# Japan Pulp & Paper Group Integrated Report 2025


Our Mission

# Carving a better future for society and the environment

## 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

OVOL

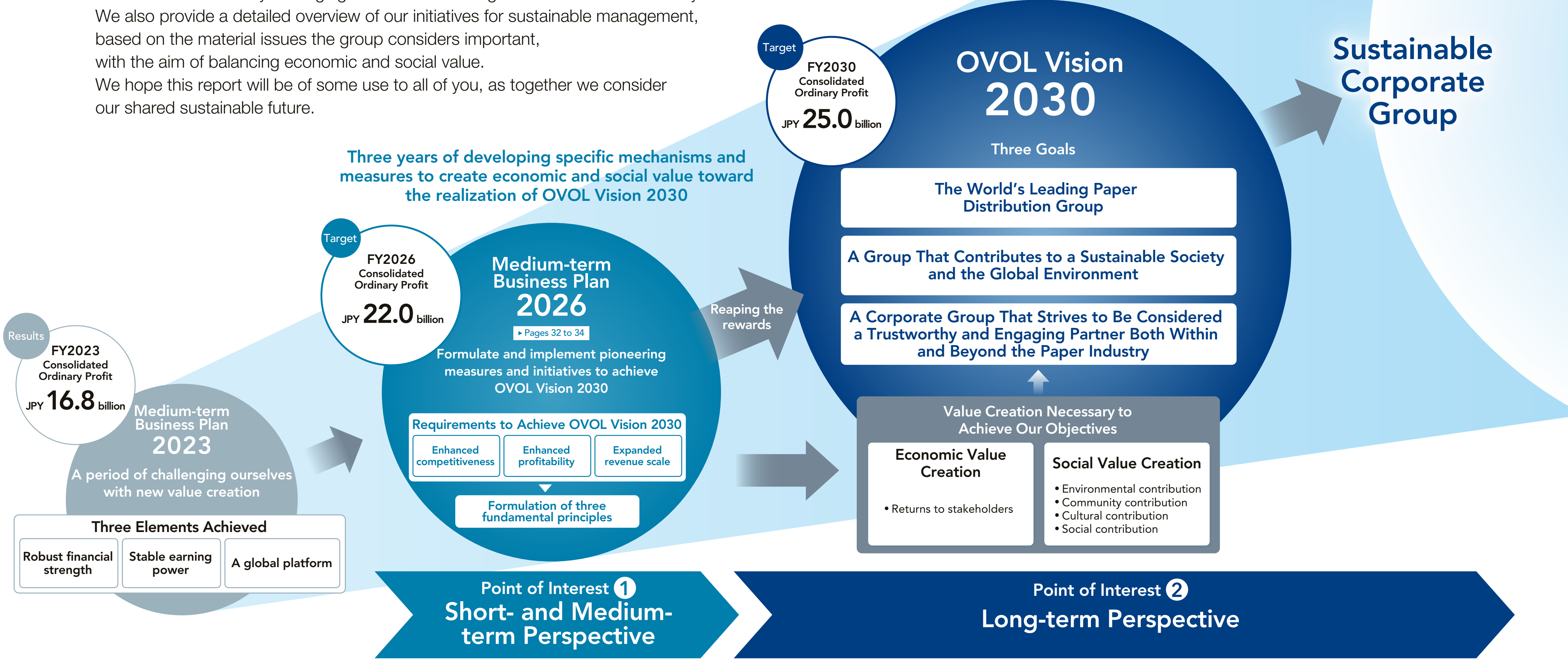
The world is facing a variety of social issues, and companies are expected to help resolve them. At the Japan Pulp & Paper Group, we are working to address social issues while promoting sustainable management that increases both economic and social value. As we work to achieve our long-term vision, we are entering a new stage with the introduction of our 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 this striking logo is not only reminiscent of a celestial orbit and ovals, but the repetition of 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. These attributes are conveyed in a unique way that is visually appealing and evocative of the sound of the word. The logo includes the word "VOL," which conveys an image of flying in languages with a Latin origin such as French, so the full "OVOL" represents both "the power to fly into the future" and the realm of possibilities as a new story begins. The gray used as the brand color has a high affinity with other colors and harmonizes to enhances any other nearby colors. As gray is a blend of all colors, it represents the cooperative ability to bring people together and bring out their best.

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

In 2025, our company celebrated the milestone of its 180th anniversary. Integrated Report 2025 outlines our path toward the realization of OVOL Vision 2030 and the achievement of OVOL Medium-term Business Plan 2026 by leveraging the trust and strengths we have built over the years.
We also provide a detailed overview of our initiatives for sustainable management, based on the material issues the group considers important, with the aim of balancing economic and social value.
We hope this report will be of some use to all of you, as together we consider our shared sustainable future.




**Point of Interest 3**
## Material Issues

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

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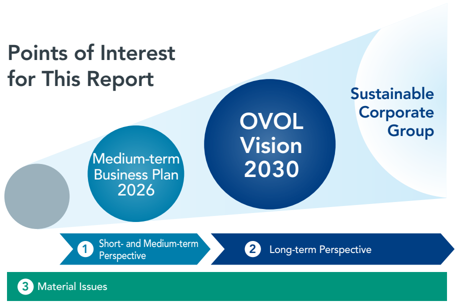
### Points of Interest for This Report

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Long-term Perspective

**Period:** April 1, 2024 to March 31, 2025
Note: Includes some activities after March 31, 2025.
**Organizations:** Japan Pulp & Paper Co., Ltd. and Japan Pulp & Paper Group Companies
Date of next issue: October 2026

### Reference Guidelines

Environment Social Governance
Guidance for Collaborative Value Creation

- 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.

# Japan Pulp & Paper Group in Numbers (As of March 31, 2025)

## History and Foundation

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

Years Since Foundation
**180** years

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

Group Companies
**133**

## Consolidated Results

Our group is strategically advancing the diversification of its overall business and continuously working to strengthen the competitiveness of each established segment. In doing so, we aim to generate synergies with existing businesses and establish a sustainable and stable earnings base for the group as a whole.

Revenue
JPY **554.5** billion

Ordinary Profit
JPY **15.8** billion

Profit Attributable to Owners of Parent
JPY **7.6** billion

ROE
**5.8**%

Payout Ratio
**40.7**%

## 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 credit rating agencies.

Net D/E Ratio
**0.60**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
**4,831**

Percentage of Female Employees (Consolidated)
**26.9**%

Average Length of Service (Parent Company Employees)
**20.4** years

## Environment-related Businesses

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

Raw Materials & Environment Segment Revenue
**22.7** billion

Manufacturing Sites Using Wastepaper 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
**24**

Wastepaper yards: 23
Comprehensive recycling business sites: 1

# Global

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

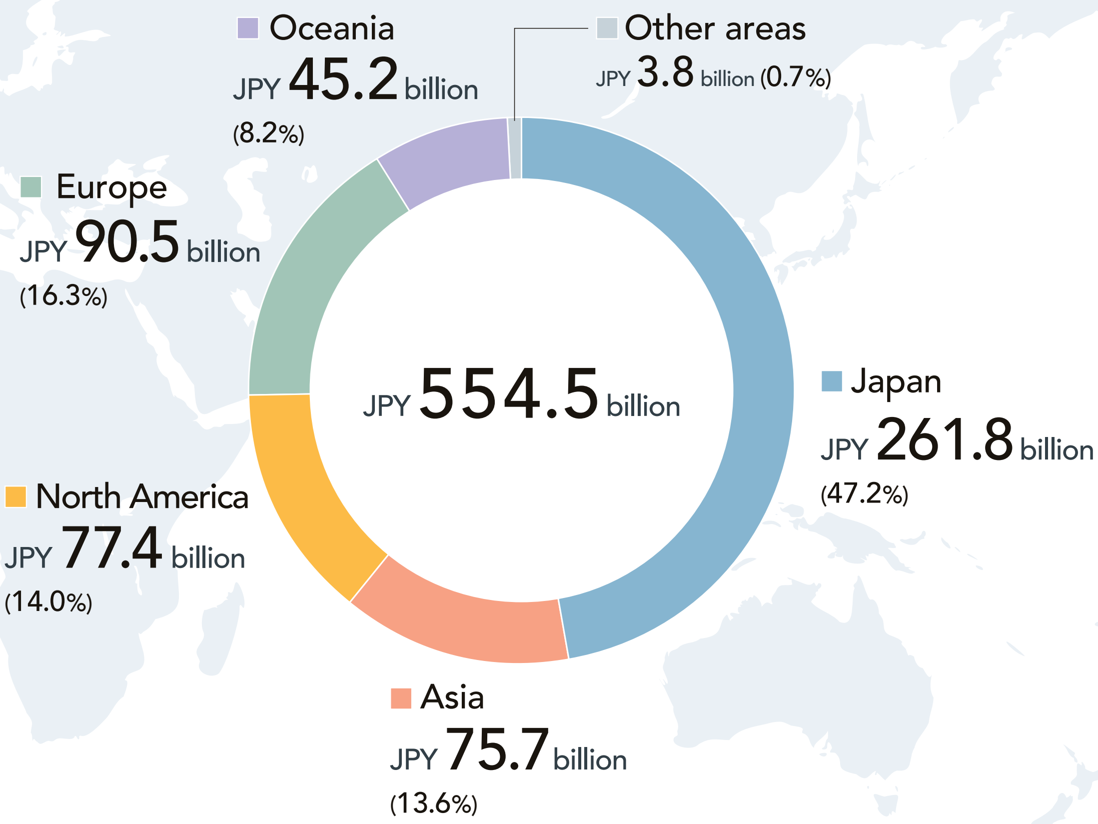
**Overseas Sales Revenue Ratio**
52.8%

**Sales Countries and Regions (Including Japan)**
61

**Countries and Regions in Which We Do Business**
22

**Percentage of Employees Working Outside of Japan**
54.4%

## Consolidated Revenue by Geographic Segment



## Message from the President

# Achieving OVOL Vision 2030 and Building a Sustainable Corporate Group with Trust and Courage

Akihiko Watanabe
Representative Director, President & CEO

## 180 Years After Our Founding, Trust is the Key to the Future

In 2025, our company celebrated the milestone of its 180th anniversary. This span of 180 years has been anything but smooth. By adapting to the times, overcoming numerous economic crises and structural shifts in industry, and consistently building trust with our customers and partners, we have grown into the Japan Pulp & Paper Group that we are today. I am convinced that this trust is our group's greatest asset. In recent years, we have had many opportunities to recognize the value of this trust in various ways. For example, when one user was considering changing the paper they use, they told us, "Although we could procure it directly from a paper manufacturer, we feel more secure going through your company, so we would prefer to leave it in your hands." We are also increasingly approached by companies that are not our main business partners to consult on M&A opportunities. We take this as evidence that trust-based relationships have been built that go beyond the bounds of simple transactions.

## What We Mean by a "Trustworthy and Engaging Corporate Group"

To maintain this trust and pass it on to the next generation, we must strengthen our human resources. We aim to be a corporate group where every employee of the group can proudly and confidently say that we are trustworthy and engaging. A trustworthy and engaging company is one that we naturally think of as "a truly good company," one in which we can work with pride and conviction. In other words, a trustworthy and engaging company is not a lofty ideal, but rather the daily experience of working in a truly good company. Our ultimate goal is for every executive and employee of the group to sincerely recognize and affirm this.

## OVOL Vision 2030 and its Three Goals

In our OVOL Vision 2030, the group has set out three goals: to be the world's leading paper distribution group, a group that contributes to a sustainable society and the global environment, and a trustworthy and engaging group recognized beyond the boundaries of the paper industry. Our ultimate aim is to become a trustworthy and engaging group, and to achieve this, we are striving to be both the world's leading paper distribution group and a group that contributes to a sustainable society and the global environment.

In other words, only by combining overwhelming competitiveness as a global paper distributor with a genuine commitment to sustainability can our group be recognized by stakeholders as a trustworthy and engaging group recognized beyond the boundaries of the paper industry. In turn, this will generate a virtuous cycle (upward spiral) of improved

### Three Goals of OVOL Vision 2030

| The World's Leading Paper Distribution Group | A Group That Contributes to a Sustainable Society and the Global Environment | A Corporate Group That Strives to Be Considered a Trustworthy and Engaging Partner Both Within and Beyond the Paper Industry |
|---|---|---|
| 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. | In addition to our core paper and paperboard wholesaling business, through the recycling of wastepaper 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. | We will strive to become widely recognized and well thought of within society for our corporate excellence. |

**Message from the President**

performance, financial foundations, human capital, environmental stewardship, and social harmony, that will fuel sustainable long-term value creation.

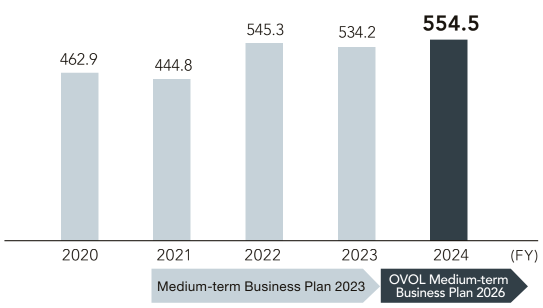
A sustainable corporate group is the vision that lies beyond, representing both our group's ultimate goal and our evolution into a truly sustainable enterprise.

To recognize and affirm ourselves as a trustworthy and engaging group, we must first become the world's leading paper distribution group. However, investors pointed out last year that this concept of "the world's leading paper distribution group" was too abstract. We would like to take this opportunity to explain it more concretely.

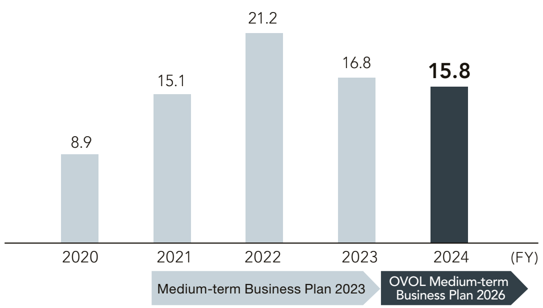
"World-leading" does not simply refer to the scale of our sales numbers. Our group currently ranks third to fourth worldwide in terms of scale within the paper distribution industry. The first- and second-ranked companies are both U.S.-based, but their activities are largely confined to North America or skewed toward trade-focused businesses, which are not the business models to which our group aspires in order to become world-leading. We aim to be a merchant group rooted in major markets worldwide, equipped with local inventory, distribution, and financial functions. By leveraging our global network, we also strive to be the corporate paper distribution group most trusted and relied upon by customers and suppliers in every aspect of value provision, including products, services, and information. Our group has already adopted a merchant model that combines global networks with local functions, allowing us to provide products and services tailored to the realities of each country and region. In short, the essence of being world-leading lies in our positioning as a truly grounded glocal enterprise. To confidently communicate this status of being world-leading both inside and outside the company, we will implement the measures outlined on the following page and achieve concrete results in both quantitative and qualitative terms.

This goal of becoming the world's leading paper distribution group is finally within our grasp. We have already reached the sixth stage on the climb and can see the path to the eighth. To reach the summit, we are focusing on three challenges: deepening competitiveness, continuously improving profitability, and strategically expanding the scale of earnings. Under the ongoing OVOL Medium-term Business Plan 2026, we are steadily developing cross-organizational systems and mechanisms to help us face these challenges, and these strategies will be the tools we use to elevate ourselves to the next

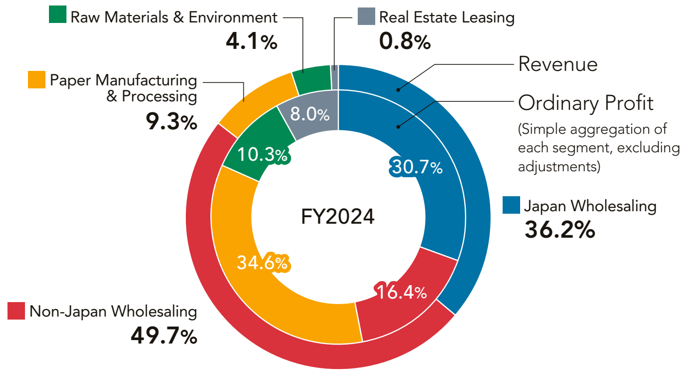
**Revenue** (Billions of yen)*1, 2




**Ordinary Profit** (Billions of yen)*2




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




*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 JPY 58.8 billion, or 112.7% year on year, to JPY 521.7 billion. *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 The above figures are rounded to the first decimal place.

stage toward becoming "world-leading."

Our second goal, to become a "group that contributes to a sustainable society and the global environment," is also a core value of our group. As we work to recognize and affirm ourselves as a trustworthy and engaging group, and be recognized as such both internally and externally, we are being asked about more than just profitability and efficiency. Increasingly, the topic of discussion turns to our approach to social challenges and the global environment. Just as with establishing our governance framework, steady initiatives from a sustainability perspective are both a source of long-term corporate value enhancement and a responsibility to the next generation. We are strongly emphasizing promotion of sustainability, including environmental responses and resource circulation.

Our third goal, to become a "trustworthy and engaging corporate group recognized beyond the boundaries of the paper industry," represents our determination to combine the first two goals with proactive investment in human capital, the source of value creation, to spark next-generation innovation and establish ourselves as a trustworthy and engaging group in both name and reality. For 180 years, our group has consistently dealt with paper, and within the paper industry, we have conducted business as Japan's leading paper distributor with an unwavering core of integrity. We take pride in the trust and recognition this has earned us in the paper industry and beyond. This recognition is also reflected in our current issuer credit rating of "A," underscoring that trust is our group's greatest asset and strength. Going forward, we will face challenges such as the shrinking domestic paper market and labor shortages due to population decline in Japan, the need to respond to diversification and globalization of our businesses, and rising production costs. To address these effectively and achieve sustainable growth, we must enhance productivity and further enhance work engagement, which lies at the core of human capital. Our third goal embodies the group's commitment to go beyond the framework of the paper industry as we aim to become a trustworthy and engaging group that is widely and highly valued by society as a whole.

To reiterate, the principle objective is to become a trustworthy and engaging group, which connects directly to our vision of a sustainable corporate group. Being a corporate group that can recognize and affirm itself as a trustworthy and engaging entity creates a virtuous cycle linking performance, financial foundation, stock price, human capital investment, and sustainable management. This ongoing upward spiral is the ideal model of the sustainable corporate group we aspire to be.

### What it Means to be World-Leading

| | |
|---|---|
| ▶ **Restoring acquired businesses in Germany and France** | Restore revenue to the pre-acquisition range of JPY 100.0 to 120.0 billion, bringing us within range of the world's second-largest group in terms of sales. |
| ▶ **Continuing complementary M&As** | Combine existing merchant functions with the value chains of peripheral products to diversify revenue sources and expand functions. |
| ▶ **Strengthening the glocal strategy in Southeast Asian markets** | Advance localization strategies in regions where we are already present to further reinforce our business foundation. |
| ▶ **Reinforcing business operations in India** | Enhance profitability by strengthening the organization and expanding intra-group business relationships. |
| ▶ **Achieving complete profitability at non-Japan group companies** | Work to establish a global earnings structure, including restructuring unprofitable businesses. |
| ▶ **Securing an overwhelming position in Japan wholesaling** | Maintain and strengthen our position as a leading company in domestic paper distribution in Japan. |

Message from the President

## Looking Back on the First Year of OVOL Medium-term Business Plan 2026

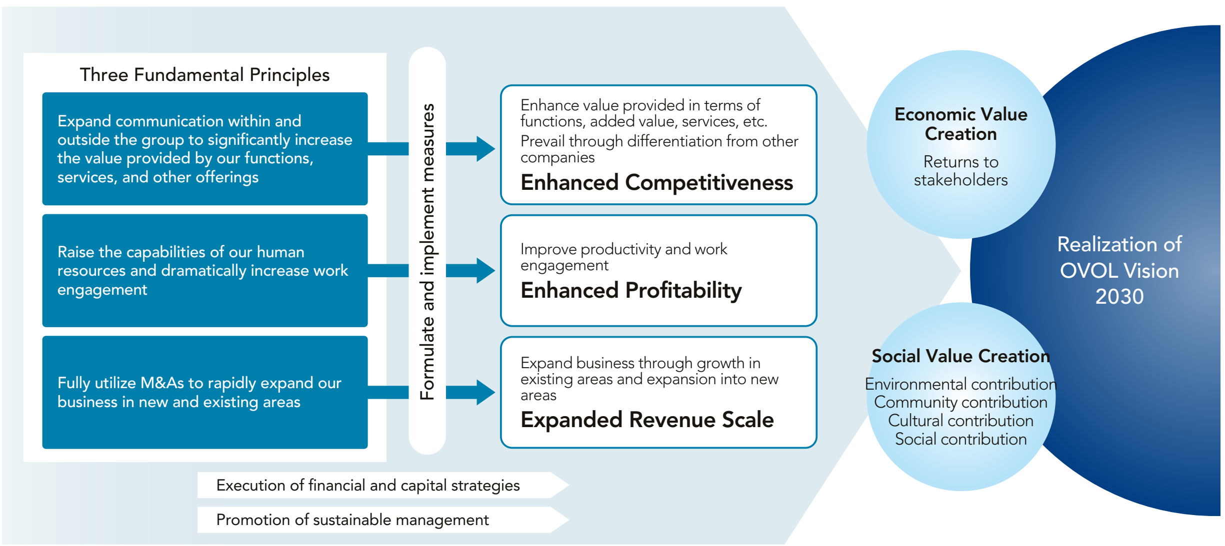
OVOL Medium-term Business Plan 2026 is positioned as a three-year period in which we use backcasting from our OVOL Vision 2030 to identify what our group currently lacks and what it needs, and then develop mechanisms and measures to close those gaps.

We have been taking on a wide range of challenges, including in previously unexplored areas. However, our group faced a difficult start in the first year of the plan, fiscal 2024, due to a prolonged downturn in non-Japan markets that far exceeded expectations and the impact of upfront costs from large-scale M&A.

The external environment is expected to remain difficult in fiscal 2025. Even so, we are steadily implementing initiatives across the group in line with our three fundamental principles: expand communication outside the group to significantly increase the value provided by our functions, raise the capabilities of our human resources and dramatically increase work engagement, and fully utilize M&As to rapidly expand our business in new and existing areas. Each department head declared their commitment to this at the executive general meeting, and the speed of execution of the entire organization has accelerated to a new level.

The quantitative targets set forth in OVOL Medium-term Business Plan 2026 are positioned as responsible goals that must be achieved under any circumstance. The external environment is beyond our control, so we must not resort to merely adjusting numbers to fit targets. With our sights set on achieving OVOL Vision 2030, it is essential that we continue developing new mechanisms and measures, and making strategic investments. At present, risks such as U.S. tariff hikes, deteriorating supply-demand conditions in many regions, and a potential global economic downturn are causes for concern. Without being swayed by these short-term fluctuations, we will remain focused on the long term and steadily carry out what needs to be done.

### OVOL Medium-term Business Plan 2026




## Investments for Growth

Under OVOL Medium-term Business Plan 2026, we are planning growth investments totaling around JPY 80.0 billion over three years, aimed at sustainable growth both in and outside of Japan. We have already invested about JPY 26.0 billion in strategic M&As primarily in Europe, centered on Germany and France, as well as through various other initiatives, and we continue to maintain significant investment capacity for the future. In fiscal 2024, we incorporated six companies across three European countries (Germany, France, and Portugal), strengthening supply chains within Europe and building a logistics hub network. We are also selectively pursuing complementary M&As in Oceania and Asia, as well as strategically important investment opportunities in Japan.

We regard the major M&As executed outside of Japan up to fiscal 2024 as one phase completed, and from here we plan to shift our focus to complementary and strategic investments in Europe, the Americas, Oceania, and Asia. We take pride in the fact that, even in non-Japan markets, many M&A opportunities come to us as the first point of contact, which we see as a testament to the trust placed in our company.

At the same time, our investment targets are not limited to outside Japan, and we are also actively considering opportunities within Japan as well. Particularly within the wholesale industry, we are keeping in mind the potential for future industry restructuring and are pursuing investments with flexibility. In stable demand sectors, such as household paper and corrugated cardboard, we intend to strengthen and streamline our business foundation through M&As and alliances.

## Improving Capital Efficiency to Fundamentally Enhance Corporate Value

We regard the current state of our price-to-book ratio (PBR) below 1.0 as a critical issue that must be resolved at the earliest opportunity. At the same time, we are cautious about relying solely on superficial share price measures. While we fully recognize the importance of capital policies such as share buybacks, we believe it is even more important to maintain an appropriate balance with measures that fundamentally enhance corporate value.

In fact, we have already taken steps to improve asset efficiency, such as selling our head office building. Well-located real estate has also served as a stable revenue source, contributing to trust and reassurance in our company, and even inspiring students to cite it as a reason for applying to work for us. In this sense, it also functions as a symbol of being a trustworthy and engaging group. For this reason, our approach to asset efficiency is not to simply reduce owned properties, but to review them on balance between economic rationality and corporate value. We are also working to reduce cross-shareholdings in a similar manner, and are considering using treasury shares for growth investments such as M&As at the earliest possible stage.

Although our current performance remains under pressure, we are steadily advancing initiatives to strengthen our profit structure with a clear view toward realizing OVOL Vision 2030. We have also executed large-scale M&As in Germany and France, which had not been factored in when formulating OVOL Medium-term Business Plan 2026. We expect that once sales recover and each business returns to cruising speed, they will achieve an appropriate level of profitability.

## Progress on Our DX Strategy

Digital transformation (DX) is positioned as one of the key pillars for improving capital efficiency in OVOL Medium-term Business Plan 2026. We see it as an essential initiative for securing sustainable profits amid external challenges such as the shrinking domestic market and rising labor and logistics costs in Japan.

In fiscal 2023, we established a dedicated DX promotion team, and in fiscal 2025, we elevated it to the division level. Going forward, we will further strengthen our company-wide DX promotion structure and swiftly roll out specific improvements aligned with frontline needs.

Our group promotes DX in terms of two dimensions: defensive DX and offensive DX. Specifically, senior management themselves participate in projects, beginning with the development of a grand design, and advancing company-wide optimization and implementation frameworks for defensive DX. For offensive DX, we are planning a full-scale rollout going forward. By appointing leaders with frontline sales experience, we will design systems in collaboration with the sales departments, enhance demand-supply forecasting using AI and data, and improve logistics efficiency, thereby driving initiatives that balance operational efficiency with the creation of new value. Through these efforts, we aim to enhance the value we provide to customers and innovate our business processes. We see DX not only as a means of improving efficiency but also as an important tool for boosting employee engagement and revitalizing the organization, and we are actively pursuing it as part of our organizational initiatives.

## Promoting Sustainable Management

Promoting sustainable management is one of the key pillars of OVOL Medium-term Business Plan 2026 for our group. In particular, we are focusing on strengthening our most important management capital, human capital, and are continuously advancing measures to improve talent capabilities and work engagement.

As part of this, we have been conducting regular engagement surveys for the past two years, steadily building on our analysis of the results and follow-up each time. In the survey conducted in December 2024, we achieved a BBB score, meeting our original medium-term target two years ahead of schedule. We will continue forward and deepen our initiatives, aiming for even higher levels. Concrete measures to strengthen human capital include the introduction of a stock incentive program through the Employee Shareholding Association and the head office relocation project, both of which serve to enhance employee engagement and a sense of belonging at the company.

On the environment front, the entire group is working together to reduce greenhouse gas emissions* by 50% of fiscal 2019 levels by fiscal 2030, in line with our medium-term target. Our efforts toward carbon neutrality extend beyond the group to the broader industry, including holding study sessions on environmental issues for paper merchants. By sharing the expertise accumulated by our Corporate Sustainability Division, we can help our business partners respond appropriately to environmental requests from printing companies and end users.

* Scope 1 and 2 for the company and consolidated subsidiaries

Furthermore, we are steadily advancing initiatives related to social responsibility, such as addressing business and human rights. While there are currently some signs of society swinging back from the broader sustainability trend, we believe this tide will not fundamentally change, and we have no intention of easing our efforts. On the contrary, through these initiatives, we will firmly lay the foundation for becoming a group recognized for its corporate excellence.

## Communicating the Functions and Value of Paper

One of our important missions is to consider how to pass on the social significance and cultural value of paper as a material to future generations.

Since 2024, we have been hosting the OVOL CREATIVE WORKSHOP SERIES for paper merchants across Japan. These workshops explore new possibilities for paper while fostering lasting relationships among participants, with the aim of revitalizing the entire industry. We also participated in the Future Life Experience at Expo 2025 Osaka, Kansai, Japan. Over 4,000 visitors joined our exhibition and six workshops under the theme “Future Living: The Great Potential and Value Creation of Paper.”

Through these efforts and our collaboration with stakeholders, we aim to broadly communicate the inherent functions and appeal of paper, stimulating demand and enhancing the industry’s presence. On the other hand, we continue to face challenges in our current business performance and on our progress toward the quantitative targets set in OVOL Medium-term Business Plan 2026. Nevertheless, our group’s true goal is to achieve OVOL Vision 2030, and we are steadily building the mechanisms and measures to make this a reality. We will continue to build new initiatives from the ground up, developing them step by step.

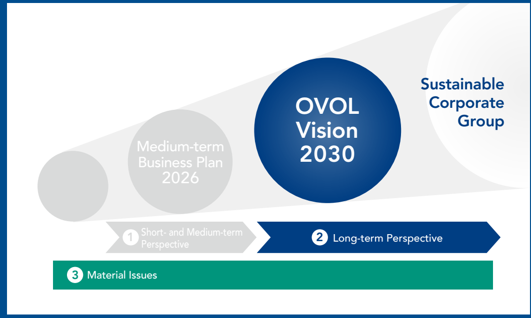
By realizing OVOL Vision 2030, we are confident that as a sustainable corporate group, we will achieve a virtuous cycle as a result. When we recognize and affirm ourselves as a trustworthy and engaging corporate group, and raise the engagement and motivation of each employee, productivity and work quality improve, and competitiveness grows. This will ultimately lead to expanding profitability and business scale. Returning these results to our stakeholders further enhances engagement, and in this way, we will firmly establish a cycle of sustainable growth.

We will continue to sincerely listen to your valuable advice and opinions as we work toward realizing our long-term vision, and we ask for your continued guidance and support.

# Section 1

# Our Value Creation Story

## Points of Interest for This Section

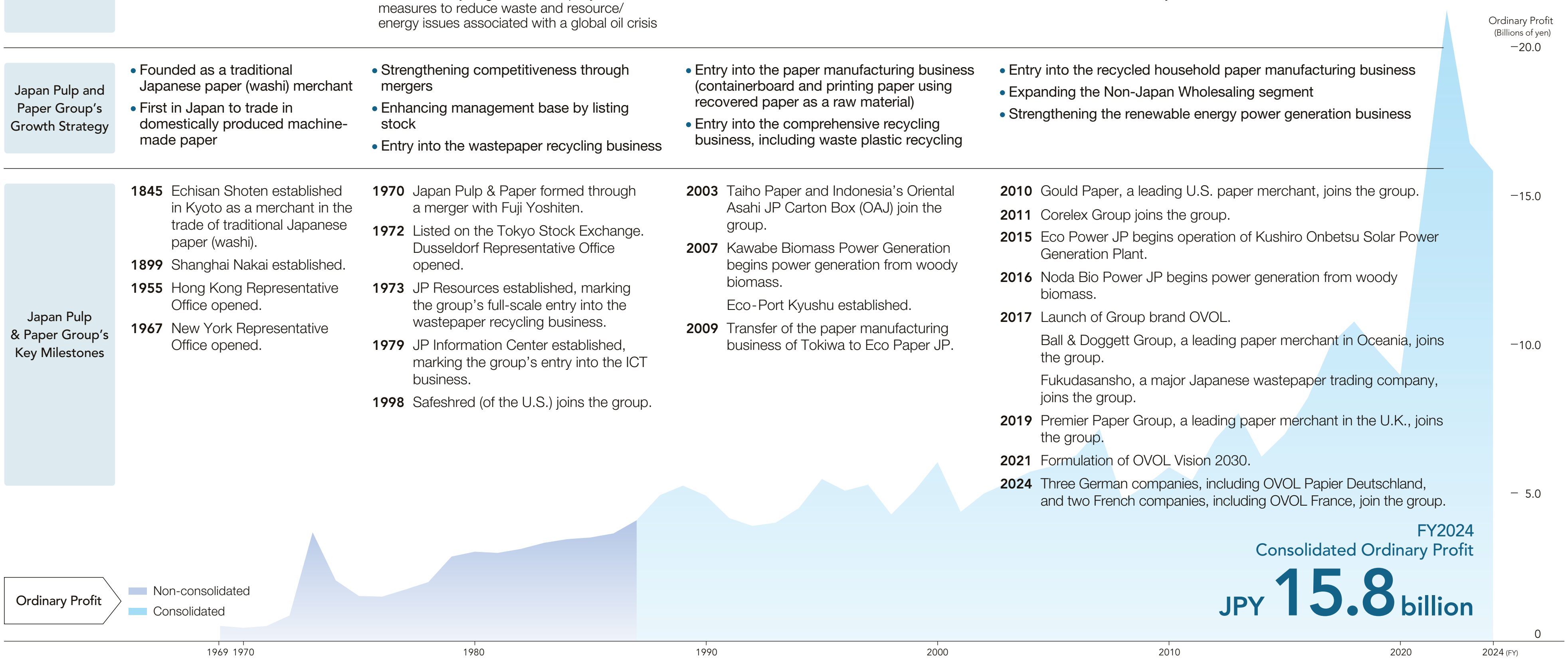


# Our History of Value Creation

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.

**Trust**

| | 1845– | 1970– | 2000– | 2010– |
|---|---|---|---|---|
| | Ability to make proposals / Organizational capabilities | Ability to make proposals / Organizational capabilities | Ability to make proposals / Technological strengths / Organizational capabilities | Ability to make proposals / Technological strengths / Organizational capabilities |
| 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 | • 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.<br>• Interest in recycling increases rapidly due to measures to reduce waste and resource/ energy issues associated with a global oil crisis | • Demand for paper and paperboard in Japan reaches its peak<br>• Activities to protect nature and forest resources spread globally, resulting in increased demand for eco-friendly materials such as paper with forest certification | • In Japan, due to structural issues in society such as digitization, demand for graphic paper decreases. Paperboard production exceeds paper production for the first time in 2020.<br>• 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 |
| Japan Pulp and Paper Group's Growth Strategy | • Founded as a traditional Japanese paper (washi) merchant<br>• First in Japan to trade in domestically produced machine-made paper | • Strengthening competitiveness through mergers<br>• Enhancing management base by listing stock<br>• Entry into the wastepaper recycling business | • Entry into the paper manufacturing business (containerboard and printing paper using recovered paper as a raw material)<br>• Entry into the comprehensive recycling business, including waste plastic recycling | • Entry into the recycled household paper manufacturing business<br>• Expanding the Non-Japan Wholesaling segment<br>• Strengthening the renewable energy power generation business |
| Japan Pulp & Paper Group's Key Milestones | **1845** Echisan Shoten established in Kyoto as a merchant in the trade of traditional Japanese paper (washi).<br>**1899** Shanghai Nakai established.<br>**1955** Hong Kong Representative Office opened.<br>**1967** New York Representative Office opened. | **1970** Japan Pulp & Paper formed through a merger with Fuji Yoshiten.<br>**1972** Listed on the Tokyo Stock Exchange. Dusseldorf Representative Office opened.<br>**1973** JP Resources established, marking the group's full-scale entry into the wastepaper recycling business.<br>**1979** JP Information Center established, marking the group's entry into the ICT business.<br>**1998** Safeshred (of the U.S.) joins the group. | **2003** Taiho Paper and Indonesia's Oriental Asahi JP Carton Box (OAJ) join the group.<br>**2007** Kawabe Biomass Power Generation begins power generation from woody biomass.<br>Eco-Port Kyushu established.<br>**2009** Transfer of the paper manufacturing business of Tokiwa to Eco Paper JP. | **2010** Gould Paper, a leading U.S. paper merchant, joins the group.<br>**2011** Corelex Group joins the group.<br>**2015** Eco Power JP begins operation of Kushiro Onbetsu Solar Power Generation Plant.<br>**2016** Noda Bio Power JP begins power generation from woody biomass.<br>**2017** Launch of Group brand OVOL.<br>Ball & Doggett Group, a leading paper merchant in Oceania, joins the group.<br>Fukudasansho, a major Japanese wastepaper trading company, joins the group.<br>**2019** Premier Paper Group, a leading paper merchant in the U.K., joins the group.<br>**2021** Formulation of OVOL Vision 2030.<br>**2024** Three German companies, including OVOL Papier Deutschland, and two French companies, including OVOL France, join the group. |




FY2024
Consolidated Ordinary Profit
JPY **15.8** billion

# Value Creation Process

Our Mission

**Carving a better future for society and the environment**

**Sustainable Corporate Group**

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

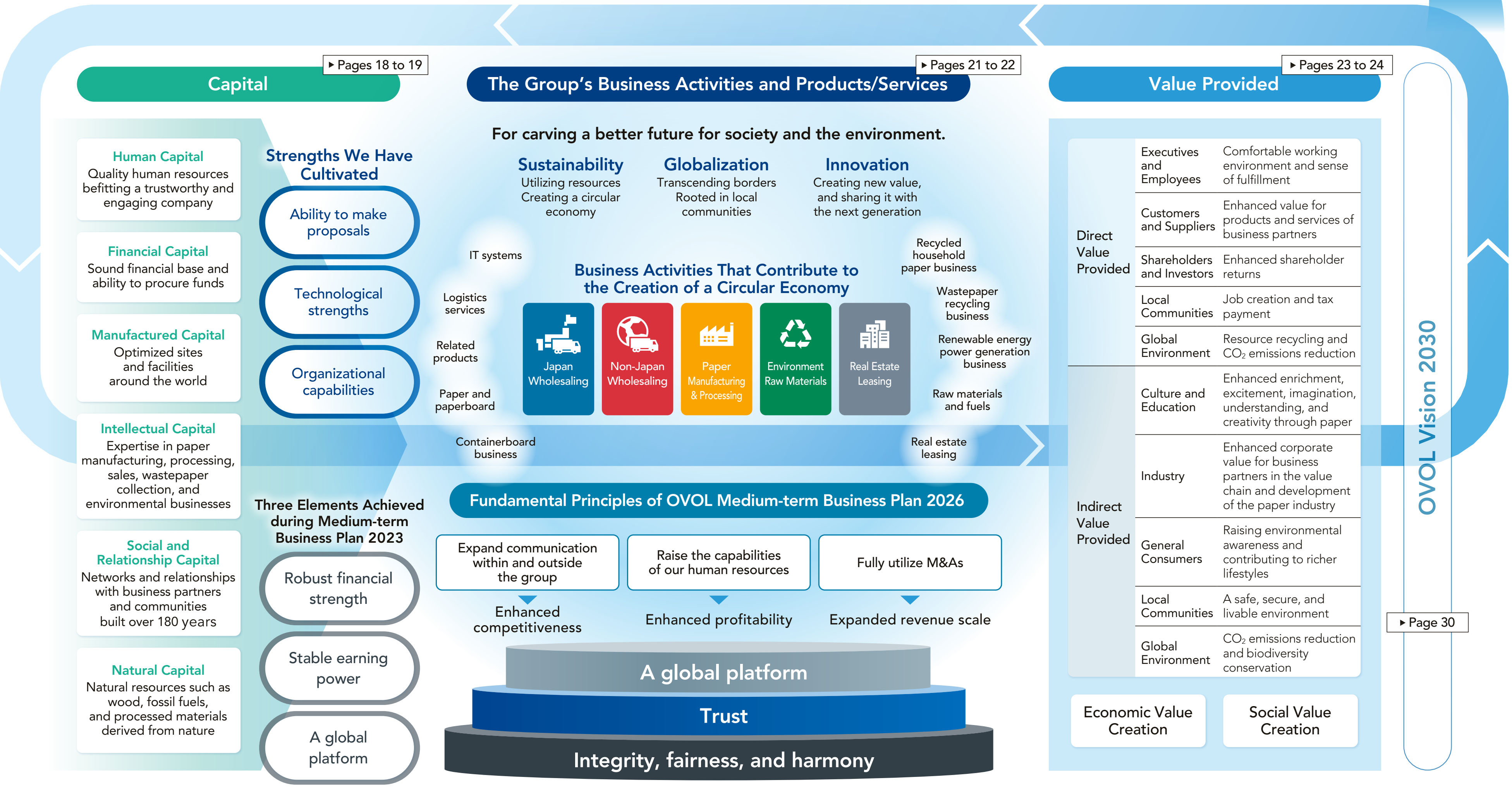
## Social and Business Issues

- 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 67 to 69

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



# Strengthening Capital and Value Provided Based on Material Issues

The group has identified 12 material issues in the four themes of Environment, Society, Employees, and Governance as "internal and external factors that have a significant impact on achieving sustainable business activities that realize both economic and social value." Based on these, we are working to maximize the strengthening of each form of capital to create the unique value provided by the group.

