The opinions of stakeholders are important for bringing attention to issues that could affect the Nippon Paper Group’s coexistence with society and efforts to grow sustainably.

* Please refer to our Integrated Report 2019 PP.45-53

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Key Objectives</th>
<th>Performance (fiscal 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Materiality</strong> Thorough Compliance</td>
<td>Thorough familiarity with the Group Action Charter/Nippon Paper Codes of Conduct</td>
<td>Through compliance training of Nippon Paper and its Group companies, promote familiarity and confirm the level of understanding and status of implementation</td>
</tr>
<tr>
<td>Risk management structure in line with the Nippon Paper Group’s Basic Policy on Prevention of Bribery of Public Officials and the Nippon Paper Group’s Basic Policy on Compliance with Competition Laws</td>
<td>Conduct education and awareness activities for Nippon Paper’s employees through e-learning Put in place a risk management structure at Nippon Paper’s overseas bases</td>
<td>We conducted e-learning targeting Nippon Paper’s employees and disseminated reports in the Group’s internal newsletter, thoroughly familiarizing employees with the details of laws and regulations. We prepared, distributed, and provided education on action guidelines at each of Nippon Paper’s overseas bases.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Key Objectives</th>
<th>Performance (fiscal 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Materiality</strong> Dialogue with Stakeholders</td>
<td>(Shareholders and Other Investors) Constructive Dialogue</td>
<td>Strive to gain understanding of the Nippon Paper Group’s corporate strategies and policies, listen to shareholder opinions and to the business analysis views of capital providers, and reflect these perspectives in management</td>
</tr>
<tr>
<td>(Suppliers) Surveys of main raw material (chips and pulp) suppliers, field interviews</td>
<td>Exercise due consideration of human rights, worker rights, local community needs, biodiversity, and legality</td>
<td>Conducted surveys (24 chip suppliers, 14 pulp suppliers), and noted no problems in field interviews</td>
</tr>
<tr>
<td>(Customers) Responses to customer questionnaires and inquiries</td>
<td>Respond rapidly and accurately</td>
<td>Responded rapidly and accurately to questionnaires and routine inquiries</td>
</tr>
<tr>
<td>(Employees, subcontractors, and others) Privacy guarantee based on strict management of users’ personal information, communication content, and other information</td>
<td>Ensure that potential whistleblowers can have confidence to report their concerns internally</td>
<td>Conducted training for Group helpline responders and practiced strict information management Received 33 whistleblower reports in fiscal 2018</td>
</tr>
<tr>
<td>(Local Residents) Dialogue and disclosure of environmental information via risk communication meetings and other means</td>
<td>Share environmental risk information with stakeholders</td>
<td>Provided information and gathered opinions in 29 risk communication meetings</td>
</tr>
</tbody>
</table>
Corporate Governance
Further enhancing transparency and practicing fair management, while pursuing sustainable growth and medium-to-long-term increases in corporate value


⇒ Nippon Paper Group Integrated Report 2019
Dialogue with Stakeholders
Actively creating opportunities for dialogue to promote coexistence with society

Basic Stance

Actively promoting dialogue
The Nippon Paper Group actively establishes contact points and opportunities for direct dialogue with all stakeholders while regularly providing information on our operations and promoting the exchange of opinions. Each of our business locations actively creates opportunities for regular communication on risks and other matters. And stakeholder opinions are received through channels such as our website, Sustainability Report, and ShikiOriori, the CSR communication magazine we publish to provide plain and simple explanations of our CSR initiatives.

We carefully consider the feedback we receive and reflect it in management decision making aimed at enabling the mutually beneficial ongoing development of society and the Nippon Paper Group.

Results of activities in fiscal 2018

<table>
<thead>
<tr>
<th>Activity</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management briefings</td>
<td>1 time</td>
</tr>
<tr>
<td>Operating results briefings</td>
<td>4 times (includes 1 teleconference)</td>
</tr>
<tr>
<td>Business briefing</td>
<td>1 time</td>
</tr>
<tr>
<td>Individual meetings</td>
<td>170 time</td>
</tr>
</tbody>
</table>

● Tours and other events
Nippon Paper Group conducts annual plant tours to promote a deeper understanding of its business activities. In fiscal 2018, we held tours at the Egawa Mill of Nippon Paper Liquid Package Product Co., Ltd.; the Gotsu Mill of Nippon Paper Industries Co., Ltd.; and the Kyoto Mill of Nippon Paper Crecia Co., Ltd. Given that interest in paper is mounting due to the plastic pollution of marine environments, we held a business briefing on the “Nippon Paper Group’s initiatives involving paper.” The tours and this briefing received high marks from attendees.

