

Human Rights, Employment and Labor Responsibility



Management Approach

Policy and Management	84
Basic Stance	84
Philosophy and Basic Policy	84
Employee Education and Training with respect to Human Rights	84
Concern for Human Rights across the Supply Chain	84
The Status of Employment and Industrial Relations ..	85
The Status of Employment	85
Industrial Relations	85

Efforts with regard to Issues

Creating Workplaces that Support Employee Diversity	86
Basic Stance	86
Employment and Recruitment based on a Respect for Human Rights	86
New Graduate Recruitment	86
Hiring and Advancement of Women	86
Promoting Work-Life Balance	86
Increased Hiring of People with Disabilities	87
Promoting the Employment of Elderly Persons	87
Cultivating Human Resources	88
Basic Stance	88
Initiatives Aimed at Developing Human Resources	88
Fair Evaluation and Compensation	89
Occupational Safety and Health	90
Philosophy and Basic Policy on Safety and Disaster Prevention	90
System to Promote Occupational Safety and Health	90
Status of Occupational Accidents	91
Safety Education	92
Efforts regarding Safety and Disaster Prevention	92
Efforts regarding Hygiene and Health	92

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

Placing the utmost emphasis on the optimal application of a diverse pool of human resources while adhering strictly to a policy of 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. Recognizing the important standing and role played by human resources, a company should work in partnership with its employees to secure mutual growth. In utilizing a diverse workforce, the Nippon Paper 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.

Paper manufacturing is both a core Group activity as well as a typical process industry. While the Nippon Paper Group's production sites use heavy machinery and engage in operations that give rise to inherent dangers, every effort is made to maintain a safe working environment and to take all appropriate measures to ensure safety and to prevent disasters.

Philosophy and Basic Policy

Respecting fundamental human rights and supporting the UN Global Compact

In order for the Nippon Paper Group to gain the trust of society and to adequately fulfill its responsibilities, each and every Group employee must act with a high sense of moral standards and strong motivation. On this basis, it is important for the Group to promote employee awareness while ensuring that employee behavior remains consistent with generally accepted morals. At the same time, the Nippon Paper Group is charged with the

responsibility of building a workplace environment that allows individual employees to reach their full potential and to put in place a system that rewards results.

Taking all this into consideration, the Nippon Paper Group established its Philosophy and Basic Policy on Human Rights, Employment and Labor.

In addition, the Group joined the United Nations Global Compact in November 2004 and supports its 10 principles.

Employee Education and Training with respect to Human Rights

Providing employees with educational opportunities for the purpose of implementing appropriate personnel policies

The Nippon Paper Group provides employees with education opportunities for the purpose of implementing appropriate personnel policy with respect to human rights. The officers responsible for personnel matters, from each operating company and works, attend training courses and seminars hosted by government authorities and agencies.

Concern for Human Rights across the Supply Chain

Promoting initiatives across the entire supply chain

Concern for human rights and labor across the entire supply chain is a clearly defined component of the Nippon Paper Group's Philosophy and Basic Policy Concerning Raw Materials Procurement. At the same time, the Group conducts supplier surveys and hearings to confirm that these concerns are indeed being practiced (see page 56).

In addition, Nippon Paper Group forest management takes into consideration the culture and traditions of residents in each region of its overseas afforestation business (see pages 62-65).

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.

The Status of Employment and Industrial Relations

Building a better company based on sound industrial relations

The Status of Employment

Employing a workforce of over 13,000 employees in and outside of Japan

The Nippon Paper Group maintains a workforce of over 13,000 employees in and outside of Japan. In its efforts to fulfill its responsibility toward society, the Group strives to ensure stable employment while continuously recruiting new employees.

In addition to building a pleasant and comfortable workplace environment, the Group works diligently to maintain a high percentage of employees taking child-care leave as well as a high retention rate for newly hired employees.

Industrial Relations

Improving the workplace environment through labor and management consensus

The Nippon Paper Group strives to maintain a sound relationship with its employees. At the same time, the vast majority of consolidated subsidiaries have formed labor unions. Irrespective of the existence of a labor union, every effort is made to promote smooth industrial relations.