## Relationship Between Material Issues and Capital

| Material Issues | Human Capital | Financial Capital | Manufactured Capital | Intellectual Capital | Social and Relationship Capital | Natural Capital |
|---|---|---|---|---|---|---|
|  **Environment**<br>• Climate Change<br>• Biodiversity<br>• Resource Recycling<br>• Environmental Impact | Through environmental education and training, we enhance executives' and employees' environmental awareness and ability to take action. | By investing in decarbonization and resource circulation, we realize sustainable management. | We install energy-saving and recycling facilities to reduce environmental impact. | Through the disclosure of climate-related risks, acquisition of certification, and expertise in resource management, we enhance our environmental response capabilities. | | Through improvements to the environmental literacy of executives and employees, we help to promote the sustainable use of natural resources and the conservation of biodiversity. |
|  **Society**<br>• Supply Chain<br>• Local Communities<br>• Digitalization | By respecting human rights and improving workplace safety, we establish a foundation for secure and safe working environments. | We allocate funds with an emphasis on social impact, including community contributions and job creation. | | We advance methods for identifying and managing human rights and labor risks in the supply chain, and promote digitalization. | | Through collaboration with local communities and partner companies, we build sustainable, coexisting relationships. |
|  **Employees**<br>• Work Environment<br>• Diversity and Inclusion | By respecting diversity, fostering talent, and giving due consideration to health and safety, we realize a rewarding workplace. | We strategically invest in education systems and workstyle reforms to support executives and employees growth. | | Through career support and the development of structured human resource management methods, we promote effective strategic human resource management. | | |
|  **Governance**<br>• Corporate Governance<br>• Compliance<br>• Stakeholder Engagement | Through education that instills ethics and awareness of legal compliance, we foster a trusted corporate culture. | We invest in strengthening risk management systems and internal controls to secure sustainable corporate value. | | | By practicing integrity in management and accountability, we maintain and enhance trust-based relationships with stakeholders. | |

## Value Provided

| | | |
|---|---|---|
| Direct Value Provided | Executives and Employees | Comfortable working environment and sense of fulfillment |
| | Customers and Suppliers | Enhanced value for products and services of business partners |
| | Shareholders and Investors | Enhanced shareholder returns |
| | Local Communities | Job creation and tax payment |
| | Global Environment | Resource recycling and $CO_2$ emissions reduction |
| Indirect Value Provided | Culture and Education | Enhanced enrichment, excitement, imagination, understanding, and creativity through paper |
| | Industry | Enhanced corporate value for business partners in the value chain and development of the paper industry |
| | General Consumers | Raising environmental awareness and contributing to richer lifestyles |
| | Local Communities | A safe, secure, and livable environment |
| | Global Environment | $CO_2$ emissions reduction and biodiversity conservation |

Economic Value Creation

Social Value Creation

# Capital (Inputs)



The Japan Pulp & Paper Group invests each of its 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.

| 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**<br>• Number of consolidated employees: **4,831**<br>• Percentage of employees working outside of Japan: **54.4**%<br>• Percentage of female employees (consolidated): **26.9**%<br>• Average length of service of parent company employees: **20.4** years | • Positioning human capital as our most important form of management capital and promoting initiatives toward achieving our vision of becoming "a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the paper industry."<br>• Striving to secure a workforce that is substantial in both quality and quantity, while fostering a culture that leverages diverse personalities and ideas.<br>• Creating an environment where employees can work healthily and vibrantly. | • Quality human resources befitting a trustworthy and engaging company<br>• Highly skilled professionals (Environment, global operations, new businesses, M&As, management consulting, DX, and logistics)<br>• A workforce with high work engagement |
| **Financial Capital** | • **Sound** financial base and ability to procure funds<br>• Net assets: JPY **145.6** billion<br>• Interest-bearing debt: JPY **99.0** billion<br>• Net D/E ratio: **0.60**x<br>• Free cash flow: JPY **9.8** billion<br>• Issuer credit rating: **A** | • Securing stable earnings from a well-balanced business portfolio and high-quality receivables based on relationships of trust built over the years, while maintaining a sound financial position through strict financial discipline and highly efficient operations.<br>• Reinvesting generated cash into new value creation for sustained corporate value enhancement. | • Optimized allocation of resources with a focus on capital efficiency |
| **Manufactured Capital** | • **Glocal** distribution sites<br>• Manufacturing sites with **unique technologies: 6**<br>• Recycling business sites: **24**<br>• Renewable energy-related business sites: **6**<br>• Rental properties: **12** | • Aiming to become the world's leading paper distribution group by leveraging glocal logistics sites to provide high-quality, locally rooted services.<br>• Strengthening wastepaper collection/ recycling, and using wastepaper for manufacturing and processing to help build a circular economy.<br>• Promoting renewable energy power generation to contribute to a sustainable society. | • Digitally optimized, highly efficient logistics facilities<br>• Environmentally friendly production equipment<br>• Global packaging processing sites<br>• Robust geographical platform |

## Capital (Inputs)



| 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<br>• **Expertise** and **ability to make proposals** in the paper business<br>• **IT systems for paper distribution** | • Making use of our extensive knowledge and experience across paper, paper-related materials, printing/processing, and the entire paper supply chain, allowing us to establish intellectual capital unique to the paper industry.<br>• Utilizing difficult-to-recycle wastepaper as raw material for paper manufacturing through Corelex Group's proprietary technologies, thereby, contributing to a circular economy.<br>• We boast the overwhelming top share in the industry for the number of companies adopting our paper wholesale and logistics systems, which serve as the dominant system infrastructure for the paper distribution industry. | • Knowledge of the supply chain including processes related to packaging<br>• Data analysis and business optimization systems |
| **Social and Relationship Capital** | • **Networks and relationships of trust** with business partners built over **180 years**<br>• **Good relationships with communities** near business sites | • Leveraging our unique social and relational capital, developed from the trust established with business partners over our 180-year history and capitalizing on the market recognition and business opportunities this foundation generates.<br>• Responding appropriately to changes in the business environment going forward, such as declining paper demand due to digitization, while working to balance economic and social value. Also, further improving our linkages with stakeholders to enhance our social and relationship capital. | • Strengthening collaboration with stakeholders |
| **Natural Capital** | • **Wood, water, raw materials derived from fossil fuels, fossil fuels, woody biomass, and solar power** | • Acknowledging the importance of natural capital, including wood, water, fossil-derived raw materials, and fossil fuels, to the group's businesses, and positioning it as an important form of management capital.<br>• Contributing to building a circular economy through the recycling of wastepaper and waste plastics, as well as the generation of renewable energy from woody biomass and solar power.<br>• Further enhancing our expertise and technologies in the environmental field, aiming to utilize natural capital more efficiently, reduce environmental impact, preserve the global environment, and create economic value. | • Enhancing procurement capabilities in response to a decline in the availability of wastepaper |

# Three Strengths

Human Capital | Financial Capital | Manufactured Capital | Intellectual Capital | Social and Relationship Capital | Natural Capital

## Ability to make proposals
### utilizing our expertise and network

- The business activities of our group are founded on the trust we receive from our stakeholders.
- One of the most important strengths in responding to this trust is our ability to make proposals that leverage our expertise and network.
- Throughout our 180 years of involvement in the paper business, our group has built unwavering confidence and solid strengths in “paper and related materials,” “printing and processing,” and the “paper supply chain.”
- By leveraging our global network and strong partnerships with partner companies, we demonstrate an ability to make proposals that enable us to coordinate the entire process, from development through delivery, in line with customer needs.

From these foundations, we will continue to create new value for paper and expand its 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.

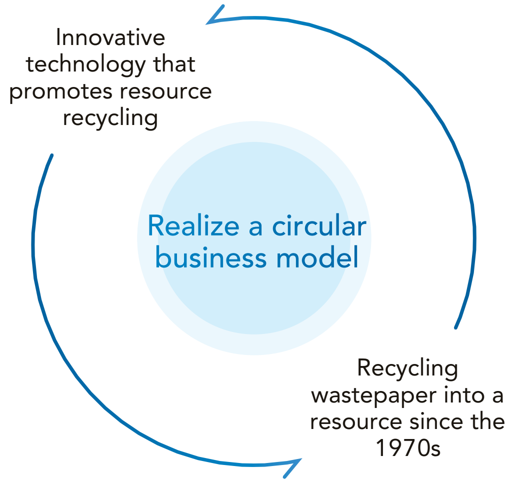
**Environment**

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

- The group possesses advanced technological strengths centered on wastepaper recycling technologies – a significant advantage in realizing a circular business model.
- We are actively engaged in manufacturing recycled household paper made from wastepaper that is difficult to recycle, while also focusing on further technological innovation.

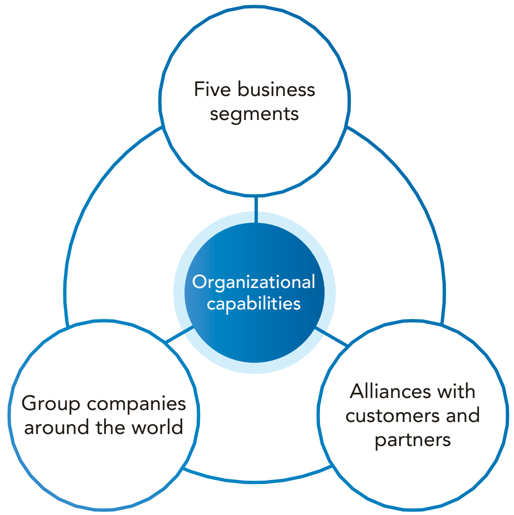
Through these initiatives, we promote the establishment of new recycling systems and contribute to the formation of a circular economy.




## Organizational capabilities
### for creating new value

- The company and its group of more than 100 companies in Japan and overseas engage in a wide range of businesses across five segments centered on paper, each possessing distinct functions and strengths.
- The group views its diverse businesses as vertical threads and its globally developed regions as horizontal threads. By weaving these threads together organically, we form assets unique to the group and establish alliances with customers and partners that put them to good use.

The power to create new value through the combination of these assets is the very essence of the group’s organizational capabilities.




▸ See “Value Creation Examples” on pages 25–28 for examples of initiatives that leverage the group’s unique strengths to create value.

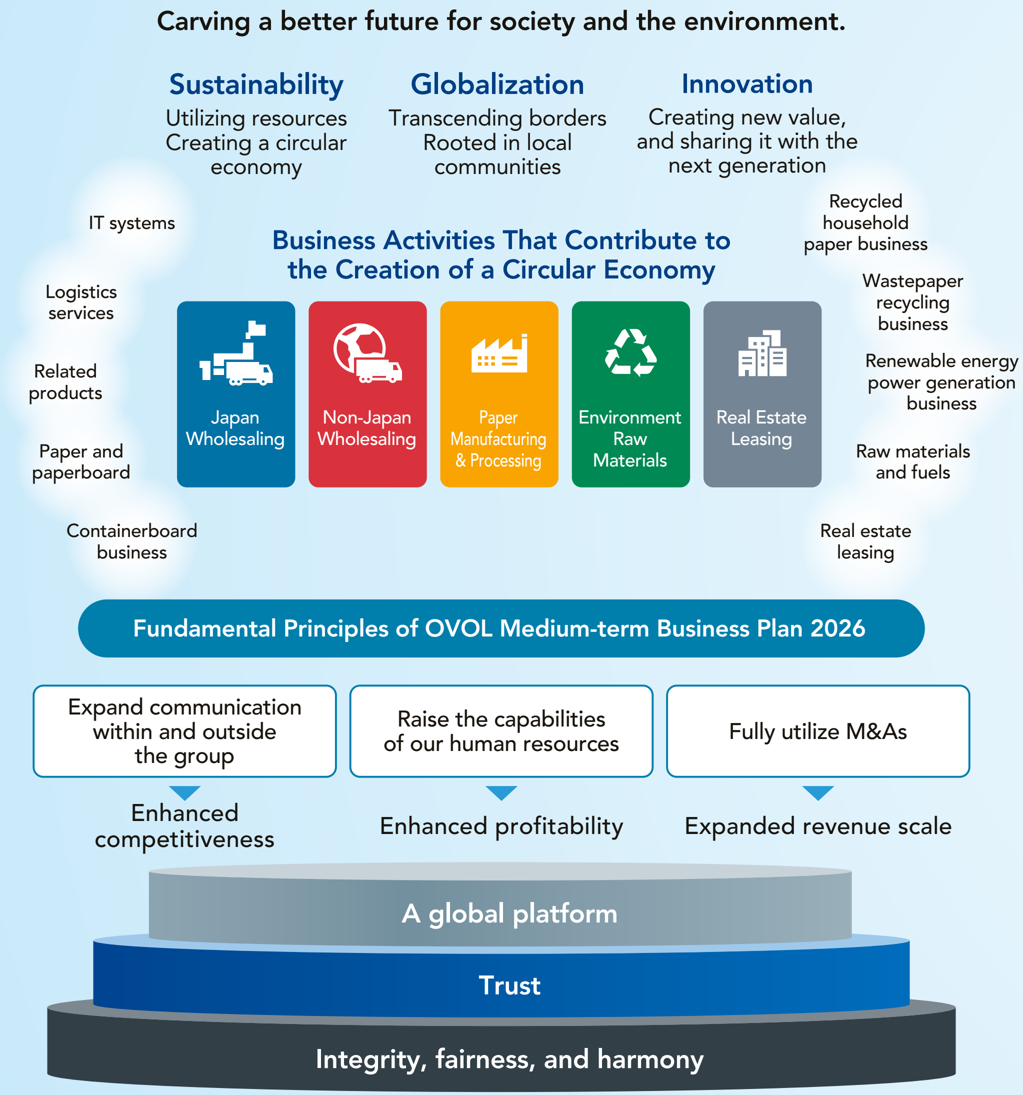
# The Group's Business Activities and Products / Services

For 180 years, the group has conducted its daily operations with the awareness and pride of being a leading company in paper distribution, steadily building trust one step at a time. On the foundation of that trust, we have established businesses unique to the Japan Pulp & Paper Group. Our Corporate Philosophy identifies integrity, fairness, and harmony as our Corporate Spirit. With the stance that our business begins and ends with our Corporate Philosophy, the trust placed in us by our stakeholders is today the group's greatest asset and the very source of its distinctive strengths.

Currently, to further enhance our greatest asset, "trust," the group is pursuing value creation under Our Mission of "Carving a better future for society and the environment." We are focusing on the following three directions:

| | |
|---|---|
| **Sustainability** | Utilizing resources<br>Creating a circular economy |
| **Globalization** | Transcending borders<br>Rooted in local communities |
| **Innovation** | Creating new value, and sharing it with the next generation |

Going forward, the group will continue to evolve its business activities to achieve both economic and social value.



# Carving a Better Future for Society and the Global Environment



| | | | |
|---|---|---|---|
| **Sustainability**<br>Utilizing resources<br>Creating a circular economy | Initiatives in sustainable paper products, resource circulation, and renewable energy | ▸ Wastepaper recycling | Full-scale development in Japan since 1973, with expansion into the U.S. and India. Established an efficient collection network with sites inside and outside of Japan. |
| | | ▸ Comprehensive recycling | In addition to plastic waste, we work to efficiently recycle wastepaper and waste wood through the combined use of thermal and material recycling. |
| | | ▸ Renewable energy | Promoting solar power generation and woody biomass power generation businesses to ensure a stable supply of clean and safe electricity.<br>Contributing to the use of renewable energy and the realization of a sustainable society. |
| **Globalization**<br>Transcending borders<br>Rooted in local communities | Initiatives to combine global expansion and local presence | ▸ Business development in 22 countries and regions | Promoting transactions at each business site that respect local cultures and business practices. |
| | | ▸ Optimization and strengthening of local management | Offices in each country that manage supply chains and serve customers appropriately. |
| | | ▸ Product development based on local needs | Developing and providing products and services optimized for each site by accurately comprehending diverse customer needs and market characteristics in each country and region. |
| **Innovation**<br>Creating new value | Creating new value, and sharing it with the next generation | ▸ Promoting the value of paper | Raising awareness of the environmental capability and cultural value of paper. Carrying out donation activities for educational institutions, such as sponsoring and participating in events. |
| | | ▸ Proposals for paperization | Supporting $CO_2$ reduction and sustainability strategies by proposing the introduction of paper products for use as packaging and containers. |

# Value Provided to Stakeholders



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** | • Stable, long-term employment opportunities<br>• Growth opportunities through education and on-the-job training<br>• Well-being<br>• Performance-based restricted stock incentive plan | • Improve engagement by instilling the group's Corporate Philosophy<br>• Extend retirement age<br>• Promote dialogue between management and employees<br>• Create an environment where executives and employees can work comfortably and make the most of their abilities | • Further improve the value we provide |
| **Customers** | • Improve the value of customers' products by proposing new products and services such as material mix coordination<br>• Create new business models<br>• Stably procure paper and paperboard<br>• Reduce financial burden and improve creditworthiness by providing trading company finance<br>• Acquire new business opportunities for customers by creating demand through educational activities for consumers and society to reaffirm the value of paper | • Provide an extensive lineup of products to suit all users, needs, and applications<br>• Supply of products at the right price, volume, and time<br>• Global paper and paperboard distribution network<br>• Provide products with low environmental impact that resolve societal issues<br>• Propose new business models for collaboration<br>• Recycle the paper and plastic used in packaging<br>• Sponsor campaigns related to paper books and hold and participate in events to reaffirm the value of paper | • Support customers in improving corporate value, ensuring business continuity, expanding business, and resolving labor shortages<br>• Support customers in developing talent through workshops<br>• Provide logistics functions to industries other than the paper industry |
| **Suppliers** | • Consigning sales to the group results in:<br>- Reliable sales<br>- Sales opportunity expansion<br>- Optimized production and reduction of inventory risk<br>- Product development by providing information about market needs<br>- Creation of business opportunities<br>• Stable procurement of wastepaper raw materials | • Revitalize related industries by improving the value of paper through the implementation of educational activities<br>• Create sales opportunities<br>• Enhance wastepaper supply network | • Develop new low-carbon products<br>• Support suppliers in improving corporate value, ensuring business continuity, expanding business, and resolving labor shortages |
| **Shareholders and Investors** | • Payment of dividends<br>• Stock price increases through expanded earnings and stronger IR activities | • Realize OVOL Vision 2030 and implement OVOL Medium-term Business Plan 2026<br>• Promote sustainable management and disclose information in response to requests related to ESG<br>• Progressive dividends with a consolidated payout ratio of 30% or more<br>• Dynamic and flexible stock buybacks | • Enhance shareholder returns through sustainable growth |
| **Local Communities** | • Job creation<br>• Tax payment<br>• Reduce waste by recycling wastepaper<br>• Disaster relief support | • Realize OVOL Vision 2030 and implement OVOL Medium-term Business Plan 2026<br>• Expand resource collection in cooperation with local governments<br>• Conclude disaster prevention agreements with local governments and establish human resource development funds | • Help improve sanitary conditions |
| **Global Environment** | • Resource recycling by reusing wastepaper and waste plastic<br>• Promoting the reduction of $CO_2$ emissions through the use of renewable energy | • Strengthen the recycling business for wastepaper and waste plastic<br>• Manufacture printing paper, containerboard, and household paper using wastepaper as a raw material<br>• Manufacture recycled pulp and recycled plastic materials | • Further improve the value we provide |

## Indirect Value Provided

| | The Value We Currently Create | Examples of Initiatives | The Value We Aim to Create in the Future |
|---|---|---|---|
| **Culture** | • Enhanced enrichment of life through understanding of the true value of paper | • 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<br>• Redefine paper as an environmentally conscious material and communicate its multifaceted value through hands-on exhibitions | • Foster excitement in consumers through the experience of using paper |
| **Education** | • Paper as a useful educational tool | • Hold and participate in events that reaffirm the value of paper as part of educational activities to increase awareness such as through reading, writing, and learning about paper | • Promote activities to increase awareness of the value of paper through on-site classes at elementary and junior high schools |
| **Industry** | • Ensure stable procurement of paper and paperboard products for a wide-range of industries beyond those of our customers<br>• Revitalization of the industry through use of paper-based packaging that is easy to recycle and has lower environmental impact<br>• Contribution to environmental conservation efforts in the supply chain through promotion of recycling<br>• Improve business foundation and the standing of the pulp and paper industry and business partners through educational activities to reaffirm the value of paper | • Ensure stable supply of daily necessities such as printing and graphic paper, household paper, and containerboard<br>• Recycle wastepaper and waste plastic<br>• Sponsor campaigns related to paper books and hold events that reaffirm the value of paper | • Enhance the corporate value of customers and business partners<br>• Foster excitement in consumers through the experience of using paper |
| **General Consumers** | • Opportunities to participate in a circular economy<br>• Stable purchase of daily necessities that are environmentally friendly<br>• Enrichment of daily life through paper and paperboard products | • Support resource recycling in homes and communities through the recycling of wastepaper and waste plastic<br>• 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<br>• Provide opportunities to purchase environmentally friendly products at reasonable prices | • Improve consumer environmental literacy about paper through paper study groups |
| **Local Communities** | • Revitalization of local economies and environmental conservation<br>• Reduce burden on incineration facilities by recycling wastepaper<br>• Enhance the value of resource recycling initiatives through educational activities to reaffirm the need to recycle | • Establish recycling systems in local communities in cooperation with local governments<br>• Promote understanding of resource recycling by providing opportunities for tours of recycled paper manufacturing mills and recycling facilities<br>• Volunteer and donation activities | • Further improve the value we provide |
| **Global Environment** | • Lower $CO_2$ emissions by reducing waste through recycling<br>• Promote the sustainable use of forest resources through the use of wastepaper materials<br>• Conserve biodiversity | • Contribute to the environment through the group's supply chain, from the collection of wastepaper to the commercialization of products<br>• Reduce $CO_2$ emissions through efficient logistics and shortening of delivery distances resulting from optimized inventory locations | • Further improve the value we provide |

**Sustainability**
Utilizing resources
Creating a circular economy

**Globalization**
Transcending borders
Rooted in local communities

**Innovation**
Sharing with the next generation
Creating new value

Value Creation Example 1

# From Expo 2025 Osaka, Kansai, Japan to the World — Recommunicating the Value and Possibilities of Paper

## Strengths Demonstrated

**Ability to Make Proposals**
- Presented the concept of "Paper = Sustainable" to dispel misconceptions concerning paper and its environmental impact.
- Designed workshops where people of all ages and from diverse countries could engage with and enjoy paper.

**Technological Strengths**
- Constructed everything from booth fixtures to uniforms using paper materials.
- Recycled exhibits materials and used paper plates into toilet paper.

**Organizational Capabilities**
- Promoted the initiative as a company-wide project led primarily by young employees.
- Advanced collaboration through broad partnerships.

## Capital Inputs

| | |
|---|---|
| Human Capital | Employees across generations and divisions came together for the project. |
| Financial Capital | Executed investments that contribute to improving the value of paper and our brand. |
| Manufactured Capital | Production facilities equipped with papermaking, processing, and recycling technologies that used wastepaper as a raw material. |
| Intellectual Capital | Knowledge and expertise related to paper and awareness-raising |
| Social and Relationship Capital | Cooperation and Collaboration with multiple external partners |
| Natural Capital | Used paper for all exhibition materials and ensured circulation through recycling. |

## Value Provided by Our Expo 2025 Osaka, Kansai, Japan Exhibition

Our group participated in Expo 2025 Osaka, Kansai, Japan (Expo 2025), through both the Best Practices program and the Future Life Experience (FLE) presentation unit. At FLE, we conducted booth exhibits and workshops, under the theme "Future Living: The Great Potential and Value Creation of Paper," where we showcased paper's affinity with the environment, and its value and potential as a communication tool.

### Direct Value

- Dispelled misconceptions surrounding the use of paper and its impact on the environment.
- Raised awareness of the role of paper in learning and daily life, and encouraged future demand by promoting paper as a preferred material choice.

- A total of 4,769 visitors during the one-week FLE exhibition
- The project "Creating a Future Wearing Paper Yarn Products" was selected as one of 25 Best Practices from over 3,000 applications, and was recognized as a project addressing a critical global issue.

### Economic Value

- Redefined paper and paper products as a "preferred material."
- Enhanced brand recognition of our group through visitors' social media sharing

### Social Value

- Dispelled misconceptions concerning paper and its environmental impact.
- Experimented with how we communicate the diverse value of paper (play, learning, communication).
- Contributed to a circular society by reducing waste and promoting recycling in tandem.


©Expo2025

**Ability to Make Proposals**

## Implementing Experiential Solutions At Our Expo 2025 Exhibition

At the FLE exhibition at Expo 2025, we created a booth constructed entirely from paper materials to embody a circular society, while also conveying the environmental friendliness of paper through paper yarn uniforms and parent-child workshops. In particular, workshops such as our original notebook making workshop, and limited events like the ones that featured corrugated boxboard helmets and paper time capsules, and our paper instrument experience, proved extremely popular, and were shared widely on social media, demonstrating the strong potential of paper products. Stage presentations were structured as quizzes plus performances, and dispelled misconceptions surrounding paper and its environmental impact. We also distributed notebooks and paper pens to 200 visitors, and earned high praise from the Japan Association for the 2025 World Exposition.

| | | |
|---|---|---|
| Capital Input Utilized | **Human Capital** | New ideas and teamwork generated through collaboration across different divisions and generations |

**Technological Strengths**

## Recycling Everything From Exhibition Booths to Difficult-To-Recycle Paper to Embody a Circular Society

Our group company, Corelex Shin-Ei Co., Ltd., supported the Future Society Showcase Project at Expo 2025, providing a system that collected wastepaper generated at the venue, recycled it into toilet paper, and supplied it back to the Future Life Zone. Also, the materials from our FLE exhibition booth were reprocessed by Corelex Shin-Ei Co., Ltd. and were then used as toilet paper in the west area of the Expo 2025 site. Looking ahead, there are concerns that the growth of high-performance paper as an alternative to plastic will increase the volume of difficult-to-recycle paper. Through recycling difficult-to-recycle paper in this way, our group is helping to reduce incinerated waste, thereby promoting decarbonization and resource circulation.

| | | |
|---|---|---|
| Capital Inputs Utilized | **Intellectual Capital** | Extracted only paper fibers from difficult-to-recycle paper using proprietary foreign substance removal technology. |
| | **Natural Capital** | Sustainable use of materials that contribute to a circular society |

**Organizational Capabilities**

## Unlocking the Potential of Paper Through Nationwide Teamwork and Partnerships

This project began as an initiative led by the Kansai Branch and developed into a company-wide project involving employees across different generations and divisions, mainly younger members, from all over Japan. Collaboration among divisions that normally have little interaction created opportunities to strengthen employee initiative and communication skills. In particular, by actively cooperating in areas such as workshop management, stage performances, and visitor support, we regard the initiative as contributing to company-wide talent development and training. We also collaborated with a wide range of external partner companies. Furthermore, as TEAM KAMIITO, we applied together with ITOI LSR Co., Ltd. for the project "Creating a Future Wearing  Paper Yarn Products." The project was selected as a Best Practice, thereby promoting new value and possibilities for paper internationally.

| | | |
|---|---|---|
| Capital Inputs Utilized | **Human Capital** | Initiative and dynamism of employees, mainly young members, who participated from all over Japan |
| | **Social and Relationship Capital** | Collaboration with diverse partner companies such as Misuzushigyo Co., Ltd., KYOWA Corrugated Cardboard Co., Ltd., Crown Package Co., Ltd., Yamaha Corporation, and Yamada Paper Tube Co., Ltd. |

## Innovation

Sharing with the next generation
Creating new value

Please also visit the OVOL Insight and News Release sections of our website.
https://www.kamipa.co.jp/eng/insight/

Value Creation Example **2**

# Generating New Demand for Paper by Providing Unique Paperization Solutions

## Strengths Demonstrated

**Ability to Make Proposals**

- Solution proposals focused on paperization, paperization aimed at reducing and eliminating plastic
- Hypothesis-driven sales conducted closely with customers
- Active dissemination of information

**Organizational Capabilities**

- Diverse capacities from being a group of companies that develop a broad range of businesses centered on paper

## Capital Inputs

| | |
|---|---|
| Human Capital | Innovation-focused personnel |
| Financial Capital | Improved capital efficiency through cross-group initiatives |
| Manufactured Capital | Production facilities equipped with papermaking, processing, and recycling technologies that use wastepaper as a raw material. |
| Intellectual Capital | Culture of sharing specialized knowledge and know-how |
| Social and Relationship Capital | Partnership networks and trust-based relationships |
| Natural Capital | Utilization of sustainable raw materials |

## Value Provided by Our Paperization Solutions

Through our proposals for paperization products that balance environmental conservation efforts with functionality, our group is contributing to solving societal issues while driving business growth.

### Direct Value

- Discovering and redefining the potential of paper to expand its areas of application.
- Enhancing product value through new ideas and proposals.
- Developing new markets through collaboration both within and beyond the group.
- Providing high-value-added products that combine environmental considerations with design appeal.

- Recognition for environmental awareness, design, and practicality, with the Kami-Air Design Window receiving the Minister of Economy, Trade and Industry Award, one of the JAPAN STAR Awards (equivalent to the highest honor) at the Japan Packaging Contest.
- Launching eco-friendly paper packaging under the original brand “Kami Eco®,” and helping customers to showcase their environmental consciousness.

### Economic Value

- Enhancing value and strengthening profitability by adding brand value to paperization products.
- Driving new product and technology developments and market creation through collaboration inside and outside the group.

### Social Value

- Reducing environmental impact by reducing and eliminating plastic use.

## Ability to Make Proposals

# Implementing Hypothesis-Driven "Paperization" Solutions

Our Paperization Business Group has deliberately included the word "paperization" in its name to clearly emphasize the new value of paper we are working to create both within and outside the company. This simple yet powerful name embodies not only the idea of reducing or eliminating plastic and addressing environmental issues, but also the belief that switching to paper can increase the value of packaging, improve logistics efficiency, and enhance design appeal. To realize such high-value-added proposals, we established a "business development" operational style, in which we formulate hypotheses on-site, implement them, and quickly refine them based on customer feedback. With flexible thinking and swift action, we are creating new applications and generating value that goes beyond conventional notions of paper.

| | | |
|---|---|---|
| Capital Inputs Utilized | **Human Capital** | Employees of group companies with extensive work-site experience and high levels of expertise |
| | **Intellectual Capital** | A corporate culture that shares know-how both inside and outside the company and creates new value through mutual learning |
| | **Social and Relationship Capital** | Networks built on trust |

## Organizational Capabilities

# Further Unlocking the Possibilities of Paper Through Collaboration

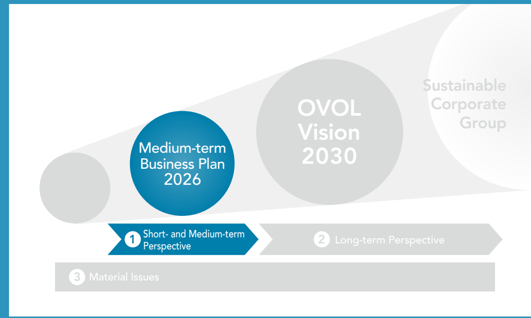
Creating value that transcends conventional perceptions of paper requires close collaboration among group companies and effective utilization of diverse forms of capital. A symbol of this is the Kami Eco® Apparel Pack (photo far right), which brings together our unique creativity and proposal capabilities. The Kami Eco® Apparel Pack uses Ecopia, a recycled paper made entirely from containerboard waste and produced by group company Eco Paper JP Co., Ltd. While Ecopia has traditionally been used as cushioning for e-commerce packaging, we have harnessed its characteristics to plan and propose the Kami Eco® Apparel Pack as a solution that simultaneously reduces environmental impact and enhances brand value. Specific proposal activities included identifying potential customers through our service site Paper & Green, as well as actively creating opportunities to engage with clients and end users, such as participating in exhibitions and giving presentations at seminars. As a result, we received high praise from the distribution and apparel industries, achieving trademark registration and series development for Kami Eco®, and thereby opening new markets for us as a high-value-added product. Going forward, the group will continue to advance unique paperization solutions and expand partnerships based on shared commitment and collaboration, which will serve as the driving force for creating our next businesses.

Part of the Kami Eco® Series

| | | |
|---|---|---|
| Capital Inputs Utilized | **Human Capital** | Employees of group companies who possess flexible thinking, sound judgment, and the ability to act quickly |
| | **Manufactured Capital** | Production facilities equipped with papermaking, processing, and recycling technologies that bring environmental impact reduction ideas to life |
| | **Intellectual Capital** | Expertise in material development and technology utilization. Repeated prototyping of processed products and investment in material development |
| | **Social and Relationship Capital** | Cross-industry partnerships both inside and outside the company, linking raw material suppliers, processors, distributors, and even designers |

# Section 2 Strategies and Strengths

## Points of Interest for This Section



## Explanation of Business Strategies—Progress of OVOL Vision 2030 and OVOL 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 JPY 25.0 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 wastepaper 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 JPY 25.0 billion**

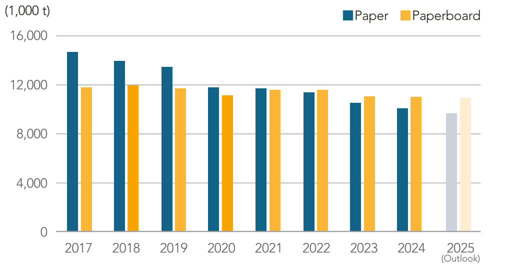
Explanation of Business Strategies—Progress of OVOL Vision 2030 and OVOL Medium-term Business Plan 2026

# Business Environment

## Japan

- Demand for graphic paper continues to decrease due to structural issues, mainly digitization and the declining birthrate.
- Demand for packaging paper is firm, supported by growth in 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 paper instead of plastic packaging is increasing.

### Paper and Paperboard Demand in Japan

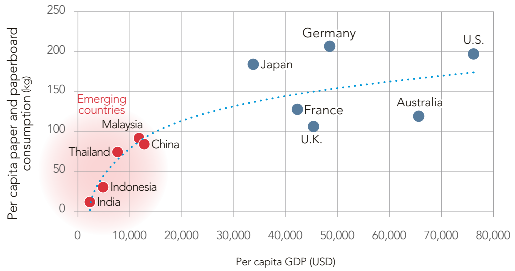



Source: Japan Paper Association: 2025 Paper and Paperboard Domestic Demand Forecast

## Non-Japan

- Paper and paperboard consumption in the group's key markets: approx. 60 million tons in the U.S., 17 million tons in Germany, 9 million tons in France, 7 million tons in 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 industrial structure due to industrialization.

