

Responsibility to Customers

Stakeholder opinions are critical for bringing to our attention issues that are important for coexisting with society and growing sustainably.

We now receive large numbers of customer questions regarding environmentally and socially conscious raw material procurement and product development.

The Nippon Paper Group is committed to providing products that respond to customer concerns and desires.



Paper gallery at headquarter of Nippon Paper Industries

Indicators	Key Objectives	Performance (fiscal 2015)
<p>● Materiality: Providing environmentally and socially conscious products</p>		
Forest certification coverage (the provision of products with forest certifications)	Company-owned forests with forest certifications: 100%	100% (→PP.28-29)
	Imported hardwood chips with forest certifications: 100%	100% (→PP.28-29)
Wastepaper content	At least 40% for paper and at least 88% for paperboard	38% for paper, 89% for paperboard (→P.47)

Policy and Management

Basic Stance	52
Product Safety Management System	52
Approach toward Product Safety ..	52
Initiatives for Quality Stabilization ..	53
The Stable Supply of Products	54
Identifying Customer Needs	54

Providing Environmentally and Socially Conscious Products

Development of Environmentally Friendly Products	55
Providing Products that Help to Overcome Challenges for Society ..	56

Policy and Management

In addition to the stable supply of various products that are indispensable to everyday life, we continue to pursue quality and safety which meet the expectations of customers

Basic Stance

Providing reliable products and services

The Nippon Paper Group's business activities are grounded in the supply of paper and paper products to society. We have continued to develop and grow in tune with society. We also engage in a broad spectrum of activities including the manufacture and sale of films, healthcare products, chemical products, lumber, and construction materials. Our customer base is equally wide-ranging, encompassing both the corporate sector and individuals.

Providing stable supplies of these products that are indispensable to everyday life is how we fulfill our basic responsibility to play a useful role for society. Assuring quality and safety, we will continue to live up to the trust society places in our products and services.

... Philosophy and Basic Policy on Product Safety ...

(established on October 1, 2004, revised on August 1, 2014)

Philosophy

We pledge to work to improve safety at every stage of the life cycle of our products, from design to manufacture, supply, and disposal, and to provide products and services that the public can trust.

Basic Policy

1. To provide safe products and services in response to the continued trust of our customers.
2. To respect related laws and standards in order to guarantee the safety of our products and services. We pursue safety not only as expected under Japanese laws but also from a global perspective.
3. To provide customers with precise information on the safety, features, and correct usage of our products.
4. To set up a product and service safety management structure and ensure that all group employees have a thorough awareness of the importance of product safety.

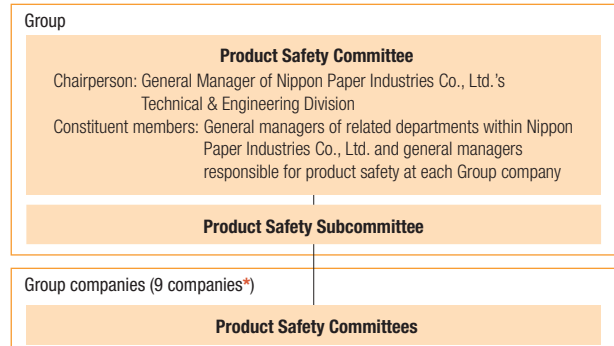
Product Safety Management System

Establishing a Group system

The Nippon Paper Group Product Safety Committee, chaired by the General Manager of Nippon Paper Industries Co., Ltd.'s Technical & Engineering Division oversees all activities concerning product safety. The committee deliberates and makes determinations on important matters concerning product safety policies and activities.

Reporting directly to the committee, the Product Safety Subcommittee monitors and manages activities at each Group company. Drawing on information and the exchange of opinions among Group companies, the subcommittee also deliberates on optimal responses to matters of concern and submits its findings to the Product Safety Committee. Each Group company establishes its own product safety committee and engages in appropriate product safety activities.

