

Sustainability Vision 2030

KPP Group Holdings Co., Ltd.

July 1, 2025



As a trading company specializing in paper, we play a part in the information industry and celebrated our 100th anniversary in 2024. During this period, we have expanded our business domains through stock listings and overseas acquisitions, and have reformed our business portfolio. We are also shifting the focus from printing, publishing and office paper to the household paper.

As you know, paper is made from wood, a renewable biomass resource, and many of its products are recycled. In addition, "trees" absorb and fix carbon dioxide during the growth process.

As we formulate our sustainability vision for the next 100 years, we hope to contribute to the circular economy by recovering used paper and developing environmentally responsible products to build a sustainable society.

We currently collect 70% of the paper we sell in Japan and supply it to paper manufacturers. "Paper Turf," an artificial turf made from paper yarn, is also used at Expo 2025 Osaka, Kansai, Japan booths. About 20% of marine pollution caused by microplastics is said to be caused by artificial turf. We hope that the "Paper Turf" we have developed will contribute to "30by30," which aims to preserve a healthy ecosystem of the sea and land.

The Company's Sustainability Vision addresses social issues such as decarbonization, resource recycling, traceability, and the diversity, and aims to achieve both corporate growth and sustainability. The ESG Committee will be established at the core of the corporate organization, and the 100 KPP Group companies will work together to advance this initiative. We look forward to your continued support.

July 1, 2025

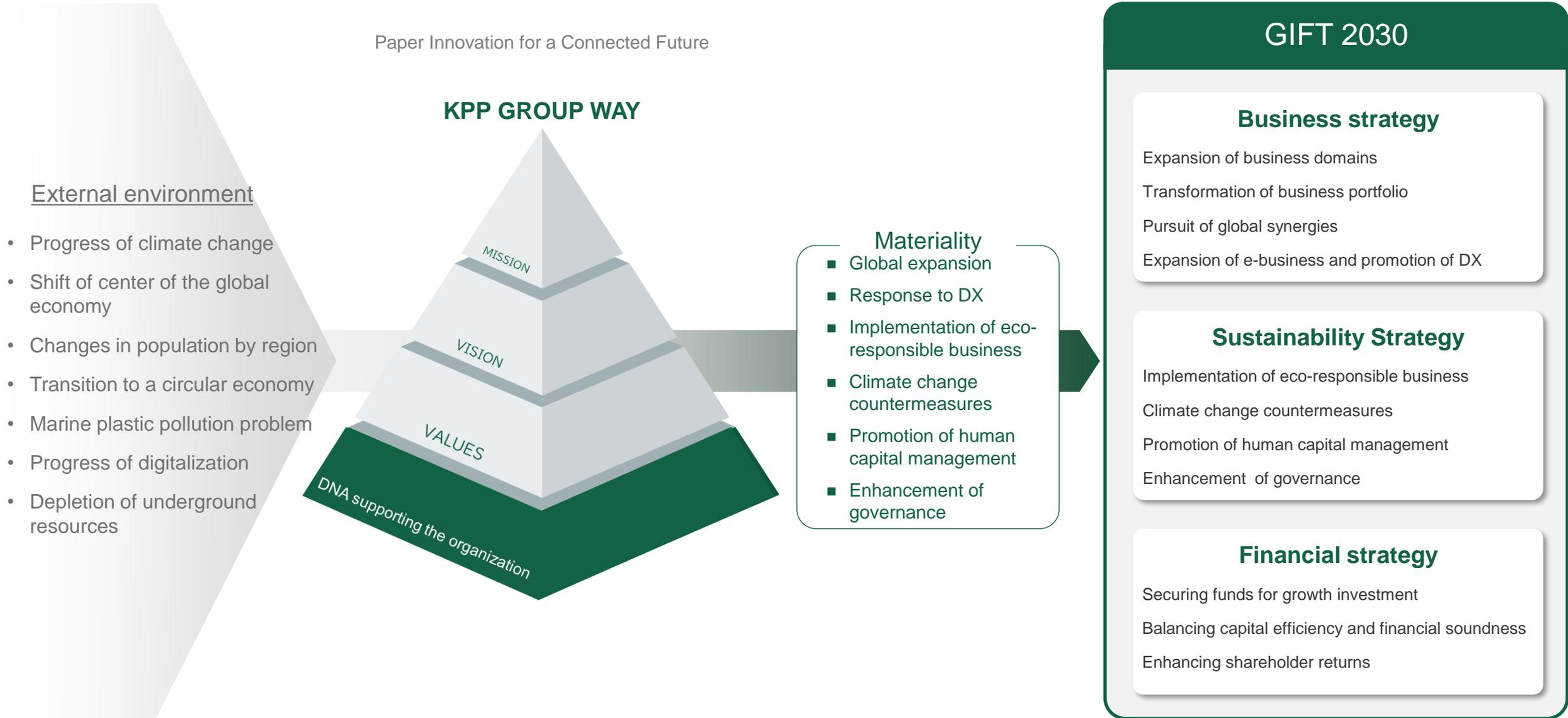
Representative Director of the Board, Chairman & Chairman of ESG committee