### Per Capita Paper and Paperboard Consumption and GDP (2022)




Source: Company estimates

* No changes in recognition of the recognition of the business environment, only data has been updated

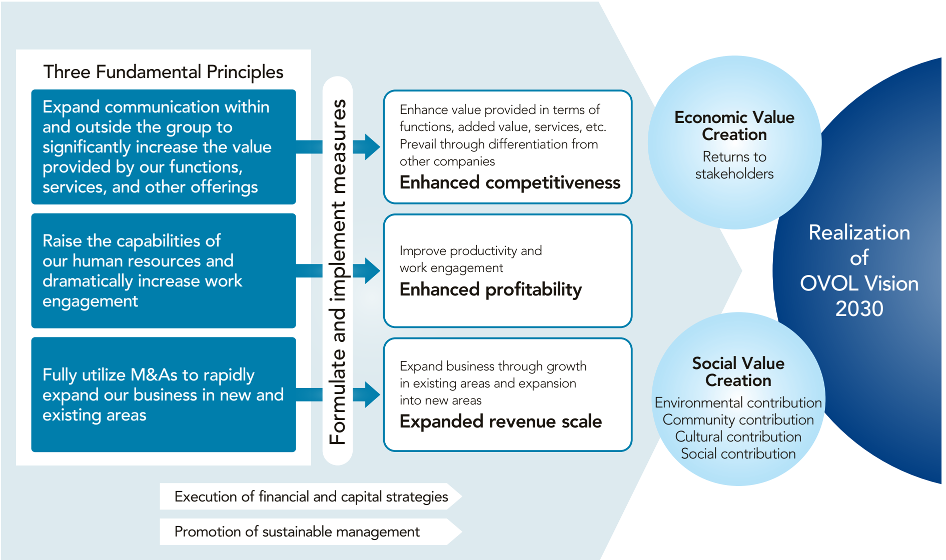
We will identify factors and opportunities that will have a significant impact on the alignment of both economic value and social value with regards to the realization of OVOL Vision 2030. We will continue to respond to changes in the business environment and society, and remain committed to self-transformation.

| | Influencing Factors | Opportunities |
|---|---|---|
| Environment | • Increasing impact of climate change on forest resources<br>• Stricter environmental regulations related to logistics and factory operations | • Promotion of paper alternatives for plastic containers and packaging<br>• Increase in selling opportunities due to offering of products that contribute to $CO_2$ reduction |
| Society | • Increasing importance of realizing a stable supply and responsible procurement<br>• Growing demands for reduced environmental impact and economic and social contributions in local communities<br>• Decrease in paper demand due to progress of digitization | • Establishment of a stable supply structure through sustainable supply chain development<br>• Creation of paper demand by proposing new value in a digital society |
| Employees | • Increasing importance of working environment including stable employment and skill development<br>• Increasing need to improve labor productivity and employee engagement<br>• Active participation of diverse human resources through diversity & inclusion initiatives | • Realization of high engagement, well-being, and improved productivity through effective human capital management<br>• Stronger competitiveness as a group through the sharing of diverse talents and ideas |
| Governance | • Increasing need for transparent and effective management structure<br>• Occurrence of compliance-related issues<br>• Expectations and demands from stakeholders | • Enhancement of corporate value through fair and honest governance<br>• Conduct of business activities with a strong sense of ethics and responsibility<br>• Reflection of expectations and requests from stakeholders in management |

# Overview of the OVOL 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

* For financial and capital strategies, please refer to ▸ page 35

- New record high for consolidated ordinary profit of JPY 22.0 billion
- Realize ROE of 8.0% or more, ROA of 5.0% or more, and ROIC of 7.0% 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

| | FY2021 Results | FY2022 Results | FY2023 Results | FY2024 Results | FY2026 Target |
|---|---|---|---|---|---|
| Consolidated Ordinary Profit | JPY 15.1 billion | JPY 21.2 billion | JPY 16.8 billion | JPY 15.8 billion | JPY 22.0 billion |
| Return on Equity (ROE)*1 | 13.0% | 24.0% | 8.4% | 5.8% | 8.0% or more |
| Return on Assets (ROA)*2 | 4.6% | 5.9% | 4.4% | 4.1% | 5.0% or more |
| Return on Invested Capital (ROIC)*3 | 5.7% | 7.5% | 6.2% | 5.7% | 7.0% or more |
| Net D/E Ratio*4 | 1.06x | 0.66x | 0.59x | 0.60x | 1.0x or less |

**Regarding the fiscal 2026 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 fiscal 2022, 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 fiscal 2026: JPY 141.83 to USD1, JPY 180.68 to GBP1, JPY 96.94 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 calculation was changed to be 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

| Segment | Policy | FY2024 Results | FY2026 Target |
|---|---|---|---|
| Japan Wholesaling | Maximize earnings by leveraging the group's collective strengths | JPY 6.0 billion | JPY 7.0 billion |
| Non-Japan Wholesaling | Build a stable revenue structure and further diversify revenue sources | JPY 3.2 billion | JPY 8.0 billion |
| Paper Manufacturing & Processing | Proactive efforts to conserve the global environment and build a stable revenue base | JPY 6.8 billion | JPY 7.5 billion |
| Raw Materials & Environment | Contribute to a sustainable society and the future of the Earth through a circular business model | JPY 2.0 billion | JPY 2.0 billion |
| Real Estate Leasing | Continue to earn stable income from real estate holdings and optimize the real estate portfolio | JPY 1.6 billion | JPY 1.5 billion |
| | Adjustments | (JPY 3.7 billion) | (JPY 4.0 billion) |
| | Total | JPY 15.8 billion | JPY 22.0 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

* For details on initiatives by segment, please refer to ▸ page 43

# Progress of OVOL Medium-term Business Plan 2026

### Three Fundamental Principles

Expand communication within and outside the group to significantly increase the value provided by our functions, services, and other offerings

Raise the capabilities of our human resources and dramatically increase work engagement

Fully utilize M&As to rapidly expand our business in new and existing areas

Formulate and implement measures

### Expansion of communication and enhancement of the value provided

| | |
|---|---|
| • **Held workshops** | At "OVOL Bridges 2023" held in 2023, we announced three initiatives to promote awareness of the value of paper. As a first step, we held workshops with paper merchants nationwide from August to October 2024 on the theme of "Education and Intellectual Development." Workshops are scheduled to continue in fiscal 2025 with new themes. |
| • **Participation in Expo 2025 Osaka, Kansai, Japan** | Participated in the Future Life Experience at Expo 2025 Osaka, Kansai, Japan that opened in April 2025, where we shared new possibilities for "paper" through displays and videos. |
| • **Development of environmentally friendly products** | The Kami-Air Design Window received the JAPAN STAR Award at the 2024 Japan Packaging Contest. |
| • **Held briefings for individual investors** | |
| • **Held a global meeting of merchant subsidiaries based outside of Japan** | A global meeting of merchant subsidiaries based outside of Japan was held in Malaysia to discuss strategies and progress toward achieving the Medium-term Plan in fiscal 2025. |
| • **Conducted carbon neutrality study sessions for customers** | |
| • **DX initiatives and other measures** | etc. |

### Enhancement of human resources and work engagement (initiatives at the company level)

| | |
|---|---|
| • **Engagement initiatives** | · In the survey conducted in December 2024, we achieved a BBB score, meeting our original medium-term target two years ahead of schedule.<br>· To strengthen the "coordination function" between management and employees on the ground, seminars were held for general managers, branch managers, and division managers.<br>· Discussion sessions were held as forums for communication and sharing from senior management. Two were held between the President and division managers, and three were held with branch employees. |
| • **Health and productivity management initiatives** | · Certified as one of the "2025 Outstanding Organizations of KENKO Investment for Health"<br>· Introduced a system for hourly paid leave<br>· Held a walking rally for all executives and employees<br>· Introduced the health support site "KENPOS" |
| • **Investment in human capital** | · Aim to at least triple education and training expenses by fiscal 2026 compared to fiscal 2023<br>· Ratio of women among new hires for career-track positions in fiscal 2024: 30.4% (KPI: 30% or more)<br>· Increase in new graduate hires for career-track positions in FY2025 by 1.6x compared to FY2024<br>· Continued operation of the Overseas Training Program aimed at developing personnel with practical communication skills abroad (fiscal 2024: 1 to the U.S., 2 to China)<br>· Across-the-board base salary increases for three consecutive years<br>· Introduction of a performance-based restricted stock incentive plan for the Employee Shareholding Association |

### Promotion of M&As and expansion of business scale through alliances

For details, see ▸ page 43 Japan Wholesaling; ▸ page 47 Non-Japan Wholesaling; ▸ page 53 Paper Manufacturing & Processing

• **Pursuing strategic M&As, complementary M&As, business transfers/disposals** etc.

**Head Office Relocation Project Launched**

As part of growth investments and human capital investments toward realizing OVOL Vision 2030, it has been decided that the Head Office will relocate from Kachidoki to Yaesu, Tokyo, in the second half of 2026. The relocation aims to strengthen relationships within the group and with business partners by improving accessibility and is being positioned as an important measure to enhance corporate value.

# Sustainable Management Initiatives

Under OVOL Medium-term Business Plan 2026, we are steadily promoting various measures based on the following five key priorities: expanding human capital investment, initiatives toward achieving carbon neutrality, responding to business and human rights, strengthening compliance systems related to environmental and occupational safety, and strengthening risk management.

## 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**

For details, see ▸ page 80

- Analyze the future talent gap, and carry out recruitment, 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 specialized human resources

| KPI | | FY2024 Results |
|---|---|---|
| Percentage of eligible male employees taking childcare leave | 100% | **100% (achieved)** |
| Employee engagement rating | BBB or higher | **BBB (achieved)** |
| Training expenses compared to FY2023 | 3x or more | **2x** |
| Percentage of leave taken | 80% or more | **80%** |
| Average monthly overtime hours | 10 hrs. or less | **13 hrs. 20 min.** |
| Ratio of female employees in career-track positions | 30% or more | **30.4% (achieved)** |

*1 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**

Achieve a 50% reduction from FY2019 levels by FY2030

* Scope of targets: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries

**Long-term Target**

**Achieve carbon neutrality by 2050**

### Fiscal 2024 Initiative Results

- Formulated targets and action plans for Japan Pulp & Paper and group companies in Japan
- Achieved 100% renewable energy (Scope 2) for Japan Pulp & Paper in fiscal 2024
- Two group paper manufacturing companies promoted the switch to renewable energy derived from hydroelectric power.
- Underwent third-party verification of Scope 1 and 2 as well as Scope 3 emissions at Japan Pulp & Paper in fiscal 2023

## 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 grievance mechanism

### Fiscal 2024 Initiative Results

- Conducted business and human rights training at both Japan and non-Japan group companies
- Implemented monitoring using CSR procurement self-assessment questionnaires, covering major suppliers accounting for 80% of total procurement
- From the second half of fiscal 2024, launched human rights due diligence to identify and assess negative human rights impacts of the group

## Strengthening Environmental and Occupational Safety Compliance Systems

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

### Fiscal 2024 Initiative Results

- Explained the three-tiered environmental/occupational safety compliance management system three separate times at OVOL Environment & Safety Meetings in fiscal 2024
- Held three rank-based compliance training sessions and conducted two e-learning tests during fiscal 2024

## Strengthening 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 (BCP)
3. Enhancement of initiatives to ensure compliance

### Fiscal 2024 Initiative Results

- The secretariat of the Risk Management Meetings headed 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.

# Financial and Capital Strategy

**We will pursue proactive growth investments and steady improvements in capital efficiency, aiming to sustainably enhance corporate value alongside our shareholders in 2030 and beyond.**

Chihiro Katsuta
Representative Director
Senior Executive Vice President CFO,
Business Head - Raw Materials & Environment

## Review of Fiscal 2024

*** First year of OVOL Medium-term Business Plan 2026**

Consolidated results for fiscal 2024 were operating profit of JPY 15.1 billion (down 13.4% year on year), ordinary profit of JPY 15.8 billion (down 5.6% year on year), and profit attributable to owners of parent of JPY 7.6 billion (down 26.9% year on year), with each stage of profit falling below the previous fiscal year. Consolidated ordinary profit in the first year of OVOL Medium-term Business Plan 2026, which we had positioned as a “firm target,” also fell significantly short of the initial forecast, resulting in very severe results.

Consolidated ordinary profit of JPY 15.8 billion was 12.1% lower than the initial forecast of JPY 18.0 billion. The main factor was that the results in the Non-Japan Wholesaling segment deteriorated more than expected. In our key non-Japan markets, continued decline in demand for paper and paperboard and intensified price competition caused recovery to be slower than anticipated. In addition, we executed large-scale strategic M&As in Europe at the end of fiscal 2024, which were not anticipated when OVOL Medium-term Business Plan 2026 was formulated, whose related costs of approximately JPY 1.0 billion were recorded in advance. This was another factor behind the shortfall in the initial forecast, but we regard these strategic M&As as a business acquisition necessary to ensure achievement of OVOL Vision 2030, and as an upfront investment for medium- to long-term growth.

On the other hand, the results from other segments, although subject to some fluctuations, were generally within the initially expected ranges. Despite increases in personnel and logistics costs in the Japan Wholesaling segment, and increases in labor, logistics, fuel, electricity, and auxiliary material costs in the Paper Manufacturing & Processing segment, these were all within initially expected ranges. Furthermore, as these were offset by increases in price and production efficiencies, the deviations from the initial forecast were limited. In the Raw Materials & Environment segment, higher sales prices of fuel for woody biomass power generation plants allowed for results to exceed expectations. In the Real Estate Leasing segment, selective investments in well-located properties were effective, and contributed to continued stable results.

Profit attributable to owners of parent was significantly lower, down 24.3% from the initial forecast of JPY 10.0 billion. This was due to extraordinary losses recorded for impairment of property, plant, and equipment in the Paper Manufacturing & Processing segment, and impairment of goodwill in the Non-Japan Wholesaling segment.

### Status of Capital Efficiency

Capital efficiency indicators for fiscal 2024 were all below the previous fiscal year. ROE was 5.8%, down 2.6 percentage points year on year. This was mainly due to a decline in profit attributable to owners of parent as a result of recording losses on the transfer of non-core and unprofitable businesses, and impairment losses on property, plant, equipment and goodwill. These were one-off losses, and we believe that in the medium to long term, they will lead to improved profitability through optimization of the business portfolio. Total asset turnover ratio and financial leverage remained at roughly the same levels as the previous fiscal year.

ROA was 4.1%, down 0.3 percentage points year on year, mainly due to a temporary decline in asset efficiency caused by the execution of strategic M&As in Europe. While total assets increased as a result of M&As, the acquired businesses have not yet contributed to profit, as costs were recorded in advance.

ROIC was 5.7%, down 0.5 percentage points year on year. Growth investments executed during the fiscal year were positioned as upfront investments for medium- to long-term growth and to build the mechanisms and measures necessary to achieve OVOL Vision 2030. As a result, both the operating profit margin and invested capital turnover declined. The decline in the operating profit margin was due to a sharp increase in the selling, general, and administrative (SG&A) expense ratio, resulting from recording approximately JPY 1.0 billion for expenses related to the strategic M&A in Europe. The decline in invested capital turnover was mainly due to an advanced increase in invested capital, such as inventories, arising from the M&As. From the next fiscal year onward, we expect contributions from the businesses acquired through these M&As to gradually increase, leading to improvements in both profitability and capital efficiency.

Segment ROIC for fiscal 2024, estimated based on invested capital on the operating side, is shown in the table on the right.

The Non-Japan Wholesaling segment was well below the target of 7%, and we recognize improvement in returns in this segment as a key priority. We will continue to work on optimizing invested capital and restoring ROIC levels.

### Segment ROIC

| | | | |
|---|---|---|---|
| Japan Wholesaling | 8.1% | Raw Materials & Environment | 5.7% |
| Non-Japan Wholesaling | 3.9% | Real Estate Leasing | 6.7% |
| Paper Manufacturing & Processing | 9.7% | | |

**Consolidated total: 5.7%**
**(medium-term target: 7.0% or more)**

## Outlook for Fiscal 2025

*** Second year of OVOL Medium-term Business Plan 2026**

For fiscal 2025, we forecast consolidated operating profit of JPY 16.5 billion (up 9.5% year on year), consolidated ordinary profit of JPY 15.5 billion (down 2.0% year on year), and profit attributable to owners of parent of JPY 8.5 billion (up 12.3% year on year). However, progress rates in the first quarter were low with consolidated operating profit of 14.7%, consolidated ordinary profit of 16.8%, and profit attributable to owners of parent of 13.7%.

Looking at ordinary profit by segment: Demand recovery in packaging paper is expected in the Japan Wholesaling segment, but continued decline in demand for graphic paper and rising costs will squeeze profits. Ordinary profit is forecast at JPY 5.8 billion (down 3.3% year on year).

In the Non-Japan Wholesaling segment, demand for graphic paper in key markets continues to decline, and a sluggish market is expected. However, increased sales of high-value-added products resulting from complementary M&As executed thus far will support ordinary profit, forecast at JPY 3.9 billion (up 22.1% year on year). For the German businesses acquired through strategic M&As in Europe in fiscal 2024, it will take time before performance recovery and profit contribution are achieved.

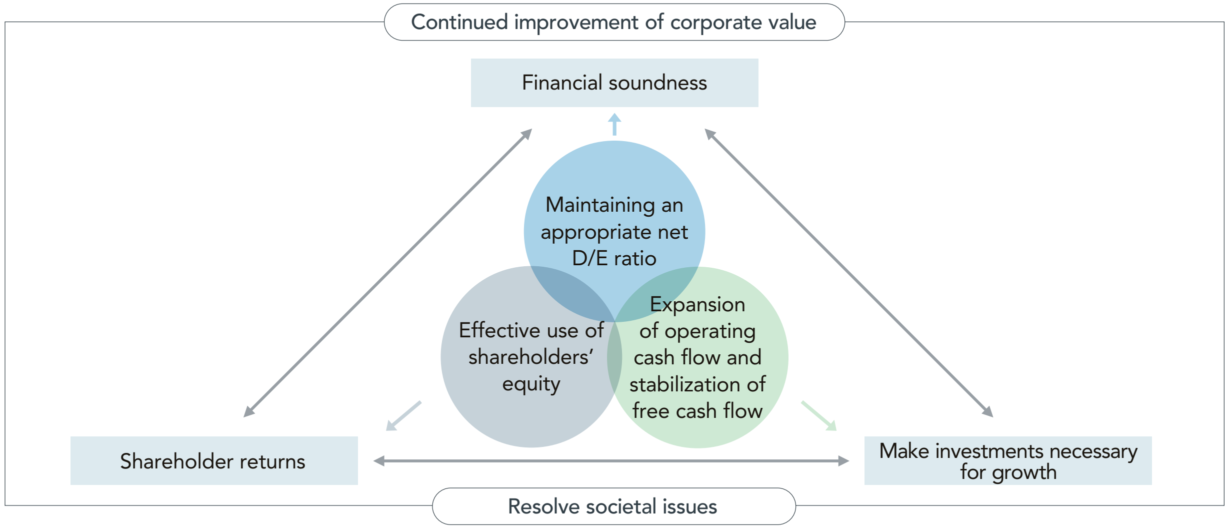
In the Paper Manufacturing & Processing segment, rising manufacturing costs are expected to continue putting pressure on profits, but ongoing efforts to improve production efficiency will keep ordinary profit at JPY 6.8 billion, about the same as the previous fiscal year.

In the Raw Materials & Environment segment, the plastic recycling business and solar power business will remain strong, and profits will be secured in the wastepaper business by maintaining quality despite ongoing declines in wastepaper generation. However, sales prices in the fuel sales business for biomass power plants are not expected to rise as they did in the previous fiscal year, resulting in an ordinary profit forecast of JPY 1.8 billion (down 10.5% year on year).

In the Real Estate Leasing segment, we expect future rent revisions from rising office building rents alongside temporary decreases in rental income in fiscal 2025 due to vacancy periods from tenant turnover. Ordinary profit is forecast at JPY 1.4 billion (down 9.8% year on year).

In OVOL Vision 2030, the group has set a quantitative target of consolidated ordinary profit of JPY 25.0 billion in fiscal 2030. OVOL Medium-term Business Plan 2026 is positioned as the time to build mechanisms and measures to achieve OVOL Vision 2030. From consolidated ordinary profit of JPY 15.8 billion in fiscal 2024 to the fiscal 2030 target of JPY 25.0 billion, the CAGR will be approximately 7.9%. To ensure the achievement of OVOL Vision 2030 and aim even higher, we have been proactively executing growth investments from fiscal 2024, the first year of OVOL Medium-term Business Plan 2026, and will continue this policy in fiscal 2025 with further proactive growth investments.

# Financial and Capital Strategies




## Basic Approach to Financial and Capital Strategy

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. Based on these basic policies, in OVOL Medium-term Business Plan 2026, the group positions the expansion of cash flow and the use of financial leverage to execute growth investments and proactive shareholder returns as the core of its financial and capital strategy. For the final year of the plan (fiscal 2026), the consolidated financial targets are set as consolidated ordinary profit of JPY 22.0 billion, ROE of 8% or higher, ROA of 5% or higher, ROIC of 7% or higher, and a net D/E ratio of 1.0× or lower. By placing greater emphasis on capital cost and optimizing the allocation of management resources, the group will further enhance profitability and capital efficiency while executing proactive growth investments as concrete measures to build the framework necessary to achieve OVOL Vision 2030.

## Maintaining Financial Soundness

At the end of fiscal 2024, the net D/E ratio was 0.6×, the same level as the end of the previous fiscal year, maintaining the financial target of "1.0× or lower" set in OVOL Medium-term Business Plan 2026. The equity ratio was also 34.2%, the same level as the end of the previous fiscal year.

At the end of fiscal 2024, our group's working capital requirements amounted to JPY 106.2 billion, up JPY 5.8 billion from the previous fiscal year-end. This reflected an increase of JPY 8.2 billion in inventories stemming from the acquisition of businesses through strategic M&As in Europe, offset by a decrease in accounts receivable that had remained unsettled at the previous fiscal year-end due to the closing date falling on a holiday but were settled during the fiscal year. As a result, cash flow from operating activities was JPY 21.0 billion, and net interest-bearing debt increased by JPY 4.4 billion year on year to JPY 80.0 billion. The group retained an ample financial position at the end of fiscal 2024, with about 25% of working capital covered by equity. Even after executing large-scale strategic M&As in Europe in fiscal 2024, the group's financial soundness has been fully maintained.

Going forward, the group recognizes that it will be important to manage our financial position to cover the increased working capital requirements that will accompany sales growth from the businesses acquired through M&As, as well as those accompanying further growth investments. Accordingly, the group will properly manage working capital, actively execute growth investments, optimize the allocation of management resources, enhance profitability and capital efficiency, increase operating cash flow, and maintain and improve financial soundness.

The group secures funding through a variety of methods, taking into account market conditions at the time of procurement. As a rule, working capital required for business activities is procured through short-term borrowings from financial institutions or by issuing commercial paper. Meanwhile, funds for growth investments and capital expenditures are procured through equity, long-term borrowings from financial institutions, and the issuance of straight corporate bonds. Recently, cash obtained from the sale of real estate in fiscal 2022 has boosted on-hand funds, and the group plans to allocate these funds to growth investments during the OVOL Medium-term Business Plan 2026 period.

As for the issuer credit rating on straight corporate bonds, in February 2022, two credit rating agencies upgraded the group's rating to Single A (Stable), and it has remained at that level since. The group will continue to strengthen profitability through targeted growth investments while maintaining its financial soundness, and will strive to achieve an early upgrade to Single A (Positive), and then further to Single A+.

## Optimal Resource Allocation

To optimize our allocation of management resources, we have been re-examining assets and investments in each segment and disposing of and liquidating those that we have determined to have little potential of contributing to future profits. In fiscal 2024, the group executed the reorganization and sale of two non-core and unprofitable business bases located in the United States and Europe from the Non-Japan Wholesaling segment, and transferred three business sites and closed two business bases, located in the Kanto region of Japan and the United States, respectively, from the Raw Materials & Environment segment. With regard to investment securities (stocks held as cross-shareholdings, etc.), the group has conducted annual reviews, and since the adoption of the Corporate Governance Code in 2015, has sold a cumulative total of 62 stocks amounting to approximately JPY 13.7 billion as of March 2025. Funds obtained from such sales have been redirected to growth investments, reflecting the group's ongoing commitment to asset efficiency.

Regarding real estate, the group has selectively redeveloped, maintained, and renewed high-profit, low-risk properties, which have contributed to earnings. Conversely, the group has sold properties with low profitability or unclear prospects for effective utilization, rather than redeveloping them, thereby improving asset efficiency. Going forward, the group will continue to optimally allocate management resources, actively undertake investments necessary for growth, and work to enhance profitability and capital efficiency while maintaining financial soundness.

## Cash Allocation

The plan for cash allocation over the three years of OVOL Medium-term Business Plan 2026 is to allocate a total of JPY 80.0 billion to growth investment, consisting of JPY 50.0 billion in cash flow from operating activities and JPY

### Cash Allocation

Cumulative 3-year Cash Allocation

| Cash In | Cash Out |
|---|---|
| Cash flow from operating activities JPY 50.0 billion | Growth investments JPY 80.0 billion |
| External financing | Infrastructure investments (Maintenance and renovation of facilities) JPY 10.0 billion |
| Asset sales (Reduction of cross shareholdings) | Shareholder returns |

Growth investment capacity until the net D/E ratio reaches 1.0x
JPY 120.0 billion*

**JPY 80.0 billion in growth investments**

| | |
|---|---|
| Japan Wholesaling | • M&As and other initiatives to become the unrivaled No. 1 paper distribution group in Japan<br>• Initiatives to promote awareness of the value of paper<br>• Research and development of logistics reforms (energy savings, unmanned operation, joint deliveries with different industries) |
| Non-Japan Wholesaling | • Continue to execute complementary M&As in peripheral areas<br>• Continue to invest in logistics infrastructure and information systems |
| Paper Manufacturing & Processing | • Strengthen the corrugated boxboard manufacturing and processing business<br>• Strengthen the household paper business through alliances |
| Raw Materials & Environment | • Expand business scale (plastic recycling, biomass power generation fuels) |
| Real Estate Leasing | • Redevelop older properties (Osaka JP Building, Kyoto Nakai Building) |
| Sustainable Investment | • Human capital investment, environmental investment, DX investment |

**Proactive dividend policy and acquisition of treasury stock**

* 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.

### Overview of Recent Major Investments

■ Japan Wholesaling ■ Non-Japan Wholesaling
■ Paper Manufacturing & Processing ■ Real Estate Leasing

| Medium-term Business Plan Period (FY) | Amount | Major Investments |
|---|---|---|
| 2017–2019 | JPY 41.6 billion | ■ M&As in the Non-Japan Wholesaling segment<br>■ Upgrading facilities at a containerboard manufacturing plant<br>■ Construction of a corrugated boxboard manufacturing plant outside of Japan<br>■ Redevelopment of real estate holdings |
| 2020 | JPY 7.3 billion | ■ M&As in the Non-Japan Wholesaling segment<br>■ Upgrading facilities at a containerboard manufacturing plant |
| 2021–2023 | JPY 21.9 billion | ■ M&As in the Non-Japan Wholesaling segment<br>■ Corrugated boxboard manufacturing plants M&As and upgrades to facilities |
| 2024– | JPY 30.9 billion | ■ Japan Wholesaling capital and business alliances<br>■ M&As in the Non-Japan Wholesaling segment<br>■ Paper Manufacturing & Processing capital and business alliances |

Financial and Capital Strategy

30.0 billion in funds raised externally and from asset sales. However, there is no change in our view that utilizing financial leverage until the upper limit of the net D/E ratio of 1.0×, the management indicator for maintaining financial soundness under OVOL Medium-term Business Plan 2026, would allow for as much as JPY 120.0 billion to be allocated to growth investment. In fiscal 2024, cash outflows totaled approximately JPY 34.0 billion, consisting of JPY 26.3 billion for growth investment, JPY 4.6 billion for base investment, and JPY 3.1 billion for shareholder returns, while cash inflows consisted of JPY 21.0 billion from cash flow from operating activities, JPY 6.1 billion from external fundraising, and JPY 6.9 billion from asset sales, etc.

The JPY 26.3 billion in growth investment executed in fiscal 2024 was distributed as follows. In the Japan Wholesaling segment, we advanced investments and capital and business alliances aimed at ensuring competitiveness, executing two such alliances during the fiscal year, with several more in progress. In the Non-Japan Wholesaling segment, we continuously considered complementary M&As to strengthen the earnings base of existing businesses, executing four new complementary M&A deals and also large-scale strategic M&As in Europe. In the Paper Manufacturing & Processing segment, we advanced capital and business alliances in the household paper business, an area with strong future growth prospects.

In the Raw Materials & Environment segment, we began land acquisition for expansion of the plastic recycling business and yard expansion to increase the handling volume of fuel for biomass power generation plants. In the Real Estate Leasing segment, we began examining new developments on properties owned in Kyoto and Osaka. In this way, in fiscal 2024, each segment began working on building the mechanisms and measures to make OVOL Vision 2030 a reality.

We executed a series of large-scale strategic M&As in Europe in fiscal 2024, using approximately one-third of the JPY 80.0 billion growth investment framework for the three years of OVOL Medium-term Business Plan 2026 already. However, ample growth investment funds remain for large-scale investments, and in the second and third years of the Plan we intend to continue proactive growth investment in each segment.

For fiscal 2025, growth investment directions are the continued execution of proactive investment strategies to ensure competitiveness in the Japan Wholesaling segment, a focus on complementary M&A in the Non-Japan Wholesaling segment, a focus on the business areas of household paper and corrugated board processing in the Paper Manufacturing & Processing segment, and a focus on capital investment for expansion of existing businesses in the Raw Materials & Environment segment. Careful examination will continue for new developments on properties owned in Kyoto and Osaka in the Real Estate Leasing segment, but specific plans are expected to take more time.

## Improvement of Corporate Value

### Current Stock Price Evaluation

Our PBR, which once hovered around 1.0x, has in recent years remained in the range of 0.5x to 0.6x.

Over the past 10 years, the group's consolidated ordinary profit increased approximately 2.5×, from JPY 6.2 billion in fiscal 2014 to JPY 15.8 billion in fiscal 2024, representing a CAGR of 9.8%. During this period, in fiscal 2022, consolidated ordinary profit reached a record high of JPY 21.2 billion, due to multiple price increases achieved in the Non-Japan Wholesaling segment under tight supply-demand conditions in major markets. However, our PBR remained largely unchanged, from 0.6x in fiscal 2014 to 0.6x in fiscal 2022, when record profits were posted, and has continued to show little change through fiscal 2024. In OVOL Medium-term Business Plan 2026, we have set the goal of achieving a PBR above 1.0x and identified six measures to improve valuation: 1. Make strategic growth investments to enhance competitiveness, increase profitability, and expand the revenue scale. Active growth investments are underway across all segments. 2. Expand the market and broaden our customer base with measures to promote awareness of the value of paper, such as conducting the OVOL CREATIVE WORKSHOP SERIES and participating in Future Life Experience at EXPO 2025 Osaka, Kansai, Japan. 3. Strengthen IR and communicate our growth strategy through IR activities. We hold individual meetings with institutional investors and biannual financial results briefings, and in March 2025, we held our first briefing for individual investors. 4. Achieve a stable generation of excess return with management that has a heightened awareness of the cost of capital. While executing aggressive growth investments, we also rationalize unprofitable assets and investments, making management decisions with a clear awareness of the cost of capital. 5. Further reduce cross-shareholdings. In addition to the existing reduction policy, we have begun discussions with major shareholders to unwind cross-shareholdings. 6. Take a more proactive approach to shareholder returns. We have significantly increased dividends per share, from the previous value (JPY 10 in fiscal 2014, JPY 11 in fiscal 2018, JPY 11.5 in fiscal 2021, JPY 12 in fiscal 2022, and JPY 13 in fiscal 2023) to JPY 25 in fiscal 2024, and plan JPY 28 in fiscal 2025. At present, however, the market's evaluation of our shares remains limited. We recognize the need to further strengthen these initiatives, particularly by accelerating the earnings contributions of our growth investments, clearly demonstrating our growth strategy, and further enhancing shareholder return measures.

### Policy on Reduction of Cross-shareholdings

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 holding the company's stock is determined to be no longer necessary, it is sold to reduce our holdings. In fiscal 2024, we sold nine stocks, including partial disposals. Going forward, we will continue to scrutinize holdings on an individual basis and work toward reduction through dialogue with the relevant companies, thereby enhancing capital efficiency.

#### Reduction in Cross-shareholdings

| FY | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of stocks sold | | 7 | 21 | 13 | 6 | 3 | 5 | 6 | 7 | 5 | 9 | 62 |
| Proceeds | (Billions of yen) | 1.9 | 5.2 | 0.2 | 0.9 | 0.0 | 0.4 | 1.1 | 0.8 | 0.9 | 2.2 | 13.7 |
| Gains/Losses | (Billions of yen) | 0.9 | 1.8 | 0.1 | 0.3 | 0.0 | 0.2 | 0.4 | 0.4 | 0.1 | 0.6 | 4.9 |
| Ratio of holdings to consolidated net assets | (%) | 33.2 | 28.8 | 28.6 | 25.7 | 24.0 | 27.1 | 23.8 | 18.1 | 21.2 | 17.5 | |

* As some shares were sold over multiple years, totals by year and overall may not align.

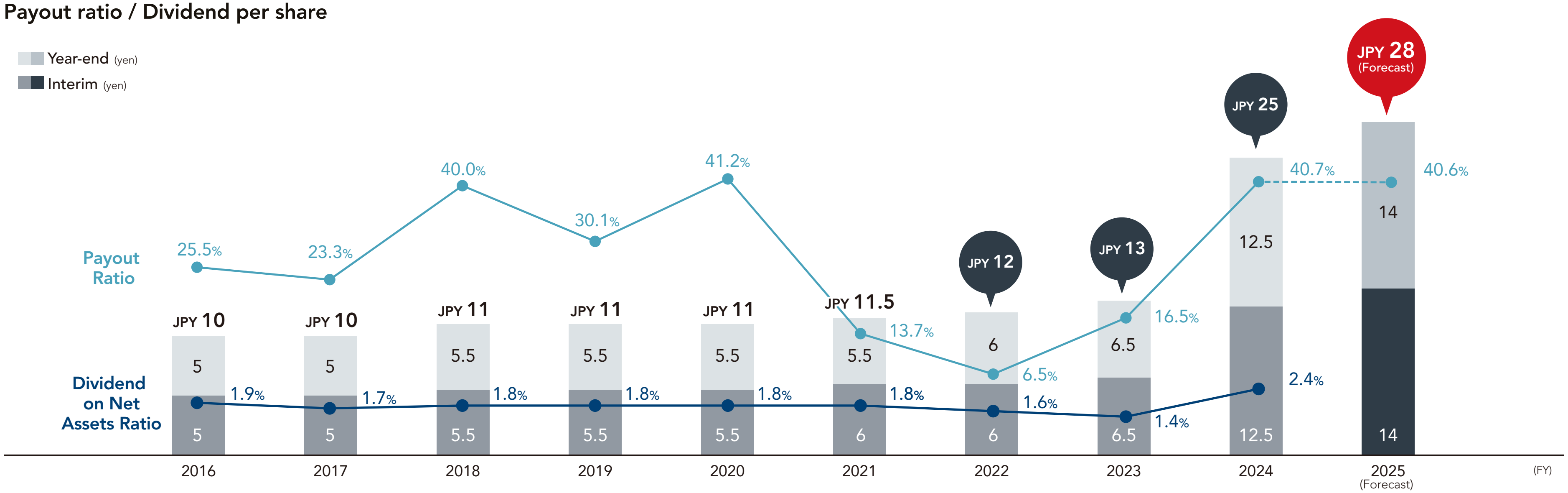
## Shareholder Returns and Dialogue with Investors

### Shareholder Returns

Under OVOL Medium-term Business Plan 2026, our shareholder return policy is to maintain progressive dividends, targeting a consolidated payout ratio of 30% or more, and flexibly and promptly conduct share repurchases. Based on this policy, the annual dividend for fiscal 2024, the first year of the plan, was set at JPY 25 per share (after share split adjustment), representing a significant increase of JPY 12. Due to results falling short of initial forecasts, the consolidated payout ratio was 40.7%, compared with the minimum 30% specified in our policy (16.5% in the previous fiscal year). For fiscal 2025, we plan a further increase of JPY 3 to JPY 28 per share, with a payout ratio of 40.6%. Note that the consolidated payout ratio has a lower limit of 30%, but we have not set an upper limit. Under the plan, we will not reduce dividends regardless of our results.

Financial and Capital Strategy

### Payout ratio / Dividend per share




* Figures before fiscal 2023 are adjusted to reflect the 10-to-1 reverse stock split effective October 1, 2017, and the 1-to-10 stock split effective October 1, 2024.

Regarding stock buybacks, we have executed these in accordance with market conditions and shareholder structure. In recent years, we have also entered into discussions with major shareholders regarding unwinding cross-shareholdings, and going forward, we intend to further advance both the reduction of cross-shareholdings and stock buybacks.

Previously, we have retained treasury shares with the possibility of using them for large-scale M&As. However, if no such opportunities are foreseeable in the near term, we will also consider cancelling them.

## Dialogue with Investors

Our basic policy is to enhance sustainable growth and medium- to long-term corporate value through constructive dialogue with shareholders and investors. The IR department responds in coordination with General Affairs, Corporate Planning, Finance, and other relevant departments, and feedback from investors is reported to the Board of Directors. In these dialogues, we proactively use disclosure materials such as the Integrated Report to communicate clearly about our management strategy, financial condition, governance, and sustainability initiatives, deepening understanding of our corporate value creation story.

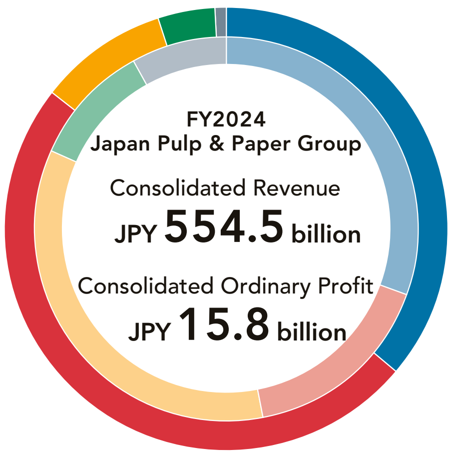
For institutional investors, we provide dialogue opportunities through biannual financial results briefings and hold individual meetings upon request. We also believe it is essential to explain our growth strategy and other initiatives to individual investors in a more transparent manner. In March 2025, we held our first-ever briefing for individual investors. To enhance their understanding, we also redesigned the top page of our corporate website, established a new page for individual investors, and continue to expand opportunities for engagement. Additionally, we conducted a 10-for-1 stock split in October 2024, lowering the per-unit investment amount to make shares more accessible, increase liquidity, and further expand the investor base.

Through deeper dialogue with shareholders and investors, we will continue to enhance trust in the capital markets and achieve fair evaluation of our shares.

# 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.




* Outer ring: Consolidated revenue
Inner ring: Consolidated ordinary profit
(Simple aggregation of each segment, excluding adjustments)

| Consolidated Subsidiaries | Associated Companies (Equity-Method) |
|---|---|
| 94 | 6 |

FY2024 Results by Segment / Main Businesses

[ ]: Composition

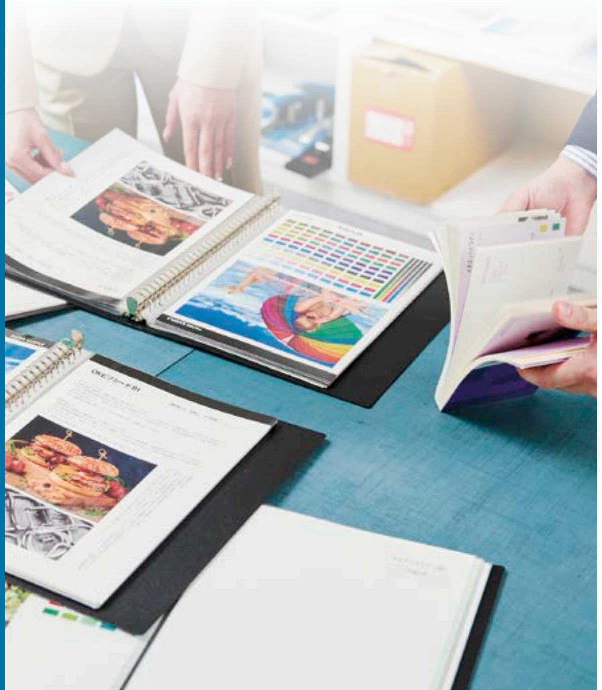
| Segment | Revenue | Ordinary Profit | Number of Consolidated Subsidiaries | Main Businesses |
|---|---|---|---|---|
| Japan Wholesaling | JPY 200.6 billion [36.2%] | JPY 6.0 billion [30.7%] | 10 | • Sale of paper, paperboard, and related products<br>• Warehousing and transportation businesses<br>• Information service business<br>etc. |
| Non-Japan Wholesaling | JPY 275.5 billion [49.7%] | JPY 3.2 billion [16.4%] | 67 | • Sale of paper, paperboard, and related products<br>• Manufacturing and sale of sign & display products, packaging, films, and related products<br>etc. |
| Paper Manufacturing & Processing | JPY 51.6 billion [9.3%] | JPY 6.8 billion [34.6%] | 10 | • Manufacturing of household paper, containerboard, and printing paper using recycled wastepaper as a raw material<br>• Manufacturing of containerboard boxes and related products<br>etc. |
| Raw Materials & Environment | JPY 22.7 billion [4.1%] | JPY 2.0 billion [10.3%] | 7 | • Wastepaper recycling<br>• Sale of raw materials such as wastepaper and pulp as well as of biomass fuel and related products<br>• Comprehensive recycling business<br>• Renewable energy power generation business<br>etc. |
| Real Estate Leasing | JPY 4.2 billion [0.8%] | JPY 1.6 billion [8.0%] | | • Leasing of real estate |

# Business Segments

# Japan Wholesaling

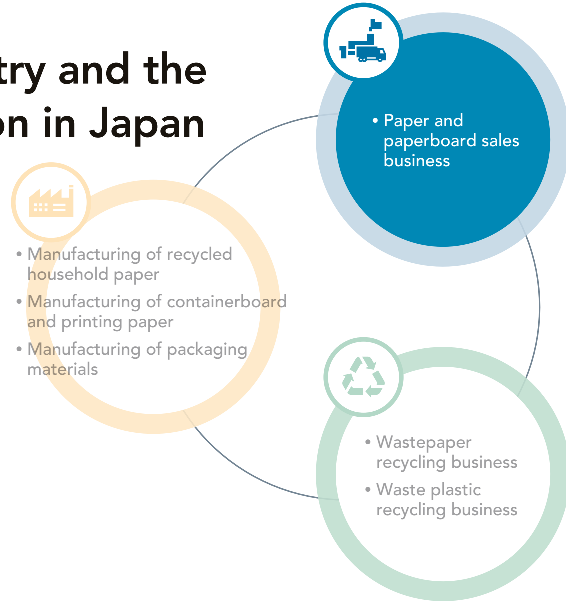
**Major Group Companies**

- JP Household Supply Co., Ltd.
- JP Loginet Co., Ltd.
- Gokura Co., Ltd.
- OVOL ICT Solutions Co., Ltd.
- Cosmo Paper Trading Co., Ltd. etc.



