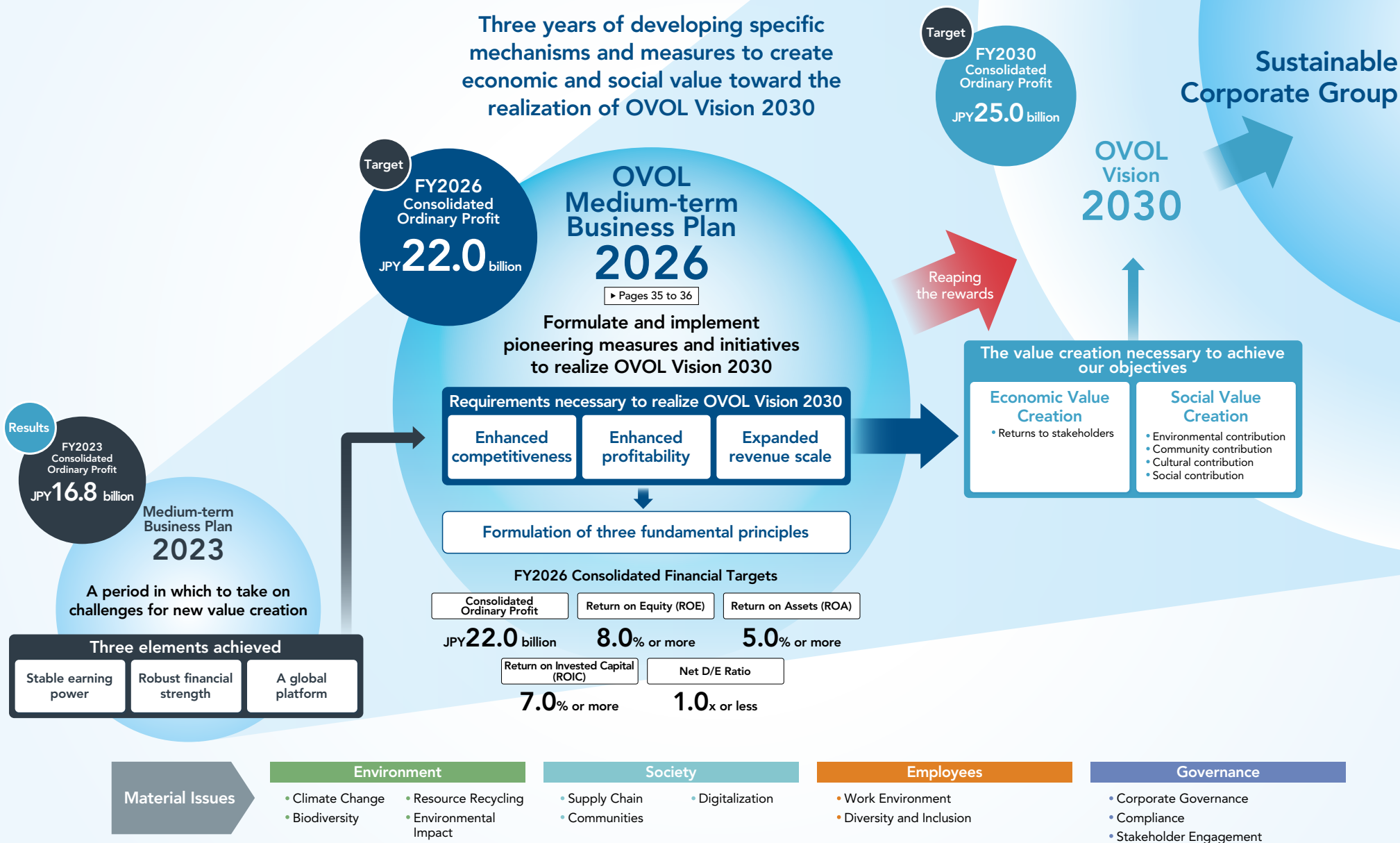
To Our Stakeholders

To realize OVOL Vision 2030, we have formulated OVOL Medium-term Business Plan 2026, using a backcasting approach for the first time. Since peaking in the 2000s, demand for paper in Japan, particularly graphic paper, has continued to decline. As I mentioned previously, we anticipate that industry consolidation in paper distribution will become inevitable. Given that the timing of our new medium-term business plan coincides with this tough environment, I believe we have an opportunity to boldly take on the challenge of creating new mechanisms and measures that go beyond merely building on past achievements, improve



The Path to the Future for the Japan Pulp & Paper Group

Three years of developing specific mechanisms and measures to create economic and social value toward the realization of OVOL Vision 2030



01

Our Value Creation Story

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Our History of Value Creation

The origins of Japan Pulp & Paper can be traced back to 1845, when the traditional Japanese paper (washi) merchant Echisan Shoten was founded in Kyoto. Since then, we have continued to create value while constantly grasping the changes of the times and society and transforming our business. We will contribute to the sustainable development of society by identifying the areas in which we 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.

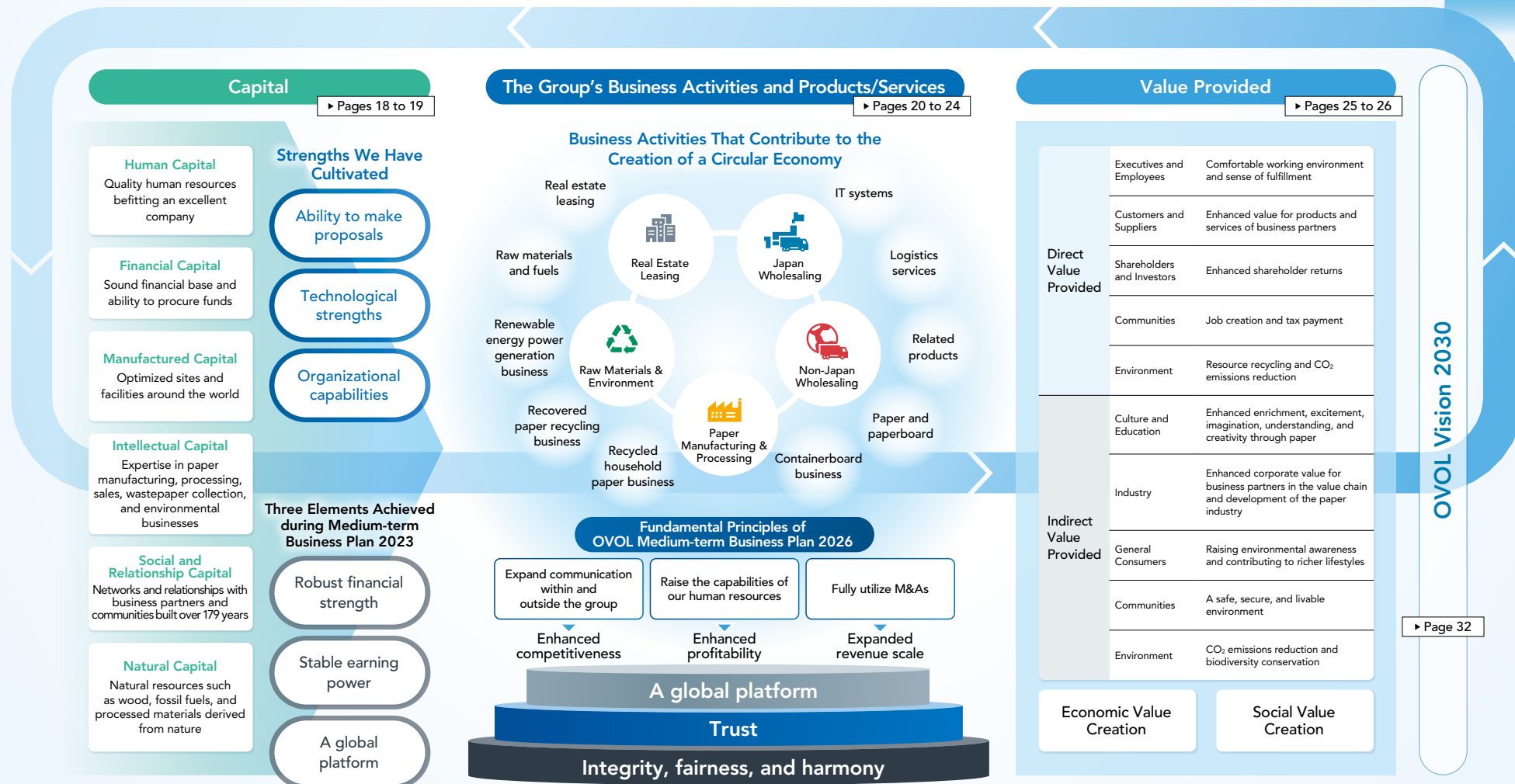
Social and Business Issues

- 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

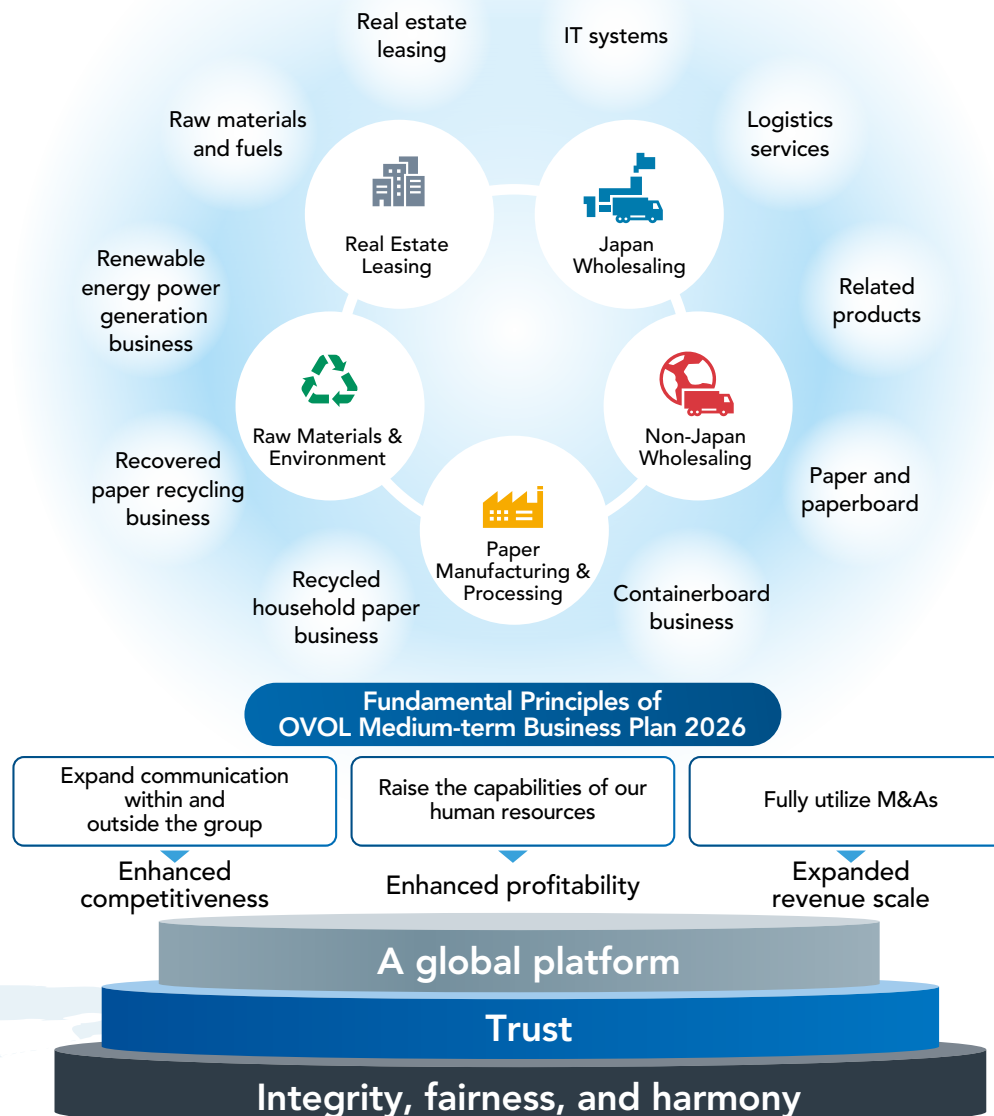
The Group's Business Activities and Products/Services



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

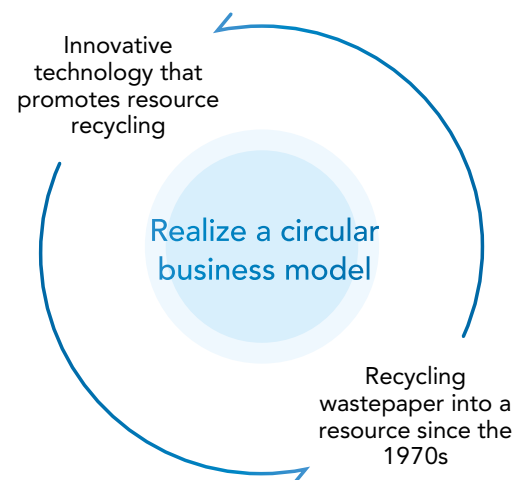
Our ability to make proposals contributes to developing products that meet the new demands of society using our technological strengths.

Environment

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

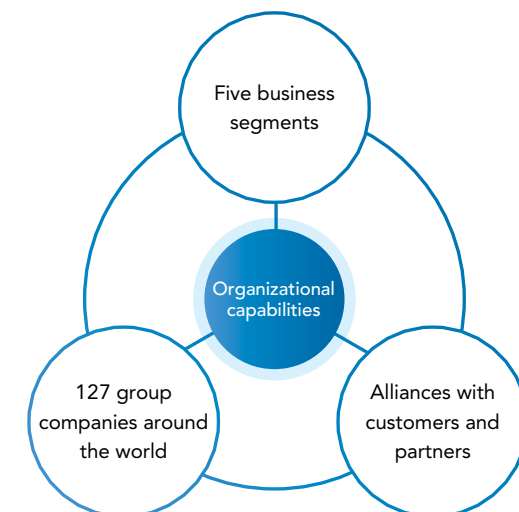
Technological strengths for realizing a circular business model

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.

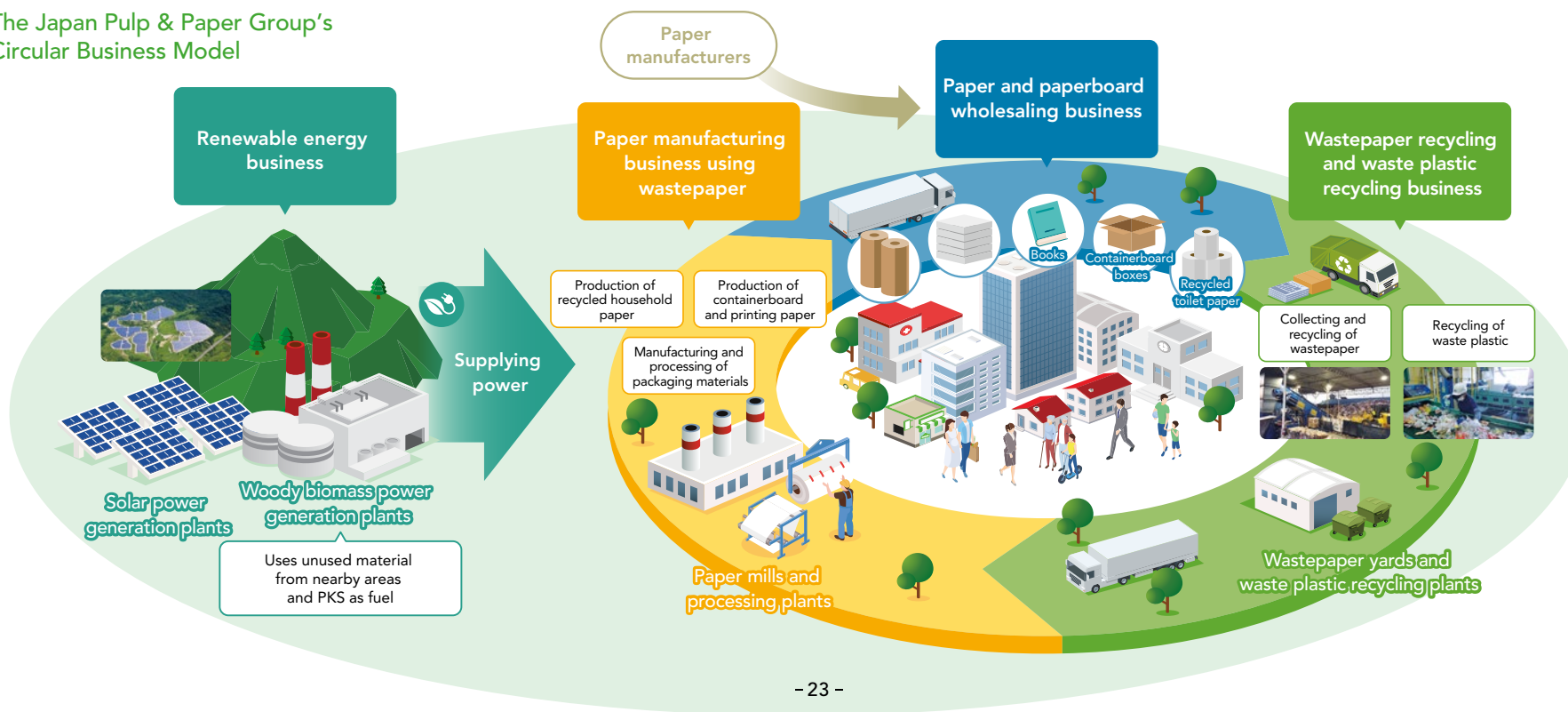
The Group's Business Activities and Products/Services



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>	<ul style="list-style-type: none"> • Developing and Proposing Environmentally Friendly Products <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>

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

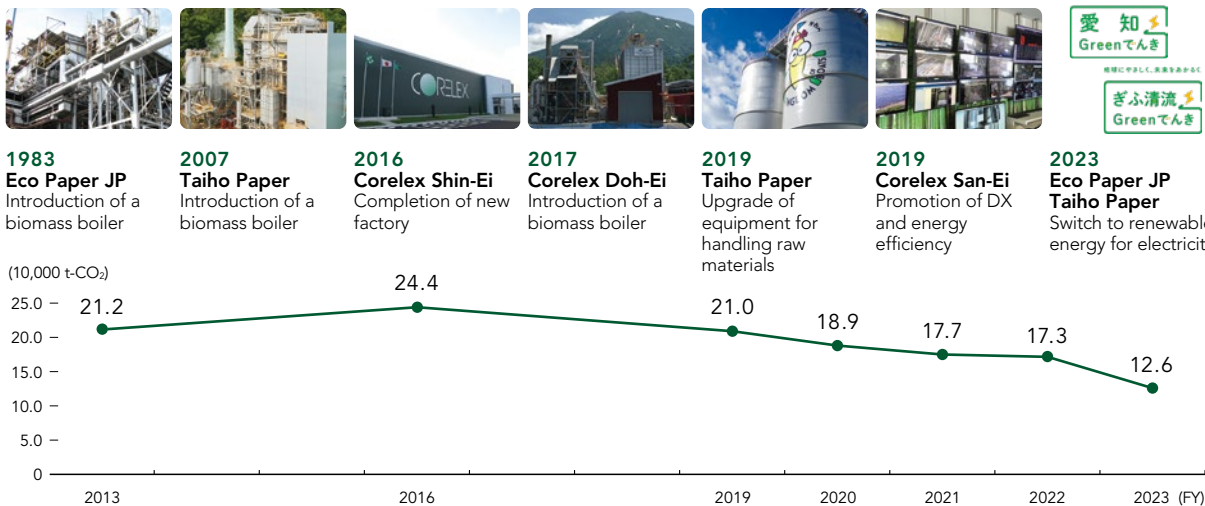
Organizational capabilities

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.



02

Strategies and Strengths

Explanation of Business Strategies

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Explanation of Business Strategies—Progress of OVOL Vision 2030 and Medium-term Business Plan 2026

OVOL Vision 2030: “Paper, and beyond”

We are working toward realizing the three key goals set forth in OVOL Vision 2030, and aim to achieve consolidated ordinary profit of JPY25.0 billion.

The World’s Leading Paper Distribution Group

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

Objectives

- Demonstrate unparalleled reliability, presence and functionality in the supply chain of the paper and paperboard market worldwide.
- Help customers add value to their products and services, and enhance their corporate value.
- Operate platforms with a broad global reach that deliver the specialized functions required by the group’s paper business.

A Group That Contributes to a Sustainable Society and the 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 the global environment.

Objectives

- Work toward carbon neutrality and the minimization of environmental impact throughout the entire supply chain.
- Contribute to the restoration and preservation of biodiversity.
- Contribute to the creation of a circular economy through our paper and plastic recycling businesses and the manufacturing of paper using wastepaper as a raw material.

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.

Objectives

- Continue to enhance corporate value through growth investment, including investment in sustainability.
- Continue to increase work engagement.
- Be highly valued by shareholders for ongoing improvements in growth potential, management transparency, financial soundness, and investment efficiency, backed by a robust governance structure.
- Ensure thorough compliance and environmental, health and safety management throughout the group.
- Contribute to the development of paper culture by raising awareness of the functions and value of paper.

Quantitative target for FY2030

Consolidated ordinary profit of JPY25.0 billion

Explanation of Business Strategies—Progress of OVOL Vision 2030 and Medium-term Business Plan 2026

Review of Medium-term Business Plan 2023

During the three years of Medium-term Business Plan 2023, we achieved the consolidated ordinary profit target of JPY15.0 billion for three consecutive years, and in the final year, we achieved the targets for all financial indicators. Furthermore, we secured the three elements that serve as the foundation for realizing our long-term vision: robust financial strength, stable earning power, and a global platform.

Medium-term Business Plan 2023

	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	Medium-term Business Plan 2023 Initial Target	Status
Consolidated Ordinary Profit	JPY8.9 billion	JPY15.1 billion	JPY21.2 billion	JPY16.8 billion	JPY15.0 billion	Achieved
Return on Equity (ROE) ¹	4.5%	13.0%	24.0%	8.4%	8.0%	Achieved
Return on Assets (ROA) ²	2.7%	4.6%	5.9%	4.4%	4.0%	Achieved
Return on Invested Capital (ROIC) ³	3.7%	5.7%	7.5%	6.2%	5.0%	Achieved
Net D/E Ratio ⁴	1.23x	1.06x	0.66x	0.59x	1.40x or less	Achieved

1. Profit attributable to owners of parent ÷ Equity (average of beginning and ending balances)

2. Ordinary profit ÷ Total assets (average of beginning and ending balances)

3. Change in ROIC calculation method: For NOPAT (the numerator), the method was changed to a calculation method based on ordinary profit, the target consolidated financial indicator.

After change: NOPAT (Net ordinary profit after tax (before interest expense)) ÷ Invested capital (Interest bearing debt + Equity (average of beginning and ending balances))

4. (Interest bearing debt – Cash and deposits) ÷ Equity

Three Elements Achieved during Medium-term Business Plan 2023

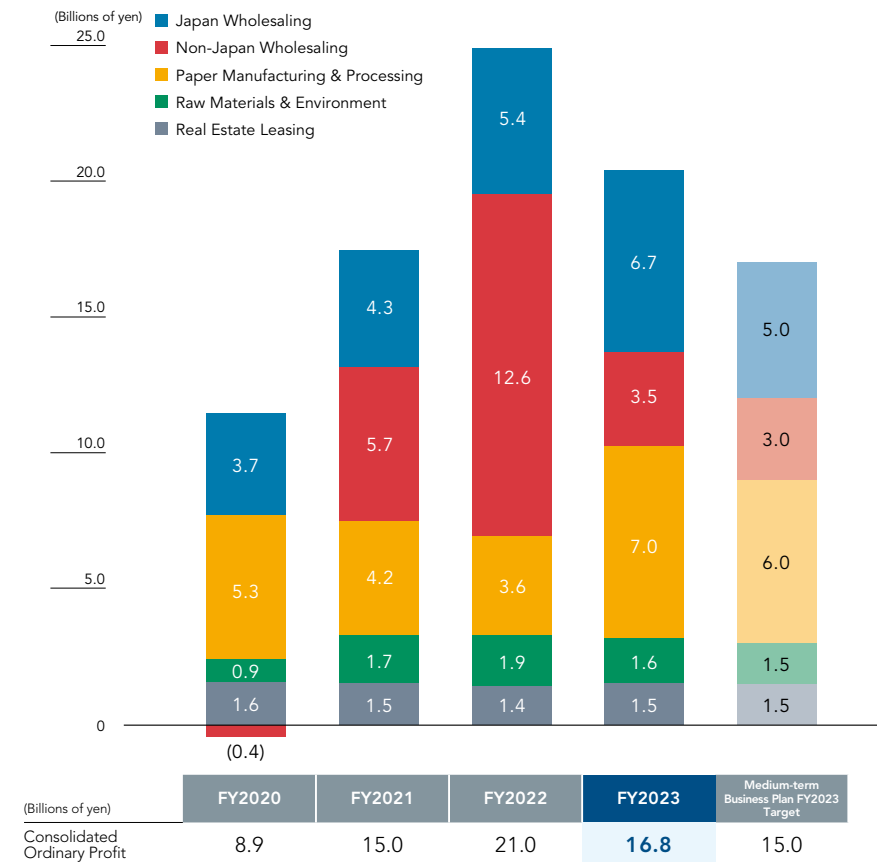
Robust financial strength	<ul style="list-style-type: none"> Free cash flow of JPY 51.9 billion (3-year total) Issuer credit rating: A
Stable earning power	<ul style="list-style-type: none"> Steadily achieved consolidated ordinary profit of JPY15.0 billion during the period of the plan, with growth in all five segments
A global platform	<ul style="list-style-type: none"> Three companies inside and 12 companies outside Japan were added to the group Expanded business fields and enhanced resources

OVOL Medium-term Business Plan 2026

https://www.kamipa.co.jp/wp/wp-content/themes/jp-2017/assets/img/company/pdf/20240603_eng.pdf

We achieved balanced growth in the five segments, and all reached their initial targets.

Ordinary Profit by Segment

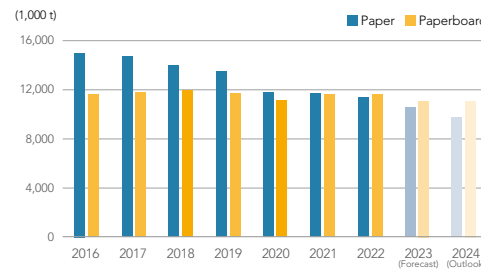


Business Environment

Japan

- Demand for graphic paper continues to decrease due to structural issues, mainly digitalization and the declining birthrate.
- Demand for packaging paper is firm due to the spread of e-commerce and increased demand from visitors to Japan.
- Japan’s paper and paperboard market remains the world’s third largest, after China and the U.S. (paper and paperboard total: 20 million tons).
- Demand for switching to paper instead of plastic packaging is increasing.

Paper and Paperboard Demand in Japan

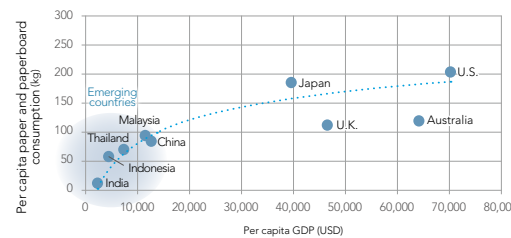


Source: Japan Paper Association: 2024 Paper and Paperboard Domestic Demand Forecast

Non-Japan

- Consumption in countries/regions where we have major operating bases was 60 million tons in the U.S., 7 million tons in the U.K., and 4 million tons in Oceania.
- In developed countries, demand for graphic paper continues to decline, but demand for packaging paper is strong.
- Paper and paperboard demand is expected to increase with rising living standards due to population growth and economic development in emerging countries and changes in the industrial structure due to industrialization.

Per Capita Paper and Paperboard Consumption and GDP (2021)



Source: Company estimates

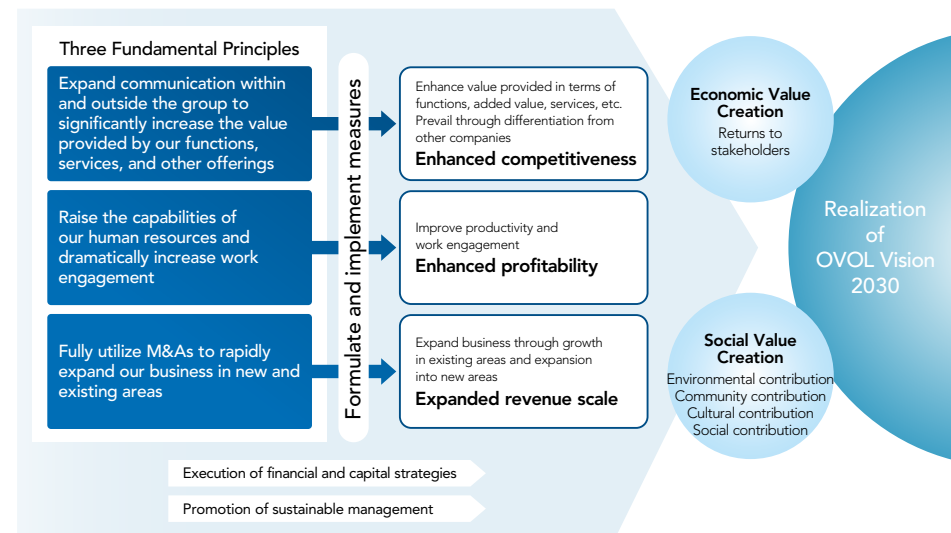
We will identify factors and opportunities that will have a significant impact on the alignment of both economic value and social value with regards to the realization of OVOL Vision 2030. We will continue to respond to changes in the business environment and society, and remain committed to self-transformation.

	Influencing Factors	Opportunities
Environment	<ul style="list-style-type: none"> • Increasing impact of climate change on forest resources • Stricter environmental regulations related to logistics and factory operations 	<ul style="list-style-type: none"> • Promotion of paper alternatives for plastic containers and packaging • Increase in selling opportunities due to offering of products that contribute to CO₂ reduction
Society	<ul style="list-style-type: none"> • Increasing importance of stable supply and responsible procurement • Growing demands for reduced environmental impact and economic and social contributions in local communities • Decrease in paper demand due to progress of digitalization 	<ul style="list-style-type: none"> • Establishment of a stable supply structure through ongoing supply chain development • Creation of paper demand by proposing new value in a digital society
Employees	<ul style="list-style-type: none"> • Increasing importance of working environment including stable employment and skill development • Increasing need to improve labor productivity and employee engagement • Active participation of diverse human resources through diversity & inclusion initiatives 	<ul style="list-style-type: none"> • Realization of high engagement, well-being, and improved productivity through effective human capital management • Stronger competitiveness as a group through the sharing of diverse talents and ideas
Governance	<ul style="list-style-type: none"> • Increasing need for transparent and effective management structure • Occurrence of compliance-related issues • Expectations and demands from stakeholders 	<ul style="list-style-type: none"> • Enhancement of corporate value through fair and honest governance • Conduct of business activities with a strong sense of ethics and responsibility • Reflection of expectations and requests from stakeholders in management

Explanation of Business Strategies—Progress of OVOL Vision 2030 and Medium-term Business Plan 2026

Fundamental Principles of OVOL Medium-term Business Plan 2026

We have positioned OVOL Medium-term Business Plan 2026 as a three-year period to develop specific mechanisms and measures to create economic value and social value toward the realization of OVOL Vision 2030. We are formulating and implementing measures based on the following three fundamental principles.



