



# Nippon Paper Group Mission

## Mission

The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.

## Vision

A corporate group that meets the following requirements and is sustainably needed by society

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

## Values

Challenge : Embrace new challenges

Fairness : Be fair

Teamwork : Champion teamwork

## Slogan

### **Shaping the future with trees**

Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.

Over many years, we have nurtured trees, made paper, and offered a wide range of products that support people's life and culture.

We have managed forests in an appropriate manner, and pursued a variety of businesses by fully utilizing wood resources out of sustainably managed forests. Those businesses address social issues such as global warming and depletion of resources on earth, and contribute to running sustainable society.

Going forward, we will continue to provide a wide range of products and services that make the most of the outstanding properties of wood, as we strive to maximize the value of sustainable forest resources for the future.

## To Our Shareholders

June 2022

Toru Nozawa

President, Representative Director

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 98th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. to be held on June 29, 2022 (Wednesday).

The Nippon Paper Group aspires to be a corporate group that will continue to be trusted and needed by society, by contributing to better living and cultural progress of people all over the world through its business activities.

We ask for the further support of our shareholders in our endeavors.

**Nippon Paper Industries Co., Ltd.**  
**(Head Business Office)**  
**4-1 Oji 1-chome, Kita-ku, Tokyo**  
**(Headquarters)**  
**6 Kanda-surugadai 4-chome, Chiyoda-ku, Tokyo**

**NOTICE OF THE NINETY-EIGHTH**  
**ORDINARY GENERAL MEETING OF SHAREHOLDERS**

(Ticker Code: 3863)

June 6, 2022

Dear Shareholders:

This is to inform you that the 98th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. will be held as set forth below.

Aside from attending the meeting in person, you may exercise your voting rights either in writing or through electronic means (i.e., via the Internet, etc.). You are kindly requested to exercise your voting rights on or before 5:00 p.m. on June 28 (Tuesday), 2022, after examining the attached Reference Documents for the Ordinary General Meeting of Shareholders and in accordance with the guidance on pages 6 through 11.

1. Date and Time	June 29, 2022 (Wednesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)
2. Place	The International Conference Hall on the 2nd floor of the Keidanren (Japan Business Federation) Bldg., 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo (Please see the attached access map.)
3. Purpose Matters to be reported  Matters to be resolved	(1) Report on the contents of the Business Report and the contents of the Consolidated Financial Statements, and the outcome of the audit conducted on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 98th Fiscal Period (from April 1, 2021, to March 31, 2022). (2) Report on the contents of the Financial Statements for the 98th Fiscal Period (from April 1, 2021, to March 31, 2022) Proposal 1: Appropriation of Retained Earnings Proposal 2: Partial Amendments to the Articles of Incorporation Proposal 3: Election of Nine (9) Directors Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

<ul style="list-style-type: none"><li>· Please understand that there will be no commemorative gift (small gift) on the day of general meeting of shareholders.</li><li>· Shareholders' complimentary gifts are scheduled to be delivered around mid-July this year.</li></ul>
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Yours truly,

Toru Nozawa  
President, Representative Director  
Nippon Paper Industries Co., Ltd.

[End]

## Measures to prevent the spread of COVID-19

### 1. Requests to shareholders

**To prevent the risk of infection to shareholders, it is recommended that you carefully decide if you will attend the meeting this year and exercise your voting rights in advance in writing or via the Internet.**

※ For details of the method for exercising voting rights, please see pages 6 through 11 of the convocation notice.

- Shareholders arriving at the venue are requested to cooperate with body temperature measurement before reaching the reception desk. Those who are unwilling to cooperate with body temperature measurement, have a fever of 37.5 degrees Celsius or higher, or a cough and other symptoms indicating poor physical condition will be asked to refrain from entering the venue.
- Shareholders arriving at the venue will be asked to wear masks and sanitize your hands with alcohol disinfectant or wash your hands before entering the venue. Those who are unwilling to cooperate will be asked to refrain from entering the venue.
- We may restrict your entry as the number of seats will be significantly fewer than in past years in order to allow for adequate clearance between the seats.
- We may have shareholders waiting for a long amount of time at the reception desk due to the measures shown above. We ask for the kind understanding of shareholders planning on attending the meeting.

### 2. Measures to be taken by the Company on the day of the Meeting

- Officers, secretaries and staff will attend to their duties wearing masks.
- The Company will neither distribute beverages to shareholders nor showcase its products in front of the venue this year.

The Company may modify the above measures depending on changes in the circumstances going forward. Therefore, please check the Company's website (<https://www.nipponpapergroup.com/>), as appropriate.

## Guidance Notes on the Exercise of Voting Rights

### 1. Exercising voting rights by attending the Ordinary General Meeting of Shareholders

The date and time of the Ordinary General Meeting of Shareholders

June 29, 2022 (Wednesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)

Please submit the Voting Form enclosed herewith at the reception desk.

### 2. Exercising voting rights in writing

Voting Deadline: No later than June 28, 2022 (Tuesday), at 5:00 p.m.

Please indicate your approval or disapproval of each of the proposals on the Voting Form enclosed herewith, and return the Voting Form to the Company so that it reaches us by no later than the above-mentioned voting deadline.

⇒ Please see page 7 for further information.

### 3. Exercising voting rights via the Internet

Voting Deadline: No later than June 28, 2022 (Tuesday), at 5:00 p.m.

Please access the Company's designated website for exercising voting rights (<https://www.web54.net/>) and exercise your voting rights by entering your approval or disapproval of each of the proposals.

⇒ Please see pages 7 to 10 for further information.

## Disclosure through the Internet

- ◎ The following items are not included in the provided documents attached to this Notice of the Ordinary General Meeting of Shareholders since the Company discloses such information on the Company's website in accordance with laws and ordinances and Article 16 of the Company's Articles of Incorporation:
- ① Basic Policy on Control of the Stock Company in the Business Report
  - ② Consolidated Statement of Changes in Shareholders' Equity, etc., in the Consolidated Financial Statements
  - ③ Notes to the Consolidated Financial Statements
  - ④ Statement of Changes in Shareholders' Equity, etc., in the Non-Consolidated Financial Statements
  - ⑤ Notes to the Non-Consolidated Financial Statements

Accordingly, the provided documents attached to this Notice of the 98th Ordinary General Meeting of Shareholders are only part of the subject matter audited by the Accounting Auditor, Audit & Supervisory Board Members and the Audit & Supervisory Board at the time of preparation of the audit reports.

- © In the case where the Company finds need for any amendment to the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements and/or Consolidated Financial Statements, such amendments will be posted on the Company's website.

The Company website: <https://www.nipponpapergroup.com/>

## Guidance Notes on the Exercise of Voting Rights

### Guidance Notes on the Exercise of Voting Rights in writing

Please indicate your approval or disapproval of each of the proposals on the Voting Form.

#### Proposals 1, 2 and 4

- ▶ Approval  Enter ○ mark in 「賛」 column
- ▶ Disapproval  Enter ○ mark in 「否」 column

#### Proposal 3

- ▶ Approval of all candidates  Enter ○ mark in 「賛」 column
- ▶ Disapproval of all candidates  Enter ○ mark in 「否」 column
- ▶ Indicating approval or disapproval of only some of the candidates
  - Enter ○ mark in 「賛」 column or 「否」 column and enter the candidate No. described in the Reference Document for the Ordinary General Meeting of Shareholders.

The QR Code<sup>®</sup> for exercising voting rights via a smartphone is printed on the Voting Form. (Please see page 8)

### Guidance Notes on the Exercise of Voting Rights via the Internet

Exercising voting rights through the Internet is only possible by using the company's website designated below for voting.

The URL of the website for voting

<https://www.web54.net>

#### 1. Access to the website

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#### 2. Login

↓

#### 3. Enter password

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Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

### ■ For Institutional Investors

In addition to exercising voting rights through the Internet as described above, the electronic voting platform operated by ICJ Inc., a joint corporation established by the Tokyo Stock Exchange, Inc., etc., is available for nominal shareholders (including standing proxies) such as trust and custody banks when prior application for use of such platform has been made.

## Exercise of voting rights via a smartphone (Smart Exercise<sup>®</sup>)

### Method using “Smart Exercise<sup>®</sup>”

By scanning the “Smartphone voting website login QR code<sup>®</sup>,” you can access the website for voting without entering the “Exercise of Voting Rights code” and the “Password.”

\* You can exercise your voting rights via a smartphone only once.

\* If you wish to change your vote after exercising your voting rights, it is necessary that you scan the QR Code<sup>®</sup> again and enter the “Exercise of Voting Rights code” and the “Password” printed on the Voting Form.

#### 1. Scan the QR Code<sup>®</sup>.

Please activate the camera on your smartphone and scan the “Smartphone voting website login QR code<sup>®</sup>,” printed on the enclosed Voting Form.

#### 2. Select the voting method.

Voting rights exercise screen will open. Please select the voting method.

#### 3. Enter your approval or disapproval of each of the proposals.

Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

Finish the exercise by following the instructions on the screen.

\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

### **Cautions:**

When you exercise your voting rights both in writing and via the Internet, etc., only the last vote received shall be accepted as valid.

When you exercise your voting rights more than once via the Internet, etc., or exercise your voting rights in duplicate via computer, smartphone, and mobile phone, etc., only the last vote exercised shall be accepted as valid.

### **Cautions concerning the Exercise of Voting Rights via the Internet**

When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than June 28, 2022 (Tuesday), at 5:00 p.m. When you attend the meeting in person, it is not necessary to return the Voting Form or exercise your voting rights via the Internet.

#### **Handling of the Exercise of Voting Rights**

- When you exercise your voting rights more than once via the Internet, etc., only the last vote exercised shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, etc., only the last vote received shall be accepted as valid.  
When both votes via the Internet, etc. and in writing arrive on the same day, only the vote via the Internet, etc. shall be accepted as valid.
- When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than 5:00 p.m. on June 28, 2022 (Tuesday).

#### **Handling of Password**

- Your password is a tool used to confirm that the person who is voting is in fact the shareholder himself/herself. Please keep it safe until this Ordinary General Meeting of Shareholders has ended. Please note that we will not reply to any inquiry about passwords by telephone.
- When you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If you wish your password to be reissued, please follow the instructions on the screen.

#### **For Inquiries relating to Operation Method of Computer, etc.**

- If you have any question about computer operation method, etc., relating to the exercise of voting rights on the website, please contact the following:
  - Web Support Dedicated Dial:  
Stock Transfer Agency Web-Support Department  
Sumitomo Mitsui Trust Bank, Ltd.  
Telephone: 0120-652-031  
(Operating Hours: 9:00 a.m. to 9:00 p.m.)
- For other inquiries, please contact the following:
  1. Shareholders with accounts at securities companies  
Please contact the securities company where you have your account.

2. Shareholders without accounts at securities companies (those with a special account)

Stock Transfer Agency Services, Business Center

Sumitomo Mitsui Trust Bank, Ltd.

Telephone: 0120-782-031

(Operating Hours: 9:00 a.m. to 5:00 p.m. excluding Sat., Sun. and Holidays)

## **Reference Documents for the Ordinary General Meeting of Shareholders**

### **Proposals and Reference Matters**

#### **Proposal 1: Appropriation of Retained Earnings**

The Company is striving to meet the expectations of shareholders by strengthening its management platform and profitability of the group as a whole, and by achieving sustainable growth of corporate value.

The basic policy concerning dividends is to continue to pay stable dividends to the greatest extent possible on the basis of a comprehensive consideration of such factors as the business performance of the group and retention of sufficient internal reserves, etc.