● General shareholders’ meeting, shareholder communications, and IR website
Nippon Paper Industries Co., Ltd. strives to disclose and otherwise provide information in a timely, appropriate manner to enhance dialogue with shareholders at the general shareholders’ meeting. In preparing general shareholders’ meeting announcements, for example, we provide shareholders with copious amounts of important information, which we strive to make as clear and straightforward as possible. For the general shareholders’ meeting held in June 2019, we sent announcements early – 23 days before the meeting date – and disclosed meeting materials even earlier – seven days before we sent the announcements - on our website and through other channels.

We distribute a shareholder newsletter twice a year. In addition, Information is disclosed in a timely manner on our website, where we also accept inquiries regarding the Group.

IR Activities

Promoting dialogue with shareholders and investors
Nippon Paper Industries Co., Ltd. strives to gain understanding of the Group’s business direction by engaging shareholders and other investors in constructive dialogue. Furthermore, we reflect the opinions of investors and the business analysis perspectives of capital providers in our management to promote sustainable growth and medium-to-long-term increases in corporate value for the Group.

Trends in dividends per share (Yen)

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>March 2017</th>
<th>March 2018</th>
<th>March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim dividend</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Period-end dividend</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>
### Contact points for dialogue with stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Major point of contact</th>
<th>Means of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees and others (executives, permanent employees, part-time employees, employee families)</td>
<td>Human resource sections</td>
<td>Labor-management councils, labor-management committees, etc.</td>
</tr>
<tr>
<td>Customers (business enterprises, consumers, etc.)</td>
<td>Sales sections Product safety sections Customer assistance channels</td>
<td>Individual interviews, inquiries to customer relations sections, etc.</td>
</tr>
<tr>
<td>Society and local residents (local communities, NPOs/NGOs, municipalities, the media, students, etc.)</td>
<td>Responsible sections within mills and branches</td>
<td>Environmental explanatory meeting, risk communication, environmental monitoring system, mill presentation meetings, etc.</td>
</tr>
<tr>
<td></td>
<td>Responsible sections within each business segment</td>
<td>Interviews, etc.</td>
</tr>
<tr>
<td></td>
<td>Social contribution sections</td>
<td>Social contribution activities, etc.</td>
</tr>
<tr>
<td></td>
<td>Public relations sections</td>
<td>Press releases, interviews, etc.</td>
</tr>
<tr>
<td>Business partners (suppliers, subcontractors, etc.)</td>
<td>Procurement sections Human resource sections</td>
<td>Individual interviews, supplier surveys, etc.</td>
</tr>
<tr>
<td>Shareholders (shareholders, investors, etc.)</td>
<td>General affairs sections IR sections</td>
<td>General shareholders’ meetings, shareholder communications, explanatory meetings, Integrated reports, IR site, IR information mail, etc.</td>
</tr>
</tbody>
</table>
Enhancement of Product Value

Dialogue with a Customer

Representatives of Nippon Paper Group’s Healthcare Products Business paid a visit to Nagatoroen, an intensive care home for the elderly. Nagatoroen uses the Hada Care Acty® series of adult diapers, which employ high-performance deodorizing sheets that are the world’s first to use functional cellulose nanofiber. We asked Facility Manager Fumio Nomura, and Care Providers Hirosi Tomida and Hatsue Iijima, about the problems of an aging society in Japan, the role of intensive care homes for the elderly, and their thoughts on the Hada Care Acty® series of adult diapers.

(Interviewers: Yu Sakai of NP Trading Co., Ltd. and Gota Osawa of Nippon Paper Crecia Co., Ltd.)

―How is the problem of an aging society in Japan seen from the perspective of an intensive care home for the elderly?
Nomura The biggest problem for us is a shortage of care workers. At our care facility, we are steadily working to prepare for what is referred to as the “2025 problem”¹, but have not achieved the progress we need to. When the baby boom generation begins to use intensive care homes for the elderly, the personnel shortage will make it impossible to provide the necessary services. This is a critical problem for care facilities going forward.

¹ The baby boom generation, which numbers approximately 8 million, will pass the age of 75 in 2025 and join the ranks of the latter-stage elderly.