Product safety management system



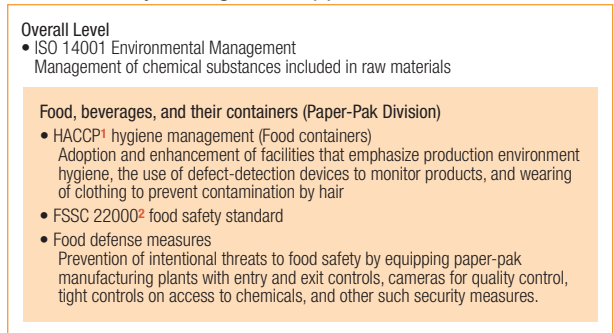
* Nippon Paper Industries Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papyrus Co., Ltd., Nippon Paper Lumber Co., Ltd., Kitakami Paper Co., Ltd., Nippon Seitai Corporation, NP Trading Co., Ltd., Nippon Paper Development Co., Ltd., Akita Jujo Chemicals Co., Ltd. (As of March 31, 2016)

Approach toward Product Safety

System for legal and regulatory management and compliance

The Nippon Paper Group, acting in compliance with laws, including Japanese laws such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, PRTR Law, and Food Sanitation Act, works to ensure product safety by employing management approaches adapted to the characteristics of particular operations and products.

Product safety management approach



1 HACCP

An acronym for "Hazard Analysis and Critical Control Point"

2 FSSC 22000

FSSC 22000 is a food safety management system certification scheme integrating the ISO 22000 international food safety management system standard, which calls for implementation of HACCP, the ISO/TS 22002 prerequisite program on food safety, and other requirements.

Acquisition of FSSC 22000 certifications obtained (as of March 31, 2016)

Company Name	Mill, Operating Division, Production Company
Nippon Paper Industries Co., Ltd.	
(Paper-Pak Division)	SOKA PAPER-PAK CO., LTD., EGAWA PAPER-PAK CO., LTD., MIKI PAPER-PAK CO., LTD., ISHIOKA KAKO CO., LTD.
(Chemical Division)	Gotsu Mill*

* CMC, cellulose powder, and stevia and licorice sweeteners (all for use in food)

■ Initiatives for Quality Stabilization

Working to stabilize quality, so customers can use our products with confidence

Each Group company actively promotes efforts aimed at acquiring ISO 9001 certification and engages in quality management suited to the characteristics of its products.

Acquisition of ISO 9001 certification (As of March 31, 2016)

Company Name	Mill, Operating Division, Production Company
Nippon Paper Industries Co., Ltd. (Chemical Division)	Akita Mill, Nakoso Mill, Ashikaga Mill ¹ , Soka Mill ¹ , Fuji Mill (Yoshinaga), Otake Mill Gotsu Mill ² , Iwakuni Mill, Higashimatsuyama Mill, Yufutsu Mill
Nippon Paper Crecia Co., Ltd.	Tokyo Mill
Nippon Paper Papylia Co., Ltd.	Harada Mill, Suita Mill, Kochi Mill
Nippon Seitai Corporation	Hokkaido Office, Maebashi Mill, Saitama Mill
NIPPON PAPER UNITEC CO., LTD.	Four business sites at headquarters (construction/electricity/control systems/plant engineering)
Kokusaku Kiko Co., Ltd.	Headquarters/Equipment & Facilities Department/Yufutsu Department/Shiraoi Department/Asahikawa Department
NANKO UNYU CO., LTD.	Headquarters/Ishinomaki Office/Shipping Management Center/Iwanuma Office/Nakoso Office/Akita Sales Office Service Department/Maintenance Shop/Tokyo Branch
Nippon Paper Ishinomaki Technology Co., Ltd.	Headquarters
GAC Co., Ltd.	Headquarters/Mill, Marketing Division
FLOWRIC CO., LTD.	Headquarters, Concrete Research Center, Nagoya Mill
N&E Co., Ltd.	
Australian Paper	Maryvale Mill, Preston Facility
Jujo Thermal Oy	Kauttua Mill
Siam Nippon Industrial Paper Co., Ltd.	

¹ Renamed the "Kanto Mill" after an operational consolidation in April 2016.
² Certifications obtained for CMC and cellulose powder production.

● Quality assurance systems in the paper and paperboard divisions

Nippon Paper Industries has adopted a Service Engineer (SE) system to shorten the distance between customers and production facilities. Under this system, SEs - technical staff members - listen directly to customers' voices. They do this, for instance, by visiting customers and conducting quality patrols in which they observe printing and processing lines where paper is used. Furthermore, to create even closer relationships, Nippon Paper Industries revamped its quality assurance systems in 2013, assigning employees expert in technical matters to sales divisions. In addition, collaboration between sales and technical divisions is promoted through regular quality information meetings and other means, for the larger purpose of enabling swift responses to diverse customer needs.