The Company would like to propose that the year-end dividend for the current fiscal year be disbursed as follows:

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<b>1</b>	Type of dividend property	Cash
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<b>2</b>	Allotment of dividend property to shareholders and its total amount	30 yen per common share of the Company stock Total amount: 3,476,791,590 yen
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<b>3</b>	Effective date of dividend of retained earnings	June 30, 2022
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(Reference)

Changes in the dividend per share

(unit: yen)

	94th Term (Fiscal year ended March 2018)	95th Term (Fiscal year ended March 2019)	96th Term (Fiscal year ended March 2020)	97th Term (Fiscal year ended March 2021)	98th Term (Current) (Fiscal year ended March 2022)
Interim	30	0	10	10	10
Year-end	30	30	30	30	30
Annual	60	30	40	40	40

## Proposal 2. Partial Amendments to the Articles of Incorporation

### 1. Reasons for the amendments

The revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

- (1) Article 16, Paragraph 1 of the proposed amendments stipulates that information that is the content of reference documents for the general meeting of shareholders, etc., shall be provided electronically.
- (2) Article 16, Paragraph 2 of the proposed amendments establishes stipulations to limits on the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- (3) As stipulations concerning disclosure of reference documents for general meeting of shareholders, etc., via the Internet and deemed provision (Article 16 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted.
- (4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

### 2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
<u>(Disclosure of reference documents for general meeting of shareholders, etc., via the Internet and deemed provision)</u> <u>Article 16 Upon convening the general meeting of shareholders, it may be deemed that the company has provided the shareholders with necessary information that should be described or indicated in reference documents for general meetings of shareholders, business reports, non-consolidated financial statements and consolidated financial statements, on the condition that such information is disclosed via the Internet in accordance with the applicable ordinance of the Ministry of Justice.</u>	<Deleted>

Current Articles of Incorporation	Proposed amendments
<Newly established>	<p><u>(Measures for electronic provision, etc.)</u></p> <p><u>Article 16</u> Upon convening the general meeting of shareholders, the company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.</p> <p>2. Of the matters to which electronic provision measures apply, the company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</p>
<Newly established> <Newly established>	<p><u>Supplementary provisions</u></p> <p><u>Article 1</u> The deletion of Article 16 Disclosure of reference documents for general meeting of shareholders, etc., via the Internet and deemed provision) of the current Articles of Incorporation and Article 16 (Measures for electronic provision, etc.) of the proposed amendments shall take effect from September 1, 2022, the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</p>
<Newly established>	<p><u>Article 2</u> Notwithstanding the provisions of the previous paragraph, Article 16 of the current Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</p>
<Newly established>	<p><u>Article 3</u> These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.</p>

### Proposal 3. Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (three (3) of them to be Outside Directors).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates. Furthermore, three (3) candidates for Outside Director fulfill the requirements for an Independent Officer prescribed by the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name	Current title and responsibilities at the Company	Attendance at the Board of Directors meetings
1	[Reappointment] Fumio Manoshiro	Chairman & Director	13/13 (100%)
2	[Reappointment] Toru Nozawa	President, Representative Director, President Corporate Officer	13/13 (100%)
3	[Reappointment] Kazumori Fukushima	Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President (concurrently serving) President of Nippon Paper Creca Co., Ltd.	10/10 (100%)
4	[Reappointment] Masanobu Iizuka	Director, Managing Corporate Officer CEO, Opal	13/13 (100%)
5	[Reappointment] Tomoyasu Itakura	Director, Corporate Officer, General Manager of Financial Div.	10/10 (100%)
6	[New appointment] Tomomi Nojiri	Corporate Officer, General Manager of Asahikawa Mill	—
7	[Reappointment] Makoto Fujioka [Outside] [Independent Officer]	Outside Director	13/13 (100%)
8	[Reappointment] Yoko Hatta [Outside] [Independent Officer]	Outside Director	13/13 (100%)
9	[Reappointment] Yutaka Kunigo [Outside] [Independent Officer]	Outside Director	13/13 (100%)

(Note) Attendance at the Board of Directors meetings for Mr. Kazumori Fukushima and Mr. Tomoyasu Itakura refers to the number of meetings attended after they assumed office on June 29, 2021.

**Candidate**No. 1 FUMIO MANOSHIRO (Date of Birth: Mar. 3, 1953) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
41,273 shares	Apr. 1975 Jul. 2001	Joined Jujo Paper Co., Ltd. General Manager of Forestry Dept. of Raw Material & Purchasing Div. of the Company
	Jun. 2004	Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2006	Director, Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Apr. 2007	Director, General Manager of Yatsushiro Mill of the Company
	Jun. 2009	Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2010	Managing Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2012	Managing Director, General Manager of Corporate Planning Div. of the Company
	Apr. 2013	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries of the Company
	Jun. 2014	President, Representative Director, President Corporate Officer of the Company
	Jun. 2019	<b>Chairman &amp; Director of the Company</b> (currently serving)

Tenure as a Director

16 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Reasons for selecting the candidate for Director**

From the perspective expected of the Chairman of the Board of Directors, Mr. Fumio Manoshiro has supervised the management as Chairman & Director of the Company and contributed to enhancing the corporate governance of the Company Group. During his tenure as President, he has promoted strengthening of the future-oriented corporate foundation of the Company and the Company Group through reform of the business structure, reinforcement of existing businesses and early commercialization of new businesses with his strong leadership. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to supervise the management as a Chairman of Board of Directors and drive the Company in the pursuit of further development.

<b>Candidate</b>		
<b>No. 2</b>	<b>TORU NOZAWA</b> (Date of Birth: Mar. 10, 1959)	<b>Reappointment</b>

No. of shares in the Company held	Brief personal history, title and responsibilities	
22,622 shares	Apr. 1981 Jun. 2005  Feb. 2008  Jun. 2009  Apr. 2013  Jun. 2014  Jun. 2017  Jun. 2018  Jun. 2019	<p>Joined Jujo Paper Co., Ltd.</p> <p>General Manager of Treasurer's Dept. of Financial Div. of the Company</p> <p>General Manager of Accounting &amp; Budgeting Dept. of Financial Div. of the Company</p> <p>Deputy General Manager of Financial Div. of the Company</p> <p>Corporate Officer, Deputy General Manager of Financial Div. of the Company</p> <p>Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates &amp; Subsidiaries of the Company</p> <p>Director, Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates &amp; Subsidiaries of the Company</p> <p>Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates &amp; Subsidiaries of the Company</p> <p><b>President, Representative Director, President Corporate Officer of the Company</b> (currently serving)</p>

Tenure as a Director

8 years

Attendance at the Board of Directors meetings

13/13 (100%)

#### **Reasons for selecting the candidate for Director**

As President and Representative Director of the Company, Mr. Toru Nozawa demonstrates strong leadership and works to contribute to raising the corporate value of the Company and the Company Group. He has accelerated the reform of the business structure toward the achievement of the 2030 Vision and Medium-Term Business Plan 2025, aggressively addressed environmental and other issues including a reduction in GHG emissions, and thereby steadily achieved strengthening of the future-oriented corporate foundation of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect a leadership of him to drive the Company in the pursuit of further growth and development with a focus on business expansion in the growth fields and early commercialization of new businesses.

**Candidate**No. 3 **KAZUMORI FUKUSHIMA** (Date of Birth: Feb. 12, 1958) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
14,150 shares	Apr. 1980	Joined Sanyo-Kokusaku Pulp Co., Ltd.
	Jun. 2007	Deputy General Manager of Shiraoi Mill of the Company
	Jul. 2009	Deputy General Manager of Asahikawa Mill and Deputy General Manager of Shiraoi Mill of the Company
	Apr. 2010	Deputy General Manager of Hokkaido Mill and General Manager of Hokkaido Mill – Asahikawa of the Company
	Apr. 2011	Deputy General Manager of Ishinomaki Mill and Deputy General Manager of Iwanuma Mill of the Company
	Jun. 2012	Deputy General Manager of Ishinomaki Mill of the Company
	Apr. 2013	Corporate Officer, General Manager of Kushiro Mill of the Company
	Jun. 2016	Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company
	Jun. 2017	Managing Corporate Officer, General Manager of Business Communication & Industrial Paper Sales Div. of the Company
	Jun. 2019	Senior Managing Executive Officer, General Manager of Printing Paper Sales Div. of the Company
Jun. 2021	<b>Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President of the Company (Concurrently serving) President of Nippon Paper Crecia Co., Ltd. (currently serving)</b>	

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

10/10 (100%)

**Status of important concurrent office in other entities**

President of Nippon Paper Crecia Co., Ltd.

**Reasons for selecting the candidate for Director**

Mr. Kazumori Fukushima aids President as Executive Vice President and Representative Director of the Company and aggressively promotes the transformation of the business structure (expansion of growth business fields such as household paper and healthcare) as President of Nippon Paper Crecia Co., Ltd., contributing to raising the corporate value of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently

understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

**Candidate**No. 4 **MASANOBU IIZUKA** (Date of Birth: Jan.17, 1960) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
9,772 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Feb. 2006	Vice President of Daishowa-Marubeni International Ltd.
	Oct. 2011	General Manager of Production Department of Yatsushiro Mill of the Company
	Jun. 2014	Deputy General Manager of Yatsushiro Mill of the Company
	Jul. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of International Business Dept. of the Company
	Jun. 2017	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2019	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2020	Director, Corporate Officer of the Company, CEO of Opal
	Jun. 2021	<b>Director, Managing Corporate Officer of the Company, CEO of Opal</b> (currently serving)

Tenure as a Director

3 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Status of important concurrent office in other entities**

CEO of Opal

**Reasons for selecting the candidate for Director**

Mr. Masanobu Iizuka works to contribute to raising the corporate value of the Company and the Company Group as Director and Managing Corporate Officer of the Company and CEO of Opal. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 5 TOMOYASU ITAKURA (Date of Birth: Apr. 8, 1964) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
6,004 shares	Apr. 1988	Joined Jujo Paper Co., Ltd.
	Jun. 2015	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2017	Deputy General Manager of Financial Div. and General Manager of Accounting & Budgeting Dept. of the Company
	Jun. 2018	Deputy General Manager of Financial Div. of the Company
	Jun. 2019	Corporate Officer, General Manager of Financial Div. of the Company
	Jun. 2021	<b>Director, Corporate Officer, General Manager of Financial Div. of the Company</b> (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

10/10 (100%)

**Reasons for selecting the candidate for Director**

Mr. Tomoyasu Itakura works to contribute to raising the corporate value of the Company and the Company Group as Director, Corporate Officer and General Manager of Financial Div. He has a management sense accumulated through his years of experience and track record in the accounting division at mills and elsewhere. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate	
No. 6	TOMOMI NOJIRI (Date of Birth: Jan. 25, 1963) <span style="float: right;">New appointment</span>

No. of shares in the Company held	Brief personal history, title and responsibilities	
4,611 shares	Apr. 1986	Joined Sanyo-Kokusaku Pulp Co., Ltd.
	Jul. 2014	General Manager of Technical Planning Dept. of Technical & Engineering Div. of the Company
	Jun. 2015	Deputy General Manager of Technical & Engineering Div. and General Manager of Technical Planning Dept. of the Company
	Jan. 2016	Deputy General Manager of Technical & Engineering Div. and General Manager of Production Dept. of the Company
	Jun. 2018	Deputy General Manager of Iwanuma Mill of the Company
	Jun. 2020	General Manager of Asahikawa Mill of the Company
	Jun. 2021	<b>Corporate Officer, General Manager of Asahikawa Mill of the Company</b> (currently serving)

**Reasons for selecting the candidate for Director**

Mr. Tomomi Nojiri works to contribute to raising the corporate value of the Company and the Company Group as Corporate Officer and General Manager of Asahikawa Mill. He has broad management experience and a track record mainly in the technical sectors at the head office and mills, as well as experience and a track record in development and sales in the technical planning sector. The Company appoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his experience and track record with an excellent personality, broad insight, and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate	
No. 7	<u>MAKOTO FUJIOKA</u> (Date of Birth: Mar. 27, 1950) <span style="float: right; background-color: #cccccc;">Reappointment</span> Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
1,000 shares	Apr. 1972	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
	Jun. 1975	Studied abroad at Harvard Business School in the U.S. (acquired MBA)
	Jun. 1987	Energy Conservation Minister of International Energy Agency (resided in France)
	Jun. 1996	Deputy Director-General of the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
	Feb. 2001	Ambassador extraordinary and plenipotentiary to the United Arab Emirates
	Sep. 2003	Retired from the Ministry of Economy, Trade and Industry
	Oct. 2003	Full-time adviser of Nippon Light Metal Co., Ltd.
	Jun. 2004	Director, Executive Officer of the same
	Jun. 2007	Director, Senior Executive Officer of the same
	Oct. 2012	Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015))
	Jun. 2013	Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd. (thru Jun. 2015)
	Jul. 2015	Senior Director of Japan Association for Chemical Innovation (thru Jun. 2019)
	Jun. 2016	<b>Outside Director of Eagle Industry Co., Ltd.</b> (currently serving) <b>Outside Director of NOK CORPORATION</b> (currently serving) <b>Outside Director of the Company</b> (currently serving)

Tenure as a Director

6 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities

Outside Director of NOK CORPORATION  
Outside Director of Eagle Industry Co., Ltd.