Madoka Tanabe

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KPP Group Holdings Management Strategy Framework Diagram

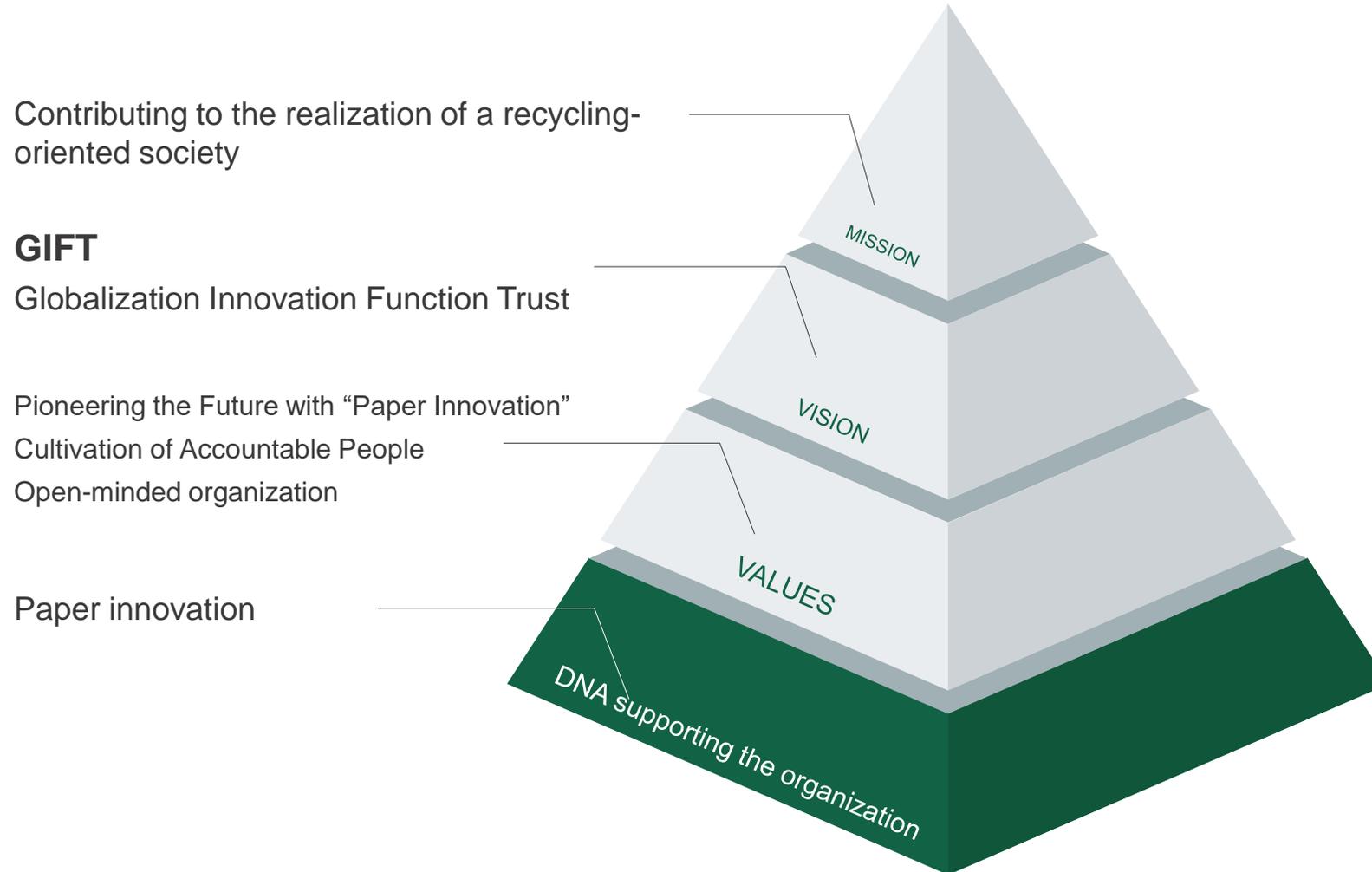
Paper Innovation for a Connected Future



Philosophy of KPP Group

The KPP Group Way, the KPP Group's philosophy system, is expressed in a three tiered pyramid of Mission, Vision, and Values.
- Within the Group Way, the Mission incorporates the concept of purpose management and expresses the "raison d'etre" and mission of the company.