For example, under the common objective of building a better company, Nippon Paper Industries, one of the Group's

principal subsidiaries, has taken steps to establish a variety of committees that examine specific issues relating to both management and labor. These committees cover such fields as the operations of labor and management agreements as well as personnel measures. Management and labor also engage in ongoing discussions that reflect genuine and deep-seated mutual respect. Deliberations and agreements between management and labor provide the basis for a variety of initiatives, as well as efforts to improve the workplace environment. Complementing these endeavors, regular central labor-management council meetings provide a forum to discuss diverse issues from corporate management to terms and conditions including employee benefits.

● Notification regarding major work-related changes

Major changes to such work-related issues as personnel systems and steps to rationalize human resources are in principle



A central labor-management council meeting

implemented on the basis of prior discussions between labor and management. As a result, companies within the Group do not unilaterally impose changes on employees.

The status of employment

1. Number of employees on a consolidated basis (as of March 31, 2012)

Number of employees on a consolidated basis: 13,407
(male 12,072; female 1,335)
(Number of employees at overseas bases: 1,625)

2. Percentage of female employees in management (as of March 31, 2012)

Nippon Paper Group, Inc., and Nippon Paper Industries Co., Ltd.: 2.04%

Consolidated subsidiaries in Japan: 1.30%

3. Number of newly recruited employees at consolidated subsidiaries in Japan (FY2011)

	New Graduates	Mid-Career Recruits
Male	73	86
Female	10	14
Total	83	100

4. Number of employees taking child-care leave (FY2011)

	Nippon Paper Group, Inc., and Nippon Paper Industries Co., Ltd.	Consolidated subsidiaries in Japan
Number of employees taking child-care leave	12	27
Male employees	1	2
Female employees	11 (take-up rate 100%)	25 (take-up rate 89%)

5. Rate of employment of disabled persons

Nippon Paper Industries Co., Ltd.: 1.82%
(as of June 1, 2012)

Nippon Paper Group, Inc., and five direct subsidiaries*: 1.76%
(as of April 1, 2012)

6. Average years of employment (as of March 31, 2012)

(Nippon Paper Group, Inc., and five direct subsidiaries*)

	Average Age	Average Years of Employment
Male	42.3	21.3
Female	41.4	19.8
Total	42.3	21.2

7. New graduate recruits three-year retention rate

Nippon Paper Industries Co., Ltd.: 92.5%

* Five direct subsidiaries

Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papyrus Co., Ltd. and SHIKOKU COCA-COLA BOTTLING CO., LTD. Of the aforementioned five direct subsidiaries, Nippon Daishowa Paperboard Co., Ltd. merged with Nippon Paper Industries Co., Ltd., NIPPON PAPER-PAK CO., LTD., and Nippon Paper Chemicals Co., Ltd. on October 1, 2012 with Nippon Paper Industries Co., Ltd. as the surviving company.

Creating Workplaces that Support Employee Diversity

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 mutually helping to develop a deep understanding serve to boost energy in the workplace. Amid forecasts of a drop in the pool of labor due to such factors as the declining birthrate, efforts by companies to expand the breadth of their organizations by utilizing diverse workers are becoming increasingly vital to ensuring sustainable development and growth. Based on this understanding, the Nippon Paper Group strives to secure a diverse employee pool.

Employment and Recruitment based on a Respect for Human Rights

Promoting discrimination-free recruitment and employment while endeavoring to establish open and fair evaluation systems

Based on its Philosophy and Basic Policy on Human Rights, Employment and Labor, the Nippon Paper Group promotes discrimination-free recruitment and employment. As a part of its recruiting activities, the Group employs a selection process that places particular emphasis on test and interview results. Factors including nationality, place of birth, gender and educational background have no place in selection. In order to ensure that evaluation systems are both fair and acceptable, the Group provides feedback of performance review results to employees.

