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Company Name: Nippon Paper Industries Co., Ltd.  
Representative: Toru Nozawa,  
President and Representative Director  
(Code: 3863 TSE Prime)  
Contact: Toshiyuki Bani,  
Deputy General Manager,  
General Affairs and Personnel Division  
TEL: +81-3-6665-1008

## Notice Concerning the Opinion of the Company's Board of Directors on Shareholder Proposal

Nippon Paper Industries Co., Ltd. (the Company) received a letter (hereinafter, the "Shareholder Proposal Document") from a shareholder of the Company (hereinafter, the "Proposing Shareholder") to the effect that the Proposing Shareholder will make a shareholder proposal regarding an agenda item at the 101st Ordinary General Meeting of Shareholders to be held on June 27, 2025 (such proposal hereinafter as the "Shareholder Proposal"). This is to announce that the Company's Board of Directors has resolved, at its meeting held today, to oppose the Shareholder Proposal, as described below.

### I. Details of the Shareholder Proposal from the Proposing Shareholder and the opinion of the Company's Board of Directors

#### 1. Details of the Shareholder Proposal

##### (1) Agenda

- (i) Partial amendment to the Articles of Incorporation (Sale of cross-held shares)
- (ii) Partial amendment to the Articles of Incorporation (Verification of the purpose of cross-shareholdings and disclosure of the results)

##### (2) Details of the Proposal

Details are as described in "Appendix 1: Details of the Shareholder Proposal from the Proposing Shareholder."

The "Appendix 1: Details of the Shareholder Proposal from the Proposing Shareholder" provides the statements on the Shareholder Proposal Document submitted by the Proposing Shareholder in original text.

2. Opinion of the Company's Board of Directors on the Shareholder Proposal
- (i) Partial amendment to the Articles of Incorporation (Sale of cross-held shares)
- a) Opinion of the Company's Board of Directors

**The Board of Directors of the Company is against the Shareholder Proposal.**

- b) Reasons for the opposition

As stipulated in Article 11 of the Corporate Governance Policy, the Company's policy is to hold stocks that it deems strategically necessary, taking into account comprehensively the importance in terms of business strategy, relationships with business partners, etc., from the long-term viewpoint of enhancing the corporate value of the Company (hereinafter, the "Holding Policy"). On this basis, the Company annually verifies, with regard to individual cross-held stocks, the medium- to long-term economic rationale for holding such shares and the effectiveness of such holdings from the perspective of maintaining and strengthening comprehensive relationships with business partners, and reports the results of such verification to the Board of Directors. The Company also appropriately discloses the status of such holdings following the verification in the Securities Report and other relevant documents.

Based on the results of the verification, we have been earnestly making efforts to reduce our cross-shareholdings while promoting dialogs with our business partners and obtaining their agreement. In fact, a comparison of the number of stocks in the Company's cross-shareholdings and the amount on the balance sheet since November 2015, when the Corporate Governance Policy was implemented, shows that the number of stocks in the 100th fiscal year (as of March 31, 2024) decreased by 30.6% to 183 issues from 264 issues in the 92nd fiscal year (as of March 31, 2016). The amount recorded on the balance sheet decreased by 9.7% from 82,800 million yen to 74,723 million yen, despite the increase in the amount resulting from the mark-to-market valuation of listed stocks. (Figures include deemed holdings of shares.)

In addition, as stated in the press release titled "Reduction of Cross-shareholdings" dated May 15, 2025, we have set a goal to "in principle, eliminate all cross-shareholdings" in order to further proceed with the reduction of cross-held shares, after a great deal of consideration made in light of the opinions we obtained through dialogs with our shareholders and investors. Specifically, our goal is to reduce listed shares by 15 billion yen in terms of sales value over the next three years, from FY2025 to the end of FY2027.

To achieve the aforementioned goal based on the Holding Policy, we will continue to earnestly take initiatives to reduce our cross-shareholdings while promoting dialogs with our business partners and obtaining their agreement.

On the other hand, the Shareholder Proposal calls for the disposal of all cross-shareholdings within a short period of time by June 30, 2026, regardless of the importance of holding in terms of business strategy, relationships with business partners, or other factors. We believe that this proposal lacks the perspective of maintaining and strengthening overall relationships with business partners based on the effects of stock ownership and other factors, and that it does not contribute to enhancing the corporate value of the Company.

Furthermore, we do not believe that it is appropriate to stipulate an article with a specific content of disposing assets by setting a deadline, as this proposal does, because it is hardly a generic article in terms of the Articles of Incorporation, which is the fundamental norm of a company.

For the above reasons, **the Company's Board of Directors is against this proposal.**

(ii) Partial amendment to the Articles of Incorporation (Verification of the purpose of cross-shareholdings and disclosure of the results)

a) Opinion of the Company's Board of Directors

**The Board of Directors of the Company is against the Shareholder Proposal.**

b) Reasons for the opposition

As indicated in the opinion of the Company's Board of Directors for Proposal 4, the Company sets out its policy in Article 11 of the Corporate Governance Policy to hold shares that it deems strategically necessary, taking into account comprehensively the importance in terms of business strategy, relationships with business partners, etc., from the long-term viewpoint of enhancing the Company's corporate value (hereinafter, the "Holding Policy"). On this basis, the Company annually verifies, with regard to individual cross-held stocks, the medium- to long-term economic rationale for holding such shares and the effectiveness of such holdings from the perspective of maintaining and strengthening comprehensive relationships with business partners, and reports the results of such verification to the Board of Directors as well as appropriately discloses the status of such holdings in the Securities Report and other relevant documents.

