

Human Rights, Employment and Labor Responsibility

The Nippon Paper Group employs many people in our expansive forest holdings and large-scale production sites.

Securing the safety and health of the people working at each of our business locations, therefore, is our top priority.



Presentation conference for Small Group Activity

Indicators	Key Objectives	Performance (fiscal 2015)
<p>● Materiality: Occupational Safety and Health</p>		
<p>Number of serious occupational accidents Frequency rate for occupational accidents requiring time off from work</p>	<p>Prevention of injuries to any person at a mill site ● Elimination of serious occupational accidents ● Frequency rate for occupational accidents requiring time off from work = 0.30 or less</p>	<p>No serious occupational accidents Frequency rate for occupational accidents requiring time off from work = 0.40</p>

Policy and Management

Basic Stance	58
Philosophy and Basic Policy	58
Initiatives in Respect of Human Rights	58

Occupational Safety and Health

Basic Stance	59
System to Promote Occupational Safety and Health	59
Status of Occupational Accidents ..	60
Efforts regarding Safety and Disaster Prevention	60
Efforts regarding Hygiene and Health 60	

Creating Workplaces that Support Diverse Human Resources

Basic Stance	61
Recruitment and Employment	61
Women in the Workplace	62
Promoting Work-Life Balance	63
Initiatives Aimed at Developing Human Resources	63
Fair Evaluation and Compensation ..	64
Industrial Relations	64

Policy and Management

Building a healthy and safe workplace environment in which employees, who serve as the driving force behind the Group's corporate activities, can take full advantage of their individual capabilities while conforming to the highest ethical standards

Basic Stance

Focusing on the optimal application of diverse human resources while ensuring safety and disaster prevention

The Nippon Paper Group respects human rights in every aspect of its business activities and aims to develop a working environment that makes the most of a diverse range of human resources. For a company, employees are critical partners with whom there is a shared goal of mutual growth. The Group, therefore, places considerable weight on building a fair evaluation and compensation system as well as education and training programs that help employees reach their full potential.

While the Group's production sites use heavy machinery and engage in inherently dangerous operations, every effort is made to maintain and enhance safe working environments and to take all appropriate measures for safety and anti-disasters.

Philosophy and Basic Policy

Aiming to be a company where employees can look to a better future

In order for the Nippon Paper Group to gain the trust of society and to fulfill its responsibilities, every employee must

... Philosophy and Basic Policy on Human Rights, Employment and Labor ...

(established on October 1, 2004)

Philosophy

Respecting fundamental human rights at all times and making the most of the individuality and capabilities of a diverse range of human resources, we aim to create a company overflowing with dreams and hope.

Basic Policy

- 1. Respect for human rights**
We pledge to respect fundamental human rights and not to engage in any behavior that disregards such rights, including discrimination based on matters such as nationality, race, place of birth, sex, religion, medical conditions or disabilities, sexual harassment and the abuse of power. We also pledge to manage personal information appropriately in order to prevent infringements on privacy.
- 2. Prohibition of forced and child labor**
We pledge not to force any employees to carry out unreasonable work. We also pledge not to employ children aged under the minimum employment age stipulated in local laws and regulations.
- 3. Promotion of personnel training and skill development**
We pledge to promote personnel training and skill development programs to help improve individual employees' abilities and skills through the establishment and maintenance of structures to make the most of the individuality and capabilities of a diverse range of human resources.

act with a high moral sense and strong motivation. The Group, therefore, bears important responsibilities for promoting employee awareness and behavior consistent with that principle, helping individual employees improve their capabilities, and rewarding them for their performance.

Taking all this into consideration, the Group established its Philosophy and Basic Policy on Human Rights, Employment and Labor. And employees who believe a problem may exist in any of these areas can report it via the Group's Help Line System (see page 20).

Initiatives in Respect of Human Rights

Confirming, verifying, and educating with the help of a third-party perspective

● Exchanging opinions with Amnesty International Japan

In 2014, divisions in charge of procuring wood chips and managing labor relations at Nippon Paper Industries each met with Amnesty International Japan to share opinions. The meetings helped us to deepen our understanding of global trends in human rights issues. They also gave us an opportunity to explain and discuss conditions at the company and prioritize our actions going forward.

