

Social Issues and the Nippon Paper Group's Value Creation Flow

Toward Sustainable Social Development

As shown in the diagram below, the Nippon Paper Group addresses social issues through its value chain. Among these social issues, we identified materiality items. (see page 14). In the upper right part of the diagram are SDGs the Group can work to achieve either through the execution of its sustainable business model (see pages 8-9) or through minimization of negative impacts of business activities. These SDGs are particularly relevant for the Nippon Paper Group because of their economic, environmental, and social impacts. They are, therefore, viewed as overlapping with materiality items and are also matters for us to consider carefully from a medium-to-long-term perspective in our R&D activities.

SDGs with Particular Relevance for the Nippon Paper Group's Materiality Items

Economic, Environmental, and Social Impacts



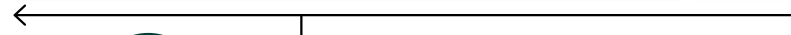
Goal 15 Life on Land

Enable the sustainable use of the public functions of forests and the services of ecosystems by properly managing company-owned forests.



Goal 13 Climate Change Initiatives

Help to reduce the loss of forests by strictly practicing proper, legal procurement. Strive to rein in CO₂ emissions in all business activities.



Addressing Social Issues in Our Value Chain

Materiality

Social Issues	ISO 26000 Core Subjects	Pages in Sustainability Report 2017	Raw Material Procurement
Management Responsibility	Organizational Governance, Fair Operating Practices	PP.15-22	←
Forest Management, Raw Material Procurement, and Environmental Responsibility	The Environment	PP.23-46	<ul style="list-style-type: none"> Sustainable procurement of raw materials (Efforts to procure certified material, confirm legitimacy, pursue afforestation overseas, obtain certifications for company-owned forests, and use domestic materials) Protection and nurturing of company-owned forests (Preserving biodiversity)
Responsibility to Customers	Consumer Issues	PP.47-52	←
Human Rights, Employment and Labor Responsibility	Human Rights, Labor Practices	PP.53-60	<ul style="list-style-type: none"> Confirmation of suppliers' actions in respecting human rights Respect for human rights in the company's forest management
Responsibility to Communities	Community Involvement and Development	PP.61-65	<ul style="list-style-type: none"> Coexistence with communities adjacent to overseas afforestation areas (Job creation, education support, cultural preservation, contributions to local environments, preserving biodiversity), Promotion of safety and disaster preparedness, etc.) Contributions that make use of company-owned forests for the benefit of local areas and communities (Environmental education, etc.)

Goal 7 9 12 Providing Environmentally and Socially Conscious Products

Help to protect the environment and enhance the sustainability of resources through technical innovations making greater use of renewable biomass resources.

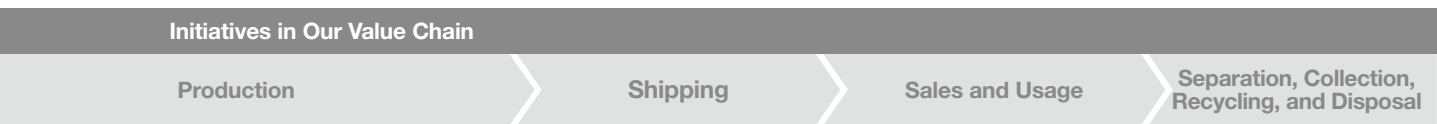


Goal 6 15 Clean Water and Sanitation, and Life on Land

Prevent environmental pollution from Group manufacturing activities by reining in emissions or discharges of water, air, and soil contaminants.

Goal 3 Good Health and Well-Being

Take every possible measure to protect working people from disease and injury by implementing extensive workplace safety measures and conducting thorough training and education.