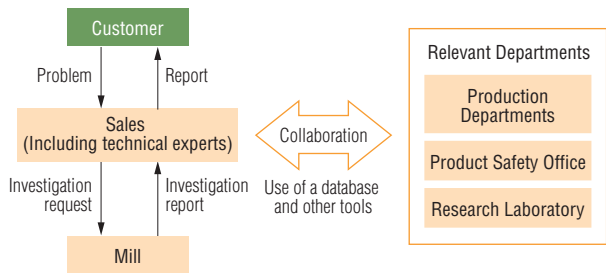
● Responding to instances of defective products

In instances where a problem with a shipped product has come to light, action is taken by the individual Group company responsible for the product.

In the Paper and Paperboard Division of Nippon Paper Industries Co., Ltd., personnel in charge of sales engineering act as the central contact point, tools such as a database of safety-related problems are brought into play, and the relevant mill and head office departments work together in developing a solution.

At Nippon Paper Crecia Co., Ltd., which sells consumer products, contact information for the Customer Service Office is provided on all products and the Customer Service Office itself is placed directly under the president to ensure that the president is informed of all customer complaints. Furthermore, the company's website is configured to accept customer queries and comments. Nippon Paper Crecia consistently acts in good faith whenever its products are a cause for customer inconvenience. Every effort is made to ensure that customers are fully satisfied.

Product defect response system (Paper and Paperboard Division)



The Customer Service Office (Nippon Paper Crecia Co., Ltd.)

● Verification and audit of wastepaper pulp blending ratios and use of thinned wood

Nippon Paper Industries has established a management system for providing customers with guarantees that products are made with a certain percentage of wastepaper pulp content and with wood from forest thinning.

Steps are taken to manage and review production procedures at each of the Group's mills, based in part on the standards and criteria of the ISO 14001 environmental management system. The proper operation of content management systems is confirmed in internal and external audits, and customers come to our mills to verify that products are being manufactured to content specifications.

Policy and Management

● Quality audits at companies making containers for liquids

The four production subsidiaries of Nippon Paper Industries' Paper-Pak Division undergo annual quality audits by a team which includes the division head, and pursue continuous quality improvement based on identified actual conditions (including the "5Ss"*) in their production facilities. In addition to the quality audits, production companies also undergo food sanitation investigation focusing in particular on measures for dealing with critical microorganisms, foreign matters, and pest control.



Quality audit at SOKA PAPER-PAK CO., LTD



Checking carton quality LTD

* The 5Ss are romanized abbreviation of five Japanese words— seiri, seiton, seiso, seiketsu, and shitsuke—which mean sorting, setting-in-order, shining, standardizing, and sustaining, respectively. The 5Ss are used to maintain or improve workplace environments.

■ The Stable Supply of Products

Stable supply systems optimized by product

To provide customers with the amounts of products they need at the times they need them, we devote considerable effort to maintaining stable production by securing reliable procurement of raw materials, and systematically maintaining and upgrading our production facilities. The sales departments and production units coordinate their activities to provide customers with reliable supplies of products by developing flexible production plans that avoid waste, and managing inventories appropriately.

● Stable supply of newsprint

Demand is particularly high for the stable supply of paper used in such highly public information media as newspapers. As a result, the paper industry prepares emergency manuals by region for use when an extraordinary incident occurs.



Shipping products from a warehouse

In the event of a disruption to communication and transportation systems as a result of a major disaster, paper companies follow this manual to ensure the smooth supply of newsprint.

● Addressing natural disaster risks

The Nippon Paper Group, having learned much in the wake of the Great East Japan Earthquake, has developed practical guidelines for addressing earthquake, tsunami, and other natural disaster risks. Working from these

guidelines, each mill and plant has examined the natural disaster response measures it has used to date and revised its disaster response manual.

For its part, Nippon Paper Industries, in preparation for a major disaster that could either disable its headquarters or damage infrastructure so severely that its headquarters is unable to function, has established a backup facility that could immediately take over headquarters functions. The company also conducts training in the transfer of functions from its headquarters to the backup facility.

● Business continuity management system

To help ensure that beverages and other products reach consumers regardless of external circumstances, Nippon Paper Industries' Paper-Pak Division has developed its own business continuity guidelines and established its own business continuity management system, so that it can maintain production even in times of emergency. In particular, the division is moving ahead with procurement of key raw materials from multiple manufacturers. It has also dispersed its paper container production facilities across four production companies to lower its disaster risk exposure.

■ Identifying Customer Needs

Proactive communication

The Nippon Paper Group engages in proactive communication—in everything from routine sales activities to quality patrols by technical staff—to identify customer needs across a wide range of areas. We now receive numerous questions from customers wanting information on the tree species, countries of origin, and legality of our raw materials. In response, we explain that we are meeting customer demands through our own initiatives and through third-party evaluations (see Sustainable Wood Resource Procurement Scheme on page 29).