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

By using his broad knowledge and international perspective based on his experiences both in the public and private sectors, Mr. Makoto Fujioka is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

Candidate

No. 8 YOKO HATTA (Date of Birth: Jun. 8, 1952) Reappointment  
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York Office)
	Aug. 1997	Partner of the same Office
	Sep. 2002	Partner of KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation)
	Jun. 2008	<b>Auditor of International Christian University</b> (currently serving)
	Jun. 2015	<b>Outside Audit &amp; Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.</b> (currently serving)
	Jun. 2016	Outside Audit & Supervisory Board Member of IHI Corporation (thru Jun. 2020) Outside Audit & Supervisory Board Member of the Company (thru Jun. 2019)
	Jun. 2019	<b>Outside Director of the Company</b> (currently serving)

Tenure as a Director

3 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities  
Auditor of International Christian University  
Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

Although Ms. Yoko Hatta does not have experience of direct involvement in actual business operation, she is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint by drawing on her significant experience with international accounting firms and deep knowledge on international tax affairs, as well as her experience of serving as Outside Audit & Supervisory Board Member of the Company, and is therefore reappointed as a candidate for Outside Director.

Candidate

No. 9 YUTAKA KUNIGO (Date of Birth: Nov. 17, 1954) Reappointment  
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Apr. 1977	Joined Tokyo Gas Co., Ltd.
	Apr. 2007	Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. of the same
	Apr. 2010	Senior Executive Officer and Chief Executive of Energy Resources Business Div. of the same
	Jun. 2013	Director, Senior Executive Officer and Chief Executive of Energy Production Div. of the same
	Apr. 2014	Representative Director, Executive Vice President, Chief Executive of Energy Solution Div. of the same
	Apr. 2015	Representative Director, Executive Vice President and in charge of Power Business Planning Dept., Business Restructuring Project Dept., and Sales Innovation Planning Dept. of the same
	Apr. 2016	Representative Director, Executive Vice President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept. of the same (thru Mar. 2017)
	Apr. 2017	Chairman & Director of Tokyo Gas Engineering Solutions Corporation (thru Mar. 2020)
	Jun. 2020	<b>Outside Director of the Company</b> (currently serving)
	Mar. 2022	<b>Outside Director of ISE CHEMICALS CORPORATION</b> (currently serving)

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities  
Outside Director of ISE CHEMICALS CORPORATION

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

Mr. Yutaka Kunigo has been involved in a wide range of fields including engineering, personnel affairs, procurement, sales and international business at Tokyo Gas Co., Ltd. By using his significant experience and broad knowledge based on his experience of operating said company as a member of the management team, Mr. Yutaka Kunigo is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

### **Special notes on the candidates for Director**

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Crexia Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. If candidates for Director are appointed or reelected, they will be included in the insurance contract as insured persons. The outline of the contract is as follows.

1. The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
2. The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
3. The premiums for the insurance contract are fully paid by the Company.

### **Special notes on the candidates for Outside Director**

1. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are candidates for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by laws and regulations, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo have the independence required to be independent officers. When they assume the office of Director, the Company will notify the Tokyo Stock Exchange that they are Independent Officers under the provisions of said Exchange.
4. The Company has concluded contracts with Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If their reappointment is approved, the Company intends to extend the relevant contracts with them.

### **Special notes on Mr. Makoto Fujioka, a candidate for Outside Director**

1. Mr. Makoto Fujioka had served as Director of Nippon Light Metal Co., Ltd. through June 2015. Although the Company has purchase transactions related to raw materials with Nippon Light Metal Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Nippon Light Metal Co., Ltd. is less than 1% of the net sales of Nippon Light Metal Co., Ltd.).
2. Mr. Makoto Fujioka had served as Senior Director of Japan Association for Chemical Innovation through June 2019. Although the Company pays membership fees to said association, the amount of the fees is negligible (less than 1 million yen per year).
3. Mr. Makoto Fujioka currently serves as Outside Director of Eagle Industry Co., Ltd. Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (the amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).

### **Special notes on Ms. Yoko Hatta, a candidate for Outside Director**

1. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. Although the Company has purchase transactions related to facilities with IHI Corporation, the amount of the transactions is negligible (the amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation).
2. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. In January 2019, it was discovered that inappropriate work had been

performed in the commercial aircraft engine maintenance business of the company. To address the incident, the company received an order to conduct repairs by authorized method pursuant to the Aircraft Manufacturing Industry Act from the Ministry of Economy, Trade and Industry in March 2019, and also received an operation improvement order in accordance with the Civil Aeronautics Act from the Ministry of Land, Infrastructure, Transport and Tourism in April 2019. Ms. Hatta had made proposals about the importance of legal compliance and internal control based on her wealth of experience and deep insight prior to the discovery of the fact, and after the event came to light, she has received reports on the progress in the investigation of the fact, ascertained the status and performed her duties, including the recommendation to immediately investigate the impact on safety, take appropriate recurrence preventive measures, and further strengthen and ensure compliance.

3. Ms. Yoko Hatta is scheduled to assume the offices of Outside Director (Audit Committee Member) of Ajinomoto Co., Inc. on June 23, 2022 and Director (Audit & Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED on June 28, 2022.

#### **Special notes on Mr. Yutaka Kunigo, a candidate for Outside Director**

1. Mr. Yutaka Kunigo had served as Director of Tokyo Gas Co., Ltd. through March 2017. Although the Company has purchase transactions of fuels with Tokyo Gas Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Tokyo Gas Co., Ltd. is less than 1% of the net sales of Tokyo Gas Co., Ltd.).
2. Mr. Yutaka Kunigo is scheduled to assume the office of External Director of Chiyoda Corporation on June 23, 2022.

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#### Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
3. The attendance at meetings of the Board of Directors represents the status of attendance in office in the fiscal year ended March 31, 2022. Because Mr. Kazumori Fukushima and Mr. Tomoyasu Itakura were newly appointed at the 97th Ordinary General Meeting of Shareholders held on June 29, 2021, and assumed the office of Director at that time, the number of Board meetings they were able to attend differed from that of the other Directors.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.
5. Sanyo-Kokusaku Pulp Co., Ltd., stated in the section of brief personal history, merged with the Company as of April 1, 1993.
6. Hokkaido Mill, stated in the section of brief personal history, was split into Asahikawa Mill and Shiraoui Mill as of June 25, 2020.
7. Kushiro Mill, stated in the section of brief personal history, was abolished on October 1, 2021 and the Technical & Engineering Div. & Energy Business Div. Kushiro Mill was established.

[Reference: Skill Matrix of the Candidates for Director]

Positions	Name	Corporate management	ESG/ Sustainability	Finance/ Accounting	Human resource/ Labor	Risk management/ Governance	Technology/ R&D	Sales	Purchase/ Procurement	Internationality
Chairman & Director	Fumio Manoshiro	○	○		○				○	
President, Representative Director	Toru Nozawa	○	○	○		○				
Executive Vice President, Representative Director	Kazumori Fukushima	○			○		○	○		
Director	Masanobu Iizuka	○					○			○
Director	Tomoyasu Itakura	○		○		○				
Director	Tomomi Nojiri		○				○	○		
Outside Director	Makoto Fujioka	○	○			○				
Outside Director	Yoko Hatta			○		○				○
Outside Director	Yutaka Kunigo	○	○						○	

(Note) The above list does not represent all the knowledge and experience held by each candidate.

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This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

#### Proposal 4. Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for a situation where the number of Audit & Supervisory Board Member does not satisfy the number prescribed by laws and regulations, we request the election of one (1) substitute Audit & Supervisory Board Member as a substitute for any of the Outside Audit & Supervisory Board Members

The candidate was determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidate.

The candidate for substitute Audit & Supervisory Board Member is as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

Hideyasu Yoshida (Date of Birth: Aug. 20, 1959)

Independent Officer (Outside)

No. of shares in the Company held	Brief personal history and title	
0 shares	Apr. 1987	Appointed to public prosecutor
	Mar. 1994	Retired from public prosecutor
	Apr. 1994	Registered as attorney (The Tokyo Bar Association), <b>Partner of Abe, Yoshida, Sanpei Law and Accounting Firm</b> (currently serving)
	Apr. 2011	Full-time professor of Toyo University Law School (to Mar. 2017)
	Apr. 2017	Professor of Waseda Law School (to Mar. 2022)
	Status of important concurrent offices in other entities	
	Partner of Abe, Yoshida, Sanpei Law and Accounting Firm	

#### Reasons for selecting the candidate for substitute Outside Audit & Supervisory Board Member

Mr. Hideyasu Yoshida does not have experience of direct involvement in actual business operation but we expect that Mr. Yoshida will reflect his professional knowledge and experience accumulated as a public prosecutor and attorney and experience in research and teaching of law at Waseda University, Toyo University, and other institutions in performing audits of the Company if he assumes the office of Outside Audit & Supervisory Board Member, and he is therefore nominated for substitute Outside Audit & Supervisory Board Member.

#### Special notes on the candidate for substitute Outside Audit & Supervisory Board Member

1. Mr. Hideyasu Yoshida is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Audit & Supervisory Board Member, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Hideyasu Yoshida has the independence required to be an independent officer. When he assumes the office of Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that Mr. Hideyasu Yoshida is an Independent Officer under the provisions of said Exchange.
4. When Mr. Hideyasu Yoshida assumes the office of Audit & Supervisory Board Member, the

Company intends to conclude a contract with him to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act.

Note: There are no special conflicts of interest between the candidate and the Company.

(Attachment)

## **Business Report (From April 1, 2021, through March 31, 2022)**

### **I. Status of the Company Group (a corporate group)**

#### **1. Business Progress and Results**

The Japanese economy in the current fiscal year saw an ongoing recovery trend and harsh conditions caused by the impact of COVID-19 have been easing. The outlook still remains uncertain amid rising raw material prices due to the Ukrainian situation, the rapidly falling yen, and other factors, in addition to the uncertainty surrounding when COVID-19 will be contained.

Against this backdrop, the Company Group formulated the 2030 Vision, a guideline which clarifies the goal to be achieved in 2030 and business issues for achieving that goal. With “realizing sustainable growth as a comprehensive biomass company shaping the future with trees” as the goal to be achieved, the basic policies are to “reallocate management resources to growing businesses” and “respond to the rapidly changing social landscape such as CO<sub>2</sub> reduction and environmental issues.” In addition, we formulated the “Medium-Term Business Plan 2025” as a plan to be implemented in the first five years (from the fiscal year ended March 2022 to the fiscal year ended March 2026) to support realization of the Vision. Under the basic strategy that is to “accelerate the transformation of the business structure,” the Company Group will address three priority issues, namely “reallocate management resources to growing businesses,” “accelerate commercialization of new businesses,” and “strengthen competitiveness of core businesses.”

During the current fiscal year, the Company Group completed the withdrawal from paper and pulp business at Kushiro Mill as planned for responding to decreasing demand of graphic papers, in particular. In addition, the Company Group made another decision to stop the operation of N6 paper machines in Ishinomaki Mill at the end of May 2022.

As to the consolidated performance, sales revenue increased from the previous term thanks to a rebound from a significant decline in demand mainly for printing papers caused by economic slowdown due to the impact of COVID-19 during the previous first quarter and the purchase of paperboard fiber based packaging business in Australia and New Zealand at the end of April 2020.

On the other hand, operating income decreased from the previous term due to factors such as the global increase in raw material and fuel prices in conjunction with the recovery from global economic stagnation caused by COVID-19 and the tense Ukraine situation at the fiscal year-end, although one-time acquisition-

related cost of 6,053 million yen such as stamp tax associated with the purchase of paperboard fiber based packaging business in Australia and New Zealand was posted during the previous term.

The results are as shown below.

Sales Revenue	1,045,086 million yen (increase of 3.7% Y o Y)	Operating Income	12,090 million yen (decrease of 37.1% Y o Y)
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Ordinary Income	14,490 million yen (increase of 18.0% Y o Y)	Net Income Attributable to Owners of the Parent	1,990 million yen (decrease of 37.7% Y o Y)
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#### Principal Businesses (As of March 31, 2022)

	Principal Products
Paper and Paperboard Business	Paper, paperboard, pulp, paper making materials
Livelihood-related Business	Household tissue, processed paper products, chemical products
Energy Business	Electric power
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Lumber, construction materials, civil engineering and construction
Other Business	Logistics, leisure, other

## Sales Revenue and Operating Income of Each Business Segment

Business Segment	Sales Revenue			Operating Income (Loss)		
	Current Fiscal year (million yen)	Comparison with the Previous Term		Current Fiscal year (million yen)	Comparison with the Previous Term	
		Change in Amount (million yen)	% of Change (%)		Change in Amount (million yen)	% of Change (%)
Paper and Paperboard Business	532,097	-36,158	-6.4	-5,575	-8,057	-
Livelihood-related Business	386,465	68,547	21.6	4,770	-3,128	-39.6
Energy Business	31,813	-1,594	-4.8	1,586	-5,290	-76.9
Lumber, Construction Materials, Civil Engineering and Construction Related Business	64,518	4,601	7.7	7,613	1,113	17.1
Other Business	30,192	2,351	8.4	2,117	230	12.2
Total	1,045,086	37,746	3.7	10,511	-15,132	-59.0
Adjustment	-	-	-	1,578	7,989	-
Consolidated total	1,045,086	37,746	3.7	12,090	-7,142	-37.1

- (Notes) 1. Adjustment is an elimination of inter-segment transactions.  
2. Figures rounded down to nearest million yen.