Consolidated Financial Targets

- New record high for consolidated ordinary profit of JPY22.0 billion
- Realize ROE of 8% or more, ROA of 5% or more, and ROIC of 7% or more through greater awareness of the cost of capital
- Maintain or improve “A” credit rating, secure funding capability, and utilize financial leverage while keeping the net D/E ratio at 1.0x or less

	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2026 Targets
Consolidated Ordinary Profit	JPY8.9 billion	JPY15.1 billion	JPY21.2 billion	JPY16.8 billion	JPY22.0 billion
Return on Equity (ROE) ¹	4.5%	13.0%	24.0%	8.4%	8.0% or more
Return on Assets (ROA) ²	2.7%	4.6%	5.9%	4.4%	5.0% or more
Return on Invested Capital (ROIC) ³	3.7%	5.7%	7.5%	6.2%	7.0% or more
Net D/E Ratio ⁴	1.23x	1.06x	0.66x	0.59x	1.0x or less

Regarding the FY2026 target for the net D/E ratio:

The net D/E ratio improved to the 0.6x level largely due to income from the sale of fixed assets in FY2022, and financial soundness improved substantially. We set the ratio target at 1.0x or less to allow for flexibility in growth investments while still maintaining financial soundness.

Exchange rate assumptions for FY2026: JPY141.83 to USD1, JPY180.68 to GBP1, JPY96.94 to AUD1 (as of December 31, 2023)

1. Profit attributable to owners of parent + Equity (average of beginning and ending balances)

2. Ordinary profit ÷ Total assets (average of beginning and ending balances)

3. Change in ROIC calculation method: For NOPAT (the numerator), the method was changed to a calculation method based on ordinary profit, the target consolidated financial indicator.

After change: NOPAT (Net ordinary profit after tax (before interest expense)) ÷ Invested capital (Interest bearing debt + Equity (average of beginning and ending balances))

4. (Interest-bearing debt – Cash and deposits) ÷ Equity

Policies by Segment and Ordinary Profit Targets

		FY2023 Results	FY2026 Targets
Japan Wholesaling	Maximize earnings by leveraging the group's collective strengths	JPY6.7 billion	JPY7.0 billion
Non-Japan Wholesaling	Build a stable revenue structure and further diversify revenue sources	JPY3.5 billion	JPY8.0 billion
Paper Manufacturing & Processing	Proactive efforts to conserve the global environment and build a stable revenue base	JPY7.0 billion	JPY7.5 billion
Raw Materials & Environment	Contribute to a sustainable society and the future of the Earth through a circular business model	JPY1.6 billion	JPY2.0 billion
Real Estate Leasing	Continue to earn stable income from real estate holdings and optimize the real estate portfolio	JPY1.5 billion	JPY1.5 billion
	Adjustments	(JPY3.6 billion)	(JPY4.0 billion)
	Total	JPY16.8 billion	JPY22.0 billion

OVOL Medium-term Business Plan 2026

https://www.kamipa.co.jp/wp/wp-content/themes/jp-2017/assets/img/company/pdf/20240603_eng.pdf

Financial and Capital Strategies

Capital Efficiency	We expect WACC to rise in the future, and we have set an ROIC target of 7.0% or more for fiscal 2026. We will continue to carry out optimal resource allocation from the perspective of profitability and capital efficiency.
Cash Allocation	We have set a three-year cumulative cash allocation plan with JPY80.0 billion earmarked for growth investments. ▶ See page 40 We will make growth investments and deliver proactive shareholder returns by expanding cash flow and utilizing financial leverage.
Shareholder Returns	Our dividend policy is to pay a progressive dividend based on a consolidated payout ratio of 30% or more. In addition, we will implement stock buybacks with agility and flexibility to meet market expectations and ensure shareholder returns.

Sustainable Management Initiatives

Strengthening Human Capital

Strengthen human capital, our greatest form of management capital, and foster a corporate culture in which diverse human resources can make the most of their individual qualities and continue to take on challenges

- Analyze the future talent gap, and carry out recruiting, development, and placement with a dynamic portfolio
- Increase employee engagement to energize our workforce and organization and raise productivity
- Raise the skill level of employees and enhance training to develop human resources with expertise

Indicator	KPI (Japan Pulp & Paper Targets)
Percentage of eligible male employees taking childcare leave (includes the company's unique leave system)	100% (FY2023: 76.9%)
Employee engagement rating	BBB or higher (FY2023 rating: B) ¹
Training expenses	3 times or more (Compared with FY2023)
Percentage of leave taken	80% or more (FY2023: 79.0%)
Monthly overtime hours	10 hours or less (FY2023: 13 hours)
Ratio of female in career track hiring	30% or more (25.2% average over last five years) ²

1. The current B rating is the sixth of the eleven engagement rating levels. Our target is a BBB rating, which is two levels higher.

2. The ratio of female employees in career track positions at the company was 9.2% as of April 1, 2024. We have set the above target to increase the ratio of women in career track positions.

Toward Achieving Carbon Neutrality

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

Medium-term Target	Long-term Target
Achieve a 50% reduction from FY2019 levels by FY2030 <small>Scope of targets: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries</small>	Achieve carbon neutrality by 2050

Priority Measures	Pursue further improvement of production efficiency in Paper Manufacturing & Processing segment	Promote thorough energy savings	Switch to renewable energy

Response to Business and Human Rights

1. Fostering and instilling a culture of respect for human rights
2. Implementation of human rights due diligence and identification and improvement of risks
3. Implementation of complaint handling mechanism

Strengthen the Environmental and Occupational Safety Compliance Systems

1. Establishment and operation of a three-tier supervisory system (group companies, the Environment & Safety Promotion Office, and external organizations)
2. Enhancement of awareness of the environment and occupational safety among group employees through activities of OVOL Environment & Safety Meetings

Strengthen Risk Management

1. Use of risk assessment to identify risks that could impact business activities and formulate/implement countermeasures
2. Revision of the business continuity plan
3. Enhancement of initiatives to ensure compliance

Financial Strategies



Chihiro Katsuta

Representative Director, Senior Executive Vice President
CFO

Under OVOL Medium-term Business Plan 2026, we aim to achieve record-high profits by fiscal 2026. We will focus on capital efficiency, cash allocation, and shareholder returns to maximize our corporate value.

Review of Medium-term Business Plan 2023

Over the three years of Medium-term Business Plan 2023, we achieved the final year targets of consolidated ordinary profit of JPY15.0 billion, ROE of 8%, ROA of 4%, ROIC of 5%, and a net D/E ratio of less than 1.4x in each year. Notably, consolidated ordinary profit recorded a three-year compound annual growth rate (CAGR) of 23.3%, growing from JPY8.9 billion in fiscal 2020 (before Medium-term Business Plan 2023 started), compared with the 10-year average CAGR of 8.1%. This indicates significant growth during the period of the plan.

In addition, all five business segments achieved balanced growth, which resulted in stable profitability, and each segment exceeded its ordinary profit target for the final year of the plan (fiscal 2023).

In the Japan Wholesaling segment, while demand for graphic paper has declined, packaging paper continues to see strong demand. Profit improved due to price revisions and streamlining, which led to three consecutive years of profit growth. In the Non-Japan Wholesaling segment in particular, in addition to the recovery in demand following normalization of socio-economic activities in fiscal 2022, we conducted multiple price increases amid tightening supply and demand and the profit margin increased in the short term. This led to results that greatly exceeded expectations. However, in the final year of the plan, prolonged inventory adjustments by customers led to a decrease in sales volume, resulting in a significant decline in profit year on year. Nevertheless, we have established a sound structure capable of generating profit, especially when compared with the two

consecutive years of losses before the start of Medium-term Business Plan 2023. We accomplished this by streamlining operations and implementing complementary M&As. In the Paper Manufacturing & Processing segment, there was a significant year-on-year increase in profit in the final year of the plan. This was supported by robust demand for packaging paper and household paper. We were able to offset cost increases due to rising raw material and fuel prices through price revisions and improved production efficiency. In the Raw Materials & Environment segment, although the wastepaper business continues to be negatively impacted by reduced availability and use of wastepaper, strong sales of imported PKS for biomass power plants and the comprehensive recycling business helped the segment exceed its ordinary profit targets over the three years of the plan. In the Real Estate Leasing segment, although rental income decreased due to the partial transfer of non-current assets in Chuo-ku, Tokyo during Medium-term Business Plan 2023, lower expenses enabled us to achieve the ordinary profit target for the segment in the final year of the plan, contributing to the group's overall performance.

Regarding cash flow during Medium-term Business Plan 2023, cumulative cash flows from operating activities over the three years amounted to JPY35.2 billion, while cash flows from investing activities was JPY16.7 billion, resulting in free cash flow of JPY51.9 billion. The cash was mostly used to repay interest-bearing debt, while a portion was reserved for future growth investments during the current medium-term business plan.

OVOL Medium-term Business Plan 2026 and Fiscal 2024 Performance Outlook

We launched OVOL Medium-term Business Plan 2026, which covers the three years from fiscal 2024 to fiscal 2026, on May 10, 2024. Under the new plan, consolidated financial targets for the final year (fiscal 2026) are set as follows: consolidated ordinary profit of JPY22 billion, ROE of 8% or more, ROA of 5% or more, ROIC of 7% or more, and a net D/E ratio of 1.0x or less. In OVOL Vision 2030, the group has set the following goals: becoming “the world’s leading paper distribution group,” “a group that contributes to a sustainable society and the global environment,” and “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry.” The new medium-term business plan is positioned as a three-year period for developing specific mechanisms and measures to create economic and social value. As such, we will further strengthen the profitability of the five segments, which achieved stable profit growth during the period of the previous plan, and will implement growth investments to create the mechanisms and measures needed to achieve our long-term vision.

The performance forecast for the first year of OVOL Medium-term Business Plan 2026 (fiscal 2024) is as follows: consolidated operating profit of JPY18.0 billion, consolidated ordinary profit of JPY18.0 billion, and profit attributable to owners of the parent of JPY10.0 billion.

In the Japan Wholesaling segment, although demand for packaging paper is expected to recover, demand for graphic paper continues to decline. With the increase in logistics and labor costs, and given that profit increased due to the sale of inventory at pre-price-hike levels in the previous year, we expect a decrease in profit compared with the previous year. In the Non-Japan Wholesaling segment, a recovery in sales volume is

expected due to the conclusion of customer inventory adjustments, along with anticipated expansion in market share through complementary M&As and increased sales of high-value-added products, leading to a significant profit increase year on year. In the Paper Manufacturing & Processing segment, we have been able to offset the continuing high raw material, fuel, and logistics costs with higher selling prices, which has resulted in a slight increase in profit. In the Raw Materials & Environment segment, which is facing a difficult business environment where the availability of wastepaper continues to decline, we expect a decrease in profit compared with the previous year. The Real Estate Leasing segment is expected to continue operating stably.

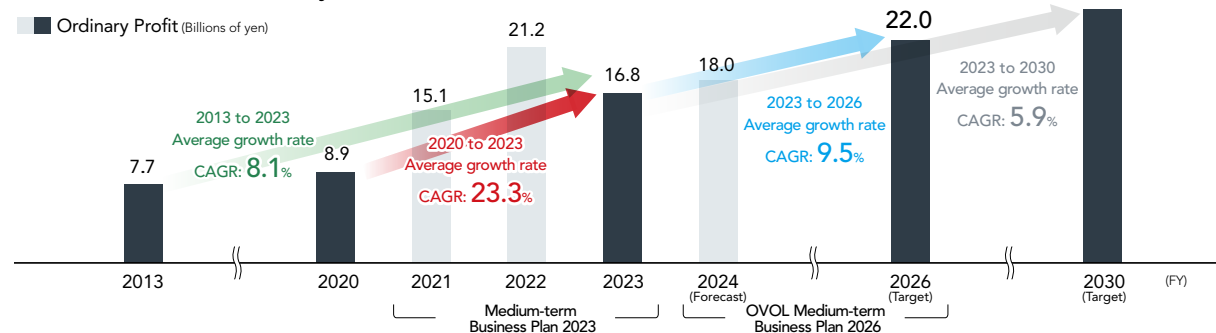
Projected fiscal 2024 consolidated ordinary profit of JPY18.0 billion represents an increase of 7.4% compared with consolidated ordinary profit of JPY16.8 billion in the final year of Medium-term Business Plan 2023. However, the CAGR from consolidated ordinary profit of JPY16.8 billion in the final year of Medium-term Business Plan 2023 to the JPY22.0 billion target for the final year of the new plan is 9.5%. We have set firm

targets for the first year of the new medium-term business plan and we must achieve them. Under OVOL Vision 2030, the quantitative target for consolidated ordinary profit for fiscal 2030 is JPY25.0 billion. The CAGR from fiscal 2023, for which consolidated ordinary profit was JPY16.8 billion, to the fiscal 2030 target, is 5.9%. We expect to be able to meet the quantitative target of OVOL Vision 2030 by strengthening the foundation of each business segment, and we aim for further growth through growth investments during the period of the new plan.

For the first quarter of fiscal 2024, compared with the same period of the previous fiscal year, revenue was 99.5% of the total, operating profit was 92.8%, ordinary profit was 94.1%, and profit attributable to owners of parent was 102.7%. Progress compared with the annual plan formulated at the beginning of the term shows operating profit at 24%, ordinary profit at 26.4%, and profit attributable to owners of parent at 29.2%, indicating performance is progressing largely in line with the plan.

In the Japan Wholesaling segment, while the decline in demand for graphic paper continues, demand for

CAGR of Consolidated Ordinary Profit



Financial Strategies

packaging paper remains strong. Segment profit decreased due to rising expenses, such as labor costs, compared with the previous fiscal year, in which profits were high due to price hikes. However, performance exceeded that of the first quarter of fiscal 2022, and the segment is performing well. In the Non-Japan Wholesaling segment, a decline in demand and lower sales prices resulted in decreased revenue and profit year on year. Compared with fiscal 2022 and fiscal 2023, when performance benefited significantly from multiple price hikes under tightening supply and demand conditions, profit declined

substantially. However, when compared with earlier periods, performance improved significantly, and the impact of complementary M&As and operational efficiency improvements have enhanced the segment's potential. In the Paper Manufacturing & Processing segment, strong performance in both the containerboard and recycled household paper businesses led to increased revenue. Segment profit also increased due to initiatives to improve production efficiency. Segment profit for the first quarter of fiscal 2024 was a record high, partly due to the transfer of the household paper manufacturing business in Vietnam

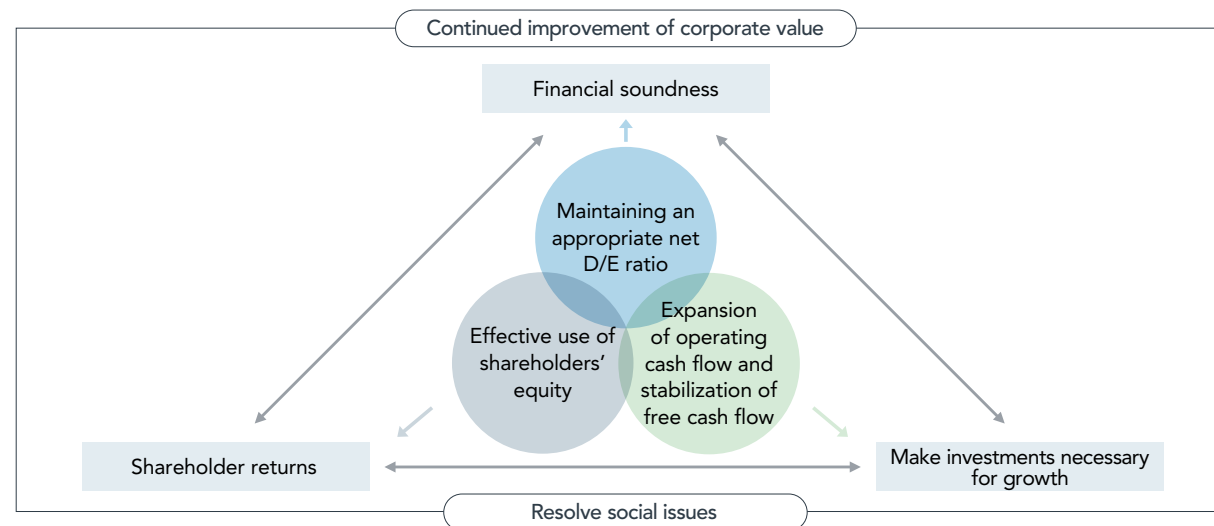
(unprofitable in the previous fiscal year), which contributed to the improvement in profit. In the Raw Materials & Environment segment, although the wastepaper business was sluggish both inside and outside of Japan, which resulted in decreased revenue, strong sales of imported PKS for biomass power plants continued, leading to an increase in segment profit. In the Real Estate Leasing segment, revenue and profit increased as main rental properties continued to operate at high occupancy levels, contributing to overall performance.

Financial Strategy of OVOL Medium-term Business Plan 2026

The basic policies of our financial strategy are as follows: maintaining financial soundness through proper management of interest-bearing debt, making aggressive growth investments, and providing proactive and stable shareholder returns.

Maintain Financial Soundness

The group's largest funding requirements are for working capital, particularly in the wholesaling business. However, during Medium-term Business Plan 2023, we made significant progress in improving the group's balance sheet through measures such as revising the retirement benefit plan, selling off some non-current assets, and continuing to reduce cross-shareholdings. As a result, at the end of fiscal 2023, net interest-bearing debt was reduced to about 75% of working capital requirements. Working capital requirements for the group at the end of fiscal 2023 remained strong and were comparable with the previous year-end, despite a reduction in inventories. The fact that the fiscal year-end (March 31,



2024) fell on a holiday left some accounts receivable uncollected. Nevertheless, by reducing cash on hand and focusing on debt reduction for improved efficiency, we were able to reduce loans by approximately JPY15.9 billion, and net interest-bearing debt decreased by about

JPY2.8 billion at the end of fiscal 2023. On the other hand, with an increase in shareholders' equity of approximately JPY9.2 billion, the net D/E ratio further decreased from the previous fiscal year to 0.59x, resulting in sufficient financial flexibility, with about 25% of working

capital covered by equity. In February 2022, two credit rating agencies raised our credit rating to A, and that remained unchanged in 2023 and 2024.

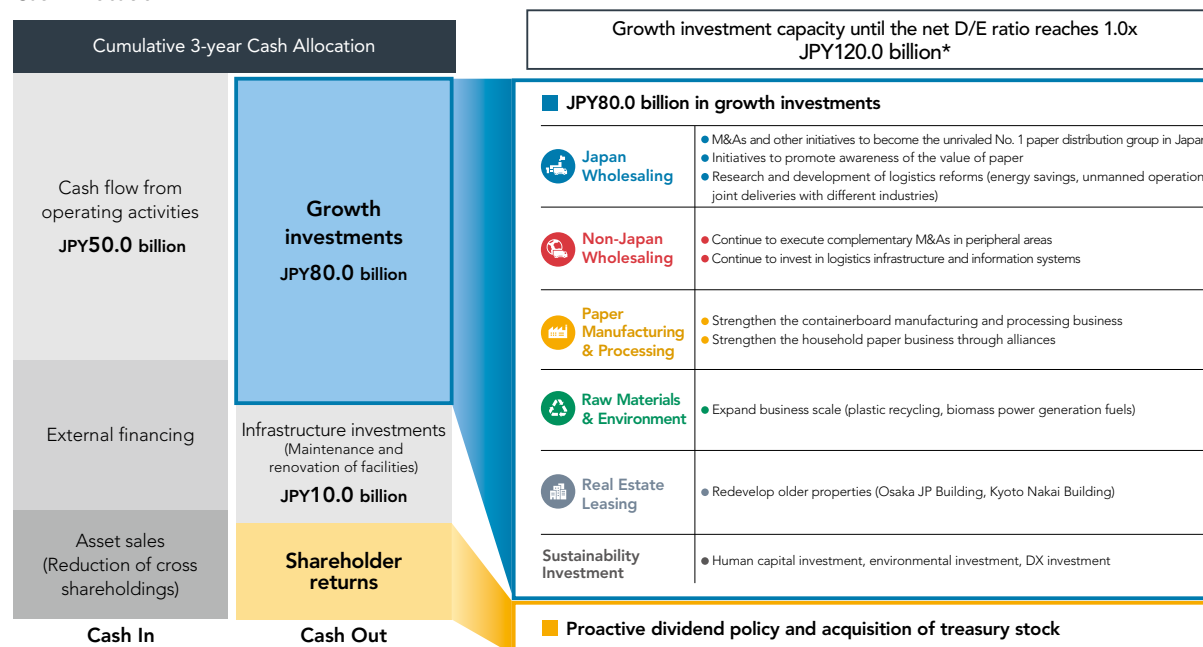
In addition, we have been re-examining assets and investments in each segment and disposing of and liquidating assets and investments that we have determined to have little potential of contributing to future profits. In terms of stocks held as cross-shareholdings, we conduct yearly reviews, and since the adoption of the Corporate Governance Code in 2015, we have sold a total of 62 stocks (worth approximately JPY11.4 billion) resulting in a gain of approximately JPY4.3 billion (as of March 2024), and we will continue to improve the efficiency of our assets.

Furthermore, we have inherited, invested in, and operated real estate in prime locations throughout our long history. We invest in and manage the Real Estate Leasing segment as a foundation for our company's profits, and 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 non-current assets during the period of the previous medium-term business plan was made in consideration of real estate market conditions, with the aim of effectively utilizing management resources and improving asset efficiency.

In OVOL Medium-term Business Plan 2026, the group has set targets for consolidated financial indicators: maintain a net D/E ratio at 1.0x or less and achieve ROE of 8% or more, ROA of 5% or more, and ROIC of 7% or more. We have tightened the management indicator for the net D/E ratio, previously set at 1.4x or less, to 1.0x or less, with a strong focus on maintaining financial soundness.

Under this management indicator, we will continue to focus on improving asset efficiency by reviewing low-profit assets and investments that have lost strategic significance. At the same time, we will actively pursue the growth investments necessary to enhance profitability while maintaining financial soundness, and work to meet the high expectations of our stakeholders.

Cash Allocation



Overview of Recent Major Investments

Medium-term Business Plan Period (FY)	Amount	Major Investments
2014–2016	JPY22.9 billion	<ul style="list-style-type: none"> Construction of a mill for recycled household paper Upgrade of facilities at a containerboard manufacturing plant Construction of a solar power generation plant Construction of a biomass power generation plant
2017–2019	JPY41.6 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant Construction of a corrugated packaging manufacturing plant outside of Japan Redevelopment of real estate holdings
2020	JPY7.3 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant
2021–2023	JPY21.9 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment M&As of corrugated packaging manufacturing plants and upgrades to facilities

* The group will respond with agility to growth investment opportunities such as M&As, utilizing financial leverage up to a net D/E ratio of 1.0x.

Financial Strategies

Investment Strategies

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

For cash allocation during the three years of OVOL Medium-term Business Plan 2026, we plan to allocate a total of JPY80.0 billion to growth investments, combining JPY50.0 billion in cumulative cash flow from operating

activities with JPY30.0 billion of external funding. However, with the net D/E ratio set at 1.0x or less as the management indicator for maintaining financial soundness under the new medium-term business plan, growth investment capacity can be expanded up to JPY120.0 billion if financial leverage is fully utilized. This financial flexibility will enable us to respond swiftly to growth investment opportunities such as large-scale M&As.

Given that fluctuations in working capital have a major impact on the group's funding needs, we will manage working capital requirements appropriately and

carry out the necessary growth investments. Going forward, we will actively implement growth investments to further strengthen the revenue base of each business segment, maintain and enhance the asset value of real estate and facilities, invest in new promising businesses, and invest in human capital, which is the most important form of management capital, to achieve further growth.

Shareholder Returns

Our basic policy for shareholder returns is to pay stable dividends, taking into account trends in consolidated performance.

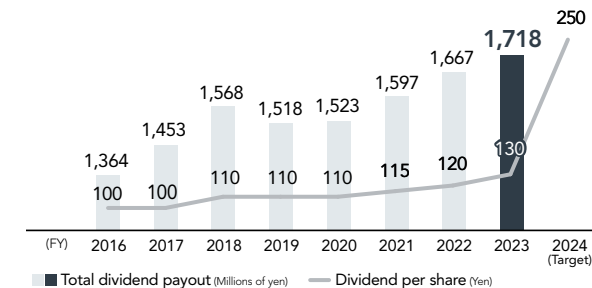
During the period of OVOL Medium-term Business Plan 2026, our shareholder return policy will be to maintain progressive dividends, targeting a consolidated payout ratio of 30% or more. This policy ensures that we can provide higher dividends during periods of strong performance compared with before, while also guaranteeing stable dividends throughout the period without any reductions.

Our ability to offer proactive and stable dividends stems from several key factors, including stable rental income from our real estate and the improved financial

soundness of subsidiaries, particularly in the Paper Manufacturing & Processing and Non-Japan Wholesaling segments. We have established a robust structure for receiving stable dividends from these subsidiaries, enhancing our standalone cash inflows and stability. This is a major point.

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

Total Dividend Payout and Dividend Per Share



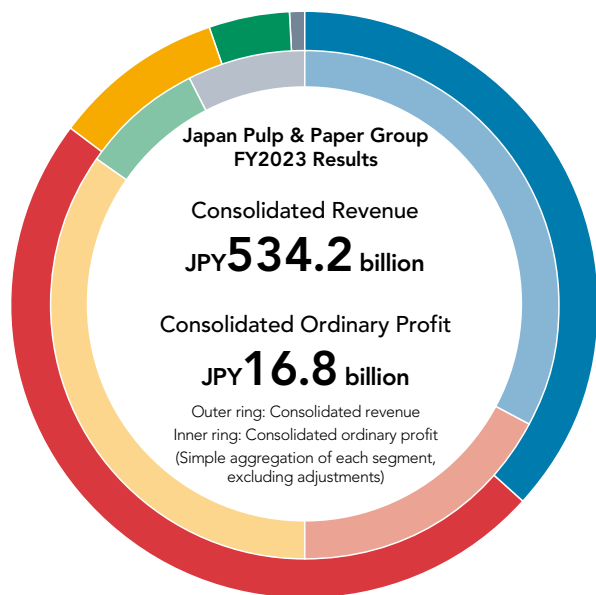
Note: On August 8, 2024, we announced a stock split of 10 shares for every 1 common share with a record date of September 30, 2024. In addition, we disclosed a revision to the dividend forecast in association with the stock split, but the actual dividend amount will effectively remain the same.

As a company listed on the Prime Market of the Tokyo Stock Exchange, we will continue to pursue a good balance between aggressive growth investments with a focus on capital efficiency and enhanced shareholder returns, while also strengthening our IR activities. We want a broad range of investors to view us as an attractive medium-to-long-term investment.

Business Overview

The Japan Pulp & Paper Group supports the enrichment of people's lives and the development of industry and culture. We are making efforts to build a sustainable society through the sale and manufacture of paper, our recycling businesses, renewable energy-related initiatives, and through the utilization of our global platform.

To achieve our mission of "Carving a better future for society and the environment," we will contribute to the creation of a circular economy through the new power of paper.



Consolidated Subsidiaries

89

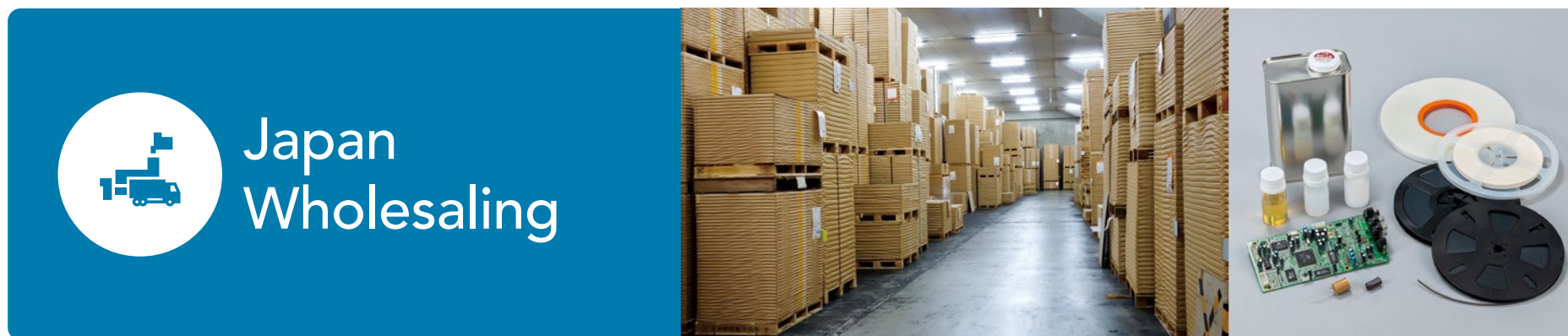
Associated Companies
(Equity-Method)

6

FY2023 Results by Segment

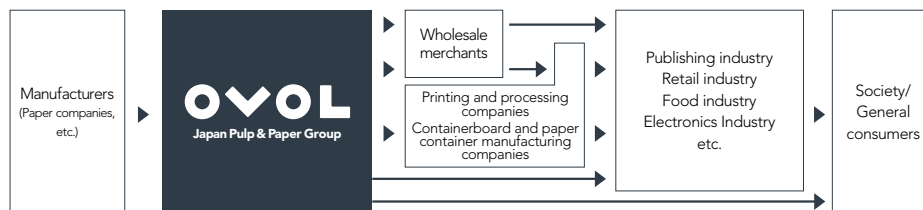
FY2023 Results by Segment	Main Businesses	Number of Consolidated Subsidiaries
<p>Japan Wholesaling []: Composition</p> <ul style="list-style-type: none"> Revenue JPY 196.4 billion [36.8%] Ordinary Profit JPY 6.7 billion [32.7%] 	<ul style="list-style-type: none"> Sale of paper, paperboard, and related products Warehousing and transportation businesses ICT system development Sale of information equipment Information service business etc. 	<p>10</p> 
<p>Non-Japan Wholesaling</p> <ul style="list-style-type: none"> Revenue JPY 260.1 billion [48.7%] Ordinary Profit JPY 3.5 billion [17.1%] 	<ul style="list-style-type: none"> Sale of paper, paperboard, and related products Sign and display products, packaging, films, and related business etc. 	<p>62 (Entities outside of Japan: 62)</p> 
<p>Paper Manufacturing & Processing</p> <ul style="list-style-type: none"> Revenue JPY 50.1 billion [9.4%] Ordinary Profit JPY 7.0 billion [34.6%] 	<ul style="list-style-type: none"> Manufacturing of household paper, containerboard, and printing paper using recycled wastepaper as a raw material Manufacturing of containerboard boxes and related products etc. 	<p>10 (Entities outside of Japan: 1)</p> 
<p>Raw Materials & Environment</p> <ul style="list-style-type: none"> Revenue JPY 23.6 billion [4.4%] Ordinary Profit JPY 1.6 billion [8.1%] 	<ul style="list-style-type: none"> Sale of raw materials such as wastepaper and pulp as well as of biomass fuel and related products Comprehensive recycling business Renewable energy power generation business etc. 	<p>7 (Entities outside of Japan: 3)</p> 
<p>Real Estate Leasing</p> <ul style="list-style-type: none"> Revenue JPY 4.1 billion [0.8%] Ordinary Profit JPY 1.5 billion [7.6%] 	<ul style="list-style-type: none"> Leasing of real estate 	

Business Segments



A dominant presence in the industry and the leading share of paper distribution in Japan

Based on the expertise and trust it has accumulated since its founding 179 years ago, the Japan Pulp & Paper Group sells paper, paperboard, and related products as a distributor for manufacturers. Today, we are pursuing new possibilities in paper and peripheral fields. While we supply various materials, daily necessities, and industrial goods with a wide range of applications, we also handle more specialized functional materials for electronic components, ecofriendly films, and packaging materials. In addition, we are leveraging the group's collective capabilities by developing and selling ICT systems for the paper industry and mobilizing our nationwide distribution network to diversify our businesses.



