



Compliance training for corporate officers  
(August 2019)

# Management Responsibility

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 page 47-55 of the Nippon Paper Group Integrated report 2020.  
[https://www.nipponpapergroup.com/english/ir/Integrated\\_Report\\_E2020\\_03.pdf](https://www.nipponpapergroup.com/english/ir/Integrated_Report_E2020_03.pdf)

Materiality	Related Indicators	State of Efforts (fiscal 2019)
Thorough Compliance	Thorough awareness with the Nippon Paper Group Action Charter / Codes of Conduct	Conducting compliance training (43 training sessions conducted at 25 Nippon Paper and Group company locations, with around 950 employees participating.
	Acceptance of internal reports (whistleblowing) by appropriate management of information	The Nippon Paper Group helpline received 46 whistleblower reports
Dialogues with Stakeholders	Constructive dialogues with shareholders and other investors	Held one management briefing and 136 individual meetings, to gain greater understanding with regard to the Group's management policies
	Engaging in regular communication with local community residents to share environmental risks	Engaged in risk communication with residents in communities surrounding mills in Japan (26 times)

# Corporate Governance

The Group aims to achieve sustainable growth and increase its medium to long-term corporate value.

## Basic Stance

As the leader of the Nippon Paper Group, in 2015 the Company established its Corporate Governance Policy based on the Group Mission. The Company has determined the policy as guidelines for its basic stance related to corporate governance, aimed at achieving sustainable growth and medium- to long-term increases in corporate value.

Our highest management priority is to achieve even greater transparency toward shareholders and other stakeholders and engage in fair business practices. The Company has adopted an executive officer system and is working to strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. In addition, the Company is implementing growth strategies, monitoring businesses under its control, and promoting compliance.

Furthermore, the Company is acting in accordance with all of the fundamental principles of Japan's Corporate Governance Code.

### → Corporate Governance Policy

<https://www.nipponpapergroup.com/ir/20200515CGC.pdf>

### → Corporate Governance Report

(Updated on July 1st, 2020)

<https://www.nipponpapergroup.com/english/ir/202000701ecg.pdf>

## Corporate Governance Structure

### Board of Directors

In May 2006, the Company formulated its Basic Policy for Establishing the Internal Control System.

The role of the Company's Board of Directors in the implementation of the internal control system is stipulated in the Corporate Governance Policy.

The Company's Board of Directors shall bear the supervisory function of management as a whole and make the most appropriate decisions for the Company through decisions, etc. on the execution of important business issues that are to be made under laws, regulations and the Articles of Incorporation by the Board of Directors. The Board of Directors shall also supervise the status of the execution of duties by the President & Representative Director and other Corporate Officers. In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall raise awareness of officers and employees, to strive to facilitate the sustainable development of society and enhance the corporate value of the Group, by promoting active efforts to resolve challenges while giving consideration to stakeholders.

Moreover, the Company's Board of Directors shall ensure a balance of knowledge, experience, abilities, and diversification by having it composed of inside directors who have excellent abilities to execute and manage each business in their charge, and outside directors who have specialized knowledge and extensive experience. In fiscal 2019, outside directors comprised one-third of the members on the Board of Directors and one female outside director and one female outside statutory auditor were appointed.

### → Basic Policy for Establishing the Internal Control System

(Notice of the 96th Ordinary General Meeting of Shareholders, P.46)

<https://www.nipponpapergroup.com/english/ir/syosyututieng20200601.pdf>

## Management Executive Committee

In principle, the Management Executive Committee of Nippon Paper Industries meets once a week to deliberate on important management related matters under the authority of the President.

Membership of the said committee is basically composed of the President and other directors (excluding outside directors) and general managers who do not serve as directors.

In addition, the meetings of the Management Executive Committee, held once a month, are attended by outside directors and general managers of the Company's mills in order to share information on monthly financial results among the management.

## Group Management Strategy Committee

Nippon Paper Industries' Group Management Strategy Committee meets as necessary to deliberate on management strategies by business segment and other important matters related to the Group.

Membership of the committee is composed of the Company management and presidents of major companies of the Nippon Paper Group.

## Statutory Auditors and Board of Statutory Auditors

The statutory auditors of Nippon Paper Industries attend important meetings such as meetings of the Board of Directors, the Management Executive Committee, and the Management Strategy Committee. They strictly supervise directors' business execution, and strictly audit the Company's overall business activities to ensure their legality and fairness.

The Board of Statutory Auditors presides over the Nippon Paper Group Statutory Auditor Liaison Committee and holds meetings regularly to discuss audit policies and methods and exchange information with corporate auditors at each Group company to reinforce the alliance and audit functions of the Group.