Later, we embarked on an examination of human rights conditions at subcontractors in Japan and at overseas chip suppliers. Examination results will be considered and next steps will be taken, while continuing our dialogue with Amnesty International Japan.

● Concern for human rights across the supply chain

Concern for human rights and labor across the entire supply chain is clearly defined in the Nippon Paper Group's Philosophy and Basic Policy Concerning Raw Materials Procurement, and the Group conducts supplier surveys and interviews regarding these concerns (see pages 26 and 29). In fiscal 2015, we instituted on-site checks of human rights conditions. The first of these checks was performed at an overseas chip supplier in South Africa by a Group employee in charge of procurement.

In addition, Group forest management considers the culture and traditions of residents in each region of its overseas afforestation operations (see page 32).



Sign with hazard information provided in the Zulu language for employees not accustomed to using English (South Africa)

● Education and training

The Nippon Paper Group, in its efforts to exercise personnel management cognizant of human rights, pursues initiatives such as having the employees responsible for personnel matters participate in training courses hosted by government agencies. The Group is also conducting human rights education for personnel in charge of CSR, new hires and newly appointed managers.

Occupational Safety and Health

By working daily to uncover inherent risks, maintaining a workplace environment in which employees can go about their duties without undue anxiety

Basic Stance

Securing safety and health, and preventing disasters

In providing a safe work environment, the Nippon Paper Group advances initiatives emphasizing safety and health.

Maintaining an unwavering daily commitment to uncovering and minimizing risks is key to that effort. Consistently engaging in sound management while responding to the trust of employees is also important for building a pleasant and comfortable workplace that helps to maintain and improve employees' health.

Having formulated the Philosophy and Basic Policy on Safety and Health Measures in 2004, the Group has created labor safety and health systems and continuously strives to prevent accidents and provide safe, pleasant working environments.

... Philosophy and Basic Policy on Safety and Health Measures ...

(established on October 1, 2004)

Philosophy

In addition to acknowledging that it is the company's duty to guarantee safety and health, and to strive to develop pleasant, improved working conditions, we pledge to work ceaselessly to prevent any and all accidents, minor or major.

Basic Policy on Safety and Health

1. To respect the Industrial Safety and Health Law.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve safety and health training.
5. To develop and maintain a safe, pleasant working environment.

Basic Policy on Safety and Risk Prevention

1. To respect laws and regulations pertaining to safety and risk prevention.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve safety and risk prevention education and training.
5. To work in cooperation with related government and local communities and share information.

System to Promote Occupational Safety and Health

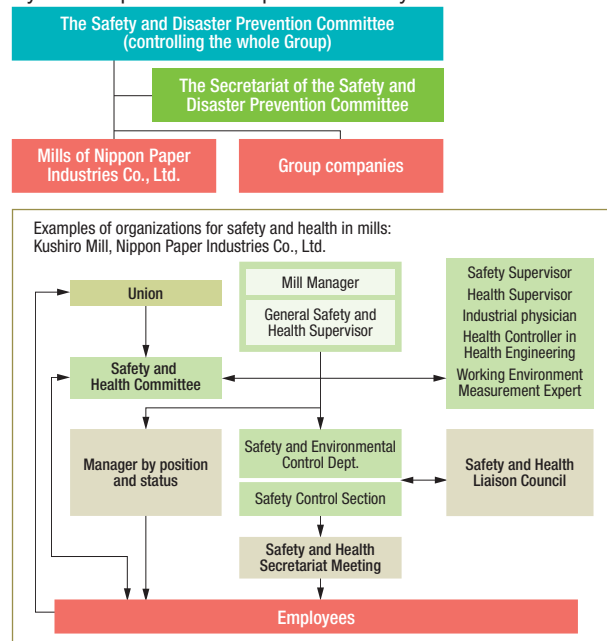
To build a safe workplace environment

The Nippon Paper Group has established the Safety and Disaster Prevention Committee, which coordinates Group-wide occupational safety and health, disaster prevention and security measures.

At Nippon Paper Industries, labor and management occupational safety and health meetings are held once

each year. The persons responsible for occupational safety and health from the head office, mills, and labor union come together to discuss a variety of issues, including the annual occupational safety and health management plan. Safety and health committees are also established at each mill and office. These committees deliberate on and determine important management matters and activity policies. Employees are notified of the details of decisions through department meetings and internal mill newsletters and then execute the determined activities.

