



Most outstanding team at the 27th company-wide Presentation Conference

# 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 page 72-75 of the Nippon paper Integrated Report 2020.  
[https://www.nipponpapergroup.com/english/ir/Integrated\\_Report\\_E2020\\_03.pdf#page=14](https://www.nipponpapergroup.com/english/ir/Integrated_Report_E2020_03.pdf#page=14)

Materiality	Related Indicators	State of Efforts (fiscal 2019)
Occupational Safety	Prevention of injuries to any person at a mill site (elimination of serious accidents)	One serious occupational incident (on October 27, 2019)
Maintenance of a Vigorous Organization	Developing an organization where diverse employees can demonstrate their capabilities	Introduced four new personnel schemes, focused primarily on support for employees with childcare and nursing care commitments (as of April 2020)

# Policy and Management

## Basic Stance

The Nippon Paper Group respects human rights and aims to develop a working environment that makes the most of a diverse range of human resources, across its entire value chain.

Work-style reform has also received much attention in recent years, and we are moving proactively to help ensure that employees can maintain a high level of work-life balance.

The Group's manufacturing locations also have large-scale machinery, and work tasks that carry dangerous risks.

The Group is working to maintain and improve working environments to enable employees to work with peace of mind, by seeking to ensure thorough safety and accident prevention measures.

## Philosophy and Basic Policy

Gaining the trust of society and fulfilling our responsibilities requires that each and every Nippon Paper Group employee acts with high moral standards 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.

The Group publishes its policies in two languages (Japanese and English) and communicates them on its website so that it can be accessed worldwide by our suppliers, and by anyone else.

### 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

### Exchanging Opinions with Amnesty International Japan

In 2014, Nippon Paper Industries Personnel and Forest Materials departments each met with Amnesty International Japan to share opinions.

Based on the exchange of views, the company recognized social issues related to human rights and examined the themes we should address.

As a result, in 2015, the company embarked on an examination of human rights issues at subcontractors in Japan and on-site investigations with the objective of auditing overseas wood chip suppliers.

Since then, too, The company has continued to engage in regular exchanges of opinions with Amnesty International Japan.

#### CASE Paying Attention to Human Rights Issues at Affiliated Companies in Japan

Nippon Paper Industries conducts surveys on human rights issues at affiliated companies in Japan.

In fiscal 2015, the company had these affiliates perform self-checks and, beginning in fiscal 2016, each of these companies began to deliver survey results and make various improvements.

In fiscal 2019, the company also conducted follow-up surveys to ascertain the state of their initiatives, in order to promote voluntary self-improvement at each company.

#### CASE Concern for Human Rights Across the Supply Chain

The Nippon Paper Group's Philosophy and Basic Policy on Raw Materials Procurement clearly states that the Group will take human rights and labor considerations into account throughout the entire supply chain, and conducts surveys and interviews with suppliers for auditing purposes. (see P.32).

In particular, with regard to the supply chain of wood chips for paper making, Nippon Paper Industries' main raw material, the procurement personnel directly visit major and new overseas suppliers of wood chips to confirm the status of human rights considerations, including measures to address health, hygiene, safety, disaster prevention and local environmental issues.

In the company's overseas afforestation operation, the company is promoting forest management that takes into account the culture and traditions of local residents. (see P.38).

Table of On-Site Surveys of Overseas Chip Suppliers Conducted

Year of Survey	Country	Results
Fiscal 2015	South Africa	No problems found.
Fiscal 2016	Vietnam Australia	No problems found.
Fiscal 2017	Vietnam United States	No problems found.
Fiscal 2018	Vietnam Chile	No problems found.
Fiscal 2019	Malaysia Russia	No problems found.

### 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.

Nippon Paper Industries conducts e-learning training for all of its management personnel to raise their awareness with regard to human rights, including preventing harassment.

As of June 1, 2020, in light of the establishment of legislation on measures for the prevention of power harassment, the company has also revised parts of its work regulations, and is calling on all employees to help prevent harassment in the workplace.