The status of each business segment is as follows:

#### Paper and Paperboard Business

Sales Revenue: 532,097 million yen (decrease of 6.4% Y o Y)

Domestic sales volume of newspapers fell below that of the previous term as a result of decline of circulation of newspapers and suspension of operation of some paper machines at Iwanuma Mill due to impact of the earthquake with the epicenter off the coast of Fukushima Prefecture occurred in February 2021 and March 2021. Domestic sales volume of printing papers exceeded that of the previous term as a result of a rebound from the previous first quarter in which demand significantly dropped.

Domestic sales volume of paperboard products exceeded that of the previous term as a result of a recovery of demand for those for industrial products and solid results for processed foods, mail orders, and home deliveries.

#### Livelihood-related Business

Sales Revenue: 386,465 million yen (increase of 21.6% Y o Y)

In the household tissues business, sales revenue exceeded that of the previous term as a result of business integration with Try-Fu Co., Ltd., a wholly-owned subsidiary of Tokushu Tokai Paper Co., Ltd. in October 2020.

As to the liquid-packaging carton, despite a recovery in milk containers for school catering, sales volume fell below that of the previous term as a result of sluggish demand for juice containers mainly due to bad weather, in addition to a rebound from the previous fiscal year in which demand for household milk containers increased.

Sales volume of dissolving pulp (DP) exceeded that of the previous term as a result of a market recovery.

As to overseas operations, sales revenue significantly exceeded that of the previous term, due to the acquisition of the paperboard fiber-based packaging business in Australia and New Zealand at the end of April 2020.

#### Energy Business

Sales Revenue: 31,813 million yen (decrease of 4.8% Y o Y)

Sales revenue of the energy business fell below that of the previous term mainly due to termination of mitigation measures against sudden price fluctuations for a renewable energy feed-in tariff (FIT) scheme.

## Lumber, Construction Material, Civil Engineering and Construction-Related Business

Sales Revenue: 64,518 million yen (increase of 7.7% Y o Y)

As to the lumber and construction material business, sales revenue exceeded that of the previous term mainly due to a global supply shortage and rising price of lumber and as the number of new housing construction projects has increased.

## Other Business

Sales Revenue: 30,192 million yen (increase of 8.4% Y o Y)

As to the consolidated results of the other business segment, the sales revenue increased by 2,351 million yen from the previous term to 30,192 million yen and operating income increased by 230 million yen from the previous term to 2,117 million yen.

## 2. Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 58,000 million yen. The major capital investments were installation of facilities for increased production of household tissues and functional cellulose and conversion of facilities of the energy business in Japan.

## 3. Status of Financing Activities

The Company Group procured funds through borrowings from financial institutions and issuance of bonds payable, etc.

## 4. Issues to be addressed

### ① Toward achieving the Medium-Term Business Plan 2025 (FY2021 – FY2025)

Looking at the current economic situation, there are concerns about a global recession, such as the prolonged state of instability of the international situation triggered by Russia's invasion of Ukraine and the disruption of the supply chain, which has triggered soaring price increases. In Japan, also, the Company Group is expected to face an extremely difficult business environment, such as a sharp rise in raw material and fuel prices that exceeds expectations and a sharp depreciation of the yen due to differences in monetary policy between Japan and the U.S.

Amid such changes to the business environment, the execution of profitability improvement measures has become a matter of utmost urgency and accordingly, we will address “accelerated efforts to reduce coal consumption,” “structural reforms of the paper business,” and “improvement of profitability of Opal” as priority issues for the current fiscal year. As the first step, we will accelerate the reduction of coal consumption through the optimization of production plans including the suspension and consolidation of operations, in addition to the promotion of fuel conversion and energy saving. At the same time, we will promote profit structure reforms of the paper business by optimizing production efficiency by narrowing down production items and further price revisions for various products. In addition, Opal will expand profits by strengthening the package integration system in addition to implementing additional price adjustments and cost improvements.

In addition to the above priority issues, we will also speed up our responses to important management issues such as the expansion of growth businesses, early development of new businesses, and the reduction of green house gases and strive toward the achievement of the goals of the Medium-Term Business Plan 2025.

## ② Accelerate transformation of business structure

### (a) Packaging

In the domestic Paper-Pak business, the straw-less paper containers for school catering, “School POP®,” was highly assessed for its environmental performance and educational effect, and its adoption has expanded to more than 170 municipalities. In addition, sales of the new filling machine (jointly developed with Shikoku Kakoki Co., Ltd.) that can meet various needs such as “installation of lightweight closure,” “improvement of operability,” and “fully automatic cleaning” are growing more than originally planned. In June 2021, we acquired a partial stake in Elopak, and since then we have had extensive discussions, and this year we have signed a memorandum of understanding on comprehensive collaboration and a license agreement in the Oceanian region. We will continue to deepen our ties with the company and pursue new business opportunities in Japan and abroad.

As to overseas operations, Opal was greatly affected by COVID-19 and logistics disruption, but the synergistic effect of the paperboard fiber based

packaging business acquired from the former Paper Australia Pty Ltd and Orora Limited was realized almost as planned. We also plan to build a new corrugated board mill in Victoria, Australia, to capture the growing demand for corrugated board in Australia and further strengthen our integrated structure from base paper to products. Going forward, we will build a production system that meets demand in the Oceanian region and work to increase profits.

At Nippon Dynawave Packaging Company, LLC in North America, capital investment for dry pulp machines was effective, and the tailwind of soaring pulp prices led to an increase in profits. Likewise, at Jujo Thermal Oy in Europe and other overseas sites, together with rolling out environment-conscious products, we will enhance collaboration within the Company Group to expand our businesses.

(b) Household paper and healthcare

At Nippon Paper Crecia, the compactness and the convenience of carrying "long-lasting rolls" were well received by customers, which help reduce the amount of wastes such as packaging film and cores, and contribute to fewer CO<sub>2</sub> emission with enhanced transporting efficiency, pioneering the trend of long length for the industry as a whole.

Additionally, following the Fuji Mill, we are planning to expand our business at the Ishinomaki Mill by operating new equipment that makes effective use of the existing infrastructure of paper equipment. We will also improve profitability by adjusting prices and expanding the use of versatile pulp within the Group.

(c) Chemical and new materials

In the chemical business, the equipment for functional coating resins and highly functional cellulose was expanded last year, and the supply system for future sales expansion has been set up. We will continue to establish a system that accurately responds to customers' needs by continuing timely investment in anticipation of demand trends and expanding research and development resources.

CNF "CELLENPIA®" from the Gotsu Mill has been adopted by many customers, and the prospect of full operation of machines for mass-production is on the horizon. In addition, we are promoting a wide range of new product development starting from cellulose, such as highly digestible cellulose "Genki Morimori®" for cattle and products with antibacterial and antiviral properties, and will provide

products that contribute to solving social issues.

In order to commercialize these products at an early stage, in addition to strengthening development, manufacturing, and sales systems including the relocation of human resources in existing businesses, we will actively promote external collaboration with joint development companies and the creation of frameworks with research institutes such as governments and universities.

(d) Energy and Wood

Yufutsu Energy Center, a biomass mono-fuel combustion power generator with the largest output in the nation boasting a power generation capacity of 75MW, is scheduled to commence operation in January 2023. We will promote the use of renewable energy toward realizing a carbon-neutral society. Also, we will expand our fuel supply business by taking advantage of the Company Group's domestic lumber procurement network and overseas biomass fuels procurement function.

(e) Paper and paperboard

Demand for graphic papers such as newspapers, printing, and communication paper is not expected to recover, so we will continue to work on reorganizing our production system in anticipation of a decline in demand. At the same time, we will promote the launch of the new cellulose business based on the utilization of wood resources, which is our specialty, while diversifying the mills such as the Iwakuni Mill of the chemical business and the Fuji Mill of the household paper business.

On the other hand, demand for packaged varieties in a broad sense, including paper container base paper in addition to paperboard and packaging materials, is relatively strong. Taking advantage of the recyclability and biodegradability inherent to paper, we will cultivate new needs and will develop wider application under the slogan of "Let paper do what it can do." creating products that contribute to eco-friendliness and better living.

③ Promote sustainability management

The Company Group will promote sustainability management that pursues both sustainability in society and environment as well as corporate growth.

(a) Green House gas reduction

Toward the realization of carbon neutrality in 2050, the 2030 Vision states "Green House Gas emissions : 45% reduction (compared to FY2013 level)". Furthermore, in light of changes in social conditions such as heightened environmental awareness, we will consider achieving green house gas reduction targets ahead of schedule and increase the amount of reduction. We will continue to promote the use of biomass fuel, etc., and also proceed with a review of the energy mix with a focus on coal-free power generation, aiming to significantly reduce the amount of coal used. In addition, we are contributing to the realization of a carbon-free society by being commissioned by NEDO to conduct a research project on CO<sub>2</sub> separation and recovery technologies, among others.

(b) Green strategy

Maximizing the value of forests and expanding products utilizing wood resources, we aim for both a circulation-oriented society and to strengthen our business foundation. Regarding the increased productivity of forests and the spread of elite trees using our breeding and proliferation technologies, aiming to contribute to the productivity improvement of not only our own forests but also the forests of other companies, in March of this year we concluded a strategic partner agreement with Marubeni Corporation in the Indonesian tree planting business. We will also work to revitalize the forestry industry by demonstrating public interest functions by conserving biodiversity and securing water resources, and by utilizing domestic company-owned forests.

Furthermore, we will reinforce our cooperation with the government and forest-owning companies in the creation of value of forests as a CO<sub>2</sub> sink in forests in preparation for the establishment of the carbon credit market in the future.

(c) Product recycling

In order to utilize unused used paper such as paper cups and paper packs, which had been difficult to recycle, we plan to install a recycling facility at the Fuji Mill in September this year. With this facility as a site for the paper container recycling business, we will continue to build a recycling chain.

In addition, we will expand the circle of paper recycling in collaboration with Otake City, Hiroshima Prefecture and Yatsushiro City, Kumamoto Prefecture, aim for long-term stable resource procurement and build a comprehensive recycling

system.

(d) Full utilization of human resources

The Company Group is working to fully utilize human resources. Responding to the change in environment relating to human resources, as represented by a declining population, low birth rate, and aging population, together strengthening engagement, promoting comfortable work environment and diversity such as active promotion of women, and creating a safe workplace where seniors can also play an active role, we will review the organization and management systems in order to smoothly relocate the human resources necessary for accelerating the transformation of business structure.

To achieve the goals of the Medium-Term Business Plan 2025, it is essential to increase profits in growth businesses and to quickly become a force for new businesses that utilize cellulose. We will proceed with investments by carefully selecting the investments necessary to accelerate the transformation of our business structure while giving due consideration to financial discipline.

In addition, by actively allocating resources to growth areas, including not only funds but also the Company Group's human resources and assets, we will pursue maximization of the business value of the entire Group and with realizing the provision of diverse value to stakeholders, we will contribute to the construction of a sustainable society as a company that is perpetually needed by society.

## 5. Changes of Assets and Profit/Loss Status

Category	95th Term (Ended March 2019)	96th Term (Ended March 2020)	97th Term (Ended March 2021)	98th Term (Current) (Ended March 2022)
(million yen) Sales Revenue	1,068,703	1,043,912	1,007,339	1,045,086
(million yen) Operating income	19,615	35,048	19,233	12,090
(million yen) Ordinary Income	23,901	30,524	12,276	14,490
(million yen) Net income (loss) attributable to owners of the parent	(35,220)	14,212	3,196	1,990
(Yen) Basic earnings (loss) per share	(304.34)	122.89	27.67	17.23
(million yen) Total Assets	1,390,814	1,363,469	1,547,326	1,639,286
(%) ROE (Return on equity)	(8.6)	3.7	0.8	0.5
(%) ROA (Return on assets)	2.2	2.7	1.3	1.3

- (Notes)
- Figures rounded down to nearest million yen.
  - ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.  

$$\text{ROE (Return on Equity)} = \text{Net income attributable to owners of the parent} / \text{average of the balance at the beginning of the term and the balance at the term-end of Shareholders' equity and Accumulated other comprehensive income}$$

$$\text{ROA (Return on assets)} = (\text{Ordinary income} + \text{Interest expenses}) / \text{Total assets at the term-end}$$
  - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 98th fiscal period. The figures for the 98th fiscal period are those after the application of the relevant accounting standards.