System to promote occupational safety and health



Occupational safety and health management system

In 2009, the Nippon Paper Group implemented its own system for continuously pursuing occupational safety and health management activities at the organization level. Under this system, a three-tiered approach is used for the performance of risk assessments by employees and at the management level, and information on risks and risk abatement measures is shared through measures such as



Sharing expertise on safety (Nippon Paper Industries, Nakoso Mill)

the performance of mutual risk assessments among the organizational units of a business location. Events are held to promote the sharing of expertise on the performance of risk assessments to raise safety standards across the Group.

Mill safety audit system

The Nippon Paper Group conducts mill safety audits to raise the level of safety management. In addition, mutual safety audits among the Group companies were introduced in 2010. Audits are being improved from the bottom up by promoting closer communications within the Group.

Occupational Safety and Health

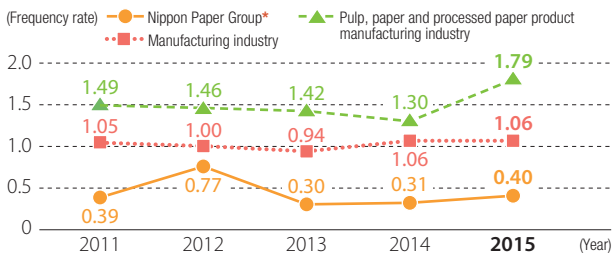
■ Status of Occupational Accidents

Eliminating occupational accidents

In fiscal 2015, the Nippon Paper Group* experienced no serious occupational accidents and its frequency rate for occupational accidents requiring time off from work came to 0.40, with an occupational accident severity rate of 0.02. Given an increase in occupational accidents by subcontractors performing work at Group production sites, we are taking steps to enhance communication and coordination with affiliates to promote safety, and making even greater efforts to provide guidance during safety patrols.

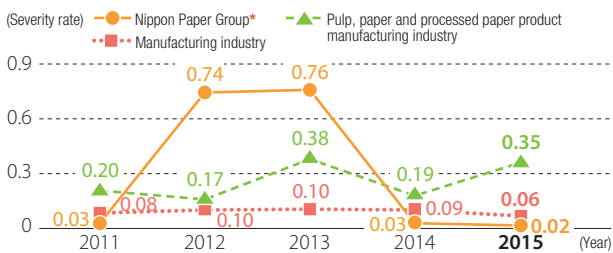
Frequency rate for occupational accidents requiring time off from work

Indicates how often occupational accidents occur, in terms of the number of accidents causing injuries or deaths per million work hours.



Occupational accident severity rate

Indicates the seriousness of occupational accidents, in terms of the number of workdays lost per 1,000 work hours.



* The manufacturing facilities of Nippon Paper Industries Co., Ltd., Nippon Paper Crecia Co., Ltd., and Nippon Paper Papyrus Co., Ltd.

■ Efforts regarding Safety and Disaster Prevention

Working from various angles

● Safety education

The Nippon Paper Group places considerable weight on employee safety education and training. These efforts are designed to achieve employee thorough awareness toward occupational safety and health.

Nippon Paper Industries puts in place an annual Occupational Safety and Health Management System plan at each of its mills and offices, which then implements various occupational safety and health education programs covering every stage of an employee's career from initial hiring through to supervisor training.

● In-plant safety measures

Nippon Paper Industries has always endeavored to ensure workplace safety based on its mission of eliminating personal injury to any and all people working within its mill premises. The company has accordingly implemented safety patrols and education in collaboration with the labor union and subcontractors. In safety patrols, we provide instructions and guidance for immediately correcting unsafe conditions. As a principal employer, we also provide information, reference materials, venues, and other resources, and have confirmed that subcontractors are conducting safety education properly. Furthermore, we enhance safety at subcontractor workplaces by providing guidance on, and encouraging voluntary efforts, including risk prediction and risk assessment before engaging in work.

● Natural disaster and fire countermeasures

In preparation for earthquakes, tsunamis, floods, and other types of natural disasters, the various business locations of the Nippon Paper Group have created disaster preparedness manuals reflecting local hazard map information and the characteristics of their particular operations and geographic location. They also cooperate with local fire departments and other public safety authorities to conduct regular disaster preparedness training. At Nippon Paper Industries, individual business locations undergo regular disaster prevention surveys by a company specializing in risk assessment.