Strengths

- Relationships with business partners based on trust built over 179 years
- Human resources to support our position as an industry leading company
- Ability to make proposals based on advanced expertise and know-how in the paper business
- A nationwide distribution network that enables the stable supply of paper

Opportunities

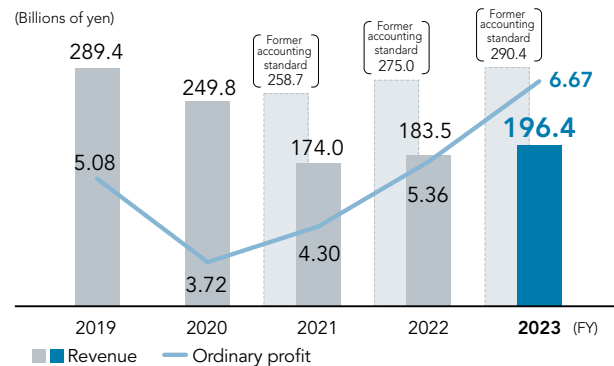
- Return to paper from digital formats as people rediscover its enriching and comforting value and qualities
- Growing demand for environmentally friendly products

Risks

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

FY2023 Results

Revenue/Ordinary Profit



- In addition to the decline in demand for paper due to structural issues such as digitalization, factors including the discontinuation and lower circulation of magazines and the decrease in use of flyers and catalogs reduced sales volume year on year.
- While demand for paperboard used for pharmaceuticals and cosmetics increased, demand for products used in e-commerce and processed food packaging decreased, and delays in the recovery of demand for automotive and machinery-related applications impacted sales volume, which was lower year on year.
- Demand for functional materials, particularly for electronic components, recovered.
- Although sales volume decreased, revenue increased year on year due to higher selling prices following the price revisions for paper and paperboard made in the previous fiscal year.
- Despite rising logistics and labor costs, the increase in revenue exceeded these expenses, resulting in higher ordinary profit year on year.

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."

FY2024 Forecast for Ordinary Profit

	FY2023 Results	FY2024 Forecast	Year-on-Year Comparison
Japan Wholesaling	JPY6.7 billion	JPY5.7 billion	85.4%

Outlook

- Although the decline in demand for paper is expected to continue, we expect a recovery in demand for paperboard
- Increases in logistics and labor costs

Business Segments

OVOL Medium-term Business Plan 2026 Initiatives

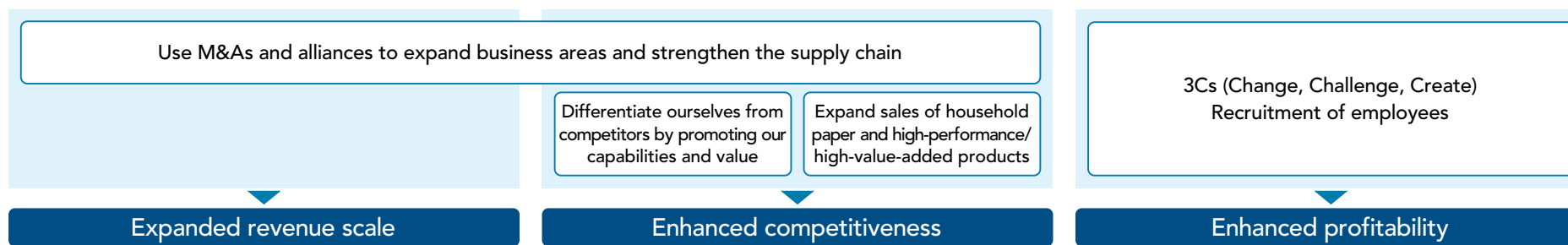
Segment Policy

Maximize earnings by leveraging the group's collective strengths

FY2026 Quantitative Target
Segment Ordinary Profit

JPY7.0 billion

Future Initiatives



Message from Management



Tetsuo Izawa

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

A Corporate Group Chosen for Its New Initiatives

The Japan Wholesaling segment's policy under OVOL Medium-term Business Plan 2026 is to maximize earnings by leveraging the group's collective strengths.

We anticipate that demand in the domestic market, particularly for graphic paper, will continue to decline. In markets where demand is expected to decline and competition is intensifying, we believe that the group's collective capabilities—going beyond paper distribution to logistics, ICT, and the Paper Manufacturing & Processing and Raw Materials & Environment segments—together with our technical strengths and organizational capabilities will be crucial differentiators. We believe that the medium-term business plan's goals cannot be achieved by merely continuing on the same path, but will instead require new initiatives like those

mentioned above. For example, at OVOL Bridges 2023—The 2nd Paper Merchants Forum (pages 27-28), we strengthened our ties and collaboration with paper merchants, who are both our customers and important business partners. From fiscal 2024, we have been implementing specific initiatives, such as promoting awareness of the value of paper as announced at the event.

We believe that future growth will not simply be about expanding volume but will focus on improving quality. To achieve this, we will further develop our human resources, a key strength that keeps us ahead of competitors, and sharpen our ability to make proposals, ensuring that customers choose us.

Group Company Spotlight



Takeshi Arima
Representative Director
President

JP Loginet Co., Ltd.

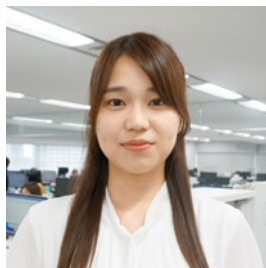
Further Improving the Efficiency of Our Logistics Functions

Our company was established in 2013 as a spin-off from the logistics department of Japan Pulp & Paper Co., Ltd. Currently, we have bases primarily in the Tokyo metropolitan area, as well as in Sapporo and Fukuoka. We utilize six key logistics functions—delivery, storage, cargo handling, packaging, information processing, and logistics processing—to ensure the stable supply of paper. Although logistics faced numerous challenges recently, our most important mission is to reliably deliver products, such as paper and paperboard ordered by Japan Pulp & Paper, to wholesalers, printing companies, and other customers. Securing drivers and trucks, which are the foundation of logistics within the Japan Pulp & Paper Group, is crucial for maintaining a stable delivery system and one of our strengths. In addition, we have been able to create systems for improving logistics efficiency through joint deliveries between paper distributors and collaboration with paper merchants as customers. This is possible because we are a member of the Japan Pulp & Paper Group, a leading company in the paper distribution industry. Furthermore, joint logistics requires a shared information infrastructure, and the paper logistics system developed at group company, OVOL ICT Solutions Co., Ltd., is a key asset that enhances the group's capabilities and value. To continue being chosen by customers in a paper market that is not expected to grow significantly, we will work to further improve the efficiency of our logistics functions, focusing on storage and delivery.



EV trucks introduced in 2023

Account from the Frontlines



Kotone Kobayashi
Paper Merchant & Printer
Sales Division

Japan Pulp & Paper Co., Ltd.

Trust Is the Source of Our Competitiveness

Printing Paper & Direct Sales Section 1, where I work, primarily sells printing paper for flyers and brochures to printing companies, as well as to end-users in retail and mail-order distributors. We are expected to propose products that meet customer requirements in terms of quality and cost. The numerous requests we have received, especially recently, have emphasized stable supply and precise delivery times. To ensure a stable supply, it is important to gather information such as the production status of paper manufacturers, while collaboration with JP Loginet is important for ensuring precise delivery times. By constantly sharing information with paper manufacturers and JP Loginet, we can promptly respond to customer requests, which leads to product orders. We believe that the trust we have built through these efforts is the source of our competitive strength. Our daily sales activities and the trust we have accumulated through the strength of the group have led customers to say, “We feel at ease when we rely on Japan Pulp & Paper’s Paper Merchant & Printer Sales Division.”



Non-Japan Wholesaling



Glocal and cross border business rooted in many countries and regions as 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 U.S., the U.K., Ireland, Australia, New Zealand, India, Hong Kong, Singapore, and Malaysia. We have established systems to enable the stable supply of products throughout each region. This has allowed us to extend our range of services beyond merely supplying printing and paper processing companies, to now include the delivery of products such as photocopying papers, labels, films, and sign and display products directly to consumers as we continue to promote the “glocalization” of our business. By maximizing the strengths rooted in each country and region, the group aims to create synergies, and become the world's leading paper distribution group.

Strengths

- Trust from business partners outside Japan built over 125 years since expanding into Shanghai in 1899
- Paper wholesaling business with locally rooted inventory, processing, and delivery functions
- A procurement and supply system that spans the globe (70 group companies operating in 21 countries and regions outside Japan)
- Glocal distribution sites
- Ability to make proposals based on procurement, supply, and information capabilities that leverage our global network

Opportunities

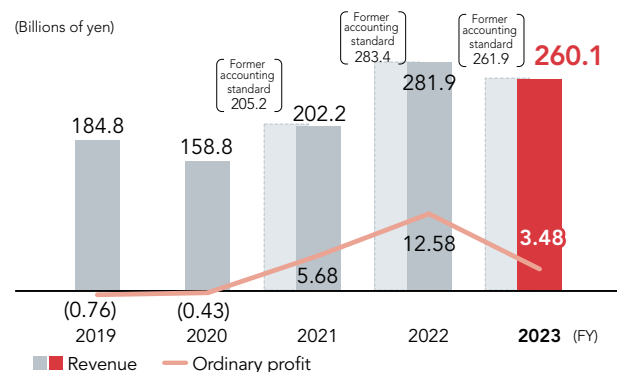
- Expansion of demand for high-value-added films, packaging, and sign and display products
- Increase in demand for environmentally friendly products
- Growth potential of the Asian market

Risks

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

FY2023 Results

Revenue/Ordinary Profit



- In key markets such as the U.S., the U.K., and Australia, the sales volume and sales amount of paper and paperboard decreased due to a decline in demand resulting from the advance of digitalization and prolonged inventory adjustments by customers.
- Paper exports from Japan were on par with the previous year, and paperboard sales showed signs of recovery toward the end of the year. However, a downturn in demand due to economic stagnation in China and Southeast Asia, along with increased price competition, led to a decline in both sales volume and amount, resulting in a year-on-year decrease in revenue.
- In addition to the decrease in revenue, ordinary profit decreased year on year due to rising labor costs and increased interest payments caused by higher interest rates.

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."

FY2024 Forecast for Ordinary Profit

	FY2023 Results	FY2024 Forecast	Year-on-Year Comparison
Non-Japan Wholesaling	JPY3.5 billion	JPY5.5 billion	158.0%

Outlook

- Customer inventory adjustments stabilized, and we expect sales volume to recover.
- Share expansion through complementary M&As and increased sales of high-value-added products

Non-Japan Wholesaling

OVOL Medium-term Business Plan 2026 Initiatives

Segment
Policy

Build a stable revenue structure and further diversify revenue sources

FY2026 Quantitative Target
Segment Ordinary Profit **JPY8.0 billion**

Future Initiatives

Continue to execute complementary M&As

Expanded revenue scale

Expand sales of high-value-added products

Enhanced competitiveness

Continue to invest in logistics infrastructure and information systems

Implement training programs
Secure and develop human resources with expertise

Enhanced profitability

Message from Management



Mitsutoshi Imamura
Executive Vice President
Global Business, Specialties

Strengthening the Revenue Base and Achieving Sustainable Growth through Complementary M&As

Reflecting on the previous medium-term business plan period, in fiscal 2022 we saw rising market prices due to strained maritime logistics and soaring raw material costs. In fiscal 2023, the impact of these factors led to a decline in sales as a result of inventory adjustments, creating significant fluctuations in profit that were not anticipated during the formulation of the plan. On the other hand, structural reforms implemented before the spread of COVID-19 contributed to improvements in profitability. Another major achievement was the successful execution of complementary M&As related to companies involved with packaging, sign and display, film, and flexible packaging products in regions such as Europe, Southeast Asia, and Oceania.

Under OVOL Medium-term Business Plan 2026, we will continue to build a stable revenue base and execute complementary M&As to offset the decline in demand for graphic paper. These M&A activities are designed not only to expand our product and service offerings but also to create synergies by sharing suppliers and customers with the newly acquired group companies, which will increase sales opportunities for both parties.

The CEOs and CFOs of group companies include people with expertise related to M&As, which has led to successful results. However, fostering such talent within our own company is an urgent issue, and we will address this during the period of the current medium-term business plan.

Group Company Spotlight



Takahiro Miyata
Managing Director

Ball & Doggett Group Pty Ltd

Leading the Industry with a Highly Skilled Workforce

Ball & Doggett Group (“B&D”) is a paper distribution group in Oceania that joined the Japan Pulp & Paper Group in 2017. In the Oceania region, there are limited paper manufacturers, so we have to rely on imports. One of B&D’s strengths is its bases in all the major cities of Australia and New Zealand, with its inventory and distribution functions giving it a significant presence in the Oceania market. However, similar to other developed countries, the demand for graphic paper is declining in the Australian and New Zealand markets. B&D is leveraging its logistics infrastructure to focus on growth areas such as the sign and display market and flexible packaging, especially for food-related applications. B&D is also working on IT-related projects aimed not only at improving internal operational efficiency but also at enhancing the value it provides to suppliers and customers through digital transformation (DX), as well as expanding business through effective marketing strategies. B&D is not just a paper distributor. It also leads the industry in promoting various initiatives, supported by its highly skilled workforce. The company is implementing numerous strategies to secure talented individuals. Going forward, B&D will continue to enhance its value as a business partner for customers and suppliers, aiming to grow as the company of choice.

Account from the Frontlines



Tony Bertrand
National Marketing Manager

Ball & Doggett Pty Ltd

Enhancing Customer Performance by Strengthening IT Services

As we are reminded by Kotler who said, “Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit,” the Marketing team at Ball & Doggett continues to deliver on this and the promise of value creation. It is becoming more difficult in the digital world to differentiate ourselves from our competitors. However, we see great opportunities in developing unique personalized offerings that connect with our customers. It’s the art of Marketing to thousands but having a 1 to 1 relationship. Our new CE system through the implementation of D365 will enhance those connections and allow us to target customers with tailored solutions. As Head of Marketing, I’m committed to the successful delivery of our programs that make a real impact on the performance of our business. Our customers are responding favorably to our programs. Whether this be through product innovation in partnership with our suppliers or the work we are doing in sustainability, that helps our customers make better decisions. As a leader in the industry, our customers are asking us to educate them; to lead them through their journey.

Non-Japan Wholesaling Segment Highlights

In the Non-Japan Wholesaling segment, we are actively conducting complementary M&As with the aim of strengthening sales functions at key business locations and enhancing sales of high-value-added products such as signs and displays. In this section, we will introduce companies that joined the group in Southeast Asia and France in fiscal 2023.

▶ CAS Technology Pte. Ltd.

CAS Technology (hereafter “CASTECH”), a Singaporean distributor of printing equipment, became part of the OVOL Singapore Group in January 2024. CASTECH specializes in providing hardware such as printers, laminators, cutting plotters, and flatbed cutters, as well as offering technical services. It is a leading distributor with a solid presence in the wide-format printing machine market.

The main supplier of printing machines is Epson, which holds a large market share in the eco-solvent (environmentally friendly ink) printing market. CASTECH is highly regarded for its excellent technical services and strong sales capabilities, and it has established a leading position in the sale of Epson eco-solvent printers in Singapore. CASTECH is also the sole distributor of Graphtec Corporation’s cutting plotters in Singapore, which is another Japanese supplier. The company also sells Chinese-made UV printers and flatbed cutters, enabling them to provide comprehensive distribution services in the sign and display market. Through the acquisition of CASTECH, OVOL Singapore, which previously only handled printing materials in the sign and display market, has added experience and expertise in hardware sales and can now offer a broader range of products to its customers. By leveraging both companies’ customer bases, OVOL Singapore can sell printing machines to CASTECH’s customers, and CASTECH can sell printing materials to OVOL Singapore’s customers, creating synergy. This synergy is also expected to result in cost reductions and improved logistics services. By utilizing CASTECH’s warehouse for the delivery of OVOL Singapore’s printing materials, customers can receive ink and printing materials at the same time, streamlining their time and management processes. The integration of both companies is currently being planned, with the goal of becoming the No. 1 supplier in the sign and display market, while further improving service levels.

CASTECH



▶ Mutiara Paper (M) Sdn. Bhd.

Mutiara Paper (hereafter “Mutiara”) is a major paper distributor in Kuala Lumpur’s general paper sector, and joined Japan Pulp & Paper (M), a Malaysia-based subsidiary of the Japan Pulp and Paper Group, in November 2023.

Mutiara is a leading paper distributor that has maintained a strong position for over 20 years in Kuala Lumpur, Malaysia’s largest city. It has a high market share in premium paper, coated paper, and high-grade paper, and provides excellent service. The company’s warehouse is strategically located near Kuala Lumpur’s printing hubs, and it utilizes its own logistics network for deliveries.

The integration of OVOL Malaysia and Mutiara is currently underway. Our goal is to provide a higher level of service and a broader product lineup to customers. By combining OVOL Malaysia’s six branches and broad product lineup with Mutiara’s logistics and sales expertise, we aim to create the leading company in Malaysia’s paper distribution industry.

MUTIARA



▶ Compedo Media Sdn. Bhd.

Compedo Media (hereafter “Compedo”) is a major supplier of wide-format printing materials and hardware such as printers for the sign and display market in Kuala Lumpur, and joined the Japan Pulp & Paper (M) group in November 2023. Compedo covers not only the sign and display market but also the architecture, engineering, and construction (AEC) market. The company supplies printing materials such as PVC sheets, plastic corrugated board sheets, foam boards, and paper-based products for the water-based ink market, as well as high-quality film labels from Avery Dennison. In addition, in the printing machinery market, Compedo is known for its high market share in the AEC sector and for offering eco-friendly printers that use HP Latex Technology from Hewlett-Packard (HP), one of its major suppliers. Compedo also offers UV printers and finishing machines such as cutters. In addition to handling a wide range of machines, it has a dedicated hardware technical support team that provides maintenance services for customer machines. With the acquisition of Compedo, Japan Pulp & Paper (M) has expanded its expertise in hardware and technical services, while also broadening its range of printing materials for the wide-format printing market. Collaboration with OVOL Malaysia, which has six branches in Malaysia, will enable both companies to offer a wider range of products to their existing customers. Japan Pulp & Paper (M), with OVOL Malaysia as its core business, aims to become the leading company in Malaysia’s paper distribution and sign and display market.



▶ EFP-Chavassieu

In December 2023, EFP-Chavassieu (based in Paris, France) was acquired by Gould Paper Corporation (colloquially known as OVOL USA) and joined the Japan Pulp & Paper Group. EFP-Chavassieu, established in 1991, is a French company that sells over 120,000 tons of paper, paperboard, and non-woven fabrics annually. Its 10 members sell products from manufacturers in France and other European countries.

The company handles a wide range of products, including testliner, fluting, white top testliner, tinted liner for luxury packaging, 1-side coated wet-strength and standard label paper, thin-print for pharmaceutical leaflets, security paper including water-marked paper, flexible packaging including grease-proof and other coated and uncoated barrier grades, recycled and virgin fiber office paper and stationary products, printing and writing paper and non-woven products for the hygiene industry (wipes, diapers, etc.). It leads the market in many of these categories. EFP-Chavassieu deals with over 200 clients, including printing companies, paper manufacturers, processors, publishers, office supply retailers, e-commerce companies, and retailers, most of whom have been customers for decades. The company also actively collaborates with major brand companies in product development.

Furthermore, the company focuses on handling products from paper manufacturers engaged in highly sustainable businesses, such as some of the world’s leading low CO₂-emission paper companies. EFP-Chavassieu also works closely with Fibers365, a company with technology to produce carbon-neutral paper pulp and biopolymers from agricultural waste, such as straw and hemp, as well as other types of biomass. By leveraging its strong supplier network in Europe, the company aims to contribute to value creation for Gould Paper and the Japan Pulp & Paper Group through expanded sales volumes and operations in more regions.





Paper Manufacturing & Processing



A Manufacturing Business That Contributes to the Creation of a Circular Economy

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

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

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

Strengths

- The group's supply chain covers upstream to downstream operations, ranging from wastepaper recycling to the manufacture of containerboard and household paper as well as wholesaling.
- Difficult-to-recycle wastepaper processing technology of the Corelex Group

Opportunities

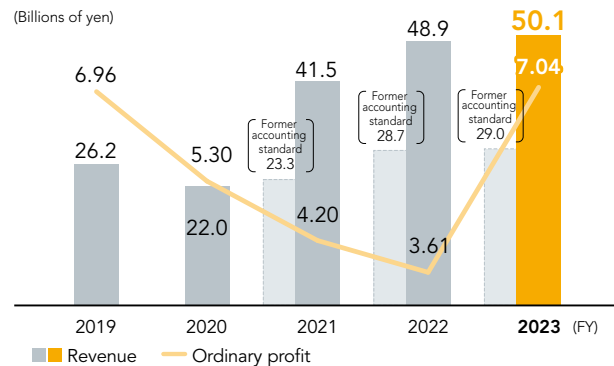
- Expanding need for wastepaper processing technology in response to rising environmental awareness and environmental measures
- Growing demand for environmentally friendly products, including plastic alternatives
- Initiatives for decarbonization

Risks

- Decrease in the availability of wastepaper and market fluctuations due to decline in paper demand
- Rising manufacturing costs due to sharp increases in raw material and fuel prices

FY2023 Results

Revenue/Ordinary Profit



- Sales volume decreased in both the containerboard and recycled household paper businesses.
- Revenue increased year on year due to higher selling prices resulting from the gradual implementation of price revisions for containerboard and household paper in the previous fiscal year.
- Despite the high costs of raw materials, electricity, and auxiliary materials, ordinary profit increased significantly year on year due to increased revenue and successful efforts to improve production efficiency.

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."

FY2024 Forecast for Ordinary Profit

	FY2023 Results	FY2024 Forecast	Year-on-Year Comparison
Paper Manufacturing & Processing	JPY7.0 billion	JPY7.4 billion	105.1%

Outlook

- Raw material and logistics costs are expected to remain high, while selling prices are forecast to increase.

Paper Manufacturing & Processing

OVOL Medium-term Business Plan 2026 Initiatives

Segment
Policy

Proactive initiatives to conserve the global environment and build a stable revenue base

FY2026 Quantitative Target
Segment Ordinary Profit

JPY7.5 billion

Future Initiatives

Expand and strengthen procurement and logistics network through alliances

Expanded revenue scale

Realization of operation and sales at full capacity in the containerboard business

Improve brand strength and expand sales in the household paper business

Enhanced competitiveness

Reduce CO₂ emissions, conserve energy, and improve efficiency through DX utilization

Develop and secure manufacturing management talent

Enhanced profitability

Message from Management



Kazuhiko Sakurai

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

Responding Appropriately to the Speed of Change

The three years of OVOL Medium-term Business Plan 2026 will be marked by faster change than during the period of the previous plan. We believe it is essential to respond more proactively to social changes.

The Paper Manufacturing & Processing segment must play a central role in the group's efforts to reduce greenhouse gas emissions, as outlined in the medium-term business plan. The group's use of recycled wastepaper as a raw material also contributes to building a circular economy, and our segment's ability to collaborate with the Raw Materials & Environment segment is another strength.

The Paper Manufacturing & Processing segment focuses on products essential for society such as containerboard and household paper, which gives us a stable revenue base. To ensure that these essential products reach society, we will

enhance our logistics capabilities over the three years of the medium-term business plan. Optimizing logistics will lead to stronger sales capabilities. In the containerboard business, we are exploring a cross-group logistics strategy, while in the household paper business, we are expanding alliances outside the group to build a nationwide logistics network.

Furthermore, strengthening human resources is the most important task for ensuring the future growth of our manufacturing business. We will focus not only on the management of group companies but also on securing and developing human resources who will support our manufacturing operations. Building a solid logistics foundation and securing and developing human resources are major challenges, but we believe that addressing these challenges will give us a significant advantage.

Group Company Spotlight



Hiroyuki Ito

Representative Director
Vice President

JP Corelex Holdings Co., Ltd.

Contributing to the Preservation of the Global Environment and the Realization of a Sustainable Society.

The Corelex Group (Corelex San-Ei, Corelex Shin-Ei, and Corelex Doh-Ei), the core of the household paper business, possesses highly advanced recycling technology. This technology, which won its developer, Noboru Kurosaki, the Science and Technology Agency Director-General's Award in 1995, enables the recycling of difficult-to-recycle wastepaper such as mixed paper* (previously incinerated as combustible waste) for use as a raw material. The Corelex Group has been contributing to reducing environmental impact long before the SDGs principles became prominent. Recently, leveraging this advanced technology and long-established expertise, the Corelex Group has been actively promoting digital transformation (DX) and energy conservation, significantly contributing to the reduction of greenhouse gas emissions. The Corelex Group has some of the highest quality products in the industry, including coreless toilet paper rolls. It also has been a leader in innovation, such as the development of "Smart Flower" products, which show CO₂ reduction rates on the packaging, and toilet paper made from recycled containerboard.

We are also actively involved in social initiatives. The Corelex Group carries out recycling programs in collaboration with various organizations and companies in sectors such as the government, schools, and retail. We also support employment for people with disabilities by outsourcing processing tasks to welfare work centers, and quickly provide support in the form of materials to disaster-stricken areas. These initiatives and achievements have been highly recognized by the Japanese government. We will continue to actively contribute across various fields to preserve the global environment and realize a sustainable society while further enhancing our corporate value to meet the expectations of stakeholders.

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

Account from the Frontlines



Takafumi Usami

General Planning Office
Shizuoka Branch

Corelex Shin-Ei Co., Ltd.

Further Promoting Wastepaper Recycling

I am primarily involved in sales and planning activities. The main focus of my work is promoting Corelex's strength in recycling difficult-to-recycle wastepaper into toilet paper and tissue. I collaborate with various companies, local governments, and organizations to spread awareness of the importance of recycling wastepaper. One example is planning workshops on recycling in collaboration with Yoshimoto Kogyo, an entertainment company that is actively involved in SDG-related initiatives, when holding factory-hosted events with local residents or government-organized exhibitions. These workshops are a fun way to learn about recycling. I also plan and manage other educational campaigns with companies and organizations such as Tokyu Land Corporation, a major real estate company, the Shibuya City Tourism Association, and S-Pulse, a local professional soccer team. By collaborating with such companies and organizations, we are able to amplify our message, raising awareness about paper recycling among a wider audience of consumers. Going forward, we will continue to actively promote paper recycling, contributing to the creation of a circular economy and working to spread the name Corelex throughout Japan and the world.





Raw Materials & Environment



Building a Circular Economy through Resource Recycling

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 its wastepaper recycling business in Japan and other countries, its comprehensive recycling business, which aims to efficiently recycle plastic and other waste, and its renewable energy power generation business, which includes solar and woody biomass power, as well as the provision of biomass fuel for the woody biomass power generation business. In the wastepaper recycling business, we have built a wastepaper collection network centered on Fukudasansho, which became a group company in 2017, ensuring stable supply to the group's paper manufacturers and other domestic manufacturers. We are also strengthening initiatives related to the collection of confidential documents. Outside of Japan, we have established a network with bases in the United States and India. In the biomass fuel business, we established a business entity in Malaysia that collects palm kernel shells (PKS), a fuel source for woody biomass power generation plants, and exports them to Japan and other countries. It supplies 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 wastepaper
- 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 plastic waste, wastepaper, and wood-based waste
- Group fuel suppliers and woody biomass power plants operating outside of Japan
- A pulp business linked to our original business of selling paper

Opportunities

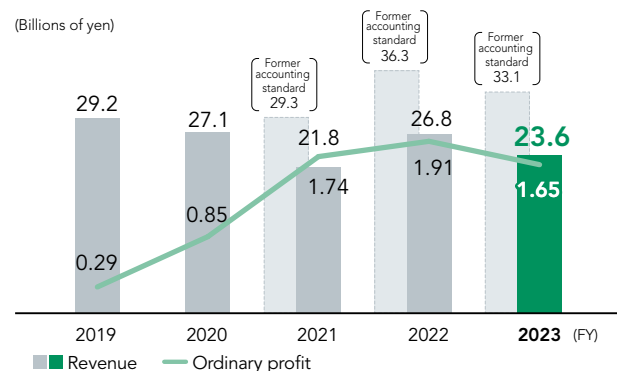
- Expansion of the market and increase in demand for plastic recycling due to Japan's Plastic Resource Circulation Act, which came into force in April 2022

Risks

- Rising costs related to unused materials and wood chips for woody biomass fuel
- Change in the procurement environment due to a decrease in the availability of wastepaper

FY2023 Results

Revenue/Ordinary Profit



- The wastepaper business continues to face a decline in wastepaper availability due to reduced demand for paper and paperboard, which resulted in lower sales volume in both Japan and the United States.
- Sales volume of pulp for paper manufacturers outside of Japan, particularly in China and South Korea, as well as fuel for woody biomass power generation plants, increased.
- Revenue decreased overall year on year.
- Ordinary profit decreased overall year on year due to the decline in revenue from the wastepaper business in Japan and the United States, despite an increase in profit in the fuel sales business for woody biomass power plants and the comprehensive recycling business.

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."

FY2024 Forecast for Ordinary Profit

	FY2023 Results	FY2024 Forecast	Year-on-Year Comparison
Raw Materials & Environment	JPY 1.6 billion	JPY 1.5 billion	91.2%

Outlook

- The volume of wastepaper sales is expected to decrease due to a decline in paper and paperboard usage.

