Nippon Paper Group sustainability information

Nippon Paper Group discloses its sustainability information to provide stakeholders with a broad overview of what we are doing to meet our corporate social responsibilities (CSR). The Group also publishes an integrated report to communicate about value creation over time.

Our CSR disclosure has been prepared in accordance with the GRI Standards: Core option.

Period Covered

Fiscal 2018: April 1, 2018 - March 31, 2019 includes information from before April 1, 2018 and after March 31, 2019. Dates are indicated in such cases.

Scope of Organizations Covered

The reporting entity is Nippon Paper Industries Co., Ltd. Data, however, were compiled as of March 31, 2019 for Nippon Paper Industries Co., Ltd. and all 48 of its consolidated subsidiaries.

Scope of Environmental Coverage

The scope of the report covers the basic environmental policies, systems, environmental accounting and environment performance and other data for the 16 companies, including 2 non-consolidated subsidiaries with production facilities, named below. All major production locations are included.

Consolidated: Nippon Paper Industries Co., Ltd.; Nippon Paper Crecia Co., Ltd.; Nippon Paper Papylia Co., Ltd.; Paper Australia Pty Ltd.; Jujo Thermal Oy; Siam Nippon Industrial Paper Co., Ltd.; Nippon Seitai Corporation; Nippon Paper Lumber Co., Ltd.; N&E Co., Ltd.; Daishowa Uniboard Co., Ltd.; Nippon Paper Development Co., Ltd.; GAC CO., LTD.; Amapá Florestal e Celulose S.A.; Nippon Dynawave Packaging Co. (The contribution to total consolidated sales of the companies listed here was 94%). (Sales data for trading companies that are members of the Nippon Paper Group and sell products made by the Group to outside buyers are included.)

Non-consolidated: Nippon Paper Liquid Package Product Co., Ltd. and Akita Jujo Chemicals Co., Ltd.

Referenced Guidelines

- Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI)
- United Nations Global Compact
- ISO 26000, etc.

Information on performance relative to guidelines is available at the following URL.
https://www.nipponpapergroup.com/english/csr/gri/

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Disclaimer

This report includes not only statements of fact and historical data but also plans, forecasts and estimates (forward-looking statements) based on the business plans and policies of the Nippon Paper Group. These forward-looking statements are the result of assumptions or judgments based on currently available information as this report was prepared. It should be noted that forward-looking statements may differ significantly from actual results due to the impacts of a number of important factors.

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

Toward Sustainable Social Development
As shown in the diagram below, the Nippon Paper Group addresses social issues through its value chain. Among these social issues, we identified materiality items. (See page 4)


The relationship between our group activities and SDGs can be seen at https://www.nipponpapergroup.com/ir/download/idq/

Addressing Social Issues in Our Value Chain

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<tr>
<th>Social Issues</th>
<th>ISO20000 Core Subjects</th>
<th>Pages</th>
</tr>
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<tr>
<td>Management Responsibility</td>
<td>Organizational Governance, Fair Operating Practices</td>
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<td>Community Involvement and Development</td>
<td>P64-67</td>
</tr>
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SDGs with Particular Relevance for the Nippon Paper Group’s Materiality Items

<table>
<thead>
<tr>
<th>Goal 1: Life on Land</th>
<th>Goal 2: Climate Change Initiatives</th>
<th>Goal 3: Clean Water and Sanitation, and Life on Land</th>
<th>Goal 4: Good Health and Well-Being</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enables the sustainable use of the public functions of forests and the services of ecosystems by properly managing company-owned forests.</td>
<td>Help to reduce the loss of forests by strictly practicing proper, legal procurement. Strive to rein in CO2 emissions in all business activities.</td>
<td>Prevent environmental pollution from Group manufacturing activities by reinining in emissions or discharges of water, air, and soil contaminants.</td>
<td>Take every possible measure to protect working people from disease and injury by implementing extensive workplace safety measures and conducting thorough training and education.</td>
</tr>
</tbody>
</table>

Initiatives in Our Value Chain

- Corporate governance, CSR management, thorough compliance, personal information management, and dialogue with stakeholders
- Appropriate information disclosure and communication
- Productivity, quality, safety, and customer satisfaction
- Enterprise communication
- Building a vigorous organization
- Promoting a diverse workforce
- Promoting safety
- Environmental protection

Sustainable procurement of raw materials
- Promotion of the collection and use of wastepaper
- Promotion of waste paper collection together with customers
- Support for recycling organizations, establishment of waste paper collection facilities, etc.