● Traffic safety initiatives

The Nippon Paper Group actively participates in traffic safety education and in various traffic safety campaigns organized by local police authorities.

■ Efforts regarding Hygiene and Health

Taking into consideration the importance of mental and physical health

The Nippon Paper Group strives to keep its employees healthy and to detect health problems in their early stages. For example, at Group companies that are members of the Nippon Paper Industries Health Insurance Union, examinations focusing on lifestyle diseases are performed together with regular physical examinations. In addition, industrial physicians regularly visit workplaces and the Group uses the results of these visits in efforts to improve working environments. The Group also provides medical examinations for the spouses of employees.

● Tackling mental health

Nippon Paper Industries has organized Internet-based mental health care and counseling services for all employees. Under this system, employees are asked to complete an annual survey designed to detect needs for mental health care services.

Creating Workplaces that Support Diverse Human Resources

With a deep respect for fundamental human rights and the unique characteristics of each individual, the Nippon Paper Group consistently recruits new graduates and actively employs women and people with disabilities

Basic Stance

Developing a dynamic organization where diverse employees can demonstrate their capabilities

Employees with different personalities stimulating one another and helping each other deepen their knowledge serve to invigorate the workplace. Amid forecasts of a drop in Japan's working-age population, diversification of workforces is becoming increasingly vital to ensuring ongoing growth. Our aim is to be a vigorous organization emphasizing the spirit of Challenge, Fairness, and Teamwork - the values included in the Group Mission we definitively stated in 2015.

Recruitment and Employment

Advancing discrimination-free hiring

The Nippon Paper Group employs over 11,000 employees in and outside of Japan. In its efforts to fulfill its responsibilities to communities, the Group strives to ensure stable employment while continuously recruiting new employees.

Furthermore, based on its Philosophy and Basic Policy on Human Rights, Employment and Labor, the Group promotes discrimination-free recruitment and employment. The Group employs a selection process that bases decisions on test and interview results. Factors including nationality, place of birth, gender and level of school completed have no place in selection decisions.

Hiring of people with disabilities

The statutory employment rate for people with disabilities was increased to 2.0% in April 2013. The Nippon Paper Group as a whole is continuing with efforts to lift its rate for the employment of people with disabilities.

The rate of employment of people with disabilities



Promoting the employment of elderly persons

The Nippon Paper Group has implemented its Reemployment after Retirement System to respond to the needs of an aging society and to facilitate the passing on of skills. In fiscal 2002, Nippon Paper Industries introduced a reemployment system to allow employees to work up to the age of 65. Now, it is preparing new rules that will allow employees of retirement age to continue working based on their desire and skills, at least until they begin to receive pensions.

Employment data

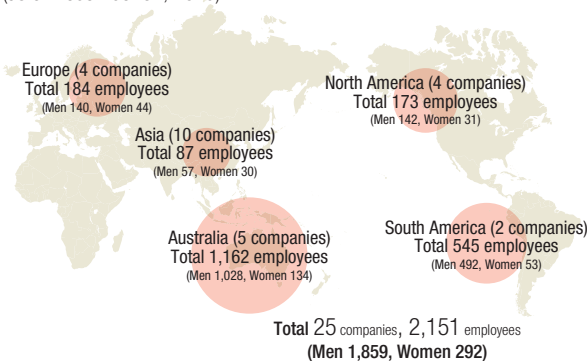
	Units	FY2015
Number of employees on a consolidated basis ^{1,2}	Persons	11,741
Men	Persons	10,479
Women	Persons	1,262
Overseas	Persons	1,662
Men	Persons	1,433
Women	Persons	229
Percent of upper management from the local community	%	80.6
New graduates hired ³	Persons	240
Men	Persons	218
Women	Persons	22
Mid-career hired ³	Persons	146
Men	Persons	136
Women	Persons	10
Average age of employees ^{1,3}	Age	43.3
Men	Age	43.3
Women	Age	42.8
Average years of employment ^{1,3}	Years	19.0
Men	Years	19.2
Women	Years	17.8
Turnover rate ^{1,3} (Includes employees leaving at the mandatory retirement age)	%	4.2
Dispatched workers ^{1,3}	Persons	131
Men	Persons	51
Women	Persons	80

