

Human Rights, Employment and Labor Responsibility

Large numbers of people work in the Nippon Paper Group's expansive company-owned forests and large-scale production sites. Securing their safety and health is the Nippon Paper Group's top priority.

The Nippon Paper Group aims to be an organization where a diversity of people can exercise their individual strengths, inspire each other, and help each other achieve new depths of knowledge.



* Please refer to our Integrated Report 2019 PP.68-70

Indicators	Key Objectives	Performance (fiscal 2018)
Materiality Occupational Safety and Health		
Number of serious occupational accidents	Prevention of injuries to any person at a mill site <ul style="list-style-type: none"> Elimination of serious occupational accidents 	One serious occupational accident (an in-plant traffic accident on November 6, 2018)
Materiality Maintenance of a Vigorous Organization		
Promotion of reexamination of work styles	Adoption of measures for reexamining work styles	Conducted management training for personnel at the general manager level that included business process reviews

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

Nippon Paper Group respects human rights and aims to develop a working environment that makes the most of a diverse range of human resources. Work-style reform, for example, has received much attention in recent years, and we are moving pro-actively to help ensure that employees can maintain work-life balances that suit them.

We also make every effort to maintain and enhance safe working environments and to take all appropriate measures for safety and disaster preparedness.

Philosophy and Basic Policy

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

Gaining the trust of society and fulfilling our responsibilities requires that Nippon Paper Group employees act with high morals and strong motivation. Promoting employee awareness and behavior consistent with that belief, helping individual employees improve their capabilities, and rewarding performance are among our most important responsibilities. The Group established its Philosophy and Basic Policy on Human Rights, Employment and Labor based on this understanding.

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.

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, in fiscal 2015, we embarked on an examination of human rights conditions at subcontractors in Japan and at overseas chip suppliers. Based on examination results, we are making changes by employing PDCA cycles as we continue our dialogue with Amnesty International Japan.

● Paying attention to human rights issues at affiliated companies in Japan

Nippon Paper Industries Co., Ltd. conducts surveys on human rights issues at affiliated companies in Japan. In fiscal 2015, we had these affiliates perform self-checks and, beginning in fiscal 2016, each of these companies began to move forward with examinations of survey results and ways to improve.

● 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. The Group audits suppliers through surveys and interviews them regarding these concerns (see pages 16 and 21). In addition, in fiscal 2018, employees responsible for procurement performed on-site inspections of suppliers in Vietnam and Chile. These were supplemented with interviews covering matters such as health, hygiene, safety, disaster preparedness, and local environmental concerns.

In managing forests, the Group devotes significant attention to protecting the culture and traditions of residents in each region of its overseas afforestation operations (see page 25).

● Education and training

In pursuit of personnel management cognizant of human rights, the Nippon Paper Group has employees responsible for personnel matters participate in training courses hosted by government agencies.

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

We introduced our Philosophy and Basic Policy on Safety and Health Measures in 2004 in the aim of creating a workplace atmosphere that fostered health and peace of mind for all employees. In accordance with this policy, employees and management work together on such key themes as ensuring safety and health and preparing for disaster.

Although completely eliminating all risk from the workplace is not possible, maintaining an unwavering daily commitment to uncovering and minimizing risks is essential. 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. Based on this understanding, we have created labor safety and health systems and continuously strive 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

To promote the comprehensive safety and health management efforts, 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. Nippon Paper Industries Co., Ltd. holds annual labor and management occupational safety and health meetings for personnel in charge of safety and health at headquarters, mills, and the labor union. For section managers in charge of safety and health, the company also holds meetings twice each year for people in charge of safety at headquarters and mills. The company also holds annual meetings for the heads of safety and environmental control departments. Through these regular meetings, we consider measures related to companywide safety and health and formulate safety and health policies and the annual occupational safety and health management plan. Each mill and office has its own Safety and Health Committee and Safety and Health Promotion Council. Each Safety and Health Committee plans specific safety and health activities in line with company policies and measures. The committees also deliberate, decide on, and notify employees of important administrative matters and activity policies. In addition, they promote cooperation between labor and management on specific activities to ensure safety and health and prepare for disasters. Meanwhile, each Safety and Health Promotion Council promotes on-site safety and health management activities for in collaboration with partner companies and subcontractors whose employees work in-house at Nippon Paper Industries.