## Human Rights, Employment and Labor Responsibility

# Occupational Safety and Health

## Basic Stance

In 2004, the Group established its Philosophy and Basic Policy on Safety and Disaster Prevention to create a workplace in which all employees can work in good health and with peace of mind. 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, the Group has created labor safety and health systems and is working continuously 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

Nippon Paper Industries Co., Ltd. has established a Risk Management Committee under the supervision of its Board of Directors (see P.25).

It has also established the Safety and Disaster Prevention Committee, chaired by the General Manager of its Technical and Engineering Division. The committee coordinates and promotes Group-wide occupational safety and health, disaster prevention and security measures, and reports its activities to the Risk Management Committee.

The company works in cooperation with labor unions to ensure safety and health, based on various agreements. It also conducts regular joint occupational safety and health meetings for personnel in charge of safety and health at its head office, mills, and labor unions, in order to manage the progress of annual safety and health management plans.

Each mill and office also has its own individual Safety and Health Committee and Safety and Health Promotion Council.

The Health and Safety Committee plans and promotes specific health and safety activities at mills and offices based on company policies and measures.

Meanwhile, each Safety and Health Promotion Council carries out on-site safety and health management

activities in collaboration with partner companies and subcontractors with employees working on site at Group facilities.

The Nippon Paper Group's System to Promote Occupational Safety and Health



Examples of organizations for safety at a mill site





## 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 NPSS, the company incorporate specific ongoing and voluntary activities at each mill and business site into safety and health plans in accordance with company policies and measures relating 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 comfortable working environments.

Nippon Paper Industries conducts Annual Mill Safety Audits to assess the progress of related initiatives under safety and health plans for individual mills and business sites, and seeks to make improvements and bolster safety levels throughout the company. The audits are conducted at least once a year. Since 2010, the company has expanded the scope of Mill Safety Audits to include Group companies and conducted them as mutual exchange safety audits. By doing so, the Group seeks to improve the level of our audits by promoting closer communication among Group companies.

※Nippon Paper Occupational Safety and Health Management System



Safety audit

## Efforts regarding Hygiene and Health

The 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.

## Responding to Work Tasks with a High Risk of Injury

The 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

### Safety Education

In its efforts to ensure high awareness with regard to occupational safety, the Nippon Paper Group invests considerable efforts into safety training for all employees, including those in management positions. Nippon Paper Industries formulates annual Occupational Safety and Health Management System plans at each of its mills and offices.

In line with these plans, each business location then implements various grade-specific safety and health training programs covering various stages of an employee's career, from safety and health training at the time of initial hiring through to supervisor training. By constantly renewing safety awareness in this way, we are endeavoring to achieve and maintain accident and disaster-free workplaces.

### Ensuring Thorough Safety on Site

Based on its mission of eliminating all personal injuries within its mills\*, Nippon Paper Industries conducts safety patrols and safety training in collaboration with labor unions and subcontractors with employees working on site at its facilities.

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 for safety education, and conduct checks to verify that safety training is being conducted properly.

The company also seeks to enhance on-site workplace safety management by subcontractors through encouraging and providing guidance on voluntary safety activities, including risk prediction, risk assessments and the state of occurrence of occupational accidents.

\*This mission includes all stakeholders on Nippon Paper Group premises including Group employees, employees of subcontractors working on site, visitors from outside and service business operators entering and leaving the premises.



Safety patrol

### Preparing for Natural Disasters and Fires

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.



First-aid training for responding to injured personnel as part of accident prevention and disaster readiness training

### Raising Awareness of Traffic Safety

The Nippon Paper Group seeks to instill awareness of traffic safety in its employees by participating in traffic safety training, lectures and traffic safety campaigns hosted by local police stations.



Course using a test vehicle to teach traffic safety

## Status of Occupational Accidents

While the Nippon Paper Group endeavors to ensure safe operation with safety as the top priority at all of its business locations, we are still dissatisfied with the numbers of occupational accidents occurring.