Corporate governance, CSR management, thorough compliance, appropriate information disclosure, personal information management, and **dialogue with stakeholders**

<ul style="list-style-type: none"> • Reduction of environmental impacts (Water and air pollutants, waste, noise, vibration, odor, chemical substances, etc.) • Development and manufacturing of environmentally and socially conscious products <p>Climate change initiatives</p>	<ul style="list-style-type: none"> • Increase in load efficiency (Promotion of modal shifts) • Shortening of transportation distances (Pursuit of direct delivery and reorganization of distribution warehouses) 		<ul style="list-style-type: none"> • Promotion of the collection and use of wastepaper (Strengthening of waste paper processing capacity, expansion of use of unutilized waste paper, improvement of recycled paper pulp quality)
<ul style="list-style-type: none"> • The stable supply of products • Ensuring quality and safety 		<ul style="list-style-type: none"> • Providing environmentally and socially conscious products • Enhancement of product safety • Pursuing customer satisfaction • Appropriate disclosure of product information • Addressing customer questions and opinions 	<ul style="list-style-type: none"> • Promotion of wastepaper collection together with customers (Support for recycling organizations, establishment of waste paper collection facilities, etc.)
<ul style="list-style-type: none"> • Hiring practices that respect human rights • Securing diversity in the workforce • Human resource development • Occupational safety and health, disaster preparedness <p>Creation of comfortable work environments</p> <p>Respect for basic human rights</p>	<ul style="list-style-type: none"> • Ensuring safety in shipping (Promotion of transportation safety) 		
<ul style="list-style-type: none"> • Coexistence with areas surrounding mills (Job creation, education support, contributions to local environments, cultural preservation, promotion of safety and disaster preparedness, etc.) 	<ul style="list-style-type: none"> • Reduction of impacts of shipping (Promotion of transportation safety, adoption of low emission vehicles, promotion of noise abatement measures) 		<ul style="list-style-type: none"> • Working with local communities to promote wastepaper collection

CSR Materiality at the Nippon Paper Group

CSR Materiality Items among Initiatives in Our Value Chain (Addressed on pages 12-13)

ISO 26000 Core Subjects	Materiality	Scope of External Impacts	Indicators
Organizational Governance, Fair Operating Practices (Management Responsibility)	<ul style="list-style-type: none"> Dialogue with stakeholders 	Society	P.15
The Environment (Forest Management, Raw Material Procurement, and Environmental Responsibility)	<ul style="list-style-type: none"> Sustainable procurement of raw materials Climate change initiatives Reduction of environmental impacts Preserving biodiversity 	Production sites, people living near company-owned forests, and suppliers	P.23 P.31
Consumer Issues (Responsibility to Customers)	<ul style="list-style-type: none"> Enhancement of product safety Providing environmentally and socially conscious products 	Customers	P.47
Human Rights, Labor Practices (Human Rights, Employment and Labor Responsibility)	<ul style="list-style-type: none"> Occupational safety and health 	Subcontractors, suppliers	P.53
Community Involvement and Development (Responsibility to Communities)	<ul style="list-style-type: none"> Coexistence with local communities and society at large 	Production sites and people living near company-owned forests	P.61

The Nippon Paper Group, working from a foundation of sustainable forest management, contributes to better living and cultural progress as a comprehensive biomass company making full use of, and recycling, renewable wood resources.

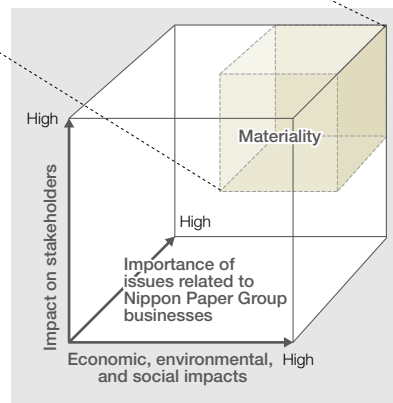
Proper management can make forests into sustainable resources and enable the preservation of biodiversity. Sequestering CO₂ in forests and using wood resources helps to fight global warming. And using renewable wood resources prevents resource depletion.

Creating new products and expanding our activities as a comprehensive biomass company, we manage and operate expansive forests and large-scale production sites. We, therefore, have a significant impact on the local areas and people who work there. Coexistence with these communities, as well as reducing environmental impacts and securing the safety and health of our local employees, therefore, are critical to our own continued existence.

Moreover, the opinions of our stakeholders serve as valuable opportunities to grasp issues that are important for coexisting and growing with society in a sustainable way.

Therefore, the materiality items given above are of particular importance among our initiatives addressing social issues in our value chain (see pages 12–13).

We identify materiality items as described in the diagram to the right.



Process for Identifying Materiality Items