## A Dominant Presence in the Industry and the Leading Share of Paper Distribution in Japan

- Based on the expertise and trust accumulated over 180 years since our founding, we have developed the sale of paper, paperboard, and related products as a distributor for manufacturers.
- In addition to proposing and supplying household and industrial materials that use a diverse range of materials and address a wide variety of applications beyond paper, we also handle more specialized products such as functional materials for electronic components, environmentally friendly films, and packaging materials.
- Establishing and operating a nationwide logistics network.
- Developing and selling wholesale systems and logistics systems specialized for the paper industry.
- Promoting diversified business development by leveraging the strengths of the entire group.




### Wholesale of Paper, Paperboard and Related Products

- Holding the leading share in sales of paper and paperboard in Japan as a distributor for major domestic manufacturers
- Not only supplying a wide range of household and industrial materials, such as packaging paper, functional materials for electronic components, and environmentally friendly films, but also proposing new solutions for how to adopt them

### Logistics

- Enabling stable supplies of paper nationwide through our network of group and partner companies
- Planning and implementing rationalization and efficiency improvements that encompass shared storage and joint delivery

### ICT System Development

- Selling and operating business systems specifically for the paper industry, and developing and selling of AI-driven services

A leader in paper distribution system infrastructure, with a dominant industry share in the number of users of our systems for paper wholesaling and for paper logistics

## Current Status of Japan Wholesaling Business

### Strengths

- Relationships with business partners based on trust built over 180 years
- Human resources to support our position as an industry-leading company
- Ability to create proposals based on advanced expertise and know-how in the paper business
- A nationwide distribution network that enables the stable supply of paper

### Opportunities

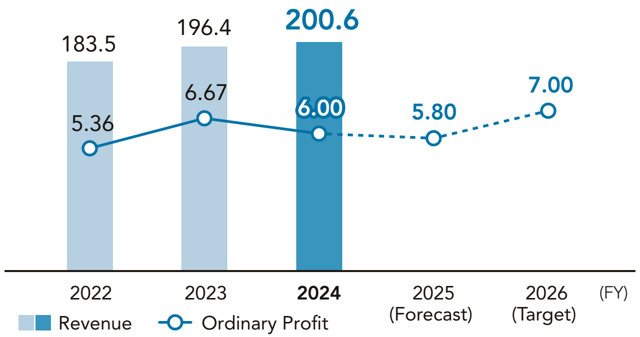
- Return to paper from digital formats as people rediscover its enriching and comforting value and qualities
- Growing demand for environmentally friendly products

### Risks

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

**Revenue/Ordinary Profit**

(Billions of yen)




## Segment Policy Under OVOL Medium-term Business Plan 2026

# Maximize Earnings by Leveraging the Group's Collective Strengths

FY2026 Quantitative Target
Segment Ordinary Profit **JPY 7.0 billion**

- **Differentiate ourselves from competitors and succeed by promoting our capabilities and value throughout the supply chain**
  ➡ Invest in the digital transformation (DX) of the paper industry; invest in logistics reforms and promote awareness of the value of paper
- **Expand sales of household paper and high-performance/high-value-added products**
  ➡ Strengthen relationships with suppliers and expand sales of environmentally friendly products
- **Carry out M&As to become the unrivaled No. 1 paper distribution group in Japan**
  ➡ Use M&As and alliances to expand business areas and strengthen the supply chain
- **Enhance organizational capabilities and ability to make proposals by promoting human capital investment**
  ➡ Develop human resources well-versed in the 3Cs (Change, Challenge, Create) so that we can propose and provide new functions and services
- **Improve productivity and profitability through DX initiatives**
  ➡ Promote both "defensive DX" and "offensive DX"

| Enhanced competitiveness | Enhanced profitability | Expanded revenue scale |
|---|---|---|

Japan Wholesaling

## Overview of Fiscal 2024 Segments

| | |
|---|---|
| **Revenue** | Although sales volume of paper decreased due to factors such as the progress of digitization and the decline in publishing and commercial printing, paperboard and functional materials compensated, resulting in an increase from the previous period. |
| **Ordinary Profit** | Decreased from the previous period due to increases in labor and logistics costs. |

| | |
|---|---|
| **Paper** | In addition to declining demand due to structural factors such as digitization, a decrease in circulation of periodicals and catalogs led to a lower sales volume than the previous period. |
| **Paperboard** | Sales of containerboard for fresh produce packaging were sluggish due to poor weather, and sales from industrial product packaging were also weak, but sales from beverage packaging were steady. Sales volume of white paperboard increased from the previous period, supported by steady demand for inbound consumption and trading card use. |

Demand for functional materials continued to recover, especially in electronics-related fields, resulting in higher sales value year on year.

### Japan Sales Volume and Revenue (Non-consolidated)

| | | FY2023 | FY2024 | Change from the Previous Period | Comparison with the Previous Period |
|---|---|---|---|---|---|
| **Sales volume** (10,000 tons) | **Paper** | 88.3 | **87.7** | (0.7) | 99.3% |
| | **Paperboard** | 78.4 | **79.5** | +1.1 | 101.4% |
| **Revenue** (Billions of yen) | **Paper** | 130.14 | **130.21** | +0.07 | 100.1% |
| | **Paperboard** | 33.17 | **35.80** | +2.62 | 107.9% |

* For fiscal 2024, domestic demand* comparison with the previous period: Paper 97.1%, Paperboard 100.1%. Paper and Paperboard total was 98.7%.

* Domestic demand = Manufacturers' domestic shipments + Imports (Source: Japan Paper Association / Japan Paper Importers' Association)

## Progress of OVOL Medium-term Business Plan 2026

| | |
|---|---|
| **Expansion of business areas and strengthening of the supply chain through M&As and alliances** | • Implemented two M&As in Hyogo Prefecture to strengthen wholesale business resilience<br>**Seibunsha Co., Ltd.**<br>[Location] Hyogo, Japan<br>[Business] Manufacturing of paper products, retail of paper, wholesale and retail of bookbinding materials<br>**Nishimura Paper Co., Ltd.**<br>* Business succeeded by the group subsidiary, Koyosha Co., Ltd.<br>[Location] Hyogo, Japan<br>[Business] Sales of paper and paperboard |
| **Differentiation from competitors by providing our capabilities and value** | • Held workshops to explore the possibilities of paper<br>• Established a paper study group to research environmental performance and the new value of paper |
| **Expansion of sales of household paper and high-performance/ high-value-added products** | • The Kami-Air Design Window received the JAPAN STAR Award at the 2024 Japan Packaging Contest.<br>• Sales of environmentally friendly products |

## Outlook for this Fiscal Year

FY2025 Forecast for Ordinary Profit **JPY 5.8 billion**

- While demand for paper is expected to continue declining, demand for paperboard is anticipated to recover steadily.
- Increases in logistics and labor costs
- By leveraging DX to create new mechanisms and measures, we aim to expand earnings through enhanced customer retention and productivity improvements.

GOKURA CO.,LTD.

Group Companies

# Gokura Co., Ltd.

Head Office Ehime, Japan

Business Wholesaling of Japanese and Western paper, processed paper products, packaging materials, papermaking raw materials, industrial chemicals; building materials business

## Providing New Value as a "Paper Coordinator"

Kouhei Mochizuki

Representative Director
President

Since our founding in 1905, we have focused on the sale and processing of paper and paper products, while also handling a range of additional products, including papermaking raw materials and cement-based materials. In particular, for paper processing we own numerous unique and custom-made processing machines, which enable us to achieve differentiation. Our strength lies not only in responding to orders but in flexibly proposing optimal solutions tailored to customers' issues. Beyond paper distribution and sales, we develop planning- and proposal-oriented sales that leverage our network and information capabilities, and we pride ourselves on providing new value to customers as a "Paper Coordinator."

Looking ahead to achieving OVOL Medium-term Business Plan 2026, we will work to expand sales channels by leveraging the business foundation we have established with schools and childcare centers. Among these, we will advance collaboration with companies that publish mail-order catalogs to strengthen access to a broader customer base. Additionally, in the field of paper products for 100-yen shops, which continues to grow, we will serve as a bridge between paper manufacturers and customers through our raw paper supply, demonstrating our coordinator function. We will also focus on expanding sales of cushioning paper, where demand is increasing. While we are already seeing results, by continuing to use Eco Paper JP products as our raw paper, we intend to further contribute to enhancing synergies within the Japan Pulp & Paper Group.

## Sales Capabilities That Listen to Customers and Deliver Value

Kazumori Ito

Sales Department No. 1, Section No. 1
Section Manager

I belong to the Sales Department, where we primarily sell converted paper base stock for stationery products, including notebooks, origami, sketch pads, and colored drawing paper, with a focus on local converters. My daily work involves sales visits to customers, as well as efforts at new product development and discussions with paper manufacturers. Through listening closely to customer issues and market conditions, and building trust through careful communication, I serve as a coordinator, accurately delivering customers' voices to manufacturers.

Recently, when I proposed a packaging machine for masking tape to a customer who supplies converted paper base stock, it was well-received and led to an order. It also received high praise on-site, resulting in repeat orders and increased sales of converted paper base stock for masking tape. Behind such results is proactive communication with not only purchasing staff, but also sales representatives and plant personnel across departments. By visiting sites and carefully listening to live feedback, I was able to uncover latent needs and make informed proposals. Going forward, we will continue to take on the challenge of crafting proposals that go beyond the framework of paper, in order to provide value that exceeds customer expectations.

Highlights

## Imagining the Possibilities of Paper Through Future-oriented Thinking and Collaboration — OVOL CREATIVE WORKSHOP SERIES

At OVOL Bridges 2023 — The 2nd Paper Merchants Forum, we announced the regular holding of workshops to promote awareness of the value of paper. As the first installment, from August to October 2024, we held the first OVOL CREATIVE WORKSHOP SERIES together with paper merchants nationwide. With the initial theme set as "Education and Intellectual Development," a total of 111 participants from 75 paper merchants across the country took part in the workshops. Each workshop was conducted over two days, with the aim of envisioning the future of education.

On Day 1, "Future Talk," we invited Ms. Nanako Ishido (Professor of Keio University / Representative of CANVAS) and Mr. Yoshihiro Kaneko (Director of Center for Open Innovation in Education, Tokyo Gakugei University) as experts in the education field. They gave lectures on how educational settings are changing and what kind of future is opening up as a result.

On Day 2, "Combining Current Strengths and Emerging Trends to Envision Our Desired Future," participants discussed, based on the lectures, the role that paper and paper distribution can play in education by combining "current strengths" and "emerging trends." Each group came up with and shared challenging ideas aimed at the future they want to realize.

We will continue the series with different themes, thereby contributing to finding solutions for social issues, including education.

[Top left] Ms. Nanako Ishido / [Bottom left] Mr. Yoshihiro Kaneko / [Right] Scene from the workshop

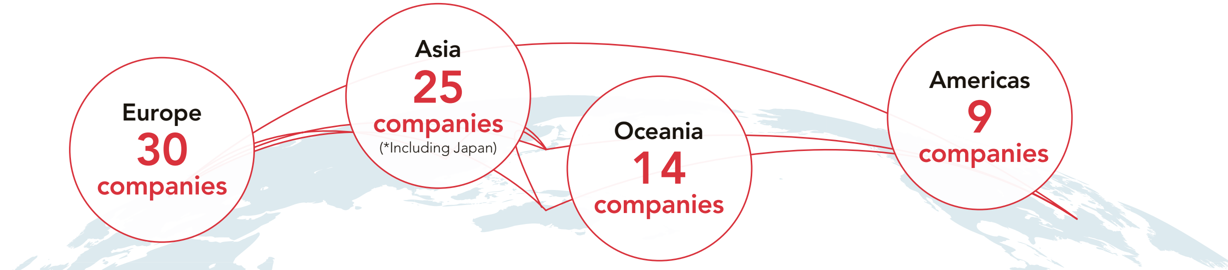
# Non-Japan Wholesaling

**Major Group Companies**

- Gould Paper Corporation
- Premier Paper Group Limited
- Ball & Doggett Group Pty Ltd
- OVOL Papier Deutschland GmbH
- OVOL France, S.A.S. etc.


## Glocal and Cross Border Business Rooted in Many Countries and Regions as One of the World's Leading Paper Distribution Companies

- Since entering markets outside Japan, starting in Shanghai, China in 1899, we have accumulated knowledge and expertise through business continuity under different cultures and business practices.
- Global development of paper merchant businesses equipped with inventory and delivery functions
- Establishment of regional supply systems by leveraging the functions of each base
- Expansion into end-user products such as PPC paper, labels, films, and sign & display-related items, in addition to delivering to printing companies and paper processors
- Utilization of regional characteristics and creation of synergies for the entire group through business development rooted in each country and region




**As one of the world's leading paper trading companies, we have built a procurement and supply system that covers the entire globe.**

As of March 31, 2025

## Focus Markets

### Sign & Display Market

- Outdoor advertisements, wrap advertising on vehicles
- Facility information displays
- POP advertising
- Traffic signs

Items We Sell

- Printers
- Technical services
- Paper & film media
- Ink and other supplies

### Packaging Market

- Light packaging
- Heavy duty packaging
- Flexible packaging

Items We Sell

- Paper products such as shipping boxes and decorative boxes
- Molded pulp containers and cushioning
- Flexible packaging film used in food, pharmaceuticals, etc.

## Current Status of Non-Japan Wholesaling Business

### Strengths

- Trust from business partners outside Japan built up over more than 120 years since entering Shanghai, China in 1899
- Procurement and supply system with regional inventory, processing, and delivery functions covering the entire globe through 78 group companies in 22 countries and regions including Japan
- Ability to make proposals based on procurement, supply, and information capabilities, leveraging our global network

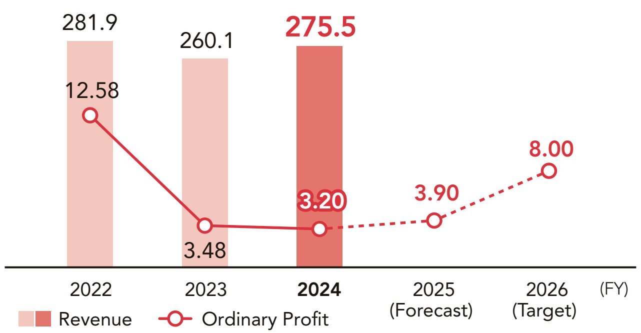
### Opportunities

- Expansion in demand for high value-added products such as films, packaging, and sign & display-related items
- 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 digitization of information media
- Supply and demand gap, fluctuation in market prices, and other related issues
- Expansion of Chinese and Korean manufacturers in European and U.S. markets

**Revenue/Ordinary Profit**
(Billions of yen)




## Segment Policy Under OVOL Medium-term Business Plan 2026

# Build a Stable Revenue Structure and Further Diversify Revenue Sources

FY2026 Quantitative Target
Segment Ordinary Profit **JPY 8.0 billion**

- **Continue to invest in logistics infrastructure and information systems in the graphic paper market.**
- **Expand sales of high-value-added products such as sign & display-related items, packaging, flexible packaging, and environmentally friendly products.**
  - ➡ Expand revenue scale and engage in cross-selling.
- **Continue to execute complementary M&As in peripheral business areas.**
  - ➡ Combine existing merchant functions with the value chains of peripheral products to diversify revenue sources and expand capabilities.
- **Improve organizational strength and productivity by promoting investment in human capital.**
  - ➡ Implement training programs, secure/develop human resources with specialist knowledge.

| Enhanced competitiveness | Enhanced profitability | Expanded revenue scale |
|---|---|---|

Non-Japan Wholesaling

## Overview of Fiscal 2024 Segments

**Revenue**

Increased year on year due to completion of inventory adjustments in the U.S. market, sales growth accompanying M&As in Germany and France, and foreign exchange translation.

**Ordinary Profit**

Decreased year on year due to falling sales prices from intensifying competition, rising labor and logistics costs, and the recording of M&A-related expenses.

| | |
|---|---|
| **Status of Major Markets** | In the U.K. and Australia, price competition intensified amid sluggish demand, leading to declines in sales prices. In the U.S., inventory adjustments came to an end, and sales volumes showed signs of recovery. |
| **Exports from Japan** | Although sales of paperboard to China decreased, sales of paper to South Korea and Southeast Asia increased, resulting in higher sales volume and value year on year. |

### Sales Volume by Region Within the Segment

| (10,000 t) | FY2023 | FY2024 | Change from the Previous Period | Comparison with the Previous Period |
|---|---|---|---|---|
| **U.S.** | 45.0 | **62.8** | +17.8 | 139.7% |
| **Europe** | 17.5 | **17.4** | (0.1) | 99.4% |
| **Oceania** | 15.2 | **14.4** | (0.8) | 94.6% |

Note: Sales volumes are simple totals of major subsidiaries and are not identical to the table above.

In our major markets in 2024, demand for paper and paperboard remained sluggish, particularly in the U.K. and Australia, due to the impact of digitization and economic trends. In the U.S., however, demand remained firm, partly due to the rebound from inventory adjustments.

## Progress of OVOL Medium-term Business Plan 2026

**Fully utilizing M&As.**

### Investment (Strategic M&A)

In fiscal 2024, six companies located in Germany, France, and Portugal were newly added to the group, strengthening our business foundation in Europe. This enabled the construction of inventory and logistics networks covering the entirety of Germany and France. Leveraging that infrastructure, we are promoting the expansion of our wholesaling business in Europe.

- **3 companies in Germany**: OVOL Papier Deutschland GmbH / OVOL ComPlott GmbH / OVOL Packaging GmbH
- **2 companies in France**: OVOL France, S.A.S. / OVOL Sign & Display, S.A.S.
- **1 company in Portugal**: OVOL Shared Center, Unipessoal Lda.

### Investment (Complementary M&A)

**Sign & Display Business**

- Singapore: CAS Technology Pte. Ltd (January 2024)
- Australia: Sign Essentials Pty Ltd (September 2024)

**Flexible Packaging Materials Business**

- Australia: Caspak Products Pty Ltd (November 2024)
- New Zealand: Pacrite Industries Limited (August 2024)
  Carter Consolidated Limited (April 2025)

### Divestment (Transfers and Disposals, Etc.)

- **North America** JRS Resources, Inc. (Wastepaper recycling business)
  Business suspended in January 2024 due to decreased sales volume to Chinese containerboard manufacturers.
  Weiss McNair, LLC
  (Nut seed husk harvesting machinery manufacturing business)
  Sold in October 2024 as part of the restructuring of non-core, unprofitable businesses.
- **Europe** OVOL Fiber Europe BV (Wastepaper recycling business)
  Sold in January 2025 as part of the restructuring of unprofitable businesses.

## Outlook for this Fiscal Year

FY2025 Forecast for Ordinary Profit **JPY 3.9 billion**

- Prolonged market stagnation
- Continuing upfront costs
- Rising labor and other costs
- M&As conducted through fiscal 2024 and increased sales from high-value-added products

Highlights

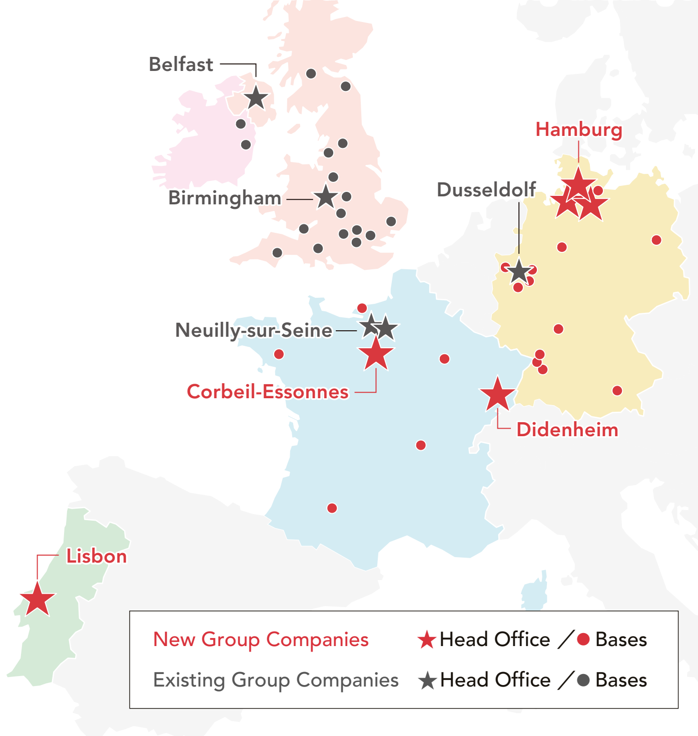
# Strengthening the Foundation of Our European Business

## Working to Expand the Paper Distribution Business on the European Continent by Utilizing Inventory and Logistics Networks Across Both Germany and France

As part of the Non-Japan Wholesaling segment policy of OVOL Medium-term Business Plan 2026, which is to “build a stable earnings structure and diversify revenue sources,” in fiscal 2024, we made six paper merchant companies our subsidiaries. Through this, the group expanded its market-focused paper distribution business into Europe. This business, which includes inventory and delivery functions, has already been developed in the U.S., Oceania, the U.K., and other regions. We have now established logistics networks that cover the entirety of Germany, France, and Austria, positioning them as footholds for business expansion throughout the European continent. Although consumption of paper and paperboard is declining as in other developed countries, Germany is the world’s third largest market and the largest in Europe, while France is the tenth largest in the world and the third largest in Europe (after Germany and Italy), making both extremely important markets for the group. Additionally, in both countries, we are expanding sales of sign & display-related items, as well as packaging-related products, by leveraging our inventory and delivery capabilities. These initiatives are also consistent with the Non-Japan Wholesaling segment strategy of “expanding sales of high value-added products,” contributing to the diversification of revenue sources and sustainable growth.

| | | |
|---|---|---|
| Germany | ★ OVOL Papier Deutschland GmbH | Graphic paper sales |
| | ★ OVOL ComPlott GmbH | Sales of sign & display-related products |
| | ★ OVOL Packaging GmbH | Sales of packaging-related products |
| France | ★ OVOL France, S.A.S. | Graphic paper sales |
| | ★ OVOL Sign & Display, S.A.S. | Sales of sign & display-related products |
| Portugal | ★ OVOL Shared Center, Unipessoal Lda. | Shared services business |

## Map of Japan Pulp & Paper Group in Europe




## Current Status and Future Strategy of European Business

Senior Vice President
Chief Representative of Europe
Hiroshi Kashima

As previously disclosed, in November 2024, we acquired the business of a subsidiary whose parent company had gone bankrupt. Accordingly, an urgent issue was to recover its performance levels prior to the bankruptcy as soon as possible. Following its transition to becoming a group subsidiary, we promptly implemented various measures and are now working to restore relationships with suppliers, mainly in Europe, and also focusing the entire company on regaining the customers lost during the period prior to joining the group and on recovering sales volumes. In addition, through structural reforms implemented at the time of its consolidation into our group, we are working to rebuild its business foundation. However, given the impact of declining real demand in Europe, full contribution to consolidated performance is expected to begin in the next fiscal year.

Meanwhile, in February 2025, we held a global meeting for paper merchant companies of the group located outside of Japan. The management teams from Germany and France also participated, strengthening collaboration with other paper merchant group companies through presentations about their businesses. In addition to strengthening relationships with European paper manufacturers and expanding procurement sources for the group as a whole, the acquisition of this business also helps enhance recognition of the OVOL brand in Europe. Going forward, we will strategically integrate the businesses that have been recently added to the group from France and Germany with the existing businesses in the U.K. and Ireland, and promote synergies across the group by leveraging our global network. Moreover, through localized sales systems, we aim to secure stable earnings and further strengthen profitability in the Non-Japan Wholesaling segment.

# Non-Japan Wholesaling Segment / Major Group Companies

This section introduces the main group companies outside Japan with inventory and distribution functions.

## U.S.

### ■ OVOL USA (Gould Paper)

- With its head office in New York, this is one of the leading paper distribution groups in the U.S.
- They hold bases primarily on the East Coast and the South, as well as develop their business in countries including the U.K. and France.
- In 2023, they acquired a company in France handling communication paper and industrial paper, strengthening their sales structure in Europe.

## Oceania

### ■ Ball & Doggett Group

- With its head office in Melbourne, they are one of the largest paper distribution groups in Oceania.
- They conduct business as Ball & Doggett in Australia and BJ Ball in New Zealand.
- As both countries have low domestic production ratios for paper and paperboard, they play an important role as a paper distributor.
- They are also expanding their business into markets such as sign & display-related items, and flexible packaging.

## South East Asia

### ■ Japan Pulp & Paper (M)
### ■ OVOL Malaysia
### ■ OVOL Singapore

- Leading paper distribution group in Malaysia and Singapore
- As both countries have low domestic production ratios for paper and paperboard, they play an important role as a paper distributor.
- Expanding business fields through sign & display-related items, processing of thermal transfer ribbons, etc.

## U.K. & Ireland

### ■ Premier Paper Group

- With its head office in Birmingham, they are the leading paper distribution group in the UK.
- As the U.K. relies heavily on imports of paper and paperboard, distributors with inventory and distribution functions play an important role.
- They are expanding their business in ways such as strengthening their sign & display-related items and flexible packaging offerings and entering package manufacturing and sales.
- In 2023, they acquired a company in Ireland, strengthening their sales system by utilizing the group's procurement infrastructure.

## Germany

### ■ OVOL Papier Deutschland
### ■ OVOL ComPlott
### ■ OVOL Packaging

- In 2024, we acquired the German operations of Inapa, a leading European paper distribution group, and renamed them.
- They handle sales of graphic paper, packaging-related materials, and sign & display-related items in Germany.

## France

### ■ OVOL France

- In 2024, we acquired the French operations of Inapa, a leading European paper distribution group, and renamed them.
- They handle sales of graphic paper and sign & display-related items in France (OVOL Sign & Display) and operate a group shared services base in Portugal (OVOL Shared Center).

JP GOULD

Group Companies

# Gould Paper Corporation (OVOL USA)

Head Office New York, U.S.A.

Business Paper wholesaling

## Transforming Change into Growth and Opening a Path to the Future in North America

Koichi Okuda

President, Japan Pulp & Paper (U.S.A.) Corp.
Chairman, Gould Paper Corporation (OVOL USA)

Since opening a representative office in New York in 1967, Japan Pulp & Paper has welcomed numerous companies into the group in the Americas through M&A. In 2010, we invested in Gould Paper Corporation ("Gould"), and in 2015, made it a wholly owned subsidiary. Founded in 1924, Gould also has subsidiaries in the U.K. and France, and today serves as a core company of the Japan Pulp & Paper Group in North America and Europe.

Currently, in the U.S. market, consumption of paper and paperboard has contracted significantly, with packaging paper accounting for about 70% of demand, further accelerating structural changes. In addition, since the COVID-19 pandemic, paper manufacturers have increasingly closed mills or converted production from paper to containerboard. In this market environment, Gould has secured the No. 4 position in the U.S. paper distribution industry. Going forward, in addition to expanding existing businesses, we will proactively pursue diversification through M&A of peer companies and peripheral businesses that reflect changes in demand structure, aiming for sustainable growth. The driving force behind this growth will be "people." By focusing on cultivating and securing talented personnel and responding flexibly to the changing market environment, we aim to continue providing new value to our customers and society.

## Expanding Diverse Value from Paper and Becoming a Distributor that Connects the World

Michael Trachtenberg

Gould Paper Corporation (OVOL USA)
President & CEO

Since its founding, Gould has continued to expand its business areas and has evolved into a global distributor that handles everything from printing and writing paper to publishing paper, newsprint, containerboard, food packaging grades, tissue and pulp. Additionally, it has developed print management and logistics services.

Gould's strength lies in its business model based on the philosophy of "providing supply chains tailored to customer objectives," supporting customers' businesses through a supply chain that combines agility and strategic procurement. Among the various businesses Gould operates, its paper trading business in Texas is particularly symbolic. By establishing bases in Dallas, Houston, and Austin, Gould can offer customized sizes and short delivery times to meet customer needs, demonstrating its strengths as a distributor while achieving cost reductions for its customers.

Furthermore, in product development, Gould collaborates with paper manufacturers to commercialize high-speed inkjet paper and food label paper, promoting the acquisition of new customers in the United States, the United Kingdom, and Europe. By expanding print management and logistics services that cover everything from procurement to delivery, Gould enhances added value.

Highlights

## Planting Trees, to Cultivate a Low-carbon Society: Building the Future Together with Forests.

Premier Paper Group Limited ("Premier"), a consolidated subsidiary and a leading supplier of paper, paperboard, and packaging materials in the U.K. market, continues to engage in donation-raising activities through its environmental program Carbon Capture®. In November 2024, cumulative donations reached GBP 2 million (approx. JPY 374 million). Through the Woodland Trust, the U.K.'s largest woodland conservation charity and the donation recipient, 519,132 trees have been planted to date, with expected absorption of approx. 119,869 tons of $CO_2$ as the trees grow.

Carbon Capture® is a framework that supports U.K. government-certified tree-planting projects, and is designed to enable customers to measure the $CO_2$ emissions associated with their product purchases as well as contribute to their reduction. Premier certifies participating customer companies in Carbon Capture® and supports their decarbonization efforts while also contributing to the creation and restoration of native U.K. woodlands. The program was launched in 2011, with cumulative donations exceeding GBP 1 million in 2019. Since then, all donations have been allocated to the Woodland Trust and used for forest regeneration and ecosystem conservation. Today, the program is widely recognized as a leading environmental initiative in the U.K. distribution market, providing a framework through which companies and customers can participate together in creating a sustainable future.

Premier will continue to promote sustainable and effective environmental conservation activities through measurable and highly transparent environmental programs, aiming to contribute to a low-carbon society and enhance biodiversity.

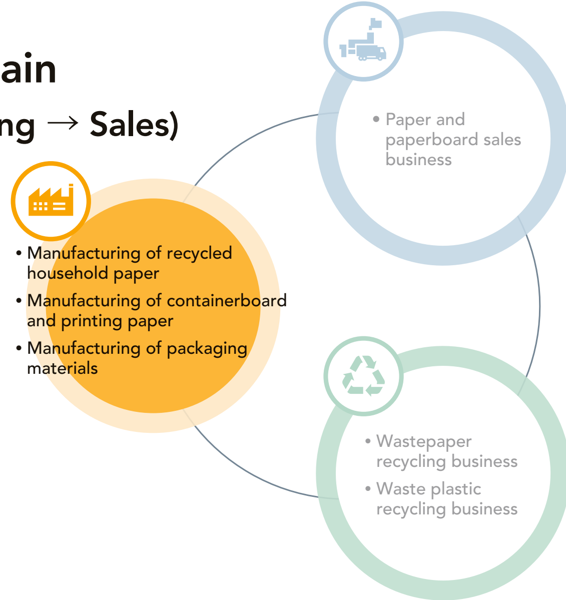
# Paper Manufacturing & Processing

**Major Group Companies**

- Corelex Group
- Eco Paper JP Co., Ltd.
- Taiho Paper Co., Ltd.
- Showa Packaging Industry Co., Ltd.
- Misuzushigyo Co., Ltd. etc.

## Optimizing the Group's Supply Chain (Raw Material Procurement → Manufacturing → Sales)

- Developing manufacturing businesses for various paper products using wastepaper as a raw material, contributing to the effective use of resources
- In the recycled household paper business centered on the Corelex Group, one of the largest groups of its kind in Japan, we have established a stable supply system for household paper
- In the containerboard business, investing in containerboard and box production facilities and incorporating corrugated box manufacturing companies into the group
- Promoting optimization of the group's raw material procurement, manufacturing, and sales supply chain
- Across the segment, efforts are underway to further strengthen competitiveness, including reducing $CO_2$ emissions through improved production efficiency




### Recycled Household Paper Business

**Contributing to the effective use of limited resources and the reduction of paper waste by recycling difficult-to-recycle wastepaper using superior recycling technology**

- Manufacturing of household paper, including recycled toilet paper and recycled tissues
- Superior wastepaper recycling and processing technology enables the use of wastepaper that is difficult for other companies to recycle
- High domestic market share in recycled toilet paper owing to proprietary technology and product development strengths
- Because toilet paper cannot be recycled again, the effective use of limited resources is important

**Toilet trailer business**

- When a disaster occurs, mobile toilet trailers sold by group company JP Household Supply are provided to affected areas through a mutual aid network with local governments, disaster relief organizations, and councils.

### Containerboard Business

**A comprehensive packaging supplier engaged in everything from containerboard manufacturing to sheet and box processing**

- Promoting the establishment of a comprehensive packaging supply structure by developing a paper manufacturing business for containerboard and a processing business that manufactures corrugated boxboard products
- Using wastepaper as raw material and pursuing the reduction of environmental impact
- Developing environmentally conscious businesses in manufacturing, utilizing renewable energy sources such as woody biomass power generation
- Continuing investments in productivity improvement and ensuring safety

## Current Status of Paper Manufacturing and Processing Business

### 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.
- Employing difficult-to-recycle wastepaper processing technology from the Corelex Group

### Opportunities

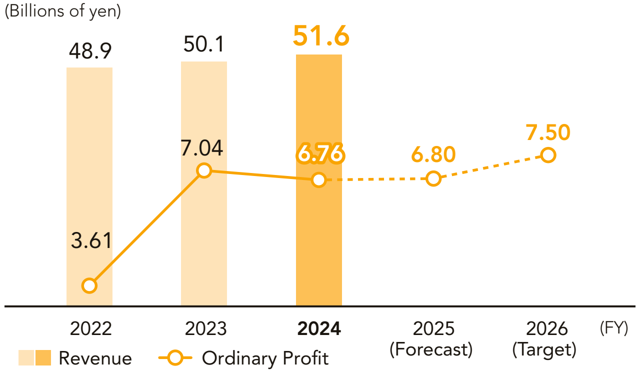
- Expanding need for wastepaper processing technology in response to rising environmental awareness and environmental measures
- Growing demand for environmentally friendly products, including plastic alternatives
- Initiatives for decarbonization

### Risks

- Decrease in the availability of wastepaper and market fluctuations due to decline in paper demand
- Rising manufacturing costs due to sharp price increases in raw materials, fuel, etc.

### Revenue/Ordinary Profit

(Billions of yen)




## Segment Policy Under OVOL Medium-term Business Plan 2026

# Proactive Efforts to Conserve the Global Environment and Build a Stable Revenue Base

FY2026 Quantitative Target
Segment Ordinary Profit **JPY 7.5 billion**

- **Realize operation and sales at full capacity in the containerboard business**
  - ➡ Expand revenue scale and establish a procurement and facility management system that enables operation at full capacity
- **Improve brand strength and expand sales in the recycled household paper business**
  - ➡ Reinforce procurement network through alliances, implement a branding strategy (advertising, events, etc.), and develop new products
- **Reduce $CO_2$ emissions, conserve energy, and improve efficiency through DX utilization**
  - ➡ Introduce equipment with less environmental impact and reform business operations with DX
- **Secure talent for business continuity with human capital investment**
  - ➡ Develop and secure management personnel in the manufacturing segment with knowledge of manufacturing

**Enhanced competitiveness** | **Enhanced profitability** | **Expanded revenue scale**

Paper Manufacturing & Processing

## Overview of Fiscal 2024 Segments

**Revenue**

Sales volumes of the containerboard, corrugated boxboard, and recycled household paper businesses remained at the same level as the previous period. Sales increased year on year, supported by higher sales prices of recycled household paper.

**Ordinary Profit**

Although manufacturing costs decreased due to improved production efficiency in the recycled household paper business, ordinary profit declined year on year due to increases in labor, fuel, and logistics costs.

| | |
|---|---|
| **Containerboard & Corrugated Boxboard Business** | Sales volume: Slight decrease year on year in the containerboard business; increase year on year in the processing business. Sales prices: Remained at the same level year on year in both containerboard and processing businesses |
| **Recycled Household Paper Business** | Sales volume: Same level as previous period. Sales prices: Increased, but total sales value remained at the same level as the previous period due to the sale of a business outside of Japan. |

### Sales Volume by Business Within the Segment

| | FY2023 | FY2024 | Change from the Previous Period | Comparison with the Previous Period |
|---|---|---|---|---|
| **Containerboard business sales volume** (10,000 tons) | 22.9 | **22.7** | (0.2) | 99.1% |
| **Corrugated boxboard processing business sales volume** (10,000 m²) | 15,735 | **16,195** | +460.3 | 102.9% |
| **Recycled household paper business sales volume** (10,000 tons) | 11.4 | **11.3** | (0.1) | 99.5% |

* For recycled household paper, production volume only. Production and sales volumes are simple totals of major subsidiaries.

Domestic Japanese demand* for household paper (toilet paper) in fiscal 2024 was 101.7% year on year, a slight increase.

* Japanese demand = shipments + imports
(Source: Japan Household Paper Industry Association, Ministry of Finance Trade Statistics)

## Progress of OVOL Medium-term Business Plan 2026

**Expansion of business scale through promotion of M&As and alliances**

- Strengthened alliances to increase the market share of household paper sales in the recycled household paper business.

**MASUKOH PAPER CO., LTD**

* We acquired 20% of issued shares of MASUKOH.

[Location] Fujinomiya, Shizuoka
[Business] Manufacturing of household paper

**Improvement of production efficiency driven by DX**

- Introduced a distributed control system (DCS) at Corelex San-Ei's Tokyo Mill for remotely controlling manufacturing processes in each department within the factory and automating manufacturing processes to improve production efficiency.

**Implementation of branding strategy**

- Corelex Shin-Ei participated in the Future Society Showcase Project Green Expo: Recycling of Hard-to-Recycle Wastepaper at Expo 2025 Osaka, Kansai, Japan.
- In addition to using the official "Corero" character on Corelex Shin-Ei's e-commerce website, the company is also working with outside companies to enhance brand recognition.

## Outlook for this Fiscal Year

FY2025 Forecast for Ordinary Profit **JPY 6.8 billion**

- While costs such as raw fuels and logistics are expected to increase, we anticipate higher sales volumes in the containerboard & boxboard business and cost reductions through streamlining of manufacturing processes.

Group Companies

# Corelex Shin-Ei Co., Ltd.

Head Office Shizuoka, Japan

Business Manufacturing and sales of household paper

## Taking on the Next Challenge as a Pioneer of Paper Resource Recycling

Hitoshi Sano

Director, Vice President and Executive Officer

As the pioneer of coreless toilet paper, Corelex Shin-Ei has led the way in the recycled household paper industry. Through proprietary technology, we recycle wastepaper, including difficult-to-recycle grades, and use this to manufacture toilet paper and tissue paper made from 100% recycled materials. We have enabled effective use of mixed paper that was previously incinerated, making major contributions to extending the life of municipal incinerators, reducing combustible waste, and lowering environmental impact. In recent years, our advanced technology has been recognized and highly evaluated. We have provided technical support for paper resource recycling projects at international events, including the Olympic and Paralympic Games Tokyo 2020, the G7 Hiroshima Summit, and Expo 2025 Osaka, Kansai, Japan, where we produced recycled products from paper waste generated at the venues.