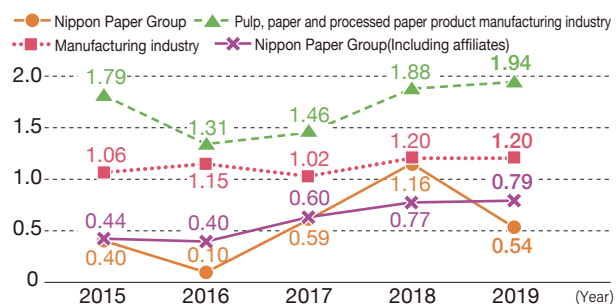
In 2019, one serious occupational accident occurred within the Nippon Paper Group (including subcontractors)\*. The frequency rate for occupational accidents requiring time off from work rose to 0.79, and the occupational accident severity rate also worsened to 0.33, due to occupational accidents involving Group employees, subcontractors and construction company employees working on site at our facilities.

For these reasons, as of this July, Nippon Paper Industries has formulated a Medium-Term Safety Activity Plan featuring three core concepts: (1) developing safe working environments, (2) managing risks, and (3) training personnel to work safely. The company has also established a Safety Action Plan (2020-2025) for creating a safe working environment, such as by utilizing AI and IoT technologies, and is working to create a foundation for preventing occupational accidents.

\*Manufacturing locations of Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papyrus, and Nippon Paper Liquid Package Product

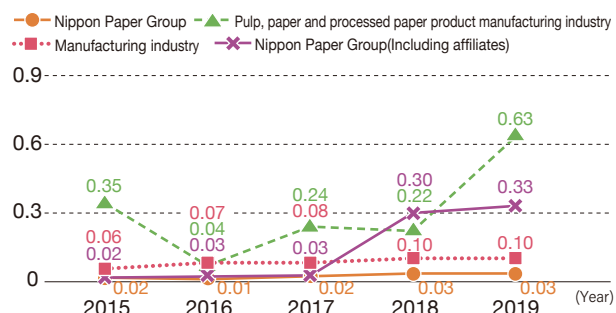
### Frequency rate for lost-worktime injuries

Indicates how often occupational accidents occur, within term, 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.



### Fatal In-House Accident

On October 27, 2019, a fatal accident occurred at the Hokkaido Paper Mill of Nippon Paper Industries Co., Ltd.

### Overview of the Accident

Location : Pulper for improperly finished paper, Processing Section, Nippon Paper Hokkaidoshiko Co., Ltd.

Victim : 44-year-old subcontractor who had worked at the company for 22 years and 6 months

Operation : Repulping of improperly finished paper

Situation : It is thought that the employee fell into the pulper when leaning over to push in a piece of waste paper that had become caught on the pulper's intake feed.

### Countermeasures:

- Implement safety measures to prevent employees from falling into pulper intake feeds.
- Implement measures to prevent waste paper from becoming caught when being fed into pulpers.
- Continue to investigate similar work tasks and countermeasures for similar equipment within the company.

# Maintenance of a Vigorous Organization

Based on its respect for fundamental human rights and individuality, the Nippon Paper Group consistently recruits new graduates and actively employs women, senior citizens and people with disabilities.

## Basic Stance

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

The Nippon Paper Group employees approximately 13,000 people in and outside of Japan. In its efforts to fulfill its responsibilities to local communities, which form the base for its corporate activities, 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 P.66), the Group engages in discrimination-free recruitment and employment.

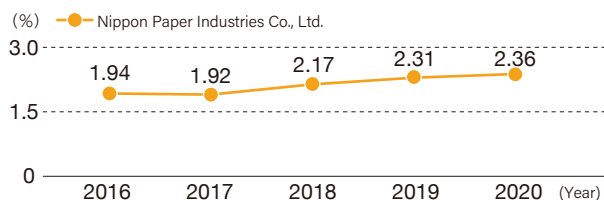
The Group employs a selection process that bases decisions on test and interview results. Factors such as nationality, place of birth, gender and names of schools attended have no place in selection decisions.