6. Status of Principal Subsidiaries, etc. (As of March 31, 2022)

(1) Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper and paperboard business]	Million yen	%	
Nippon Paper Papyrus Co., Ltd.	3,949	100.0	Manufacture and sales of specialty paper
NP Trading Co., Ltd.	1,000	100.0	Sales of paper, pulp and chemicals
Nippon Tokai Industrial Paper Supply Co., Ltd.	350	65.0	Sales of paper and paperboard
[Livelihood-related business]			
Nippon Paper Creca Co., Ltd.	Million yen 3,067	100.0	Manufacture and sales of household tissues
Opal	(1,000 AUD) 2,462,280	100.0	Manufacture and sales of base paper for cardboard, cardboard box, printing communication paper, paper containers for general use and heavy-duty sack and paper bags; sales of packaging material and materials for industrial use
Nippon Dynawave Packaging Company LLC	(1,000 USD) 200,000	100.0	Manufacture, processing and sales of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc., manufacture and sales of pulp
[Lumber, Construction Materials, Civil Engineering and Construction-Related Business]			
Nippon Paper Lumber Co., Ltd.	Million yen 440	100.0	Sales of lumber and sawed lumber
[Others]			
Nippon Paper Logistics Co., Ltd.	Million yen 70	100.0	Warehouse, transport, and freight shipment

(Notes) Figures rounded down to nearest million yen, nearest thousand Australian dollars and nearest thousand U.S. dollars.

(2) Status of Business Combinations

The number of consolidated subsidiaries for the current term is 54 companies and the number of equity method affiliates is 11 companies.

## 7. Primary Sales Offices and Mills (As of March 31, 2022)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales Bases: Head Office, 5 sales branch offices and others  Production Bases:  Asahikawa Mill (Asahikawa-shi, Hokkaido), Shiraoui Mill (Shiraoui-cho, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Kanto Mills (Ashikaga-shi, Tochigi and Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Gotsu Mill (Gotsu-shi, Shimane), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto), Kushiro Mill (Kushiro-shi, Hokkaido), Higashimatsuyama Mill (Higashimatsuyama-shi, Saitama)  Nippon Paper Liquid Package Product Co., Ltd.  Egawa Mill (Gokamachi, Ibaraki), Miki Mill (Miki-shi, Hyogo), Ishioka Mill (Ishioka-shi, Ibaraki)  Laboratories: Research Laboratory (Kita-ku, Tokyo), Packaging Research Laboratory (Kita-ku, Tokyo), Fuji Innovative Materials Research Laboratory (Fuji-shi, Shizuoka), Chemical Products Research Laboratory (Iwakuni-shi, Yamaguchi), Functional Materials Development Laboratory (Higashimatsuyama-shi, Saitama)</p>
	<p>Nippon Paper Papyrus Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales bases: Head Office, 1 branch office  Production Bases:  Harada Mill (Fuji-shi, Shizuoka), Suita Mill (Suita-shi, Osaka), Kochi Mill (Ino-cho, Kochi)</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales bases: Head Office, 9 sales branch offices  Production Bases:  Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto)</p>
Overseas	Opal (Australia, New Zealand)
	Nippon Dynawave Packaging Company LLC (U.S.)

- (Notes) 1. Kushiro Mill of Nippon Paper Industries Co., Ltd. was abolished as of October 1, 2021 and the Technical & Engineering Div.&Energy Business Div. Kushiro Mill was established.  
2. Cellulose Nanofiber (CNF) Research Laboratory of Nippon Paper Industries Co., Ltd. changed its name to Fuji Innovative Materials Research Laboratory as of October 1, 2021.

#### 8. Status of Employees (As of March 31, 2022)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and paperboard business	5,481	-105
Livelihood-related business	7,364	+14
Energy business	84	+6
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,444	+62
Other Business	1,573	-13
All Companies (Cross-organization)	183	+9
Total	16,129	-27

- (Notes) 1. Number of employees means the number of personnel who are actually working.  
 2. "All Companies (Cross-organization)" indicates employees who belong to the administrative department and cannot be classified by specific business segment.

#### 9. Status of Main Lenders (As of March 31, 2022)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	112,462 million yen
Sumitomo Mitsui Banking Corporation	60,848 million yen
Japan Bank for International Cooperation	55,072 million yen
The Norinchukin Bank	51,723 million yen
Meiji Yasuda Life Insurance Company	36,500 million yen
Development Bank of Japan, Inc.	34,500 million yen
Nippon Life Insurance Company	29,000 million yen
Sumitomo Mitsui Trust Bank, Ltd.	26,872 million yen
Mizuho Trust & Banking Co., Ltd.	26,500 million yen
The Shizuoka Bank, Ltd	23,920 million yen

- (Notes) 1. In addition to the above, the Company procured syndicated loan which amounts to 145,853 million yen.  
 2. Figures rounded down to nearest million yen.



### III. Officers and Directors of the Company

#### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2022)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman & Director	Fumio Manoshiro	
President, Representative Director	Toru Nozawa	President Corporate Officer Chairman of Japan Paper Association
Executive Vice President, Representative Director	Kazumori Fukushima	Executive Vice President Corporate Officer, Aide to the President President of Nippon Paper Crecia Co., Ltd.
Director	Atsushi O'haru	Managing Corporate Officer, General Manager of Sales Planning Div.
Director	Masanobu Iizuka	Managing Corporate Officer CEO, Opal
Director	Tomoyasu Itakura	Corporate Officer, General Manager of Financial Div.
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION Outside Director of Eagle Industry Co., Ltd.
Outside Director	Yoko Hatta	Auditor of International Christian University Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.
Outside Director	Yutaka Kunigo	Outside Director of ISE CHEMICALS CORPORATION
Audit & Supervisory Board Member (full-time)	Kazunari Tatsu	Statutory Auditor of Nippon Paper Crecia Co., Ltd.
Audit & Supervisory Board Member (full-time)	Tomoyoshi Nishimoto	Statutory Auditor of NP Trading Co., Ltd.
Outside Audit & Supervisory Board Member	Takafumi Okuda	Special Counsel at Mori Hamada & Matsumoto
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd. Outside Audit & Supervisory Board Member of MISUMI Group Inc. Outside Director of OPTEX GROUP Company, Limited Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.

(Notes) 1. The following persons were newly elected at the 97th Ordinary General Meeting of Shareholders held on June 29, 2021, and took the office.

Director: Kazumori Fukushima

Director: Atsushi O'haru

Director: Tomoyasu Itakura

Audit & Supervisory Board Member: Tomoyoshi Nishimoto

2. The following persons retired as of the conclusion of 97th Ordinary General Meeting of Shareholders held on June 29, 2021.

Executive Vice President, Representative Director: Kazufumi Yamasaki

Director: Akihiro Utsumi

Director: Takeo Konno

Audit & Supervisory Board Member (full-time): Hirofumi Fujimori

Mr. Hirofumi Fujimori retired from Audit & Supervisory Board Member by resignation.

3. At the Board of Directors meeting held on June 29, 2021, Mr. Kazumori Fukushima was newly elected and assumed the office of Executive Vice President, Representative Director.
4. At the Audit & Supervisory Board meeting held on June 29, 2021, Mr. Kazunari Tatsu was newly elected and assumed the office of Audit & Supervisory Board Member (full-time).
5. Changes of post, responsibilities and important concurrently holding offices of the Officers made during the current fiscal year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Masanobu Iizuka	Managing Corporate Officer CEO, Opal	Corporate Officer CEO, Opal	June 29, 2021
Yutaka Kunigo	Outside Director, ISE CHEMICALS CORPORATION	(Newly appointed)	March 29, 2022
Kazunari Tatsu	Statutory Auditor, Nippon Paper Crecia Co., Ltd.	(Newly appointed)	June 23, 2021
	(Retired)	Statutory Auditor of NP Trading Co., Ltd.	June 24, 2021

6. Changes of post, responsibilities and important concurrently holding offices of the Officers made after April 1 this year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Toru Nozawa	(Retired)	Chairman of Japan Paper Association	May 20, 2022

7. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
8. Mr. Takafumi Okuda and Ms. Nanako Aono are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
9. Audit & Supervisory Board Member (full-time), Mr. Kazunari Tatsu successively held the positions General Manager of Treasurer's Dept. and Deputy General Manager of Financial Div., and has considerable expertise in finance and accounting.
10. Audit & Supervisory Board Member (full-time), Mr. Tomoyoshi Nishimoto has many years of experience in the accounting division and considerable expertise in finance and accounting.
11. Outside Audit & Supervisory Board Member, Ms. Nanako Aono is licensed as a certified public accountant, and has considerable expertise in finance and accounting.
12. The Company has filed Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono as Independent Officers of the Tokyo Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2022)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Toru Nozawa	
Executive Vice President Corporate Officer	Kazumori Fukushima	Aide to the President (concurrently serving) President of Nippon Paper Creca Co., Ltd.
Managing Corporate Officer	Atsushi O'haru	General Manager of Sales Planning Div.
Managing Corporate Officer	Yasuhito Obayashi	General Manager of Paper-Pak Sales Div.
Managing Corporate Officer	Atsumi Yasunaga	General Manager of Iwakuni Mill
Managing Corporate Officer	Masanobu Iizuka	CEO, Opal
Managing Corporate Officer	Yoshihide Kimura	General Manager of Nakoso Mill
Corporate Officer	Shigeru Inoue	General Manager of Yatsushiro Mill
Corporate Officer	Shinichiro Nakamura	General Manager of Ishinomaki Mill
Corporate Officer	Mitsuhiro Sugino	General Manager of Biomass Material Business Div.
Corporate Officer	Takashi Ochi	General Manager of Research & Development Div.
Corporate Officer	Yasuhito Murakami	General Manager of Technical & Engineering Div.
Corporate Officer	Kazuto Shimada	General Manager of Printing Paper Sales Div.
Corporate Officer	Tomoyasu Itakura	General Manager of Financial Div.
Corporate Officer	Kazunori Itaya	General Manager of Chemical Sales Div.
Corporate Officer	Yoshisada Yamabe	General Manager of Fuji Mill
Corporate Officer	Akira Sebe	General Manager of Corporate Planning Div. in charge of Affiliates & Subsidiaries of the Company and International Business Div.
Corporate Officer	Osamu Niwaguchi	General Manager of Business Communication Paper Sales Div.
Corporate Officer	Tomomi Nojiri	General Manager of Asahikawa Mill
Corporate Officer	Tetsuaki Taniguchi	General Manager of Newsprint Sales Div.
Corporate Officer	Daishiro Takigawa	General Manager of Duplex Board & Packaging Paper Sales Div.
Corporate Officer	Hideki Sugimura	Director of Nippon Tokai Industrial Paper Supply Co., Ltd.

2. Amount of remuneration, etc., for Directors and Audit & Supervisory Board Members

(1) Policy, etc. for determination of the contents of remuneration, etc. for each Director

In order to ensure objectivity and transparency of its remuneration system, the Company, by resolution of the Board of Directors, determined the policy for determination of the contents of remuneration, etc. for each Director (hereinafter, "Determination Policy") as follows based on deliberations by the Personnel & Remuneration Advisory Committee and advice from external experts.

- 1) In regard to monthly remuneration for Directors, the base amounts shall be determined according to their respective responsibilities in the Company. 70% of the base amount is to be paid as a fixed amount and 30% of it, in principle, is to be varied depending on the business results of the preceding fiscal year. The base amount is determined by utilizing external objective survey data, and by taking into consideration factors such as the Company's business performance, scale of business, and operating environment. Business performance indexes are established so that they may effectively function as an incentive for achieving the business performance targets, and are subject to review as necessary according to changes in the business environment. Part of each Director's monthly remuneration shall be contributed to the Nippon Paper Officers Share Ownership to purchase shares of the Company. There are no bonuses or retirement benefits.
- 2) Stock remuneration in the form of the BBT is paid to Directors to make a clearer link between the compensation provided to Directors and the Company's share value, and thereby increase their motivation to make contributions to improve the Company's mid- to long-term performance and increase its corporate value by Directors sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. Stock remuneration is a system under which the Company's shares acquired through a trust using money contributed by the Company as a source and an amount of money equivalent to the market value of the Company's shares will be delivered to the Directors through the trust. The number of shares to be delivered is calculated based on the number of points according to their respective responsibilities. Directors will receive delivery of the stock remuneration

upon their retirement from office, in principle. The ratio between fixed remuneration, performance-based remuneration, and stock remuneration paid to Directors is determined appropriately in light of the objectives of each type of remuneration.