Occupational safety and health meetings and committee activities are conducted in accordance with an agreement with the labor union, and labor and management cooperate to promote safety and health.

System to promote occupational safety and health



● **Occupational safety and health management system**

In 2009, the Nippon Paper Group implemented its own system (NPSS※) for continuously pursuing occupational safety and health management activities at the organization level. Under this system, the company incorporates specific ongoing and voluntary activities at each mill and business site into safety and health plans in accordance with company policies and measures related to safety and health. The system is helping to improve safety and health levels through the prevention of occupational accidents, promotion of worker health, and creation of an appropriate working environment.

The Group conducts Mills Safety Audits to assess the progress of related initiatives against safety and health plans for individual mills and business sites, make improvements, and bolster companywide safety levels. Since 2010, we have conducted Mill Safety Audits as mutual safety audits among Group companies. This move has helped promote closer communications among Group companies and improved audit levels.

※ Nippon Paper Occupational Safety and Health Management System



Safety audit

Efforts regarding Hygiene and Health

Taking into consideration the importance of mental and physical health

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.

● **Initiatives for work entailing high risks of injuries or diseases**

Nippon Paper Group strives to prevent injuries and diseases by reducing risks in work where the potential of an explosion or fire, or injury or disease, is a concern. We manage our facilities in accordance with the Industrial Safety and Health Law and other laws and regulations, and monitor our workplace environments. In locations where chemical substances are handled, we investigate the dangers and toxicity of these substances and use what we learn to take appropriate risk measures and manage residual risks.

Efforts regarding Safety and Disaster Prevention

Working steadily from various angles

● **Safety education**

In its efforts to ensure high safety awareness, the Nippon Paper Group places considerable weight on safety education for all employees, including those in management.

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 education programs covering every stage of an employee's career from initial hiring through to supervisor training. Constantly renewing safety awareness, we are endeavoring to achieve accident-free workplaces.

● **In-plant safety measures**

Based on its mission of eliminating all personal injuries within its mills, Nippon Paper Industries has implemented safety patrols and education initiatives 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 workplace safety by providing guidance on, and encouraging voluntary efforts, including risk prediction and risk assessment before engaging in work.



Safety patrol

● **Natural disaster and fire countermeasures**

In preparation for natural disasters, each location of the Nippon Paper Group has 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.



As part of disaster preparedness training, emergency measures for responding to insured personnel

● **Traffic safety initiatives**

The Nippon Paper Group actively participates in traffic safety education and in various traffic safety campaigns of local police authorities. Every effort is made to ensure that all employees remain conscious of the need to drive safely.



Course using a test vehicle to teach traffic safety

Status of Occupational Accidents

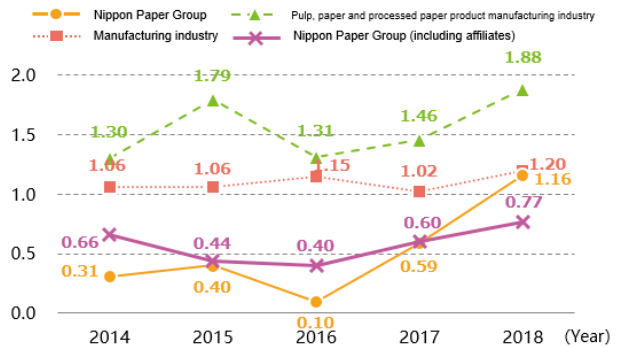
Eliminating occupational accidents

We strive to make safety top priority at all the Group's business sites, and we consider even one occupational accident to be too many. In 2018, one serious occupational accident occurred within the Nippon Paper Group (including subcontractors)*. The frequency rate for occupational accidents requiring time off from work came to 0.77, and the occupational accident severity rate worsened to 0.30, due to occupational accidents involving Group employees and subcontractor and construction company employees working in our facilities. To help ensure the safety of all workers, we are enhancing risk assessment and danger prediction activities and safety patrols. In the same vein, we are taking steps to improve communication with subcontractors and construction companies, and to provide them with proper guidance.

* The manufacturing facilities of Nippon Paper Industries Co., Ltd.; Nippon Paper Crecia Co., Ltd.; Nippon Paper Papylia Co., Ltd.; and Nippon Paper Liquid Package Product Co., Ltd.