New Graduate Recruitment

Ensuring that Group companies engage in new graduate recruitment on an ongoing basis

The Nippon Paper Group hires new graduates on a continuous basis to ensure a balanced age composition of its workforce and to provide the younger generation with employment opportunities. Group companies in Japan hired a total of 83 new graduates (73 males and 10 females) in fiscal 2011. Certain Group companies also engage in mid-career hiring. At total of 100 employees were hired during fiscal 2011.

While recruiting activities are undertaken on an individual operating company basis, employees can rotate between companies upon request depending on their suitability and personnel training needs.

Hiring and Advancement of Women

Actively pursuing the recruitment of women

While women account for 9.9% of the total number of Nippon Paper Group employees in Japan, they represent only around 1.3% of total management.

The Nippon Paper Group is making efforts to aggressively hire women and to develop workplaces where women can more easily excel.

Percentage of female employees in management¹

(Nippon Paper Group, Inc. + Nippon Paper Industries Co., Ltd., the Nippon Paper Group (Japan)²)



¹ Data for fiscal 2011 is as of the end of the fiscal year. Figures for the fiscal years 2007 to 2010 are data as of April 1 of each following fiscal year.

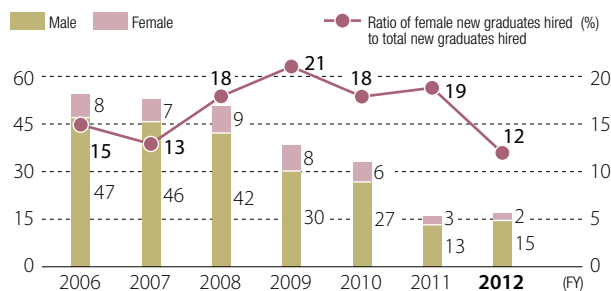
² Data for the Nippon Paper Group (Japan) is the total for consolidated subsidiaries in Japan

Promoting the hiring of women

In relative terms, Nippon Paper Industries does not engage in large volume general position hiring. While the ratio of male and female hires differs from year to year, every effort is made to meet the established target of ensuring that the proportion of newly hired female employees is kept above a certain level.

Number of new graduates hired

(Nippon Paper Industries Co., Ltd., main career-track position)



Comeback entry system

Certain employees, particularly women, tend to leave employment for personal reasons including child care, nursing care and the transfer of a spouse. Nippon Paper Industries launched a reemployment system for these employees in October 2007. Nine individuals have applied for reentry to the workforce since this system was established. Two have been reemployed.

Promoting Work-Life Balance

Realizing an ideal workplace environment that places equal emphasis on work and family concerns

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. In May 2011, Nippon Paper Group, Inc. and the Group's major operating companies took steps to reduce electric power consumption in response to shortfalls in the supply of electric power as a result of the Great East Japan Earthquake. At the same time, the Company and major Group companies introduced daylight saving time at their respective head office facilities in order to promote work-life balance.

Working hours and annual leave taken

(Nippon Paper Industries Co., Ltd.)

Fiscal years	2007	2008	2009	2010	2011
Total number of working hours	1,946	1,841	1,776	1,792	1,744
The rate of annual leave taken by employees (Union employee average)	71.4	73.5	67.7	73.0	68.0

● Complying with Japan's Act on Advancement of Measures to Support Raising Next Generation Children

The Nippon Paper Group has put in place an action plan and strives to support its employees in maintaining work and child-care balance in accordance with the Act on Advancement of Measures to Support Raising Next Generation Children. As one example, Nippon Paper Industries, revised its systems in line with revisions to Japan's Child Care and Family Care Leave Act. The company has continued to implement systems that exceed the provisions stipulated under revised legislation. This includes extensions to the exemption period for overtime working hours, the application period for child care and reserve leave for child rearing.