- 3) In regard to Outside Directors and Audit & Supervisory Board Members, monthly remuneration is paid to them at fixed amounts. In light of the type of their responsibilities, contribution to the Nippon Paper Officers Share Ownership shall be voluntary.

[Remuneration for Internal Directors]

	Fixed remuneration	Performance-based remuneration	BBT (from the fiscal year ended March 31, 2020)
Method	Cash payment		Award points
Maximum remuneration	700 million yen per year		25,000 points per year (1 point is equivalent to 1 share)
Payment timing	Monthly (no bonuses or retirement benefits)		Upon retirement as Directors (Cumulative points are converted to shares and awarded)
Calculation method	Base amounts shall be determined according to their respective responsibilities, 70% of which is paid as a fixed amount.	Base amounts shall be determined according to their respective responsibilities, 30% of which in principle is paid after making adjustments according to the business results of the preceding fiscal year.	Award the number of points as determined by their position
Performance standards	—	70%: Consolidated performance (sales revenue, operating income and ROA) 30%: Non-consolidated performance (sales revenue, ordinary income and ROA)	—
Other	Part of the remuneration is contributed to the Nippon Paper Officers Share Ownership		—

(Notes)

1. Performance-based remuneration for Internal Directors in and after July this year will be reviewed by the Personnel & Remuneration Advisory Committee. The Company plans to change the calculation method and increase/decrease remuneration based on the degree of achievement of the Medium-Term Business Plan. The planned performance standards are mainly sales revenue and operating income.
2. Outside Directors and Audit & Supervisory Board Members receive fixed monthly remunerations only.

- (2) Reasons for the Board of Directors to have judged that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy

At the Company, the Personnel & Remuneration Advisory Committee has confirmed that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy. Procedure to determine remuneration is as follows.

- 1) To further strengthen corporate governance, the Company has established the Personnel & Remuneration Advisory Committee as an advisory body for the Board of Directors. The majority of this Committee shall consist of Independent Outside Directors.
- 2) The Personnel & Remuneration Advisory Committee, being consulted by the Board of Directors regarding the system for remuneration for Directors and Audit & Supervisory Board Members of the Company and other related matters, shall deliberate the appropriateness of such a system, etc., and provide advice based on the evaluation of business performance and other factors of the Company.
- 3) The Personnel & Remuneration Advisory Committee shall consist of the President and Representative Director, the General Manager of the Personnel & General Affairs Division and the Independent Outside Directors, and its secretariat shall be the General Manager of the Personnel Department.
- 4) The Personnel & Remuneration Advisory Committee shall deliberate, with the appropriate involvement of the Independent Outside Directors who are the members of the Committee, receiving their advice.
- 5) The Board of Directors shall determine the remuneration, etc. for Directors, receiving the opinions of the Personnel & Remuneration Advisory Committee.

### 3. Total amount of remuneration, etc., for Directors and Audit & Supervisory Board Members for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. by type (million yen)			Total amount (million yen)
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	12	297	72	31	401
(Outside Directors included in above)	[3]	[38]	[-]	[-]	[38]
Audit & Supervisory Board Members	5	58	-	-	58
(Outside Audit & Supervisory Board Members included in above)	[2]	[13]	[-]	[-]	[13]

- Notes:
1. Figures rounded down to the nearest million yen.
  2. The numbers above include three (3) Directors and one (1) Audit & Supervisory Board Member who retired during the relevant business year.
  3. A resolution for the maximum total remuneration for Directors to be 700 million yen per fiscal year (60 million yen per fiscal year for Outside Directors) was adopted at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019. Separately from the aforementioned amount, it was resolved to introduce a Stock Compensation Plan “Board Benefit Trust (BBT)” to Directors (excluding Outside Directors). The upper limit of the points to be awarded to the Directors based on the plan is 25,000 points per fiscal year (1 point is equivalent to 1 share of the Company stock). The number of Directors at the time of the closing of the Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
  4. A resolution for the maximum total remuneration for Audit & Supervisory Board Members to be 120 million yen per fiscal year was adopted at the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007. The number of Audit & Supervisory Board Members at the time of the closing of the Ordinary General Meeting of Shareholders was four.
  5. Of the performance evaluation standards, sales revenue was selected to pursue expansion in topline, while operating income and ordinary income were selected to improve profitability, and ROA was selected to promote effective utilization of assets, respectively, as performance indicators.
  6. Results of indicators for performance-based remuneration during the current fiscal year were consolidated sales revenue of 1,007,300 million yen, non-consolidated sales revenue of 566,200 million yen, consolidated operating income of 19,200 million yen, non-consolidated ordinary income of 15,800 million yen, consolidated ROA of 1.3% and non-consolidated ROA of 1.8%.
  7. The “Board Benefit Trust (BBT)” is a stock compensation plan under which shares of the Company will be acquired through a trust from the stock market using money contributed by the Company as a source within the amount approved by the 95th Ordinary General Meeting of Shareholders held on June 27, 2019, and the Company’s shares and the money equivalent to the market value of the Company’s shares will be delivered to the Directors, (excluding Outside Directors) and Corporate Officer other than Directors, etc. through the trust in accordance with the Officer Stock Benefit Regulations established by the Company. In principle, the Directors, etc. will receive delivery of the Company’s shares, etc. upon their retirement from office. The trust will not exercise voting rights pertaining to the Company’s shares held by the trust account based on the instructions from the trust administrator, who is

independent from the Company.

#### 4. Matters regarding directors and officers liability insurance

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Creca Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. The outline of the contract is as follows.

- (1) The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
- (2) The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
- (3) The premiums for the insurance contract is fully paid by the Company.

## 5. Matters regarding Outside Officers

(1) Concurrently served executive posts, etc. in other entities, etc., and relationship between the Company and such entities, etc.

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION	No special relationship
		Outside Director of Eagle Industry Co., Ltd.	Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (The amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
Outside Director	Yoko Hatta	Auditor of International Christian University	No special relationship
		Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	No special relationship
Outside Director	Yutaka Kunigo	Outside Director of ISE CHEMICALS CORPORATION	No special relationship
Outside Audit & Supervisory Board Member	Takafumi Okuda	Special Counsel at Law of Mori Hamada & Matsumoto	No special relationship
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd.	No special relationship
		Outside Audit & Supervisory Board Member of MISUMI Group Inc.	Although the Company has purchase transactions related to equipment with MISUMI Group Inc., the amount of transactions is negligible (The amount of the Company's purchases from MISUMI Group Inc. is less than 1% of the net sales of MISUMI Group Inc.).
		Outside Director of OPTEX GROUP Company, Limited	No special relationship
		Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.	No special relationship

## (2) Major activities in the current fiscal year

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Makoto Fujioka	13 of 13 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his extensive knowledge and international perspective cultivated through his experience in both public and private sectors. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors meetings on medium- to long-term measures for enhancing corporate value including responses to sustainability issues such as climate change and human capital and transformation of the business structure.
Outside Director	Yoko Hatta	13 of 13 (100%)	—	The Company expects her to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging her extensive experience in international accounting firms, and deep insight on international taxation, etc. She asked suitable questions both on resolutions and on reports, as well as voiced her opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, she voiced her opinion at the Board of Directors meetings on viewpoints concerning risk management in the follow-up of overseas investment, diversification of ideas in research and development, and points to be noted in international tax affairs.
Outside Director	Yutaka Kunigo	13 of 13 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his broad career at Tokyo Gas Co., Ltd., experience in leading the management as Representative Director, Executive Vice President, and deep insight accumulated in the international energy business. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
				meetings on standards and points to report the subsidiary's material cases to the Board of Directors, measures to address rising fuel price, and promotion of efforts for SDGs and TCFD.
Outside Audit & Supervisory Board Member	Takafumi Okuda	13 of 13 (100%)	14 of 14 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert as an attorney at law, as well as voiced his opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, he discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced his opinions from an independent perspective, as necessary.
Outside Audit & Supervisory Board Member	Nanako Aono	13 of 13 (100%)	14 of 14 (100%)	She asked suitable questions both on resolutions and on reports based on her extensive experience in the private sector and from the perspective of an expert as a certified public accountant, as well as voiced her opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, she discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced her opinions from an independent perspective, as necessary.

### (3) Outline of the Contract for Limitation of Liabilities

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company entered into a Contract for Limitation of Liabilities with Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono, which limits the amount of their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount provided in laws and ordinances.

### (4) Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	5	52 million yen

(Note) Figures rounded down to nearest million yen.

## IV. Status of Accounting Auditor

1. Name of Accounting Auditor Ernst & Young ShinNihon LLC

2. Amount of remuneration, etc. for the Accounting Auditor during the relevant fiscal year

	Amount
① Amount of remuneration, etc. to be paid to Accounting Auditor by the Company	207 million yen
② Total amount of cash and other financial benefits to be paid to accounting auditor by the company and subsidiaries of the Company	330 million yen

(Notes) 1. Figures rounded down to nearest million yen.

2. The Audit & Supervisory Board gave consent on the amount of remuneration, etc. to be paid to the Accounting Auditor as a result of the careful screening of details of the audit plan for the current fiscal year such as the schedule for the audit and the staff allocation, checking and evaluation of the audit performance for the preceding fiscal year, appropriateness of the Accounting Auditor's auditing operation concerning the business operation of the Company and the grounds for calculation of the estimates that become the basis of the amount of remuneration, etc.

3. Since the amounts of remuneration, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not explicitly distinguished in the audit contract between the Company and Accounting Auditor and cannot be practically distinguished, the amount in ① above includes remuneration, etc. for audits under the Financial Instruments and Exchange Act.

4. The Company pays compensation to Accounting Auditor for advisory services related to the application of "Accounting Standard for Revenue Recognition" which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan, which is included in the total amount of remuneration, etc., stated in ②.

5. Among the Company's primary subsidiaries, Opal has undergone a statutory audit by Ernst & Young, which belongs to the same network as the Company's Accounting Auditor.

6. Among the Company's primary subsidiaries, Nippon Dynawave Packaging Company, LLC has undergone a statutory audit by Moss Adams LLP, which does not belong to the same network as the Company's Accounting Auditor.

3. Policy for determining Accounting Auditor dismissal or non-reappointment

(1) If the Accounting Auditor falls under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members pursuant to the provision of the same Article.

(2) The Audit & Supervisory Board shall determine the contents of any proposal regarding dismissal or non-reappointment to be submitted to the General Meeting of Shareholders with due consideration for the independence and the qualifications of the accounting auditor provided in the related laws and

regulations or standards, etc. (Business Accounting Council “Quality Control Standards for Audit” Oct. 28, 2005, etc.).

## **V. System to ensure the appropriateness of business operation and the status of operation of such system**

### **1. System to ensure the appropriateness of business operation**

The Company formulated the Basic Policies to Establish the Internal Control Systems by a resolution adopted at the Board of Directors meeting held on May 25, 2006, and has made necessary amendments as needed. The details of the Basic Policies are as follows:

“System to ensure execution of duties by Directors in conformity with laws and ordinances or the Articles of Incorporation”

- (1) For appropriate and sound execution of the Company’s business, the Board of Directors establishes an effective internal control system and establishes an organizational structure that complies with laws and ordinances or the Articles of Incorporation.
- (2) The Audit & Supervisory Board audits the effectiveness and function of the internal control systems.

“System to ensure the propriety of business operation of the Company and its subsidiaries”

- (1) System for preservation and management of information related to execution of duties by Directors

The statutory documents and any other documents related to execution of duties by Directors shall be appropriately preserved and managed in accordance with the rules for documents management, etc.

- (2) Rules and other systems related to the management of risks of loss of the Company and its subsidiaries

For risks related to execution of the business of the Company and its group companies, depending on the type of individual risk, the department in charge of such risk will endeavor to prevent risk by means such as implementing education and training under manuals, in addition to establishing necessary rules and guidelines. If any problem occurs, the parent company will, together with its subsidiaries, prevent enlargement of damage to the Company Group, and lay out a framework necessary to minimize such damage.