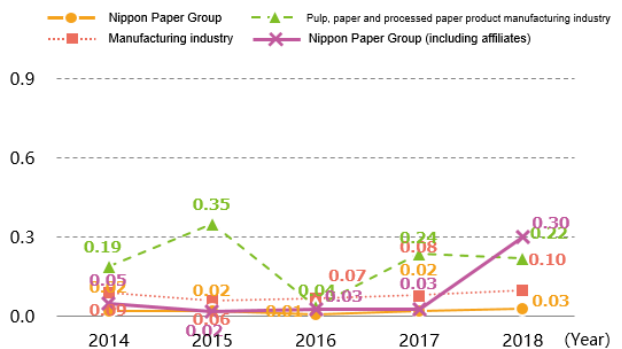
Frequency rate for lost-worktime injuries

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.



Report: Fatal In-House Accident

On November 6, 2019, a fatal accident occurred at a cooperative parking lot at the Iwakuni Mill of Nippon Paper Industries Co., Ltd.

Overview of the Accident

Location : Cooperative parking lot at the Iwakuni Mill of Nippon Paper Industries Co., Ltd.

Subject : A 39-year-old contractor who had worked at his employer for 14 years and 10 months

Operation : Relocation of construction vehicle

Situation : When moving a truck crane being used for operations, the driver started the engine from outside the vehicle without checking the gear status beforehand and was crushed by the moving vehicle.

Countermeasure : When starting the vehicle engine, always check (while seated in the driver seat) that the vehicle is in neutral and press on the clutch when starting the engine.

Maintenance of a Vigorous Organization

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 the Nippon Paper Group definitively stated in 2015.

Recruitment and Employment

Advancing discrimination-free hiring

The Nippon Paper Group employs approximately 13,000 people 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.

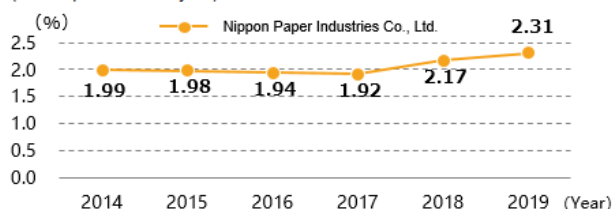
Furthermore, based on its Philosophy and Basic Policy on Human Rights, Employment and Labor (see page 51), the Group promotes discrimination-free recruitment and employment. The Group employs a selection process that bases decisions on test and interview results. Factors including nationality, place of birth, gender and level of school completed have no place in selection decisions.

● Recent and future hiring of people with disabilities

Nippon Paper Industries Co., Ltd. participates actively in recruiting events sponsored by local municipalities and organizations. As a result, our percentage employment of people with disabilities was 2.31% as of April 1, 2019, exceeding the statutory employment rate, which was revised to 2.2% in April 2018.

As this statutory employment rate is slated to rise to 2.3% in April 2021, we will continue working to increase employment at our business locations.

The rate of employment of people with disabilities (as of April 1 of each year)



● Promoting the employment of elderly persons

The Nippon Paper Group has implemented its Reemployment after Retirement System to respond to the needs of a super-aged 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. Furthermore, in response to the amended Law Concerning Stabilization of Employment of Older Persons, which took effect in April 2013, we have prepared 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.

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

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

Fiscal years	(Persons)					
	2013	2014	2015	2016	2017	2018
Nippon Paper Ind. Employees seeking reemployment	51	112	172	185	46	168
People reemployed	53	112	172	185	46	168
Consolidated companies in Japan People reemployed	—	309	327	331	227	332

¹ Beginning with fiscal 2014, figures cover consolidated companies 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.

Employment data

	Units	FY2018
No. of employees on a consolidated basis ^{1,2}	Persons	12,943
Men	Persons	11,503
Women	Persons	1,440
Overseas	Persons	2,587
Men	Persons	2,263
Women	Persons	324
Percent of upper management from The local community	%	82.1%
Part-time workers ^{1,2}	Persons	477
Men	Persons	301
Women	Persons	176
New graduates hired ³	Persons	200
Men	Persons	171
Women	Persons	29
Mid-career hires ³	Persons	204
Men	Persons	180
Women	Persons	24
Average age of employees ^{1,3}	Age	43.4
Men	Age	43.3
Women	Age	43.6
Average years of employment ^{1,3}	Years	19.3
Men	Years	19.5
Women	Years	17.8
Turnover rate ^{1,3} (Includes employees leaving at the mandatory retirement age)	%	5.7
Dispatched workers ^{1,3}	Persons	89
Men	Persons	41
Women	Persons	48