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

1. Take-up of child care leave

One or more male employees to take up child care leave during the period of the plan
A female take-up rate of 70% or more
Establishment of a project team to promote the take-up of child care leave by male employees

2. Reduction of overtime working hours and the promotion of use of paid annual leave

3. Implement workplace tours for the families of employees

Period to achieve objectives outlined in the plan: March 31, 2013

Increased Hiring of People with Disabilities

Improving the rate of employment of people with disabilities across the entire Group

For safety reasons, a number of restrictions exist on the employment of disabled workers at paper manufacturing production sites. The Japanese government set a rate for the employment of people with disabilities of 1.8% of a company's workforce, to be achieved by the end of March 2013. Nippon Paper Industries aimed to achieve this rate by 2009. As a result, the company achieved its target in June 2009 when the rate reached 1.84%. As of June 2012, the rate stood at 1.82%. With the statutory rate set to rise to 2.0% from April 2013, the Nippon Paper Group as a whole will continue efforts to lift its rate for the employment of people with disabilities.

The rate of employment of people with disabilities¹



¹ Nippon Paper Industries Co., Ltd., data is as of June 1 of each fiscal year;

Other Group company data is as of April 1 of each fiscal year

² Nippon Paper Group, Inc., and five direct subsidiaries

Total data for six companies comprising Nippon Paper Group, Inc. (the Company), Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papyrus Co., Ltd., and SHIKOKU COCA-COLA BOTTLING CO., LTD.

Promoting the Employment of Elderly Persons

Upgrading and expanding systems with the aim of promoting employment of elderly persons

The Nippon Paper Group established the 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 union employees to work up to the age of 65.

Reemployment performance*

Fiscal years	2007	2008	2009	2010	2011
Number of employees seeking reemployment	35	50	55	62	44
Number of employees reemployed	34	44	52	59	43

* Results for members of the Nippon Paper Industries Union

Cultivating Human Resources

Supporting efforts to enhance the capabilities of each employee, while implementing proper evaluation systems based on skills and performance

Basic Stance

Cultivating human resources

The Nippon Paper Group places considerable emphasis on building positive ties with employees and developing human resources. At the same time, the Nippon Paper Group continues to build a mechanism whereby motivated and capable individuals can improve their skills by equitably offering opportunities to learn. Furthermore, every effort is made to assign the right persons to the right positions, and to provide fair evaluation and compensation.

Initiatives Aimed at Developing Human Resources

Recognizing that employees are important partners, the Nippon Paper Group strives to build sound relationships and cultivate human resources.

In reinforcing its mechanism for human resource development, the Nippon Paper Group focuses its attention on the following five areas: (1) support for self-development and voluntary career planning; (2) early identification and development of potential leaders; (3) reinforcement of frontline capabilities; (4) support for the development of lifelong as well as career plans; and (5) assignment of the right people to the right positions. Complementing these endeavors, the Group has also established a Global Human Resources Bank.

● Support for self-development and voluntary career planning

The Nippon Paper Group supports employee self-development and voluntary career planning. In addition to existing training programs based on various stages throughout each employee's career, Nippon Paper Industries, for example, provides extensive learning opportunities for employees. These opportunities allow employees to select from a wide-ranging curriculum to help improve those capabilities that employees themselves consider require development. Nippon Paper Industries expanded its program to 156 correspondence courses in fiscal 2012.

