

As a comprehensive biomass company shaping the future with trees, the Nippon Paper Group will contribute to the building of a sustainable society by utilizing the diverse qualities of wood, a renewable resource, to swiftly grow a broad array of businesses.

The Nippon Paper Group will build on its sustainable business model and continue to be a company that is indispensable to society.

Through its sustainable stewardship of renewable forests, the Nippon Paper Group is sequestering CO₂ in trees and helping to protect ecosystems and biodiversity. By effectively applying every bit of the abundance of biomass resources forests produce, we are also helping to slow the depletion of fossil fuels and lower the environmental impact of their use. Furthermore, we are a leader on the recycling front, using recycled content for 38% of the raw material for our paper and 89% of the raw material for our paperboard.

With its sustainable business model, the Nippon Paper Group aims to engage in business activities that consider the impacts on and needs of stakeholders while contributing to the sustainability of society. By swiftly developing businesses along these lines to achieve long-term growth, the Nippon Paper Group will continue to be a company that is indispensable to society.

By uncovering and developing new fields, we are helping to enrich daily life and culture.

Business structure transformation is one of the key themes of our Fifth Medium-Term Business Plan, covering the period April 1, 2015 to March 31, 2018. In 2016, therefore, we concentrated on reallocating and using assets more effectively and strengthening the profitability of our domestic and overseas paper and paperboard businesses, while also developing businesses in growth areas and enhancing the profitability of new businesses.

In industrial paper, an existing business area, we furthered our production and sales business alliance with Tokushu Tokai Paper Co., Ltd., creating Nippon Tokai Industrial Paper Supply Co., Ltd. In the packaging business, we established a new internal organization to strengthen product development and R&D. Overseas, we acquired a liquid packaging board business from a North American company and concluded a license agreement with a

Norwegian company regarding gable-top liquid packaging that can accommodate closures. In the area of healthcare, we concluded an agreement with Kasuga Paper Industry Co., Ltd. to create a joint venture for household paper products. In 2017, we will commence operation of a demonstration facility for using torrefaction technology to produce woody biomass fuel in a new business undertaking in Thailand. In addition, we have already established one of the world's largest high-capacity production facilities for cellulose nanofiber (CNF), at the Ishinomaki Mill; a kneading facility for combining CNF and plastic, at the Fuji Mill; and high-capacity production facilities for food and cosmetics products at the Gotsu Mill. Regarding CNF, we have established an organization for performing R&D, application development, and marketing activities, and aim to achieve rapid progress in this business by making the most of our new CNF facilities to develop a wide range of applications for this material and market it to other companies.

Going forward, we will draw on the advanced wood-application technologies we have cultivated in our papermaking business and on our wealth of woody biomass resources to rapidly develop new products that consumers will find indispensable for daily life.

We aim to thoroughly understand impacts on all of our stakeholders and to achieve sustainable development for society and the Nippon Paper Group.

I believe 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. We, therefore, devote significant time and attention to communicating with communities, customers, and other stakeholders to see what impacts we are having and respond to expectations and desires. In environmental matters, we reflect what we learn, and our responses to issues, in the medium-term environmental action plans that guide our environmental management. Regarding matters of safety, we make safety and health our top priorities and, based on the iron principle that no one must be injured in

Group Mission

Mission	Vision	Value
The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.	<ol style="list-style-type: none">1. Drive social sustainability through our business2. Delight our customers3. Instill pride in employees4. Give back to society	Challenge: Embrace new challenges Fairness: Be fair Teamwork: Champion teamwork

our facilities, spare no effort in making work environments as safe as they can be.

In our Group Mission, we emphasize embracing new challenges, acting with fairness, and championing teamwork. Embracing new challenges means rising to the challenges of an industry characterized by dynamic change. Fairness means having a corporate culture that not only exercises fairness in our dealings with outside parties but also applies internal rules with an even hand. Championing teamwork means having individuals properly perform their respective roles to realize our Group Mission.

Nippon Paper Industries Co., Ltd. is a signatory to the United Nations Global Compact, which sets out 10 principles on human rights, labor, environment, and anti-corruption, and we, as a responsible member of society, are participating in the building of a global framework for realizing sustainable growth. In my role as a company president, I am aware that business survival requires that the challenge of realizing a sustainable society - a common issue for all of humankind - be faced head on.

This report focuses on describing how our sustainable business model, as that of a comprehensive biomass company, contributes to problem resolution and ongoing development for society, and how we will continue to pursue our business in coexistence with local communities. Taking the perspective of R&D targeting long-term value creation, it also discusses how we will achieve long-term growth and how our actions further achievement of the sustainable development goals (SDGs) adopted by the United Nations.

The Nippon Paper Group places great importance on maintaining dialogues with stakeholders and working in ways that promote the development of a sustainable society. We welcome candid feedback on how we can improve in these endeavors.



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