We also actively welcome customers for inspections and tours of mills and plants to give them a first-hand view of production facilities and, thereby, gain their understanding of production activities.

● Nippon Paper Industries Co., Ltd.'s Paper-Pak Division

Nippon Paper Industries' Paper-Pak Division conducts technical lectures for customers (dairy and beverage companies) providing them with information on how to properly use filling machines. At the same time, the division continuously strives to improve its products based on valuable feedback from customers.

● Nippon Paper Crecia Co., Ltd.

Nippon Paper Crecia conducts surveys to gather data on customer satisfaction and needs by product, and then uses what it learns to create measures of success in serving customers.

Providing Environmentally and Socially Conscious Products

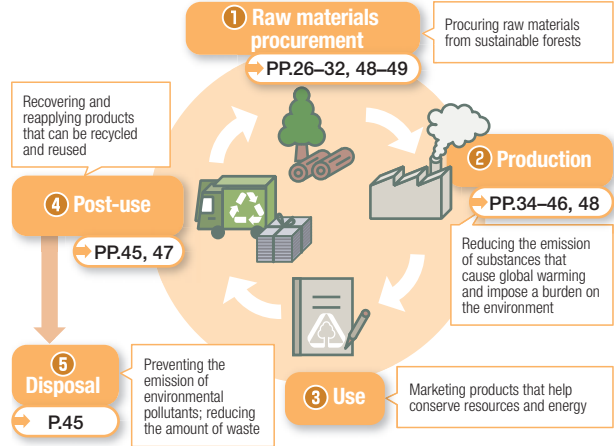
We provide products that meet customer demands including forest certified products

Development of Environmentally Friendly Products

Considering every stage of the product lifecycle

Nippon Paper Group products use wood raw materials—renewable biomass resources – and are recyclable. Building on the fact that our products have a low environmental impact by their very nature, we strive to develop products that are cognizant of the environment at every stage beginning with raw material procurement and proceeding through production, consumption, post-consumption, and disposal.

Points of environmental concern from a product lifecycle



1 Environmentally Friendly Raw Materials Procurement

Case

Providing certified paper by starting with properly managed forests (Nippon Paper Group)

The forest certification system is composed of two components—the Forest Management (FM) component, which certifies that forests are responsibly managed from environmental, social, and economic perspectives, and the Chain-of-Custody (CoC) component, which certifies that

products from certified forests have been properly processed and distributed. The Nippon Paper Group has obtained international CoC certifications at its principal mills, and provides certified paper products.

Status of CoC certification acquisition (as of March 31, 2016)

Company Name	FSC®	PEFC
	Mill, Production Company (License no.)	Mill, Production Company
Nippon Paper Industries Co., Ltd.	Kushiro Mill (FSC®C129049); Hokkaido Mill (Yufutsu, Shiraoi) (FSC®C00952); Nakoso Mill (FSC®C020977); Iwakuni Mill (FSC®C115436); SOKA PAPER-PAK CO., LTD., EGAWA PAPER-PAK CO., LTD., MIKI PAPER-PAK CO., LTD., ISHIOKA KAKO CO., LTD. (FSC®C128733)	Hokkaido Mill (Shiraoi), Akita Mill, Ishinomaki Mill, Fuji Mill, Otake Mill, Iwakuni Mill, Yatsushiro Mill, SOKA PAPER-PAK CO., LTD., EGAWA PAPER-PAK CO., LTD., MIKI PAPER-PAK CO., LTD., ISHIOKA KAKO CO., LTD.
Nippon Paper Papyrus Co., Ltd.	Harada Mill, Kochi Mill (FSC®C005984)	Harada Mill, Kochi Mill
Nippon Paper Crecia Co., Ltd.	Kaisei Mill (FSC®C124287), Koyo (FSC®C095114)	—

2 Environmentally Friendly Production

Case

Low-basis-weight single-side coated paperboard

(Nippon Paper Industries Co., Ltd.)

Nippon Paper Industries Co., Ltd. introduced Be Light Card low-basis-weight, single-side coated paperboard in July 2015. Drawing on its low-density technology to reduce density to the greatest extent possible, the company created a single-side coated paperboard that weighs 7%-10% less than earlier products. Incorporating no fluorescent dye, Be Light Card paperboard can be used for food, medical, cosmetic, and other types of packaging, picture books, and a wide variety of other purposes.