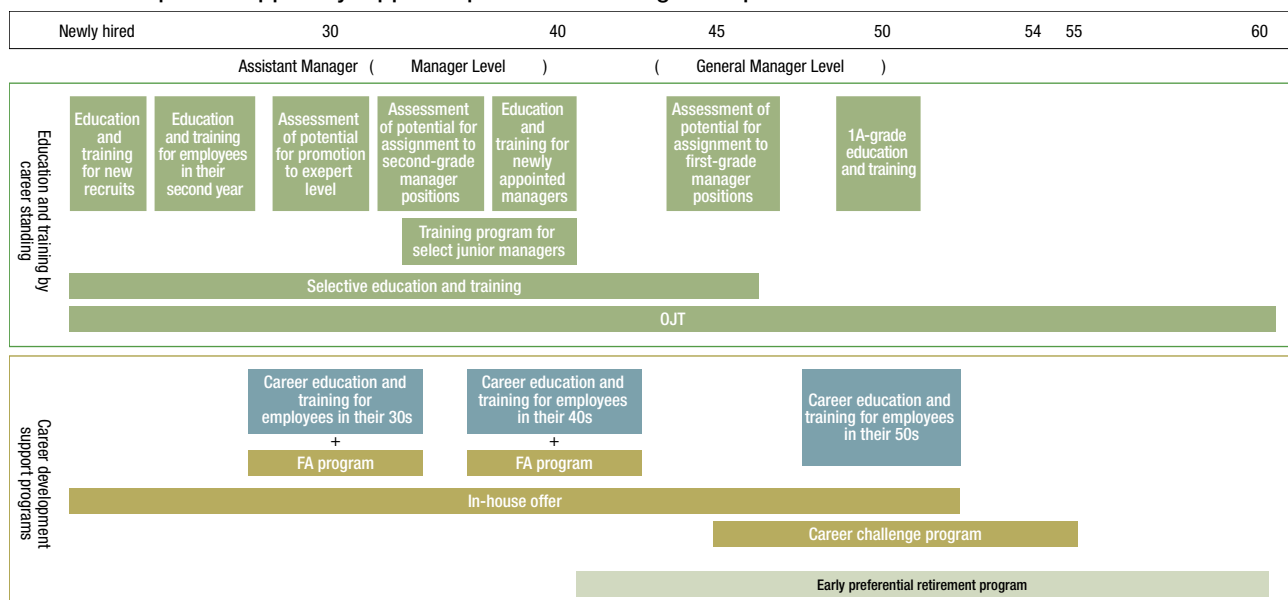
Moreover, steps were taken to introduce various age-based career training programs for employees in their 30s, 40s, and 50s in fiscal 2007. These programs help identify strengths and



Career training
(Nippon Paper Industries)

objectively locate weaknesses and additional processes including comprehensive evaluation. Together with the in-house FA system adopted from fiscal 2008, every effort is being made to revitalize human resources.

Career development support by Nippon Paper Industries for general positions



● Early identification and development of potential leaders

As one example of the cultivation of a human resources plan, Nippon Paper Industries implements training programs for selected junior managers.

Recognizing the need to foster personnel who possess a global perspective in future overseas business development endeavors, 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 tertiary institutions as well as overseas assignments to the various offices of Nippon Paper Group, Inc. outside of Japan.

● Reinforcement of frontline capabilities

The human resource capabilities, or “field power,” of the production frontline represent the heart of the manufacturing process. This field power is therefore vital in the Group’s existence as a going concern amid increasingly harsh competition both in and outside Japan. The Nippon Paper Group passes on to each generation the technologies and skills nurtured over a lengthy period. Every emphasis must be placed on maintaining and strengthening the capabilities of its human resources.

Nippon Paper Industries organized the “Committee to Study the Strengthening of Mill-Level Field Power” in fiscal 2006. The company also conducted education aimed at introducing initiatives across all mills in fiscal 2007. Based on these endeavors, activities aimed at strengthening the frontline have been undertaken at all mills since fiscal 2008. Through these means, Nippon Paper Industries has put in place a framework that covers the technologies and skills to be carried forward at each production site. In addition to analyzing areas of individual weakness as well as specific points that require bolstering, steps are being taken to implement education and training on a priority basis.



Group discussions

● Support for the development of lifelong as well as career plans

In recent years, employees have witnessed a rise in the age at which public pension payments begin, as well as signs of increasingly diverse lifestyles. Employees must therefore consider a number of factors when planning their careers and life after retirement. Against this backdrop, and in an effort to allay the concerns and anxieties of employees, core operating companies within the Nippon Paper Group offer Life Plan Seminars to enhance employee understanding of each company’s and the government’s programs, as well as the need to develop meaningful life plans that include health management.

● Assignment of the right people to the right positions

The core operating companies of the Nippon Paper Group periodically survey 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, Nippon Paper Industries launched the In-house Staff Recruitment Program in fiscal 2005. The 45 programs initiated to date have attracted 72 applications. After completing the necessary screening process, 29 employees were subsequently transferred.

● Establishing the Global Human Resources Bank

Nippon Paper Industries established 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 better address global expansion, which continues to progress at an accelerated pace.

