

# The Nippon Paper Group, as a comprehensive biomass enterprise shaping the future with trees, is constantly creating new value and contributing to better living and cultural progress.

### **To grow our business over the long term, the Nippon Paper Group will continue to be an enterprise that is indispensable to society.**

The Nippon Paper Group is a comprehensive biomass enterprise with strengths in core technologies for making paper from trees, and in the wood science technologies that derive from these core technologies. We are pursuing a wide array of businesses by practicing sustainable stewardship of forests and effectively applying every bit of the biomass resources forests produce.

Trees absorb and sequester CO<sub>2</sub>, and continue to hold it, even after they have been processed into lumber. Using wood resources, therefore, contributes to the fight against global warming. Wood resources, as woody biomass fuel - a substitute for fossil fuels - also play a role in preventing resource depletion. The Nippon Paper Group practices sustainable forest management at its company-owned forests and overseas afforestation areas to preserve ecosystems and biodiversity, and conducts natural environment education programs on a regular basis.

The Nippon Paper Group's business model, as that of a comprehensive biomass enterprise, is sustainable and contributes to the development of society while making effective use of sustainable assets and resources. Practicing CSR activities closely linked to the unique characteristics of our business and to our business strategies will allow the Nippon Paper Group to continue to be an enterprise that is indispensable to society.

### **Working as a unified whole we will make the most of growth opportunities and create new fields of business.**

The Nippon Paper Group is implementing its Fifth Medium-Term Business Plan, covering fiscal 2015 to 2017. The plan's objective is to accelerate our transformation to a business structure that applies our advanced wood-related technologies, developed in papermaking operations, and abundant woody biomass resources to provide products closely linked to people's daily lives. In fiscal 2015, results were slow to emerge due to the impacts of an economic slowdown, but steady progress was achieved in laying the groundwork for future earnings growth.

In our energy business, we have begun to use biomass

for 100% of the fuel to generate electricity at the Yatsushiro Mill, started operations at the Komatsushima Solar Power Plant, and embarked on investments in power generation facilities at the Fuji, Ishinomaki, and Akita mills. Furthermore, we have decided to proceed with the construction of a production test facility for a new type of woody biomass solid fuel in Thailand. In the area of cellulose nanofiber - a promising new material made from wood fiber - the first products applying this material have been introduced in the field of healthcare, and we have decided to go ahead with the construction of what will be one of the world's largest cellulose nanofiber production facilities. This facility, which will have an annual capacity of 500 tons, will be located at the Ishinomaki Mill. Meanwhile, in the packaging business, we have established a new organization to lead marketing and overseas business development efforts, and have acquired the liquid packaging board business of Weyerhaeuser Company of the US.

While there has been no change in our fundamental commitment to contribute to cultural development through paper, our plans for the future call for accelerating our business structure transformation and developing businesses that support prosperity in daily life.

### **We aim to achieve sustainable development for society and the Nippon Paper Group by responding to the needs of all of our stakeholders.**

The Nippon Paper Group, through its management of vast tracts of forest and operation of large-scale production sites, has the potential to impact local areas and their residents significantly. Accordingly, paying attention to local environmental needs and maintaining safe operations are critical to fulfilling our responsibilities as a manufacturer, and what enable us to be a part of the communities where we operate. Regarding local environmental needs, for example, we listen to the expectations and demands expressed in communications with local residents and customers, and reflect them in our medium-term environmental action plan. In fiscal 2016, we are beginning work to achieve the fiscal 2020 objectives of our new environmental action plan. This work, which impacts all aspects of the value chain, from product development to procurement, production, transportation, product use, and recycling, is pursued with the intent of taking in highly effective action for the



## Group Mission

### Mission

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

### Vision

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

### Value

**Challenge : Embrace new challenges**

**Fairness : Be fair**

**Teamwork : Champion teamwork**

environment. It is also an implementation of the environmental management principles embodied in the Nippon Paper Group Environmental Charter, which we are committed to steadily advancing.

One of the Vision statements of our Group Mission calls for us to instill pride in employees. That requires a developed corporate culture in which the organization and people function well and employees who act based on a clear understanding of their role within the organization. And all of this must be underpinned by health and safety. The Nippon Paper Group, which owns numerous production facilities, is dedicated to preventing accidents and will spare no effort in ensuring that its workplaces are safe.

This attitude underlies the participation of Nippon Paper Industries Co., Ltd. in the United Nations Global Compact, which sets out ten principles with respect to human rights, labor standards, the environment, and the prevention of corruption.

To help ensure ongoing growth for the Nippon Paper Group and enhance corporate value over the medium-to-long term, the Corporate Governance Policy was implemented in November 2015. Established by Nippon Paper Industries Co., Ltd., this policy serves to affirm the great importance we place on further enhancing management transparency for the

benefit of shareholders and other stakeholders, and engaging in fair business practices.

This report focuses on describing how our sustainable business model, as that of a comprehensive biomass enterprise, is intimately connected to problem resolution and ongoing development for society, and how we will continue to pursue our business in coexistence with local communities. In grasping the issues we must address toward that end, we place great importance on stakeholder opinions, and have included conversations with a customer and supplier to illustrate their value.

The Nippon Paper Group will keep working in ways that promote the development of a sustainable society, based on the needs of stakeholders. We invite everyone to read this report, and we welcome candid feedback on its contents.

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