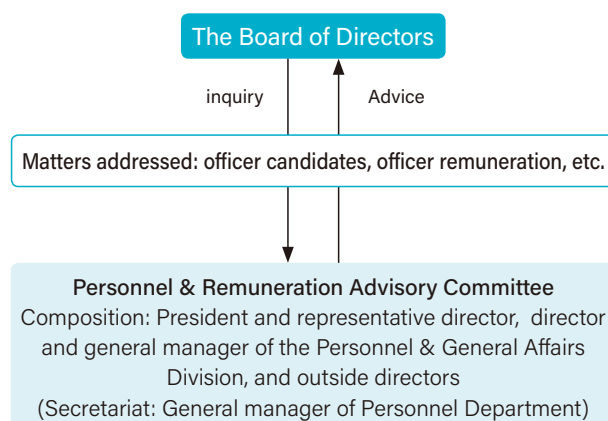
## Management Audit Office

Nippon Paper Industries' Management Audit Office, which is directly under the President's control, conducts an internal audit of the Company and each Group company and a comprehensive evaluation of the maintenance and operation of the internal control system as it relates to financial reporting. The internal audits are conducted in terms of legality and rationale from fair and independent perspectives.

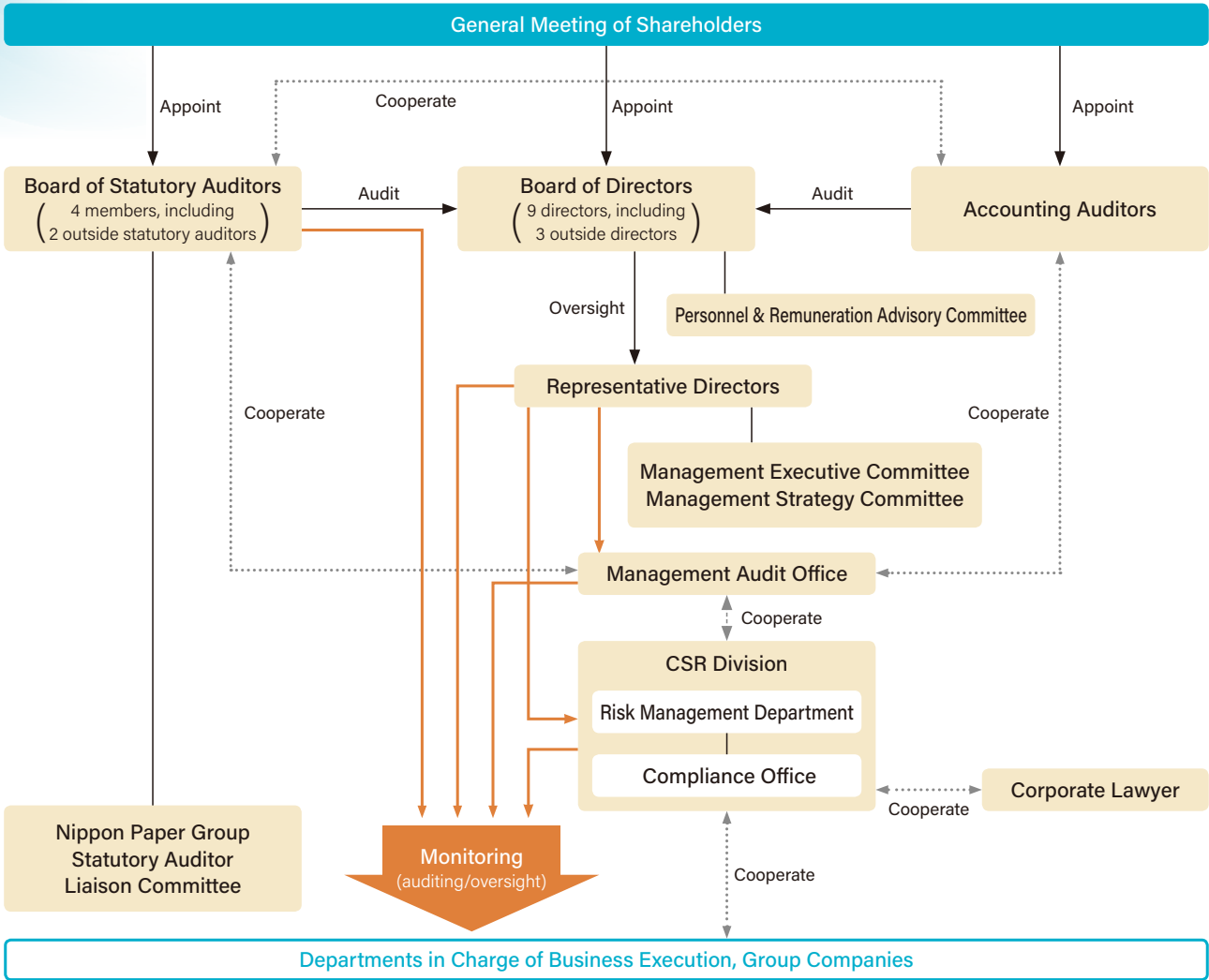
## Personnel and Remuneration Advisory Committee