Currently, in collaboration with approximately 30 municipalities nationwide, we also separate and reuse items such as photographs, window envelopes, and water-resistant paper containers as mixed paper. Through waste calendars and awareness campaigns, we encourage residents to participate as well. Going forward, we will work to raise recognition of the "Corelex" brand, and through collaborations with industries such as sports, entertainment, and tourism, take on the further expansion of the paper resource recycling business together with a new service called "*Kami Taio**."

* *Kami Taio* = A modern version of the traditional wastepaper collection service provided by Corelex. It collects wastepaper from companies, schools, and hospitals through a variety of methods, and recycles it into paper products in line with customer use or donation needs.

## Contributing to the Environment and Expanding Brand Presence Through E-commerce

Chie Kojima

Assistant Manager
Mass Retail Department, Tokyo Sales Office

In recent years, demand for environmentally friendly products has increased in line with growing eco-consciousness. At Corelex Shin-Ei's official online store, *Corero no Omise*, we not only present product features through images and videos, but also share our environmental initiatives, emphasizing the value of coreless toilet paper: "no core, usable to the very end, no waste." As a result, the purchase rate of customers who viewed the videos increased by more than 10%, and we have received many favorable reviews, such as those that say that it is convenient and reduces waste, Customers have come to feel that these small daily choices help reduce environmental impact.

Although both our company and I myself personally entered the e-commerce business with no prior experience, through annual planning and repeated campaigns, sales have grown, and targets have been achieved. Because customer responses are directly linked to numbers, they serve as guidance for improvement, and I find great motivation in experimenting with how to communicate in ways that increase purchase rates. Delivering bulky household paper products directly to customers has also been highly valued for its convenience, and we have many comments of appreciation that say it is a big help. Furthermore, expansion into Amazon and Rakuten has led to greater access to *Corero no Omise* and increased brand recognition. At the same time, the use of the official character "Corero" has also contributed to branding. E-commerce has become an important business that expands contact points with new customers and supports sustainable growth.

Highlights

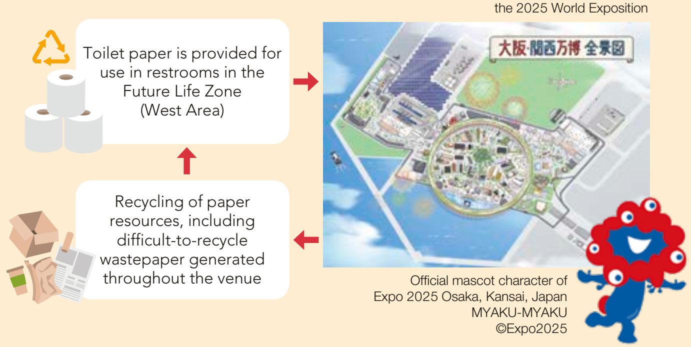
## Expanding Paper Resource Recycling at International Events

Corelex Shin-Ei is also promoting paper resource recycling at international events by leveraging its unique recycling technology. At Expo 2025 Osaka, Kansai, Japan, which opened in April 2025, we participated in the Future Society Showcase Project Green Expo: Recycling of Hard-to-Recycle Wastepaper. There, we collected difficult-to-recycle wastepaper that was previously incinerated, such as water-resistant paper, thermal paper, and window envelopes, removed foreign substances, extracted fibers, and recycled it into high-quality toilet paper. These products were then used in the Future Life Zone of the venue, creating a system that allowed visitors to "visualize" resource recycling firsthand. In addition, at the Osaka Gourmet EXPO 2025, which also opened in April of the same year, used paper containers and pamphlets were collected at the venue and recycled into toilet paper. By reusing them at the venue, visitors were provided the chance to easily participate in the resource recycling process. Through these initiatives, we expect to reduce $CO_2$ emissions by about 62%* compared with incineration, contributing to multiple SDGs.

Such initiatives on international stages like this demonstrate the stance of the Japan Pulp & Paper Group and Corelex Shin-Ei toward realizing a recycling-oriented society. We will continue to communicate concrete initiatives as models for incorporating recycling into daily life.

* Source: FY2004 Report on Survey Project for Life Cycle Assessment of Containers and Packaging, calculated using paper cartons as an example

Provided by: Japan Association for the 2025 World Exposition




Official mascot character of Expo 2025 Osaka, Kansai, Japan MYAKU-MYAKU ©Expo2025

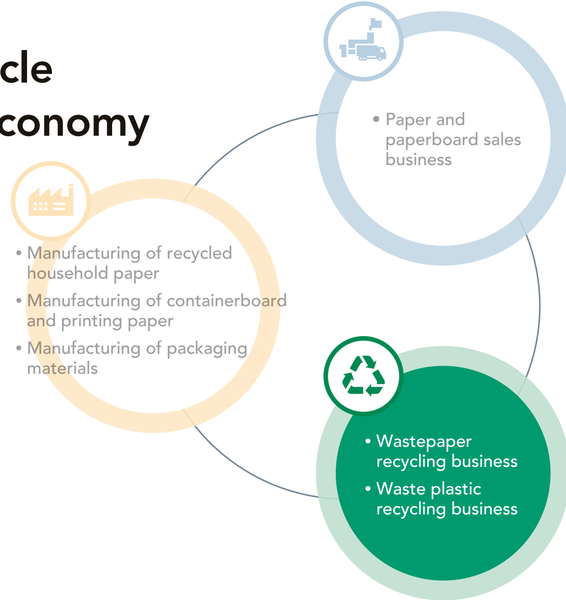
# Raw Materials & Environment

**Major Group Companies**

- Fukudasansho Co., Ltd.
- Eco-Port Kyushu Co., Ltd.
- Noda Bio Power JP Co., Ltd.
- OVOL New Energy Sdn. Bhd. etc.

## Initiatives to Regenerate and Recycle Resources to Promote a Circular Economy

- Contributing to the creation of a circular society since the 1970s through the recycling of wastepaper.
- Wastepaper recycling business: Establishing a collection network centered on the group company Fukudasansho and promoting stable supply to paper manufacturers both within and outside the group, while also strengthening the collection of waste paper.
- Outside of Japan: Developing collection networks with bases for wastepaper recycling in the U.S. and India.
- Currently, expanding businesses dealing with waste plastics recycling and renewable energy power generation.
- Biomass fuel business: collecting and exporting palm kernel shells (PKS) in Malaysia as a stable supply for power plants inside and outside of Japan.




### Recovered Paper Recycling Business

**Promoting recycling of wastepaper for use as a raw material for paper manufacturing**

- Realizing a quality-focused wastepaper recycling business that delivers stable supplies to paper manufacturers in Japan.
- Promoting the collection and recycling of confidential documents throughout Japan.
- Promoting the recycling of wastepaper as a raw material for paper manufacturing with a global perspective gained from operating bases outside Japan in the U.S. and India.
- Promoting a circular economy together with group paper manufacturing companies.

### Comprehensive Recycling Business

**Recycling plastic waste, wastepaper, and wood-based waste**

- Automated sorting by optical sorters, washing, and pelletization of plastic waste that is difficult to separate.
- Manufacturing of solid fuels from composite plastics, which are difficult to separate into different materials.
- Manufacturing wood fuel from wood-based waste.

### Renewable Energy Business

**Providing stable supplies of clean and safe electric power**

- Solar and woody biomass power generation businesses
- Collecting and exporting PKS in Malaysia

## Current Status of Raw Materials & Environment Business

### Strengths

- Stable supplies to paper manufacturers in Japan with an emphasis on the quality of wastepaper raw material
- Ability to promote the reuse of wastepaper as a raw material for paper manufacturing with a global perspective, through our wastepaper yards in Japan and other countries.
- 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
- Pulp business that is linked to our original business of selling paper

### Opportunities

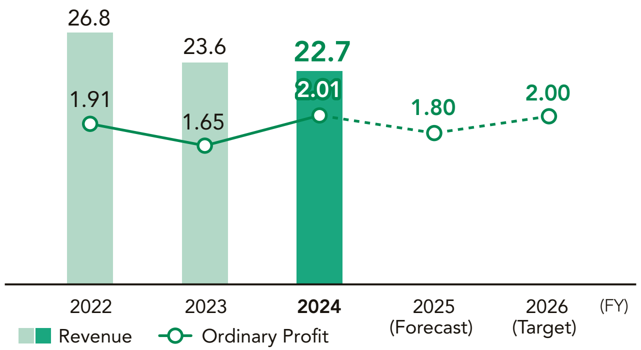
- Expansion of the market and increase in demand for plastic recycling due to Japan's Plastic Resource Circulation Act, which came into force in April 2022

### 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

**Revenue/Ordinary Profit**

(Billions of yen)




## Segment Policy Under OVOL Medium-term Business Plan 2026

# Contribute to a Sustainable Society and the Future of the Planet Through a Circular Business Model

FY2026 Quantitative Target
Segment Ordinary Profit **JPY 2.0 billion**

- **Maximize existing businesses and enter new areas by strengthening cooperation with business partners.**
  - ➡ Develop new products in the fuel business and cultivate new suppliers and customers in the pulp business.
- **Expand business scale with new investments.**
  - ➡ Plan the construction of a second factory at Eco-Port Kyushu and consider a third yard for the PKS business.
- **Expand revenue through information sharing and mutual collaboration among group companies.**
  - ➡ Revenue opportunities and realization of group synergy
- **Secure talent with diverse expertise through human capital investment.**
  - ➡ Develop and secure human resources at each operating company who are knowledgeable about operations and facilities.

| Enhanced competitiveness | Enhanced profitability | Expanded revenue scale |
|---|---|---|

Raw Materials & Environment

## Overview of Fiscal 2024 Segments

| | |
|---|---|
| **Revenue** | Decreased from the previous period due to lower sales volumes of wastepaper. |
| **Ordinary Profit** | Increased from the previous period, supported by higher sales and prices for fuel used for woody biomass power generation plants. |
| **Recovered Paper** | Sales volume decreased due to reduced generation of wastepaper resulting from declining demand for paper and paperboard in both Japan and the U.S., as well as business transfers and office closures. |
| **Pulp** | Sales volume decreased both inside and outside of Japan. |
| **Renewable Energy Business** | • Solar power generation remained flat compared with the previous year; revenue from woody biomass power generation was under pressure due to rising fuel costs.<br>• Sales of fuel for woody biomass power generation plants increased significantly due to the opening of a second yard in Malaysia in the previous period and higher sales prices. |
| **Comprehensive Recycling Business** | Sales remained flat compared with the previous year. |

### Revenue by Business within the Segment
**(Non-consolidated)**

| (Billions of yen) | FY2023 | FY2024 | Change from the Previous Period | Comparison with the Previous Period |
|---|---|---|---|---|
| **Japan Pulp & Paper** | 7.62 | **8.85** | +1.22 | 116.0% |
| **Wastepaper Recycling Business** | 12.02 | **8.79** | (3.23) | 73.2% |
| **Renewable Energy Business** | 4.00 | **5.01** | +1.02 | 125.4% |

Note: Sales volumes are simple aggregations of major subsidiaries and are not identical to the table above.

## Progress of OVOL Medium-term Business Plan 2026

| | |
|---|---|
| **Creation of income opportunities from promotion of a circular economy** | • Promoted initiatives to maximize resource recycling by building a consistent supply chain within the group, from wastepaper collection and recycling to paper manufacturing and product supply. Strengthened competitiveness by controlling raw material costs and establishing a stable supply system.<br>• Expanded use of biomass boilers and renewable energy-derived electricity to achieve both $CO_2$ reduction and lower energy costs. |
| **Expansion of business scale through investment** | • Promoted investments in fields such as plastic recycling and biomass power generation fuels to drive further business growth. |

## Outlook for this Fiscal Year

FY2025 Forecast for Ordinary Profit **JPY 1.8 billion**

• Decrease in the generation of wastepaper due to declining consumption of paper and paperboard

Eco-Port Kyushu Co., LTD.

Group Companies

# Eco-Port Kyushu Co., Ltd.

Head Office Kumamoto, Japan

Business Waste plastics recycling business, confidential document destruction (dissolution) and papermaking business, woody raw material manufacturing business, RPF* manufacturing business, warehousing

## Evolving Our Comprehensive Recycling Business Toward Realizing Circular Society

Kotaro Uchino

Managing Director

Eco-Port Kyushu operates a comprehensive recycling business, focusing primarily on recycling plastic packaging waste from households and processing and recycling confidential documents. Currently, while basing our business on the material recycling of plastic containers and packaging, which accounts for about 70% of sales, we are expanding into new business fields such as the security business (confidential document dissolution and manufacturing/sales of recycled pulp) and the thermal business (manufacturing/sales of solid fuel RPF*). To comply with the Plastic Resource Circulation Act enforced in April 2022, we are promoting the construction of a second plant and strengthening sales structures inside and outside of Japan by leveraging the Japan Pulp & Paper Group network. In addition, we are participating in the “Chemical Material Recycling Promotion Project,” aiming to build a process in which waste plastics collected by municipalities mainly in the Kyushu region are sorted and recycled, delivered to petrochemical plants, and converted into basic chemical products. Through this, we are taking on the challenge of establishing a new recycling model that achieves reduced environmental impact while leveraging the superior properties of plastics. Our recycling business not only contributes to achieving a recycling-oriented society but also helps address the increasingly serious problem of marine plastics.

* RPF = Refuse Paper & Plastic Fuel. A solid fuel made by mixing waste plastics unsuited for material recycling with paper waste and other materials.

## Trust from Customers as the Foundation of Our Business

Takashi Ogata

Security Business Division
General Manager

Our security business is centered on secure “dissolution” processing of confidential documents and the sale of recycled pulp. Its greatest feature is that, in addition to strict proprietary transport systems and dedicated warehouse storage, we adopt the method of dissolution instead of shredding, which means that documents can be processed as they are, in their containerboard boxes, reducing the risk of information leakage. This has been highly valued, resulting in an increase in orders from new customers, including municipalities. We also hold permits for the disposal of industrial and general waste, allowing for the proper processing of items mixed with documents, such as clips and folders. Furthermore, collected plastics are recycled into RPF fuel, contributing to reduced fuel costs and $CO_2$ emissions for client companies. The recycled pulp obtained after dissolution is processed into crepe paper, a type of cushioning paper with a surface texture that features wrinkles, used as a protective material for pottery and other products. Using this paper enables customers to witness directly the results of recycling, and giving them a tangible sense of how resource recycling works.

Our efforts extend beyond mere business transactions. In fact, there are cases where document managers at client companies ask us to handle their own personal documents as well. We take pride in the fact that our business itself is recognized as a “proof of trust.”

Highlights

## Contributing to Reduced Environmental Impact Through the Stable Supply of Biomass Fuel

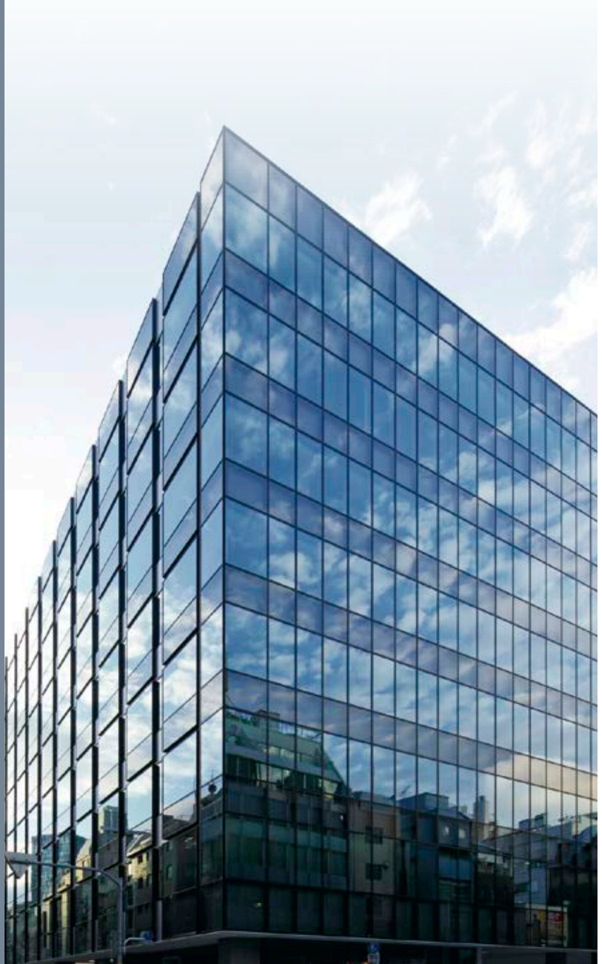
Since the inception of our biomass power generation business, which supplies electricity and steam to group paper manufacturers, we have contributed to the stable supply of clean and safe electricity by utilizing renewable energy sources. Amid rising demands for measures to combat global warming and enhance energy self-sufficiency, our power generation business has become a key initiative that supports both reduced environmental impact and industrial activity.

In 2018, OVOL New Energy was established in Malaysia, and began full-scale collection and export of palm kernel shells (PKS), a type of fuel used for woody biomass power generation. A consistent supply system, spanning from procurement to transport, was established. In the fiscal year ended March 2025, the opening of a second yard significantly increased collection and sales volume, further strengthening its business foundation. Going forward, we plan to establish a third PKS yard to further enhance fuel supply stability. Through this, we will ensure a sustainable supply of biomass fuel in Japan and contribute to realizing carbon neutrality.

We will continue to work on effective resource utilization and building a recycling-oriented society. By leveraging our global procurement and supply network, we aim to lead the way toward the realization of a sustainable energy society.

PKS being loaded into a receiving hopper by heavy machinery

# Real Estate Leasing



## Utilization of Community-Based Real Estate

- Utilizing properties owned in Tokyo, Osaka, Kyoto, and other cities as offices, multi-dwelling residences, and hotels.
- In 2018, completed the OVOL Nihonbashi Building in Tokyo as part of the second phase of the Nihonbashi Revitalization Plan.
- In 2019, completed the OVOL Kyoto Ekimae Building in Kyoto, which opened as a hotel capable of accommodating both tourism and business needs.
- Going forward, we will continue to secure stable revenue through the effective use of real estate and contribute to community development.

### 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 diverse needs of companies

### Opportunities

- Improvement in economic trends and real estate market conditions

### Risks

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

### Main Rental Properties

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

Nihombashi Nichigin-Dori Building

OVOL Nihonbashi Building

OVOL Kyoto Ekimae Building

## Overview of Fiscal 2024 Segments

**Revenue**

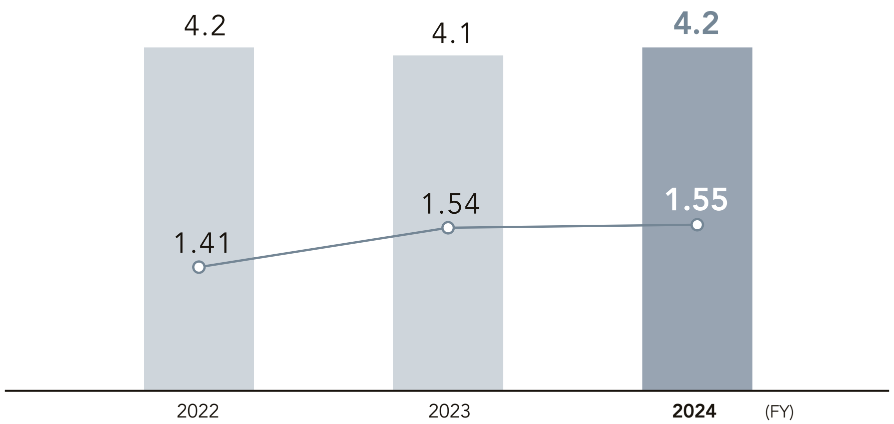
Major properties continued to operate at high occupancy levels, resulting in an increase from the previous period.

**Ordinary Profit**

Increased from the previous period due to higher rental income and lower repair expenses associated with less tenant turnover.

- Major properties continued to operate at high occupancy, resulting in increases from the previous period in both revenue and profit.

**Revenue/Ordinary Profit** (Billions of yen)




## Segment Policy Under OVOL Medium-term Business Plan 2026

# Continue to Earn Stable Income from Real Estate Holdings and Optimize Our Real Estate Portfolio

FY2026 Quantitative Target Segment Ordinary Profit **JPY 1.5 billion**

- **Properly manage and maximize the value of key properties.**
- **Formulate and implement redevelopment plans for older properties.**
  - ➡ Redevelop older properties (Osaka JP Building, Kyoto Nakai Building).
- **Optimize the real estate portfolio through selection and concentration.**

## Outlook for this Fiscal Year

FY2025 Forecast for Ordinary Profit **JPY 1.4 billion**

# Highlights

Highlight 1

## Communicating the Value and Capabilities of Paper

**At OVOL Bridges 2023—The 2nd Paper Merchants Forum, held in October 2023, we announced our plans to collaborate with wholesalers nationwide on three projects, all of which we have begun: the nationwide expansion of on-site classes, regular workshops, and the establishment of a paper study group aimed at spreading the value of paper. By taking action on these three initiatives, the aim is to uncover hidden potential demand for paper and discover new uses, thereby raising its impact and appeal.**


### ▶ Nationwide On-Site Classes

We are preparing to implement on-site classes for elementary school students nationwide (targeted at grades 3–5) to convey accurate knowledge on the environmental aspects of paper, as well as its qualities and joys. As a company pursuing the endless possibilities of paper, we have partnered with Gakken, which continues to challenge itself to develop the unlimited potential of children, and together have been preparing this project for the past year. With the intention of passing on the value and appeal of paper to the next generation, in February 2025, we participated in the event “Exciting ★ SDGs— Children’s Future Operation,” hosted by Shinagawa Ward in Tokyo, and from the second half of fiscal 2025, we plan to conduct on-site classes at elementary schools nationwide together with paper merchants.

▸ For details on “Exciting ★ SDGs Children’s Future Operation,” see the “Local Communities” initiatives on page 79 .

### ▶ Regular Workshops

In fiscal 2024, we held the first OVOL CREATIVE WORKSHOP SERIES together with paper merchants nationwide. In fiscal 2025, in order to generate more exciting and challenging ideas for the entire paper distribution industry, we will hold “Imagining the Possibilities of Paper Through Future-oriented Thinking and Collaboration— ‘OVOL CREATIVE WORKSHOP SERIES Vol. 2.’” The theme this time will be “Creating ideas and action plans that convey the appeal of paper which get people to want to use more of it.” We will communicate the appeal of paper by incorporating the perspectives of not only paper distributors but also users, including consumers, and consider a variety of ideas that make people want to use paper. Each group will also discuss and present specific action plans for executing and disseminating these ideas.

▸ For details on the OVOL CREATIVE WORKSHOP SERIES, see Highlights in “Japan Wholesaling” on page 46.

## Launch of Study Group for Promoting the Value of Paper

In the paper study group, activities are conducted in two teams, the Value of Paper team and the Paper and the Global Environment team, to raise awareness about the appeal of paper among a broader audience. The Value of Paper team has been examining the roles and functions of paper. It has now begun an initiative focusing on paper books, systematically organizing and visualizing their appeal and value, and communicating this information widely. Professor Hirohito Shibata of the Faculty of Informatics at Gunma University was welcomed as an advisor to provide academic support. The Paper and the Global Environment team, in cooperation with the Japan Paper Association and others, is seeking to clarify the relationship between paper and the environment and discussing what kind of information should be communicated. The knowledge and discussions gained from this study group have been used in on-site classes and in exhibits at Expo 2025 Osaka, Kansai, Japan. We will continue to actively disseminate the knowledge and insights on paper gained from these activities.

Highlight 2

# Digital Transformation Initiatives Centered on People

**We see digital transformation (DX) as a corporate transformation centered on people. Through DX, we will further enhance human capabilities and provide new value to customers and the industry.**

## Understanding Business Practices and Formulating a DX Grand Design

From the first half of fiscal 2024, a business inventory survey was conducted covering the entire company, analyzing our businesses from multiple perspectives, including quantity, type, skill set, and position to visualize each business structure. This was not merely a status check but also an opportunity for each executive and employee to review “what work is truly necessary” and to become aware of knowledge-based work that can be created through efficiency gains. Based on these survey results, we formulated a DX grand design in fiscal 2025, clarifying the direction of DX and its future vision, and translating these into concrete strategies. DX is not only about improving sales activities and operational efficiency, but it is also a pillar of transformation that will rebuild overall corporate competitiveness. It is positioned as an essential initiative for achieving OVOL Vision 2030.

## “Defensive” and “Offensive” DX

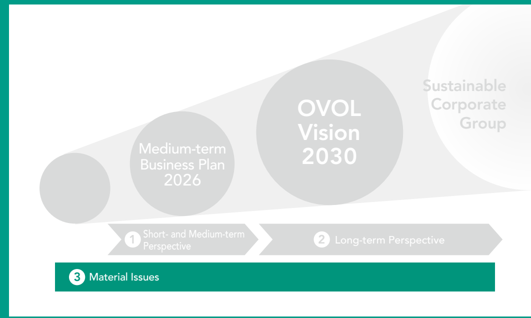
Our digital transformation will advance with both “defensive” and “offensive” aspects. “Defensive DX” will thoroughly pursue efficiency and risk management through the company-wide optimization of operations and renewal of core systems. On the other hand, “offensive DX” will utilize the expertise of the sales division to create new value through the advanced use of data, improved logistics efficiency, and strengthened customer engagement. This will achieve both operational efficiency and enhanced value provided to customers, while also contributing to improved employee engagement and organizational revitalization.

## Use of AI for Operational Efficiency and Advancement

Looking ahead to a future where AI will be deeply involved in all operations, we are actively promoting the research and practical use of AI. As an initial step, we have established a dedicated ChatGPT environment to support planning and document creation, thereby enhancing efficiency and operational advancement. Since acquiring skills for AI use, starting with prompt creation (commands to AI), is indispensable for effective AI utilization, we will focus on enhancing educational programs so that executives and employees can properly master AI. Looking forward, we also envision the introduction of “AI agents” capable of exercising self-judgment to perform multiple tasks, thereby reducing routine processing tasks and establishing a system that enables executive and employees to concentrate on higher value-added work, further strengthening our competitiveness.

# Section 3 Foundation for Sustainable Growth

## Points of Interest for This Section



# Sustainable Management

## Approach to Promoting Sustainability

Japan Pulp & Paper is expanding its business from its origin as a wholesaler of paper, which is itself based on a sustainable resource that helps to reduce environmental impact. We position our responses to growing demands from society for sustainability as material management issues that not only reduce risks but also lead to new profit opportunities. With this in mind, we are strengthening our sustainable management system throughout the entire group.

In OVOL Medium-term Business Plan 2026, launched in fiscal 2024, we identified key priorities for strengthening sustainable management and are implementing various measures to address them. These include 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.

In July 2025, Japan Pulp & Paper was selected for the first time to be a constituent stock of the FTSE Blossom Japan Sector Relative Index, a leading stock index for ESG investments provided by FTSE Russell. This index has been adopted as one of the benchmarks for ESG passive management by the Government Pension Investment Fund (GPIF), and it is widely used as a key decision-making index for investors both in and outside of Japan.

We believe we were chosen for the index because of our track record of measures that we have steadily taken over the years in response to environmental, social, and governance (ESG) issues, which have won high acclaim from outside observers.

Going forward, we will continue to position sustainability as the foundation for growth, and we will strive to realize a sustainable society and enhance corporate value by further strengthening our sustainability initiatives and proactively disclosing information.

FTSE Blossom Japan Sector Relative Index

*** For details on FTSE Russell's FTSE Blossom Japan Index Series, see the following website.**

https://www.lseg.com/en/ftse-russell/indices/blossom-japan

**Japan Pulp & Paper Group Sustainability Policy**

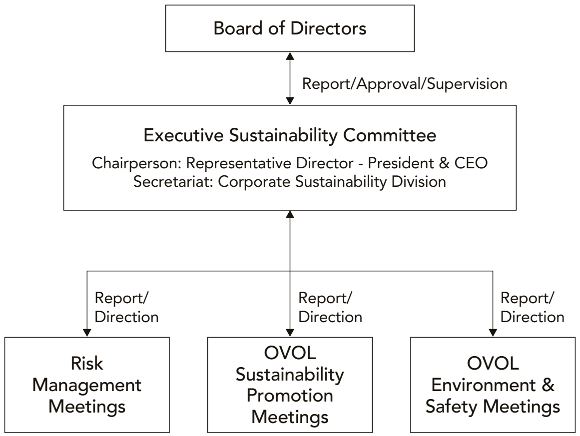
https://www.kamipa.co.jp/eng/sustainability/management/sustainability-policy/

## 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 & CEO, this committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues*, and managing the achievement of the group's goals. 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, and it is working to steadily implement and deepen group-wide sustainability policies.

* ESG-related issues refer to a wide range of Environmental (E), social (S), and governance (G) issues such as the following:
Environmental (E): Issues related to climate change, resource depletion, waste, pollution, deforestation, etc.
Social (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 & CEO | Members: Full-time directors and business heads (Observer: Full-time Audit & Supervisory Board member) | 15 | This committee is in charge of formulating sustainability-related policies and strategies, resolving ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for group-wide sustainability initiatives. |
| Risk Management Meetings | General manager, Finance & Administration Division | Vice chairperson: General manager, Corporate Planning Division<br>Members: Appointed from the Internal Audit Office, Corporate Sustainability Division, Finance & Administration Division, Corporate Planning Division, and other related divisions<br>(Observers: CFO, full-time Audit & Supervisory Board member, business head 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<br>Members: Appointed from divisions, branch offices, and group companies in and outside of Japan<br>(Observer: Business head 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<br>Members: Appointed from divisions, branch offices, and group companies in and outside of Japan<br>(Observer: Business head of Administration, Planning & Sustainability) | 3 | Members work to strengthen and promote initiatives for 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 2024

# 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 2024 | Scope |
|---|---|---|---|---|---|---|
| Environment | Climate Change | • The depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business.<br>• There are physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burdens associated with responding to these risks.<br>• It is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain. | • Achieve carbon neutrality. | • Respond to climate change (Promotion of energy saving and use of renewable energy)<br>• Expand sales of environmentally friendly products that contribute to plastic reduction and elimination and increase the use of paper | • Reduced greenhouse gas emissions (Scope 1 and 2): Reduction of 40.7% compared with fiscal 2019<br>Target: Reduce emissions by 50% by fiscal 2030 (compared with fiscal 2019) | • Consolidated |
| | | | | | • Greenhouse gas emissions (Scope 3): 12.14 million t-$CO_2$ (fiscal 2024) | • Consolidated |
| | | | | | • Utilization rate of renewable energy: 55.5% | • Consolidated |
| | | | | | • Launch of seven new Kami Eco® brand paper packaging products compliant with plastic elimination and reduction, through the environmental solutions proposal website Paper & Green. | • Parent company |
| | Biodiversity | • 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.<br>• It is essential to sell paper made from trees that come from properly managed forests, so as to have minimal impact on animal life and the natural environment. | • Promote nature positive initiatives for sustainable forest resources. | • Gain understanding of dependence on, impact, risks, and opportunities related to nature (TNFD initiatives) | • Number of group companies with FSC® and PEFC Forest Certifications: 48 companies with FSC® CoC certification and 20 companies with PEFC CoC certification | • Consolidated |
| | | | | | • Sales coverage rate of FSC® and PEFC Forest-certified products: 39.0% (Excluding revenue from the Real Estate Leasing segment) | • Consolidated |
| | Resource Recycling | • It is essential to promote initiatives to realize a circular economy, including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses.<br>• It is essential to reduce waste and protect forest resources throughout society.<br>• It is essential to provide environmentally friendly products. | • Realize a circular economy by recycling waste in society. | • Promote wastepaper usage<br>• Expand comprehensive recycling businesses<br>• Enhance resource recycling networks<br>• Promote recycling of industrial waste generated within the group | • Volume of wastepaper used: 397,000 t | • Group paper manufacturing companies |
| | | | | | • Recycling rate of industrial waste: 85.5% | • Consolidated companies in Japan |
| | | | | | • Eco-Port Kyushu signed a collaboration agreement with Kyushu University, Resonac Holdings Corporation, and Sumitomo Mitsui Trust Bank, Limited to establish a waste plastic recycling scheme | • Consolidated companies in Japan |
| | | | | | • Corelex Shin-Ei participated in Future Society Showcase Project Green Expo: Recycling of Hard-to-Recycle Wastepaper at Expo 2025 Osaka, Kansai, Japan (Fiscal 2025) | • Consolidated companies in Japan |
| | Environmental Impact | • It is essential to respond to stricter environmental regulations related to logistics and factory operations.<br>• It is our corporate responsibility to manage water intake/discharge and exhaust gas, as well as reduce waste. | • Implement specific zero emissions measures.<br>• Minimize environmental impact throughout our supply chain. | • Ensure compliance with environmental and occupational safety regulations<br>• Reduce impact on the environment<br>• Efficient and reduced use of resources | • Implementation of environmental and occupational safety audits at group companies in Japan: 14 out of 36 companies | • Consolidated companies in Japan |
| | | | | | • Number of administrative penalties related to violations of environmental laws and regulations: 0 | • Consolidated companies in Japan |
| | | | | | • Number of companies with ISO 14001 certification: 11 companies in Japan and 2 companies outside of Japan | • Consolidated |
| | | | | | • Reduction in emissions and transfers under the PRTR system: 0.0 thousand t | • Group paper manufacturing companies |
| Society | Supply Chain | • 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. | • Achieve a high-level balance between ensuring a stable supply of raw materials and products and responsible procurement | • Establish and implement a supplier monitoring system for human rights and occupational risk management<br>• Establish a grievance mechanism for addressing human rights violations | • Conducted risk assessments for human rights, the environment, etc. according to surveys given to suppliers (surveyed: main business partners in top 80% of parent company suppliers by value) | • Parent company |
| | Local Communities | • It is essential to reduce the environmental impact on local communities and to achieve coexistence and co-prosperity through economic and social contributions. | • Create new value through coexistence and coprosperity with local communities. | • Create opportunities for interaction with local communities through paper-related initiatives | • Costs associated with social contribution activities, including community donations: JPY 59.2 million | • Consolidated |
| | | | | | • Provided vegetables from Taiho Farm to a local children's cafeteria (Taiho Paper Co., Ltd.) | • Consolidated |
| | Digitalization | • Declining demand for paper due to the progress of digitization will have a significant impact on the group's business.<br>• It is essential to improve productivity and the effective use of energy by promoting digital transformation (DX). | • Create new demand for paper by proposing the value and enhancing the role of paper in a digital society.<br>• Leverage digital technology as a new business strength. | • Promote the value and advantages of paper in a digital society<br>• Invest in the promotion of DX within the paper industry<br>• Business reform through DX<br>• Improve DX literacy | • Promotion of the value of paper through OVOL CREATIVE WORKSHOP SERIES workshops for paper merchants across Japan | • Consolidated companies in Japan |
| | | | | | • Established the Corporate DX Division to strengthen digital transformation (DX) and IT controls throughout the group (April 2025) | • Consolidated |
| | | | | | • Conducted workload surveys in all departments to determine the current status for business reform | • Parent company |
| | | | | | • Number of users of generative AI (Japan Pulp & Paper exclusive version of ChatGPT): 299 | • Parent company |
| | | | | | • Number of employees with IT certification (including seconded employees): 34 with IT Passport and 75 with MOS | • Parent company |

For details on SDGs to which the group contributes, see the website.
https://www.kamipa.co.jp/eng/sustainability/management/material-issues/

| Themes | Material Issues | Reasons for Identification | Goals | Action Plan | Main Initiatives, Results, and Progress in fiscal 2024 | Scope |
|---|---|---|---|---|---|---|
| Employees | Work Environment | • It is essential to provide stable employment, opportunities to develop skills, fair evaluations and equitable treatment, and to create a comfortable working environment.<br>• It is essential to strengthen our human capital by improving labor productivity and employee engagement. | • Achieve zero workplace accidents in safe, secure, and healthy working environments.<br>• Create innovation ahead of the times in a work environment that offers new challenges and excitement through personal growth.<br>• Achieve well-being through a high level of engagement. | • Promote health management<br>• Enhance human resource development and create a more comfortable work environment<br>• Strengthen environmental and occupational safety compliance systems | • Average monthly overtime hours: 13 hrs. 20 min.<br>Target: Less than 10 hours of overtime per month on average in fiscal 2026 | • Parent company |
| | | | | | • Training expenses: JPY 65 million<br>Target: More than three times the level of fiscal 2023 in fiscal 2026 | • Parent company |
| | | | | | • Employee engagement survey: "BB/BBB" rating<br>Target: "BBB" or higher in fiscal 2026 | • Parent company |
| | | | | | • Percentage of paid time off taken: 79.7%<br>Target: 80% or more by fiscal 2026 | • Parent company |
| | | | | | • Lost time injury frequency rate: 0.00 | • Parent company |
| | Diversity and Inclusion | • 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. | • 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. | • Build a diverse and vibrant organization | • Percentage of female managers: 1.2%<br>Target: 10% or higher by fiscal 2030 | • Parent company |
| | | | | | • Ratio of female employees in career-track positions: 26.1% (the last five-year average)<br>Target: 30% or higher by fiscal 2026 | • Parent company |
| | | | | | • Percentage of eligible male employees taking childcare leave (includes the company's unique leave system): 100%<br>Target: 100% by fiscal 2026 | • Parent company |
| Governance | Corporate Governance | • 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. | • Achieve sustainable and medium-to-long-term improvement of corporate value through honest and fair governance. | • Conduct risk assessments<br>• Strengthen IT security systems within the group<br>• Revise the business continuity plan (BCP) | • Started work on measures to deal with topics identified as high priority based on the results of risk assessments conducted in fiscal 2023 and 2024 | • Consolidated |
| | | | | | • Established the Group Information Security Policy and Group IT Governance Policy | • Consolidated |
| | | | | | • Conducted a group IT control audit for 14 group companies<br>Target: Conduct audits every 3 years at 47 group companies both in and outside of Japan (Starting from fiscal 2024) | • Consolidated |
| | | | | | • Conducted training for standard-type phishing email attacks: 2 times | • Parent company |
| | Compliance | • Our corporate value may be significantly impaired in the event of compliance related issues. | • Ensure all executives and employees conduct business activities with a strong sense of ethics and responsibility. | • Enhance compliance system | • Completion rate of compliance confirmation tests: 99.4% (annual average)<br>Target: 100% by fiscal 2026 | • Consolidated companies in Japan |
| | | | | | • Number of internal reports: 16 (Japan Pulp & Paper and group companies in Japan) | • Consolidated companies in Japan |
| | | | | | • Number of serious compliance violations: 0 | • Consolidated |
| | Stakeholder Engagement | • 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. | • Reflect the expectations and requests of stakeholders in management by engaging in dialogue. | • Strengthen dialogue and engagement with stakeholders<br>• Actively disclose financial and non-financial information<br>• Participate in initiatives and organizations aimed at solving social and environmental issues | • Number of meetings with institutional investors: 32 | Others |

For details on SDGs to which the group contributes, see the website.
https://www.kamipa.co.jp/eng/sustainability/management/material-issues/

# Identification Process for Material Issues

**Step 1**

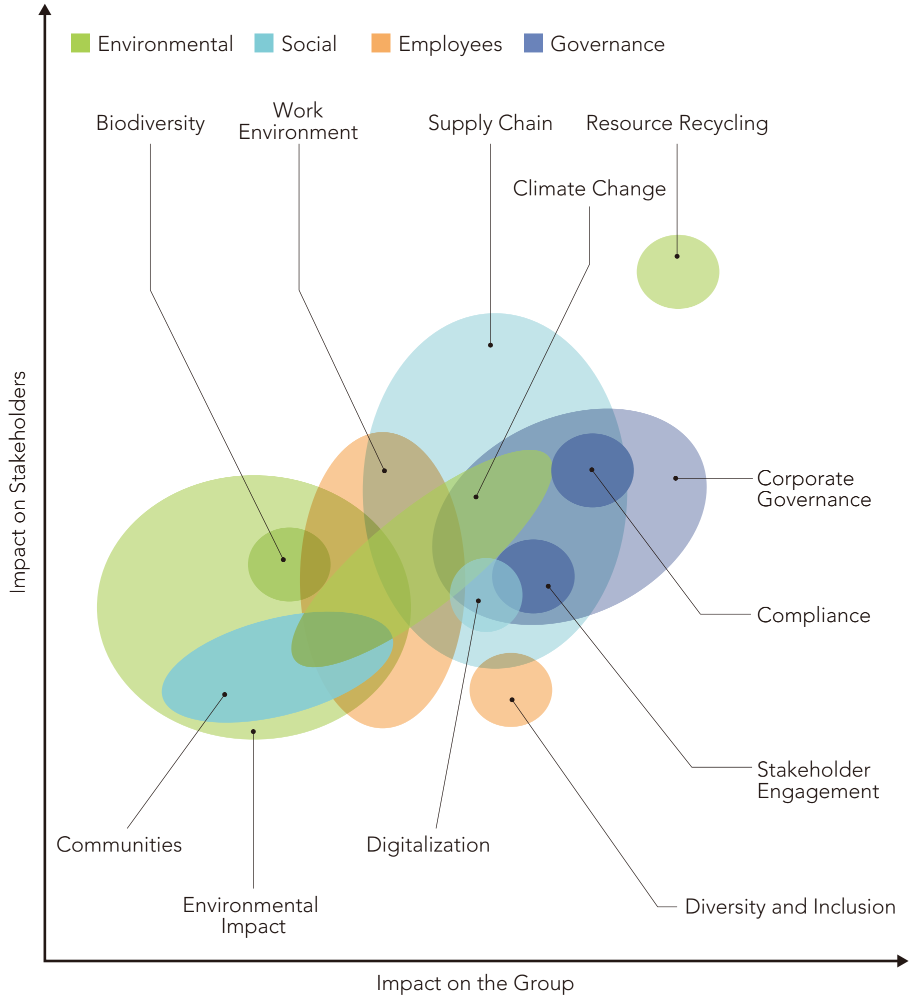
Based on the evaluation items of major ESG ratings agencies and industry-specific material issues provided by the U.S. Sustainability Accounting Standards Board (SASB), we determined "ESG-related issues such as environmental and social issues that have a significant impact on the group's sustainability 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 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.