Protection and nurturing of company-owned forests
- Promotion of modal shifts
- Pursuing customer satisfaction
- Appropriate disclosure of product information
- Addressing customer questions and opinions

Climate change initiatives
- Increase in load efficiency
- Pursuit of direct delivery and reorganization of distribution warehouses
- Promotion of appropriate information disclosure and communication

Materials procurement
- Sustainable procurement of raw materials
- Reduction of environmental impacts (Water and air pollutants, waste, noise, vibration, odor, chemical substances, etc.)
- Development and manufacturing of environmentally and socially conscious products
- Climate change initiatives

Production
- The stable supply of products
- Ensuring quality and safety
- Enhancement of product safety
- Enhancement of product value
- Pursuing customer satisfaction
- Appropriate disclosure of product information
- Addressing customer questions and opinions

Shipping
- Ensuring safety during transportation
- Promotion of traffic safety
- Creation of a vigorous organization
- Promotion of appropriate information disclosure and communication
- Promotion of modal shifts
- Pursuit of direct delivery and reorganization of distribution warehouses

Sales and Usage
- Ensuring safety during transportation
- Promotion of traffic safety
- Creation of a vigorous organization
- Promotion of appropriate information disclosure and communication
- Promotion of modal shifts
- Pursuit of direct delivery and reorganization of distribution warehouses

Separation, Collection, Recycling, and Disposal
- Appropriate disclosure of product information
- Addressing customer questions and opinions
- Promotion of appropriate information disclosure and communication
- Promotion of modal shifts
- Pursuit of direct delivery and reorganization of distribution warehouses
Nippon Paper Group's CSR Materiality

CSR Materiality Items among Initiatives in Our Value Chain

<table>
<thead>
<tr>
<th>ISO26000 Core Subjects</th>
<th>Materiality</th>
<th>Scope of External Impacts</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Governance, Fair Operating Practices (Management Responsibility)</td>
<td>Thorough Compliance, Dialogue with stakeholders</td>
<td>Society</td>
<td>P.5</td>
</tr>
<tr>
<td>The Environment (Forest Management, Raw Material Procurement, and Environmental Responsibility)</td>
<td>Sustainable procurement of raw materials, Climate change initiatives, Reduction of environmental impacts, Preserving biodiversity</td>
<td>Production sites, people living near company-owned forests, and suppliers</td>
<td>P.15 P.26</td>
</tr>
<tr>
<td>Consumer Issues (Responsibility to Customers)</td>
<td>Enhancement of product safety, Enhancement of product value</td>
<td>Customers</td>
<td>P.39</td>
</tr>
<tr>
<td>Community Involvement and Development (Responsibility to Communities)</td>
<td>Coexistence with local communities and society at large</td>
<td>Production sites and people living near company-owned forests</td>
<td>P.64</td>
</tr>
</tbody>
</table>

The Nippon Paper Group, working from a foundation of sustainable forest management, contributes to better living and cultural progress as a comprehensive biomass company making full use of, and recycling, renewable wood resources. Proper management of sustainable forests promotes preservation of biodiversity and helps to fight global warming. And use of wood resources increases the amount CO2 sequestered throughout society and helps to prevent resource depletion.

Creating new products and expanding our activities as a comprehensive biomass company, we manage and operate expansive forests and large-scale production sites. We, therefore, have a significant impact on the local areas and people who work there. Coexistence with these communities, as well as reducing environmental impacts and securing the safety and health of our local employees, therefore, are critical to our own continued existence. Moreover, the opinions of our stakeholders serve as valuable opportunities to grasp issues that are important for coexisting and growing with society in a sustainable way.

Therefore, the materiality items given above are of particular importance among our initiatives addressing social issues in our value chain (see pages 2-3).

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