- (3) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

- ① Establish a system with which each body and organizations including the Board of Directors functions effectively and exercises its duties

properly and efficiently in accordance with the rules for decision-making such as the rules of the Board of Directors, rules of approval, and rules for segregation of duties.

- ② Introduce the Corporate Officer System and separate the function of overall management supervision and decision making by the Board of Directors from the function of execution of each individual department's business by the Corporate Officers, to clarify where the responsibility and authority lay.
  - ③ Each business sector and each group company will not only establish a medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
  - ④ To pursue the development of the entire Company Group, the Company shall hold meetings of the Group Management Strategy Committee as needed to deliberate on important matters related to the Company Group such as management strategies for each business field.
- (4) System to ensure execution of duties by employees of the Company and its subsidiaries in conformity with laws and ordinances or the Articles of Incorporation
- ① Establish the "Nippon Paper Group Action Charter" and "Nippon Paper Codes of Conduct," and familiarize all employees with compliance thereto.
  - ② The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
  - ③ Establish "Nippon Paper Group Help Line" as an internal report system within the Company Group and operate this system strictly.
- (5) Systems related to the reporting of the matters concerning execution of duties by Directors, etc., of the Company's subsidiaries to the Company
- ① In order to ensure appropriate operation of business within the Group, the Company shall establish a fundamental policy for the Group companies' business management and operation rules for affiliated companies, and appropriately manage business operations in the Group according to such systems as application for approval, advance and ex post facto report to the Company, etc.
  - ② The Audit & Supervisory Board Members ensure appropriate operation of business within the Group through presiding over the "Nippon Paper Group Audit & Supervisory Board Member Liaison Committee," which

consists of the Audit & Supervisory Board Members of the primary group companies of the Company, and the Audit & Supervisory Board of the Company, and have periodic discussions about audit policy and audit method, etc., and enhance mutual collaboration by exchanging information, etc.

- ③ The Company shall hold Presidents' Meetings of associated companies to receive reports on the current situation and issues of the primary group companies of the Company.
- (6) System related to employees who assist in execution of duties by the Audit & Supervisory Board Members, matters related to the independence of such employees from the Directors and matters related to ensuring the effectiveness of the instructions given to such employees
- ① Assign some employees of the Company as the assistants of the Audit & Supervisory Board Members who assist the Audit & Supervisory Board Members in executing their duties. For such assignment, prior consent by the Audit & Supervisory Board Members is required.
  - ② The Company's employees who assist the Audit & Supervisory Board Members in executing their duties shall follow the instructions from the Audit & Supervisory Board Members and prioritize performing the duties related to their instructions.
- (7) System for Directors and employees to report to the Audit & Supervisory Board Members; other system related to the report to the Audit & Supervisory Board Members; and system to ensure effective audit by the Audit & Supervisory Board Members
- ① Directors, Corporate Officers and employees will report to the Audit & Supervisory Board without delay when he/she becomes aware of any material breach of laws and ordinances or the Articles of Incorporation, concerning the execution of duties, any fact of wrongdoing or any possibility of material damage to the Company. And the Audit & Supervisory Board Members may, at any time, request that the Directors, Corporate Officers and employees make a report to them.
  - ② Further, in order to appropriately convey the Company's information to the Audit & Supervisory Board Members, without limiting to the reports from the Directors, Corporate Officers and employees, the Company shall facilitate an environment to allow the Audit & Supervisory Board Members to exchange information closely with the Accounting Auditor and legal advisors, etc.
  - ③ Representative Directors endeavor to communicate closely with the

Audit & Supervisory Board Members through such means as holding meetings as often as possible with Audit & Supervisory Board Members, etc. Moreover, Representative Directors ensure, upon request by the Audit & Supervisory Board Members, attendance of the Audit & Supervisory Board Members at any material meetings.

- ④ At meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, the Audit & Supervisory Board Members of the Company shall receive explanation from the Audit & Supervisory Board Members of the group companies on the content of reports received from the officers and employees of such group companies.
  - ⑤ The department in charge of the Company's Nippon Paper Group Help Line shall report regularly to the Company's Audit & Supervisory Board Members on the status of internal reporting from the officers and employees of the Company Group.
  - ⑥ The Company shall provide rules for operation of the Nippon Paper Group Help Line, in which it is to be clearly stipulated that users of the internal reporting system should not suffer disadvantageous treatment and that an internal disciplinary measure might be imposed on those who give disadvantageous treatment to such users.
  - ⑦ Based on the audit plans formulated by the Audit & Supervisory Board Members, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Audit & Supervisory Board Members.
  - ⑧ When the Audit & Supervisory Board Members request the Company to make an advance payment of expenses based on Article 388 of the Companies Act that are necessary to execute their duties, the Company shall process such expenses or debts promptly.
- (8) System to ensure the reliability of financial reports of the Company and its subsidiaries

In order to ensure the reliability of financial reports, the Company shall improve an internal control system for financial reporting and operate such system properly in accordance with rules of internal control for financial reports. Further, the Company shall evaluate the system's effectiveness on a continuing basis and take necessary measures to improve the system.

- (9) System of the Company and its subsidiaries toward elimination of anti-social forces

The Company and its subsidiaries shall never have any relationship

with any anti-social force or organization. The Company and its subsidiaries shall take a resolute stand against unreasonable demand and respond to such incident in coordination with outside specialized agencies, as needed.

## 2. Status of operation of the system to ensure the appropriateness of operation

The Company strives to ensure the appropriateness of operation through formulating and operating the Basic Policies to Establish the Internal Control Systems. The outline of the operation of the system to ensure the appropriateness of operation of the Company during the current fiscal year was as follows.

### (1) Risk management system

- ① The Company has established a Risk Management Committee chaired by President, Representative Director and made reports to the Board of Directors. At the Committee, risks projected by the Company Group were identified, and reports were made on the review of business continuity plan (BCP). In addition, the Committee discussed points for BCP training, viewpoints of risk identification, and risk management methods. Regarding those results, an opportunity was separately provided for exchanging opinions among Chairman, Outside Directors, Audit & Supervisory Board Members, and secretaries.
- ② The Company established the Environmental Committee, the Safety and Disaster Prevention Committee, the Product Safety Committee and the Raw Materials Committee to promote risk management activity across the entire Company Group. Each Committee was held during the current fiscal year to confirm efforts of each group company. In addition, regarding the environment, safety and disaster prevention, and product safety, internal audits were conducted on an ongoing basis.
- ③ The Company positioned addressing climate change issues as an important issue for achieving the Group Mission, announced endorsement of TCFD, and disclosed it in the Integrated Report. Regarding efforts, issues are to be reported quarterly from relevant divisions at the Board of Directors meetings.

### (2) Compliance system

- ① The Company operates the Nippon Paper Group Help Line as its internal reporting system. The Compliance Office of the Risk Management Dept., which is in charge of this system, has responded to all the items reported and consulted via this system and addressed each issue appropriately in alliance with related departments, specialized

external companies and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office to the Management Execution Committee and the details were reported quarterly to the Audit & Supervisory Board Members.

(3) Audit & Supervisory Board Members' audit and internal audit

- ① The Audit & Supervisory Board Members attended important meetings such as Board of Directors meetings, and meetings of the Group Management Strategy Committee and Management Execution Committee. The Audit & Supervisory Board Members held fourteen meetings to share information, while performing onsite audits at each department and office of the Company, as well as group companies. The Audit & Supervisory Board Members held three meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, at which they received reports on audit activities at each group company.
- ② The Management Audit Office performed internal audits of the Company and the group companies and provided support for improvement as necessary, including introduction of external experts to the audited sites. The Office also made reports on the results to President and Representative Director and full-time Audit & Supervisory Board Members twice and Outside Directors and Outside Audit & Supervisory Board Members twice. The Management Audit Office also performed evaluation on validity of internal audits regarding financial reporting of the Company and the group companies. President and Representative Director reported summaries of the results of these internal audits, etc. to the Board of Directors.
- ③ The Audit & Supervisory Board Members and the Management Audit Office held an information exchange meeting once a month. In addition, the Management Audit Office attended meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee to integrate Audit & Supervisory Board Members' audits and internal audits. Audit & Supervisory Board Members periodically received reports from the Accounting Auditor on the results of accounting audits and shared information.

(4) The Group companies' business management

- ① The Presidents' Meeting of associated companies was held among the Company and its 19 primary group companies, where the outlines of the

2030 Vision and Medium-Term Business Plan 2025 were explained by the President & Representative Director of the Company. Separately, discussions were made between the relevant officers of the Company and presidents of the group companies to facilitate their penetration into the entire group.

- ② The Group Management Strategy Committee consisting of major officers of the Company and presidents of four major group companies, engages in discussion from a group-wide perspective, by facilitating information sharing within the Group, speedier decision making, and maximum utilization of the Group's management resources. With the attendance of Outside Directors and Outside Audit & Supervisory Board Members, the Committee deliberated on strategic projects and long-term vision, and asked opinions from outside officers based on their abundant experience and expertise and had active discussions.

(5) System of execution of duties

- ① The Board of Directors held thirteen regular meetings. Material matters are deliberated in advance at the Management Strategy Committee and Management Execution Committee and submitted to the Board of Directors.
- ② With regard to the effectiveness of the Board of Directors, self-evaluation was performed in the form of a questionnaire and deliberated at the Board of Directors meeting. In addition to conventional monthly business reports, quarterly business issues are newly reported as agendas at the Board of Directors meeting, which enriched matters reported and ensured more time for discussions. Also, it was confirmed that a prior explanation for each matter raised understanding of content of discussions.

## **VI. Stocks for strategic purposes**

[Policy for shareholdings]

The Company holds shares that are judged to be contributing to the improvement of corporate value, upon verifying the effects of holding individual stocks for strategic purposes in terms of medium- to long-term economic rationale for holding, and maintaining and reinforcing comprehensive relationships with business partners.

The significance of such shareholdings is verified at the Board of Directors meeting every year. If the Company deems there to be no good reason to hold certain stocks, the Company shall sell them in light of gains and losses, etc. from such stocks.

[Standard for exercising voting rights]

In exercising voting rights pertaining to stocks for strategic purposes, the Company shall examine the contents of each proposal, and exercise as appropriate upon judging whether or not the proposal will contribute to the improvement of the corporate value of the Company and the investee company. The Company shall not vote for any proposal that would impair the corporate value of the Company and the investee company.

[Amount of deemed holdings of shares recorded on the consolidated balance sheet] (as of March 31, 2022)

The amount of deemed holdings of shares recorded on the consolidated balance sheet is 35,440 million yen as of March 31, 2022. If combined with stocks for strategic purposes, the total amount is 80,686 million yen, which accounts for 18.40% of net assets.