As stipulated in the Corporate Governance Policy, the Personnel and Remuneration Advisory Committee of Nippon Paper Industries receives inquiries from the Board of Directors on matters such as the selection process, qualifications, and reasons for nomination of director and statutory auditor candidates, the criteria for determining the independence of independent outside officers, and the remuneration system for directors and statutory auditors. The committee responds to such inquiries after considering their appropriateness and taking into account its assessment of the Company's business performance and other factors. The committee comprises the President and Representative Director, the Director and General Manager of the Personnel & General Affairs Division, and outside directors, and shall proceed with its studies while receiving appropriate involvement and advice from independent outside directors. The Board of Directors shall, after receiving recommendations from the Personnel & Remuneration Advisory Committee, make a decision on nominations for directors and statutory auditors, compensation for directors, etc.

### Structure and Functions of the Personnel & Remuneration Advisory Committee



Corporate Governance Structure (As of July 1, 2020)



Management responsibility  
Corporate governance

Corporate Governance Summary (As of July 1, 2020)

Type of Organization	Company with a Board of Statutory Auditors
Chairman of the Board of Directors	Chairman and Director: Fumio Manoshiro
Number of Directors	9 (including 3 outside directors)
Number of Statutory Auditors	4 (including 2 outside statutory auditors)
Number of Appointed Independent Officers	5 (3 outside directors and 2 outside statutory auditors)
Board of Directors' Meetings Held in FY2020/3	Number of meetings: 14 Average rate of attendance by directors: 98.4% (outside directors: 97.4%) Average rate of attendance by statutory auditors: 100%
Board of Statutory Auditors' Meetings Held in FY2020/3	Number of meetings: 13 Average rate of attendance by statutory auditors: 100%
Independent Accounting Auditor	Ernst & Young ShinNihon LLC

## Independent Officers

The Company designates as independent officer, all outside officers who meet the requirements for an independent officer. When appointing candidates for outside director and outside statutory auditor, the Company judges their independence by taking into consideration whether they satisfy the independence criteria provided by the Tokyo Stock Exchange and the requirements for externality (having not served as director, employee, etc. of the Company and its subsidiaries in the past) provided for by laws/regulations, in addition to considering the existence of any conflict of interests with general shareholders.

### Outside Directors

<b>Makoto Fujioka</b>	Mr. Fujioka was Deputy Director-General of the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) and Ambassador Extraordinary and Plenipotentiary stationed in the United Arab Emirates. He has also acted as an executive of a private company. He is expected to supervise and advise from an objective perspective on the execution of duties of the Company's other directors using his wide knowledge and international awareness gained through his experience in both the public and private sectors.
<b>Yoko Hatta</b>	Although Ms. Hatta has never been engaged in corporate management directly, it is expected that she will draw on her broad work experience at international accounting firms and considerable expertise in international tax practices, etc. and her experience as an outside statutory auditor of the Company (from June 2016 to June 2019) to supervise and advise from an objective perspective on the execution of duties by the Company's other directors.
<b>Yutaka Kunigo</b>	Mr. Kunigo engaged in a wide range of areas at Tokyo Gas Co., Ltd., such as engineering, personnel affairs, procurement, sales, and overseas operations. He is expected to supervise and advise in his objective capacity on the execution of duties of the Company's other directors using his extensive experience and wide knowledge accumulated through his experience in managing the company as its executive.

### Outside Statutory Auditors

<b>Takafumi Okuda</b>	Although he has never been engaged in corporate management directly, the Company determines that his abundant experience and deep knowledge that he has accumulated as a legal professional in a judicial organization will enable him to act as an auditor of the Company and audit the execution of business activities by the Company's directors from an independent and objective perspective and contribute to improving the soundness and transparency of the Company's management.
<b>Nanako Aono</b>	The Company determines that Ms. Aono's experience in serving as a director and statutory auditor at private sector companies in a wide range of fields and the extensive knowledge she has accumulated as a certified public accountant will enable her to audit the execution of business activities by the Company's directors from an independent and objective perspective and contribute to improving the soundness and transparency of the Company's management.

## Evaluation of Effectiveness of the Board of Directors

To continuously strengthen its functions, the Company's Board of Directors has been conducting self-evaluations of its effectiveness since FY2016/3.

Once per year, the Secretariat of the Board of Directors conducts a survey of the directors and statutory auditors regarding management and the discussions held at its meetings. The director in charge reports the findings from the survey to the Board of Directors, which analyzes and evaluates the effectiveness of the Board of Directors through deliberations, etc. on reported contents and works toward its improvement based on the results thereof.