To fulfill this mission, the group has identified "climate change," "biodiversity," "resource recycling," and "environmental impact" as material issues related to the environment and has strengthened its efforts to address these global environmental problems. In particular, as part of our response to climate change, we have set "Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions." Focusing on the Paper Manufacturing & Processing segment, we are further improving production efficiency, transitioning to renewable energy, and promoting energy conservation to achieve carbon neutrality by 2050. To this end, we regularly disclose real-time updates on our progress.

Japan Pulp & Paper Group Environmental Policy
https://www.kamipa.co.jp/eng/sustainability/environment/environmental-policy/

## Environmental Management System

Through the activities of the OVOL Environment & Safety Meetings, whose membership spans the entire group, we share environment-related policies and targets, as well as initiatives and other measures for conserving the environment that are conducted at each group company. We are also continuously striving to reduce environmental impact and preserve the global environment through our business activities. Currently, Japan Pulp & Paper. along with 13 companies in the group have obtained ISO 14001 certification.

## Environment-Related Education and Training

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

In addition to ISO training at our companies with ISO 14001 certification, we share information on revisions to laws concerning environmental and occupational safety, sustainability-related data, and other knowledge at OVOL Environment & Safety Meetings and OVOL Sustainability Promotion Meetings, which are made up of participants from each group company. We also promote the sharing of sustainability-related information such as efforts aimed at decarbonization, the strengthening of occupational safety management, and social contribution activities. Furthermore, when requested by business partners, we hold carbon neutral study sessions or similar events to promote our activities outside the company.

**Environment-Related Education and Training for Japan Pulp & Paper Group** (FY2024)

| | | | Timing and Number of Sessions | Number of Participants |
|---|---|---|---|---|
| Group | OVOL Environment & Safety Meetings: National General Meeting | | FY2023: 2<br>FY2024: 3 | |
| Group | OVOL Sustainability Promotion Meetings: National General Meeting | | FY2024: 2 | |
| Group | Transmission of monthly report email containing law revision information | | 12 per year (continuously since FY2022) | |
| Group | Study sessions on environment-related laws | • 1st Study Session on Environment-related Policies and Regulations: Information Exchange Session | August<br>FY2024: 2 | |
| Group | Study sessions on environment-related laws | • 2nd Study Session on Environment-related Policies and Regulations: Information Exchange Session | November | |
| Parent company | ISO training | • General environmental education and division-specific environmental education | FY2024: 1 | Total participants 764 |
| Parent company | ISO training | • New employee training | FY2024: 1 | 16 |
| Parent company | ISO training | • Mid-career employee training | FY2024: 1 | 9 |
| External | Study sessions on carbon neutrality for customers | | FY2024: 4 | Total participants 124 |

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 burdens. 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. In fiscal 2024, two companies in the containerboard manufacturing business switched to renewable energy derived from hydroelectric power, and they also took measures such as upgrading to energy-saving facilities and improving productivity. At Japan Pulp & Paper as well, we offset all of our Scope 2 emissions by purchasing Non-Fossil Certificates, helping the group achieve a reduction rate of about 41% from the reference year. Based on greenhouse gas reduction targets set in May 2024, the group will proactively drive forward initiatives to achieve carbon neutrality by 2050.

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

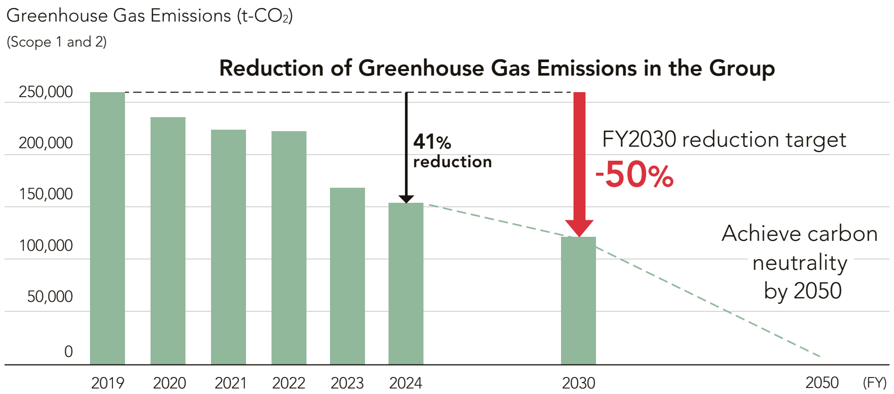
| Medium-term Target | Long-term Target |
|---|---|
| Medium-term Target<br>Achieve a 50% reduction from FY2019 levels by FY2030 | Achieve carbon neutrality by 2050 |

* 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

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




## Disclosure Based on TCFD Recommendations

The group recognizes that responding to climate change is an urgent issue. We have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and joined the TCFD Consortium. We have also 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 Environmental 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 to promote 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 committee also analyzes the group's risks and opportunities and studies countermeasures in line with the TCFD recommendations. 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.

* See ▸page 66 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 Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (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 by risks and physical impacts associated with the transition to a low-carbon society. In order to incorporate these risks and opportunities into our business strategy, we conducted an assessment of the associated financial impacts from the short-term, medium-term, and long-term perspectives.

### Risks and Opportunities

| Category | | | Impact on the Group | 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 | • Set medium-to-long-term targets for reducing greenhouse gas emissions<br>• Promote further energy conservation initiatives<br>• Consider switching to renewable energy and purchasing green certificates, etc., corporate PPA, introducing internal carbon pricing schemes, and other measures<br>• 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 | • Set medium-to-long-term targets for reducing greenhouse gas emissions<br>• Promote further energy conservation initiatives<br>• Promote appropriate information disclosure |
| | Physical | Acute | Extensive damage to sites, facilities, inventories, real estate, etc., due to wind and flood damage | Moderate | • Conduct hazard surveys and implement flood prevention measures<br>• 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 | • Request suppliers to establish BCM systems and prepare Business Continuity Plans (BCPs) to mitigate wind and flood damage<br>• Ensure stable procurement by diversifying raw material suppliers and transportation methods |
| | | Chronic | Impact of storm surge and other flood damage on coastal sites due to rise in sea levels | Moderate | • Conduct hazard surveys and implement flood prevention measures<br>• Conduct disaster preparedness drills and establish a BCM (Business Continuity Management) 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 | • 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 environmentally friendly products such as paper with FSC® and PEFC Forest Certification and recycled paper | Moderate | • 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 | • Monitor laws and regulations as well as demand trends, develop products, and ensure supply volumes in accordance with conditions |

* 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.

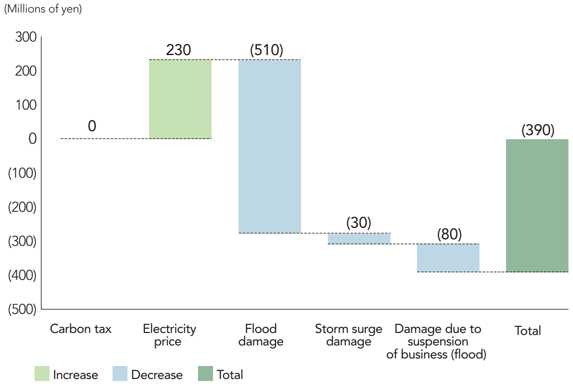
Environment

## Financial Impact Analysis

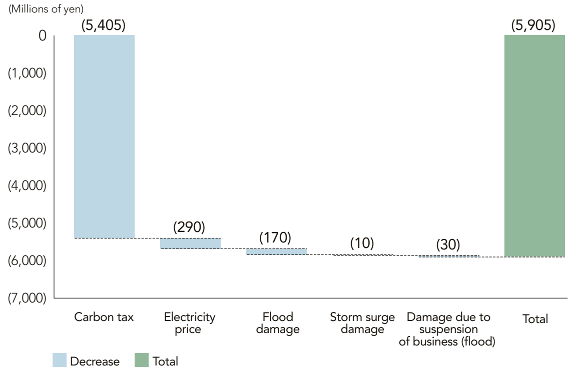
Based on the financial impact scenario analysis, we expect that the introduction of a carbon tax would have a significant impact, particularly on the group's paper manufacturing business. On the other hand, we believe that we can lower that impact by reducing greenhouse gas emissions.

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 JPY 200 million to JPY 600 million in the 1.5°C (2°C) and 4°C scenarios respectively. 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 Results[1]

| 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 (5,405) million[*2] |
| Electricity price | Transition Risk | Impact of electricity price changes | JPY 230 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 2024

## 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 Sustainability Promotion Meetings, and the OVOL Environment & Safety 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" that aim to achieve a 50% reduction from fiscal 2019 levels by fiscal 2030 and carbon neutrality by 2050. To achieve the 2030 medium-term targets, we are currently implementing various measures to reduce Scope 1 and 2 emissions throughout the group, including switching our purchased electricity to renewable energy, and fundamentally reforming production efficiency through DX. In fiscal 2024, two companies in the containerboard manufacturing business switched their purchased electricity to renewable energy, and Japan Pulp & Paper Co., Ltd. also purchased Non-Fossil Certificates to offset its emissions. As a result, we reduced Scope 1 and 2 emissions by approximately 41% throughout the group, compared with fiscal 2019 levels. Every consolidated group company formulated greenhouse gas reduction targets and action plans, and is carrying out various policies and investments to achieve the 50% reduction target by fiscal 2030.

At Japan Pulp & Paper, we will work on formulating greenhouse gas reduction targets and reduction measures for Scope 3 emissions as part of our efforts to acquire Science Based Targets (SBT) certification.

### Promotion of Solar Panel Installation at Worksites by Premier Paper Group

The U.K.'s Premier Paper Group, one of our group companies, is installing solar panels at its business sites as part of its sustainable management. The installation work is expected to be completed by the end of 2025. By transitioning to renewable energy, we aim to reduce environmental impact and contribute to the U.K.'s green economy.

This initiative forms the core of Premium Paper's comprehensive sustainability strategy, as they seek to promote the responsible use of resources and minimization of environmental impact across the entire paper industry. The solar panels installed at the first five worksites are expected to generate about 547,500 kWh of electric power annually, reducing $CO_2$ emissions by more than 257 tons every year.

### Japan Pulp & Paper GmbH (Germany) Awarded Gold Medal in Sustainability Assessment by EcoVadis

Japan Pulp & Paper GmbH (Dusseldorf, Germany), one of our group companies, was awarded a gold medal in a 2024 sustainability assessment by EcoVadis.

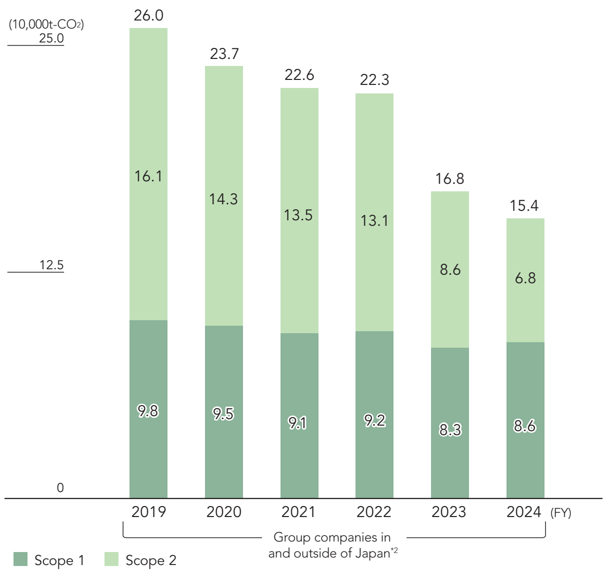
EcoVadis is an international organization that assesses corporate initiatives related to ESG (environmental, social, and governance). The assessment is divided into the four themes of Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

Japan Pulp & Paper GmbH first won the bronze medal in 2022. By strengthening various sustainability-related initiatives, they won the silver medal in 2023 and improved results sufficiently to enter the top 5% of companies and win the gold medal in the most recent assessment.

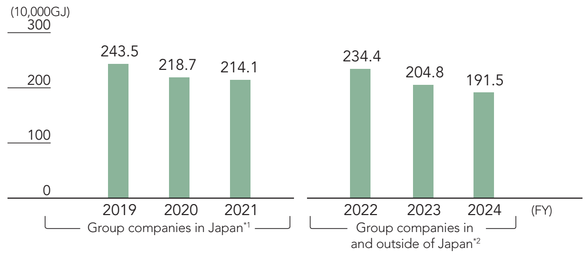
Going forward, the Japan Pulp & Paper Group will continue to advance sustainability initiatives with the aim of conducting sustainable business activities and achieving both economic and social value.

## Climate Change-Related Data

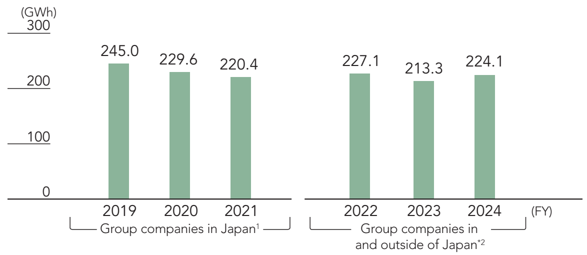
### Greenhouse Gas Emissions*3, 4, 5, 6




### Energy Consumption

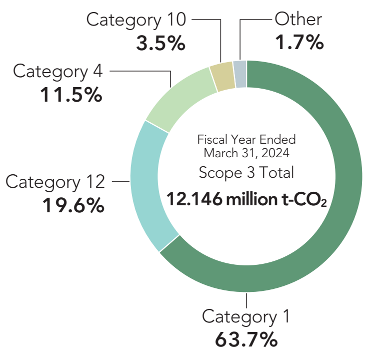



### Electricity Consumption




*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 fiscal 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 recalculated retroactively to fiscal 2019 due to business acquisitions, etc. *6 Third-party verification of Scope 1 and 2 GHG emissions for fiscal 2021 to 2023 and of Scope 3 for fiscal 2023 (parent company) has been conducted by the Japan Management Association GHG Certification Center.

### Scope 3 Breakdown (Consolidated)




| | Item | Fiscal Year Ended March 31, 2023 (10,000t-$CO_2$) | Fiscal Year Ended March 31, 2024 (10,000t-$CO_2$) |
|---|---|---|---|
| Category 1 | Purchased goods and services | 756.4 | 773.4 |
| Category 2 | Capital goods | 1.4 | 1.2 |
| Category 3 | Fuel- and energy-related activities | 2.4 | 3.6 |
| Category 4 | Upstream transportation and distribution | 79.0 | 140.0 |
| Category 5 | Waste generated in operations | 0.0 | 0.0 |
| Category 6 | Business travel | 0.0 | 0.0 |
| Category 7 | Employee commuting | 0.2 | 0.2 |
| Category 8 | Upstream leased assets | 0.0 | 0.0 |

| | Item | Fiscal Year Ended March 31, 2023 (10,000t-$CO_2$) | Fiscal Year Ended March 31, 2024 (10,000t-$CO_2$) |
|---|---|---|---|
| Category 9 | Downstream transportation and distribution | 1.4 | 2.3 |
| Category 10 | Processing of sold products | 42.2 | 42.5 |
| Category 11 | Use of sold products | 0.1 | 11.6 |
| Category 12 | End-of-life treatment of sold products | 47.9 | 237.8 |
| Category 13 | Downstream leased assets | 2.0 | 2.0 |
| Category 14 | Franchises | 0.0 | 0.0 |
| Category 15 | Investments | 0.0 | 0.0 |
| Scope 3 Total | | **933.1** | **1,214.6** |

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 not to 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, and we are promoting more effective initiatives concerning natural capital and studying disclosure under the Taskforce on Nature-related Financial Disclosures (TNFD). As a part of these efforts, from fiscal 2025 we will participate in the Natural Capital Study Group organized by Zeroboard Inc. Through lectures by experts and group work with the participating companies, we aim to deepen our understanding about the importance of natural capital and to learn practical knowledge. Going forward, we will leverage the know-how acquired from the study group to better understand our group's dependence on nature and its 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 Acquired

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

### Forest Certification in Our Group

(As of July 2025)

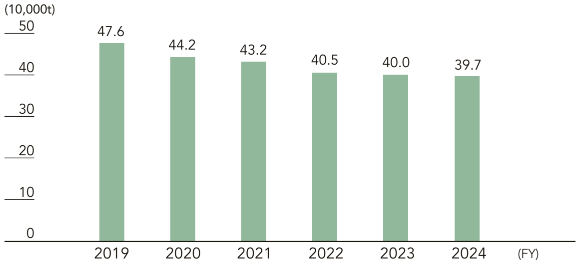
| | Japan | Outside Japan |
|---|---|---|
| FSC® CoC Certification | 14 companies | 34 companies |
| PEFC CoC Certification | 3 companies | 17 companies |

# Resource Recycling

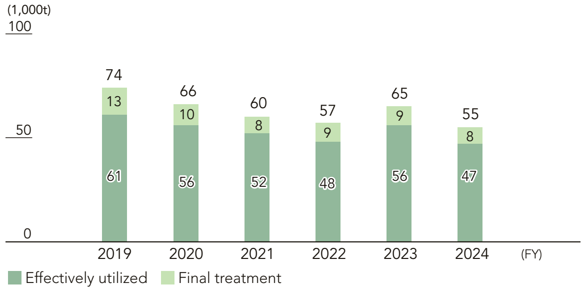
"Efficient and reduced use of resources" is part of our Environmental Policy, and we designated "resource recycling" as a material issue. We are contributing to the creation of a resource-recycling society by working to reduce waste and protect forest resources, including through the wastepaper recycling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

* See ▸page 56 for initiative examples.

### Wastepaper Usage
(Consolidated paper manufacturing subsidiaries in Japan)

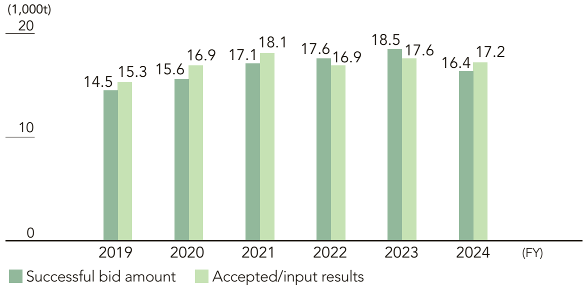



### Industrial Waste Generated
(Parent company and consolidated subsidiaries in Japan)




* Final treatment refers to controlled waste delivered to landfill facilities, mainly the ashes and other waste generated at power plants.

### Recycling Results at Eco-Port Kyushu
(Plastic containers and packaging)




## Environmental Impact

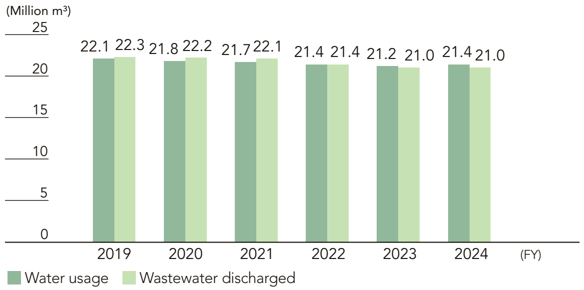
In our Environmental Policy, we have set forth the goals of "Compliance with Relevant Laws and Regulations," "Reducing the Impact on the Environment," and achieving "Efficient and Reduced Use of Resources." In addition, we have identified "environmental impact" as a material issue that has a significant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

In our business operations, we strive to comply with the laws and regulations related to environmental conservation of each country and region we serve, and work to reduce environmental impact by reducing 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.

In addition to the sale and delivery of products such as paper, paperboard, and household paper, we have built a supply chain within the group extending from the collection of wastepaper to the manufacture of containerboard and recycled household paper, and in each of these processes, we strive to make effective use of resources and reduce environmental impact.

Furthermore, each company in the paper manufacturing business has set internal wastewater regulations that are stricter than those required by local authorities, and these are constantly monitored as we work to reduce environmental impact.

### Water Usage and Wastewater Discharge
(Five consolidated paper manufacturing subsidiaries in Japan)




* The paper manufacturing business uses a large amount of water in the manufacturing process, but we are making efforts to reduce the amount of input water by reusing it within the manufacturing process.
The five companies in the paper manufacturing business reduced their water usage intensity in fiscal 2024 by about 4.2% from 2019 levels.

### Compliance with Environmental Laws and Regulations

We comply with environmental laws and regulations and work collectively across the group to reduce our environmental impact. In the event of a violation of any laws or regulations related to environmental and occupational safety within the group, the issue is promptly reported to the department in charge of company management, and the situation is monitored by the Environment & Safety Promotion Office. To comply with environmental and occupational safety laws and regulations within the group companies in Japan, each company runs its own autonomous management system, the Environment & Safety Promotion Office conducts checks onsite and via documentation, and external experts also conduct their own onsite checks. We built this three-tier supervisory system to further strengthen compliance. Onsite checks in fiscal 2024 were conducted by the Environment & Safety Promotion Office at 16 sites belonging to 10 different companies, and by external experts at four sites belonging to four different companies.

We are also conducting voluntary desktop audits for worksites outside of Japan.

In fiscal 2024, there were no incidents of legal violations, or penalties or fines imposed, related to environmental and occupational safety across all the worksites of the group.

We will continue to ensure compliance with current legal frameworks while strengthening our response to expected future regulations.

# Society

## Approach to Social Issues

The Japan Pulp & Paper Group, as part of its efforts to realize a sustainable society, 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.

## Respect for Human Rights

### Approach to Respect for Human Rights

The group has various stakeholders, starting with its executives and employees, and including many business sites, suppliers, business partners, customers, and end users both in and outside of Japan. As a result, the supply chain is composed of stakeholders who are diverse in terms of race, nationality, cultural background, and other characteristics. Furthermore, the group is mainly involved in the paper business that uses wood as its raw material—wood has been identified as a raw material that requires particular caution due to its impact on human rights and the environment during production and processing. Therefore, since we recognize the importance of initiatives to ensure respect for human rights that encompass the supply chain, we formulated the Japan Pulp & Paper Group Human Rights Policy to clarify the group's thinking toward human rights. Under OVOL Medium-term Business Plan 2026, we are (1) Fostering and instilling a culture of respect for human rights, (2) Implementing human rights due diligence, and identifying and addressing risks, and (3) Implementing a grievance mechanism, as a response to the United Nations Guiding Principles on Business and Human Rights.

Japan Pulp & Paper Group Human Rights Policy
https://www.kamipa.co.jp/eng/sustainability/society/human-rights-policy/

### Promotion Framework

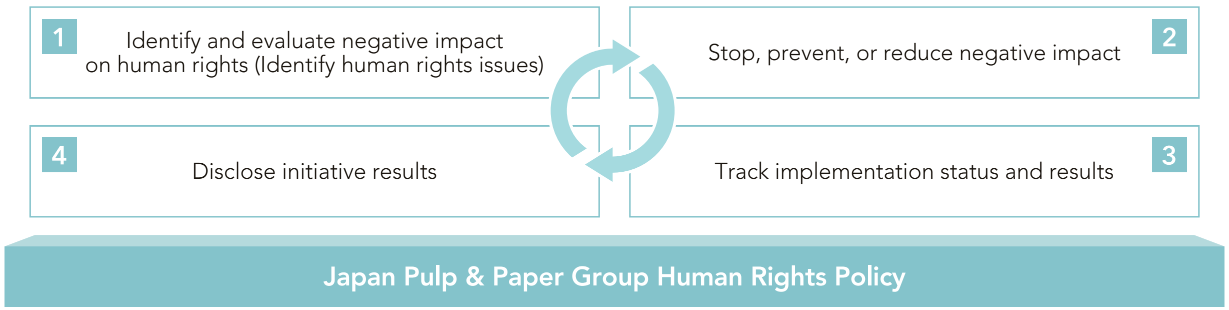
Management and employees on the ground come together to address human rights issues via the sustainability and governance structure and fulfill the company's responsibilities to respect human rights globally. The Sustainability Promotion Office has studied proposals for responding to human rights issues and proposed specific policies, such as conducting human rights training and human rights due diligence in cooperation with the relevant departments. The details are discussed at the Executive Sustainability Committee that formulates basic policies and strategies related to respect for human rights across the entire group, and the committee promotes and monitors initiatives. Matters decided by the committee are expanded to each group site and implemented via the OVOL Sustainability Promotion Meetings. The progress of each policy is reported regularly to the Executive Sustainability Committee, and a structure has been established where key matters related to respect for human rights are monitored and supervised by the Board of Directors.

Note: See ▸page 66 for details on the sustainability and governance structure.

### Implementation of Human Rights Due Diligence

In fiscal 2024, the first fiscal year of OVOL Medium-term Business Plan 2026, the group started its human rights due diligence, based on the Japan Pulp & Paper Group Human Rights Policy, to identify the key human rights issues of the group.

**Flow of Human Rights Due Diligence**



### Initiatives to Enhance Respect for Human Rights

In January 2023, the group signed the United Nations Global Compact, an initiative that advocates for 10 principles in the four areas of human rights, labor, the environment, and anti-corruption. We then implemented the initiatives below to enhance respect for human rights. Going forward, we will study and promote policies to address the identified human rights issues and then monitor their progress at the Executive Sustainability Committee. We will also disclose information about the processes and results of each policy as appropriate. Through these activities, we will fulfill our responsibilities to respect human rights in the business activities of the group.

| | | |
|---|---|---|
| 1 | Fostering and instilling a culture of respect for human rights | • "Business and Human Rights" e-learning training<br>(In fiscal 2024, 1,719 executives and employees received training at the head office and group companies in and outside of Japan) |
| 2 | Implementation of human rights due diligence and identification and improvement of risks | • Identification of group human rights issues via internal group surveys, etc.<br>Surveyed: Total of 108 departments at the head office and group companies inside and outside of Japan<br>Valid response rate: 100% |
| 3 | Implementation of a grievance mechanism | • Understanding of implementation status of grievance mechanism within the group |

### Identification Process for Human Rights Issues at the Group

| | |
|---|---|
| STEP 1 | Identify the expected human rights issues associated with the group, based on the United Nations Guiding Principles on Business and Human Rights, and with reference to the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO's International Labor Standards, Japan's "Guidelines on Respecting Human Rights in Responsible Supply Chains" and similar policy documents. |
| STEP 2 | Evaluate the human rights issues by referring to the following information<br>• Results of surveys targeting Japan Pulp & Paper and group companies<br>Main survey contents: ⇨ Human rights issues expected to occur involving group<br>⇨ Impact on human rights of vulnerable stakeholders, such as indigenous peoples or children<br>⇨ Status of initiatives to address human rights issues at Japan Pulp & Paper departments and group companies, etc.<br>• Results of desktop audits related to human rights issues conducted by external experts (statements by NGOs and others, cases revealed at other companies, etc.)<br>• Status of measures to address human rights issues identified in the company's risk assessment results<br>• Results of responses to Self-Assessment Questionnaire for CSR Procurement for suppliers, etc. |
| STEP 3 | Exchange opinions with external experts |
| STEP 4 | After discussions at the Executive Sustainability Committee, identify the Group Human Rights Issues and report them to the Board of Directors |

* Evaluate from the perspectives of "severity" and "likelihood of occurrence."

### Group Human Rights Issues and Initiatives

| Human Rights Issues | Main Impacted Rights Holders: Group Executives and Employees | Suppliers/ Business Partners | Customers/ End Users | Local Residents | Initiatives |
|---|---|---|---|---|---|
| 1. Occupational health and safety | ● | ● | | | Strengthening the occupational health and safety system and management (see page 79) |
| 2. Crisis management | ● | | | | Strengthening risk management (BCP revisions) (see page 100) |
| 3. Discrimination | ● | ● | ● | | Promoting diversity and inclusion initiatives (see page 83) |
| 4. Harassment | ● | ● | | | |
| 5. Modern slavery, child labor | | ● | | | Strengthening supply chain management (see page 78) |
| 6. Impact on environment from procurement | | ● | | ● | |
| 7. Impact on communities from business activities | | | | ● | |
| 8. Violation of portrait rights, copyrights, etc. | ● | ● | ● | ● | Studying implementation of executive and employee training |
| 9. Information leakage | ● | ● | ● | | Strengthening response to digitalization and information security initiatives (see page 79&100) |
| 10. Implementation of grievance mechanism | ● | ● | ● | ● | Establishing a whistleblower system (see page 101) |

## Supply Chain

### Procurement

The group is strengthening its relationships of trust with suppliers to ensure a stable supply of raw materials and products. In addition, we share the Japan Pulp & Paper Group's Approach to Sustainable Procurement with suppliers and are promoting responsible procurement by considering social and environmental supply chain risks when procuring raw materials and products.

The Japan Pulp & Paper Group's Approach to Sustainable Procurement
https://www.kamipa.co.jp/eng/sustainability/society/sustainable-procurement/

### Supply Chain Management

To ensure that Approach to Sustainable Procurement initiatives are being implemented properly in the supply chain, we check the status of the initiatives at business partners using the Self-Assessment Questionnaire for CSR Procurement. When improvements are required at a partner company, we will communicate closely with the company and support them in making the improvements.

**Fiscal 2024 Results**

Surveyed: Main business partners in top 80% of parent company suppliers by value
Valid response rate: 100%

Main surveyed items: Corporate governance, human rights, labor, environment, fair corporate activities, information security, supply chain, local communities

Society

## Local 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 "Local Communities" as one of our material issues. We sponsor events in collaboration with local governments and work to promote understanding of resource recycling.

### Initiative Example Held a workshop on environmental conservation through the use of paper together with the local community

In February 2025, we held a workshop in partnership with our customer Gakken where children could make their own notebooks out of their favorite types of paper, as part of Tokyo's Shinagawa ward's "Exciting ★ SDGs Children's Future Operation" event. The purpose of this workshop was to provide an opportunity to consider environmental issues while learning about paper. The event was held in two parts. In the first half, participants learned about paper and environmental conservation through a quiz, and in the second half, they chose their favorite types of paper and made their own original notebooks. About 100 parents and children participated on the day, and they energetically responded to the questions from the quiz. When making the notebooks, they carefully read about and compared the different characteristics and applications of each type of paper, and then diligently made their own unique notebooks. Going forward, the group will continue to conduct activities that contribute to the local community and environment in order to achieve the group mission of "Carving a better future for society and the environment."

In the first half we used a quiz to share information about paper, such as where the trees used to make paper come from.

In the second half, participants chose their favorite paper types and used them to make their own notebooks.

## Digitalization

### Building and Strengthening Systems

In April 2025, we established a new Corporate DX Division to strengthen digital transformation (DX) and IT controls throughout the group. Through these efforts, we have been able to further accelerate innovation in our business processes by leveraging digital technologies and developing our data utilization platform, and we have also strengthened group-wide control structures.

* See ▶page 64 for details.

### Initiatives

#### Promotion of DX

We conducted a business process review survey across the entire company to ascertain the issues and actual conditions of our business operations. As part of this survey, a detailed analysis of business operations was performed from the perspectives of quantity, type, skills, and position in order to visualize our business structure. Based on the survey results, we clarified the direction of DX and our future vision, and began to formulate a DX grand design to incorporate them into specific strategies.

#### Utilization of Generative AI

To utilize generative AI, we built our own dedicated ChatGPT environment to prevent external leakage of internal information, which we deployed as a tool to support planning and document creation tasks. Before being able to use this tool, users are fully made aware of the limits and characteristics of generative AI to ensure appropriate operation, and as a result we have increased work efficiency while ensuring safety.

#### Paper Study Groups

While promoting DX in our business activities, we are also working to promote the value and advantages of paper in a digital society.

At OVOL Bridges 2023—The 2nd Paper Merchants Forum, we declared the launch of paper study groups and are currently conducting research in cooperation with academics and others.

Going forward, we will continue to share the information obtained through these research activities, with the goal of helping improve the value of paper.

# Employees

## Approach to Human Resources

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 we are implementing specific measures to achieve these goals. For example, in our first employee engagement survey in fiscal 2023, our rating was "B," which is in the mid-range. We set the goal of achieving a "BBB" rating by fiscal 2026 in our Medium-term Business Plan, but thanks to the continuous drives at improvement that we conducted across the organization, we have already achieved this target ahead of schedule in fiscal 2024, the first year of the plan. We are determined to maintain this rating in fiscal 2025. Going forward, we will continue to strengthen our communication and coordination capacities to further share and promote management strategies, thereby dramatically increasing work engagement, while also conducting recruitment, placement, and training based on a human resource portfolio aligned with those strategies. By raising the capabilities of our human resources, we aim to realize OVOL Vision 2030.

**Human Resource-Related KPIs in OVOL Medium-term Business Plan 2026**
(Non-consolidated)

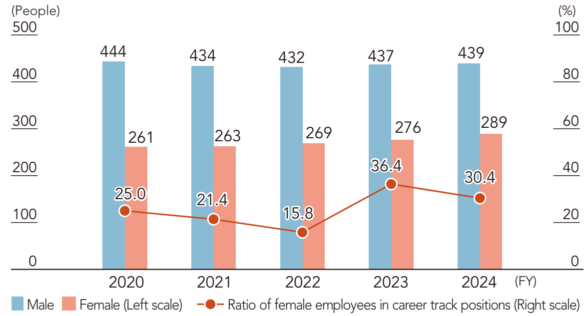
| Indicator | KPI | FY2024 Results | |
|---|---|---|---|
| Percentage of eligible male employees taking childcare leave | 100% | **100%** | Achieved |
| Employee engagement rating | BBB or higher | **BBB** | Achieved |
| Training expenses | 3x or more compared with FY2023 | **2x more than in FY2023** | |
| Percentage of leave taken | 80% or more | **79.7%** | |
| Average monthly overtime hours | 10 hrs. or less | **13 hrs. 20 min.** | |
| Ratio of female employees in career-track positions | 30% or more | **30.4%** | Achieved |

## Work Environment

## Recruitment of Employees

Our hiring of employees is based on Our Corporate Spirit of integrity, fairness, and harmony, a belief that has been nurtured since our founding 180 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 recent years, we have strengthened our human resource portfolio, for example by hiring more mid-career recruits, with the aim of capturing talent with the diverse experiences and skills that we need to expand the business areas of the group. "Diversity and inclusion" is a material issue for the group, and one of our initiatives under this theme is for Japan Pulp & Paper Co., Ltd. to raise its percentage of female managers to 10% or more by fiscal 2030. To achieve this target, in OVOL Medium-term Business Plan 2026, we have set a goal of increasing the ratio of female employees in career-track positions to 30% or more. (We achieved this target in fiscal 2024.) Going forward, we will proactively leverage diverse recruitment channels, including headhunting and rehiring former employees, in order to further enhance our human resource recruitment.

**Number of Employees by Gender, and Ratio of Female Employees in Career-Track Positions**
(Non-consolidated)



Employees

## Human Resource Development

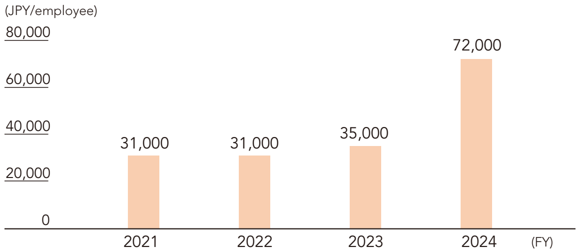
The group is active in five business segments: Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment, and Real Estate Leasing. As we seek to expand our business areas going forward, the development of human resources with diverse experiences and skills has become an urgent task. To do this, OVOL Medium-term Business Plan 2026 has set out the goals of raising the skill level of employees and enhancing training to develop human resources with expertise. For example, we actively use business schools as a part of our selectable training courses, with the aim of developing manager-level human resources. We have also introduced an international training program to develop global talent with an international perspective that is capable of practical communication with counterparts from around the world. Another initiative is to proactively second our employees to group companies, business partners, and external organizations that are important to our business strategies, thereby enabling them to acquire a wide range of knowledge and strengthen their specialist skills through practical experience based on the group's business strategies. Going forward, we will strengthen our human resource development by further enhancing our lineup of open-application training courses that are useful for advancing the group's business strategies, while also making proactive use of the Udemy Business online training service that we adopted the previous fiscal year. Furthermore, human resource data about the experiences and skills that employees acquire through these initiatives is centrally managed and visualized in a talent management system. We use this data to compile a dynamic portfolio, and for strategic human resource placement that takes each employee's uniqueness into account.