―Are you considering measures such as using foreign workers to resolve your labor shortage?
Nomura Some facilities are doing that, but our facility is not currently considering it. Care workers have to work with the elderly and, in my experience, there is a language barrier that seems to make communication too difficult for foreign workers. Our plan is to hire Japanese care workers who live nearby, to the extent possible.

―Could you please tell us about your initiatives for coexisting with the local community?
Nomura As an initiative for the benefit of the local community, we began in April 2018 to operate the Lunch Café for local residents 65 or older. The Lunch Café builds on the concept of the Orange Café, which are venues that are operated by and for people with dementia and their families as places to have tea and get to know one another.

At the Lunch Café, we offer the same food we prepare on a daily basis for our ordinary needs. We envision that the café will attract mostly elderly people who are still capable of living independently, but we also welcome people who require assistance in their daily lives. Our philosophy is to be a facility that is open to the local community.

―What kind of services does your facility perform? What kinds of care does it provide?
Nomura At this time, an intensive care home for the elderly can, in principle, admit only people with a nursing care level² of 3 or higher, so for most of our residents this will be their last home. We strive to provide support that allows these residents to live out their days in ease and with as much freedom in lifestyle as possible. But, of course, the amount of time spent on meals, attending to bathroom needs, changing diapers, etc. is significant.

Tomida I want to spend time with the residents and help them to get the most enjoyment out of their recreation activities. But we have many residents who have been assigned high nursing care levels, so it is unfortunate, but the number of people I can be with is limited. So it is within those circumstances that I want to provide care that alleviates distress and gives residents a sense of security that allows them to live as they want, to the extent possible.

Iijima Every Sunday, we hold events in which, for example, residents participate in crafts or volunteers join us for activities. And every month, we announce the names of everyone with a birthday during that month and hold a birthday party. Sunday is the only day when there is no bathing assistance, so lunch is served about 30 minutes early, the staff finish their work early, and we all enjoy an hour or hour-and-a-half of fun from about 1:30 PM or so.

² When a person is to receive care services, their need level is assessed. There are five nursing care levels assigned numbers 1 to 5. “Nursing care level 3” describes a person who is unable to stand up and walk on their own and who requires nearly comprehensive care assistance for bathroom needs, bathing, dressing, and other daily activities.
--- What are the most fulfilling aspects of your work?

**Iijima** I like elderly people a lot. Among the people I care for are some who cannot communicate verbally, but if I say something to them, they always do something to let me know they heard me. Even if they cannot speak, if I see a little smile, for example, I know they heard me and the moment I see that smile I feel fortunate to be doing the work I’m doing. Also, there are people who can speak and, though it seems only natural, when a resident says, “Thank you,” I feel extremely happy.

**Tomida** I feel a great deal of fulfillment when I’re taking care of someone and they do something that tells me they feel secure and content. Of course, there are residents who can say, “Thank you,” for something I’ve done for them, but it also makes me especially happy when a resident who cannot speak acknowledges my effort with a smile.

--- Would you please let us know your opinions about the Hada Care Acty® series of adult diapers?

**Iijima** I’m very satisfied. For example, after we change the diapers, we put all the used ones in a single bag before disposing of them. In the past, the bag gave off a horrendous smell, even if it was sealed, and we had to use a deodorizing spray to deal with the situation. With the Hada Care Acty® series, odor is not an issue. I can really tell that it has very good deodorizing performance. Also, with previous products, diaper rash was a terrible problem, but now I hear no complaints. The Hada Care Acty® series has reduced the number of times we have to change diapers for most of the residents who use them, and the residents are more comfortable, partly because they are able to sleep longer. One other thing I’m pleased with is that the tapes that are used to secure the diapers are long and stay on very well.

**Tomida** The place where we change diapers does have a bit of odor, as you might expect, but outside of that space the odor has almost completely disappeared.

**Nomura** Our facility has two floors; the second floor is where we provide care for residents. Before we started to use the Hada Care Acty® series, I would sometimes hear from employees on the first floor that there was a strong odor of urine from the second floor, but now I don’t hear those comments anymore. And I agree; urine and fecal odors are no longer a problem.

--- What are your opinions about our support system?