## Outline of the Results of the FY2020/3 Analysis and Evaluation

The Board of Directors analyzed and evaluated the effectiveness of the Board of Directors based on self-evaluations in the form of a questionnaire survey. The Board of Directors found that the five viewpoints of "Composition of the Board of Directors," "Agenda items to be submitted to the Board of Directors' Meetings," "Conduct of Board of Directors' Meetings," "Training of directors and statutory auditors," and "Information provision to, and support system for, outside directors" were broadly appropriate on the whole. With regard to strengthening support to facilitate activities of outside officers, which was previously highlighted as a theme, efforts were made to realize improvements, such as enhancing the content of the minutes taken at the Board of Directors' Meetings and prior briefings on important matters, as well as inviting outside officers to attend internal meetings, including meetings of the Group Management Strategy Committee.

The Board of Directors will continue to enhance its functions through such measures as expanding the items reported to the Board of Directors.

## Compensation for Directors

The Board of Directors decides compensation for directors after receiving a report from the Personnel and Remuneration Advisory Committee (page 17).

### Monthly Compensation

Base monthly compensation for directors shall be decided according to his/her job responsibilities in the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid with increases or decreases based on the preceding business year's business performance.

As a standard, 60% of the performance evaluation is based on non-consolidated results (year-on-year increase/decrease in net sales, ordinary income, and ROA), while 40% is based on the Group's consolidated performance (the degree to which net sales, operating income, and ROA meet Medium-Term Business Plan targets). The Company does not provide bonuses or retirement benefits. In addition, a certain amount of the monthly compensation will be allocated to the acquisition of the Company's shares through contributions to the executive shareholding association. The acquired shares will continue to be held during the director's tenure in the Company.

Regarding outside directors and outside statutory auditors, monthly compensation shall be fixed. In light of their responsibilities, contributions to the executive shareholding association are on a voluntary basis.

### Introduction of Stock Compensation Plan

The Company has introduced Board Benefit Trust (BBT) as a stock compensation plan. The objective of BBT is to further clarify the link between the compensation provided to directors and the Company's share value and thereby increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its corporate value by sharing the benefits and risks associated with share price fluctuations with shareholders. (This resolution was approved at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019.)

### Total Amount of Remuneration, etc., for Directors and Statutory Auditors for FY2020/3\*1

Category	Number of executives	Total amount of remuneration, etc.
Directors	11*2	¥383 million
Statutory auditors	6*2	¥56 million

\*1 Figures are rounded down to the nearest million yen.

\*2 Amounts include two directors and two statutory auditor who resigned during FY2020/3.

### (Reference) Overview of Inside Director Remuneration (FY2020/3)

	Fixed Remuneration	Performance-Based Remuneration	Board Benefit Trust
Method	Cash payment		Points granted
Payment Allowance	with in ¥700 million per year		with in 25,000 points per year (1 point = 1 share)
Payment Period	Monthly (no bonuses or retirement benefits)		Director resignation (cumulative points are converted to shares)
Calculation Method	Determined according to their respective responsibilities in the Company, with 70% of the amount to be paid as a fixed amount	Determined according to their respective responsibilities in the Company, with 30% of the amount to be varied depending on the business results of the preceding fiscal year	Points to be granted based on directors' respective positions
Performance Standards	—	60%: non-consolidated performance (net sales, ordinary income, ROA) 40%: consolidated performance (net sales, operating income, ROA)	—
Others	Fixed amount contributed to Nippon Paper Industries executive shareholding association		—

Note: Monthly remuneration is fixed for outside directors and corporate auditors.

### Successors to the President

Nippon Paper Industries cultivates candidates for succession to President by placing them in increasingly important roles as directors, executive officers, and other important executive positions. Personnel matters related to directors and executive officers who are future presidential candidates are deliberated by the Personnel and Remuneration Advisory Committee, which is an advisory body that reports to the Board of Directors. Upon receiving this report, the Board of Directors screens and deliberates the report, and then decides on candidates.

Through this process, the Board of Directors supervises the cultivation of candidates to become the next President in a systematic and ongoing manner.

The process for appointment and dismissal of the President is the same as the decision on candidates for directors, in that the Personnel and Remuneration Advisory Committee conducts a review and submits a report based on consultations with the Board of Directors.

### Cultivation of Director Candidates

From the standpoint of securing human resources capable of managing the Company in the future, we make a point of exposing employees—particularly those in career-track positions—to various positions and rotation to different offices. We also make an effort to appoint employees as early as possible to positions as managers and other important posts and positions in which they assist management, such as the top management of affiliated companies and overseas subsidiaries. In this manner, we strive to develop a robust base of employees with highly sophisticated expertise and work experience, cultivating them for selection as the next generation of director candidates.

### Policy for Training Directors

To support directors' execution of duties, the Company provides directors with information on matters necessary for their roles and functions (such as economic conditions, industry trends, legal compliance, corporate governance, finance and accounting) on an ongoing basis. We also ensure opportunities to participate in external training based on the desires of individual directors.