**Human Resource-Related KPIs in OVOL Medium-term Business Plan 2026** (Non-consolidated)

Training expenses compared to FY2023
**3× or more**

### Cost of Training/Education per Employee

(Non-consolidated)




### Human Resource Development at Japan Pulp & Paper

**Rank-based training**
- Newly appointed general managers: External management training
- Employees promoted to different grades: Training to understand expected roles
- Mid-career employees: Coaching and logical thinking training
- First three years after joining the company: Group training (annually)

**Selectable Training Courses**
- In-house group training
- External dispatch training

**Other Systems**
- Self-development support system
- Training programs conducted outside of Japan (language study abroad and practical training)
- New recruit mentor program

## 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. Through this, we aim to enhance employees' receptiveness 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.<br>• Emphasizes the ability to respond to difficulties and change<br>• Requires the goals to be truly challenging |

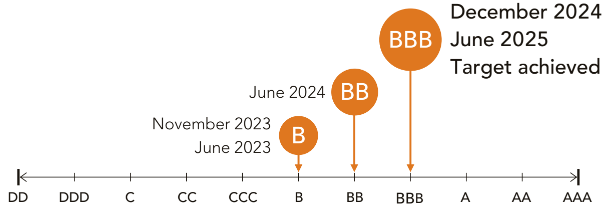
## Engagement

The company recognizes that improving engagement through the promotion of human capital management is a critical issue for achieving our long-term vision. Since fiscal 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 Survey Results

In the engagement surveys conducted in December 2024 and June 2025, we achieved a BBB score, meeting our target in the Medium-term Business Plan two years ahead of schedule. Challenges identified through engagement surveys include the lack of communication with employees about the group's growth strategy and the development of human resources through personnel rotation. As a part of our initiatives to promote communication about the group's growth strategy, we held seminars for general managers, branch managers, and division managers in order to strengthen the "coordination function" between management and employees on the ground. We also held "dialogue meetings" between the president and division managers, and meetings between branch employees and management as forums for senior management to share and communicate with the rest of the company.

During these forums, the president directly explained to employees the thinking behind OVOL Vision 2030 and the strategies in OVOL Medium-term Business Plan 2026, further promoting and deepening each employee's understanding of our long-term vision. Going forward, we will strive to further improve engagement by restructuring our development program through personnel rotation, which is another challenge we are tackling.




* The engagement survey creates an Engagement Rating through the Motivation Cloud service offered by Link and Motivation Inc. Results are divided into 11 levels.

## Health Management

We view human resources as our most important form of management capital and support each executive and employee in taking the initiative to improve their health and increase their vitality.

### Health Management Promotion Framework


### Our Health Management Strategy

Japan Pulp & Paper's health management strategy involves implementing health policies based on four main themes: (1) Improving health literacy, (2) Strengthening measures to prevent cancer and lifestyle diseases, (3) Strengthening measures for mental health, and (4) Achieving a work-life balance. Recently, we introduced the KENPOS health improvement self-care service for all executives and employees to improve health literacy. This is used to raise awareness of health issues across the company, promote the well-being of employees, and improve the workplace environment. As part of strengthening our measures against cancer and lifestyle diseases, our target for employees receiving health checks is 100%, and we have maintained a 100% rate since fiscal 2022. We also centrally manage health check results on a computer system and implement effective health policies based on this health check data to further strengthen the health management of executives and employees. To strengthen support for mental health, we have set a goal of getting 100% of employees to receive stress checks, and we will conduct line management care training while coordinating with external EAP (Employee Assistance Program) organizations. We have also introduced various systems to achieve a better work-life balance, including work from home, staggered work hours, and the ability to take paid leave in hourly units.

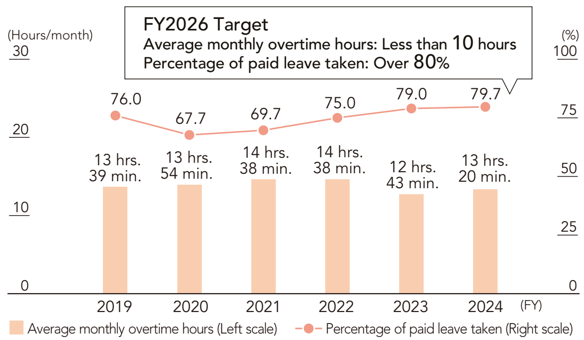
As part of OVOL Medium-term Business Plan 2026, we aim to reduce average monthly overtime to less than 10 hours and increase the paid leave usage rate to over 80%, supporting a better work-life balance.

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門

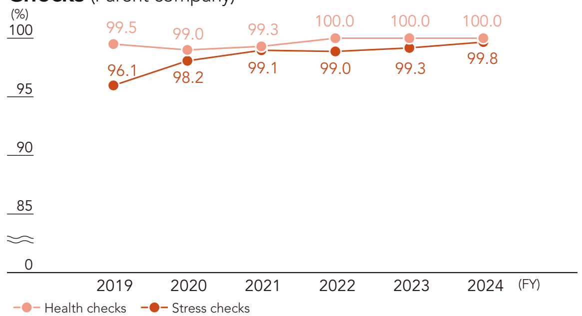
Japan Pulp & Paper Group Health Management Policy

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

### 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)



Employees

## Occupational Health and Safety

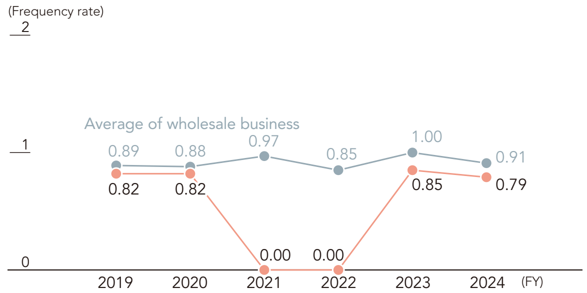
Based on the Occupational Health and Safety Policy, the Japan Pulp & Paper Group is aiming to eradicate workplace accidents, hazards, and occupational illnesses. To do this, the Personnel Department and the Environment & Safety Promotion Office are taking the lead in implementing initiatives at each group company through the OVOL Environment & Safety Meetings, and they report the progress of these initiatives to the Executive Sustainability Committee. These activities are also monitored by the Board of Directors. To strengthen health and safety management, we have built a three-tier supervisory system similar to the one in the environmental management system: an autonomous management system run by each company, documentary and onsite checks conducted by the Environment & Safety Promotion Office, and onsite checks conducted by external experts. In the two-tier and three-tier on-site inspections conducted in fiscal 2024, we identified some instances of statutory appointees not being appointed or reported, and corrective actions were taken. We share information about any occupational accidents or other incidents that occur within the group to strengthen recurrence countermeasures as we strive for continuous improvement. In addition, general meetings of the OVOL Environment & Safety Meetings that cover all group companies in Japan are held regularly. We held three of these meetings in fiscal 2024, where we exchanged opinions on measures to combat the summer heat, an issue that is getting worse every year.

Furthermore, in fiscal 2024 there were no fatal accidents within the group, and we see this in part as evidence of the effectiveness of our safety management system.

We have set our “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.

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
(Non-consolidated)




Head Office Relocation

### Relocation to TOFROM YAESU TOWER (In second half of 2026)

Since we sold Forefront Tower, which housed our head office, in June 2022, we have been searching for a suitable location to serve as the next head office of Japan Pulp & Paper Co., Ltd. and a hub for our group going forward. We narrowed down our property search by focusing on locations that not only will be convenient for employees at the head office, but will also improve access for branch offices, and group companies and business partners both inside and outside Japan, as this will lead to better communication and stronger relationships. In terms of the facility layout, we want to relocate our current offices, which are dispersed across multiple floors, to an office with a large standard floor area, thereby stimulating communication that will transcend organizational barriers.

At the same time, head office employees launched the Head Office Relocation and Work Styles Study Project to consider new work styles that will further increase productivity and improve corporate value. During this process, they came up with “Beyond Boundary! -Crossover & Choice” as a grand concept for the head office relocation. This head office relocation is not simply changing an address. Rather, it is part of our investment in growth and human capital as we seek to realize our long-term vision. The relocation is also one of many frameworks and initiatives based on the three fundamental principles in OVOL Medium-term Business Plan 2026, and it is positioned as a key policy that will result in even higher corporate value for the group. As we strive to realize our long-term vision, we will take on the challenge of creating new mechanisms and measures that are not merely extensions of what has been done before, but are rather completely new, and which transcend the conventional frameworks of work, departments, generations, and industries.

## Diversity and Inclusion

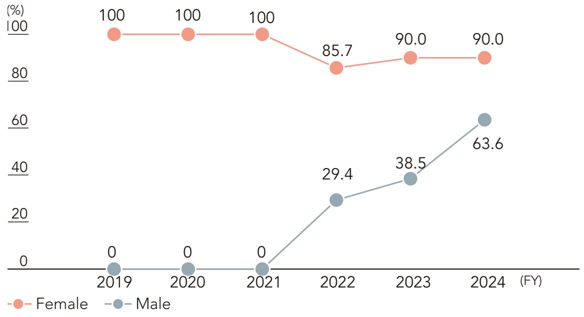
For the group to continually raise its corporate value, it is essential that every executive and employee, using their diverse experiences, skills, and values, works to create new value by maximizing their individuality and capabilities. We have also identified “diversity and inclusion (D&I)” as one of our material issues. Although we extended the retirement age to 65 in 2021, we do not treat employees differently based on age and we have not set a fixed retirement age system for each position. In order to achieve D&I, the entire group will focus on fostering a comfortable workplace culture, raising awareness about, and establishing systems that respect diverse attributes, values, and working styles, including ethnicity, religion, faith, gender, sexual orientation/ gender identity, nationality, age, place of origin, educational background, and 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 limiting work locations. In 2024, we received "Kurumin Certification" from the Japanese government for our childcare support activities, following our previous certification in 2021. Also, as part of our efforts to further promote the advancement of women in the workplace, in OVOL Medium-term Business Plan 2026 we set the target for eligible employees taking paternity leave (including the company's unique leave system) at 100% (we achieved 100% in fiscal 2024).

2024年認定 くるみん 子育てサポートしています

### Percentage of Childcare Leave Taken (Parent company)

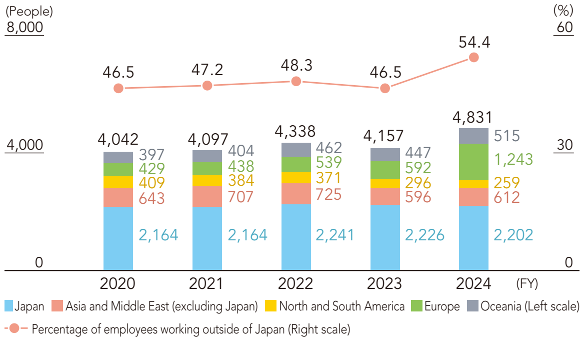



* The target for eligible male employees taking childcare leave, including the company's unique leave system, is 100% for fiscal 2026.

## 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% or more of the group's revenue, and at least 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.

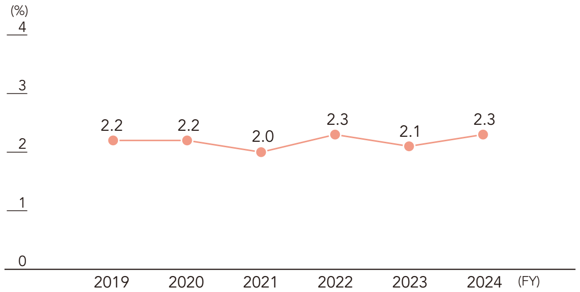
### Number of Employees by Region and Percentage of Employees Working Outside of Japan (Consolidated)




## 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 sexual 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.

## Introduction of Stock-based Compensation for Employees

In fiscal 2025, we introduced a performance-based restricted stock incentive plan for the Employee Shareholding Association. In addition to helping our employees accumulate assets, the purpose of this plan is to further strengthen the commitment of employees to improve corporate results by incentivizing them to continuously raise corporate value.

# Management Team (As of June 27, 2025)

**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

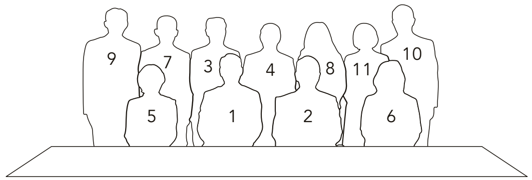
**7 Hiroshi Takahashi**
Outside Director

**8 Rie Uesaka**
Full-time Audit & Supervisory Board Member

**9 Naofumi Higuchi**
Outside Audit & Supervisory Board Member

**10 Mitsutaka Hondo**
Outside Audit & Supervisory Board Member

**11 Miyuki Fukushima**
Outside Audit & Supervisory Board Member



## Director

### 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
April 2023 Representative Director, President & CEO (present position)

### 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)

### Kazuhiko 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)

### Tetsuo Izawa*
Director

April 1981 Joined the Company
June 2021 Director of the Board
Senior Executive Vice President (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 and Supervisory Committee Member of NIPPON STEEL CORPORATION

### 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 Holdings Company Limited
External Audit & Supervisory Board Member of MARUI GROUP CO., LTD.
Auditor of NATIONAL ARCHIVES OF JAPAN
Auditor of Maison franco-japonaise

### Hiroshi Takahashi Independent
Outside Director

June 2023 Outside Director of the Company (present position)

**Significant Concurrent Positions**

Corporate Advisor of The Developer Sanshin Co., Ltd.
Director of J-group Medical Corporation

* 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 (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 of Tohoku University Accounting School
Outside Director and Audit and Supervisory Committee Member of Nippon Aqua Co., Ltd.
Council Member of the Japanese Institute of Certified Public Accountants
Audit & Supervisory Board Member of JMA Consultants Inc.
Outside Audit & Supervisory Board Member of FunPep Co., Ltd.

### Mitsutaka Hondo
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

### 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**

**Senior Executive Vice Presidents**

**Chihiro Katsuta**
CFO and Business Head
– Raw Materials & Environment

**Kazuhiko Sakurai**
Business Head
– Paperboard, Household Paper

**Tetsuo Izawa**
Business Head
– Paper Sales & Marketing, Logistics

**Executive Vice Presidents**

**Yasushi Takei**
Head
– Administration, Planning & Sustainability

**Fumio Watanabe**
CIO

**Mitsutoshi Imamura**
Business Head
– Global Business, Specialties

**Nobuyuki Matsuura**
Deputy Business Head – Paper Sales & Marketing, Logistics, General Manager, Newsprint & Publication Paper Sales Division

**Makoto Shirotani**
General Manager, Kansai Branch

**Senior Vice Presidents**

**Susumu Tanaami**
Deputy Business Head – Paperboard
General Manager, Industrial Materials Sales Division

**Yutaka Endo**
Deputy Business Head – Raw Materials & Environment, General Manager, Raw Materials & Environmental Business Division

**Hiroyuki Ito**
Deputy Business Head – Household Paper
Vice President, JP Corelex Holdings Co., Ltd.

**Kagetaka Matsuura**
General Manager, Paper Merchant & Printer Sales Division

**Masaaki Sato**
General Manager, International Business Division

**Koji Ukeguchi**
General Manager, Chubu Branch

**Hiroshi Kashima**
Chief Representative of Europe

**Executive Officers**

**Shinsuke Yamamoto**
General Manager
Corporate Sustainability Division

**Kenichiro Fujii**
General Manager
Finance & Administration Division

**Shigeyuki Sasaki**
General Manager
Corporate Planning Division

**Fumiteru Kase**
General Manager, Corporate DX Division

**Hisaaki Matsuoka**
General Manager, Purchasing Division

**Seiichi Suganuma**
General Manager
Functional Materials Sales Division

**Shuichi Takeoka**
General Manager, Kyushu Branch

**Toshihiko Kitayama**
General Manager, Kitanihon Branch

**Satoshi Wada**
Deputy General Manager, Kansai Branch

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

**Kozo Nishio**
President, Misuzushigyo Co., Ltd.

**Hideo Ogi**
Senior Executive Director, Eco-Port Kyushu Co., Ltd.

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

**Takahiro Miyata**
Managing Director, Ball & Doggett Group Pty Ltd

# Roundtable Discussion Among the Outside Directors

Outside Director
**Sumiko Takeuchi**

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 and Supervisory Committee Member of NIPPON STEEL CORPORATION. She has been serving as an outside director of Japan Pulp & Paper since 2019.

Outside Director
**Yoko Suzuki**

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 the National Archives of Japan. She has been serving as an outside director of Japan Pulp & Paper since 2022.

Outside Director
**Hiroshi Takahashi**

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. His current roles include serving as Corporate Advisor of The Developer Sanshin Co., Ltd. He has been serving as an outside director of Japan Pulp & Paper since 2023.

## A strategy of achieving sustainable growth in global markets through DX promotion, developing highly skilled professionals, and sustainable management, based on both offensive and defensive governance

### Current State of Corporate Governance: Evaluation and Challenges

**Takahashi** One example of a challenge we faced in recent years was an Antimonopoly Law incident in fiscal 2023 that unfortunately occurred, related to a bidding project, which caused concern among stakeholders. However, I do not believe that this is evidence of the company's governance structure functioning improperly. Basic governance frameworks, such as internal controls, have been firmly established, and information is shared between management and the outside directors in a timely and appropriate manner. My assessment is that management is sufficiently transparent.

On the other hand, the field of IT governance has become an important issue as the group seeks to respond to rapid changes in the business environment. In April 2025, the company established the Corporate DX Division and entered a critical phase of developing policies and controls for the utilization of AI and other technologies. Additionally, providing resilience against threats such as cyberattacks and large-scale natural disasters has become a pressing issue. As some elements of computer systems are outsourced, it is essential to have defensive measures available in case of an emergency. The group continues to relentlessly expand globally, so group governance that covers operations outside of Japan is more important than ever before.

**Suzuki** Like Mr. Takahashi, I recognize that group-wide governance that covers IT and sites outside Japan is a continuing theme. By establishing the Corporate DX Division, the company started to make efforts toward visualization on a global scale, and I expect this will result in controls that are strengthened according to actual local conditions. As the number of group companies grows both in and outside of Japan, I am encouraged by the stance of management in seeking to discuss its goals in both offensive and defensive terms. Although the current business results are challenging, the Board of Directors shares a strong determination to closely monitor the situation and take measures to achieve swift results.

**Takahashi** Human resources are a key issue related to group governance. In particular, it has become essential for the company to find employees with expert skills rather than generalists. M&As in recent years have resulted in the need for higher capabilities in terms of organizational management, and acquiring and developing international, IT , and other expert personnel has become an urgent issue.

**Takeuchi** Overall, the company seems to have found a good balance between offensive and defensive governance. The company has been proactively expanding M&As in recent years, mainly outside of Japan, but they have taken an extremely conservative stance toward risk, and they base their actions on very calm and stringent assessments. As I mentioned last year as well, this prudent stance is expressed through the forthrightness and sincerity that forms the core of their corporate culture, and this past year has reaffirmed that this is a strength of the company's governance. Of course, no matter how much they study or assess issues in advance, sometimes the company will face unexpected business risks. The company should try to become more agile going forward to allow for flexible and fearless course correction when encountering such risks.

**Takahashi** The most significant changes over the last year were the company's major acquisitions in Germany, France, and Portugal. These were difficult projects as we were purchasing bankrupt companies at risk of losing their customers. For this reason, it was vital for the head office to carefully apply controls instead of delegating to local entities. The outside directors strongly requested the establishment of a local governance structure and the construction of a framework that could be led by the head office. Currently, the Board of Directors receives reports every financial quarter that describe results, investment conditions, the progress of the governance structure, and other information, and the board implements appropriate controls.

**Takeuchi** We recognize that organizational homogeneity, which we identified last year, remains an issue. Although this has some positive aspects, when progress depends on a common understanding as a precondition, it can backfire. President Watanabe is intensely aware of this issue and the degree to which his message on it is permeating the rest of the company. After seeing the president explaining the long-term vision and details about the progress of OVOL Medium-term Business Plan 2026 at the financial results briefing, I was impressed to see how resolutely and clearly all the executives spoke about their own strategies and responsibilities at the General Meeting of All Executives at the end of May. I thought it was very positive how they shared their awareness of issues and outlined specific policies for improvement.

## Board of Directors' Meetings: Operation, Discussions, and Effectiveness

**Takahashi** Under the leadership of President Watanabe, who serves as chairperson, the Board of Directors has fostered an atmosphere where it is easy even for outside directors to speak our minds, and overall we actively engage in discussions. Execution and supervision are functioning in an appropriate manner, and I believe that a sound governance environment has been established. To further improve effectiveness, it is important to focus not only on Board meeting resolutions and report items, but also to expand the opportunities for discussion to wider strategic themes that go beyond just the meeting agenda. For example, we are increasingly discussing topics such as how to build and strengthen group governance, how to proceed with logistics reforms as a group, as well as closely related IT governance and other core management themes. I feel that the perspectives that we bring as outside directors in response to these topics can be leveraged to make discussions broader and more engaging.

**Takeuchi** In our role as outside directors, it is critical that we receive information in advance to allow us to make substantive contributions to board meeting discussions from our various perspectives, and the company has always been very good at doing this. Additionally, operational aspects of these preliminary briefings are improving so that, rather than examining the minutiae of resolutions or agenda items, more time will be spent on gaining broader perspectives, such as what kind of discussions were held among executives. The opinions and questions of the outside directors during the preliminary briefings are diligently provided as feedback for the inside directors and management. Given our limited time and resources, a key strength of the company's corporate governance is the effective use of time in these preliminary briefings, which serve to efficiently deepen our discussions.

**Suzuki** The company is taking other distinctive measures to ensure that discussions at Board of Directors meetings are more substantial, such as timely sharing of information with outside directors about issues prioritized by the Audit & Supervisory Board. The company provides excellent coordination of information, and this has helped make discussions at board meetings more lively.

**Takahashi** In the last year, the onsite visits we made to key subsidiaries made a strong impression on me. These were arranged by the full-time Audit & Supervisory Board member as part of her educational activities for outside directors. We had the opportunity to go to Eco-Port Kyushu and several other worksites that we hadn't had the chance to go to previously. Naturally, one gains a different level of empathy and understanding by actually going to a worksite and seeing conditions with one's own eyes, and so I think these experiences were very meaningful.

From the perspective of energizing discussions at board meetings, one valid option would be for outside directors to attend the Executive Management Committee as observers. Currently, it is difficult for the outside directors to visualize who, including the responsible executives, made which comments, and what kind of discussions are held before matters are brought before the Board of Directors. My impression is that the process is slightly predetermined and lacking in transparency. I'm particularly interested in discussions that are held between the president and executives in charge. Attending the Executive Management Committee or similar meetings as observers would help us identify the flow of discussions and give us a sense of the real atmosphere at the time, which will not only enable us to understand the topics discussed at the meeting, but will also help us to "get to know" the participants through the stances and approaches of the speakers. This would also be very useful for improving the effectiveness of succession plans. Of course, in my role as a supervisor I must judge carefully how far to enter executive discussions, but I think that depending on the theme, a flexible approach that includes the participation of observers may be a good idea.

**Suzuki** I agree completely. For example, the relocation of the head office is an important project and a subject of high strategic significance. At the same time, it is closely related to soft power such as employee creativity and organizational culture, and I wanted to understand the specifics of how discussions led to this decision and the actual atmosphere of the meetings.

Although they are necessary to comply with the standards for agenda items based on the rules of a company with an Audit & Supervisory Board, sometimes more minor issues are discussed by the board than is ideal. I have offered suggestions for improving this in my role as an outside director. For example, I recognize that introducing measures to further improve agenda setting and meeting operation, such as batch approval of minor matters and detailed reporting on an ad hoc basis for important projects, is a key challenge for the operation of board meetings. Although we have made steady progress on reviewing this issue, I hope we can shift to even more substantive discussions going forward. Conducting flexible and strategic Board of Directors meetings is an issue that needs to be addressed in the future to make discussions even more substantive.

The role of meeting minutes is not only to leave behind evidence of approved matters, but also to help us understand the flow and key points of discussions. It is important to create such records efficiently using tools such as AI. I have heard that such improvements are being considered, and I look forward to seeing future developments.

**Takahashi** The General Meeting of All Executives at the end of May that was mentioned by Ms. Takeuchi was established under the guidance of the president as an opportunity for the executives in charge of each department to explain the current conditions of their department, describe the gaps that exist in terms of their progress under the Medium-term Business Plan, and outline the measures that will be taken to close these gaps. This initiative was extremely worthwhile and informative. Going forward, it will be important to continue to have such opportunities for dialogue and information sharing.

**Suzuki** A clear theme that emerged at the General Meeting of All Executives was the need to create new mechanisms and measures to close the gap between the current conditions and the targets in the final year of the Medium-term Business Plan. I was reassured to hear specific explanations from each department. At the same time, the Board of Directors needs to gain a firm understanding of how cross-sectional collaboration is actually built, both inside and outside the group, and how the progress of such partnerships is managed and driven forward. The board needs to ensure that it is handling these issues appropriately.

**Takeuchi** Although this is a tough time for business performance due to market conditions, the company's earning capacity is in no way inferior to its competitors. In fact, it can be seen as superior. Paper is an integral part of society and there is no likelihood of its complete elimination. I like to think of it as having similar value to other infrastructure that supports our everyday lives. As the president explained at the financial results briefing in May 2025, even if the overall market shrinks, the company should aim to capture a larger share within the market. The company's policy is not to remain within a specific region, but to expand while maintaining a good balance between global and local business. Based on this policy, the company has been steadily building a system composed of multiple business pillars over the last few years. As the business environment continues to change, having these different pillars will help disperse risk, and I expect that they will reinforce the company's competitive advantages. In particular, I believe that the difference in earning power between the company and its competitors will prove to be valuable in this context.

## Operations of the Nomination and Compensation Advisory Committee

**Takeuchi** One challenge for the outside directors with regard to the Nomination and Compensation Advisory Committee is the wide dispersal of human resources, especially those based outside of Japan. This makes it rather difficult to evaluate the work styles and vision of each individual, and whether they are people capable of linking their vision to strategic execution. Under these circumstances, I found it extremely valuable, as an outside director and a member of the Nomination and Compensation Advisory Committee, to have the opportunity to directly observe and learn about the character of the executives in charge of each department through the General Meeting of All Executives. Going forward, it is important for outside directors to create more opportunities, like these onsite tours, to help us increase our knowledge. Nevertheless, the fact that the current executive structure has remained unchanged for several years is an issue overall. If structural changes do become necessary in the future, major changes will be inevitable, and the risks involved in this should be kept in mind. This concern has been repeatedly discussed at the Nomination and Compensation Advisory Committee and the president and other managers are fully aware of the issue. In this sense, I felt that the discussions at the committee were very worthwhile.

**Suzuki** On the topic of the succession plan for the Board of Directors, the Board is still in the early phase when it comes to specific considerations, but the issue continues to be recognized as important. At the Nomination and Compensation Advisory Committee, the president outlined the kind of human resources he expects will be needed for future management structures born from DX, overseas expansion, and other initiatives, and how he intends to develop them. I was able to hear directly about these ideas and the company's awareness of the issues relating to them. Such dialogue provides an excellent opportunity to create the foundations for building a succession plan.

**Takahashi** The contents of the materials provided at the Nomination and Compensation Advisory Committee

have been further improved since last year and are excellent. Not only has information about the current directors been organized conscientiously, but certain information about potential leading candidates is also provided, an approach similar to succession planning. Currently, a comprehensive succession plan that covers, for example, the entire management team including the general managers of divisions, has not yet been established. I see the development and selection of managerial human resources from a medium-to long-term perspective as a major challenge going forward.

**Suzuki** When it comes to the officer compensation system, since corporate results in recent years have been greatly affected by overseas market conditions, I feel the time has come to consider revisions to the system design to make it more flexible and finely tuned. I understand, however, that this requires deeper discussions as we move forward. As a slight digression, I believe the launch of a stock reward system as a means of incentivizing employees is a very significant development. Turning employees into shareholders, including those who previously did not have any

Roundtable Discussion among the Outside Directors

holdings in the company, should increase engagement as employees conduct their daily work with a shareholder viewpoint, and this system design is desirable from the perspective of human capital management as well.

**Takahashi** The officer compensation system was designed with reference to outside survey data, and overall I think its benchmarks are appropriate. However, the performance-linked portion of remuneration is based on the officer's position, and is decided only by the rate of increase/decrease in consolidated ordinary profit, a structure that I believe has issues that need to be addressed. Revising the design to reflect more multi-faceted indicators and other contributions is an issue that needs consideration going forward.

## Deepening Sustainable Management

**Takeuchi** Although the ideals surrounding ESG and sustainability are facing an adverse climate at the moment, this does not fundamentally change "what needs to be done." To date, companies have tended to be "vision driven," and those that put out big ideas were highly praised regardless of whether or not they were put into practice. For example, in terms of climate change, there was a race to bring forward targets for achieving carbon neutrality, but this had the disadvantage of binding companies to overly ambitious targets that diverged from reality. Currently, the company emphasizes the theme of "realistic transition" and it seems to me like we have entered a new phase that prioritizes effective initiatives. A major strength of the company has been to keep its feet firmly on the ground and take steady, substantive actions without getting carried away by the fashionable trends of the day. This is a praiseworthy stance. How to proceed to the next stage and how to create a better future are questions that I am confident the company will be able to answer in its own unique way. As an expert in the energy and environmental fields, I will continue to give the company my full support by providing my outside perspective.

**Suzuki** I want to fulfill my supervisory role as an outside director by closely monitoring the progress of OVOL Medium-term Business Plan 2026. At the same time, I will continue to carefully monitor not only human capital management that aims to raise the engagement of the human resources who support the company, but also sustainable management that necessitates proactive initiatives as a group involved in the paper business. These are key management pillars of the company. I expect in-depth discussions to be held on how to describe the growth story of the company with more clarity and communicate it externally. The company is a B-to-B business and is not widely known among regular investors, so the company has started to make efforts to promote IR targeting individual investors. Such initiatives are important to ensure more people understand the value of the company and its role in supporting society by expanding paper-focused business areas. Personally, I will continue to offer my outside perspective to support the company in refining its processes on its road to becoming a "trustworthy and engaging partner" as set out in its long-term vision.

**Takahashi** Various keywords such as human capital management, well-being management, and sustainable management are currently used in the context of management issues. These do not exist in isolation, but rather they are all connected organically. Ultimately, the most important element is the employees, and strengthening human capital management will improve the health of each employee both physically and mentally, resulting in well-being management that achieves high levels of social satisfaction. This leads to sustainable management that enhances the sustainability of the company, which then increases corporate value, giving rise to a virtuous circle. Going forward, clearly communicating that we foster such values and specific initiatives both internally and externally will become ever more important. The company has 180 years of history, and from the outside it may seem to be a specialist trading company focused on paper and pulp that is easily impacted by changes in market conditions. But in reality, it is a team of multiple companies that is expanding as a group across a wide range of businesses, including paper manufacturing and processing, wastepaper and waste plastic collection, and even the power generation business. The company is also actively transforming its business portfolio as it seeks to become a "trustworthy and engaging partner" that achieves high levels of satisfaction among its various stakeholders. Raising broader awareness of such realities and initiatives will play a critical role in increasing corporate value. As a significant step toward achieving this, the president took the stage at an individual investor briefing that was held for the first time this year. I would like to see improved IR and SR activities in the future, and as outside directors, we will proactively engage in dialogue with investors as necessary and clearly communicate the initiatives and appeal of the company to the outside world in order to raise corporate value.

# 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 27, 2025)

| 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 | 4 | 5 (45%) | 4 (36%) | Company with an Audit & Supervisory Board | 17 | 14 | 2 |
| (3 outside directors) | (3 outside Audit & Supervisory Board members) | (3 outside directors) (2 outside Audit & Supervisory Board members) | (2 outside directors) (1 full-time Audit & Supervisory Board member) (1 outside Audit & Supervisory Board member) | | | | |

* Results in fiscal 2024

## 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 achieving 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

**2010**
- Introduction of an executive officer system (Reduction in the number of directors)

**2011**
- Abolition of retirement benefits for officers
- Revision of the officer compensation system

**2014**
- Appointment of one independent outside director

**2015**
- Establishment of a voluntary Nomination and Compensation Committee (Currently the Nomination and Compensation Advisory Committee)

**2016**
- Began evaluation of the effectiveness of the Board of Directors

**2017**
- Introduction of stock-based compensation plan using a trust

**2019**
- Increased the number of independent outside directors to two (First female director appointed)
- Revision of standards for agenda items at Board of Directors meetings

**2022**
- Establishment of Executive Sustainability Committee
- Disclosure of skills matrix of directors and Audit & Supervisory Board members
- Increased the number of independent outside directors to three
- Moved to the Prime Market

**2023**
- Increased the number of outside Audit & Supervisory Board members to three

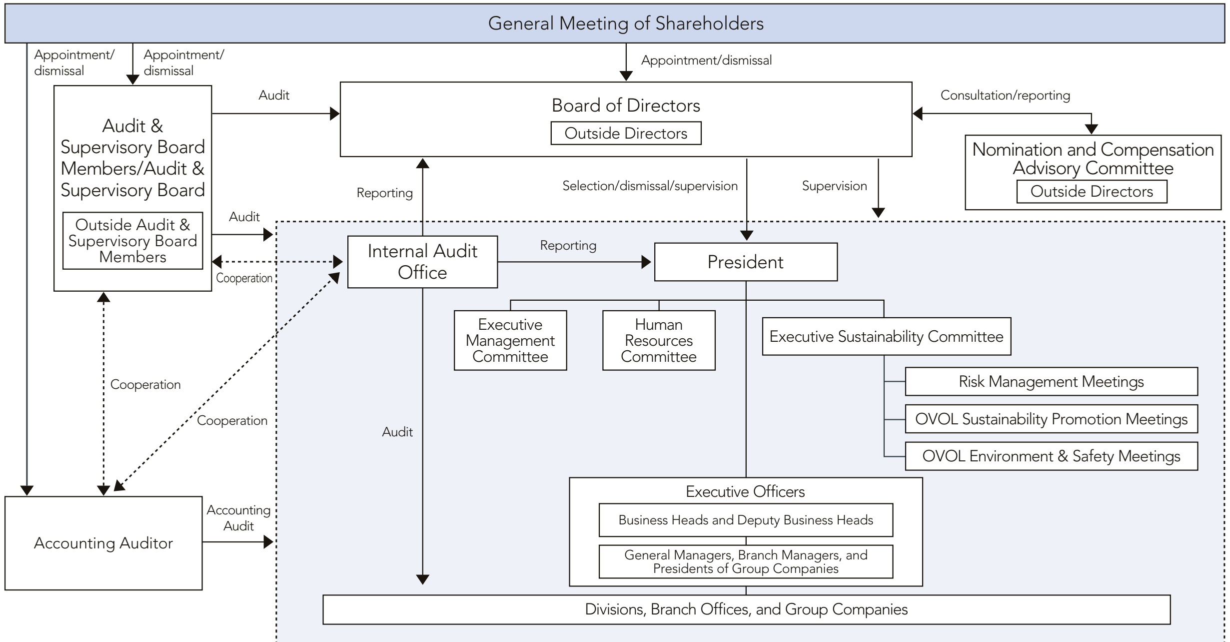
Governance

## 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 participate in the process of nominating and setting the compensation for 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




## Board of Directors

The Board of Directors meets regularly once a month and whenever necessary, in accordance with the law, the Articles of Incorporation, and the procedural rules for the Board of Directors. It makes decisions on matters stipulated by law 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** | 17 (fiscal 2024) |
| **Chairperson** | Representative director, president |

**Main agenda items for fiscal 2024**

Matters related to officer compensation, head office relocation, stock splits, distribution of dividends from retained earnings, matters related to cross-shareholdings, overseas M&A, the medium-term business plan, matters related to the internal control system, and matters related to sustainability

## Audit & Supervisory Board Members/ Audit & Supervisory Board

The Audit & Supervisory Board meets regularly once a month and whenever necessary, in accordance with the law, 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, improving the auditing system of 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** | 14 (fiscal 2024) |

## Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee was established to discuss and report on the appointment and compensation of directors and Audit & Supervisory Board members. The committee meets at least once a year and whenever necessary.

| | |
|---|---|
| **Composition** | Representative director, president (chairperson), 3 independent outside directors |
| **Number of meetings held** | 2 (fiscal 2024) |

**Main agenda items for fiscal 2024**

- Proposal for nomination of candidates for directors and Audit & Supervisory Board members
- Approach to future nomination of officers
- 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; business heads and deputy business heads; (observer) full-time Audit & Supervisory Board member |
| **Number of meetings held** | 27 (fiscal 2024) |

## 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); business heads and deputy business heads; branch general managers of the Kansai Branch and Chubu Branch |
| **Number of meetings held** | 12 (fiscal 2024) |

## 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, responding to ESG-related issues, and managing the achievement of the group's goals. It serves as the command center for promoting group-wide sustainability.

Progress updates and action plans are reported regularly to the Board of Directors, and specific initiatives related to each issue are entrusted to subordinate organizations, such as the Risk Management Meetings, the OVOL Sustainability Promotion Meetings, and the OVOL Environment & Safety Meetings.

In fiscal 2024, this committee held 16 meetings, where in addition to issuing their regular reports related to compliance, risk management, and sustainability, they deliberated on important agenda items such as responding to business and human rights, and on initiatives to reduce greenhouse gas emissions.

| | |
|---|---|
| **Composition** | Representative director, president (chairperson); full-time directors; business heads and deputy business heads; (observer) full-time Audit & Supervisory Board member |
| **Number of meetings held** | 16 (fiscal 2024) |

## Executive Officers

The company has appointed a total of 30 executive officers, including four who also serve as directors as of June 27, 2025. Executive officers who serve concurrently as directors, or who are responsible as business heads or deputy business heads, oversee group business as a whole, and assist the president with each major management objective to support the achievement of common group targets. Other executive officers focus on strengthening their respective roles and improving results as general managers, branch managers, or presidents of group companies.

Governance

## Approach to the Diversity of the Board of Directors

To ensure diversity (regardless of gender, nationality, race, or age) in management, reflect diverse management values, adapt to changes in the business environment, maximize corporate value, and achieve balance in terms of knowledge, experience, and ability, the company appoints individuals of outstanding character and insight from both inside and outside the company for Board of Director positions. This includes persons with extensive knowledge 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 27, 2025

| 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 | 9 | ● | ● | ● | ● | | ● | ● | |
| Chihiro Katsuta | Representative Director, Senior Executive Vice President | | | 9 | ● | ● | ● | | ● | ● | ● | |
| Kazuhiko Sakurai | Director, Senior Executive Vice President | | | 8 | ● | ● | ● | | | | ● | |
| Tetsuo Izawa | Director, Senior Executive Vice President | | | 4 | ● | ● | ● | | | | ● | |
| Sumiko Takeuchi | Director (outside) | ○ | ○ | 6 | | ● | | ● | | | | ● |
| Yoko Suzuki | Director (outside) | ○ | ○ | 3 | | | | | | ● | ● | ● |
| Hiroshi Takahashi | Director (outside) | ○ | ○ | 2 | | ● | ● | | ● | | ● | ● |
| Rie Uesaka | Audit & Supervisory Board Member (full-time) | | | 5 | ● | ● | | ● | ● | | | |
| Naofumi Higuchi | Audit & Supervisory Board Member (outside) | ○ | | 9 | | | | ● | ● | ● | | |
| Mitsutaka Hondo | Audit & Supervisory Board Member (outside) | | | 2 | | | | | | ● | ● | |
| Miyuki Fukushima | Audit & Supervisory Board Member (outside) | ○ | | 2 | | ● | | | ● | | | |

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

## Reasons for Selection of Skills and Evaluation Criteria

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

| Item | Reason for Selection | Evaluation Criteria |
|---|---|---|
| Industry Insight | • Appropriate decision making and supervision of important business operations as part of a leading paper distribution company | • Directors who are promoted to the position from within the company<br>• Experience in management at other companies in related industries<br>• Experience as a director of an industry association |
| Corporate Management | • Effective development of sustainable growth strategies, and execution and supervision of operations amid major changes in the business environment<br>• Ability to utilize management experience at other companies as an outside officer | • Experience as a director of Japan Pulp & Paper, business head, or deputy business head<br>• Experience as a president of a subsidiary<br>• (Outside officers) Experience as a representative director, president or vice president, etc., at other companies<br>• Experience as an entrepreneur |
| Sales | • Possessing extensive knowledge and experience in sales, as our main business is wholesaling and distribution | • Experience in management of departments related to sales, marketing, and procurement |
| Global | • Possessing 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 | • Experience in management of departments related to business outside of Japan<br>• Experience as an officer of a subsidiary outside of Japan<br>• Experience as a member of an international organization<br>• Experience as a participant in international conferences |
| Finance and Accounting | • Possessing extensive knowledge and experience in the fields of finance and accounting in order to formulate a financial strategy that ensures accurate financial reporting, builds a sound financial base, promotes M&A, and maintains stable dividends | • Management experience related to financial management, fund procurement, loans, and accounting<br>• Possessing relevant knowledge and experience, certified public accountants, tax accountants, etc. |
| Legal Affairs and Compliance | • Possessing 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 | • Management experience related to risk management and compliance departments<br>• Experience as a member of a third-party committee<br>• Possessing relevant knowledge and experience, lawyers, etc. |
| Human Resource Management | • Possessing extensive knowledge and experience in the fields of human resource development and management in order to further strengthen human capital, which is our most important form of management capital | • Experience as a chairperson of a human resource committee, or in the management of a human resource department |
| Sustainability | • Possessing 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 | • Experience in management of a department related to sustainability, ESG, the SDGs, renewable energy, etc.<br>• Experience as a member of advisory bodies and various organizations on sustainability, ESG, and the SDGs<br>• 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.