Raw Materials & Environment

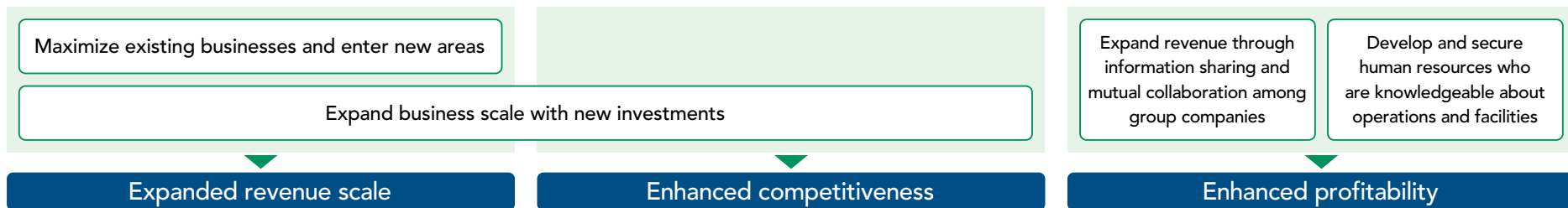
OVOL Medium-term Business Plan 2026 Initiatives

Segment
Policy

Contribute to a sustainable society and the future of the Earth through a circular business model

FY2026 Quantitative Target
Segment Ordinary Profit**JPY2.0 billion**

Future Initiatives



Message from Management

**Makoto Shirovani**Executive Vice President
Raw Materials & Environment

Formulating Growth Strategies Centered on Creating a Circular Business Model

Under OVOL Medium-term Business Plan 2026, we aim to continue developing growth strategies centered on creating a circular business model. We are focusing on the recycling of wastepaper and waste plastic, renewable energy power generation, procurement of fuel from outside of Japan, and the sale of pulp from Japan to markets in other countries and regions.

One major challenge is the decline in paper demand in Japan. This has led to a decrease in the availability of wastepaper, an international commodity. The group prioritizes securing wastepaper to ensure a stable supply of raw materials to domestic paper manufacturers. In anticipation of the growing momentum of the plastic-free movement as typified by Japan's Plastic Resource Circulation Act, which came into force in April 2022, we are looking to expand the scale of our comprehensive recycling business in Kyushu, mainly through group company Eco-Port Kyushu. We also plan to build a second plant.

Our power generation business will continue to focus on solar power generation in Hokkaido and woody biomass power generation in Iwate Prefecture. As the construction of new woody biomass power plants continues, we will maintain strong relationships with local forestry cooperatives to address the increasingly tight supply and demand situation for fuel procurement. In our fuel business, which also supplies fuel to power plants outside of the group, we are planning to establish a third PKS yard in Malaysia and are considering handling wood pellets as well.

The group's strength lies in its internal organizational capabilities which, in the wastepaper and non-Japan fuel businesses, encompass everything from upstream suppliers of raw materials to downstream paper companies and power plants. We are committed to further strengthening these capabilities.

Group Company Spotlight



Hideo Ogi

Representative Director
Senior Executive Director

Eco-Port Kyushu Co., Ltd.

Enhancing Processing Capacity to Meet the Increasing Demand for Plastic Waste Treatment

Our company operates a comprehensive recycling business in Kumamoto Prefecture, focusing primarily on recycling plastic packaging waste from households and processing and recycling confidential documents. Various types of plastics are used in the home for packaging food and daily necessities, and you can find information on what type of recycled plastic is used for these items. In material recycling, we use optical sorting machines to produce recycled plastic raw materials from single-type plastics. However, some plastic waste has unremovable contaminants that make them unsuitable for material recycling. This kind of waste is processed through thermal recycling, where it is mixed with wastepaper, wood chips, and textile waste to create RPF (an abbreviation for Refuse Paper & Plastic Fuel), a solid fuel.

With the enforcement of the Plastic Resource Circulation Act in April 2022, we have been working to increase our processing capacity by upgrading existing equipment and improving operations. In addition, we are planning to build a second plant adjacent to our current factory. Through our plastic recycling business, we aim to contribute to the reduction of fossil fuel usage and waste generation.



Optical sorting machine for sorting waste plastic

Account from the Frontlines



Kimihiro Ito

General Manager
Thermal Business Department

Eco-Port Kyushu Co., Ltd.

Contributing to the Creation of a Sustainable Society

As head of the Thermal Business Department, I oversee the production of RPF solid fuel. I have noticed that our operations can be significantly impacted by various social and other factors such as natural disasters and legal changes. Specifically, following the Kumamoto earthquake and amid the state of emergency during the COVID-19 pandemic, we handled large volumes of household waste as essential work contributing to the infrastructure of society. I realized that these business activities contribute greatly to society, and I felt a strong sense of purpose and fulfillment. In plastic waste recycling, I see RPF as the final stronghold for effectively utilizing waste plastic. The RPF we produce has received high praise from our customers for its quality and is contributing to the reduction of fossil fuel usage as an alternative to coal. Together with my colleagues, I will continue to face daily challenges head on as we work to build a sustainable society for the future of our children.





Real Estate Leasing



Utilization of Community-based Real Estate

In our real estate leasing business, our properties in areas including Tokyo, Osaka and Kyoto are used as offices, multi-dwelling residences and hotels. In 2018, construction was completed on the OVOL Nihonbashi Building, which is one of the projects in the second phase of the Nihonbashi Revitalization Plan. Furthermore, the OVOL Kyoto Ekimae Building was completed in 2019. This building opened as a hotel, and is meeting the diverse needs of customers, from tourists to businesspersons. The Japan Pulp & Paper Group will continue to make effective use of its real estate assets as a source of stable income while contributing to new urban development.

Main Rental Properties

Name	Location	Number of Floors	Use	Completed
Nihombashi Nichigin-Dori Building	Nihonbashihongokucho, Chuo-ku, Tokyo	8 floors above ground	Offices, shops	September 2014
OVOL Nihonbashi Building	Nihonbashimuromachi, Chuo-ku, Tokyo	15 floors above ground and 3 below	Offices, hotel, shops	June 2018
OVOL Kyoto Ekimae Building	Kita-Fudondocho, Shimogyo-ku, Kyoto	10 floors above ground and 1 rooftop facility	Hotel	March 2019
Cerulean Homes Kachidoki	Kachidoki, Chuo-ku, Tokyo	26 floors above ground and 1 below	Apartments, shops	March 2001
Osaka JP Building	Kawaramachi, Chuo-ku, Osaka	8 floors above ground and 2 below	Offices, shops	October 1972

Strengths

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

Opportunities

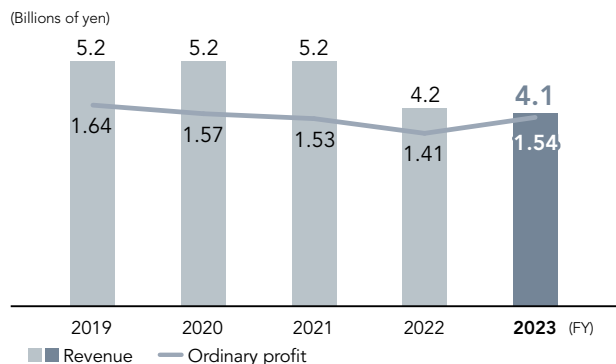
- Improvement in economic trends and real estate market conditions
- Prime locations in major urban areas

Risks

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

FY2023 Results

Revenue/Ordinary Profit



- Rental income decreased due to the partial transfer of non-current assets in Chuo-ku, Tokyo, in the previous fiscal year.
- Revenue decreased year on year.
- Despite the decrease in revenue, ordinary profit increased year on year due to the absence of one-time costs associated with the partial transfer of non-current asset in the previous fiscal year and a reduction in real estate management expenses and other costs.

FY2024 Forecast for Ordinary Profit

	FY2023 Results	FY2024 Forecast	Year-on-Year Comparison
Real Estate Leasing	JPY 1.5 billion	JPY 1.5 billion	97.4%

OVOL Medium-term Business Plan 2026 Initiatives

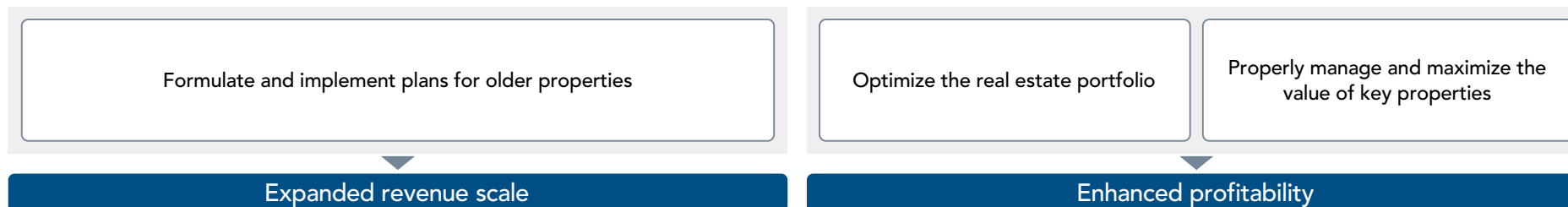
Segment Policy

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

FY2026 Quantitative Target Segment Ordinary Profit

JPY 1.5 billion

Future Initiatives



03

Foundation for Sustainable Growth

Sustainable Management	64	Society		Governance	
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Sustainable Management

Approach to Promoting Sustainability



Yasushi Takei

Executive Vice President
Administration, Planning &
Sustainability

Japan Pulp & Paper was founded as a wholesaler of paper, an environmentally friendly material, and will celebrate its 180th anniversary in 2025. Today, as a global corporate group operating under five business segments, we are contributing to the development of a circular economy through business activities such as wastepaper and plastic recycling, paper manufacturing using wastepaper as the primary raw material, and power generation using renewable energy. In 2022, we established our Sustainability Policy and strengthened our sustainability promotion framework, including the establishment of the Executive Sustainability Committee. In OVOL Medium-term Business Plan 2026, launched in 2024, we identified key priorities such as expanding human capital investment, reducing GHG emissions over the medium-to-long-term, responding to business and human rights, strengthening environmental and occupational safety compliance systems, and strengthening risk management. We are accelerating specific initiatives in these areas and making sustainability-related investments as part of our growth strategy. Going forward, we will continue to promote sustainability in order to achieve sustainable growth and improve our corporate value over the medium-to-long-term, while contributing to the realization of a sustainable society.

Japan Pulp & Paper Group Sustainability Policy

<https://www.kamipa.co.jp/eng/sustainability/management/sustainability-policy/>

Sustainability Promotion Framework

We define “sustainability” as business activities that realize both economic and social value, and have established the Executive Sustainability Committee to promote sustainability-related initiatives. Chaired by the representative director, president, the committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues,* and managing the achievement of the group’s goals. In addition to the Risk Management Meetings, we have established the OVOL Sustainability Promotion

Meetings and the OVOL Environment & Safety Meetings, whose membership spans the entire group, as subordinate organizations under this committee. The Corporate Sustainability Division, which is responsible for implementing policies related to sustainability throughout the entire group, serves as the secretariat for the OVOL Sustainability Promotion Meetings and the OVOL Environment & Safety Meetings.

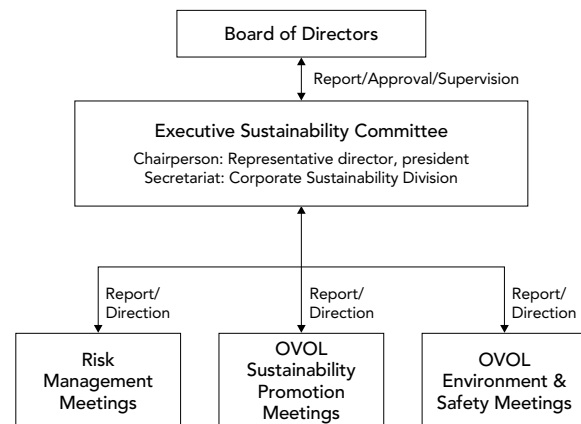
In fiscal 2023, we formulated a goal for each of the group’s material issues, and in fiscal 2024, we developed

concrete action plans by backcasting from these goals. Going forward, we will manage progress using key performance indicators (KPIs) and advance specific initiatives aimed at achieving our goals.

* ESG-related issues refer to a wide range of environment (E), society (S), and governance (G) issues such as the following:

- Environment (E): Issues related to climate change, resource depletion, waste, pollution, deforestation, etc.
- Society (S): Issues related to human rights, modern slavery, child labor, working conditions, employee relations, etc.
- Governance (G): Issues related to bribery and corruption, executive pay, Board diversity, political lobbying and donations, tax strategies, etc.

Sustainability and Governance Structure



Executive Sustainability Committee and Various Meetings

Organization	Chairperson	Members	Number of Meetings Held*	Objective/Role
Executive Sustainability Committee	Representative director, President	Members: Full-time directors and executive officers who are in positions controlling major areas of the business (Observer: Full-time Audit & Supervisory Board member)	15	This committee is in charge of formulating CSR and sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group’s goals. It serves as the command center for group-wide sustainability initiatives.
Risk Management Meetings	General manager, Finance & Administration Division	Vice chairperson: General manager, Corporate Planning Division Members: Appointed from the Internal Audit Office, Corporate Sustainability Division, Finance & Administration Division, Corporate Planning Division, and other related divisions (Observers: CFO, full-time Audit & Supervisory Board member, executive vice president in charge of Administration, Planning & Sustainability, and CIO)	11	Based on the Basic Rules on Risk Management, the meetings will identify, analyze, evaluate, and prioritize risks; formulate measures to address specific risks; and work to reduce risks.
OVOL Sustainability Promotion Meetings	General manager, Corporate Sustainability Division	Vice chairpersons: General manager, Finance & Administration Division and general manager, Corporate Planning Division Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Executive vice president in charge of Administration, Planning & Sustainability)	11	Members work to strengthen and promote group-wide sustainability initiatives. Members promote sustainability initiatives within each department and group company, including addressing human rights issues, legal compliance, social contribution activities, and implementing measures to achieve social value through business activities. They also serve as liaisons with the head office in the event of a disaster or other emergency.
OVOL Environment & Safety Meetings	General manager, Corporate Sustainability Division	Vice chairpersons: General manager, Finance & Administration Division and general manager, Corporate Planning Division Members: Appointed from divisions, branch offices, and group companies in and outside of Japan (Observer: Executive vice president in charge of Administration, Planning & Sustainability)	2	Members work to strengthen and promote environmental and occupational safety throughout the group. They also promote environmental and occupational safety compliance and environmental measures and the reduction of greenhouse gas emissions.

* Number of meetings held in fiscal 2023

Material Issues

The group has identified four themes (the environment, society, employees, and governance) and 12 material issues and classified them as “internal and external factors that have a significant impact on achieving sustainable business activities that realize both economic and social value.” We have formulated a new action plan to achieve our goals and are working to promote sustainability.

Themes	Material Issues	Reasons for Identification	Goals	Action Plan	Main Initiatives, Results, and Progress in Fiscal 2023	Scope	SDGs to Which the Group Contributes
Environment	Climate Change	<ul style="list-style-type: none"> The depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business. There are physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burden associated with responding to these risks. It is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain. 	<ul style="list-style-type: none"> Achieve carbon neutrality 	<ul style="list-style-type: none"> Respond to climate change (Promotion of energy saving and use of renewable energy) Expand sales of environmentally friendly products that contribute to plastic reduction and paper usage 	<ul style="list-style-type: none"> Reduced greenhouse gas emissions (Scope 1 and 2): Reduction of 34% compared with FY2019 Target: Reduce emissions by 50% by FY2030 (compared with FY2019) Greenhouse gas emissions (Scope 3): 7.156 million t-CO₂ (FY2022) Utilization rate of renewable energy: 56.1% Launch of the Paper x Eco series through the environmental solutions proposal website Paper & Green. The series aims to promote the use of paper and the elimination/reduction of the use of plastic. 	<ul style="list-style-type: none"> Consolidated Consolidated Consolidated companies in Japan Parent company 	
	Biodiversity	<ul style="list-style-type: none"> Increased efforts to conserve biodiversity may lead to stricter regulations and higher costs in the procurement of raw materials used in the production of paper. It is essential to sell paper made with wood from properly managed forests, so as to have minimal impact on animal life and the natural environment. 	<ul style="list-style-type: none"> Promote nature positive initiatives for sustainable forest resources 	<ul style="list-style-type: none"> Gain understanding of dependence on, impact, risks, and opportunities related to nature (TNFD initiatives) 	<ul style="list-style-type: none"> Number of group companies with FSC® and PEFC forest certifications: 47 companies with FSC® CoC certification and 15 companies with PEFC CoC certification Sales coverage rate of FSC® and PEFC-certified products: 30.1% (Excluding revenue from the Real Estate Leasing segment) 	<ul style="list-style-type: none"> Consolidated Consolidated 	
	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 provide environmentally friendly products. 	<ul style="list-style-type: none"> Realize a circular economy by recycling waste in society 	<ul style="list-style-type: none"> Promote wastepaper usage Expand comprehensive recycling businesses Enhance resource recycling networks Promote recycling of industrial waste generated within the group 	<ul style="list-style-type: none"> Volume of wastepaper used: 400,000 t Recycling rate of industrial waste: 86.2% Began formulating a plan for building a second plant at Eco-Port Kyushu Joined the Japan Earth Conscious Labeling Association (J-ECOL), an organization that promotes the recycling of used release paper from labels and stickers 	<ul style="list-style-type: none"> 5 paper manufacturing companies Consolidated companies in Japan Consolidated companies in Japan Parent company 	
	Environmental Impact	<ul style="list-style-type: none"> It is essential to respond to stricter environmental regulations related to logistics and factory operations. It is our corporate responsibility to manage water intake/discharge and exhaust gas, as well as reduce waste. 	<ul style="list-style-type: none"> Implement specific zero emissions measures Minimize environmental impact throughout our supply chain 	<ul style="list-style-type: none"> Ensure compliance with environmental and occupational safety regulations Reduce impact on the environment Efficient and reduced use of resources 	<ul style="list-style-type: none"> Implementation of environmental and occupational safety audits at group companies in Japan: 8 out of 36 companies Number of administrative penalties related to violations of environmental laws and regulations: 0 Number of companies with ISO 14001 certification: 11 companies in Japan and 2 companies outside of Japan Reduction in emissions and transfers under the PRTR system: 0.0 thousand t (FY2022: (0.5) thousand t) 	<ul style="list-style-type: none"> Consolidated companies in Japan Consolidated companies in Japan Consolidated 5 paper manufacturing companies 	
Society	Supply Chain	<ul style="list-style-type: none"> It is essential to ensure sustainability throughout the group and the entire supply chain in order to maintain the stable supply of paper and other products. We will accomplish this by strengthening sustainable supply chains. 	<ul style="list-style-type: none"> Ensure a stable supply of raw materials and products and responsible procurement 	<ul style="list-style-type: none"> Establish and implement a supplier monitoring system for human rights and environmental risk management Establish a grievance mechanism for addressing human rights violations 	<ul style="list-style-type: none"> Formulated the Japan Pulp & Paper Group's Approach to Sustainable Procurement 	<ul style="list-style-type: none"> Consolidated 	
	Communities	<ul style="list-style-type: none"> It is essential to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through economic and social contributions. 	<ul style="list-style-type: none"> Create new value through coexistence and co-prosperity with local communities 	<ul style="list-style-type: none"> Create opportunities for interaction with local communities through paper-related initiatives 	<ul style="list-style-type: none"> Costs associated with social contribution activities, including community donations: JPY42.2 million Creation of opportunities for cooperation and interaction with local communities: Employment support for local people with disabilities (Corelex Group), sponsorship of Shikokuchuo City's "Shodo Performance Koshien" event, and provision of the official paper to be used at schools participating in preliminary rounds nationwide (Gokura) 	<ul style="list-style-type: none"> Consolidated Consolidated 	
	Digitalization	<ul style="list-style-type: none"> Declining demand for paper due to the progress of digitization will have a significant impact on the group's business. It is essential to improve productivity and the use of energy by promoting digital transformation (DX). 	<ul style="list-style-type: none"> Create new demand for paper by proposing the value and enhancing the role of paper in a digital society Leverage digital technology as a new business strength 	<ul style="list-style-type: none"> Promote the value and advantages of paper in a digital society Invest in the promotion of DX within the paper industry Business reform through DX Improve DX literacy 	<ul style="list-style-type: none"> Number of users of generative AI (Japan Pulp & Paper exclusive version of ChatGPT): 233 Number of employees with IT certification (including seconded employees): 31 with IT Passport and 66 with MOS 	<ul style="list-style-type: none"> Parent company Parent company 	

Themes	Material Issues	Reasons for Identification	Goals	Action Plan	Main Initiatives, Results, and Progress in Fiscal 2023	Scope	SDGs to Which the Group Contributes
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. 	<ul style="list-style-type: none"> Achieve zero workplace accidents in safe, secure, and healthy working environments Create innovation ahead of the times in a work environment that offers new challenges and excitement through personal growth Achieve well-being through a high level of engagement 	<ul style="list-style-type: none"> Promote health management Enhance human resource development and create a more comfortable work environment Strengthen environmental and occupational safety compliance systems 	<ul style="list-style-type: none"> Average monthly overtime hours: 12 hrs. 43 min. Target: Less than 10 hours of overtime per month on average in FY2026 	Parent company	
					<ul style="list-style-type: none"> Training expenses: JPY32 million Target: More than three times the level of FY2023 in FY2026 Employee engagement survey: "B" rating Target: "BBB" or higher in FY2026 Percentage of paid time off taken: 79.0% Target: 80% or more by FY2026 Lost time injury frequency rate: 0.00 	Parent company	
Employees	Diversity and Inclusion	<ul style="list-style-type: none"> By properly addressing diversity and inclusion, we will be able to promote the active participation of diverse human resources, strengthen our corporate competitiveness by adopting diverse values and ideas, revitalize our corporate culture, and improve employee engagement. 	<ul style="list-style-type: none"> Create a corporate culture where all executives and employees, regardless of gender, nationality, experience, or other factors, acknowledge and respect each other's diversity. In this culture, diverse talent and ideas can flourish, contributing to the strength and competitiveness of the group. 	<ul style="list-style-type: none"> Build a diverse and vibrant organization 	<ul style="list-style-type: none"> Percentage of female managers: 0.4% Target: 10% or higher by FY2030 	Parent company	
					<ul style="list-style-type: none"> Ratio of female employees in career track positions: 25.2% (five-year average) Target: 30% or higher by FY2026 Percentage of eligible male employees taking childcare leave: 76.9% Target: 100% by FY2026 	Parent company	
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. 	<ul style="list-style-type: none"> Achieve sustainable medium-to-long-term improvement of corporate value through honest and fair governance 	<ul style="list-style-type: none"> Conduct risk assessments Strengthen IT security systems within the group Revise the business continuity plan (BCP) 	<ul style="list-style-type: none"> Worked to identify risks within the group that could impact the business activities of Japan Pulp & Paper and group companies in Japan 	Consolidated companies in Japan	
					<ul style="list-style-type: none"> Conducted survey of current status of group companies in preparation for group information security audit Target: Conduct audits every 3 years at 48 group companies in and outside of Japan (Starting from FY2024) Conducted training for standard-type phishing email attacks: 2 times 	Consolidated	
	<ul style="list-style-type: none"> Completion rate of compliance confirmation tests: 99.3% (annual average) Target: 100% by FY2026 	Consolidated companies in Japan					
Governance	Compliance	<ul style="list-style-type: none"> Our corporate value may be significantly impaired in the event of compliance related issues. 	<ul style="list-style-type: none"> Ensure all executives and employees conduct business activities with a strong sense of ethics and responsibility 	<ul style="list-style-type: none"> Enhance compliance system 	<ul style="list-style-type: none"> Number of internal reports: 30 (Japan Pulp & Paper and group companies in Japan) 	Consolidated companies in Japan	
					<ul style="list-style-type: none"> Number of serious compliance violations: 1 	Consolidated	
Governance	Stakeholder Engagement	<ul style="list-style-type: none"> It is our responsibility as a company to understand the expectations and demands that society has for the group. We will accomplish this through dialogue with stakeholders and by reflecting feedback in management operations. 	<ul style="list-style-type: none"> Reflect the expectations and requests of stakeholders in management by engaging in dialogue 	<ul style="list-style-type: none"> Strengthen dialogue and engagement with stakeholders Actively disclose financial and non-financial information Participate in initiatives with organizations aimed at solving social and environmental issues 	<ul style="list-style-type: none"> Number of meetings with institutional investors: 27 	Others	

Material Issues

Step 1

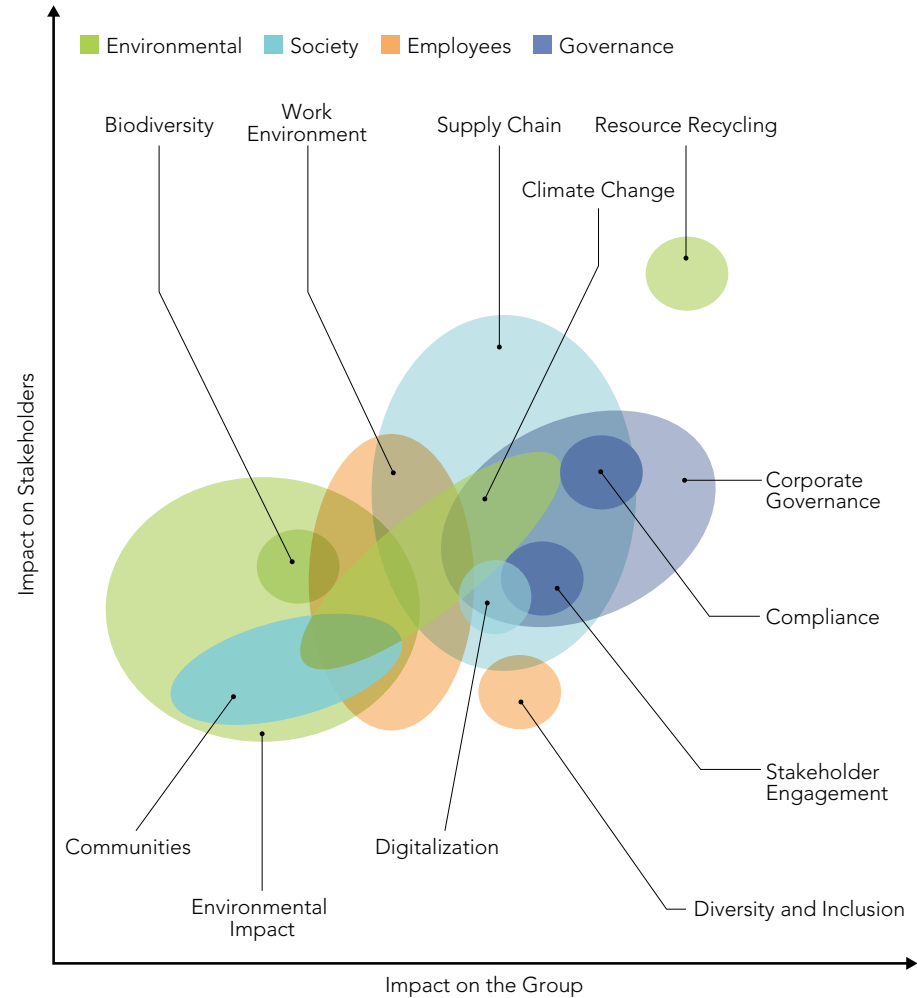
Based on the evaluation items of major ESG ratings agencies and industry-specific material issues provided by the U.S. Sustainability Accounting Standards Board (SASB), we determined “ESG-related issues such as environmental and social issues that have a significant impact on the group’s sustainability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

Step 2

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

Step 3

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




Environment

Approach to the Environment

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

With this mission in mind, the group has identified "climate change," "biodiversity," "resource recycling," and "environmental impact" as material issues and has strengthened its efforts to address these global environmental problems. In 2022, we established the Japan Pulp & Paper Group Environmental Policy, and in 2024 we formulated a new "Approach to Sustainable Procurement." In addition, as part of our proactive response to climate change, we have set "Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions." Key initiatives for achieving carbon neutrality by 2050 include improving production efficiency in the Paper Manufacturing & Processing segment, promoting energy conservation, and transitioning to renewable energy. We will regularly disclose our progress.

Japan Pulp & Paper Group Environmental Policy

 <https://www.kamipa.co.jp/eng/sustainability/environment/environmental-policy/>

Environmental Management System

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

Currently, 14 companies in the group have obtained ISO 14001 certification.

Environment-Related Education and Training

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

Examples of ongoing educational activities include ISO training and seminars on waste and the SDGs. In addition, employees from group companies participate in OVOL Environment & Safety Meetings and OVOL Sustainability Promotion Meetings. These organizations serve as forums for sharing sustainability-related data and information on revisions to laws on environmental and occupational safety; promoting efforts aimed at decarbonization; strengthening environmental and safety management; giving updates on social contribution activities; and conducting sustainability-related education.

ISO Training at Japan Pulp & Paper (FY2023)

Training	Number of Sessions	Number of Participants
General environmental education and division-specific environmental education	1 time	770
New employee training	1 time	18
Mid-career employee training	1 time	24

Environment

Climate Change

We recognize that climate change can lead to the depletion of forest resources, as well as increased risks associated with global warming and potential financial burden. In addition, we view reducing greenhouse gas emissions across the entire supply chain as a corporate responsibility and have identified “climate change” as a material issue. Our response to climate change has focused mainly on the Paper Manufacturing & Processing segment, where greenhouse gas emissions are high. We have promoted energy efficiency and the utilization of non-fossil energy sources to reduce emissions. Based on greenhouse gas reduction targets set in 2024, we will strengthen our efforts to achieve carbon neutrality by 2050.

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



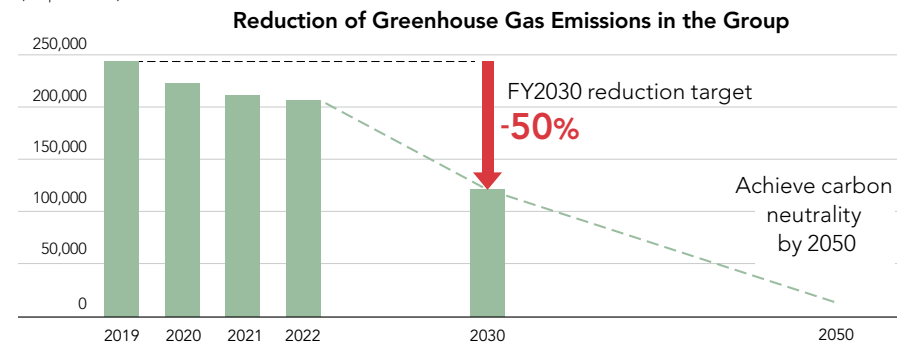
Note: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries

Key Initiatives

1. Pursue further production efficiency in the Paper Manufacturing & Processing segment
2. Promote thorough energy savings
3. Switch to renewable energy

Note: We are also currently calculating and determining Scope 3 emissions for the whole group, and plan to reduce emissions in the future.