## Recent and Future Hiring of People with Disabilities

Nippon Paper Industries participated actively in recruitment interview events hosted by local municipalities and organizations. As a result, our percentage employment of people with disabilities was 2.36% as of April 1, 2020, 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% by April 2021, the company will continue working to maintain and increase percentage 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\*

Fiscal years	2014	2015	2016	2017	2018	2019
Nippon Paper Ind. Employees seeking reemployment	112	172	185	46	168	95
People reemployed	112	172	185	46	168	95
Consolidated companies in Japan People reemployed	309	327	331	227	332	296

\*Figures are for the Nippon Paper Group's consolidated companies in Japan, including management positions.



## Mid-career Hiring Initiatives

In addition to making effective use of human resources within the company, Nippon Paper Industries also engages in the recruitment and hiring of mid-career personnel.

In order to drive a shift in our business structure, we are endeavoring to proactively recruit human resources from outside the Group with special insights / knowledge and experience to enable us to assign the necessary personnel to the required positions as soon as possible.

We believe that the active contribution of personnel with a variety of knowledge and experience will lead to the revitalization of the organization and by extension the advancement of the company as a whole, and will continue in our efforts to hire new personnel in the future.

### Employment data

	Units	FY2019
No. of employees on a consolidated basis <sup>*1, 2</sup>	Persons	12,592
Men	Persons	11,118
Women	Persons	1,474
Overseas	Persons	2,504
Men	Persons	2,158
Women	Persons	346
Percent of upper management from The local community	%	89.3%
Part-time workers <sup>*1, 2</sup>	Persons	519
Men	Persons	296
Women	Persons	223
New graduates hired <sup>*3</sup>	Persons	182
Men	Persons	146
Women	Persons	36
Mid-career hires <sup>*3</sup>	Persons	222
Men	Persons	199
Women	Persons	23
Average age of employees <sup>*1, 3</sup>	Age	43.7
Men	Age	43.6
Women	Age	43.7
Average years of employment <sup>*1, 3</sup>	Years	19.2
Men	Years	19.3
Women	Years	17.8
Turnover rate <sup>*1, 3</sup> (Includes employees leaving at the mandatory retirement age)	%	4.6
Dispatched workers <sup>*1, 3</sup>	Persons	108
Men	Persons	47
Women	Persons	61

\*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	891	2,974	1,457	5,322
Men	Persons	834	2,770	1,329	4,933
Women	Persons	57	204	128	389

### Numbers<sup>1</sup> of overseas subsidiaries and employees by region (as of December 31, 2019)

	No. of companies	Men	Women	Total
North America	3	450	80	530
Australia	8	983	141	1,124
Asia	13 <sup>*2</sup>	867	359	1,226
Europe	4	146	50	196
South America	3	455	60	515
Total	31	2,901	690	3,591

\*1 Including non-consolidated subsidiaries

\*2 Does not include NP Trading (Ho Chi Minh) Co., Ltd. (established in February 2020).

### Overseas Subsidiary Employees by Type of Employment (as of December 31, 2019)

	Units	Full-time	Temporary	Total
North America	Persons	529	1	530
Australia	Persons	1,124	0	1,124
Asia	Persons	749	477	1,226
Europe	Persons	189	7	196
South America	Persons	515	0	515
All overseas subsidiaries	Persons	3,106	485	3,591

## Promoting Work-Life Balance

The Nippon Paper Group is working to create a workplace environment that allows employees to reach their full potential while balancing work, family and private life needs.

Nippon Paper Industries, for example, has introduced flextime hours for its head office, research facilities, branch offices and the administrative sections of its mills.

As an emergency response to suppress the spread of COVID-19 cases, we have also implemented work from home measures on the company-wide scale.

The company has been conducting a trial telecommuting program in-house for some time now, but it has decided that a permanent telecommuting system is desirable from the perspective of our business continuity plan (BCP), and the company is considering making it a permanent fixture.

## Work-style Reform Approaches

Nippon Paper Industries 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 where employees can work healthily and actively.

We believe that helping individual employees to maintain a desirable work-life balance through work-style reforms and improvements in business processes will give rise to surpluses of time and energy that can ultimately be linked to further growth for the Company.