¹ Fiscal year end

² Data scope: Consolidated companies

³ Data scope: Consolidated companies in Japan

Employees by Age Group

(Nippon Paper Industries Co., Ltd., March 31, 2019)

	Units	Less than 30	30 to 50	Over 50	Total
No. of employees	Persons	952	3,243	1,476	5,671
Men	Persons	894	3,014	1,352	5,260
Women	Persons	58	229	124	411

Numbers¹ of overseas subsidiaries and employees by region (as of December 31, 2018)

	No. of companies	Men	Women	Total
North America	4	452	82	534
Australia	5	1,071	126	1,197
Asia	12	753	405	1,158
Europe	4	149	50	199
South America	3	474	53	527
Total	28	2,899	714	3,615

¹ Including non-consolidated subsidiaries

² TS Plastics SDN.BHD. is not included (acquired March, 2019)

Overseas Subsidiary Employees by Type of Employment (as of December 31, 2018)

	Units	Full-time	Temporary	Total
North America	Persons	533	1	534
Australia	Persons	1,197	0	1,197
Asia	Persons	645	513	1,158
Europe	Persons	187	12	199
South America	Persons	527	0	527
All overseas subsidiaries	Persons	3,089	526	3,615

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.

● Work-style reform approaches

Nippon Paper Industries Co., Ltd. is striving to reduce the overall number of hours workers spend on the job. This is a work-style reform intended to create vibrant workplace environments. The Company believes that helping individual employees maintain a desirable work-life balance will give rise to time and energy that will ultimately result in added growth for the Company

● Reducing Overall Working Hours

Nippon Paper Industries Co., Ltd. has set the goal of reducing average annual working hours for its workforce to less than 1,850 hours per person. (The actual figure for fiscal 2017 was approximately 1,927 hours.) In fiscal 2018, we conducted management training for general managers that included business process reviews. Having undergone this training, the managers are now working to clarify job instructions at their worksites and streamline operations by reviewing business processes. We have also set the objective of ensuring that employees take annual leave and leave the office before 7:00pm. Given that average individual work hours among all employees totaled around 1,923 hours, we fell short of our targets. As part of our efforts to consider ways to reduce total hours, we are working to first get a better understanding of actual work content. In fiscal 2017, we augmented our work timetable management system, which covers all employees, including management, with a function that tracks the times personal computers are turned on and off, and analyzed and checked the data in detail. Based on these results, we are promoting reexamination of workstyle as part of our ongoing effort to meet our goals.

● 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.

Data on balancing work and personal lives

	Units	FY2018
Employees taking child-care leave ¹	Persons	23
Men	Persons	3
Women	Persons	20
recently giving birth	%	100
who returned to work	%	90
Employees taking maternity/paternity leave ¹	Persons	183
Men	Persons	163
Women	Persons	20
Average number of days taken for maternity/ paternity leave ¹		
Men	Days	3.7
Women	Days	79.2
Employees taking nursing-care leave ¹	Persons	2
Total number of working hours ²	Hours	1,900
The rate of annual paid leave taken by employees		
Consolidated companies in Japan	%	58.3
Non-management employees of Nippon Paper Industries	%	75.1

¹ Data scope: Consolidated companies in Japan

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

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.

Case

Diversity management seminar

(Nippon Paper Industries Co., Ltd.)

Nippon Paper Industries Co., Ltd. held its third diversity management seminar in September 2018.

In the first part of this three-part seminar, representatives from the Personnel Department introduced the company's efforts related to work-style reform and organizational invigoration. In the second part, Eiichi Morita, of the beyond global group, spoke about the importance of increasing employee engagement to promoting work-style reform and the link between an ability to welcome diverse perspectives and innovation. In the third part, Hatsunori Kiriya, former Senior Executive Officer & President Asia of the Proctor & Gamble Company used examples from P&G to describe the essence of work-style reform and offer suggestions about how companies could gain and sustain competitiveness in a global environment, as well as on how to succeed at diversity. Approximately 120 employees attended the seminar, engaging in lively discussions among themselves.