In addition, as stated in the press release titled "Reduction of Cross-shareholdings" dated May 15, 2025, we have set a goal to "in principle, eliminate all cross-shareholdings" in order to further proceed with the reduction of cross-held shares, after a great deal of consideration made in light of the opinions we obtained through dialogs with our shareholders and investors. Since we verify the appropriateness of the purpose of holding, etc., as needed, the indication made under "Reasons for the Proposal" that cross-shareholdings "cause deterioration of capital efficiency" or "function as a means to maintain stable shareholders or arbitrarily generate profits" is irrelevant.

Furthermore, the proposal also states as a "reason for the proposal" that "the Company's continued shareholding as a major shareholder of a business partner could create a conflict of interest issue that would impair the interests of the minority shareholders of the business partner." However, this is also irrelevant, as the Company appropriately exercises voting rights in relation to the shares it holds after determining whether they contribute to enhancing the corporate value of the Company and of its business partners in accordance with its Corporate Governance Policy.

The Company, based on the Holding Policy, is committed to earnestly taking initiatives to reduce cross-shareholdings with the aim of achieving the aforementioned goal and to make it a point to provide information disclosure on the progress of reduction initiatives, and we do not believe the Company additionally needs to amend the Articles of Incorporation as suggested in the proposal.

In fact, we believe that it is not appropriate to stipulate articles with specific contents regarding the method of verification by the Board of Directors and the medium of disclosure, as proposed in the Shareholder Proposal because it would force rigid management of cross-shareholdings, which in turn could damage the Company's corporate value. We also believe that stipulating such specific contents is not appropriate in view of the nature of the Articles of Incorporation, which is a fundamental norm of a company.

For the above reasons, **the Company's Board of Directors is against this proposal.**

## Appendix 1: Details of the Shareholder Proposal from the Proposing Shareholder"

### I. Proposed Agenda

1. Partial amendment to the Articles of Incorporation (Sale of cross-held shares)
2. Partial amendment to the Articles of Incorporation (Verification of the purpose of cross-shareholdings and disclosure of the results)

### II. Contents of the Proposal and Reasons for the Proposal

1. Partial amendment to the Articles of Incorporation (Sale of cross-held shares)

#### (1) Outline of the Proposal

The following new chapter and article shall be added to the Articles of Incorporation of the Company. If, following the approval of other agenda items (including items regarding proposals made by the Company) at this Ordinary General Meeting of Shareholders, any formal adjustment (including, but not limited to, correction of article numbers) becomes necessary to the chapters and articles listed under this proposal, the articles listed relating to this proposal shall be read as the articles after the necessary adjustment.

(Underlined parts indicate changes.)

Current Articles of Incorporation	After the Amendment
(Newly established)	<u>Chapter 8 Cross-shareholdings</u>  <u>[Sale of cross-held shares]</u> <u>Article 41 The Company shall sell all shares it holds as cross-shareholdings by June 30, 2026.</u>

#### (2) Reasons for the Proposal

The "Summary of Discussions of the Follow-up Council Regarding Market Restructuring" published by the Tokyo Stock Exchange in January 2023 called for efforts by companies to formulate and disclose plans to achieve management that is conscious of cost of capital and stock price, and many listed companies have disclosed their review and reduction policies on cross-shareholdings. Meanwhile, although the Company has been reducing cross-shareholdings, mainly in unlisted stocks, over the past five years, no sufficient progress has been made in reducing cross-holding of listed stocks.

Therefore, in order to promptly reduce the Company's cross-shareholdings, we propose that a provision be established in the Articles of Incorporation to set a period of one year from the conclusion of this Ordinary General Meeting of Shareholders, obligating the Company to sell all of its cross-shareholdings by the deadline.

2. Partial amendment to the Articles of Incorporation (Verification of the purpose of cross-shareholdings and disclosure of the results)

(1) Outline of the Proposal

The following new chapter and article shall be added to the Articles of Incorporation of the Company. If, following the approval of other agenda items (including items regarding proposals made by the Company) at this Ordinary General Meeting of Shareholders, any formal adjustment (including, but not limited to, correction of article numbers) becomes necessary to the chapters and articles listed under this proposal, the articles listed relating to this proposal shall be read as the articles after the necessary adjustment.

(Underlined parts indicate changes.)

Current Articles of Incorporation	After the Amendment
(Newly established)	<u>Chapter 8 Cross-shareholdings</u> <u>[Verification of the purpose of cross-shareholdings and disclosure of the results]</u> <u>Article 42</u> <u>1 The Board of Directors of the Company shall specifically examine the appropriateness of the purpose of the Company to acquire or hold shares as cross-shareholding and the existence of benefits and risks commensurate with the cost of capital among other factors, and shall verify the appropriateness of holding such shares.</u> <u>2 The results of the verification and the purpose of holding as described in the preceding paragraph shall be disclosed in the corporate governance report submitted by the Company to the Tokyo Stock Exchange.</u>

(2) Reasons for the Proposal

The "Corporate Governance Code [Principle 1.4: Cross-Shareholdings]" published by the Tokyo Stock Exchange stipulates that when listed companies hold shares of other listed companies as cross-shareholdings, listed companies should disclose the results of their examination and verification of the appropriateness of the purpose of their policy to hold such shares and whether the benefits and risks associated with such holdings are commensurate with the cost of capital.

Cross-shareholdings can not only cause capital efficiency to deteriorate, but may also serve as a means of maintaining stable shareholders and arbitrarily making profits. In addition, the Company's continued shareholding as a major shareholder of a business partner could create

a conflict of interest issue that would impair the interests of the minority shareholders of the business partner, which might become a governance concern for both parties.

Therefore, we propose that the Company's Board of Directors verify the appropriateness of the purpose of cross-shareholdings from the perspective of corporate governance of the Company and the cross-shareholder companies, and whether the benefits and risks are commensurate with the cost of capital, and disclose the results of the verification in the corporate governance report.