**Iijima** I was very thankful for the class on how to put diapers on another person, choose pads, etc. Even among those of us who have been doing this for a while, there were some who were not putting diapers on the right way. Diligently studying how to put the diapers on makes it possible to easily do it correctly and makes the residents more comfortable. I’ve heard that these classes will be held regularly and I’m very thankful for that.

**Nomura** Your sales representatives definitely visit us more often than representatives of other companies do, and I’ll be very thankful to have that service continue.

--- Please tell us what role you would like the Nippon Paper Group to play going forward.

**Nomura** Not just about your company’s products, but in general, the switch from cloth diapers to paper diapers has reduced total costs. The residents who use them have no complaints, and I think paper diapers are good. When I came to this facility six years ago, it was still using cloth diapers. Paper diapers were already in wide use, but there were still some, particularly elderly people, who preferred cloth diapers. Where we are today is a result of the efforts of all of the paper diaper manufacturers. The Nippon Paper Group is involved in various businesses, but I would like to see it devote even greater attention to paper diapers. I would like to see even more efforts devoted not only to deodorizing performance but also areas such as absorbency and the comfort of wearers. Research and other efforts to lower your costs would also make me happy. I’m anxious to see what you can do.
CSR Management

Advancing CSR activities that help to build a sustainable society through business endeavors

Management Structure

Oversight through the CSR Division

Nippon Paper Industries Co., Ltd. established the CSR Division to oversee the CSR activities of the Group as a whole. The CSR Department and Public Relations Office were set up within the CSR Division. The CSR Department promotes CSR activities based on the Action Charter and works closely with the various divisions and departments.

- Supporting CSR activities by Group companies

Nippon Paper Industries Co., Ltd.‘s CSR Department hosts regular CSR liaison meetings with personnel in charge of CSR at principal Group companies. These meetings are held to communicate directions being taken with regard to CSR matters and to share opinions. They are also used as opportunities to hear discussions of CSR activity trends by invited consultants, and to hold workshops.

- Meeting social responsibilities through business activities

Nippon Paper Group aims to contribute to the development of a sustainable society through its business activities. Toward that end, we are committed to grasping the expectations and demands of our stakeholders, and fulfilling our social responsibilities from the perspectives of business management; forest management and the procurement of raw materials; the environment; customers; human rights, employment, and labor; and local communities.

Management Responsibility

Mission

The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.

Initiatives for Solving Social Problems

- Management Responsibility
- Forest Management and Raw Material Procurement Responsibility
- Environmental Responsibility
- Responsibility to Customers
- Human Rights, Employment and Labor Responsibility
- Responsibility to Communities

Identification of Social Problems and Needs

- Dialogue with Stakeholders
- Information Disclosure

Participating in Organizations in Japan and Abroad

Seeking to connect to and work with external parties

The Nippon Paper Group strives to share information with other companies and organizations, and contribute to various activities together with these partners.

⇒ Principal organization memberships

⇒ The United Nations Global Compact
Nippon Paper Industries Co., Ltd. announced its decision to support the 10 principles covering the four fields of human rights, labor, environment and anti-corruption and joined the United Nations Global Compact as a signatory in November 2004.

⇒ United Nations Global Compact
http://www.ungcjn.org/
Compliance

As a committed partner ensuring that employees are fully informed about compliance, the Nippon Paper Group engages in corporate activities in accordance with laws and social norms.

### Compliance Structure

**Promoting compliance throughout the Group**

The CSR Division of Nippon Paper Industries Co., Ltd. serves as a facilitator and driving force behind efforts to achieve and reinforce understanding of compliance throughout the Nippon Paper Group.

Each Group company appoints a person to be in charge of compliance within its organization, and Nippon Paper Industries’ Compliance Office actively hosts Group Compliance Liaison Meetings to provide all employees in charge of compliance with information on important policies and measures, opportunities to share information, and advice on education and training activities.