¹ Fiscal year end

² Data scope: Consolidated subsidiaries

³ Data scope: Consolidated subsidiaries in Japan

Numbers* of overseas subsidiaries and employees by region (as of December 31, 2015)



* Overseas subsidiaries (including non-consolidated subsidiaries)

Performance in reemploying workers who reach the mandatory retirement age^{1,2}

(Regular employees of Nippon Paper Industries and consolidated subsidiaries in Japan) (Persons)

Fiscal years	2010	2011	2012	2013	2014	2015
Nippon Paper Ind. Employees seeking reemployment	62	44	57	51	112	172
People reemployed	59	43	67	53	112	172
Consolidated subsidiaries in Japan People reemployed	—	—	—	—	309	327

¹ Beginning with fiscal 2014, figures cover consolidated subsidiaries in Japan and management employees. Until fiscal 2013, figures covered only non-management employees at Nippon Paper Industries.

² Depending on staffing conditions and other factors, the company may request employees to continue working beyond the retirement age, and some employees have agreed to do this. This is why the number of people reemployed sometimes exceeds the number of retirees requesting to be reemployed.

Creating Workplaces that Support Diverse Human Resources

Case

Internships for university students

In recent years, an increasing number of companies have adopted internship systems as a form of industry/academia cooperative human resource development. Internships give students opportunities to experience work in a commercial setting.

As one aspect of its social contribution activities, Nippon Paper Industries Co., Ltd. began offering internships to university students in 2015. The purpose of these internships is to help science and engineering students, in particular, better understand what paper industry employees do.

Students selected for the program are exposed to issues and situations typically encountered in research facilities and mills. They also participate in tours of our facilities and have opportunities to meet our employees. These activities are intended to give students a chance to deepen their understanding of work by thinking about matters such as how they could apply their university studies in a company setting.

Women in the Workplace

Creating greater opportunities for women

Organizational invigoration, and securing human resources against the backdrop of a declining birthrate, are two considerations that add to the importance of giving women opportunities to succeed in the workplace. The Nippon Paper Group, with the establishment of a Human Resources Planning Office in fiscal 2015, is creating conditions that promote their participation here.

Responding to the Act on Promotion of Women's Participation and Advancement in the Workplace

Nippon Paper Industries Co., Ltd. is working to establish conditions that enable women to advance their careers.

Action Plan based on the Act on

••• Promotion of Women's Participation and Advancement in the Workplace •••

(Adopted by Nippon Paper Industries Co., Ltd. in April 2016)

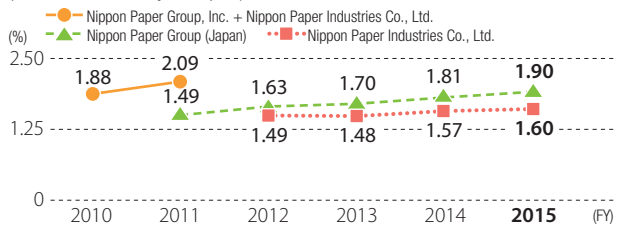
1. Make women at least 25% of new graduate hires for career-track positions.
2. For career-track women hired 8 to 12 fiscal years ago*, achieve an average continuous employment rate that is at least 80% that of the rate for men.
3. To expand the range of roles performed by women at production sites, identify issues that would arise with the assignment of women to each workplace, consider solutions for these issues, and develop concrete plans for the workplaces to which women will be assigned.

* Women who joined the company during the fiscal years 2004 to 2008.

Female management participation and recruiting

At Nippon Paper Industries a large proportion of jobs is in mill settings and so low recruitment of women in the past is a major reason for their low participation in our management ranks now. To remedy this situation, and double the participation of women in management by fiscal 2020, we are expanding the range of workplaces to which women are assigned.

Percentage of female employees in management (consolidated entity in Japan)



Beginning with fiscal 2013 percentages have been adjusted retroactively to exclude associate directors, employees commissioned for specific purposes, employees on temporary assignment from other companies, and other non-full-time personnel to present percentages of only full-time employees.

Percentage of female employees in management (consolidated subsidiaries outside Japan)

(as of December 31, 2015)

20.4% (Section manager or positions higher)

Hiring for career-track positions (Nippon Paper Industries Co., Ltd.)