At the same time, steps will be taken to foster personnel who can more effectively excel on the world stage by introducing special education and training programs. Currently, 460 personnel are registered with the bank.

Fair Evaluation and Compensation

Engaging in fair employee evaluation based on skills and performance

The Nippon Paper Group conducts individual review sessions during which employees are provided with feedback on their evaluations from managers. This forms part of the Group’s efforts to ensure that personnel evaluations are fair and transparent.

Nippon Paper Industries conducts competency and performance evaluations of its managers and general position employees from fiscal 2000. The competence evaluation is based on competency that clearly indicates the guidelines for action. The performance evaluation is based on the management by objective system. Since fiscal 2006, all employees have been provided with feedback on evaluation results. By informing employees through individual interview sessions, Nippon Paper Industries is endeavoring to promote a higher level of understanding and acceptance of evaluation results. In addition, the company commissions assessments from specialist external parties in an effort to boost the objectivity of its evaluation process with respect to the appointment screening of management and other positions.

In ensuring that employees are fully informed of the results of their evaluation based on clearly defined criteria, Nippon Paper Industries encourages employees to recognize their strengths and areas where they need more work. This helps to further motivate employees toward skills development.

Occupational Safety and Health

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

Philosophy and Basic Policy on Safety and Disaster Prevention

Taking into consideration the characteristics of each business to secure occupational safety and to prevent disaster

Maintaining a safe work environment for employees is one of the most basic responsibilities of any corporation. The Nippon Paper Group strives for “safety first” operations. Irrespective of the amount of care taken, it is virtually impossible to totally eliminate all risks inherent in the workplace. It is nevertheless important to maintain an unwavering daily commitment to uncovering and minimizing these risks.

As a part of efforts to consistently engage in sound management while responding to the trust of employees, it is also important to build a pleasant and comfortable workplace that helps maintain and improve employees’ health.

Therefore, the Nippon Paper Group formulated the Philosophy and Basic Policy on Safety and Health Measures in 2004. Under this philosophy and basic policy, the Group strives to establish a safe and appealing workplace while each mill and works strives to prevent accidents and disasters.

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 while striving 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 that clearly defines 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.

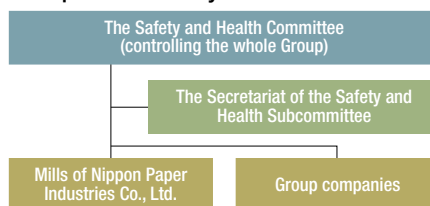
System to Promote Occupational Safety and Health

Labor and management working together to build a safe workplace environment

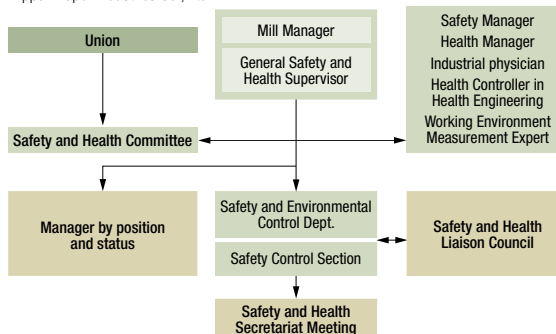
The Nippon Paper Group has established the Safety and Health Committee. This committee is coordinating Group-wide employee measures aimed at securing occupational safety, preventing disasters and preserving security in and outside of Japan.

Labor and management occupational safety and health meetings are held regularly once each year. Officers responsible for occupational safety and health from the head offices of each operating company and mills 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 works. These committees deliberate on and determine important management matters relating to occupational safety and health as well as activity policies. Employees are notified of the details of decisions through department meetings and internal mill newsletters.

The Nippon Paper Group’s structure to promote occupational safety and health



Examples of Organizations for Health and Safety in Mills:Kushiro Mill, Nippon Paper Industries Co., Ltd.



● Mill safety audit system

The Nippon Paper Group engages in occupational safety and health activities on both an organizational and continuous basis. As a part of these endeavors, the Group conducts mill safety audits while raising the level of safety management.