## Message from an Outside Director

### “Perspective on the Group’s Medium -to Long-Term Growth”

Makoto Fujioka Outside Director



#### Creating Value through the Use of Wood

The Nippon Paper Group has proactively developed an array of businesses based on its slogan, “Shaping the future with trees.” I believe that this slogan provides a simple yet accurate description of the Group’s distinctiveness as a company as well as its stance toward social value and medium -to long-term growth. The Group’s distinctive strengths lie in its wealth of technology and expertise for maximizing the use of trees, a renewable resource. Moreover, the Group owns expansive forests in Japan and overseas and engages in sustainable forest management and raw material procurement. I am convinced that by taking advantage of its management resources and capabilities to create value through the use of wood and in turn, respond to the renewed demand of society, the Nippon Paper Group will be able to realize sustainable growth.

#### Transformation of Business Structure and Strengthening of Competitiveness

In its current medium-term business plan, the Group identified the packaging, household paper and healthcare, chemical, and energy businesses as growth areas and is working to expand its operations in a variety of ways according to its basic policy mentioned earlier. Similarly, the Group is concentrating its efforts, from a longer-term perspective, on the commercialization of new functional materials derived from pulp, such as cellulose nanofiber, a cutting-edge biomass resource.

Meanwhile, the Group must address the issue of shrinking domestic demand for its existing Paper Business as a result of advancements in IT and other factors. I feel that the Group has been making progress in this area by reorganizing the production structure of the Paper Business and thereby improving profitability. However, as domestic demand in this business is expected to contract even more going forward, proactively transforming its business structure and strengthening its competitiveness will be critical to its future success.

#### Helping Realize a Sustainable Society

As a member of society, companies must unite with society and evolve together.

In recent years, the intensification of climate change and marine plastic pollution have emerged as global issues. In light of this, demand and expectations for the use of wood resources, which are renewable, have been growing. Because of its ability to develop and roll out new paper materials and products, the Nippon Paper Group can create and deploy a range of businesses that cater to such new forms of social needs. I believe that by leveraging such capabilities, the Group is enhancing its corporate value over the long term and realizing more opportunities to contribute to the development of a sustainable society.

#### Swiftly Adapting to the Rapidly Changing Operating Environment

In order to continue growing as a company amid this rapidly changing environment, the Group must respond to issues in a timely manner. For instance, from the time marine plastic pollution started gaining greater attention as a new concern in society, the Group did not hesitate in establishing its Paperising Promotion Office and developing and rolling out new environment-friendly products, such as its paper straws.

In such ways, I look forward to seeing the Group continue to harness its ability to adapt, swiftly and flexibly, and respond to the rapidly changing operating environment.



# Dialogue with Stakeholders

We make use of various opportunities to engage in dialogues.

## Basic Stance

Nippon Paper Industries Co., Ltd. has established a policy for constructive dialogues with shareholders, etc. under its corporate governance policy. We value constructive dialogues with shareholders and other stakeholders, and endeavor to secure various opportunities to hold such dialogues.

The Nippon Paper Group's Action Charter and Codes of Conduct also include the provision that the company will fairly and proactively disclose company information to all interested persons involved with the company. The Group has also formulated and is implementing a basic policy on the disclosure of information (disclosure policy).

→ **Corporate Governance Policy**  
<https://www.nipponpapergroup.com/english/ir/ECGC20200515.pdf>

→ **Disclosure Policy**  
<https://www.nipponpapergroup.com/english/ir/disclosure/policy/>

→ **Corporate Governance Report (last updated July 1, 2020)**  
<https://www.nipponpapergroup.com/english/ir/202000701ecg.pdf>

## Annual General Meeting

Nippon Paper Industries Co., Ltd. works to energize its general shareholders' meetings and ensure smooth exercising of shareholders' voting rights.

When preparing notices for the convocation of general shareholders' meetings, we take care to ensure that they are clear and straightforward to read and understand, and that they communicate necessary information to our shareholders.

For our 96th annual general shareholders' meeting held on June 25, 2020, we ensured timely disclosure by sending notices of convocation early—17 days prior to the date of the meeting—and disclosing details of the notices on our website seven days earlier.

We have also adopted a "smart voting" website for shareholders to exercise their rights using a smartphone, making it possible for shareholders to exercise their voting rights via the Internet.

In order to prevent the spread of COVID-19, we requested participating shareholders to wear masks when visiting the meeting venue. We also checked participants' temperatures, provided alcohol-based hand sanitizer, and arranged seating to ensure ample space between seats.

We also simplified the meeting agenda to shorten the overall length of the meeting itself.



Checking temperatures in front of the entrance of the venue

## IR Activities

The Corporate Planning Dept, which is responsible for IR activities, collaborates with Treasure & Accounting, Personnel & General Affairs, CSR, Public Relations and various other divisions and strives to gain understanding of the Group's management policies through constructive dialogues with shareholders and investors.

The Corporate Planning Division conducts business analyses and gathers opinions from the perspectives of capital providers, in order to promote sustainable growth and enhance its corporate value of the Nippon Paper Group over the medium to long term.