Greenhouse Gas Emissions (t-CO₂)
(Scope 1 and 2)



Disclosure Based on TCFD Recommendations

The group recognizes that responding to climate change is an urgent issue. In June 2021, we announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and joined the TCFD Consortium. Since then, we have conducted scenario analyses of the risks and opportunities that climate change poses to the group’s businesses, including the Paper and Paperboard Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing segments.* We disclose information on governance, strategy, risk management, and metrics and targets as recommended by the TCFD.

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

* 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 with the aim of promoting sustainable business management in a more proactive way. Under the supervision of the Board of Directors, the Executive Sustainability Committee is responsible for formulating policy and planning strategy on all climate change-related matters for the entire group, as well as overseeing the process of finding solutions to ESG issues and meeting our ESG goals. The Executive Sustainability Committee is chaired by the representative director, president, who has ultimate responsibility for management decisions related to climate change. The progress of matters reviewed and discussed by the committee is regularly reported to the Board of Directors, and important matters are resolved by the Board. Matters resolved by the Board of Directors are then directed to the OVOL Sustainability Promotion Meetings and the OVOL Environment & Safety Meetings for implementation at each group site.

Note: Please refer to page 64 for details on the sustainability and governance structure.

2 Strategies (Risks, Opportunities, and Responses)

The group has identified risks and opportunities associated with climate change in four business segments: the Paper and Paperboard Wholesaling business, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing, using two scenarios developed by the IPCC, IEA, and other specialist organizations: one in which the increase in average temperature is limited to 1.5°C (2.0°C in some scenarios) and another in which the average temperature increase exceeds 4°C. Risks and opportunities posed by climate change are categorized into transition risks associated with the transition to a low-carbon society and the physical impacts of climate change. In order to incorporate these risks and opportunities into our business strategy, we conducted an assessment of the associated financial impacts in the short-term, medium-term, and long-term.

Risks and Opportunities

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

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

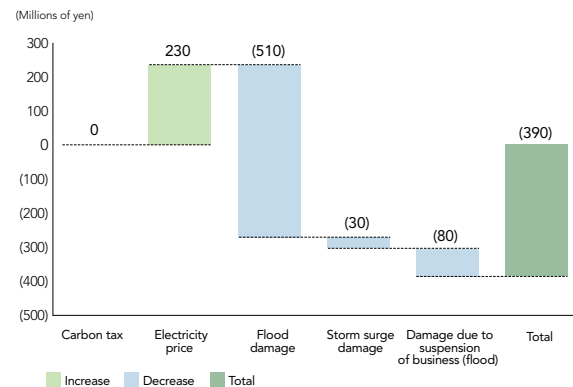
Environment

Financial Impact Analysis

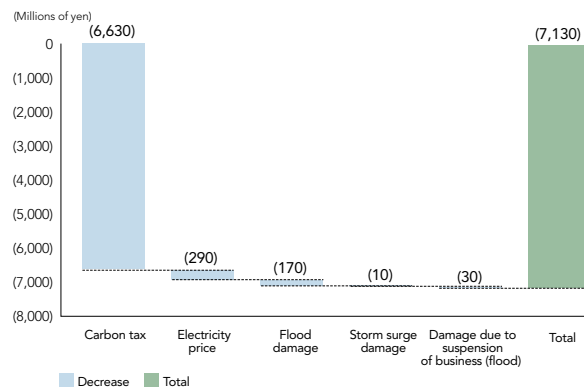
Based on the financial impact scenario analysis, we expect that the introduction of a carbon tax would have a significant impact, particularly on the group’s paper manufacturing business. On the other hand, we believe that we can lower that impact by promoting the reduction of greenhouse gas emissions.

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

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



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



Parameters Used for Financial Impact Analysis
<https://www.kamipa.co.jp/eng/sustainability/environment/climate-change/>

Analysis Results¹

Item	Risks	Analysis Content	Financial Impact (2050)	
			4°C Scenario	1.5°C (2°C) Scenario
Carbon tax	Transition Risk	Impact of carbon tax introduction	—	JPY(6,630) million ²
Electricity price	Transition Risk	Impact of electricity price changes	JPY230 million	JPY(290) million
Flood damage	Physical Risk	Annual average flood damage	JPY(510) million	JPY(170) million
Storm surge damage	Physical Risk	Annual average storm surge damage	JPY(30) million	JPY(10) million
Damage due to suspension of business (flood)	Physical Risk	Annual average damage due to suspension of business (flood)	JPY(80) million	JPY(30) million

1. Analysis of Japan Pulp & Paper Co., Ltd. and consolidated subsidiaries in Japan
 2. Analysis based on greenhouse gas emissions in fiscal 2019

3 Risk Management

The Executive Sustainability Committee identifies risks and opportunities related to climate change for the group as a whole, formulates response plans, instructs corresponding organizations led by the Corporate Sustainability Division, manages progress of measures, and reports to the Board of Directors. The Board of Directors approves the content of reports or gives instructions on improvements, and monitors results to ensure that appropriate risk management is being implemented. Risk matters related to climate change deliberated by the Executive Sustainability Committee are directed to the Risk Management Meetings, the OVOL Environment & Safety Meetings, and the OVOL Sustainability Promotion Meetings, and reflected in the group’s overall risk management.

4 Metrics and Targets

In response to climate change, we have set “Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions.” As part of these initiatives, we are implementing various measures to reduce Scope 1 and 2 emissions throughout the group, including switching to biomass boilers and renewable energy, and fundamentally reforming production efficiency through the use of a distributed control system (DCS). As a result, in fiscal 2023 we achieved approximately a 34% reduction in Scope 1 and 2 emissions compared with fiscal 2019 levels.

Regarding Scope 3 emissions, since fiscal 2022 we have expanded the scope of calculation from Japan Pulp & Paper to include consolidated subsidiaries. We plan to actively promote reduction initiatives for Scope 3 emissions going forward.

Highlight

Renewable Energy Power Generation

We launched the biomass power generation business with the aim of supplying energy and steam to the group's paper manufacturing companies. As such, we are working to ensure a stable supply of clean and safe electricity to meet growing demand from society. In 2016, we began operation of a woody biomass power plant (power output: 14 MW) in Noda Village, Iwate Prefecture. In collaboration with regional governments, we are developing projects that benefit the public interest and lead to the revitalization of local industries. We also operate a solar power generation business in Kushiro, Hokkaido (power output: 20 MW) and supply the electricity it generates.

In 2018, we established OVOL New Energy, a company that collects palm kernel shells (PKS) in Malaysia for export, creating a system for the stable supply of biomass fuel.

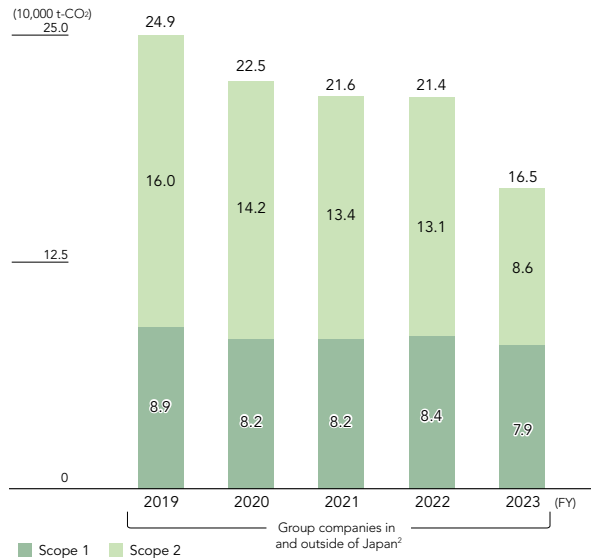
Introduction of Renewable Energy at Group Companies

In fiscal 2023, both Eco Paper JP, which manufactures containerboard and printing paper, and Taiho Paper, which also manufactures containerboard, began using electricity from renewable energy sources to help reduce greenhouse gas emissions. Both companies have long promoted CO₂ reduction through the use of woody biomass power generation, but are now taking their efforts a step further by switching the electricity they purchase to hydroelectric power. Eco Paper JP has achieved a renewable energy use rate of 50%, while Taiho Paper has achieved 100%.

In addition, group companies are in the process of introducing EV trucks, EV forklifts, and fuel cell electric vehicles (FCEVs) as part of our efforts to achieve carbon neutrality by 2050.

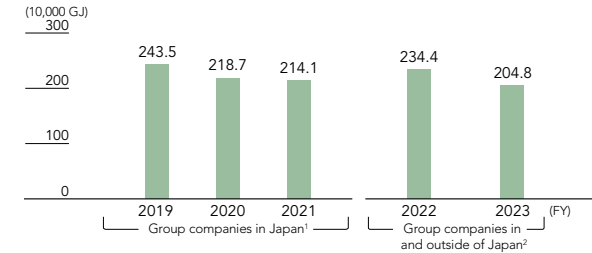
Climate Change-Related Data

Greenhouse Gas Emissions^{3, 4, 5, 6}

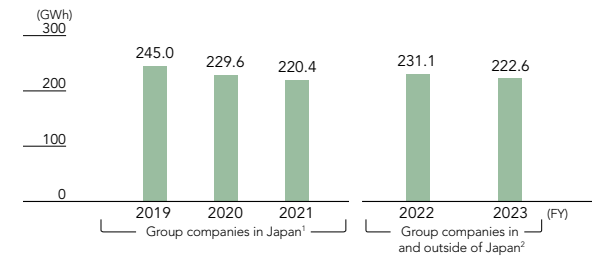


1. Japan Pulp & Paper and consolidated subsidiaries in Japan 2. Japan Pulp & Paper and consolidated subsidiaries in and outside of Japan 3. Figures for subsidiaries outside of Japan for 2019 to 2021 are estimated based on 2022 emissions. 4. Calculated in accordance with the standards of the GHG Protocol. The coefficients used for calculations are based on Japan's Act on Promotion of Global Warming Countermeasures. 5. Scope 1 and 2 GHG emissions have been refined and recalculated retroactively to 2019. 6. Third-party verification of Scope 1 and 2 GHG emissions (parent company) for FY2021, FY2022, and FY2023 has been conducted by the Japan Management Association GHG Certification Center.

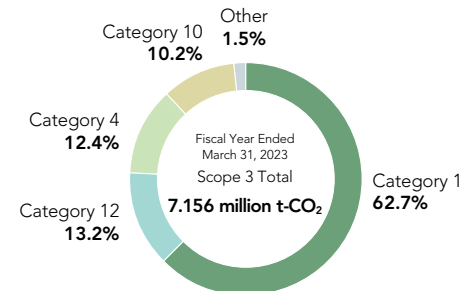
Energy Consumption



Electricity Consumption



Scope 3 Breakdown (Consolidated)



Item	Fiscal Year Ended March 31, 2023 (10,000 t-CO ₂)	Item	Fiscal Year Ended March 31, 2023 (10,000 t-CO ₂)		
Category 1	Purchased goods and services	448.8	Category 9	Downstream transportation and distribution	1.3
Category 2	Capital goods	1.0	Category 10	Processing of sold products	72.6
Category 3	Fuel- and energy-related activities	4.7	Category 11	Use of sold products	0.7
Category 4	Upstream transportation and distribution	89.0	Category 12	End-of-life treatment of sold products	94.6
Category 5	Waste generated in operations	0.1	Category 13	Downstream leased assets	2.5
Category 6	Business travel	0.0	Category 14	Franchises	—
Category 7	Employee commuting	0.2	Category 15	Investments	—
Category 8	Upstream leased assets	—	Scope 3 Total		715.6

Calculation standard: Ministry of the Environment's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and "GHG Protocol: Technical Guidance for Calculating Scope 3 Emissions"

Excluded categories: There are no relevant activities for categories 8, 14, and 15.

Environment

Biodiversity

We believe it is important for the group to sell products that contribute to biodiversity conservation, including paper made from forest resources that are properly managed so as to not harm forest ecosystems or the natural environment.

In addition to “protecting the natural environment,” as stated in our Environmental Policy, the group has identified “biodiversity” as a material issue. Going forward, we will work to better understand the group’s dependence on nature and the related impacts, risks, and opportunities in order to achieve nature-positive outcomes with regard to sustainable forest resources.

Environmentally Friendly Business Activities

The forest certification system is a process in which third-party organizations certify forests and their products as being properly managed. We have acquired FSC® and PEFC Chain of Custody (CoC) certifications, both of which are global forest certification systems.

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

Acquisition of Forest Certification by the Group

(As of July 2024)

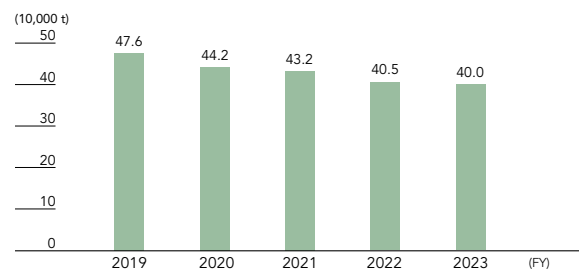
	Japan	Outside Japan
FSC® CoC Certification	17 companies	30 companies
PEFC CoC Certification	1 company	14 companies

Resource Recycling

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

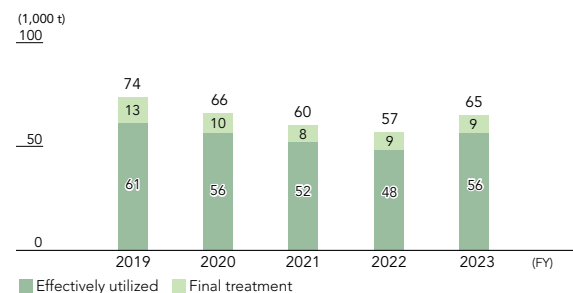
Wastepaper Usage

(Consolidated paper manufacturing subsidiaries in Japan)



Industrial Waste Generated

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

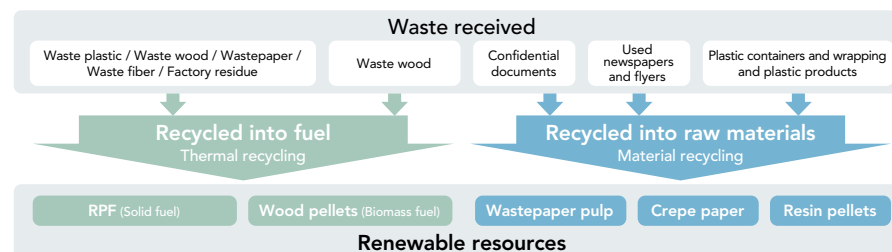


Wastepaper Recycling

Since our full-scale entry into the wastepaper recycling business in 1973, we have expanded operations throughout Japan and strengthened our ability to collect and ship wastepaper, starting with our entry into the U.S. in 1998 and later expansion into India. In Japan, we supply collected wastepaper to the group’s paper manufacturing businesses, where it is used to produce containerboard, printing paper, and household paper. This is a key feature of the Japan Pulp & Paper Group.

Waste Plastic Recycling

The recycling of waste plastic is a major social issue. Group company Eco-Port Kyushu works to efficiently recycle wastepaper, waste plastic, and waste wood through the combined use of thermal and material recycling.



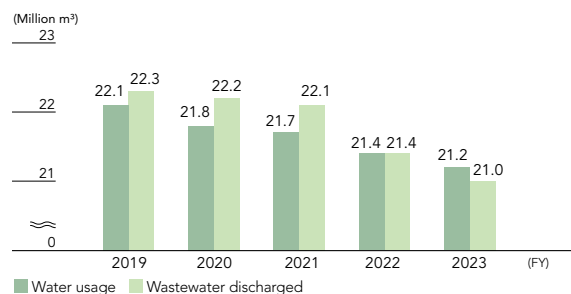
Environmental Impact

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

In our business operations, we strive to comply with the environmental laws and regulations of each country and region we serve, and work to reduce environmental impact by lowering greenhouse gas emissions, reducing and properly disposing of waste, and promoting recycling. We will also effectively utilize and reduce the use of energy, water, and other resources. Furthermore, for chemicals and other substances that are subject to the PRTR system and may pose risks to human health and ecosystems, we promote the transition to alternative substances. In fiscal 2023, the use of substances subject to the PRTR system was reduced to zero.

Water Usage and Wastewater Discharge

(Five consolidated paper manufacturing subsidiaries in Japan)



Note: We have evaluated the water risk at paper manufacturing sites directly operated by the group using the WRI Aqueduct Water Risk Atlas and confirmed that none of them are in high or very high water-stressed areas. In addition, there were no violations of water quality or quantity standards, or any non-compliance with regulations.

Compliance with Environmental Laws and Regulations

We comply with environmental laws and regulations and work collectively to reduce our environmental impact. In the event of a violation of any laws or regulations within the group, the issue is promptly reported to the department in charge of group company management, and the situation is monitored by the Environment & Safety Promotion Office. We have established systems for managing and ensuring compliance with environmental laws and regulations at each group company in and outside of Japan. This system includes self-management at each company, on-site inspections by the Environment & Safety Promotion Office, and objective evaluations by external experts. In fiscal 2023, as in the previous year, there were no incidents of legal violations or penalties or fines imposed. We will continue to ensure compliance with legal frameworks while strengthening efforts to prepare for upcoming regulations.



Highlight

The packaging material Kami-air design window, which is sold through the website Paper & Green operated by Japan Pulp & Paper, won the Japan Star Award (Minister of Economy, Trade and Industry Award), the highest honor at the 2024 Japan Packaging Contest. Kami-air design window uses a special processing technique to make the window portion transparent, eliminating the need for laminating separate materials such as plastic or glassine paper, which are typically required to create the window. The replacement of conventional plastic film packaging with this product, significantly contributes to a reduction in plastic use and has been adopted by companies for packaging apparel and miscellaneous goods. Going forward, the Japan Pulp & Paper Group will continue promoting the use of paper-based and plastic-free packaging in the packaging sector, while advancing sustainability initiatives and conducting sustainable business activities that realize both economic and social value.



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

Society

Approach to Social Issues

The Japan Pulp & Paper Group is committed to respecting human rights and considering the environment throughout the entire supply chain. This includes not only within the group but also with business partners and other companies. We also promote sustainable management by contributing to local communities.

Supply Chain

The group, as a responsible member of the global supply chain, has identified the “supply chain” as a material issue and is working to strengthen supply chain management. Our goal is to achieve both a stable supply of raw materials and products and responsible procurement at an even higher level. We recognize the need to address social, human rights, and environmental issues, not only within the group but throughout the supply chain in order to realize “responsible procurement.” In June 2024, we formulated the Japan Pulp & Paper Group’s Approach to Sustainable Procurement. We plan to conduct assessments and monitor the supply chain based on this approach.

The Japan Pulp & Paper Group’s Approach to Sustainable Procurement

<https://www.kamipa.co.jp/eng/sustainability/society/sustainable-procurement/>

Procurement

We are strengthening our relationships of trust with suppliers to ensure a stable supply of raw materials and products. In addition, we share our stance on human rights and environmental issues with suppliers and are promoting responsible procurement by considering social and environmental risks when procuring raw materials and products.

Respect for Human Rights

We believe that respect for human rights should be the standard of conduct for all individuals and conducts our business activities based on the Japan Pulp & Paper Group Human Rights Policy. This policy outlines our commitment to respecting the human rights of all individuals involved in our business and our intent to contribute to the realization of a sustainable society.

The Japan Pulp & Paper Group Human Rights Policy applies to all executives and employees (including contract, temporary, and part-time workers), and we seek the support of all business partners, including customers and other companies within the supply chain.

In January 2023, we signed the United Nations Global Compact. We are promoting initiatives in line with the 10 principles of the compact in the four areas of human rights, labor, the environment, and anti-corruption. We issue newsletters through the OVOL Sustainability Promotion Meetings, distribute a compliance handbook, and provide training on business and human rights to group executives and employees. Going forward, we will continue to conduct human rights due diligence to identify human rights risks and address issues for both the group as well as suppliers and other companies. We will also establish a grievance mechanism to help remedy human rights violations.

Japan Pulp & Paper Group Human Rights Policy

<https://www.kamipa.co.jp/eng/sustainability/society/human-rights-policy/>

Communities

As we expand our business activities, we recognize that it is essential for us to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through social and economic contributions. As such, we have identified “communities” as one of our material issues. We sponsor events in collaboration with local governments and work to promote understanding of resource recycling.

Examples of Initiatives

Sponsorship of Community Events and Provision of Paper and Cardboard Products

Group company Osaka Paperware, which designs, manufactures, and sells packaging materials and paper products, sponsors the Takatsuki Jazz Street and Tonda Jazz Street music events held in Takatsuki City, Osaka Prefecture, where the company is headquartered. It also produces and provides cardboard products for the events. For Takatsuki Jazz Street, the signboard for the T-shirt booth was made of cardboard, while for Tonda Jazz Street, the company was again asked to make a containerboard sculpture and festival decorations, as the ones it previously made were well-received. In addition, the company has produced cardboard rugby balls, which were distributed at various events. These community-based activities not only help build good relationships with local residents but contribute to community development.



Takatsuki Jazz Street



Tonda Jazz Street

Digitalization



Fumio Watanabe

Executive Vice President
CIO

Digital Transformation and Strengthening IT Controls

In 2023, we established the DX Promotion Office, which is responsible for advancing digital transformation (DX) and strengthening IT controls throughout the group. DX promotion is based on two perspectives: digital transformation and digital optimization. Digital transformation is a strategic initiative aimed at business reform to help ensure our overwhelming competitive advantage in the market. It starts with deciding on a project policy in line with our management strategy of “winning through differentiation.” This is a large-scale strategic initiative that involves the participation of various business departments and company-wide divisions.

For digital optimization on the other hand, we first analyze group-wide operations to better understand the current situation, and then implement business reforms that are not bound by conventional procedures or structures. As digitalization progresses, the importance of IT controls is also increasing year by year. Starting in fiscal 2024, we will begin IT control audits throughout the entire group. In addition, we are working to establish the Basic IT Governance Policy and the Basic Information Security Policy as group-wide policies.

Through these initiatives, we will strengthen our competitiveness in the digital age and build a foundation for achieving sustainable growth.

Employees

Approach to Human Resources



Yasushi Takei

Executive Vice President
Administration, Planning &
Sustainability

We position human capital management as a critical issue in our management strategy, particularly in terms of promoting sustainability.

In OVOL Medium-term Business Plan 2026, which was launched in fiscal 2024, one of the fundamental principles is enhancing profitability by improving productivity and work engagement. To this end, we have set KPIs related to expanding our education and training systems, enhancing employee engagement, improving work styles, and ensuring diversity, and will implement specific measures to achieve these goals. For example, in 2023, when we conducted our first employee engagement survey, our rating was “B,” which is in the mid-range. However, for our KPIs for FY2026, we have set the goal of achieving

a “BBB” rating. To achieve this, we will strengthen communication and coordination functions to further share and promote management strategies, and conduct recruitment, placement, and training based on a human resource portfolio aligned with those strategies.

In working to realizing one of OVOL Vision 2030’s goals of becoming “a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry,” we will strengthen our human resources, our greatest form of management capital, and foster a corporate culture where diverse talent can continuously take on challenges by leveraging their individuality.



Work Environment

Recruitment of Employees

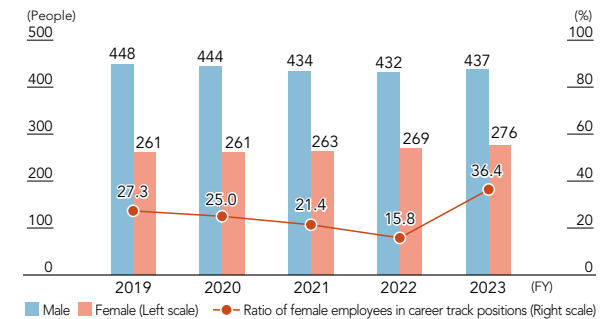
For the group to continue to sustainably increase its corporate value, it is essential to further strengthen human resources, which are our greatest form of management capital. For this reason, it is important to hire, train, and utilize excellent human resources.

Our hiring of employees is based on Our Corporate Spirit of integrity, fairness, and harmony, a belief that has been nurtured since our founding 179 years ago. We are committed to hiring people who can actively practice the 3Cs: “Change (Change ourselves as society changes); Challenge (Challenge new fields with conviction and ambitious spirit); and Create (Create fresh global value through diversity).”

In 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. In OVOL Medium-term Business Plan 2026, we have set a goal of increasing the ratio of female employees in career track positions (parent company) to 30% or more. We achieved this target in fiscal 2023.

Number of Employees by Gender, and Ratio of Female Employees in Career Track Positions

(Parent company)



Human Resource Development

Japan Pulp & Paper has adopted a personnel system based on the Role Responsibility System. This system aligns the basic functions of management—vision and strategy development, performance management, and business execution—with the roles and performance responsibilities assigned to each employee. This framework serves as the basis for personnel management and is aimed at developing and utilizing human resources effectively. In terms of education and training systems aimed at developing human resources, we are promoting a program aimed at raising the skills of each and every individual and vitalizing people and organizations based on the concepts of “developing human resources able to fulfill their roles and responsibilities” and “developing personnel with self-initiative who are able to respond to times of change.” Through rank-based training, we bring together all employees eligible for promotion and train them to understand what’s expected of them in their next role and to perform at a higher level. Selectable training courses incorporate practical training programs designed

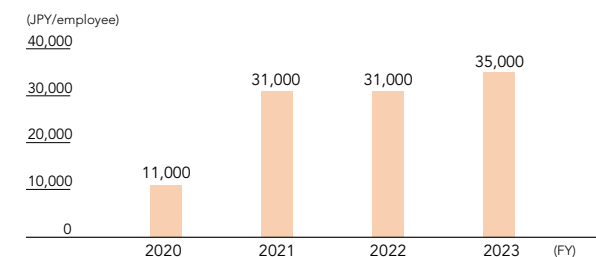
to give core personnel the necessary management knowledge and skills to solve and accomplish increasingly sophisticated and complex organizational and business challenges. In addition, one of our training programs is conducted outside of Japan to give employees a more international perspective and to develop their practical communication skills for interacting with international counterparts in foreign languages. As a part of our talent management system, we also centrally manage and visualize basic employee data, such as their work history, as well as their experience and other abilities including specific skills. We use this data for developing a curriculum, and for strategic human resource placement that takes each employee’s uniqueness into account.

Going forward, we will further refine our human resource data and use it when making strategic investments in human resource development. In this way, we seek to improve the skills and abilities of employees who have the responsibility of continuously enhancing our corporate value.

As part of OVOL Medium-term Business Plan 2026, we have set a target of more than tripling the investment in training and education compared with fiscal 2023, with the aim of raising the overall skill level of employees and developing specialists.

Cost of Training/Education per Employee

(Parent company)



Employees

Human Resource Development at Japan Pulp & Paper

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

Initiatives from FY2024

Introduction of the Udemy Business online training service (available to all employees)
Expansion of the participant range for selectable training
Introduction of external training for newly promoted general managers

Goal Management and Personnel Evaluation System

In business, goal management is essential for performance management. When combined with a personnel evaluation system, it promotes organizational motivation and individual skill development, and is an important factor in determining personnel management. The personnel evaluation system at Japan Pulp & Paper is comprised of Grade Standard Evaluation and Challenge Evaluation components. The system is used as a tool for employee development to maximize performance. In both setting goals and conducting evaluations, we emphasize clear communication between evaluators and those being evaluated to ensure fair evaluation of achievements and actions and increase transparency through feedback. We aim to enhance employees' sense of understanding and motivation.

Evaluation Criteria		Key Points
Grade Standard Evaluation		Expected standards for each grade are uniformly set as "Grade Standards," and the degree of performance and execution is evaluated.
Challenge Evaluation	Performance Evaluation	Evaluates the achievement of quantitative performance goals for the employee's organization
	Process Evaluation	The company establishes high-priority goals that need to be challenged in order to achieve performance goals, as well as medium-to-long-term initiatives to create new value, and evaluates the progress made in those areas. <ul style="list-style-type: none"> Emphasizes the ability to respond to difficulties and change Requires the goals to be truly challenging

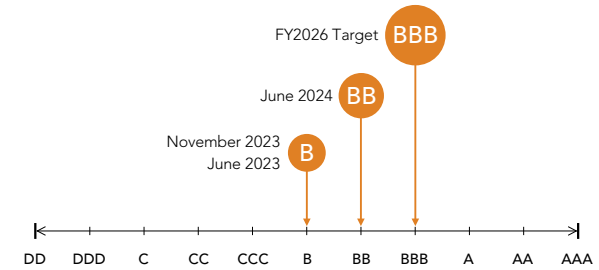
Engagement

The company recognizes that improving engagement through the promotion of human capital management is a critical issue for achieving our long-term vision. Since 2023, we have been conducting employee engagement surveys twice a year. By using feedback from survey results to identify and address organizational challenges, we aim to further increase the job satisfaction of employees, foster an organizational culture in which employees can play a more active role and take on the challenge of developing new ideas that create added value, and improve productivity.

Challenges Identified and Initiatives Based on the Last Three Engagement Survey* Results

Challenges identified from the last three engagement surveys include the lack of communication of the group’s growth strategy to employees and the development of human resources through personnel rotation.

In response to these challenges, we are implementing training aimed at strengthening the coordination functions of management and restructuring our development program through rotation. Going forward, we will continue to further enhance engagement.



* The engagement survey creates an Engagement Rating through the Motivation Cloud service offered by Link and Motivation Inc. Results are divided into 11 levels, and we currently have a “B” rating, which is a mid-range (6th level) rating.

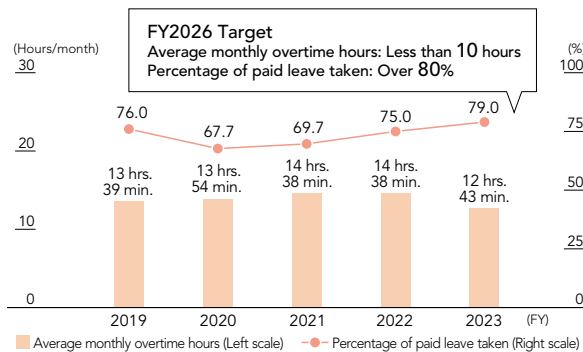
Health Management

We view human resources as our most important form of management capital and support each employee in taking the initiative to improve their health and increase their vitality. In addition to reducing overtime hours and creating an environment that makes it easier to take paid leave, we are further promoting workstyle reforms. As part of OVOL Medium-term Business Plan 2026, we aim to reduce average monthly overtime to less than 10 hours and increase the paid leave usage rate to over 80%, ensuring a

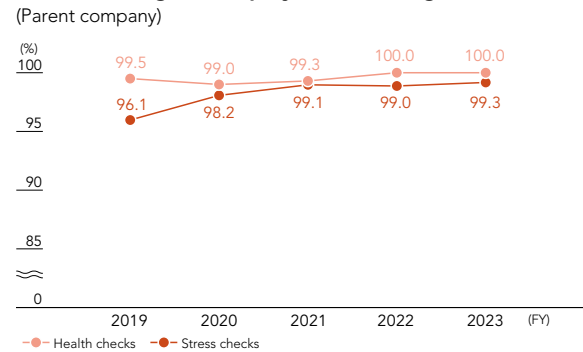
better work-life balance. As one of our initiatives to support employee health, we offer healthy menu options at the company cafeteria aimed at improving metabolic health and encourage employees to receive specific health guidance. To prevent strokes and cardiovascular diseases such as heart attacks, we have implemented smoking cessation support programs and hold walking events for all employees once a year. We also conduct various other initiatives such as holding multiple health seminars each year

to improve health literacy. In fiscal 2023, we were certified as a Health & Productivity Management Organization. In addition, we are improving the system-based management of health check data, and we will use this data to implement effective health measures. Our goal is to create a work environment where each employee can maintain both mental and physical health and perform at their best.