#### Compliance Structure

- **Nippon Paper Industries Co., Ltd. CSR Division**
- **Compliance Office**
- **Group companies**
  - Personnel in charge of compliance
  - Group Compliance Liaison Meetings, etc.
  - Cooperation

#### Isakūline system

- **User**: Group company employees, temporary workers, contract workers, dispatched staff, workers from contractors, etc.
- **Company specializing in telephone counseling**: Legal office
- **Company specializing in legal representation**: Legal office
- **Company specializing in internal representation**: CSR Department Compliance Office
- **Group Companies**: Employees in charge of compliance

### Group Internal Whistleblower System

**Encouraging reporting via a help line on activity in conflict with compliance**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported as</td>
<td>31</td>
<td>32</td>
<td>33</td>
</tr>
</tbody>
</table>

※Reported as 31 last year (mistaken count)

Nippon Paper Group conducts training on an ongoing basis to further enhance compliance awareness and understanding. We, together with a consultant from outside the Group, conduct practical training that involves group discussions and other approaches and is tailored to the specific needs of production sites and sales offices. In fiscal 2018, 770 people participated in this training. Education on compliance is also provided through avenues such as stratified training in the form of new-hire training and training for newly appointed managers at principal Group companies.
Personal Information Protection

Maintaining a systematic structure and rules

Nippon Paper Industries has taken steps to ensure clear understanding of the structure and rules applicable to the handling of personal information. The personal information of customers, business partners and employees is controlled by clearly stated rules and a manual, and is tracked and managed in control ledgers by individual related departments as required by the Private Information Protection Law. These ledgers contain details of the dates when personal information was obtained and the purposes for holding it, and are reviewed annually to eliminate data for which the holding period has expired and take other actions, as well, to ensure that information is handled properly.

Respect for Intellectual Property

Education programs on intellectual property rights and compliance

Nippon Paper Group’s emphasis on intellectual property is evident not only in research and development but also in all of its business activities, and the Group adheres strictly to all applicable laws and regulations. Members of the Intellectual Property Department of Nippon Paper Industries and Nippon Paper Crecia, and outside patent attorneys, conduct intellectual property education programs for the benefit of Group company employees.

A total of 305 employees attended the 12 programs in fiscal 2018.

Prevention of Bribery of Public Officials and Promotion of Compliance with Competition Laws

Strengthening the Risk Management System in Line with the Group’s Basic Policy on Prevention of Bribery of Public Officials and Basic Policy on Compliance with Competition Laws


When Nippon Paper Industries Co., Ltd. established the Nippon Paper Group Action Charter (P.11) and Nippon Paper Codes of Conduct in April 2004, it included clear pronouncements on preventing bribery of public officials and promoting compliance with competition laws in the sections that address the conduct of its business in a fair, transparent and liberal manner. It has also included fairness as a key value in its Group Mission. Based on this attitude and these pronouncements, the Nippon Paper Group has until now taken a top-down approach to preventing bribery and promoting compliance with competition laws.

In recent years, however, countries throughout the world have quickly enhanced regulations in these areas, and authorities have actively exposed violations.

As a result, a growing number of Japanese companies doing business overseas have been cited and sanctioned. Nippon Paper Group, therefore, has significantly stepped up its efforts to thoroughly comply with the laws and regulations of the countries where it does business. Going forward, we will strive to strengthen our risk management system in line with the Group’s Basic Policy on Prevention of Bribery of Public Officials and Basic Policy on Compliance with Competition Laws.

In fiscal 2018, we were subject to no legal actions involving confirmed incidents of corruption or public legal cases regarding corruption, anti-competitive behavior, anti-trust, or monopoly practices.

⇒ Nippon Paper Codes of Conduct
https://www.nipponpapergroup.com/csr/charter/

Essentials of the Nippon Paper Group’s Basic Policy on Prevention of Bribery of Public Officials

• The basic policy prohibits bribery, requires compliance with laws and regulations, and calls for education on these topics. Given that the Group conducts business globally, the basic policy unequivocally requires compliance with laws and regulations not only in Japan but in all countries and regions where the Nippon Paper Group does business.

• In the interest of public accountability, record-keeping is required even for outlays that are beyond potential association with an act of bribery.

⇒ Nippon Paper Group’s Basic Policy on Prevention of Bribery of Public Officials
- **Essentials of the Nippon Paper Group’s Basic Policy on Compliance with Competition Laws**

  The basic policy requires compliance with the laws and regulations of relevant countries and calls for education on compliance with competition laws. Based on the assumption that international transactions will be engaged in as a matter of the Group’s global business development, the basic policy unequivocally requires compliance with competition laws not only in Japan but in all countries and regions where the Nippon Paper Group does business.

  The basic policy includes a list of typical competition law violations as concrete examples of prohibited activities.

⇒ Nippon Paper Group’s Basic Policy on Compliance with Competition Laws
https://www.nipponpapergroup.com/csr/Basic_Policy_on_Compliance_with_Competition_Laws_JP.pdf /