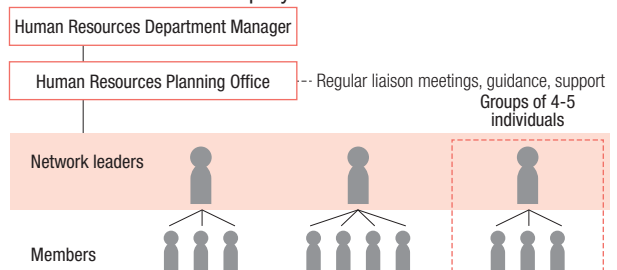
Fiscal years	2011	2012	2013	2014	2015
Career-track hires	37	43	56	34	52
Women	3	6	8	7	11
Men	34	37	48	27	41
Percent women	8	14	14	21	21

* Figures disclosed in the past were mistakenly associated with the fiscal year prior to the fiscal year to which they actually applied. That mistake has now been corrected.

Follow-up system

At Nippon Paper Industries Co., Ltd., female career-track employees are organized in a network that spans the company, crossing organizational unit and workplace boundaries. Within the network, veteran employees collaborate with the Human Resources Planning Office to help their younger colleagues address concerns and build careers. In addition, we conduct career training aimed at helping female career-track employees overcome career building challenges with the assistance of their immediate supervisors.

Female career-track employee network



■ Promoting Work-Life Balance

Realizing a balanced workplace environment

The Nippon Paper Group strives to establish an ideal workplace environment that allows employees to reach their full potential while balancing work and family needs.

Nippon Paper Industries, for example, has introduced flextime work hours for its head office, research facilities, branches, and the administrative sections of its mills.

● Helping employees balance work and child care

The Nippon Paper Group revised its action plan, in April 2016, and strives to support its employees in maintaining work and child-care balance in accordance with Japan's Act on Advancement of Measures to Support Raising Next Generation Children.

As one example, Nippon Paper Industries has implemented systems that exceed the provisions stipulated under Japan's Child Care and Family Care Leave Act. This includes extensions to the exemption period for overtime working hours, the application period for child care and paid leave for child rearing. Based on these actions, we have been designated by Japan's Minister of Health, Labour and Welfare as a company that supports child rearing and have obtained the right to display the Kurumin mark.

... Action Plan in Response to the Act on Advancement of Measures to Support Raising Next Generation Children ... (Nippon Paper Industries: revised in April 2016)

1. Implement flexibility in workplaces and reduce annual total hours worked
2. Revise the child-rearing support system to encourage greater participation by men in child-rearing activities.

Data on balancing work and personal lives

	Unit	2015
Employees taking child-care leave ¹	Persons	24
Men	Persons	0
Women	Persons	24
recently giving birth	%	100
who returned to work	%	100
Employees taking maternity/paternity leave ¹	Persons	167
Men	Persons	145
Women	Persons	22
Average number of days taken for maternity/paternity leave ¹		
Men	Days	3
Women	Days	79
Employees taking nursing-care leave ¹	Persons	0
Total number of working hours ²	Hours	1,912
The rate of annual paid leave taken by employees ²	%	66.8

¹ Data scope: Consolidated subsidiaries in Japan

² Data scope: Non-management employees of Nippon Paper Industries

■ Initiatives Aimed at Developing Human Resources

Support for the improvement and exercise of professional skills

The Nippon Paper Group has identified five key elements for providing employees with equal opportunities for learning and for creating a framework enabling ambitious, capable individuals to further enhance their skills.

... Five key elements for human resource development ...

- (1) Support for self-development and voluntary skill acquisition
- (2) Assignment of the right people to the right positions
- (3) Development of human resources capable of acting on a global stage
- (4) Reinforcement of production frontline capabilities
- (5) Support for the planning of lives and careers

(1) Support for self-development and voluntary skill acquisition

The Nippon Paper Group supports employee self-development and voluntary skill acquisition through means such as group training and rewards for acquiring professional qualifications. In addition, job-level-based training, such as that for new hires and new managers, is conducted jointly by Group members to promote the development of employees throughout the Group. And training is pursued from a broad perspective; job-level-based training at mills, for example, is conducted not just for a single mill but together with neighboring mills.