KPP GROUP WAY



Basic policy of sustainability and Materiality

Basic policy of sustainability

Based on the basic philosophy of the KPP Group Way, the KPP Group contributes to the realization of a sustainable society through the development of totally recycling-oriented management. In addition, we regard environmental, social, and governance factors as key management priorities. We identify material issues related to our business activities and actively work to address them.

Materiality

Global expansion

- Development of overseas M&A
- Creation of group synergies
- Enhancement of internal communication

Response to DX

- Innovation of business processes
- Development of new system
- Expansion of e-commerce
- Utilization of AI

Implementation of eco-responsible business

- Resolution of the marine plastic pollution problem
- Development of circular business

Climate change countermeasures

- Development of solutions to prevent global warming
- Reduction of GHG emissions

Promotion of human capital management

- Promotion of DE & I
- Ensuring occupational safety and health
- Improvement of engagement
- Human Resource Development

Enhancement of governance

- Enhancement of Compliance
- Promotion of risk management
- Enhancement of information security
- Optimization of Group Governance
- Deployment of Supply Chain DD

Our goal for 2030

A company that creates global environmental value in response to sustainability requirements

Long-Term Goals for 2050

Achievement of net zero emissions for Scope 1 and 2 in group consolidation

Environment

- Aim to measure and set targets up to Scope3 for the entire Group
- Develop various circular businesses to reduce environmental impact

Social

- Promote human capital management, including DE & I, and recruit and utilize diverse personnel
- Ensure the fulfillment of occupational safety and health and other obligations that form the basis of corporate management