Average Monthly Overtime Hours and Percentage of Paid Leave Taken (Parent company)



Percentage of Employees Receiving Health Checks and Percentage of Employees Receiving Stress Checks (Parent company)



Japan Pulp & Paper Group Health Management Policy

<https://www.kamipa.co.jp/eng/sustainability/employees/health-management-policy/>



Employees

Occupational Health and Safety

The Japan Pulp & Paper Group has established the Occupational Health and Safety Policy, and is working to strengthen its occupational health and safety system and management with the aim of eradicating workplace accidents, hazards, and occupational illnesses. Each group company implements initiatives through the Personnel Department, the Environment & Safety Promotion Office, and the OVOL Environment & Safety Meetings, and progress is reported to the Executive Sustainability Committee. Efforts are overseen by the Board of Directors. In the same way that it has established systems for managing and ensuring compliance with environmental laws and regulations, the group works to improve safety management through self-management,

the Environment & Safety Promotion Office, and on-site visits by external experts. We also promptly share information on accidents and incidents within the group to prevent recurrence. The OVOL Environment & Safety Meetings held two general meetings for group companies in Japan in fiscal 2023, providing a forum for communication between employees on labor safety and health.

We have set the “work environment” as a material issue for the group, and will continue to improve occupational health and safety as our highest priority by implementing measures to prevent workplace accidents and providing comfortable workplaces.

The group recorded zero fatal accidents in fiscal 2023.

Japan Pulp & Paper Group Occupational Health and Safety Policy

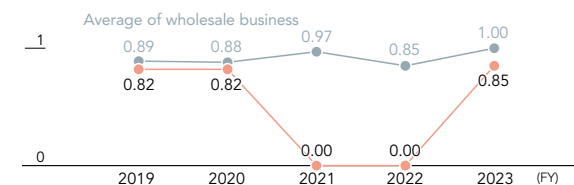
<https://www.kamipa.co.jp/eng/sustainability/employees/health-and-safety-policy/>

Occupational Accident Frequency Rate

(Parent company)

(Frequency rate)

$\frac{2}{}$



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 create new value by demonstrating their individuality and capabilities. We have also identified “diversity and inclusion” as a material issue for the group. Although we extended the retirement age to 65 in 2021, we have not set a fixed retirement age for each position, and the treatment of employees regardless of age remains unchanged. In order to achieve diversity and inclusion, the group will focus on fostering a comfortable workplace culture, raising awareness, and building systems that embrace diverse attributes, values, and working styles, including ethnicity, religion, faith, gender, sexual orientation/ gender identity, nationality, age, place of origin, educational background, or physical or mental disability.

Promotion of Female Participation and Advancement in the Workplace

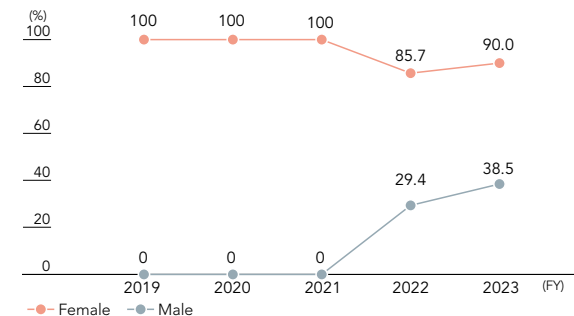
In order to realize a work environment in which all employees can create their own work-life balance, fully demonstrate their abilities, and continue to work regardless of gender, the company has created the Action Plan for Promoting Female Participation and Advancement in the Workplace. We are implementing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

the shorter working hour system can be applied, introduced a shift work system that can be used for childcare, and established systems for hourly paid leave and for limiting work areas. In 2021, we received “Kurumin Certification” from the Japanese government for our childcare support activities. In OVOL Medium-term Business Plan 2026, we set the target for eligible male employees taking childcare leave at 100% or more, as part of efforts to further promote the advancement of women in the workplace.



Percentage of Chidcare Leave Taken

(Parent company)



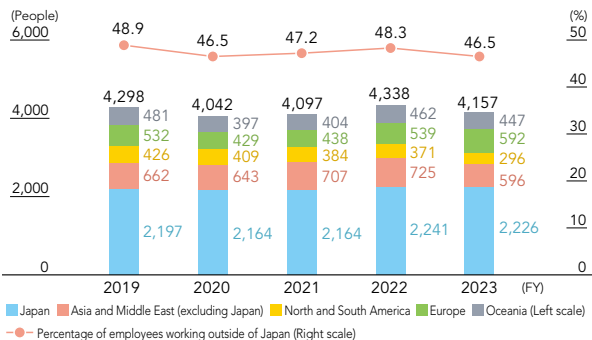
Note: The target for eligible male employees taking childcare leave, including the company's unique leave system, is 100% for fiscal 2026.

Global Human Resources

The group aims to be an organization in which diverse human resources can play an active role regardless of race or nationality. Currently, regions outside Japan account for approximately 50% of the group’s revenue, and roughly half of our employees are non-Japanese. To secure and nurture human resources who can work globally, we are committed to creating a work environment where employees of different nationalities, religions, and lifestyles can cooperate and demonstrate their individuality, experience, skills, and other abilities.

Number of Employees by Region and Percentage of Employees Working Outside of Japan

(Consolidated)

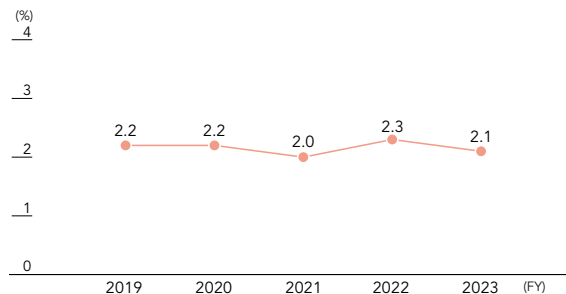


Employment of People with Disabilities

We are committed to facilitating the employment of people with disabilities. When hiring people with disabilities, securing an appropriate employment opportunity that takes their specific circumstances into consideration is something we take very seriously. We make decisions about work locations and duties after talking with each employee about the nature of their disability and their areas of expertise. We will continue to expand the employment opportunities for people with disabilities, and promote initiatives that enable them to make the most of their skills.

Percentage of Employees with Disabilities

(Parent company)



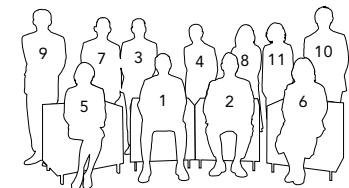
Promoting Understanding of LGBT Issues

In order to maintain a work environment where people from different backgrounds can respect each other and make the most of their abilities, we are moving forward with initiatives to promote proper understanding, awareness, and unbiased treatment of LGBT employees and other minority groups through internal measures such as posting information on intranet bulletin boards and conducting harassment prevention training. In our Charter of Corporate Behavior and the Code of Conduct for Executives and Employees, the group clearly states that it will not engage in any conduct that infringes on human rights, such as discriminatory behavior related to sexual orientation or gender identity.

Management Team (As of June 26, 2024)



- | | | | | | |
|---|---|--|---|--|---|
| 1 Akihiko Watanabe
Representative Director,
President & CEO | 2 Chihiro Katsuta
Representative Director | 3 Kazuhiko Sakurai
Director | 4 Tetsuo Izawa
Director | 5 Sumiko Takeuchi
Outside Director | 6 Yoko Suzuki
Outside Director |
| 7 Hiroshi Takahashi
Outside Director | 8 Rie Uesaka
Full-time Audit & Supervisory
Board Member | 9 Naofumi Higuchi
Outside Audit & Supervisory
Board Member | 10 Mitsutaka Honda
Outside Audit & Supervisory
Board Member | 11 Miyuki Fukushima
Outside Audit & Supervisory
Board Member | |



Directors

Akihiko Watanabe*

Representative Director, President & CEO

April 1982 Joined the Company
June 2016 Director of the Board
Executive Vice President
April 2017 Representative Director, President of the Company
April 2023 Representative Director, President & CEO of the Company
(present position)

Sumiko Takeuchi

Independent

Outside Director

June 2019 Outside Director of the Company (present position)

Significant Concurrent Positions

Director and Senior Fellow of International Environment and Economy Institute
Co-representative of U3Innovations LLC
Specially Appointed Professor at Tohoku University
Outside Director of GRID INC.
Outside Director and Audit Committee Member of NIPPON STEEL CORPORATION

Chihiro Katsuta*

Representative Director

April 1982 Joined the Company
June 2016 Director of the Board
Executive Vice President
April 2017 Director of the Board
Senior Executive Vice President
June 2019 Representative Director
Senior Executive Vice President (present position)

Yoko Suzuki

Independent

Outside Director

June 2022 Outside Director of the Company (present position)

Significant Concurrent Positions

Partner of Suzuki Sogo Law Office
Outside Director and Member of the Audit Committee of Bridgestone Corporation
Outside Director and Audit and Supervisory Committee Member of Nippon Pigment Company Limited
External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.
Auditor of NATIONAL ARCHIVES OF JAPAN
Auditor of Maison franco-japonaise

Kazuhiro Sakurai*

Director

April 1982 Joined the Company
June 2015 Director of the Board
Executive Vice President
June 2019 Director of the Board
Senior Executive Vice President (present position)

Hiroshi Takahashi

Independent

Outside Director

June 2023 Outside Director of the Company (present position)

Significant Concurrent Positions

None

Tetsuo Izawa*

Director

April 1981 Joined the Company
June 2021 Director of the Board
Senior Executive Vice President (present position)

* Director of the Board also serving as an Executive Officer

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

Audit & Supervisory Board Members

Rie Uesaka

Full-time Audit & Supervisory Board Member

April 1986 Joined the Company
June 2020 Full-time Audit & Supervisory Board Member of the Company (present position)

Naofumi Higuchi

Independent

Outside Audit & Supervisory Board Member

June 2016 Outside Audit & Supervisory Board Member of the Company (present position)

Significant Concurrent Positions

Representative of Higuchi Certified Public Accountant Office
Professor at Tohoku University Accounting School
Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.
Director of the Japanese Institute of Certified Public Accountants
Auditor of JMA Consultants Inc.

Mitsutaka Honda

Outside Audit & Supervisory Board Member

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

Significant Concurrent Positions

Attorney of Marunouchi Law Office
Director of EBIC Co., Ltd.

Miyuki Fukushima

Independent

Outside Audit & Supervisory Board Member

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

Significant Concurrent Positions

Representing Partner of FLAIR Accounting Firm
Representative Director and President of MID POINT Corporation
Outside Director and Audit and Supervisory Committee Member of NIPPON DENSETSU KOGYO CO., LTD.

Executive Officers

President & CEO

Akihiko Watanabe

Executive Vice Presidents

Yasushi Takei

Administration, Planning & Sustainability

Fumio Watanabe

CIO

Senior Vice Presidents

Koji Ukeguchi

General Manager, Newsprint & Publication Paper Sales Division

Kagetaka Matsuura

General Manager, Paper Merchant & Printer Sales Division

Masaaki Sato

General Manager, International Business Division

Susumu Tanaami

General Manager, Chubu Branch

Hiroshi Kashima

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

Executive Officers

Shinsuke Yamamoto

General Manager, Corporate Sustainability Division

Kenichiro Fujii

General Manager, Finance & Administration Division

Shigeyuki Sasaki

General Manager, Corporate Planning Division

Hisaaki Matsuoka

General Manager, Purchasing Division

Kozo Nishio

General Manager, Industrial Materials Sales Division

Seiichi Suganuma

General Manager, Functional Materials Sales Division

Yutaka Endo

General Manager, Raw Materials & Environmental Business Division

Satoshi Wada

Deputy General Manager, Kansai Branch

Shuichi Takeoka

General Manager, Kyushu Branch

Toshihiko Kitayama

General Manager, Kitanihon Branch

Takeyuki Matsuura

President, JP Household Supply Co., Ltd.

Hiroyuki Ito

Vice President, JP Corelex Holdings Co., Ltd.

Takahiro Miyata

Managing Director, Ball & Doggett Group Pty Ltd

Roundtable Discussion among the Outside Directors



In aiming to realize OVOL Vision 2030, it is essential for the group to set a concrete path for how it will collaborate with stakeholders, drive transformation, and achieve growth.

Role of an Outside Director

Takahashi It has been one year since I was appointed as an outside director of Japan Pulp & Paper. To briefly share my background, I have 40 years of experience as a banker. Specifically, I have worked in areas such as screening and sales, as well as human resources and internal control.

In my view, the role of an outside director is to monitor financial strategy, investment strategy, human capital management, internal controls, and other areas, and provide management oversight, thereby facilitating a company's ability to achieve sustainable growth and enhance its medium- to-long-term corporate value. By oversight, I do not mean acting from a superior position, but rather supporting management by closely offering advice not only on prudent risk management (risk hedging) but also on appropriate risk-taking. Instead of optimizing individual aspects of management strategy, I take an optimal overall approach while avoiding the limitations of internal conventions (routine practices). I also strive to contribute by drawing on my knowledge as a banker to provide input on the company's intended course from an objective position while remaining firmly aware of investor perspectives.

■ Sumiko Takeuchi Outside Director

Joined Tokyo Electric Power Company (TEPCO) in 1994. Since 2012, she has served as director and senior fellow at the International Environment and Economy Institute (present position). She holds a PhD in Engineering from the School of Engineering at the University of Tokyo. She also serves as a specially appointed professor at Tohoku University, co-representative of U3Innovations LLC, and outside director and Audit & Supervisory Committee member of NIPPON STEEL CORPORATION. She has been serving as an outside director of Japan Pulp & Paper since 2019.

■ Yoko Suzuki Outside Director

Registered as an attorney in 1998. She has held various positions, including outside Audit & Supervisory Board member of Seven & i Holdings Co., Ltd. She currently also serves as outside director and member of the Audit Committee of Bridgestone Corporation and as auditor of NATIONAL ARCHIVES OF JAPAN. She was appointed as an outside director of Japan Pulp & Paper in 2022.

■ Hiroshi Takahashi Outside Director

Joined Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited) in 1985. He has held various positions, including managing executive officer of Sumitomo Mitsui Trust Bank, Limited, representative director and vice president of Japan Trustee Services Bank, Ltd., and director and senior managing executive officer of Custody Bank of Japan, Ltd. He currently serves as an advisor at Custody Bank of Japan, Ltd. He was appointed as an outside director of Japan Pulp & Paper in 2023.

Suzuki As an attorney now in my 27th year, with over 21 years of experience as an outside officer for listed companies, I have been involved in compliance and governance, including the provision of legal services, for companies and organizations of various sizes in different industries. As an outside director of Japan Pulp & Paper, I feel that, in addition to compliance and governance, the group's Corporate Philosophy and the corporate culture of "trust" that has been built up over its long history are important. I intend to contribute to the development of frameworks for sustainable management, which will support the company's pursuit of sustainable growth and solutions to social issues.

Takeuchi After gaining experience mainly in the environmental division of an electric power company, I became independent and have since been involved in environmental and energy policy research and advisory services, serving in roles such as a member of several think tanks, as a visiting professor at a university, and as a government delegate. Given that the environment and energy fields are now central to the management of Japan Pulp & Paper, I see one of my roles as outside director as providing long-term perspectives on management, informed by international trends.

Current State of Corporate Governance

Takahashi With regard to management and corporate governance at Japan Pulp & Paper, what has left the strongest impression on me during the past year is the enthusiasm with which the management team tackles issues such as strategy and the extremely lively discussions that take place during Board meetings. I believe that the company's governance framework, particularly the balance between execution and oversight, is functioning well, contributing to robust governance. My impression is that internal controls and corporate governance are functioning adequately thanks mainly to the attitude of top management, and internal audits are thoroughly conducted via on-site inspections.

I believe one area that could potentially be improved is group governance, including for subsidiaries outside of Japan. Although the company is named Japan Pulp & Paper, half of the group consists of companies located outside Japan. The company has adopted a "glocal" approach, delegating some degree of control to local management. Moreover, the growth strategy relies heavily on non-Japan M&As, and the expectation is that it will continue to add several companies each year. An extremely important challenge is therefore how to strengthen group governance within this glocal framework. I believe that further enhancing group governance and generating additional synergies will tie directly into the group slogan, "Paper, and beyond."

Suzuki One characteristic of governance here, as recognized by Mr. Takahashi, is the meticulous information-sharing and strong cooperation between the Audit & Supervisory Board, the Internal Audit Department, and the Board of Directors. The Audit & Supervisory Board operates through cooperation between full-time and outside auditors, ensuring appropriate reporting to the Board of Directors. Furthermore, the Internal Audit Office visits group companies, and produces detailed reports for presentation to relevant people. I believe this defensive governance approach is functioning effectively within the group.

As the group is actively pursuing M&As to support sustainable growth, offensive governance is also crucial. In recent years, many companies have newly joined the group inside and outside of Japan across different timelines and various industries, including both wholesaling and manufacturing. With this in mind, I believe that focusing not only on defensive governance but also on offensive governance—particularly in terms of group governance—will strengthen overall organizational capabilities and support sustainable growth.

Takeuchi Although this is an observation that relates more to corporate culture than governance, I find Japan Pulp & Paper to be a forthright, honest, and sincere company. For example, when there is bad news, or even when something is identified before it becomes an issue, President Watanabe

always shares it at the start of Board meetings. I therefore feel the company takes a proactive stance to sharing not just good news but, more importantly, bad news.

However, given the company's long history, there are times when I sense a high degree of homogeneity. As an outside director representing stakeholders such as investors, I sometimes wonder if certain perspectives or approaches are taken for granted. It is important that internal standards do not conflict with social norms, and I believe it is the responsibility of outside directors to act as a bridge between the company and the outside world.

Operation of the Board of Directors' Meetings

Suzuki At Board meetings, substantive discussions are held in a free and open manner, without distinction between internal and external directors. These discussions focus on topics that support the sustainable growth of the group, such as OVOL Vision 2030, OVOL Medium-term Business Plan 2026, and various management challenges. For example,



Roundtable Discussion among the Outside Directors

during the formulation of the new medium-term business plan, we thoroughly reviewed the results of the previous plan, for which the quantitative targets were achieved, and spent time discussing everything from the background for the new plan to the process of setting goals using backcasting.

Takeuchi As Ms. Suzuki mentioned, the Board of Directors actively engages in discussions that contribute to improvements in corporate value, and my assessment is that the Board is fulfilling its role. In preparing OVOL Medium-term Business Plan 2026, detailed discussions that included analysis and confirmation of the management environment and other factors were held. In these discussions, President Watanabe stated that he “poured his soul” into the plan. I consider this a rare and exceptional statement that reflects his strong will as a manager. As such, the plan incorporates realistic goals designed for practical implementation, and I have high expectations for the execution of future strategies.

Takahashi During the formulation of OVOL Medium-term Business Plan 2026, progress updates were provided four to five times. From a backcasting perspective, the key point is to

consider what transformations are needed starting from the present moment and how to achieve growth in pursuit of the long-term vision, and subsequently articulate a concrete path to reach the envisioned destination. President Watanabe demonstrated significant leadership in establishing the necessary frameworks, and I believe this is reflected in the plan. As a result, I believe an excellent plan was developed.

In my view, two key areas of OVOL Medium-term Business Plan 2026 are the transformation of awareness regarding consolidated management and the strengthening of human resources. I will first address the transformation of awareness regarding consolidated management. This overlaps with what I mentioned earlier, namely, the further enhancement of group governance. Raising awareness of consolidated management among all group employees is essential for implementing the first of the three fundamental principles of the plan: “Expand communication within and outside the group to significantly increase the value provided by our functions, services, and other offerings.” The next important issue in the plan is the strengthening of human resources or, put differently, human capital investment. This involves exploring how to enhance the skills of group employees and increase the value of human capital. For example, we may consider sending employees from the head office to subsidiaries outside Japan or appointing them as executives of such companies. Conversely, bringing foreign management personnel to the head office is another option to consider. A rotation of talent, including personnel from other countries, is necessary. Such efforts will eventually lead to the development of management talent, and ultimately translate into a succession plan for executive roles.

However, as outside directors, we still lack a full understanding of the company’s personnel systems. For example, we are not yet familiar with the details of areas such as personnel structures and salary and bonus systems. Going forward, I believe it will be essential to hold discussions outside of Board meetings, focusing on specific themes to promote human capital management within the group.

Takeuchi On the topic of human capital, I believe the challenge lies in deciding whether to develop generalists or specialists. Both approaches have pros and cons, so I believe we need to consider human capital management policies within an overall strategic framework by, for example, exploring the state of human capital management within the entire Japan Pulp & Paper Group.

Takahashi With regard to the evaluation of the Board’s effectiveness, the company conducts an annual self-assessment that is completed by each director, and requests input from each auditor. Based on this information, the effectiveness of the Board of Directors is evaluated, and I believe this properly ensures its effectiveness.

However, it is also important to assess effectiveness objectively. For example, while the current effectiveness evaluation questionnaire is well-designed, if repeated every year, it may become a routine exercise. In addition, from a third-party perspective, there may be feedback on the operation of Board meetings such as “conclusions are reached before discussions are finished” or “there is limited time for free discussion.” Governance has no predetermined goal, so I regard third-party evaluations and other inputs as a potential topic for future consideration with the view that they can energize Board discussions. I see no need to begin this process immediately, and I believe we should first enhance effectiveness by ensuring that outside directors fulfil their role, which is to bring external perspectives.

Suzuki At present, the Board consists of seven members, three of whom are outside directors—namely, an experienced corporate manager, a specialist in the environmental and energy fields, and an attorney. We each have a different perspective and work to ensure that important decisions are not made solely based on the insights of inside directors. I believe this enables the Board to effectively fulfill its roles and responsibilities.

To further enhance the effectiveness of the Board, the company holds preliminary briefings, typically two days before



Board meetings. Since last year, we have switched to a format where the executive officer responsible for the agenda presents the materials directly and shares comprehensive and detailed information, including background information on policies and measures. These thorough preliminary briefings enable the Board to concentrate on critical matters that need to be directly addressed with the management team.

Takahashi The preliminary briefings have proven effective. In the past, time was sometimes set aside at Board meetings to explain the background of the agenda, but now, thanks to the detailed preliminary briefings, discussions during Board meetings have become more focused on the core issues. This saves time, allowing us to cover more topics. In this way, we aim to improve the efficiency of the Board.

Takeuchi I believe it is crucial to translate the discussions of the Board of Directors into action throughout the entire group, leading to self-driven change. We need to encourage a spontaneous internal movement where employees are motivated to change and drive transformation themselves. I hope that suggestions from outside directors, as third parties, can serve as a catalyst for positive influence on these internal changes.

Suzuki In addition, the diversity of the Board, which is a prerequisite for its effectiveness, is sufficiently ensured, as is evident from our skills matrix. There are no pressing issues regarding the current skill set of the Board of Directors, and I do not see the need for immediate changes. However, as the group continues to achieve sustainable growth, this will remain an issue that I believe should continue to be discussed.

Takeuchi On the skills front, my impression is that the composition of the Board is extremely well-balanced. The proportion of female directors is also notably high for a company with such a long history. Regarding the skills matrix, while many companies generally indicate the relevant areas,

Japan Pulp & Paper goes a step further by articulating how these skills are necessary for realizing the group's growth story. I believe it is important to not merely disclose a skills matrix, but also to spell out how it ties in with the company's objectives. This helps us better understand what is expected of us.

Toward the Realization of OVOL Vision 2030

Takeuchi Although this may be a somewhat general observation, it is fair to say that, from a sustainability perspective, the actions an individual company can take are quite limited. This is why it is becoming increasingly important to collaborate across the entire supply chain under a long-term vision. As a distribution company with a long history, the company is in a position to connect diverse stakeholders, and I believe our role in this is significant. Returning to this principle and collaborating with stakeholders to move toward a broader vision is essential, and I recognize that the group is extremely proactive in this regard. However, as a company with a corporate culture centered on forthrightness, honesty, and sincerity, I believe the key challenge will be how flexible and resilient it can be in responding to changes in the environment. In these rapidly changing times, I aim to serve as an outside director who functions as a representative of all stakeholders.

Suzuki I believe that the group operates in a sector where social value and economic value can coexist more easily. For example, the group contributes to the reduction of plastic usage by promoting paper alternatives and has recycling businesses for both paper and plastic. I hope that it continues to steadily communicate this value, as well as the strengths of its traditional networks and the collective power of its diverse group companies, to all stakeholders at every opportunity.

As an outside director, I want to reaffirm to stakeholders that I will continue to closely monitor the progress of OVOL Medium-term Business Plan 2026 as the group strives to



achieve its long-term vision. In addition, since the group is committed to sustainable management, I aim to monitor its effective implementation by obtaining information that is closely related to on-site operations. Last year, I had the opportunity to visit a logistics facility, and I plan to pay close attention to how well the targets of the plan align with on-site realities going forward.

Takahashi The group has roughly 180 years of history, and sustainable management will be key to ensuring it continues to exist and grow 100 or 200 years from now. The necessary foundation for this will be human capital management, and strengthening this area will lead to better sustainable management, creating a virtuous cycle that will further enhance human capital management. I hope to help in this process from a management oversight position. Furthermore, as Japan makes strides in becoming a nation that excels in asset management, calls for management that takes into account capital cost and stock prices will only grow further. I therefore hope to fulfill my function in management oversight in my own way from an investor's perspective.

Governance

Approach to Governance

The Japan Pulp & Paper Group recognizes that further promoting corporate governance and strengthening compliance and risk management are critical to the sustainable improvement of corporate value. As such, “governance” is one of the themes we identified for our material issues.

Corporate Governance

Overview

(As of June 26, 2024)

Number of Directors	Number of Audit & Supervisory Board members	Number and ratio of independent officers	Number and ratio of female executives	Organizational structure	Number of meetings of the Board of Directors*	Number of meetings of the Audit & Supervisory Board*	Number of meetings of the Nomination and Compensation Advisory Committee*
7 (3 outside directors)	4 (3 outside Audit & Supervisory Board members)	5 (45%) (3 outside directors) (2 outside Audit & Supervisory Board members)	4 (36%) (2 outside directors) (1 full-time Audit & Supervisory Board member) (1 outside Audit & Supervisory Board member)	Company with an Audit & Supervisory Board	18	13	1

* Number of meetings in fiscal 2023

Basic Stance

The Japan Pulp & Paper Group has established its Corporate Philosophy, which consists of Our Corporate Spirit (the values we cherish), Our Mission, and Our Principles, which states the principles that the group’s executives and employees adhere to. The group conducts business activities based on the slogan “Paper, and beyond.” We have also established a Charter of Corporate Behavior. We are committed to complying with all laws and regulations,

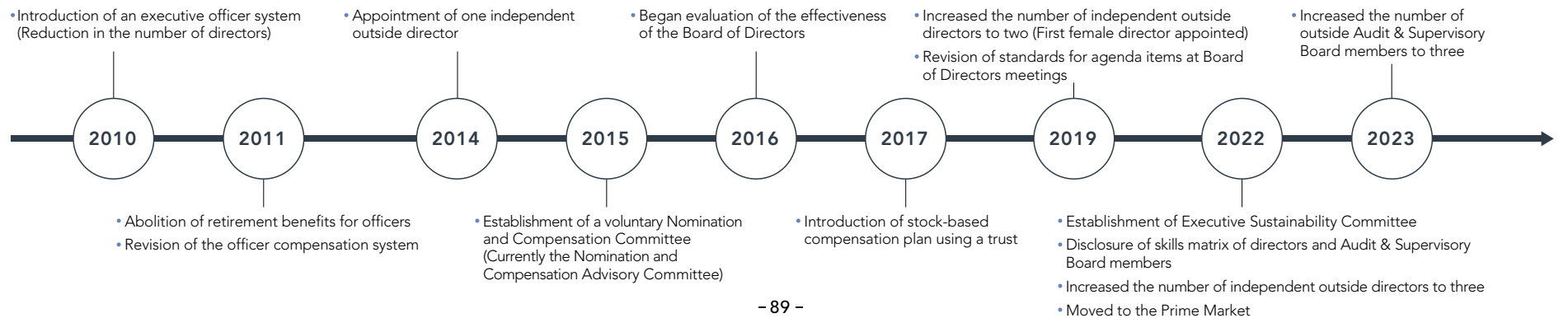
promoting fair and appropriate transactions and responsible procurement, and realizing coexistence and co-prosperity with stakeholders.

In line with its Corporate Philosophy and Charter of Corporate Behavior, the Japan Pulp & Paper Group’s basic approach to corporate governance is to fulfill its accountability, build good relationships with shareholders and investors, employees, customers, business partners, communities,

and all other stakeholders, and to practice efficient, fair, and transparent management to ensure the group’s sustainable growth and increase corporate value over the medium-to-long-term.

The group will continue to further enhance and strengthen corporate governance.

Initiatives to Strengthen Governance

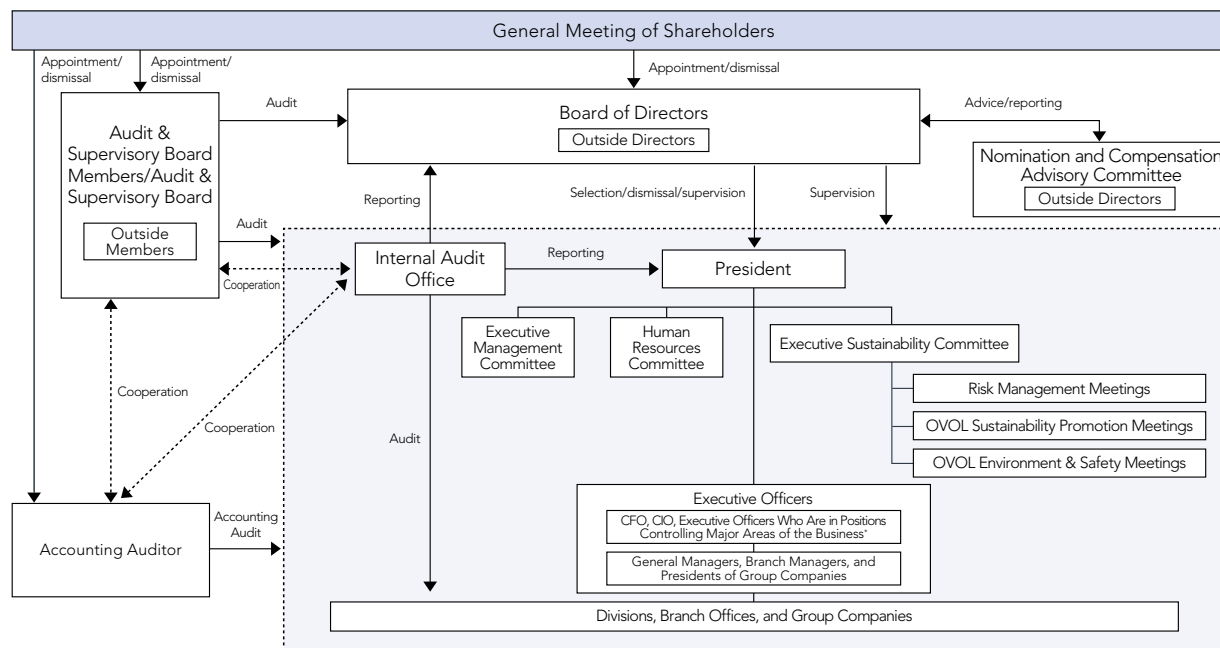


Overview of Corporate Governance Structure

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 or possess a high level of expertise. Additionally, the company has introduced an executive officer system for the purpose of clarifying duties and responsibilities and increasing flexibility in the execution of operations to respond to rapid changes in the business environment.