Diversity management seminar

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

In working to create conditions that enable women to advance their careers, Nippon Paper Industries Co., Ltd. established in April 2016 an Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

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)

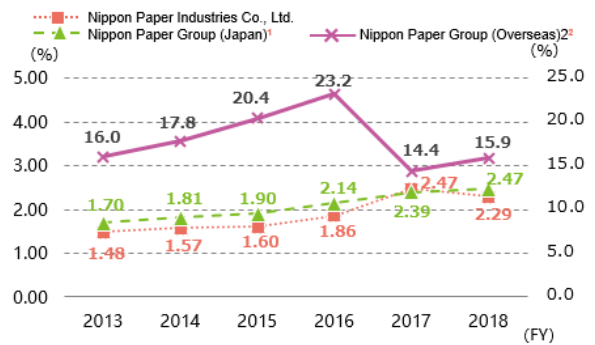
1. Make women at least 25% of new graduate hires for career-track positions.
2. For career-track women hired 8 to 12 fiscal years ago*, achieve an average continuous employment rate that is at least 80% that of the rate for men.
3. To expand the range of roles performed by women at production sites, 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 made up of those jobs in the production mills, where recruitment of women in the past has been low, leading to low participation by women 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



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.

¹ Figures are for the Nippon Paper Group's consolidated companies in Japan.

² Includes all managers of sections and higher level organizational units as of December 31.

Hiring of new graduates for career-track positions

(Nippon Paper Industries Co., Ltd.)

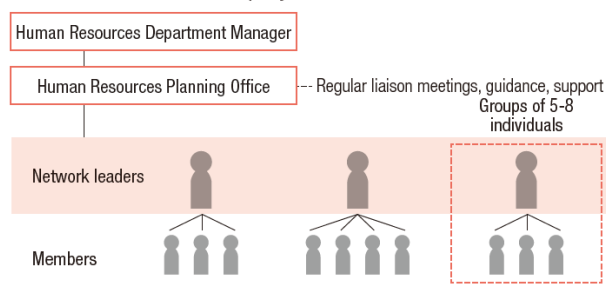
Fiscal years	2014	2015	2016	2017	2018
Career-track hires	34	52	61	56	53
Women	6	11	11	14	13
Men	28	41	50	42	40
Percent women (%)	18	21	18	25	25

● **Network for career-track women**

Nippon Paper Industries Co., Ltd. has created a companywide network for career-track women in all of its workplaces. Within the network, leaders collaborate with the Human Resources Planning Office to help network members address career-building concerns. In addition, group activities are organized in two-year terms. In the first, which began in November 2015, network members identified issues that could hinder women’s careers, and they developed recommendations on matters such as systems for which needs will likely grow. The second term of group activities began in January 2018.

Through the network, we also 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



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.

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

The Nippon Paper Group supports employee selfdevelopment and voluntary skill acquisition through means such as group training and rewards for acquiring professional qualifications. In addition, job-level-basetraining, such as that for 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; joblevel-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 280 correspondence courses and joint training. Every employee 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 companies in Japan) **5.7 hours per 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.

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

Nippon Paper Industries and other Group companies have put in place programs such as one for overseas study. 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. Through actions such as this, Nippon Paper Industries Co., Ltd. is striving to strengthen awareness and education, so that all of its career-track employees will be capable of taking on overseas assignments.



Internal training session

Case

Overseas Assignment System

(Nippon Paper Industries Co., Ltd.)

Nippon Paper Industries Co., Ltd. has implemented an overseas assignment system for career-track technical employees. The purpose of this system is to develop human resources capable of working overseas. Participants spend a year and a half at a North American, Australian, or other overseas location to experience work at these operations. They also use this time to improve their language skills. Through this system, participants improve their professional skills and work to understand different cultures and lifestyles by living and working overseas. They also enhance their awareness of the need to build careers as people capable of working in a global arena.



On overseas assignment (Paper Australia Pty Ltd.)

Case

Implement small group activities globally

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. In fiscal 2018, Nippon Paper Industries Co., Ltd. held its 26th company-wide presentation meeting, while the Group held its tenth presentation meeting, with participation by 10 Group companies located in Japan and overseas. The presentations helped attendees to better understand their own workplaces and consider good practices from other workplaces in Japan and abroad.



Team judged most outstanding at the 26th Group-wide Presentation Conference

(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, implementation of a defined-contribution pension system, 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 and other types of 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.

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 maintain 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, there are 4,633 labor union members (as of March 31, 2019). 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.