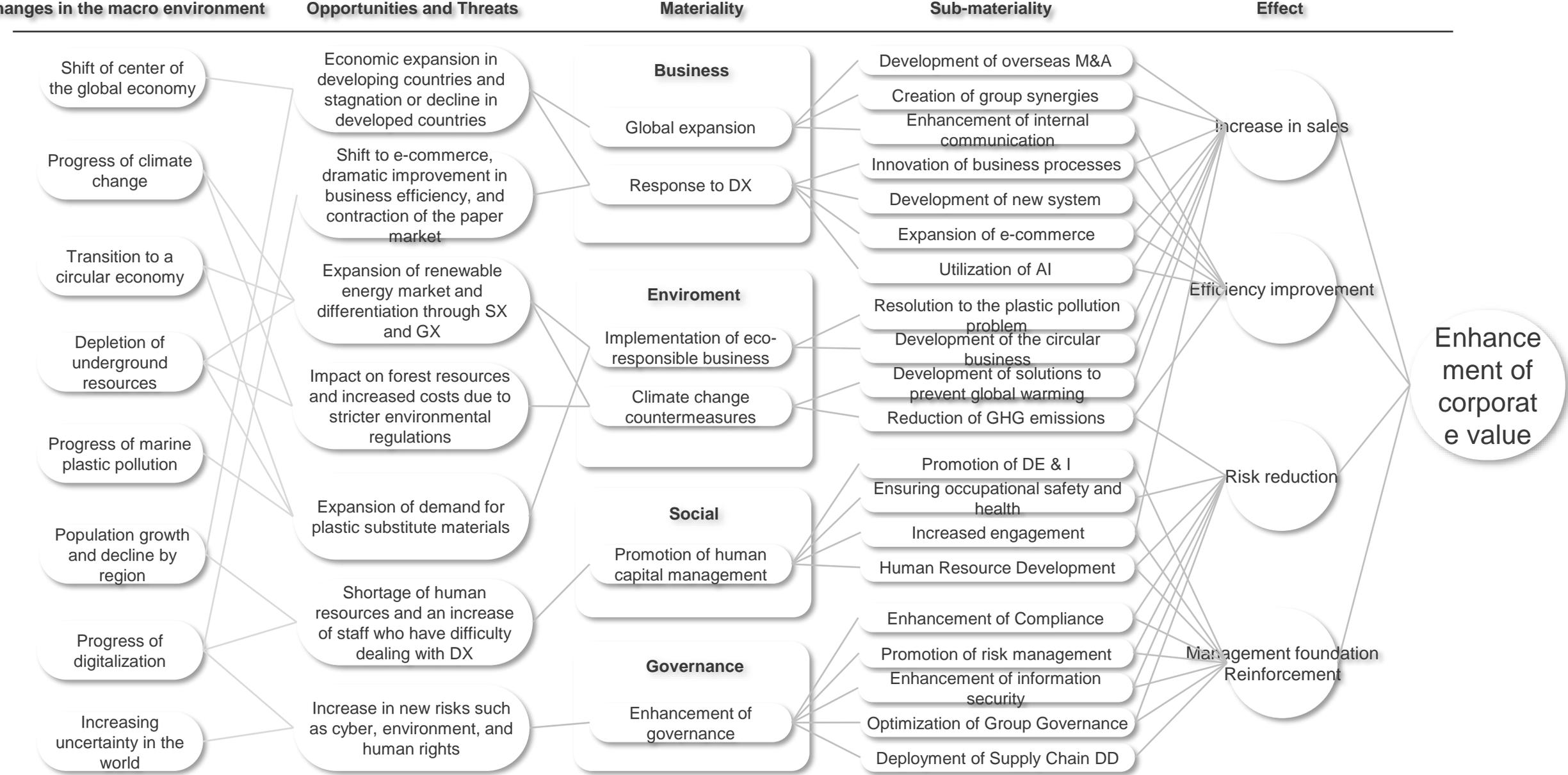
Data Management and Disclosure

- Introduce a global data management system and respond to disclosures
- Receive high rating through the compliance with international standards, leading to investment and branding

Governance

- Base business on compliance and risk management to address uncertainty
- Optimize Group Governance and generate Group Synergies

Pathways for Enhancing Corporate Value



Sustainability KPIs in the Fourth Medium-Term Management Plan

		Scope of disclosure	Definition	FY2025	FY2026	FY2027
E	Implementation of eco-responsible business	The entire group	Total sales of products and services that contribute to reducing environmental impact, as defined by each site. Disclosure of results only.	-	-	-
	Expansion of the circular business	KOKUSAI PULP & PAPER CO., LTD.	Ratio of the amount of used paper collected in Japan to the amount of used paper sold by the Company.	8.0%	10.0%	15.0%
	Reduction of GHG emissions	The entire group	Emissions intensity = GHG emissions (tCO2e) ÷ sales (yen)	3.3%	3.3%	3.3%
S	Human Resource Development	The entire group	Training hours per employee = Total number of training hours / Total number of employees	Year-on-year increase	Year-on-year increase	Year-on-year increase
	Engagement	The entire group	Change in points in each company's engagement survey results × Number of employees in each company ÷ All employees in the Group	0.3 point increase from the previous year	0.3 point increase from the previous year	0.3 point increase from the previous year
	Occupational health and safety	The entire group	LTIFR = Number of lost-workday injuries / total working hours × 1,000,000	Year-on-year decrease	Year-on-year decrease	Year-on-year decrease
G	Risk Management	The entire group	Promote a risk culture throughout the KPP Group through risk management activities.	Unification of risk management methods throughout the Group and establishment of a risk management system	Establishment of a global risk management system	Establishment of a global risk management system
	Compliance	The entire group	Promote awareness of compliance throughout the Group through ongoing compliance training.	Establishment of a Group-wide anti-corruption system and a system for centralized monitoring of whistleblowing	Checking the operation status of the Group's anti-corruption system and the system for centralized monitoring of whistleblowing	Review of the Group's anti-corruption system and the system for centralized monitoring of whistleblowing
	Information security	The entire group	For the entire Group, visualize the degree of improvement in security awareness and competence through understanding the level of information security maturity based on the Group Regulations and through continuous improvement and education.	Survey on awareness of Group Security Rules and Guidebook	Implement measures to raise awareness of the Group Security Rules and Guidebook	PDCA Cycle to Raise Awareness of Group Security Rules and Guidebook
	Sustainability DD	The entire group	Implement and evaluate DD promoted at each site in the same framework.	Survey of DD status at each site	Establishment of DD survey sheets and procedures	Development of global DD promotion plan

Opportunity

- Opportunities for differentiation through the SX and GX
- Expansion of the renewable energy market
- Expansion of demand for plastic substitute materials
- Increasing demand for circular business

Implementation of eco-responsible business

Climate change countermeasures

Threat

- Increased costs due to environmental regulations such as carbon taxes
- Stricter environmental regulations due to climate change
- Impact of global warming on forest resources

Resolution of the marine plastic pollution problem

The application of paper is expanding as a plastic substitute material. It aims to develop the market by developing the Green Biz Project in Japan, the Green Star System in Europe, and the Environs in Oceania.