Be Light Card paperboard

3 Environmentally Friendly Utilization

Case

Lightweight IJ form paper

(Nippon Paper Industries Co., Ltd.)

Quality requirements for inkjet paper have risen as the speed of inkjet printers has increased, and Nippon Paper Industries Co., Ltd. has responded by developing NPi Form NEXT-IJq, a paper that greatly exceeds the requirements of the latest inkjet printers. Compared to previous products used under the same printing conditions, this new paper offers much lower levels of show-through* and, therefore, can be made with up to 20% less basis weight. In addition to this significant weight savings, NPi Form NEXT-IJq enables ink savings through printing with density up to 20% greater than was possible with previous products.

* The visibility of printing from the back side of the paper because of low opacity.

Providing Environmentally and Socially Conscious Products

4 Environmentally Friendly Handling after Use

Case

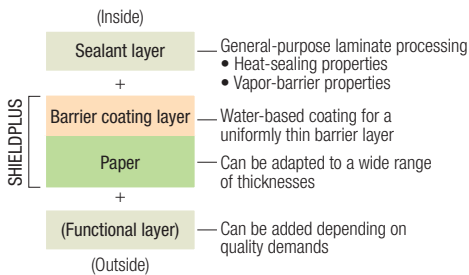
Paper impervious to oxygen and flavors SHIELDPLUS oxygen- and flavor-barrier packaging material

(Nippon Paper Industries Co., Ltd.)

Nippon Paper Industries Co., Ltd. has developed the paper-based SHIELDPLUS barrier packaging material. Using its papermaking and water-based coating technologies the company has created a paper material that incorporates oxygen- and flavor-barrier properties. This new product results in fewer CO₂ emissions, from manufacturing to disposal, than do existing barrier films, which are made with multiple layers of plastic. Furthermore, manufactured with no organic solvents, and recyclable as paper, SHIELDPLUS is environmentally friendlier than barrier films.

The equal of various barrier films in terms of its barrier effectiveness and resistance to oil, SHIELDPLUS also offers workability, and efforts to promote its use in various types of packaging are moving forward.

SHIELDPLUS Processing Example



5 Environmentally Friendly Disposal

Case

KC FLOCK® powdered cellulose made from wood pulp

(Nippon Paper Industries, Chemical Division)

Nippon Paper Industries Co., Ltd. markets KC FLOCK®, the brand name for the company's powdered cellulose made from wood. Cellulose is a food fiber and harmless to humans. Biodegradable and easily incinerated, cellulose is used extensively in food, cosmetics, filter aids and other fields.

As a filter aid, KC FLOCK® is much easier to incinerate than is the more conventional diatomaceous earth. This helps to significantly reduce waste. In addition, when processing liquids that contain rare metals, the KC FLOCK® catches rare metals which can then be recovered for reuse after incineration of the KC FLOCK®.



KC FLOCK®

Providing Products that Help to Overcome Challenges for Society

Responding to changing quality demands

Case

Super Jet Fiber insulation material

(Nippon Paper Lumber Co., Ltd.)

Nippon Paper Lumber manufactures Super Jet Fiber, a residential heat insulation material that, because it is made primarily of recycled newspapers, is close to a natural material.



Super Jet Fiber (insulator)

As a blown-in thermal insulation material, Super Jet Fiber offers the benefits of low environmental impact and high insulating efficiency, which have made it increasingly popular for use in ZEH (net zero energy houses).

Case

A product line for a wide range of needs

(Nippon Paper Crecia Co., Ltd.)

Nippon Paper Crecia goes to great lengths to develop products that respond to customer needs. It pays meticulous attention to feedback received through its Customer Service Office and sales channels, and works to develop products that meet newly emerging needs and performance demands.



Hada Care Acty® Soft-fit, comfortable absorbent pads for paper underpants



Scottie® Flowerpack Triple Long Lasting



Scottie® Non-alcohol Disinfecting Wet Tissues

Case

Participation in the "ifia® JAPAN2016," Fine Chemical Trade Show

(Nippon Paper Industries Co., Ltd. Chemical Division)

The Chemical Division is focusing on food, health food, and beverage applications. Participating in "ifia® JAPAN2016," Japan's largest food additive tradeshow, the division featured information on wood-derived CMC and cellulose powder, microcrystalline cellulose, and the natural sweetener, Stevia. It also gave a presentation on glycosylated Stevia.



Nippon Paper Industries tradeshow booth