## Reducing Overall Working Hours

Nippon Paper Industries has set the goal of reducing average annual working hours for its workforce to less than 1,850 hours per person.

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 reduce workloads by reviewing business processes.

In fiscal 2017, we augmented our work timetable management system—which covers all employees, including management personnel—with the addition of a function that keeps track of the times at which personal computers are turned on and off; and are analyzing and checking this data in detail to ascertain the actual state of employee working hours.

As a result of these efforts, average total working hours for all employees in fiscal 2019 stood at 1,894 (a reduction of 29 hours in comparison with fiscal 2018). While not achieving the target, this figure represents a significant reduction in working hours.

For managers, who were particularly prone to working long hours, the number of hours decreased significantly to 2,003 (a decrease of 62 hours compared to fiscal 2018) from fiscal 2018 to fiscal 2019, due in part to efforts to foster management awareness, including the implementation of e-learning programs on team management and diversity promotion.

The company also set and achieved targets for employees taking annual paid leave and leaving work by 7:00pm.

The company is continuing to review its personnel system to promote the use of paid leave. For example, the company has abolished the cap on the number of times employees can take their annual paid leave in half-day increments and introduced a system for taking expired accumulated annual leave (leave to be saved) in half-day increments (but only for childcare or nursing care purposes).

Moving forward, we will continue to implement work-style reforms aimed at achieving these 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	FY2019
Employees taking child-care leave *1	Persons	23
Men	Persons	2
Women	Persons	21
recently giving birth	%	100
who returned to work	%	100
Employees taking maternity/paternity leave *1	Persons	203
Men	Persons	184
Women	Persons	19
Average number of days taken for maternity/paternity leave *1		
Men	Days	3.8
Women	Days	67.9
Employees taking nursing-care leave *1	Persons	1
Total number of working hours *2	Hours	1,885
The rate of annual paid leave taken by employees		
Consolidated companies in Japan	%	74.4
Non-management employees of Nippon Paper Industries	%	76.6

\*1 Data scope: Consolidated companies in Japan

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

## Initiatives to Help Employees Balance Work with Nursing Care Commitments

Nippon Paper Industries has established schemes that exceed the provisions stipulated by Japanese law with regard to nursing-care leave and other considerations for supporting employees in maintaining a balance between work and care-giving commitments.

In April 2020, as one aspect of these support measures, the company issued a Nursing Care Handbook summarizing information necessary for achieving a balance between works and nursing care, including preparation towards care-giving, necessary actions and details of support offered by the company and by society. The handbook has also been posted on the company's internal intranet to enable employees to access it at any time.

## Active roles for diverse personnel

From the perspective of revitalizing organizations and securing human resources in a society with a declining birthrate, the importance of having a diverse workforce is becoming more important.

### CASE Diversity Management Seminar (Nippon Paper Industries)

Nippon Paper Industries held its fourth diversity management seminar in September 2019.

In the first part of this two-part seminar, the Personnel Department introduced the Company's efforts to reform its work style and revitalize its organization.

In the second part, Yojiro Hashimoto, CEO of ToBeings Co., Ltd., spoke about the diversification of working styles and people in the age of 100 years of life, the nature of leaders, and hints on how to build a strong organization that delivers results.

Approximately 100 employees participated in the seminar on the day, and were able to deepen their learning through discussions among themselves.



Diversity management seminar

## Developing an Environment where Diverse Employees can Demonstrate their Capabilities

Nippon Paper Industries is working to develop a workplace environment in which employees from a diverse range of backgrounds, of various ages and genders, and with childcare and care-giving responsibilities, can fulfill their potential.

As one aspect of these efforts, as of April 2020, the Company has introduced the following four new schemes, aimed primarily at supporting employees with specific circumstances such as childcare and nursing-care commitments.

- System that allows employees to take the preserved leave in half-day units.
- System that allows employees to apply the preserved leave for short-term childcare.
- Providing financial assistance for non-household head employees when they are assigned to transfer alone.
- System to allow employees to take leave when accompanying their spouse's overseas assignment.