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

■ Corporate Governance Structure



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

Board of Directors

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

Composition 7 directors, including 3 outside directors

Number of meetings held Held 18 times in fiscal 2023

Chairperson Representative director, President

Main agenda items for fiscal 2023

Distribution of dividends from retained earnings, transfer of real estate held by group companies, overseas M&A, formulation of the medium-term business plan, officer compensation (extension of the Board Benefit Trust (BBT) plan), acquisition of treasury shares, confirmation of appropriateness of cross-shareholdings, establishment of new regulations and improvement of related provisions regarding compliance with the Act on Prohibition of Private Monopolization and the Maintenance of Fair Trade, sustainability, and matters related to the effectiveness of the Board of Directors

Audit & Supervisory Board

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

Composition 1 full-time Audit & Supervisory Board member and 3 outside Audit & Supervisory Board members

Number of meetings held Held 13 times in fiscal 2023

Governance

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee was established to discuss and report on personnel-related matters and compensation for directors and Audit & Supervisory Board members. The committee meets at least once a year and whenever necessary.

Composition	Representative director, President (chairperson), 3 independent outside directors
Number of meetings held	Held 1 time in fiscal 2023
Main agenda items for fiscal 2023	<ul style="list-style-type: none"> • Proposal for election of director candidates • Proposal for election of candidates for Audit & Supervisory Board members • Deliberation on base monthly compensation for directors by position • Deliberation on base amount of bonuses by position and performance linked system • Deliberation on base amount of stock-based compensation by position

Executive Management Committee

Based on committee rules, the Executive Management Committee meets regularly twice a month and whenever necessary to discuss significant matters concerning the group's management and business execution, and to formulate management policies and business plans.

Composition	Representative director, President (chairperson); full-time directors; CIO; executive officers who are in positions controlling major areas of the business;* (observer) full-time Audit & Supervisory Board member
Number of meetings held	Held 24 times in fiscal 2023

Executive Officers

The company has appointed a total of 27 executive officers, including four who are also directors as of June 26, 2024. Executive officers who are also directors, or who are in positions controlling major areas of the business,* oversee group business as a whole, and assist the president with each major management target to support achievement of common group targets. Other executive officers focus on fulfilling their respective roles and improving results as general managers, branch managers, or presidents of group companies.

Human Resources Committee

Based on committee rules, the Human Resources Committee meets regularly once a month and whenever necessary, in order to determine important personnel measures necessary for the strategic business development of the group, and to optimize the allocation of human resources in the group.

Composition	Representative director, President (chairperson); the CFO (vice chairperson); CIO; executive officers who are in positions controlling major areas of the business;* branch general managers of the Kansai Branch and Chubu Branch
Number of meetings held	Held 12 times in fiscal 2023

Executive Sustainability Committee

Based on committee rules, the Executive Sustainability Committee meets regularly once a quarter and whenever necessary. The committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives. Progress and action plans are reported regularly to the Board of Directors, and specific initiatives are entrusted to subordinate organizations, such as the Risk Management Meetings, the OVOL Sustainability Promotion Meetings, and the OVOL Environment & Safety Meetings.

Composition	Representative director, President (chairperson); full-time directors; CIO; executive officers who are in positions controlling major areas of the business;* (observer) full-time Audit & Supervisory Board member
Number of meetings held	Held 15 times in fiscal 2023

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

Group Governance

With regard to business management of group companies, prior approval of the parent company is required for important decisions in accordance with the Rules on the Management of Affiliates, while respecting the independence of group companies. Particularly important matters as defined in the rules require approval by the Board of Directors. In addition, each group company reports its business conditions and financial results to the department in charge of group company management on a regular basis. Reports are also made in a timely manner in the event of disasters, accidents, misconduct, or other events, including environmental and occupational safety issues.

To ensure proper group governance, the Internal Audit Office supports the internal control promotion system, while conducting periodic audits of group companies and providing guidance on areas for improvement. In addition to receiving reports such as those described above on a regular basis, Audit & Supervisory Board members verify the business reports of group companies and exchange information and opinions at subsidiary auditor liaison meetings. In particular, for matters related to companies that have newly joined the group and group companies of high importance, Audit & Supervisory Board members directly engage in dialogue with the management team, managers, and personnel in administration divisions and conduct on-site audits and inspections or use an online format.

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

Approach to the Diversity of the Board of Directors

To ensure diversity (regardless of gender, nationality, race, or age) in management, adapt to changes in the business environment, maximize corporate value, 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 specialized knowledge of sustainability issues.

Skills Matrix of Directors and Audit & Supervisory Board Members

The major areas of expertise and experience of directors and Audit & Supervisory Board members are as follows.

(As of June 26, 2024)

Name	Position	Independent officer	Nomination and Compensation Advisory Committee	Number of years in office	Major areas of expertise and experience							
					Industrial insight	Corporate management	Sales	Global	Finance and accounting	Legal affairs and compliance	Human resource management	Sustainability
Akihiko Watanabe	Representative Director, President & CEO		○ Chairperson	8	●	●	●	●		●	●	
Chihiro Katsuta	Representative Director, Senior Executive Vice President			8	●	●	●			●	●	●
Kazuhiko Sakurai	Director, Senior Executive Vice President			7	●	●	●					●
Tetsuo Izawa	Director, Senior Executive Vice President			3	●	●	●					●
Sumiko Takeuchi	Director (outside)	○	○	5		●		●				●
Yoko Suzuki	Director (outside)	○	○	2						●	●	●
Hiroshi Takahashi	Director (outside)	○	○	1		●	●			●		●
Rie Uesaka	Audit & Supervisory Board Member (full-time)			4	●	●		●		●		
Naofumi Higuchi	Audit & Supervisory Board Member (outside)	○		8				●		●	●	
Mitsutaka Hondo	Audit & Supervisory Board Member (outside)			1							●	●
Miyuki Fukushima	Audit & Supervisory Board Member (outside)	○		1		●				●		

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

Governance

■ Reasons for Selection of Skills and Evaluation Criteria

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

Item	Reason for Selection	Evaluation Criteria
Industry insight	<ul style="list-style-type: none"> Necessary to have people who can make appropriate decisions and supervise important business operations as part of a leading paper distribution company 	<ul style="list-style-type: none"> Directors who are promoted to the position from within the company Experience in management at other companies in related industries Experience as a director of an industry association
Corporate management	<ul style="list-style-type: none"> Necessary to have people who can effectively develop sustainable growth strategies, and execute and supervise operations amid major changes in the business environment Necessary to have people who can utilize management experience at other companies as an outside officer 	<ul style="list-style-type: none"> Experience as a director of Japan Pulp & Paper or executive officer in a position controlling major areas of business Experience as a president of a subsidiary (Outside officers) Experience as a representative director, president or vice president, etc., at other companies Experience as an entrepreneur
Sales	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in sales as our main business is wholesaling and distribution 	<ul style="list-style-type: none"> Experience in management of departments related to sales, marketing, and procurement
Global	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in management outside of Japan and understanding of such business environments in order to achieve global growth and expand our Non-Japan Wholesaling segment 	<ul style="list-style-type: none"> Experience in management of departments related to business outside of Japan Experience as an officer of a subsidiary outside of Japan Experience as a member of an international organization Experience as a participant in international conferences
Finance and accounting	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in the fields of finance and accounting in order to formulate a financial strategy for ensuring accurate financial reporting, build a sound financial base, promote M&A, and maintain stable dividends 	<ul style="list-style-type: none"> Management experience related to financial management, fund procurement, loans, and accounting Necessary to have people with relevant knowledge and experience, certified public accountants, tax accountants, etc.
Legal affairs and compliance	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in the fields of governance, risk management and compliance, in order to further enhance governance and compliance, which are the foundations for ensuring sustainable growth in corporate value 	<ul style="list-style-type: none"> Management experience related to risk management and compliance departments Experience as a member of a third-party committee Necessary to have people with relevant knowledge and experience, lawyers, etc.
Human resource management	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in the fields of human resource development and management in order to further strengthen human capital, which is our most important form of management capital 	<ul style="list-style-type: none"> Experience as a chairperson of a human resource committee, or in the management of a human resource department
Sustainability	<ul style="list-style-type: none"> Necessary to have people with extensive knowledge and experience in the fields of sustainability, ESG, and the SDGs in order to respond to sustainability issues, as they are material management issues that not only reduce risks but also lead to new profit opportunities 	<ul style="list-style-type: none"> Experience in management of a department related to sustainability, ESG, the SDGs, renewable energy, etc. Experience as a member of advisory bodies and various organizations on sustainability, ESG, and the SDGs Consultants, people with relevant knowledge and experience, and examiners

Standards for the Selection of Directors and Audit & Supervisory Board Members

The Nomination and Compensation Advisory Committee, which is comprised mainly of outside directors, nominates candidates for director and Audit & Supervisory Board member positions from among those who we expect will make significant contributions to the company and are considered indispensable for its development. Candidates should also display outstanding character and insight. A resolution on their nomination is then made by the Board of Directors. The Board also obtains the prior consent of Audit & Supervisory Board members with respect to candidates for Audit & Supervisory Board member positions.

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

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

Reasons for Electing Outside Directors and Audit & Supervisory Board Members

	Name	Independent officer	Reason for appointment	Attendance at meetings in the fiscal year ended March 31, 2024	
				Board of Directors	Audit & Supervisory Board
Outside Directors	Sumiko Takeuchi	○	Sumiko Takeuchi was involved for many years in nature and environmental conservation at her previous company. Since retiring from that post, she has been engaged in research in the fields of the environment and energy at an NPO, universities and other organizations, and has conducted wide-ranging research and advocacy activities in the fields of the environment and energy. She has also served in a large number of public roles, including as a government delegate. The company elected her as an outside director to supervise and provide advice on the overall management of the group, and to contribute to strengthening corporate governance from an objective, professional standpoint, using her advanced professional knowledge and abundant experience as stated above. Significant concurrent positions: Director and Senior Fellow of International Environment and Economy Institute; Co-representative of U3Innovations LLC; Specially Appointed Professor at Tohoku University; Outside Director of GRID INC.; Outside Director of NIPPON STEEL CORPORATION	17/18 (94.4%)	—
	Yoko Suzuki	○	Yoko Suzuki has not been involved in the management of a company other than as an outside director and Audit & Supervisory Board member, but possesses abundant knowledge and experience in corporate legal affairs, having served as an outside director and Audit & Supervisory Board member at several companies, and as a director and auditor at several corporations, in addition to her advanced professional knowledge as a lawyer. The company elected her as an outside director to supervise and provide advice on the overall management of the group, and to contribute to strengthening corporate governance from an objective, professional standpoint, using her advanced professional knowledge and abundant experience as stated above. Significant concurrent positions: Partner of Suzuki Sogo Law Office; Outside Director and Member of the Audit Committee of Bridgestone Corporation; Outside Director and Audit and Supervisory Committee Member of Nippon Pigment Company Limited; External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.	18/18 (100%)	—
	Hiroshi Takahashi	○	Hiroshi Takahashi has a wealth of knowledge and experience in corporate management, having worked in a variety of operations at financial institutions for many years and served as an executive officer and director. The company elected him as an outside director so he can utilize his experience and deep insight to supervise and provide advice on the overall management of the group, and to contribute to strengthening corporate governance from an objective and professional standpoint. Significant concurrent positions: None	14/14 (100%)	—
Outside Audit & Supervisory Board Members	Naofumi Higuchi	○	Naofumi Higuchi has experience in auditing many companies as a certified public accountant. He has a wealth of knowledge related to finance and accounting, and is well-versed in corporate accounting. Currently, in addition to operating his own certified public accounting office, he is serving as a professor at Tohoku University Accounting School. He has also served as an outside Audit & Supervisory Board member of the company since 2016 and has sufficient knowledge of the group's business operations to fulfill his responsibilities, including providing recommendations and advice to the Board of Directors and business execution divisions based on his extensive experience, broad insight, and professional perspective. Significant concurrent positions: Professor at Tohoku University Accounting School; Representative of Higuchi Certified Public Accountant Office; Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.; Director of the Japanese Institute of Certified Public Accountants; Auditor of JMA Consultants Inc.	18/18 (100%)	13/13 (100%)
	Mitsutaka Hondo	—	Mitsutaka Hondo has extensive practical experience as an attorney-at-law, deep insight into legal and compliance matters as well as specialized knowledge and abundant experience. He is also well-versed in corporate legal affairs. The company elected him as an outside Audit & Supervisory Board member because it believes that his wealth of experience and knowledge will be reflected in its audits and contribute to strengthening the company's audit function and governance structure. Significant concurrent positions: Attorney of Marunouchi Law Office	14/14 (100%)	10/10 (100%)
	Miyuki Fukushima	○	After leaving her previous company, Miyuki Fukushima has since been involved in taxation and accounting for many companies as a certified tax accountant and currently represents a tax accounting firm. The company elected her as an outside Audit & Supervisory Board member so she can utilize her high level of expertise and broad experience in taxation and accounting in audits, and contribute to strengthening audit functions and the governance system. Significant concurrent positions: Representing Partner of FLAIR Accounting Firm; Representative Director and President of MiD POINT Corporation; Outside Director and Audit and Supervisory Committee Member of NIPPON DENSETSU KOGYO CO., LTD.	14/14 (100%)	10/10 (100%)

Governance

Initiatives to Improve the Effectiveness of the Board of Directors

In fiscal 2023, a questionnaire survey on the effectiveness of all directors and Audit & Supervisory Board members was conducted, and was used as the basis of discussion by the Board of Directors. Based on the results, the number of outside officers has increased to six (55%), and there are now four female officers (36%) out of the total of 11 directors (including Audit & Supervisory Board members), further enhancing diversity. In addition, compared with the previous fiscal year, deliberations on topics such as group governance, internal control, risk management,

sustainability, and ESG were enhanced. Transparency in providing information to outside officers was also improved, and it was confirmed that lively discussions were taking place during meetings, ensuring the effectiveness of the Board of Directors is secured. On the other hand, skills in digital transformation (DX), manufacturing technologies, and quality/safety management were recognized as skills that will be necessary going forward. Moreover, areas such as group governance, internal control, risk management, sustainability, ESG, and evaluation of effectiveness of

investments, as well as management strategies related to DX and human capital were identified as themes to be further developed in discussions. Streamlining the agenda, simplifying reporting items, incorporating investor feedback into Board discussions, enhancing advance explanations, and reviewing methods for sharing materials were also recognized as issues to address. Taking this evaluation into account, we will make the necessary improvements and continue to secure and improve the effectiveness of the Board of Directors.

Fiscal 2022 Evaluation		Fiscal 2023 Evaluation	
Summary of Evaluation Results	The composition of the Board and operations were deemed appropriate, and open and lively discussions were held during Board meetings, ensuring the effectiveness of the Board of Directors.	Summary of Evaluation Results	The composition of the Board and content of discussions has been further enhanced, and transparency in providing information to outside officers has been maintained. Open and lively discussions continue to take place during meetings, ensuring the effectiveness of the Board of Directors.
Issues Identified (Themes for Further Development)	Management strategies, evaluation of effectiveness of investments, human capital initiatives, corporate governance including group governance, and internal control/risk management	Issues Identified (Themes for Further Development)	Streamlining the agenda, simplifying reporting items, incorporating investor feedback in Board discussions, enhancing advance explanations, and reviewing methods for sharing materials
Response to Issues	Necessary improvements will be implemented as appropriate, and we will continue to maintain and enhance the effectiveness of the Board of Directors.	Response to Issues	Necessary improvements will be implemented as needed, and we will continue to maintain and improve the effectiveness of the Board of Directors.

Director and Audit & Supervisory Board Member Training

Internal organizations such as the General Affairs Department and Internal Audit Office appropriately provide information and access to the knowledge necessary for directors and Audit & Supervisory Board members to fulfill their duties. In addition, outside directors and outside Audit & Supervisory Board members are provided with explanations of the company's business environment and other information concerning their roles when they are appointed. In this way, we work to enhance their understanding of the required roles and responsibilities. Moreover, each member also actively participates in seminars and information exchange meetings organized by external organizations such as the Japan Foundation for Accounting Education and Learning.

In October 2023, training on business and human rights was held with external experts invited to conduct the session in person.

Officer Compensation

1 Basic Policy

Compensation of the company's directors consists of three types: base compensation paid according to the director's role and responsibilities, performance-based bonuses as a short-term incentive, and stock-based compensation, which raises directors' awareness of contributing to medium-to-long-term corporate value and clarifies the linkage of that value with the company's stock price. The company's basic policy is to set each director's compensation at an appropriate level, taking the director's duties into consideration. Regarding the compensation ratio by compensation type, there are no major differences based on position, but higher-ranking directors have a higher ratio of performance-based compensation.

In view of their duties, outside directors are paid only base compensation.

3 Process for Determining Officer Compensation

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

The Nomination and Compensation Advisory Committee deliberates on the compensation of directors and the Board of Directors makes a resolution based on compensation limits approved at the General Meeting of Shareholders. The allocation of base compensation and bonuses for each individual is determined by the representative director, president based on a resolution of the Board of Directors.

2 Overview of Officer Compensation System

Base Compensation

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

Bonuses

Bonuses of the company's directors (excluding outside directors) are performance-based compensation that reflects consolidated business performance and are linked with the medium-term business plan. The amount of payment is calculated by multiplying the standard bonus

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

Stock-based Compensation

The company has introduced a stock-based compensation plan using a Board Benefit Trust (BBT) plan. As stock-based compensation for directors (excluding outside directors), the company contributes up to JPY270 million (over three fiscal years) as funds for stock acquisition in accordance with the company's stock-granting regulations, and grants a total of up to 30,000 points (1 point = 1 share) per fiscal year, with the number of points determined in accordance with the position of each director. Directors shall receive the company's shares upon their retirement from office, in principle.

4 Compensation (Fiscal 2023)

Compensation System

Officer category	Aggregate compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of officers eligible
		Monetary compensation		Non-monetary compensation	
		Base compensation	Performance-based bonuses	Stock-based compensation	
Directors (excluding outside directors)	276	119	110	46	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	24	24	—	—	1
Outside officers	73	73	—	—	8

Note: As of the end of fiscal 2023, 7 directors (including 3 outside directors) and 4 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members) are eligible.

Governance

Approach to 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 assessment of whether the earnings from transactions and dividends exceed cost of capital, as well as a qualitative assessment of the medium-to-long-term business relationship with the company in question. If a company's holdings are determined to be no longer necessary, they are sold to reduce our holdings.

In exercising voting rights for cross-shareholdings, the company examines proposals from the perspective of whether they will lead to medium-to-long-term improvement

in the corporate value of the company in question and whether they are likely to damage our corporate value. A decision for or against the proposal is then made.

Status of Cross-Shareholdings

	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024	Change from the Previous Year
Number of shares (of which, listed shares)	124 (58)	120 (56)	120 (56)	0
Amount recorded on the balance sheet (Millions of yen)	23,918	23,191	29,279	6,088
Percentage of consolidated net assets (%)	23.84	18.08	21.16	3.09 points

Message from the Full-Time Audit & Supervisory Board Member



Rie Uesaka

Audit & Supervisory Board Member
(full-time)

The role and responsibility of Audit & Supervisory Board members is to live up to the trust shareholders have placed in them by auditing and supervising the execution of directors' duties. In this way, we help establish a sound corporate governance system. As a full-time Audit & Supervisory Board member, I attend important meetings such as meetings of the Executive Management Committee and the Executive Sustainability Committee, gather information on various issues, and, when necessary, have discussions with executives of the group. The content of the discussions is shared not only with other Audit & Supervisory Board members but also with outside directors.

One area of focus is group governance. Japan Pulp & Paper has been actively pursuing M&As to expand its business. In recent years, the number of group companies (both in and outside of Japan) has increased, and we are promoting efforts to strengthen group company audits to ensure proper management oversight. For example, each year we visit group

companies in and outside of Japan to conduct interviews and observe whether or not governance is functioning appropriately. Through collaboration with the Internal Audit Office and auditing firms as well as at subsidiary auditor liaison meetings, we work to standardize auditing processes and checklists. We also hold study sessions on financial and operational audits and exchange information.

Japan Pulp & Paper's business model and strengths have been cultivated over its long history, but there is now growing momentum to transform these elements and take on new challenges. I can sense that the company is in the process of change. In the midst of these changes, I am committed to supporting the company's transformation based on the belief that it is the responsibility of an Audit & Supervisory Board member to help establish a system for achieving sound and sustainable growth, creating medium-to-long-term corporate value, and living up to the trust placed in us by society.

Compliance


Approach to Compliance

The group recognizes compliance as one of the most important aspects of promoting sustainable management and has identified it as a material issue. Furthermore, our Charter of Corporate Behavior and Code of Conduct for Executives and Employees mandate strict adherence to laws and regulations based on our Corporate Philosophy. In addition to legal compliance, the group also promotes adherence to the Charter of Corporate Behavior, various regulations, societal rules, customs, and other social norms through education provided to executives and employees. To ensure thorough implementation, we promote compliance within each organization through the OVOL Sustainability Promotion Meetings, under the direction of the Executive Sustainability Committee.

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

The Japan Pulp & Paper Group's Charter of Corporate Behavior is a guide for ensuring that all executives and employees recognize the values that have been cultivated over the years, and constantly embody them. It is also part of efforts to further promote sustainable management. The Code of Conduct for Executives and Employees defines the values and actions that should be pursued by executives and employees of the group in their daily business activities. We will ensure that all executives and employees are fully aware of these charters, norms, and policies, and work to foster a stronger understanding of compliance.

Japan Pulp & Paper Group Charter of Corporate Behavior

 <https://www.kamipa.co.jp/eng/sustainability/management/charter/>

Japan Pulp & Paper Group Code of Conduct for Executives and Employees


 <https://www.kamipa.co.jp/eng/sustainability/management/code/>

Free, Fair, and Transparent Business Activities

The Japan Pulp & Paper Group Code of Conduct for Executives and Employees states that we comply with the competition laws of each country and region we serve, work to prevent violations, and will establish internal systems to correct violations should they occur. We also prohibit bribery and any other acts that may be suspected of offering benefits that may be deemed for illicit gain, forbid the giving and receiving of gifts, entertainment, and other economic benefits beyond the scope of social etiquette, and require employees to refrain from any involvement in illicit business transactions and money laundering.

Furthermore, in order to maintain transparency and promote business activities on an equal and fair basis, we have established an Anti-Corruption Policy. Under the supervision of the Board of Directors, we are implementing an anti-bribery and anti-corruption program aimed at preventing bribery of public and government officials as well as inappropriate demands of business partners.

Japan Pulp & Paper Group Antimonopoly Law Compliance Policy

 <https://www.kamipa.co.jp/eng/sustainability/governance/antimonopoly-policy/>

On April 11, 2023, the Japan Fair Trade Commission conducted an on-site inspection on the suspicion of violation of the Antimonopoly Law in relation to a bid for recycled roll paper with the National Printing Bureau. On March 14, 2024, we received notification that the company was found to have been involved in the violation.

In connection with this matter, we petitioned the Japan Fair Trade Commission for the leniency program, voluntarily reported past violations, and fully cooperated with the commission's investigation. In the end, we did not receive a cease-and-desist order or a surcharge payment order. We take this matter seriously and have formulated measures to prevent a recurrence, some of which have already been implemented to ensure compliance with the Antimonopoly Law.

Going forward, we will continue to enhance compliance with the Antimonopoly Law and ensure adherence with all other aspects of compliance. We will steadily work to prevent a recurrence and implement the prevention measures formulated in response to this matter.

Taxation Compliance

The Japan Pulp & Paper Group's Taxation Policy states its commitment to contributing to economic and social development and the interests of all stakeholders by paying appropriate taxes in accordance with the relevant laws and regulations of all countries and regions where it operates. The policy also clarifies our basic approach to tax compliance.

For important tax-related issues, the group receives advice from external experts and consults with tax authorities in advance, as necessary, in order to minimize tax risks.

Governance

Initiatives to Ensure Compliance

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

Compliance awareness activities	Target	Frequency of meetings in fiscal 2023	Number of participants and participation rate
Rank-based compliance training	New employees, new managers, and seconded employees of Japan Pulp & Paper	3 times	41 participants
Harassment prevention training	Non-managerial employees	1 time	616 participants
e-learning tests	Executives and employees of Japan Pulp & Paper and group companies in Japan	2 times	Average participation rate: 99.3%
Information on amendment to the Act on the Regulation of Chemical Substances	Japan Pulp & Paper managers	1 time	7 participants

■ 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. In addition, the Internal Audit Office regularly monitors the operational status of the whistleblower system as part of internal control.

In fiscal 2023, we received reports from whistleblowers regarding 30 different cases and a large number of the reports involved personal criticism of superiors or colleagues. Regarding the reports, we have appropriately set the scope of information sharing and, depending on the content, consult with legal counsel. We then respond earnestly to reports and work toward resolving any issues.

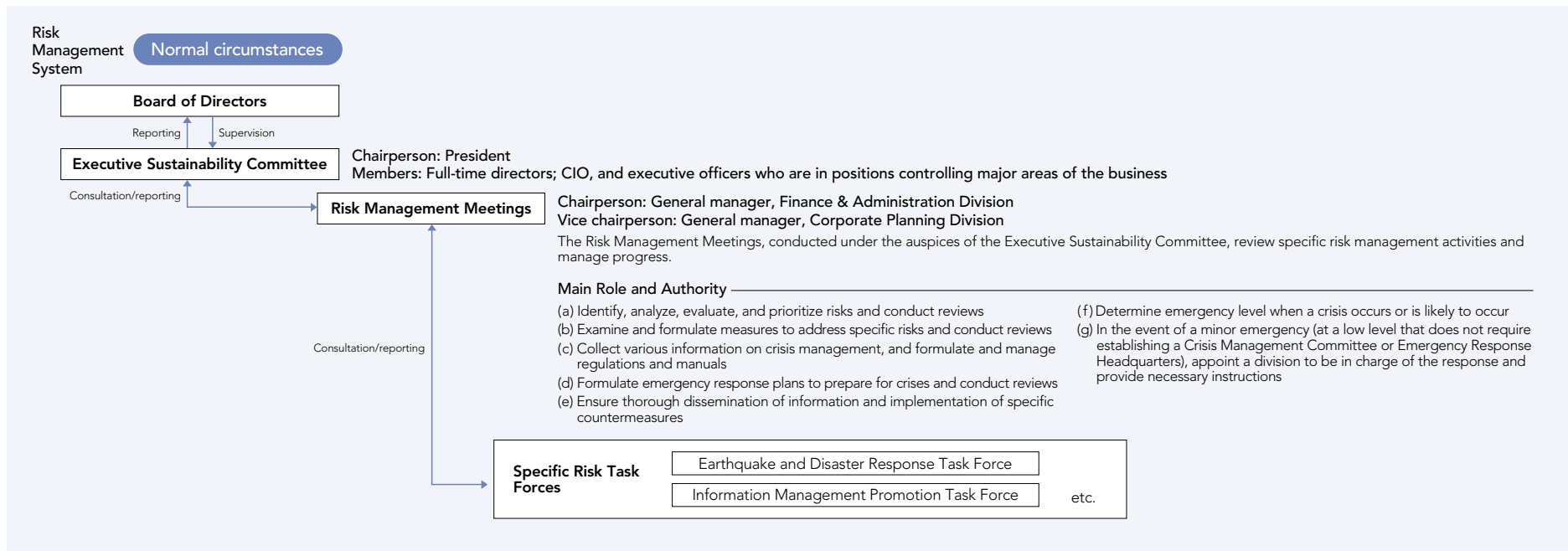
Risk Management

Approach to Risk Management

To ensure business continuity and maintain a stable management base, we have positioned risk management as a management priority and are promoting relevant initiatives. The risks a company faces are becoming increasingly diverse and complex. If any of these serious risks materialize, not only could the group’s management resources be damaged, but there may be harmful consequences for business continuity. This could include damage to the relationships of trust built with customers and business partners, as well as loss of social credibility. To respond to these risks, we have established a system to identify the possibility and potential impact of the occurrence of such risks and to ensure the implementation of measures to prevent the manifestation of such risks. We have also put measures in place to deal with such risks in the event that they do materialize.

Risk Management System

Members of the Executive Sustainability Committee discuss and approve annual activity plans related to risk management and confirm the progress of these plans on a quarterly basis. The committee also reports to the Board of Directors, which supervises these activities. The Risk Management Meetings, under the auspices of the Executive Sustainability Committee, are chaired by the general manager of the Finance & Administration Division, and members identify, analyze, evaluate, and prioritize risks as well as formulate measures to address specific risks.



Governance

Business Risks

Risks that could significantly influence the decisions of investors regarding the group are as follows. Items marked with a ★ are those deemed to require particularly significant measures based on the results of risk assessments. For risks (and opportunities) related to climate change, refer to page 70 “Response to Climate Change.”