The division also sends weekly IR reports to top-level management, senior management and relevant departments, gives regular reports to the Board of Directors, and makes other efforts to ensure that this information is reflected in actual management activities.

### Results of activities aimed at institutional investors and analysts in fiscal 2019

Management briefings	1 time
Operating results briefings	4 times
Mill tours	1 time (Higashimatsuyama Mill)
Individual meetings	136 time

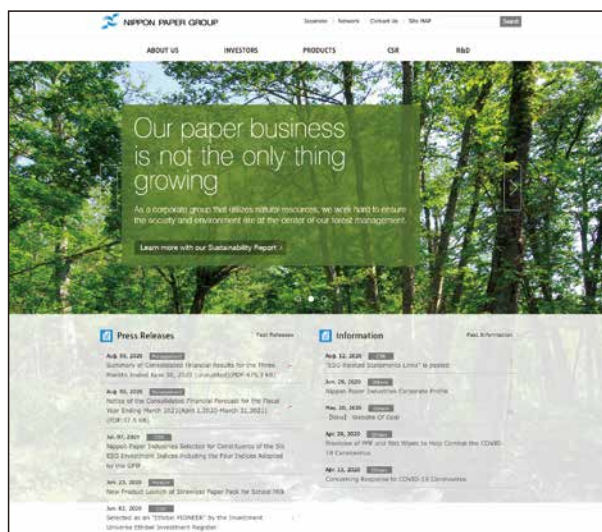
## Shareholder Newsletters, Website and Risk Communication

Nippon Paper Industries Co., Ltd. mails shareholder newsletters to shareholders twice a year.

Our website communicates information to a wide range of stakeholders as and when it becomes available. We also receive a broad range of questions and opinions via the Contact Us and Application Form (Request for Materials) sections on a wide range of topics including business management, environmental issues, products and CSR activities; which are then answered by the relevant divisions.

The Group has also established the Nippon Paper Group Risk Communication guidelines.

We work to communicate with local governments and communities with regard to environmental issues and create opportunities for explaining the environmental impact if work accompanying the introduction and inspection of large-scale equipment and facilities.(Please refer to P.42)



→ Nippon Paper Group website

<https://www.nipponpapergroup.com/english/>

## CSR Seminar

Nippon Paper Industries Co., Ltd. holds CSR seminars for suppliers and other stakeholders, selecting themes from among a variety of social issues.

At our 8th CSR seminar held in January 2020, the Company handled the theme of "Let paper do what it can do"—one of the Nippon Paper Group's keywords—set against the backdrop of developments taking place around the world, including the shift away from the use of plastics and the response to climate change.

On the day, the Group invited Mr. Toshio Arita, head of Arita Packaging Consultant Office, to give a special lecture entitled "Expectation and Future Outlook for Sustainable Packaging" on the role of the paper in sustainable societies, primarily in the field of packaging. The seminar was attended by around 350 people.



Scene from the CSR seminar

## Contact points for dialogue with stakeholders

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

# Risk Management

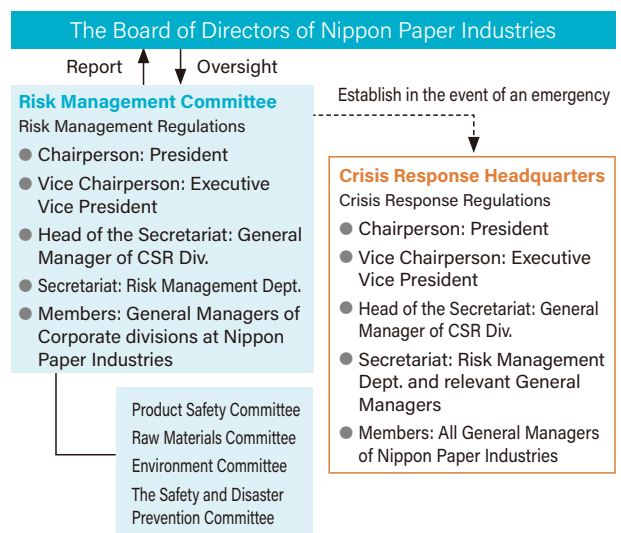
The Nippon Paper Group aims to prevent the occurrence of business risks and minimize impact in the event of the occurrence of such risks.

## Basic Stance

The Nippon Paper Group has set up a Risk Management Committee, chaired by the President and Representative Director, operating under the supervision of the Board of Directors of Nippon Paper Industries. To try to avoid management-related risks, and to minimize the impact of those which do occur, we have formulated our risk management and crisis response regulations to operate under any circumstances.

## Risk Management Promotion Structure

The Risk Management Committee consists of members including the chairmen of corporate divisions at Nippon Paper Industries, while the Risk Management Department within the CSR Division serves as its secretariat. The committee, in collaboration with various other committees as appropriate, identifies and assesses the Group's risks on a regular basis, while considering and deliberating on risk prevention and mitigation measures and reporting them to the Board of Directors. In the event of an emergency, a crisis response headquarters will be established. The Risk Management Committee conducts inspections and reviews regularly to enable the timely execution of initial responses and business continuity plans (BCPs) in the event of earthquakes, typhoons, infectious diseases, and other risks requiring emergency responses.