The company will continue to consider and implement measures that contribute to the realization of flexible work styles and diversity.

## 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.

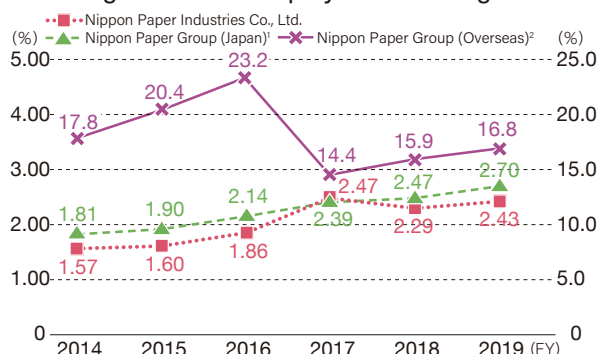
\* Women who joined the company during the fiscal years 2004 to 2008.

## Female Management Participation and Recruiting

At Nippon Paper Industries a large proportion of jobs is in mill settings and so low recruitment of women in the past is a major reason for their low participation 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.

At the same time, we are implementing support measures for the establishment of female career-track positions and working to develop female candidates for managerial positions.

### 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 percentage of only full-time employees.

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

\*2 Includes all managers of section 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	2019
Career-track hires	34	52	61	56	53	50
Women	6	11	11	14	13	13
Men	28	41	50	42	40	37
Percent women (%)	18	21	18	25	25	26

## Initiatives Aimed at Developing Human Resources

### Training Personnel to Match the Group's Ideal Vision

In its Group Mission, the Nippon Paper Group lists its key values as Challenge, Fairness and Teamwork. Under its sixth Medium-Term Management Plan, the Group raises the themes of (1) reorganizing production network to make maximum effective use of its own equipment and facilities in the paper business, and (2) expanding businesses in growth areas and making new businesses competitive at an early stage. Nippon Paper Industries is working to enhance its training and development of leaders who will help drive this transformation.

When hiring new personnel, the Group looks for human resources who are equipped with the abilities to continue attempting new challenges, to exercise fair judgement and to engage in teamwork by involving those around them, and the mental strength to overcome difficulties.

In training leaders, we make it our goal to develop "autonomous human resources" with the spirit of challenge and the ability to think what must be done and carry it out. In this way, we are enhancing our development of human resources with a global perspective capable of attempting new challenges.

### Leadership Training System

Nippon Paper Industries trains its career-track employees through OJT (on-the-job training), planned rotations and OFFJT (off-the-job training, including grade-specific training and selective training programs).

Rotation is operated as a system for fostering leaders with broad perspectives who do not become fixated on a single issue, by transferring them to various positions both within and outside their department, and at affiliate companies in a planned manner.

OFFJT is used as a career development program. In addition to grade-specific training until they are promoted to management roles, employees are also dispatched to overseas business locations under the company's overseas assignment system.

After employees are promoted to management positions, the company also conducts training for further promotion, and selective training with the purpose of developing employees into candidates for senior management roles.

## Network for Career-track Women

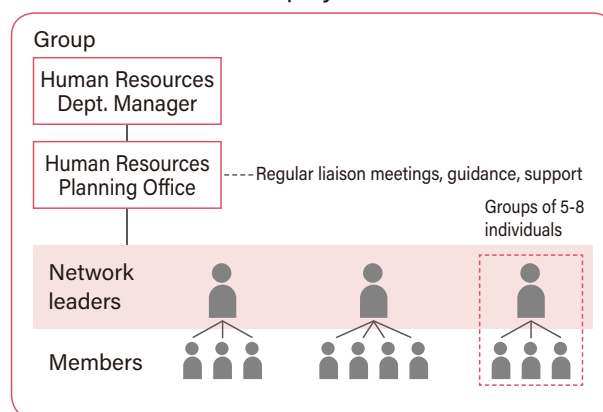
Nippon Paper Industries has created a company-wide network for career-track women bridging across all of its workplaces. Within the network, leaders collaborate with the Human Resources Planning Office to help other network members to address career-building concerns.