Risks			Segment impacted				
Classification	Subclassification	Details	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	●	●	●	●	
	Impairment risk for stocks of subsidiaries and affiliates and impairment of goodwill	●	●	●	●		
	Risks of impairment of property, plant, and equipment	●	●	●	●	●	
Other risks	Risks related to business environment	Legal and regulatory restrictions	●	●	●	●	●
		Country risk		●	●	●	
	Risks related to financial markets	Risks related to financing	●	●	●	●	●
		Risks related to foreign exchange rate fluctuations	●	●	●	●	
	Risks related to climate change, natural disasters, etc.	Risks related to climate change and natural disasters, etc. ★	●	●	●	●	●
	Other risks	Risks of fluctuation in market value of investment securities held	●	●	●	●	●
		Risks related to IT and security	●	●	●	●	●
		Risks related to litigation	●	●	●	●	●
		Human resource and labor-related risks ★	●	●	●	●	●
		Risks related to human rights issues	●	●	●	●	●
Risks related to recoverability of deferred tax assets		●	●	●	●	●	

Addressing Issues That Require Group-wide Measures

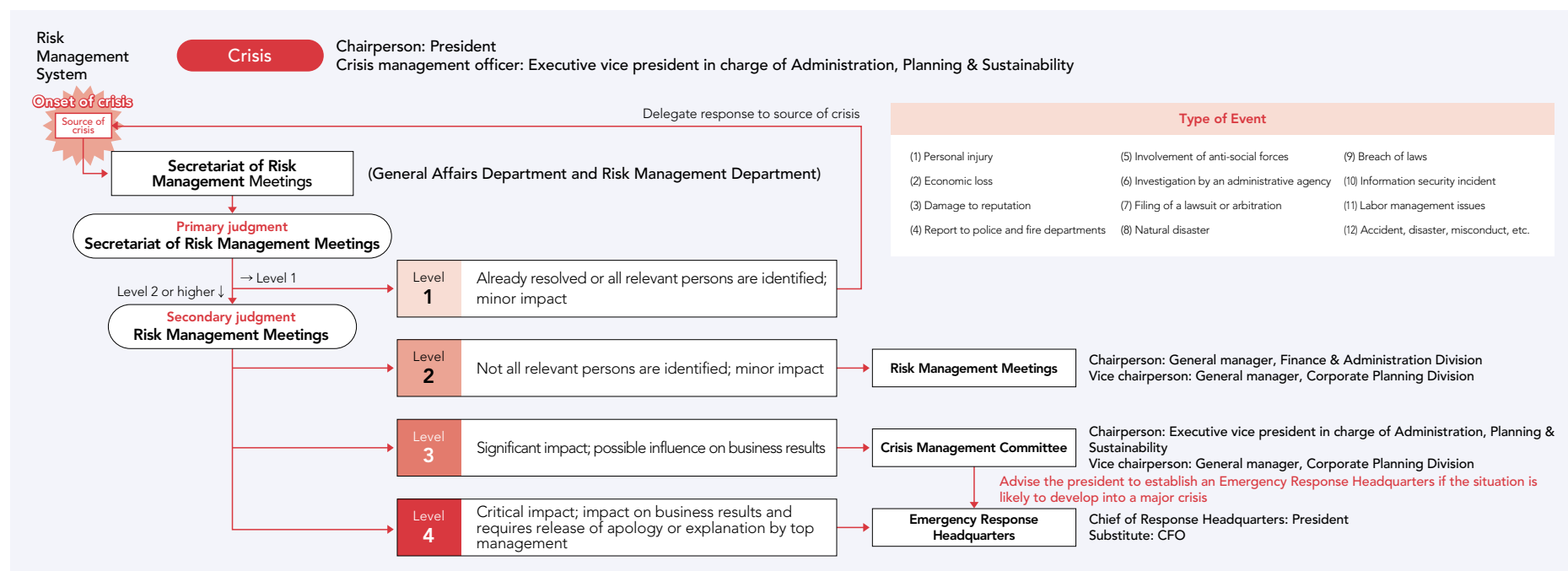
We conduct risk assessments with the aim of identifying risks that are important from both a group-wide and medium-to-long-term perspective and in terms of enhancing future risk countermeasures. In the risk assessments, we have established approximately 130 evaluation items to comprehensively identify various risks. We assess risk based on two axes (impact and likelihood of occurrence) and consider the level of measures in place at the time of the assessment in order to identify priority issues.

The secretariat of the Risk Management Meetings conducted a risk assessment of Japan Pulp & Paper and all group companies in and outside of Japan between the end of fiscal 2023 and the first half of fiscal 2024. An analysis of the responses indicated the need to review and strengthen measures for risks related to natural disasters as well as human resource and labor-related risks, which were recognized as a shared challenge for the group. In addition, although not included in the aforementioned list of business risks, we reconfirmed that measures to ensure the safety of executives and employees residing outside of Japan and to respond to accidents at facilities were insufficient.

Based on these results, the Executive Sustainability Committee will decide on a final list of significant risks and implement countermeasures throughout the group.

Crisis Response Structure

In the event that a risk with a significant negative impact on the group’s management or business materializes, a Crisis Management Committee, with ultimate responsibility held by the president and chaired by the executive vice president in charge of Administration, Planning & Sustainability, will be established. The committee will be tasked with rapidly and appropriately dealing with the emergency situation, minimizing or preventing damage, restoring normalcy, and putting countermeasures in place.



Governance

Messages from Outside Audit & Supervisory Board Members



Naofumi Higuchi

Outside Audit & Supervisory Board Member

Watching over the company's response to global management

Compared with eight years ago when I became an outside Audit & Supervisory Board member, the company's business has expanded, its strengths have grown, and the portfolio has significantly changed. I feel the company is transitioning to the next growth stage. This shift is reflected in the recently announced OVOL Medium-term Business Plan 2026, which clearly states the company's ambition to realize its long-term vision as

detailed in OVOL Vision 2030. The plan also sets out specific, ambitious frameworks and strategies, reflecting a significant change in the company's stance. I feel that its financial strategy, approach to shareholder returns, and capital policy are more market-conscious than ever before. Going forward, it will be essential to ensure that the growth strategy is fully understood by investors and stakeholders. I expect the company to expand its efforts to communicate its initiatives to the market and engage in IR activities and dialogue that earn a positive evaluation.

As the company continues to accelerate its business expansion, I believe it is necessary to establish an integrated management system that is in line with global business operations. Specifically, from the perspective of appropriate financial reporting and corporate governance, I believe it is time to consider unifying IT controls, financial reporting, and auditing functions at the global level. The company's financial reporting system and internal audit departments have always been maintained at an appropriate level as a prime market-listed company, and I hold that in high regard. The company needs to further enhance its management foundation by creating a system that enables efficient and accurate collection of financial and non-financial data from both group companies in and outside of Japan. I will continue to offer suggestions and oversee efforts in this area.



Mitsutaka Honda

Outside Audit & Supervisory Board Member

Strengthen global governance, while always keeping risk in mind

Since I took up the position of outside Audit & Supervisory Board member in 2023, I have been surprised by how extensive the company's activities are, and how it continues to grow despite a shrinking paper industry. The company is currently promoting OVOL Medium-term Business Plan 2026. In formulating this plan, I was conscious of the need to maintain an external perspective. On the other hand, I believe that the independent position

of an Audit & Supervisory Board member is meaningful in itself. Having an additional step in the management process enables better and more accurate monitoring.

The company's auditing system is well-established, but it is also a fact that there was an issue related to compliance with the Antimonopoly Law. The company took this matter very seriously and has reflected deeply on it. I believe that executives and employees of the group have a strong awareness and are committed to continuous improvement going forward. Another characteristic of the company is its system for making constant improvements through a process of information sharing with the Audit & Supervisory Board and discussions at Board of Directors meetings. A major challenge going forward will be strengthening global governance as the business continues to expand globally. I believe the group must always monitor risks and maintain a system for ensuring effective governance throughout the entire group. I will continue to conduct audits that support the company's growth in the right direction.



Miyuki Fukushima

Outside Audit & Supervisory Board Member

Enhance communication and strengthen group governance

Since assuming the role of outside Audit & Supervisory Board member in June last year, I have been able to gain an understanding of the company's revenue structure and financial position. Even before my appointment, I viewed the company as one that has steadily grown and been able to increase its corporate value. Upon reviewing the company as an outside Audit & Supervisory Board member, I gained a deeper

understanding of how well the company's management foundation is established. Regarding governance, the company has successfully balanced an open corporate culture with supervisory functions. This became evident in the process of formulating OVOL Medium-term Business Plan 2026, where the background, objectives, and specific policies were thoroughly explained and discussed by the Board of Directors and Audit & Supervisory Board.

If I had to point out an issue, it would be that the company needs to further enhance the disclosure and dissemination of non-financial information, such as initiatives related to sustainable management and human capital management. I hope it can establish a system for accurately communicating the group's initiatives to stakeholders, fostering good relationships, and co-creating new value. As the group continues to expand in line with business growth, some of its group companies are small and medium-sized so it must strengthen group governance in areas such as enhancing the level of governance and accounting procedures as well as global tax planning. The company has a strong management foundation, led by the president, capable executives, and the right people in the right positions. I will continue to make suggestions to ensure that governance is enhanced at all group companies, while further strengthening communication.

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 contribute to realizing a sustainable society.

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

Type of Stakeholder	Description of Communication	Main Communication Activities and Methods
All Stakeholders	We engage in accurate information disclosure and active dialogue to help us accurately understand the expectations and demands of society and allow us to build relationships of trust. We provide and collect information relating to sustainability, including environmental protection and respect for human rights.	<ol style="list-style-type: none"> PR activities including information made available via our website Response to inquiries submitted via our website <i>Integrated Report</i> Exhibitions, trade shows, and events Promotional and advertising activities
Executives and Employees	We work to ensure that all executives and employees are fully aware of our Corporate Philosophy and to ensure understanding of the management policy through messages from the president. We engage in dialogue to build an environment where executives and employees with diverse values can work comfortably and make the most of their abilities.	<ol style="list-style-type: none"> Intranet Issuing of the group magazine (four times a year) Issuing of the <i>Compliance Letter</i> Issuing of the <i>OVOL Sustainability News</i> newsletter Issuing of the <i>OVOL Bridges Express</i> disclosure summary HR appraisal/self-evaluation system Employee engagement survey Dialogue sessions between management and employees Training and seminars Internal and external consultation desks "Something New" activities
Business Partners and Consumers	We proactively release information and engage in dialogue to help us understand the needs of business partners and consumers and to contribute to solving issues.	<ol style="list-style-type: none"> Communication through business activities Dissemination of information through our e-commerce sites Responses to inquiries via e-commerce sites Certification and registration for CSR procurement

Type of Stakeholder	Description of Communication	Main Communication Activities and Methods
Shareholders and Investors	We work to provide timely and accurate information to improve management transparency and deepen understanding of the group's business, with the aim of achieving continued growth, increasing corporate value, and gaining a fair evaluation from investors.	<ol style="list-style-type: none"> General Meeting of Shareholders Financial results briefings for analysts and institutional investors (twice a year) Meetings with analysts and institutional investors as necessary (held 27 times in fiscal 2023) Securities Report Financial Report Timely disclosures to Tokyo Stock Exchange Response to surveys by ESG rating agencies
Local Communities	We aim to give back to the local communities in which our business facilities are located through our activities as a "good corporate citizen," and to achieve harmonious coexistence through collaboration with local governments.	<ol style="list-style-type: none"> Organizing exchange events with local community residents at our business facilities Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation Social contribution and volunteer activities
NPOs and NGOs	Through dialogue with NPOs and NGOs, we work to gain an understanding of the responses to social and environmental issues expected of our group, and ensure these are reflected in our business activities.	<ol style="list-style-type: none"> Collaboration with NPOs and NGOs through our business Sponsorship and participation in events, etc.
Government Agencies, Local Governments, and Industry Associations	In carrying out our business activities, we abide by the laws and regulations of all the countries where we operate, and fulfill our role as a "good corporate citizen." We cooperate with local governments in areas where our business facilities are located to contribute to local communities.	<ol style="list-style-type: none"> Appropriate communication with relevant government authorities and local governments Activities through industry associations

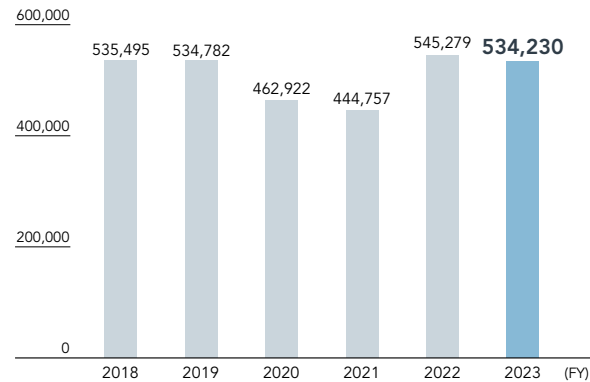
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Data

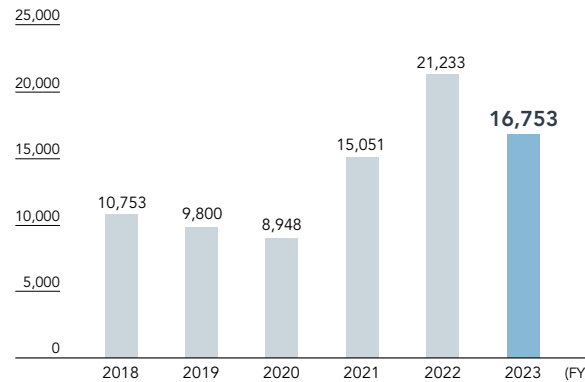
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Consolidated Financial Highlights

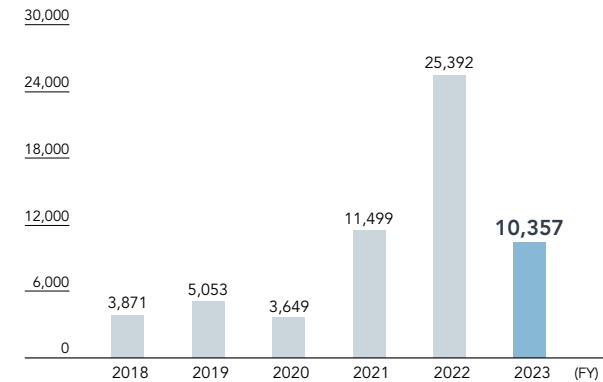
Revenue (Millions of yen)



Ordinary Profit (Millions of yen)

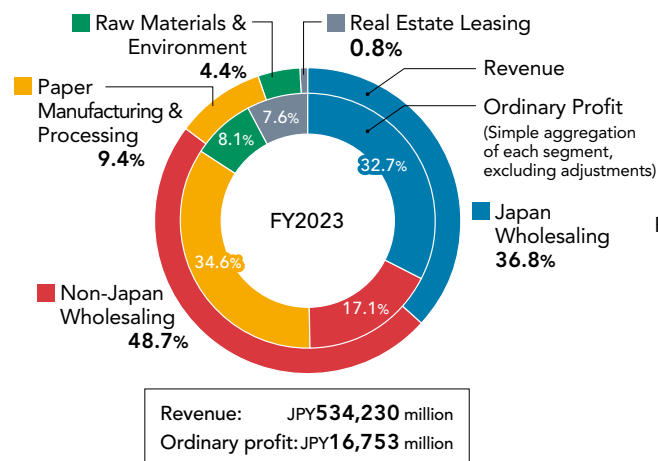


Profit Attributable to Owners of Parent (Millions of yen)



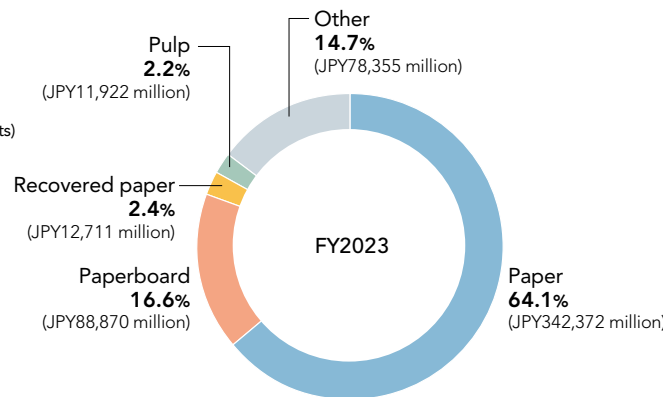
Note: From the fiscal year ended March 31, 2022, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted. Accordingly, "Net sales" has been reclassified as "Revenue."

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



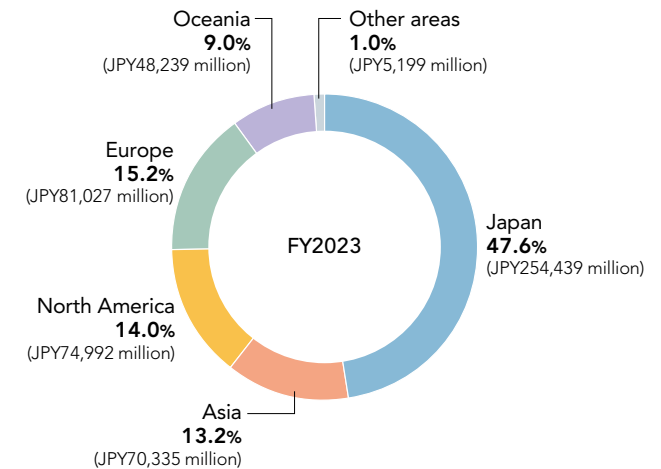
Note: Figures are rounded to the first decimal place.

Revenue by Product Segment



Revenue by Geographic Segment

Note: Segments are based on the location of customers.



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue² (Millions of yen/Millions of U.S. dollars ³)	¥535,495	¥534,782	¥462,922	¥444,757	¥545,279	¥534,230 \$3,528
Operating profit (Millions of yen/Millions of U.S. dollars)	¥10,805	¥10,924	¥8,896	¥14,064	¥20,264	¥17,403 \$115
Ordinary profit (Millions of yen/Millions of U.S. dollars)	¥10,753	¥9,800	¥8,948	¥15,051	¥21,233	¥16,753 \$111
Profit attributable to owners of parent (Millions of yen/Millions of U.S. dollars)	¥3,871	¥5,053	¥3,649	¥11,499	¥25,392	¥10,357 \$68
Comprehensive income (Millions of yen/Millions of U.S. dollars)	¥1,847	¥3,170	¥9,627	¥12,506	¥28,287	¥18,795 \$124
Net assets (Millions of yen)	¥94,745	¥87,246	¥89,872	¥100,317	¥128,295	¥138,347
Total assets (Millions of yen)	¥349,656	¥341,939	¥321,986	¥338,939	¥385,129	¥372,645
Net interest-bearing debt (Millions of yen)	¥113,152	¥120,701	¥102,471	¥97,939	¥78,336	¥75,571
Net assets per share (Yen)	¥6,143.16	¥5,882.75	¥6,103.84	¥6,774.14	¥8,627.79	¥10,355.60
Basic earnings per share (Yen)	¥274.69	¥365.01	¥266.92	¥839.50	¥1,851.04	¥788.61
Diluted earnings per share (Yen)	¥273.12	¥363.44	¥266.08	¥837.56	¥1,847.27	¥786.94
Dividend per share (Yen)	¥110	¥110	¥110	¥115	¥120	¥130
Payout ratio (%)	40.0	30.1	41.2	13.7	6.5	16.5
Capital adequacy ratio (%)	24.8	23.5	25.9	27.4	30.7	34.2
Rate of return on equity (ROE) (%)	4.5	6.1	4.5	13.0	24.0	8.4
Net D/E ratio (Times)	1.31	1.50	1.23	1.06	0.66	0.59
Price/Earnings ratio (PER) (Times)	15.1	10.3	13.7	4.6	2.8	6.6
Cash flows from operating activities (Millions of yen)	¥13,660	¥22,488	¥28,382	¥14,007	¥304	¥20,891
Cash flows from investing activities (Millions of yen)	¥(14,355)	¥(13,239)	¥(4,440)	¥(4,078)	¥23,673	¥(2,917)
Cash flows from financing activities (Millions of yen)	¥1,735	¥(9,712)	¥(19,899)	¥(9,833)	¥(10,086)	¥(31,678)
Free cash flow (Millions of yen)	¥(694)	¥9,249	¥23,942	¥9,929	¥23,977	¥17,973
Cash and cash equivalents at end of period (Millions of yen)	¥7,788	¥7,589	¥11,587	¥12,731	¥30,550	¥17,387
Number of employees	3,893	4,298	4,042	4,097	4,338	4,157

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

2. 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."

3. All U.S. dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of JPY151.41 to USD1 as of March 31, 2024.

Japan and Non-Japan Networks

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

Japan Pulp & Paper Co., Ltd.

Head Office
 ● Tokyo

Wholesaling

- JP Household Supply Co., Ltd. ● Tokyo
- Kurashi Net JP Co., Ltd. ● Tokyo
- Kyoto Kami Shoji Co., Ltd. ● Kyoto
- Koyosha Co., Ltd. ● Osaka
- Gokura Co., Ltd. ● Ehime
- Cosmo Paper Trading Co., Ltd. ● Tokyo
- Fuchikami Co., Ltd. ● Kagoshima
- Narumi-Kamiten Co. ● Aomori
- Tokyo Sangyo Yoshi Co., Ltd. ● Tokyo
- Maruni Chikiriya Co., Ltd. ● Nagano
- Akazawa Paper Co., Ltd. ● Iwate
- Yoshimoto Yoshiten Co., Ltd. ● Tokyo

Logistics

- JP Loginet Co., Ltd. ● Tokyo
- JP Transport Service Co., Ltd. ● Tokyo
- Sapporo Paper Distribution Center Co., Ltd. ● Hokkaido
- Nanko Paper Center Co., Ltd. ● Osaka
- Itabashi Paper Distribution Center Co., Ltd. ● Tokyo
- Osaka Kami Kyodo Soko Inc. ● Osaka
- Seihoku Paper Depot Co., Ltd. ● Tokyo
- Itabashi Kyodo Sagyo Co., Ltd. ● Tokyo

Paper Manufacturing & Processing

- JP Corelex Holdings Co., Ltd. ● Shizuoka
- Corelex San-Ei Co., Ltd. ● Shizuoka
- Corelex Shin-Ei Co., Ltd. ● Shizuoka
- Corelex Doh-Ei Co., Ltd. ● Hokkaido
- Eco Paper JP Co., Ltd. ● Aichi
- Taiho Paper Co., Ltd. ● Gifu
- Kawabe Biomass Power Generation Co., Ltd. ● Gifu
- Showa Packaging Industry Co., Ltd. ● Gifu
- Misuzushigyo Co., Ltd. ● Osaka
- Misuzuunyu Co., Ltd. ● Osaka
- Osaka Paperware Mfg. Co., Ltd. ● Osaka
- Nabiace Co., Ltd. ● Aichi
- Mikunishiko Co., Ltd. ● Osaka
- Sanpei Kogyo Co., Ltd. ● Osaka

Raw Materials & Environment

- Fukudasansho Co., Ltd. ● Aichi
- Repasys Co., Ltd. ● Fukuoka
- Hokkai Shigyo Co., Ltd. ● Hokkaido
- JP Hokkai Co., Ltd. ● Hokkaido
- JH Recycle Co., Ltd. ● Miyagi
- JK Recycle Co., Ltd. ● Tokyo
- Eco-Port Kyushu Co., Ltd. ● Kumamoto
- Eco Power JP Co., Ltd. ● Hokkaido
- Noda Bio Power JP Co., Ltd. ● Iwate
- Matsue Biomass Power Co., Ltd. ● Shimane
- Sun Energy Hirono Co., Ltd. ● Iwate

Other

OVOL ICT Solutions Co., Ltd. ● Tokyo

North and Central America

Japan Pulp & Paper (U.S.A.) Corp.

- U.S./Los Angeles

Safeshred Co., Inc.

- U.S./Los Angeles

Gould Paper Corporation (OVOL USA)

- U.S./New York

Price & Pierce International Inc.

- U.S./New York

Western-BRW Paper Co., Inc.

- U.S./Dallas

Talico, S.A. de C.V.

- Mexico/Mexico City

Europe

Japan Pulp & Paper GmbH

- Germany/Dusseldorf

Gould International UK Limited

- U.K./London

Premier Paper Group Limited

- U.K./Birmingham

Wine Box Company Limited

- U.K./Crawley

Graphic And Paper Merchants Northern Ireland Limited

- U.K./Belfast

Graphic And Paper Merchants Ireland Limited

- Ireland/Dublin

Gould Papiers France

- France/Paris

EFP-Chavassieu

- France/Neuilly-sur-Seine

OVOL Fiber Europe B.V.

- Netherlands/Amsterdam

South Asia, Middle East

KCT Trading Private Limited

- India/Kolkata

OVOL Fibre Solution India Private Limited

- India/Kolkata

Middle East Office

- UAE/Dubai

South East Asia

Japan Pulp & Paper (Thailand) Co., Ltd.

- Thailand/Bangkok

Hanoi Representative Office

- 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

Mutiara Paper (M) Sdn. Bhd.

- Malaysia/Kuala Lumpur

Compedo Media Sdn. Bhd.

- Malaysia/Kuala Lumpur

Fine Paper Takeo (M) Sdn. Bhd.

- Malaysia/Kuala Lumpur

OVOL New Energy Sdn. Bhd.

- Malaysia/Kuala Lumpur

OVOL Singapore Pte. Ltd.

- Singapore

Transam Industries Pte. Ltd.

- Singapore

CAS Technology Pte. Ltd.

- Singapore

Manila Representative Office

- Philippines/Manila

Jakarta Representative Office

- Indonesia/Jakarta

PT Oriental Asahi JP Carton Box

- Indonesia/Jakarta

East Asia

Japan Pulp & Paper Co., (H.K.) Ltd.

- China/Hong Kong

Tai Tak Paper Co., Ltd.

- China/Hong Kong

Tai Tak Paper (Shenzhen) Co., Ltd.

- China/Shenzhen

Wotai Paper (Shenzhen) Co., Ltd.

- China/Shenzhen

Japan Pulp & Paper (Shanghai) Co., Ltd.

- China/Shanghai

JPTS Electronics Materials (Shanghai) Co., Ltd.

- 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

BJ Ball Limited

- New Zealand/Auckland

Aarque Group Limited

- New Zealand/Auckland

Stock Information/Corporate Data (As of March 31, 2024)

Stock Information

Stock Listing	Prime Market, Tokyo Stock Exchange (Code: 8032)
Number of Shares	29,560,300
Common Shares Issued and Outstanding	15,021,551
Number of Shareholders	11,975

Information on Major Shareholders

Shareholder	Shares held (Thousand shares)	Shareholding ratio (%)
Oji Holdings Corporation	1,638	13.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,206	9.6
Custody Bank of Japan, Ltd. (Trust Account)	521	4.1
Japan Pulp and Paper Company Limited Shareholding Association	469	3.7
JP Employee Shareholding Association	348	2.7
Hokuetsu Corporation	310	2.4
Chuetsu Pulp & Paper Co., Ltd.	258	2.0
KAKIMOTO SHOJI Co., Ltd.	236	1.8
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Direct Custody and Clearing, Citibank, N.A., Tokyo Branch)	209	1.6
Mizuho Bank, Ltd.	144	1.1
Total	5,343	42.5

Notes: 1. The number of shares held in connection with trust business and included in the above figures is as follows.

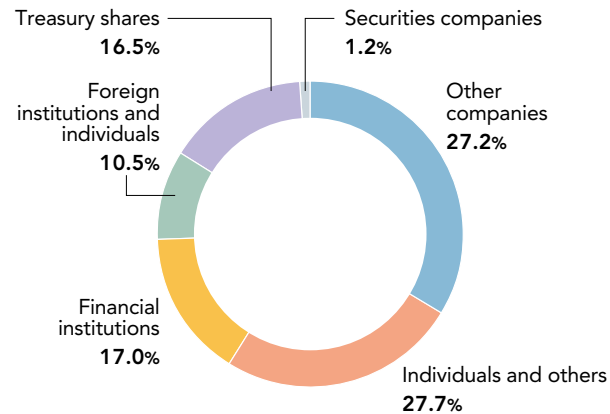
The Master Trust Bank of Japan, Ltd. (Trust Account): 1,206 thousand shares

Custody Bank of Japan, Ltd. (Trust Account): 521 thousand shares

2. Japan Pulp & Paper Co., Ltd. holds 2,475 thousand shares of treasury stock, which are excluded from the above list of major shareholders.

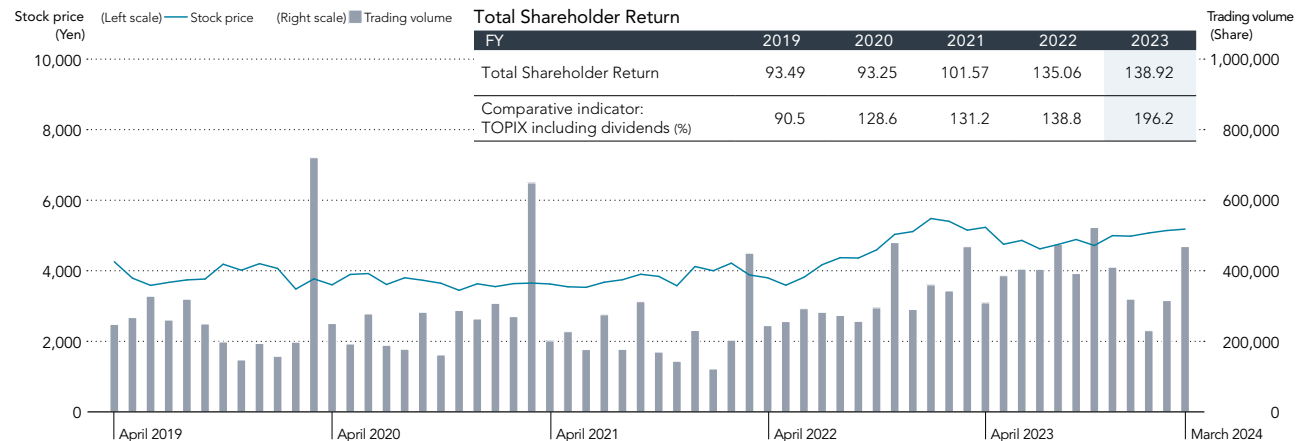
3. Of the shares held by Custody Bank of Japan, Ltd. (Trust Account), 208 thousand shares are the trust property of the Board Benefit Trust for officers of Japan Pulp & Paper Co., Ltd. These shares are included in treasury shares in the consolidated and non-consolidated financial statements.

Composition of Shareholders



Note: The above figures are rounded to the first decimal place.

Stock Price and Trading Volume



Corporate Data

Corporate Name	Japan Pulp & Paper Co., Ltd.
Head Office	Forefront Tower, 3-12-1 Kachidoki, Chuo-ku, Tokyo 104-8656 Japan
Representative	Akihiko Watanabe Representative Director, President & CEO
Foundation	1845
Date of Establishment	December 15, 1916
Capital	JPY16,648.92 million
Fiscal Year-End	March 31
Number of Employees	Non-consolidated: 713 Consolidated: 4,157
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	Osaka, Kyoto, Nagoya, Fukuoka, Sendai, Sapporo
Consolidated Subsidiaries	89
Associated Companies (Equity-Method)	6
Main Banks	Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Norinchukin Bank

Company Website

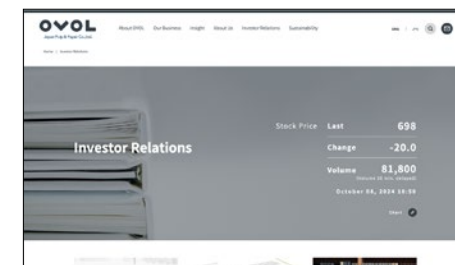
Homepage

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



Investor Relations

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



Sustainability

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



Annual Securities Report (Japanese only)

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



Corporate Governance Report (Japanese only)

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



ESG Data

<https://www.kamipa.co.jp/sustainability/esg-data/>



Paper, and beyond



Japan Pulp & Paper Co.,Ltd.

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