In addition, audits implemented together with the auditors of other companies were introduced within each Group company from 2010 in an effort to further promote safety activities. By deepening exchange between companies, the Group is endeavoring to raise the quality of its audits.

Occupational safety and health management system

The Nippon Paper Group has adopted an occupational safety and health management system in order to better promote such activities.

Nippon Paper Industries introduced the Nippon Paper Occupational Safety and Health Management System (NPSS) in 2010. This system is designed to help reduce occupational accidents, ensure the systematic and continuous implementation of safety and health activities and promote the passing on of safety and health know-how to each succeeding generation of employees. Similar systems have also been introduced or are being considered by other Group companies to better build a working environment in which employees can go about their duties without concern or anxiety.

The status of occupational safety and health management system introduction

Company Name	Status of Introduction
Nippon Paper Industries Co., Ltd.*	Introduced in January 2010
Nippon Daishowa Paperboard Co., Ltd.*	Introduced in January 2011
Nippon Paper Crecia Co., Ltd.	Introduced in January 2011
Nippon Paper Papyrus Co., Ltd.	Introduced in January 2011
SHIKOKU COCA-COLA PRODUCTS CO., LTD.	Acquired OHSAS certification in 2009
NIPPON PAPER-PAK CO., LTD.*	Introduced in January 2011
Nippon Paper Chemicals Co., Ltd.*	Introduced in January 2012
Kitakami Paper Co., Ltd.	Plans to introduce in January 2013
NIPPON PAPER UNITEC CO., LTD.	Introduced in January 2011

* Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Co., Ltd., NIPPON PAPER-PAK CO., LTD., and Nippon Paper Chemicals Co., Ltd. merged on October 1, 2012 with Nippon Paper Industries Co., Ltd. as the surviving company.

Reinforcing risk assessment procedures

The Nippon Paper Group adopted risk assessment procedures in 2009 as a preliminary step toward building an occupational safety and health management system. In adopting these procedures, the Group put in place its own methods and processes. Risk assessment is undertaken from a number of viewpoints. The Group has adopted a three-tiered assessment system beginning



Meeting to exchange the risk assessment information
(The Yufutsu Works of Nippon Paper Industries' Hokkaido Mill)

with the section chief, his or her immediate superior and finally, department managers. For its part, Nippon Paper Industries has identified areas of particular focus based on past incidents and is pushing forward a risk assessment review in order to eliminate any recurrence.

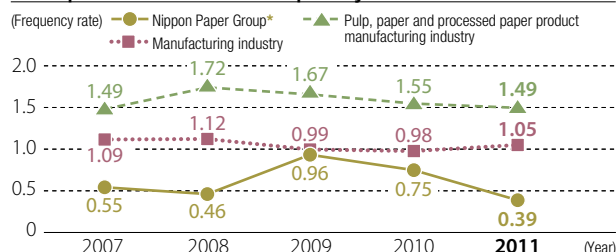
Status of Occupational Accidents

Preventing occupational accidents

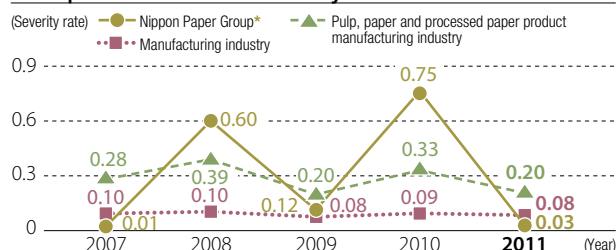
The Nippon Paper Group places the utmost importance on safety in the workplace. It is, however, by no means satisfied with its performance to date.

The Group has continued to pursue an occupational accident frequency rate of 0.3% or less since 2009. To this end, steps have been taken to promote the use of risk assessment methods, activities aimed at notifying employees of potential dangers, patrols, and education and training.

Occupational accident frequency rate



Occupational accident severity rate



* The Nippon Paper Group: The manufacturing works of the following six Group companies: Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papyrus Co., Ltd., Nippon Paper Chemicals Co., Ltd. and NIPPON PAPER-PAK CO., LTD.