Between fiscal 2017 and 2019, the company engaged in a second phase of Group activities.

In activities in this phase, the company collected opinions regarding existing schemes and recommendations for improvements, and ran collective group training for all network members.

Through the network, the company also conducts 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





## The Five Pillars of Human Resources Development

The Nippon Paper Group provides its employees with fair learning opportunities, and has developed a system for enabling those with motivation and abilities to further increase their skills, with a focus on five key points.

### 1 Support for self-development and voluntary skill acquisition

The Nippon Paper Group supports employee self-development and voluntary skill acquisition through means such as group training and rewards for acquiring professional qualifications. In addition, job-level-based training, such as that for new 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; job-level-based training at mills, for example, is conducted not just for a single mill but together with neighboring mills.



Internal training session

Furthermore, Group employees can meet self-determined skill needs by taking any of approximately 240 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/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

In order to develop human resources with a global perspective with a view to future overseas expansion, the company and other Group companies are also developing open application overseas study schemes.

We operate international student dispatch schemes sending students to universities abroad, and overseas assignment schemes sending employees to work at overseas business locations relating to the Group and its operations.

In fiscal 2019, we ran a short-term internship program for overseas Group locations, and recruited applicants by open application.

Six employees were dispatched to six different locations in the United States, Australia, China, Vietnam, India and Finland.

Nippon Paper Industries Co., Ltd. is also seeking to enhance the level of its awareness-raising and training activities to enable all of its career-track employees will be capable of taking on assignments on the global stage.

### 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.

**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 (Nippon Dynawave Packaging Co.)

**CASE Implement Small Group Activities Globally**

The Nippon Paper Group engages in small group activities both in Japan and overseas.

In these activities, employees form small groups and work together to achieve improvements in areas such as business operations and quality, and to reduce costs.

In fiscal 2019, Nippon Paper held its 27th company-wide presentation meeting, while the Group held its 11th presentation meeting, with participation by 12 Group companies located in Japan and overseas.

The presentations helped attendees to better understand operations in their respective workplaces, and to share examples of good practices from other workplaces both in Japan and abroad.



"11th Group Presentations Competition"

**Fair Evaluation and Compensation**

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 nonmanagement 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

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 shared objective of building a better company, Nippon Paper Industries Co., Ltd. has established a series of dedicated committees on labor-management issues, covering areas such as the operation of labor and management agreements, and staffing adjustment measures. These committees engage in sincere discussions with mutual respect for the positions of both labor and management.

Agreements between labor and management provide the basis for a variety of initiatives, as well as efforts to improve workplace environments.

In addition to these efforts, regular central meetings of leadership from both sides provide a forum to discuss diverse issues including corporate management and working conditions.

With regard to these central meetings, also, as of fiscal 2020 the Company has sought to review and revise the way in which meetings are held in order to increase the amount of time allocated to discussions, and endeavored to ensure a more lively exchange of opinions between leaders on both sides.

At Nippon Paper Industries, there are 4,791 labor union members (as of March 31, 2020). Workplaces are union shops and all of the employees covered by collective bargaining agreements are union members.

## Discussions of working conditions

Changes to working conditions, such as alterations to personnel systems and personnel downsizing, are carried out on the basis of prior discussions between labor and management, after they have been thoroughly discussed.

In fiscal 2019, we launched a dedicated labor-management committee for the introduction of measures for promoting diversity. Through efforts such as this, the company is working to ensure unity labor-management consensus through frank exchanges of opinions between both sides.

Nippon Paper Group companies do not unilaterally impose changes on their employees.

Routine communication is critical for gaining the understanding of employees with regard to company actions.

The Group strives to provide information to employees and labor unions on a day-to-day basis, and to create opportunities for dialogue, such as in explaining financial results.

## Guaranteed wage

In order to protect the stability of its employees' lives, the company guarantees wages above the levels required by laws and regulations regarding minimum wages.