## Specific Initiatives

### Responses to Natural Disaster Risk

The Group has drawn on past experiences with earthquakes, such as the Great East Japan Earthquake, torrential rains, and other natural disasters to revise our initial response manual. In addition, the Group engages in thorough group-wide measures to prepare for the event of a disaster that may occur while coping with the spread of COVID-19 by addressing every possible need such as the stockpiling of necessary goods.

### Response to COVID-19

In response to the spread of COVID-19 infections, Nippon Paper Industries is implementing group-wide countermeasures with a basic policy of (1) Place the highest priority of on human life, (2) Cooperate with the national and local governments and follow their guidance and recommendations, (3) Prevent the outbreak of diseases in-house, and (4) Continue to maintain business operations, based on the Management Manual for New Influenza and Other Infectious Diseases, drawn up in 2009. (see P,11-12)

### Response to Climate Change

There is a high degree of uncertainty regarding the problem of climate change. Dealing with it will be difficult and will require long-term commitment. While recognizing the risks related to climate change as a management issue, the Group will also look to seize opportunities and will examine approaches to mitigate risks. (see P.45-50 "Response to Climate Change")

# Compliance

In addition to complying with laws, the Group also engages in its activities with a high standard of ethics and social decency.

## Basic Stance

In its "Nippon Paper Group Charter of Conduct" the Nippon Paper Group stipulates that "We shall abide by the letter and the spirit of laws and regulations, and comply with the highest ethical standards and social codes of conduct, both in Japan and abroad."

The Group also believes that "Compliance" is to meet the expectations and trust of society by not only complying with laws and regulations, but also by complying with the "rules" required by society, including "social norms" such as good sense, common sense, and customs.

Following our policy of corporate governance, we aim to put the Nippon Paper Group Code of Conduct and the Code of Conduct of the Nippon Paper Co., Ltd. into practice by raising our employees' understanding of compliance through training and awareness-raising activities.

## Compliance Structure

We continue to promote compliance-related initiatives through the establishment of the Compliance Office, as a specialized unit within the CSR Division of Nippon Paper Industries, and collaborations with the Legal Affairs Office of the General Affairs Department, Management Audit Office, Human Resources Department, and other relevant sections as required.

Each Group company appoints a person to be in charge of compliance within its organization and to work in unison through the use of venues such as the Group Compliance Liaison Meetings, which are held by the Compliance Office, with the aim of ensuring compliance throughout the Group.

The Group's compliance activities are reported on by the chairman of the CSR Division once per year at the Board of Directors' Meetings.

## Implementing compliance education

The Nippon Paper Group conducts compliance training on an ongoing basis.

The content of the training is designed to be practical and relevant to the actual conditions at each site, such as by inviting a lecturer from a specialized external risk management companies to hold group discussions.

In fiscal 2019, 950 people participated in this training.\*

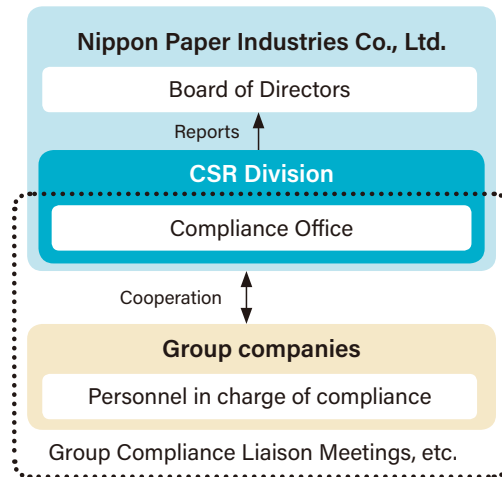
In addition to compliance training for new employees and newly appointed managers at major Group companies, compliance training for executives at Nippon Paper Industries and Group companies, as well as compliance training for managers in charge of human resources and compliance at Group companies are also provided.

\*Note that group training sessions have been suspended as of February 2020, from the standpoint of preventing the spread of the COVID-19.

## The Nippon Paper Group's Action Charter

1. We shall pursue a sustainable growth for the future to contribute to society through our business activities.
2. We shall abide by the letter and the spirit of laws and regulations, and comply with the highest ethical standards and social codes of conduct, both in Japan and abroad.
3. We shall conduct our business in a fair, transparent and liberal manner.
4. We shall win the trust of customers through the development and provision of socially useful and safe products and services.
5. We shall disclose corporate information positively and fairly to all stakeholders of the Group.
6. We shall actively address environmental issues, and shall endeavor to conserve and enhance the environmental state of our planet.
7. We shall maintain consistency between corporate development and the personal contentment of individual employees, and create a company filled with dream and hope.