Furthermore, Group employees can meet self-determined skill needs by taking any of approximately 150 correspondence courses and joint training. Every employee



Internal training session

is offered not only the ability to choose courses they want to take but also precious, mutually stimulating opportunities for joint training with colleagues from other Group companies.

Training time for individual employees

(Consolidated subsidiaries in Japan)

6.9 hours/year

(2) Assignment of the right people to the right positions

Nippon Paper Industries periodically surveys employees to ascertain what kind of job assignments they wish to have. Based on the results of these surveys, every effort is made to match employee strengths with job types.

In addition, the Nippon Paper Group has implemented an internal recruitment system. Under this system, individual employees can consider their skills and how they want to develop their career, and then apply for a position posted by a Nippon Paper Group member.

Creating Workplaces that Support Diverse Human Resources

(3) Development of employees capable of acting on a global stage

Nippon Paper Industries and other Group companies have put in place an open-application overseas study program. This program is supported by the dispatch of personnel to overseas education institutions and by overseas assignments to the various offices of Nippon Paper Group. Nippon Paper Industries is building the Global Human Resources Bank, a list of personnel with experience either working or studying overseas, or with advanced language skills, in an effort to efficiently build a corps of human resources capable of working in a global setting. Currently, 500 personnel are registered with the bank.

Case

Implement small group activities globally

The Nippon Paper Group is implementing small group activities in and outside Japan. The purpose of these activities is to achieve improvements in areas such as operations, quality, and costs.

At the 23rd (2015) Group-wide presentation meeting, attended by roughly 270 people, including members of top management, teams representing eight domestic mills and one overseas mill gave presentations explaining what they had accomplished.



Team judged most outstanding at the 23rd Group-wide Presentation Conference

The presentations helped attendees to better understand their own workplaces and consider good practices from other workplaces in Japan and abroad.

(4) Reinforcement of production frontline capabilities

Human resource capabilities at the production frontline represent the heart of the manufacturing process. The Nippon Paper Group passes on to each generation the technologies and skills nurtured over a lengthy period to maintain and improve the capabilities of its human resources.

Nippon Paper Industries created a committee to strengthen frontline capabilities in fiscal 2006. Nippon Paper Industries has organized and is operating systems under which technologies and skills that should be carried forward at individual production sites are identified, and training is prioritized based on analyses of the strengths and weaknesses of, and skills needed by, individuals.

(5) Support for the planning of lives and careers

Given the hike in the public pension eligibility age and increasing diversification of lifestyles, employees must consider a number of factors when planning their careers and life after retirement. Therefore, core companies within

the Nippon Paper Group offer Life Plan Seminars for their employees.

Fair Evaluation and Compensation

Evaluation based on skills and performance

As part of its efforts to practice fair and transparent personnel evaluations, Nippon Paper Industries lays out clear evaluation criteria and conducts review sessions, in which managers provide feedback on performance evaluations, for all non-management employees. Review sessions are an opportunity to ensure that employees understand and accept evaluation results and for setting the skill development direction for individual employees. For decisions on promotions to management and other positions, the assistance of outside companies specializing in human resource assessment is called upon to enhance objectivity.

Industrial Relations

Improving the workplace environment through labor and management consensus

The Nippon Paper Group strives to maintain a sound relationship with its employees. Labor unions have been formed at Nippon Paper Industries and the majority of its consolidated subsidiaries. Irrespective of the existence of a labor union, however, every effort is made to promote smooth industrial relations at all Group companies.

For example, under the common objective of building a better company, Nippon Paper Industries has established a variety of committees that cover such fields as the operations of labor and management agreements, and staffing adjustments. Labor-management agreements provide the basis for a variety of initiatives, as well as efforts to improve the workplace environment. On the top of these endeavors, regular central meetings of both sides' leaders provide a forum to discuss diverse issues including corporate management and working conditions.

At Nippon Paper Industries Co., Ltd., there are 4,854 labor union members (as of March 31, 2016). Workplaces are union shops and all of the employees covered by collective bargaining agreements are union members.

● Discussions of working conditions

Major changes to working conditions, such as alterations to personnel systems and personnel downsizing, are in principle implemented on the basis of prior discussions between labor and management. Nippon Paper Group companies do not unilaterally impose changes on employees.

Routine communication is critical for gaining employee understanding of company actions. The Group strives to engage in dialog with employees and labor union to provide such information as financial results.