**Consolidated Financial Statements**  
**Consolidated Balance Sheet**

(As of March 31, 2022)

(Unit: million yen)

Category	Amount	Category	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>[617,934]</b>	<b>Current liabilities</b>	<b>[469,135]</b>
Cash and Deposit	136,845	Notes payable and accounts payable-trade	141,435
Notes receivable and accounts receivable-trade	245,205	Short-term loan payable	185,703
Merchandise and finished goods	93,938	Commercial papers	45,000
Work in process	18,206	Corporate income taxes payable, etc.	2,182
Raw materials and Supplies	78,639	Other current liabilities	94,813
Other current assets	45,911	<b>Fixed liabilities</b>	<b>[731,546]</b>
Allowance for doubtful accounts	(813)	Bonds payable	50,000
<b>Fixed assets</b>	<b>[1,021,352]</b>	Long-term loan payable	597,259
<b>(Tangible fixed assets)</b>	<b>[774,989]</b>	Deferred tax liabilities	34,945
Buildings and Structures	148,994	Provision for environmental measures	12,535
Machinery, Equipment and Vehicles	333,131	Retirement benefits liabilities	12,495
Land	208,719	Other fixed liabilities	24,310
Forested land and forestation	24,650	<b>Total liabilities</b>	<b>1,200,682</b>
Construction in progress	34,694	<b>Net assets</b>	
Other tangible fixed assets	24,798	<b>Shareholders' equity</b>	<b>[357,879]</b>
<b>(Intangible assets)</b>	<b>[23,278]</b>	<b>Capital</b>	<b>104,873</b>
Intangible assets	23,278	<b>Capital Surplus</b>	<b>216,416</b>
<b>(Investment and other assets)</b>	<b>[223,085]</b>	<b>Retained earnings</b>	<b>38,365</b>
Investment securities	180,356	<b>Treasury Stocks</b>	<b>(1,776)</b>
Retirement benefits assets	19,954	<b>Accumulated other comprehensive income</b>	<b>[69,052]</b>
Deferred tax assets	7,425	<b>Valuation difference on other securities</b>	<b>18,227</b>
Other investment and other assets	15,921	<b>Deferred gain or loss on hedges</b>	<b>5,810</b>
Allowance for doubtful accounts	(572)	<b>Currency translation adjustment account</b>	<b>37,054</b>
		<b>Accumulated adjustment of retirement benefits</b>	<b>7,959</b>
		<b>Non-controlling interests</b>	<b>[11,672]</b>
		<b>Total net assets</b>	<b>438,604</b>
<b>Total assets</b>	<b>1,639,286</b>	<b>Total liabilities /net assets</b>	<b>1,639,286</b>

## Consolidated Statement of Profit and Loss

(From April 1, 2021 through March 31, 2022)

(Unit: million yen)

Category	Amount	
<b>Net sales</b>		<b>1,045,086</b>
<b>Cost of sales</b>		<b>872,011</b>
<b>Gross income</b>		<b>173,074</b>
Expenses for sales and general administration		160,984
<b>Operating income</b>		<b>12,090</b>
<b>Non-operating income</b>		
Interest Income	208	
Dividend Income	1,683	
Equity in earnings of affiliates	8,618	
Miscellaneous income	4,573	15,083
<b>Non-operating expenses</b>		
Interest expenses	7,352	
Business commencement expenses	1,663	
Miscellaneous expenses	3,667	12,683
<b>Ordinary income</b>		<b>14,490</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	6,640	
Others	374	7,015
<b>Extraordinary losses</b>		
Loss on disaster	4,253	
Loss on retirement of fixed assets	2,902	
Loss on business withdrawal	2,424	
Impairment losses	1,476	
Others	2,651	13,709
<b>Net income before tax and other adjustment for the current term</b>		<b>7,797</b>
Corporate income tax, inhabitant tax and business tax	3,489	
Adjustment for corporate income tax, etc.	1,056	4,545
<b>Net income for the current term</b>		<b>3,251</b>
Net income attributable to non-controlling interests		1,260
<b>Net income attributable to owners of the parent</b>		<b>1,990</b>

## TRANSLATION

**Financial Statements****Balance Sheet**

(As of March 31, 2022)

(Unit: million yen)

<b>Category</b>	<b>Amount</b>	<b>Category</b>	<b>Amount</b>
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>[439,691]</b>	<b>Current liabilities</b>	<b>[316,975]</b>
Cash and Deposit	120,841	Notes payable	10,424
Notes receivable	1,343	Accounts payable-trade	52,020
Accounts receivable-trade	129,317	Short-term loan payable	157,163
Merchandise and finished goods	38,944	Commercial papers	45,000
Work in process	11,168	Account payable	32,734
Raw materials and Supplies	43,342	Accrued expenses	6,286
Short-term loan receivable	73,650	Corporate income taxes payable, etc.	751
Other accounts receivable	14,032	Other current liabilities	12,593
Other current assets	14,393	<b>Fixed liabilities</b>	<b>[629,608]</b>
Allowance for doubtful accounts	(7,343)	Bonds payable	50,000
<b>Fixed assets</b>	<b>[798,424]</b>	Long-term loan payable	542,133
<b>(Tangible fixed assets)</b>	<b>[413,732]</b>	Provision for share-based remuneration for directors (and other officers)	243
Buildings	73,798	Provision for environmental measures	10,877
Structures	18,638	Deferred tax liabilities	4,356
Machinery and Equipment	136,546	Deferred tax liabilities for revaluation	18,449
Vehicles	23	Other fixed liabilities	3,547
Tools, furniture and fixture	3,231	<b>Total liabilities</b>	<b>946,584</b>
Land	143,942	<b>Net assets</b>	
Forested land & forestation	17,941	<b>Shareholders' equity</b>	<b>[267,378]</b>
Lease assets	1,567	<b>Capital</b>	<b>104,873</b>
Construction in progress	18,043	<b>Capital surplus</b>	<b>130,227</b>
<b>(Intangible assets)</b>	<b>[3,902]</b>	Legal capital surplus	83,552
Software	2,612	Other capital surplus	46,675
Other intangible assets	1,289	<b>Retained earnings</b>	<b>33,740</b>
<b>(Investment and other assets)</b>	<b>[380,789]</b>	Legal retained earnings	432
Investment securities	46,246	Other retained earnings	33,308
Shares in and investment in capital of affiliates	323,935	Reserve for reduction entry of fixed assets	3,212
Long-term loan receivable	25	Retained earnings carried forward	30,095
Long-term prepaid expenses	805	<b>Treasury Stocks</b>	<b>(1,462)</b>
Prepaid pension cost	5,541	<b>Valuation and translation adjustments, etc.</b>	<b>[24,152]</b>
Other investment and other assets	4,695	<b>Valuation difference on other securities</b>	<b>15,016</b>
Allowance for doubtful accounts	(460)	<b>Deferred gain or loss on hedges</b>	<b>1,667</b>
		<b>Revaluation difference on land</b>	<b>7,469</b>
		<b>Total net assets</b>	<b>291,531</b>
<b>Total assets</b>	<b>1,238,116</b>	<b>Total liabilities/net assets</b>	<b>1,238,116</b>

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**Statement of Profit and Loss**

(From April 1, 2021 through March 31, 2022)

(Unit: million yen)

Category	Amount	
<b>Net sales</b>		<b>497,801</b>
<b>Cost of sales</b>		<b>439,273</b>
<b>Gross income</b>		<b>58,527</b>
Expenses for sales and general administration		66,127
<b>Operating loss</b>		<b>7,600</b>
<b>Non-operating income</b>		
Interest and dividend Income	16,376	
Miscellaneous income	3,462	19,839
<b>Non-operating expenses</b>		
Interest expenses	5,489	
Business commencement expenses	1,663	
Miscellaneous expenses	3,125	10,278
<b>Ordinary income</b>		<b>1,960</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	6,994	
Others	779	7,774
<b>Extraordinary losses</b>		
Loss on disaster	3,931	
Loss on retirement of fixed assets	2,530	
Loss on business withdrawal	2,424	
Impairment losses	1,472	
Others	798	11,157
<b>Pre-tax net loss for the current term</b>		<b>1,422</b>
Corporate income tax, inhabitant tax and business tax	(3,043)	
Adjustment for corporate income tax, etc.	1,851	(1,191)
<b>Net loss for the current term</b>		<b>230</b>

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## Audit Report

Independent Auditor's Report on the Consolidated Financial Statements: True Copy

### Independent Auditor's Report

May 18, 2022

To: The Board of Directors  
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Office  
Designated Limited Liability Partner  
Executive Member CPA Kazuhiro Suzuki (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Tatsuya Kushida (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Takahiro Kawagishi (Seal)

#### Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements of Nippon Paper Industries Co., Ltd. (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Other Information

The Other Information comprises the business report and the related supplemental schedule. Management is responsible for the preparation and disclosure of the Other Information. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the controls over the Group's reporting process of the Other Information.

Our audit opinion on the consolidated financial statements does not cover the Other Information, and we do not provide an opinion on the Other Information.

Our responsibility in conducting the audit of the consolidated financial statements is to read the Other Information and, in doing so, consider whether there are material inconsistencies between the Other Information and the consolidated financial statements or our knowledge obtained in the audit procedure and to pay attention to whether there are any indication of a material error in the Other Information besides such material differences.

If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report such facts.

We have nothing to report in this regard.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to

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fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[END]

## TRANSLATION

Accounting Auditor's Report; True Copy

### Independent Auditor's Report

May 18, 2022

To: The Board of Directors  
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Office

Designated Limited Liability Partner  
Executive Member CPA Kazuhiro Suzuki (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Tatsuya Kushida (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Takahiro Kawagishi (Seal)

#### Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc. and the related notes, and the accompanying supplementary schedules of Nippon Paper Industries Co., Ltd. (the "Company") for the 98th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Other Information

The Other Information comprises the business report and the related supplemental schedule. Management is responsible for the preparation and disclosure of the Other Information. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the controls over the Group's reporting process of the Other Information.

Our audit opinion on the financial statements does not cover the Other Information, and we do not provide an opinion on the Other Information.

Our responsibility in conducting the audit of the financial statements is to read the Other Information and, in doing so, consider whether there are material inconsistencies between the Other Information and the financial statements or our knowledge obtained in the audit procedure and to pay attention to whether there are any indication of a material error in the Other Information besides such material differences.

If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report such facts.

We have nothing to report in this regard.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

## TRANSLATION

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[End]

## TRANSLATION

Audit Report of the Audit & Supervisory Board: True Copy

### Audit Report

The Audit & Supervisory Board, upon deliberation based on the audit reports prepared by each of the Audit & Supervisory Board Members on execution of duties by the Directors during the 98<sup>th</sup> fiscal year, from April 1, 2021 through March 31, 2022, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board
  - (1) The Audit & Supervisory Board determined the audit policy and the task division, and in addition to receiving reports about the status of implementation of audit and result thereof from each Audit & Supervisory Board Member, received reports from Directors, etc. and from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested their explanations.
  - (2) In compliance with the Audit & Supervisory Board Members' audit standards which the Audit & Supervisory Board established, and in accordance with the audit policy and task division, each Audit & Supervisory Board Members endeavored to gather information and to improve audit environment through communicating well with the Directors, the management monitoring office, and other employees, etc. and conducted audits by the following methods;
    - (i) Attended the Board of Directors' meetings and other important meetings to receive reports from the Directors and employees, etc. on the status of execution of their duties and requested their explanations as needed; reviewed important documents of decision making, etc.; and examined the status of performance and assets at the Company's head office and primary business offices. As to the subsidiaries, we communicated with and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of the subsidiaries, and visited the subsidiaries, etc. and received reports on their businesses as needed.
    - (ii) Received reports regularly, requested their explanations as necessary and expressed our opinion about the status of formation and operation of the systems (the internal control system), including the system to ensure execution of duties by Directors in conformity with laws or ordinances and the Articles of Incorporation described in the Business Report and the system formed in accordance with the resolutions and the substance thereof by the Board of Directors regarding formulation of other system which is provided in the paragraph 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as a necessary system to ensure appropriate business operation of a corporate group consisting of the stock company and its subsidiaries.
    - (iii) As to the basic policy on suitability of person who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act, and each of its approach as described in the Business Report, we conducted study of the contents in view of the status, etc. of deliberation by the Board of Directors and other bodies.
    - (iv) Monitored and verified whether the Accounting Auditor maintained its independent position and implemented appropriate audits, and received reports from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested explanation from them. We also received the notice from the Accounting Auditor to the effect that the firm has established the "system to ensure appropriate execution of their duties" (as stipulated in each Item in the Article 131 of the Corporate Accounting Rule) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and, when necessary, requested their explanations.

Through the methods above, we examined the Business Report and its Supplementary Schedule, the financial statements (the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc., and the notes to the non-consolidated financial statements) and its supplementary schedule as well as the consolidated financial statement (the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statement) for the current fiscal term.

2. Conclusion of the audit
  - (1) Conclusion of audit of the Business Report, etc.
    - (i) We find that the business report and its supplementary schedule fairly present the status of the Company in compliance with the laws or ordinances and the Articles of Incorporation.
    - (ii) We find that there is no material fact of misconduct or serious violation of laws or ordinances or the Articles of Incorporation by any Directors in executing of their duties.
    - (iii) We find that the substance of resolutions by the Board of Directors regarding the internal control system is appropriate. In addition, we find that there is no other item to be pointed out as to the entries in the Business

## TRANSLATION

Report regarding the relevant internal control system or as to execution of duties by the Directors including the internal control system relating to the financial report.

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy and its initiatives on suitability of person(s) who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act.

(2) Conclusion of audit on the Financial Statement and its Supplementary Schedule

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

(3) Conclusion of audit on the Consolidated Financial Statement

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

May 18, 2022

Audit & Supervisory Board	
Nippon Paper Industries Co., Ltd.	
Standing Audit & Supervisory Board Member (full-time)	Kazunari Tatsu (Seal)
Audit & Supervisory Board Member (full-time)	Tomoyoshi Nishimoto (Seal)
Audit & Supervisory Board Member	Takafumi Okuda (Seal)
Audit & Supervisory Board Member	Nanako Aono (Seal)

(Note) Audit & Supervisory Board Member Takafumi Okuda and Audit & Supervisory Board Member Nanako Aono are the Outside Audit & Supervisory Board Members stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]