Development of circular business

In order to realize a recycling-oriented society, the demand for circular business will further increase. In Japan, we are developing a closed-loop recycling based on the sale of paper and the collection of used paper materials. In addition, we handles plastic and other materials.

Reduction of GHG emissions

Reducing GHG emissions is essential for global business. Promote the visualization of GHG emissions in group consolidation, formulate a reduction plan, and aim for net zero emissions (scope 1 and 2) by 2050.

Development of solutions to prevent global warming

Focusing on BM Ecomo, which realizes optimization of biomass power plants, we promote the utilization of forest resources through the sales of biomass fuels such as wood chips.

Opportunity

- Differentiation through the performance of diverse employees
- Upgrading existing human resources through reskilling
- Resolution of labor shortages through the utilization of new technologies such as AI

Threat

- Decline in the working population due to changes in population structure
- Difficulty to secure the competent personnel due to the decline in the younger population
- Obsolescence of skills due to environmental changes

Promotion of human capital management

Human Resource Development

New technologies, such as AI, have emerged one after another and are differentiating themselves. In addition, a new environmental market will require different knowledge than before, and we will develop human resources who can respond to these.

Promotion of DE & I

Create more opportunities for employees with diverse backgrounds, including gender, age, and external employment. In addition, we will recruit employees with different cultural backgrounds to accelerate the creation of group-wide synergies.

Ensuring occupational health and safety

Occupational health and safety is the foundation of corporate management, and we aim for zero serious accidents. When an accident occurs at a worksite, PDCA (Plan-Do-Check-Act) procedures, such as root-cause analysis, measures to prevent recurrence, sharing lessons across all worksites, and verification through internal audits, are implemented to improve the work environment.

Improvement of engagement

Employee engagement is considered to be linked to both retention and performance. Establish a system to monitor the results of engagement surveys at each worksite in real time and take measures.

Opportunity

- Differentiation by establishment of a risk-taking mechanism
- Receive high rating by addressing sustainability risks

Enhancement of governance

Threat

- Increased information security risks due to IT adoption
- Expansion of governance risks through M&A
- Increased risk due to increased uncertainty

Enhancement of Compliance

Review the Group's anti-corruption system, the system for centralized monitoring of whistleblowing, and the content of training at each Group company as necessary. In addition, necessary training, including on antitrust and anti-corruption laws, will be provided at each Group company.

Promotion of risk management

Aim to establish and operate a risk management system through the identification and assessment of important risks and the determination and monitoring of the implementation status of countermeasures. In addition, we will establish an incident reporting system and share incident information among Group companies to prevent incidents.

Enhancement of information security

For the entire Group, we will monitor the level of information security maturity based on the Group Regulations and improve the level of security awareness and competence through training and education.

Optimization of Group Governance

Clarify the policies, authorities, and roles of the entire Group and ensure the unified management of the decision-making process. In addition, the management mechanism will be integrated and standardized while respecting the autonomy of each operating company.

Sustainability Due Diligence

The standard for sustainability risk is to include the entire supply chain. In the future, we will use Sedex and other databases to implement global and appropriate sustainability DD.

Disclaimer

- 🍃 This document contains forward-looking statements, including projections of future performance and business plans. These statements are based on information available to the Company and certain assumptions that it deems reasonable at the time of preparation. However, they involve risks and uncertainties, and actual results may differ materially from these projections due to various factors. and actual results may differ materially from these projections due to various factors
- 🍃 The forward-looking statements in this document reflect the Company's views as of the date of its preparation. The Company undertakes no obligation to update, revise, or correct the contents of this document in response to new information, future events, or other developments.
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The background is a complex, layered texture of paper. It features various patterns and colors, including a prominent wavy, zigzag pattern in the lower right, a diamond-shaped pattern on the left, and a circular pattern at the top center. The colors range from light beige to off-white, with some darker, brownish fibers visible. The overall appearance is that of a collage or a stack of different types of paper.

紙でつなぐ、未来をつくる

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