## Compliance Structure



## Internal Whistleblower System

The Nippon Paper Group has established a “Nippon Paper Group Helpline” that enables Group employees to report any problems directly, or confidentially, or to seek advice outside the chain of command on any workplace matter that may cause problems relating to laws, social norms including human rights, or corporate ethics. The Compliance Office serves as the point of contact within the Group, while points of contact have also been established outside the Group. We distribute the “Nippon Paper Group Compliance Card” and make it known to all employees, (including subcontractors and temporary workers).

The “Nippon Paper Group Helpline” ensures that whistleblowers do not suffer any disadvantages by thoroughly protecting the whistleblower’s privacy, and anonymity. The Compliance Office reports on the status of whistleblowing to the Company’s Audit & Supervisory Board Members and Management Executive Committee on a quarterly basis.

### Quantity of Reports to the Helpline

Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
19	11	32	33	46

## Personal Information Protection

Nippon Paper Industries has established regulations and manuals that clearly state the system and basic rules for the handling of personal information, and appropriately handles the personal information of customers, business partners and employees in accordance with these rules.

In accordance with the Personal Information Protection Law, the Company tracks and manages the personal information held by each department in its possession, including the timing and purpose of use, in a control ledger. These ledgers are reviewed annually for proper management such as by eliminating the personal information when its retention period has expired.

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

In the Nippon Paper Group Charter of Conduct and the Nippon Paper Code of Conduct, Nippon Paper Industries clearly states the prevention of bribery and compliance with competition laws as one aspect of its commitment to fair, transparent, and free corporate activities.

The Group’s corporate philosophy also commits “fairness” as one of the values by employees of the Nippon Paper Group. In November 2017, the Group established basic policies on Prevention of Bribery of Public Officials and Compliance with Competition Laws, in order to ensure more thorough compliance with laws in relevant countries throughout the entire Group, including overseas locations.

Based on these basic policies, the Group is working to enhance and improve our risk management regarding the prevention of bribery and compliance with competition laws. including giving compliance training to all group’s employees. In fiscal 2019, the Group was subject to no legal actions whatsoever involving incidents of corruption or public legal cases regarding corruption, anti-competitive behavior, anti-trust, or monopolizing practices.

### ➔ Nippon Paper Codes of Conduct

<https://www.nipponpapergroup.com/english/about/charter/>

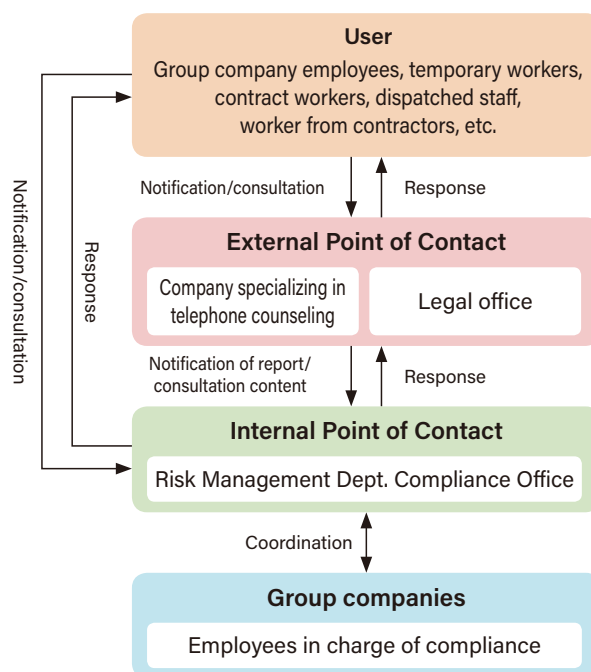
### ➔ Nippon Paper Group’s Basic Policy on Prevention of Bribery of Public Officials

[https://www.nipponpapergroup.com/english/about/Basic%20Policy%20on%20Prevention%20of%20Bribery\\_EN.pdf](https://www.nipponpapergroup.com/english/about/Basic%20Policy%20on%20Prevention%20of%20Bribery_EN.pdf)

### ➔ Nippon Paper Group’s Basic Policy on Compliance with Competition Laws

[https://www.nipponpapergroup.com/english/about/Basic%20Policy%20on%20Compliance%20with%20Competition%20Laws\\_EN.pdf](https://www.nipponpapergroup.com/english/about/Basic%20Policy%20on%20Compliance%20with%20Competition%20Laws_EN.pdf)

Flow of the help line system



Management responsibility

Compliance

## Respect for Intellectual Property

The Nippon Paper Group places great importance on intellectual property rights in all its business activities, including research and development, and the Group adheres strictly to all applicable laws and regulations. Intellectual property rights education programs are conducted for Group employees, led by employees of Nippon Paper Crecia and Nippon Paper Crecia’s Intellectual Property Department as well as outside patent attorneys. A total of 298 employees attended 11 programs during fiscal 2019.