Report An incident that led to an occupational fatality (Nippon Paper Industries Co., Ltd.)

An incident that led to an occupational fatality occurred at the Hokkaido Mill of the Yufutsu Works on July 13, 2012.

Overview of the incident

Date of occurrence: July 13, 2012

Location: The Hokkaido Mill of the Yufutsu Works owned and operated by Nippon Paper Industries Co., Ltd.

Victim: A 22 year old employee with three years and three months working experience

Type of work: Paper machine air cleaning operations

Circumstances: Equipment was caught between the roll and blow-box by an air hose during cleaning activities at the time paper machines commenced operations.

Contributing factor: There are indications that in bringing the air hose too close to the jamming section, the operator was drawn into the paper machine together with the hose.

Countermeasures:

- (1) Reinforce operating method education and training within the workplace and ensure strict adherence to operating safety standards;
- (2) install cleaning equipment to remove the need for manual cleaning activities; and
- (3) break down operating safety standards for all operations, thoroughly uncover all operating risks through a process of risk assessment, and establish countermeasures.

Occupational Safety and Health

Safety Education

Raising employee awareness toward safety through systematic education and training

The Nippon Paper Group places considerable weight on employee safety education and training. Beginning with employees in supervisory positions, these efforts are designed to raise employee awareness toward occupational safety and health.

Nippon Paper Industries puts in place an annual NPSS plan at each of its works. Each works then implements various occupational safety and health education programs in accordance with these plans, covering every stage of an employee's career from initial hiring through to supervisor training. In this manner, the company is endeavoring to achieve incident-and accident-free workplaces by again promoting awareness.

Efforts regarding Safety and Disaster Prevention

Steadfastly promoting a wide range of measures

● In-house safety measures

Nippon Paper Industries has always endeavored to ensure workplace safety with the intention of preventing 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 as well as primary and secondary subcontractors. Safety patrols involve designated personnel patrolling work premises to identify areas of potential safety concern as well as risky employee behavior. Since 2006, we have enhanced the safety not only in-house but also secondary subcontractors by clarifying the responsibility of primary subcontractors.

● Natural disaster and fire countermeasures

Individual mills and works within the Nippon Paper Group adopt their own disaster prevention measures that reflect the nature of their operations and regional characteristics. These mills and works create manuals on disaster prevention including steps to prepare for a natural disaster. They also conduct emergency drills.

Note: Please refer to pages 6 to 11 for measures adopted following the Great East Japan Earthquake.



Emergency drill
(Takebashi head office building)

● Traffic safety initiatives

Traffic safety education is offered to raise the awareness of employees toward traffic safety. The objective is to ensure the safety of employees while commuting to and from work. In addition, the Group actively participates in various traffic safety campaigns organized by local police authorities. Every effort is made to ensure that all employees remain conscious of the need to drive safely.



Traffic safety seminar
(Nakoso Mill, Nippon Paper Industries Co., Ltd.)

Efforts regarding Hygiene and Health

Taking into consideration the importance of mental and physical health

● Maintaining and improving employees' health

The objective of the Nippon Paper Group in terms of the health of its employees is the prevention and early detection of disease. For example, during regular health examinations, a public health nurse interviews each employee under the supervision of an industrial physician and offers advice on the prevention of disease. In addition, industrial physicians regularly visit workplaces. Based on the results of these visits and their advice, the Group strives to improve working environments to allow for better hygiene and health management. Moreover, the Nippon Paper Group takes great care in supporting the health of not only employees but also their families. An opportunity for a medical examination is offered to the spouses of employees.

● Tackling mental health

Nippon Paper Industries has historically held lectures and seminars about mental health in each mill and works. In 2003, the company introduced a mental health care system on the web, which is a mechanism to provide mental health checkups and counseling to all employees. Among a number of initiatives, all company employees have been requested to complete an annual mental health examination, which entails the completion of survey sheets, since 2008. Nippon Paper Industries is putting in place a structure that is designed to maintain the mental health of its employees while taking into consideration individual privacy concerns and confidentiality.