Governance

## Reasons for Electing Outside Directors and Outside Audit & Supervisory Board Members

| | Name | Independent Officer | Reason for Appointment | Attendance at Meetings in the Fiscal Year Ended March 31, 2025: Board of Directors | Attendance at Meetings in the Fiscal Year Ended March 31, 2025: 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.<br>**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 and Supervisory Committee Member of NIPPON STEEL CORPORATION | 17/17 (100%) | — |
| | Yoko Suzuki | ○ | Yoko Suzuki possesses abundant knowledge 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.<br>**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 Holdings Company Limited; External Audit & Supervisory Board Member of MARUI GROUP CO., LTD. | 17/17 (100%) | — |
| | Hiroshi Takahashi | ○ | Hiroshi Takahashi has a wealth of 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 the corporate governance system from an objective and professional standpoint.<br>**Significant concurrent positions:** Corporate Advisor of The Developer Sanshin Co., Ltd.; Director of J-group Medical Corporation | 17/17 (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.<br>**Significant concurrent positions:** Representative of Higuchi Certified Public Accountant Office; Professor of 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; Audit & Supervisory Board Member of JMA Consultants Inc.; Outside Audit & Supervisory Board Member of FunPep Co., Ltd. | 17/17 (100%) | 14/14 (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 he can carry out his duties as an auditor appropriately by giving his objective opinions and suggestions at Board of Directors and Audit & Supervisory Board meetings and contribute to strengthening the company's audit function and governance structure.<br>**Significant concurrent positions:** Attorney at Marunouchi Law Office | 17/17 (100%) | 14/14 (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 the group's audit functions and the governance system.<br>**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. | 17/17 (100%) | 14/14 (100%) |

## Initiatives to Improve the Effectiveness of the Board of Directors

Every year, the Board of Directors conducts a questionnaire survey on the effectiveness of the board, targeting all members of the Board of Directors and the Audit & Supervisory Board. Based on the results, the board evaluates its effectiveness. Based on the results of the fiscal 2024 questionnaire, the composition of the board was reported to be well balanced, with 55% outside officers and 36% female officers, ensuring diversity in both structure and skills. Regarding the main agenda items, deliberations on topics such as formulating management strategies, internal control and risk management, and compliance were seen to have been further enhanced compared with the previous fiscal year. In terms of operations, respondents noted that preliminary briefings had been further strengthened, enabling open, lively, and constructive discussions and exchanges of opinions. Based on these results, the Board of Directors determined that the effectiveness of the board continues to be ensured.

At the same time, the questionnaire identified skills such as digital transformation (DX), manufacturing technologies, and quality management as being necessary for the board going forward. It also highlighted themes such as verification of investment effectiveness, corporate governance structures, group governance, internal control and risk management, and human capital as areas for more in-depth deliberation.

Furthermore, on the operational side, the need for improvement was noted in areas such as narrowing down matters for resolution, streamlining reporting items, and creating opportunities for discussions on important topics outside the formal agenda, such as sustainability. The Board of Directors will continue to implement necessary improvements based on the survey results and strive to further enhance its effectiveness.

| Fiscal 2023 Evaluation | |
|---|---|
| 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) | 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. |

| Fiscal 2024 Evaluation | |
|---|---|
| Summary of Evaluation Results | In terms of composition and skills, a favorable balance was achieved and diversity was secured, while in terms of the main agenda items, deliberations were enhanced even further compared to the previous fiscal year on topics such as formulating management strategies, internal control and risk management, and compliance. In terms of operations, preliminary briefings were enhanced to enable open, lively, and constructive discussions and exchanges of opinions. |
| Issues Identified (Themes for Further Development) | Evaluation of effectiveness of investments, corporate governance structures, group governance, internal control and risk management, human capital, further streamlining meeting resolutions, simplifying reporting items, creating more opportunities to discuss important issues (such as those related to sustainability) beyond the meeting agenda |
| Response to Issues | Necessary improvements will be implemented as appropriate, and we will continue to enhance 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. We also offer them opportunities to deepen their knowledge after appointment through initiatives such as facility tours. In fiscal 2024, visits were arranged in November to group companies that are expanding the containerboard business in the Kansai region. In December, they visited Eco-Port Kyushu, which is developing the comprehensive recycling business. 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.

# Officer Compensation

## 1 Basic Policy

Compensation for 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 enhancement 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, etc.

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

## 2 Overview of Officer Compensation System

### Base Compensation

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

### Bonuses

Bonuses for 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, 2025) 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 JPY 270 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 = 10 shares) per fiscal year, with the number of points determined in accordance with the position of each director. Directors shall receive the company's shares upon their retirement from office, in principle.

## 3 Process for Determining Officer Compensation

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

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

## 4 Compensation (Fiscal 2024)

### 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) | 263 | 113 | 104 | 46 | 4 |
| Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members) | 24 | 24 | — | — | 1 |
| Outside Officers | 76 | 76 | — | — | 6 |

Note: As of the end of fiscal 2024, 7 directors (including 3 outside directors) and 4 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members) are eligible.

## 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 the rationale behind the company's holdings no longer applies, they are sold to reduce our holdings.

In exercising voting rights for cross-shareholdings, the company examines the details of the proposals carefully from the perspective of whether they will contribute 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, and then a decision for or against is made.

### Status of Cross-Shareholdings

| | As of March 31, 2023 | As of March 31, 2024 | As of March 31, 2025 | Change from the Previous Year |
|---|---|---|---|---|
| Number of Stocks (of Which, Listed Shares) | 120 (56) | 120 (56) | 117 (53) | -3 |
| Amount Recorded on the Balance Sheet (Millions of yen) | 23,191 | 29,279 | 25,530 | -3,749 |
| Percentage of Consolidated Net Assets (%) | 18.08 | 21.20 | 17.50 | -3.70 points |

## 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 to the parent company 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 group's 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 and managers and personnel in administration divisions through onsite audits and inspections or via an online format.

Through these activities, the group will further improve the effectiveness of group governance.

## Promotion of IT Controls and IT Security

In January 2025, we established our IT Governance Policy and Information Security Policy as group policies and began IT control audits. In fiscal 2024, 14 companies completed their audits, and audits are underway at 15 companies in fiscal 2025. The audits are scheduled for completion at all group companies during fiscal 2026. Furthermore, we established a CSIRT* that launched during fiscal 2025 with the aim of raising the level of cyber security.

*CSIRT (Computer Security Incident Response Team) is a dedicated team that responds when an incident occurs.

# 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.

Governance

## 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 we have cultivated over the years and constantly embody them. It is also part of our efforts to further promote a more proactive 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's 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 that we 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 as being 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.

In line with this code, the group has established the Antimonopoly Law Compliance Policy and Anti-Corruption Policy to set clear standards of conduct. We also declare our commitment to building internal frameworks that include regular education and training for executive and employees, as well as periodic audits.

Japan Pulp & Paper Group Antimonopoly Law Compliance Policy

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

Japan Pulp & Paper Group Anti-Corruption Policy

https://www.kamipa.co.jp/eng/sustainability/governance/anti-corruption-policy/

## 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.

Japan Pulp & Paper Group Taxation Policy

https://www.kamipa.co.jp/eng/sustainability/governance/taxation-policy/

## Initiatives to Ensure Compliance

The group conducts annual educational programs such as rank- and theme-based compliance training and e-learning. In addition, the group publishes 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 2024 | Number of Participants and Participation Rate |
|---|---|---|---|
| Rank-Based Compliance Training | New employees, new managers, and seconded employees of Japan Pulp & Paper | 3 times | 95 participants |
| E-Learning Tests | Executives and employees of Japan Pulp & Paper and group companies in Japan | 2 times | Average participation rate: 99.4% |

### Whistleblower System

Some companies within the group have established dedicated 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. These contact points are available 24/7 and reports can be made anonymously to guarantee whistleblower protection. In addition, the Internal Audit Office regularly monitors the operational status of the whistleblower system as part of internal control.

In fiscal 2024, we received reports from whistleblowers regarding 16 different cases and a large number of the reports involved harassment in the workplace. To address the issues raised in 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.

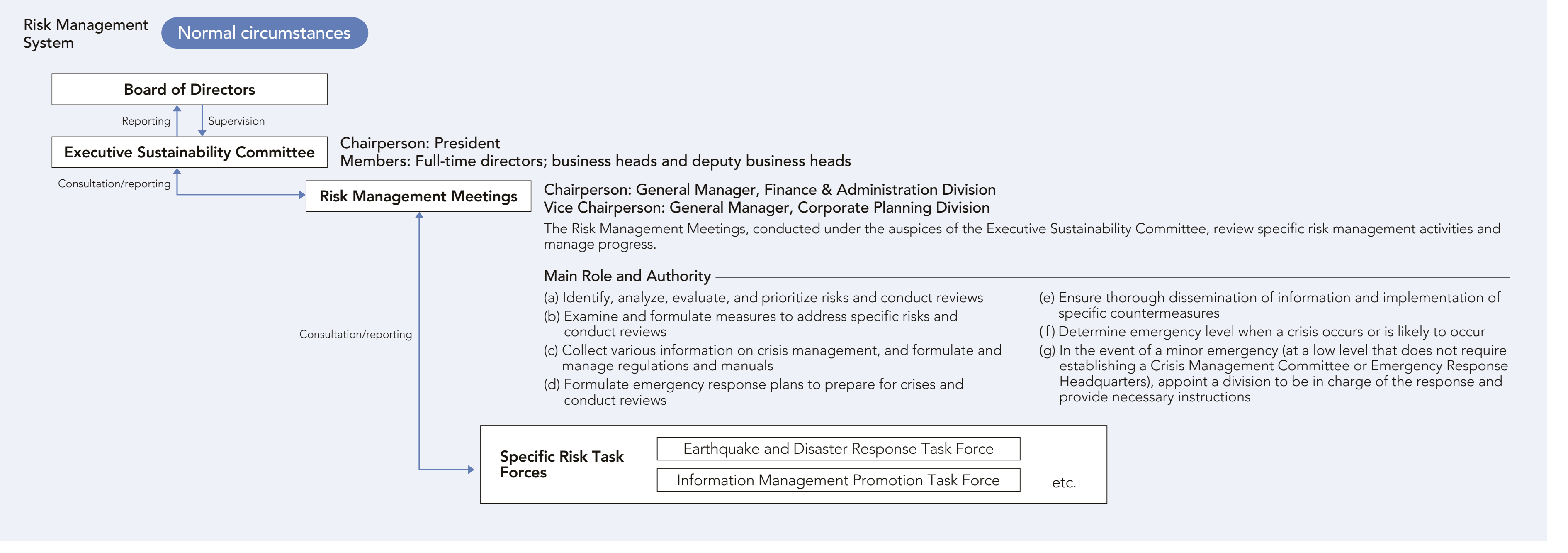
# Risk Management

## 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.

| 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 risk of goodwill | ● | ● | ● | ● | |
| | | Impairment risk 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 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 | ● | ● | ● | ● | ● |

* Response to risks related to human rights issues: The group is responding to business and human rights issues as part of its sustainable management initiatives. In fiscal 2024, we conducted training for executives and employees at Japan Pulp & Paper as well as at all group companies, and we also performed human rights due diligence to identify important human rights issues at the group from such perspectives as severity and likelihood of occurrence. At the same time, we assessed the risk of human rights violations at our main suppliers. For more details on our initiatives to address human rights issues, see page 77.

## Initiatives to Enhance Risk Management

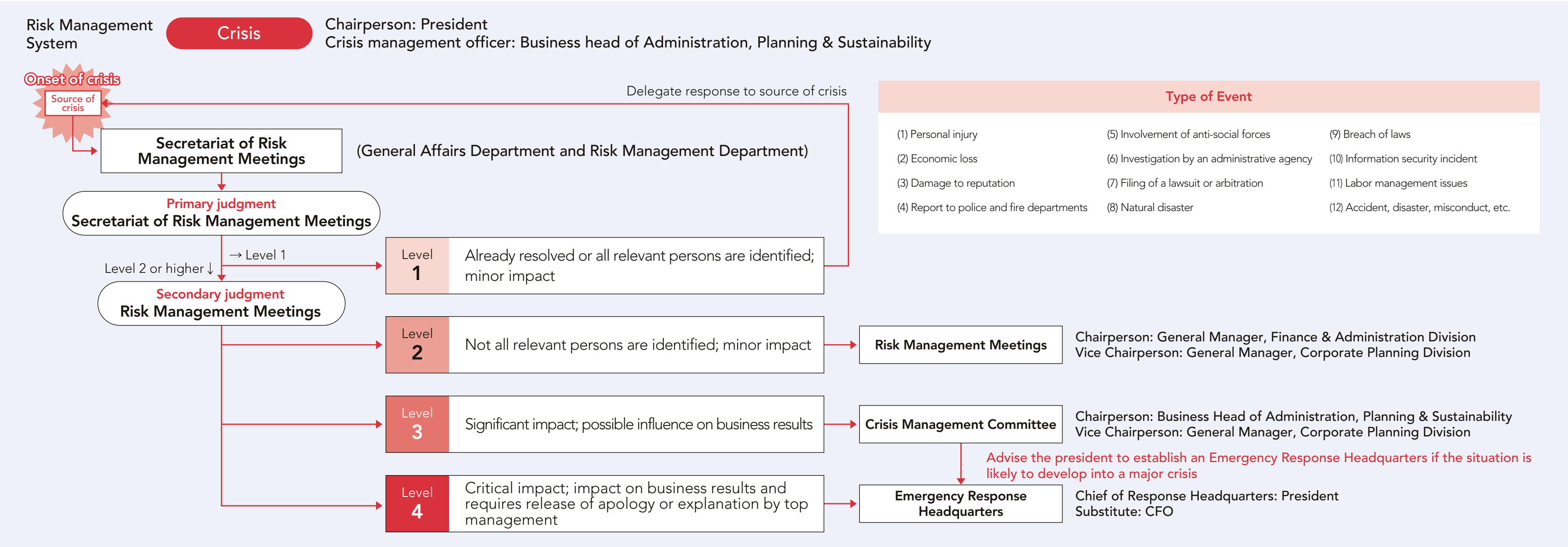
We conduct risk assessments with the aim of identifying risks that are important from both a group-wide and medium-to-long-term perspective, and in terms of enhancing future risk countermeasures. In our risk assessments, we have established approximately 130 evaluation items to comprehensively identify 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 has decided on a final list of significant risks and implemented measures to address them, starting from those with the highest priority.

## 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 business head 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

## Steady progress builds future intangible assets

The company's governance and internal controls continue to meet the standards of a listed company, and a structure has been established that offers peace of mind to shareholders and investors. In particular, the company is working diligently to advance and integrate areas such as IT controls and risk management to apply them on a global level, and is closely monitoring its progress.

As attention turns to the status of key business activities, such good governance is the prerequisite for the various concrete policies that the company has launched to achieve OVOL Medium-term Business Plan 2026. We began our business expansion with acquisitions in Germany and France, and this will likely continue with second and third rounds of new business investments going forward.

As an outside Audit & Supervisory Board member, I will focus on decision-making processes for new investments and monitor the results, while also ensuring that governance is established and operated according to the standards expected by shareholders and investors.

The company has made various acquisitions in the past, and while that is not to say that they have always been successful, the required management structures have been built properly at each company, and overall, the businesses are progressing smoothly. The long history of the company is one of its strengths, which has enabled it to conduct management with its feet firmly on the ground while nurturing long-term relationships with stakeholders. This has built up a wealth of intangible assets that cannot be appreciated just by looking at earnings reports. Although it may not be flashy or result in explosive growth or change, the company has a track record of steadily achieving its targets through necessary self-transformation responding to changes in paper demand. I will strive to be a contributor to governance, which forms the foundation of the group as it expands both within and outside Japan.

Mitsutaka Hondo

Outside Audit & Supervisory Board Member

## Leading sustainable growth based on law and discipline

Two years have passed since I was appointed as an outside Audit & Supervisory Board member. During this time, the company has continued to surprise me and deepen my respect for it through its involvement in a wide range of business areas, and its bold stance in aiming for growth even as the paper industry overall is shrinking. We are currently in a period of transition for the company, as business operations and the organizational structure expand, and I believe continued focus is required on whether the company can establish management structures that can keep pace with these changes.

My area of expertise is the law, and I take care to always make objective and neutral judgments from a legal viewpoint. My role as an outside Audit & Supervisory Board member is to point out any issues without hesitation and without being influenced by my own personal values. From this perspective, my assessment is that the corporate governance of the company is functioning appropriately overall, and even when issues surface, the organization responds promptly and without bias. Nevertheless, as global expansion is progressing rapidly, supervisory structures must also be developed with a commensurate speed. In particular, a challenge going forward will be to build a structure that allows for flexible responses through the sharing of information with management divisions as soon as a risk occurs.

Although business expansion and profit growth are essential for the development of the company, doing so in a proper manner that is compliant with the law is also a prerequisite. More than ever, sound business practices can be a source of sustainable growth and corporate value. In the future, I will conduct my auditing with a level head and from an independent perspective to help make corporate management even more trustworthy.

Miyuki Fukushima

Outside Audit & Supervisory Board Member

## Trustworthy governance linking worksites to the future

Over my two years as an outside Audit & Supervisory Board member, I have not only focused on numerical evidence but also tried to gain an understanding of conditions on the ground by placing myself at contact points between worksites and management. Based on my expertise in financial and tax affairs, I have worked hard to establish effective governance by paying attention to the integrity and proper disclosure of information that forms the foundation of management decisions.

Although it may be relatively unusual for an outside Audit & Supervisory Board member to conduct onsite audits, the company proactively encourages them at group companies. I have visited several worksites where I was able to discuss issues directly with the people in charge, and this helped me to understand the actual state of internal controls and accounting processes. At small- to medium-sized subsidiaries in Japan, there is room for improvement in establishing systems and risk management structures, and I believe that by confirming conditions onsite, outside Audit & Supervisory Board members can play an important role in helping to raise control capabilities across the entire group.

It's also worth mentioning that sustainability initiatives concerning the theme of human capital management are being implemented, and managers take the lead in driving forward these policies in a way that is aligned with management strategies. I also feel that the increased presence of female executives and direct dialogue within the organization are being leveraged for decision-making, and this will become a major strength supporting future growth.

As sustainable management becomes the foundation for creating corporate value, Audit & Supervisory Board members will need to fulfill their roles from ever more advanced and diverse perspectives. Going forward, we will continue to support sound corporate governance and contribute to collaboration between the company and a sustainable society.

Governance

# Stakeholder Engagement

## Approach to Communication with Stakeholders

The group aims to contribute to the creation of a sustainable society by working to solve societal issues through the realization of its principles of change, challenge, and create, and also through its mission of "carving a better future for society and the environment" based on the values of integrity, fairness and harmony, as encompassed in its Corporate Philosophy.

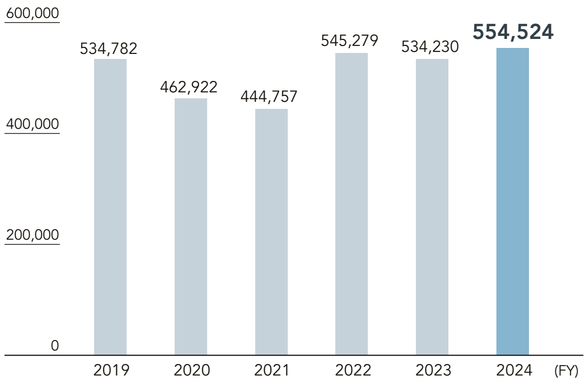
To achieve this, we must accurately understand and respond to the expectations and demands of our stakeholders, which can only be accomplished through active dialogue. In addition to working to respond to the opinions and requests obtained through such dialogue, we will continue to aim for timely and 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.<br>We provide and collect information relating to sustainability, including environmental protection and respect for human rights. | 1. Dissemination of information through our website<br>2. Response to inquiries submitted via our website<br>3. Issuance of the *Integrated Report*<br>4. Participation in exhibitions and events<br>5. Promotional and advertising activities |
| Executives and Employees | We work to ensure that all executives and employees are fully aware of our Corporate Philosophy and to ensure understanding of the management policy through messages from the president.<br>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. | 6. Communication via Intranet<br>7. Issuance of the group magazine<br>8. Issuance of the *Compliance Letter*<br>9. Issuance of the *OVOL Sustainability News* newsletter<br>10. Issuance of the *OVOL Bridges Express* disclosure summary<br>11. HR appraisal/self-evaluation system<br>12. Employee engagement surveys<br>13. Dialogue sessions between management and employees<br>14. Training and seminars<br>15. Internal and external consultation desks |
| 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. | 16. Communication through business activities<br>17. Dissemination of information through our e-commerce sites<br>18. Responses to inquiries via e-commerce sites<br>19. Responsible procurement activities and certification registration<br>20. Environment-related study sessions for business partners<br>21. Responses to CSR assessments by business partners<br>22. Holding of workshops |
| 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. | 23. General Meeting of Shareholders<br>24. Financial results briefings for analysts and institutional investors (twice a year)<br>25. Annual company presentation for individual investors (once a year)<br>26. Meetings with analysts and institutional investors as necessary (held 32 times in fiscal 2024)<br>27. Website for individual investors<br>28. Issuance of securities reports<br>29. Issuance of financial reports<br>30. Timely disclosures to Tokyo Stock Exchange<br>31. 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. | 32. Organizing exchange events with local community residents at our business facilities<br>33. Signing agreements with local governments on disaster prevention cooperation and support for disaster prevention and mitigation<br>34. Social contribution and volunteer activities<br>35. Holding of on-site classes designed to increase understanding of paper |
| 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. | 36. Collaboration with NPOs and NGOs through our business<br>37. 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."<br>We cooperate with local governments in areas where our business facilities are located to contribute to local communities. | 38. Appropriate communication with relevant government authorities and local governments<br>39. Activities through industry associations |

# Section 4 Data

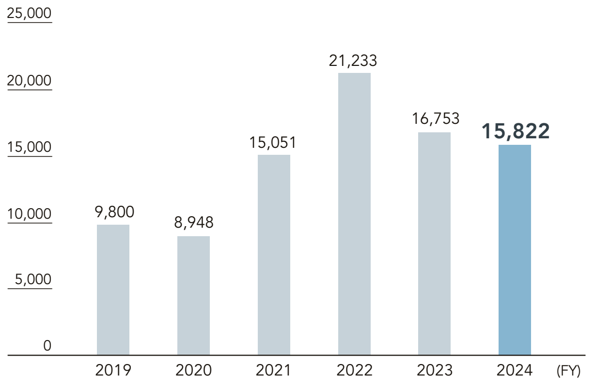
# Consolidated Financial Highlights

## Revenue (Millions of yen)

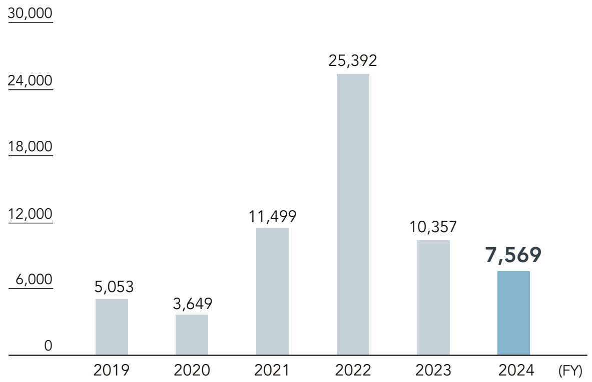



Note: From the fiscal year ended March 31, 2022, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted. Accordingly, "Net sales" has been reclassified as "Revenue."

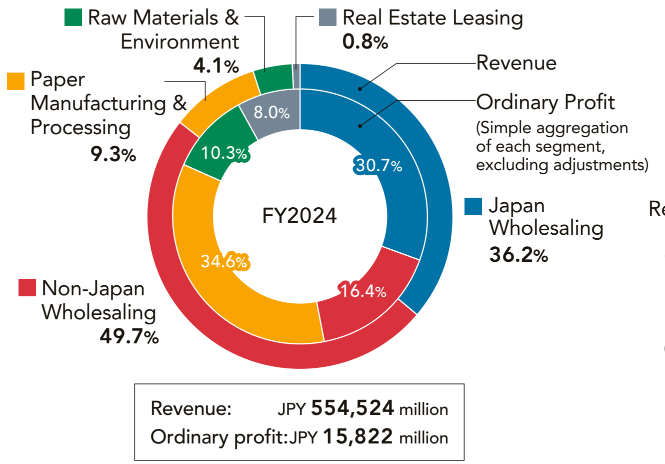
## Ordinary Profit (Millions of yen)




## Profit Attributable to Owners of Parent (Millions of yen)

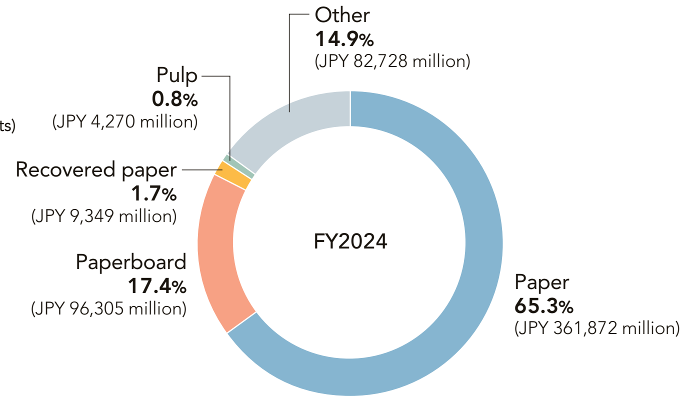



## Composition of Revenue to Customers and Ordinary Profit Ratio by Business Segment



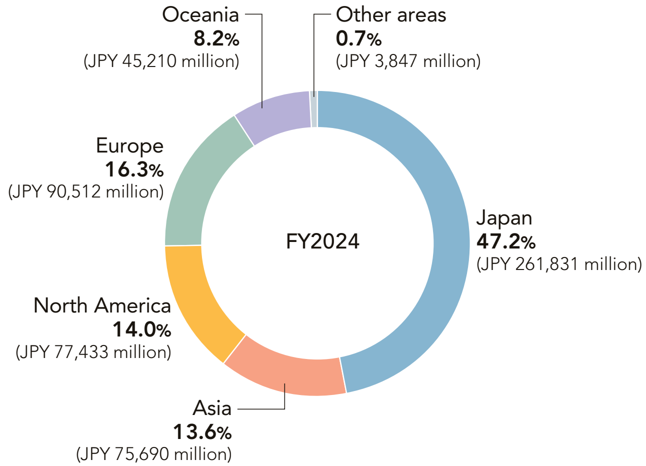

Note: Figures are rounded to the first decimal place.

## Revenue by Product Segment




## Revenue by Geographic Segment

Note: Segments are based on the location of customers.



| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|---|
| Revenue[2] (Millions of yen/Millions of U.S. dollars[5]) | ¥534,782 | ¥462,922 | ¥444,757 | ¥545,279 | ¥534,230 | **¥554,524 $3,709** |
| Operating profit (Millions of yen/Millions of U.S. dollars) | ¥10,924 | ¥8,896 | ¥14,064 | ¥20,264 | ¥17,403 | **¥15,071 $101** |
| Ordinary profit (Millions of yen/Millions of U.S. dollars) | ¥9,800 | ¥8,948 | ¥15,051 | ¥21,233 | ¥16,753 | **¥15,822 $106** |
| Profit attributable to owners of parent (Millions of yen/Millions of U.S. dollars) | ¥5,053 | ¥3,649 | ¥11,499 | ¥25,392 | ¥10,357 | **¥7,569 $51** |
| Comprehensive income (Millions of yen/Millions of U.S. dollars) | ¥3,170 | ¥9,627 | ¥12,506 | ¥28,287 | ¥18,795 | **¥11,087 $74** |
| Net assets (Millions of yen) | ¥87,246 | ¥89,872 | ¥100,317 | ¥128,295 | ¥138,347 | **¥145,565** |
| Total assets (Millions of yen) | ¥341,939 | ¥321,986 | ¥338,939 | ¥385,129 | ¥372,645 | **¥392,234** |
| Net interest-bearing debt (Millions of yen) | ¥120,701 | ¥102,471 | ¥97,939 | ¥78,336 | ¥75,571 | **¥80,011** |
| Net assets per share (Yen) | ¥588.28 | ¥610.38 | ¥677.41 | ¥862.78 | ¥1,035.56 | **¥1,087.70**[*4] |
| Basic earnings per share (Yen) | ¥36.50 | ¥26.69 | ¥83.95 | ¥185.10 | ¥78.86 | **¥61.44**[*4] |
| Diluted earnings per share (Yen) | ¥36.34 | ¥26.61 | ¥83.76 | ¥184.73 | ¥78.69 | **¥61.30**[*4] |
| Dividend per share (Yen) | ¥11.00 | ¥11.00 | ¥11.50 | ¥12.00 | ¥13.00 | **¥25.00**[*4] |
| Payout ratio (%) | 30.1 | 41.2 | 13.7 | 6.5 | 16.5 | **40.7** |
| Capital adequacy ratio (%) | 23.5 | 25.9 | 27.4 | 30.7 | 34.2 | **34.2** |
| Rate of return on equity (ROE) (%) | 6.1 | 4.5 | 13.0 | 24.0 | 8.4 | **5.8** |
| Net D/E ratio (Times) | 1.50 | 1.23 | 1.06 | 0.66 | 0.59 | **0.60** |
| Price/Earnings ratio (PER) (Times) | 10.3 | 13.7 | 4.6 | 2.8 | 6.6 | **9.8** |
| Cash flows from operating activities (Millions of yen) | ¥22,488 | ¥28,382 | ¥14,007 | ¥304 | ¥20,891 | **¥21,010** |
| Cash flows from investing activities (Millions of yen) | ¥(13,239) | ¥(4,440) | ¥(4,078) | ¥23,673 | ¥(2,917) | **¥(11,217)** |
| Cash flows from financing activities (Millions of yen) | ¥(9,712) | ¥(19,899) | ¥(9,833) | ¥(10,086) | ¥(31,678) | **¥(9,335)** |
| Free cash flow (Millions of yen) | ¥9,249 | ¥23,942 | ¥9,929 | ¥23,977 | ¥17,973 | **¥9,793** |
| Cash and cash equivalents at end of period (Millions of yen) | ¥7,589 | ¥11,587 | ¥12,731 | ¥30,550 | ¥17,387 | **¥19,027** |
| Number of employees | 4,298 | 4,042 | 4,097 | 4,338 | 4,157 | **4,831** |

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. Because a 1:10 stock split occurred on October 1, 2024, adjusted stock figures are shown for fiscal 2023 and earlier.
4. Calculations are based on the assumption that the stock split described in Note 3 was conducted at the beginning of the fiscal year.
5. All U.S. dollar amounts are presented solely for the readers' convenience and are converted at the exchange rate (TTM) of JPY 149.52 to USD 1 as of March 31, 2025.

# Group Companies (Japan)

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

## 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

Seibunsha Co., Ltd.
● Hyogo

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/ICT

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

OVOL ICT Solutions 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

MASUKOH PAPER CO., LTD
● Shizuoka

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

# (Non-Japan)

## North and South 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

OVOL Papier Deutschland GmbH
Germany/Hamburg

OVOL Packaging GmbH
Germany/Hamburg

OVOL ComPlott GmbH
Germany/Hamburg

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/Neuilly-sur-Seine

EFP-Chavassieu
France/Neuilly-sur-Seine

OVOL France, S.A.S.
France/Corbeil-Essonnes

OVOL Sign & Display, S.A.S.
France/Didenheim

OVOL Shared Center, Unipessoal Lda.
Portugal/Lisbon

## 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

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, 2025)

## Stock Information

**Stock Listing** Prime Market, Tokyo Stock Exchange (Code: 8032)

**Number of Shares** 295,603,000

**Common Shares Issued and Outstanding** 150,215,510

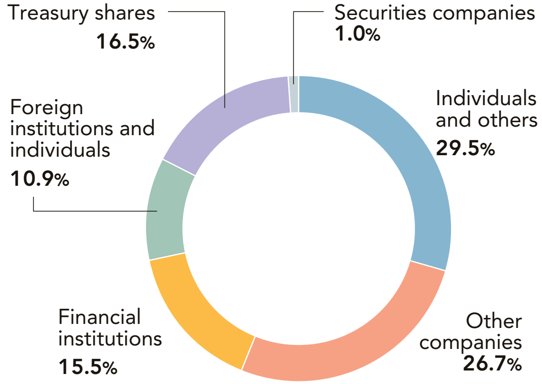
**Number of Shareholders** 21,104

## Information on Major Shareholders

| Shareholder | Shares held (Million shares) | Shareholding ratio (%) |
|---|---|---|
| Oji Holdings Corporation | 16.389 | 13.0 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 12.180 | 9.7 |
| Custody Bank of Japan, Ltd. (Trust Account) | 4.911 | 3.9 |
| Japan Pulp and Paper Company Limited Shareholding Association | 4.621 | 3.6 |
| JP Employee Shareholding Association | 3.515 | 2.8 |
| Hokuetsu Corporation | 3.101 | 2.4 |
| Chuetsu Pulp & Paper Co., Ltd. | 2.584 | 2.0 |
| DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Direct Custody and Clearing, Citibank, N.A., Tokyo Branch) | 2.204 | 1.7 |
| KAKIMOTO SHOJI Co., Ltd. | 1.726 | 1.3 |
| Mizuho Bank, Ltd. | 1.303 | 1.0 |
| **Total** | **52.538** | **41.8** |

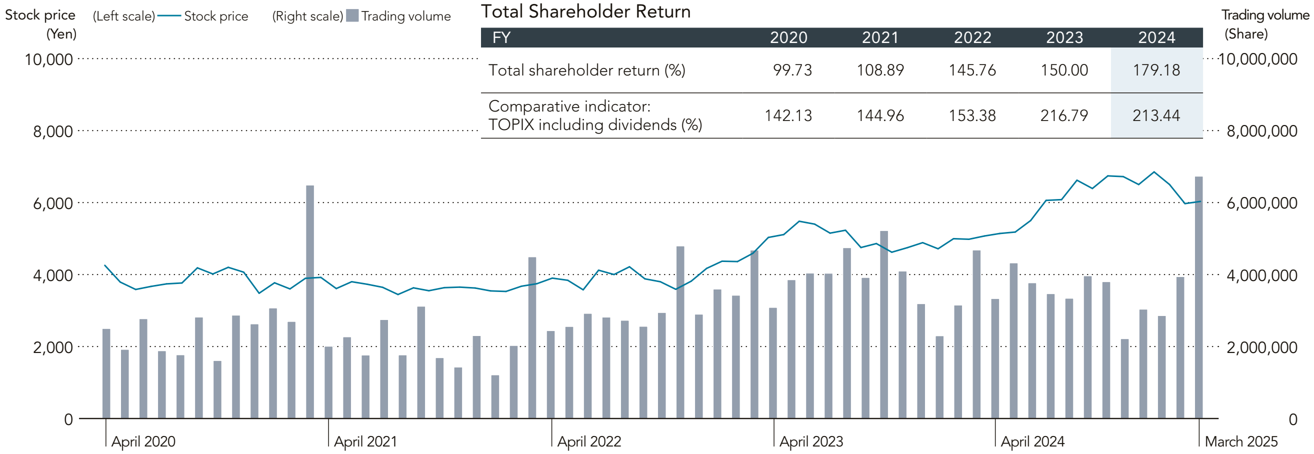
Notes: 1. The number of shares held in connection with trust business and included in the above figures is as follows.
The Master Trust Bank of Japan, Ltd. (Trust Account): 12.18 million shares
Custody Bank of Japan, Ltd. (Trust Account): 4.911 million shares
2. Japan Pulp & Paper Co., Ltd. holds 24.764 million 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), 2.035 million are the trust property of the Board Benefit Trust for executives 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




Total Shareholder Return

| FY | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total shareholder return (%) | 99.73 | 108.89 | 145.76 | 150.00 | 179.18 |
| Comparative indicator: TOPIX including dividends (%) | 142.13 | 144.96 | 153.38 | 216.79 | 213.44 |

Note: Because a 1:10 stock split occurred on October 1, 2024, adjusted stock figures are shown for fiscal 2023 and earlier.

## Corporate Data

| | |
|---|---|
| **Corporate Name** | Japan Pulp & Paper Co., Ltd. |
| **Head Office** | Forefront Tower, 3-12-1 Kachidoki, Chuo-ku, Tokyo 104-8656 Japan<br>Tel: +81-3-3534-8522 (Main) |
| **Representative** | Akihiko Watanabe<br>Representative Director, President & CEO |
| **Foundation** | 1845 |
| **Date of Establishment** | December 15, 1916 |
| **Capital** | JPY 16,648.92 million |
| **Fiscal Year-End** | March 31 |
| **Number of Employees** | Non-consolidated: 728<br>Consolidated: 4,831 |
| **Major Activities** | Japan Pulp & Paper Co., Ltd. and its group companies are involved in the sale and manufacture of paper, paperboard, raw material for paper manufacturing, paper products, household paper, fuels, and related products; logistics services; waste recycling; power generation and electricity supply and sales; IT system development; and real estate leasing, among other activities. |
| **Consolidated Subsidiaries** | 94 |
| **Associated Companies (Equity-Method)** | 6 |
| **Main Banks** | Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; The Norinchukin Bank; The Shizuoka Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited |

## 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/sustainability/

### Editorial Note for the Integrated Report

This report has been enhanced to provide a deeper understanding of the Japan Pulp & Paper Group, reflecting dialogue and feedback from investors and stakeholders. In the Message from the President, we have provided more concrete explanations regarding the relationship between our ultimate goal of becoming "a corporate group that strives to be considered a trustworthy and engaging partner both within and beyond the aper industry," one of the three visions set forth in OVOL Vision 2030, and our aim to be a "sustainable corporate group".

With respect to OVOL Medium-term Business Plan 2026, which serves as a framework and mechanism for achieving our long-term vision, we report on the progress made in its first year.

Furthermore, through case studies on different topics such as how communicating the capabilities and value of paper, and the circular business model, we introduce various initiatives of the group from multiple perspectives. Additional information not included in this report is available in detail on our website, and we encourage you to review it as well.

We will continue striving to enhance our disclosure of information and deepen dialogue, and sincerely ask for your continued support.

# Paper, and beyond

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