



AMCEL S.A. (Brazil)
company-owned forest

Forest Management and Raw Material Procurement Responsibility

The Nippon Paper Group endeavors to use and recycle every bit of the renewable wood resources it harvests, based on a foundation of sustainable forest management. In addition, we preserve biodiversity through sustainable forest management. Because forests act to sequester CO₂, our use of wood resources actually contributes to the fight against global warming.

Materiality	Related Indicators	State of Efforts (fiscal 2019)
Sustainable procurement of raw materials	Maintenance of forest certifications for all company-owned forests inside and outside Japan	Maintained and continued forest certifications for 100% of company-owned forests
	Ensure that all wood materials for pulp and paper are endorsed under forest certification systems	100% of wood materials procured for pulp and paper were assessed under forest certification systems
	Conduct 100% of questionnaire-based surveys for auditing overseas chip and pulp suppliers	Conducted 100% of surveys (overseas chip suppliers: 23, pulp suppliers: 23)
	Maintain a domestic timber utilization rate that exceeds the wood self-sufficiency rate in Japan.	Achieved a domestic timber utilization rate that exceeds the wood self-sufficiency rate in Japan (35.8%)

Policy and Management

Practicing sustainable procurement of raw materials in ways that consider environmental and social concerns in line with our philosophy and basic policy

Basic Stance

Woodchips and wastepaper, as recycled material, are the main raw materials for pulp and paper. Procurement of these materials entails the support not only of suppliers in and outside of Japan, but also the communities and government authorities of local production areas. Taking into consideration relationships with the environment and society, the Nippon Paper Group recognizes the importance of working closely with suppliers to establish a sustainable supply chain that incorporates production area forest ecosystem, local community, occupational safety and health as well as other concerns.

Philosophy and Basic Policy

The Nippon Paper Group established its Philosophy and Basic Policy Concerning Raw Materials Procurement in 2005. Based on this philosophy and basic policy, we use supply-chain management to practice sustainable raw material procurement that is both environmentally and socially conscious. Moreover, we promote dialogue with stakeholders as we strive to take our environmentally and socially conscious raw material procurement to greater levels of achievement. We are also communicating the content of this Philosophy and Basic Policy to suppliers around the world by preparing both Japanese and English language versions and displaying them on our website. As defined in this Philosophy and Basic Policy, we ensure that the entire supply chain has appropriate human rights and labor practices. We also request that our suppliers pay care and consideration to human rights and labor practices, and conduct regular questionnaire surveys and interviews to audit important suppliers regarding these concerns. (see P.32)

Philosophy and Basic Policy Concerning Raw Materials Procurement

(formulated on October 5, 2005)

Philosophy

We are committed to establishing a reliable raw materials procurement system through global supply chain management in consideration of the environment and society.

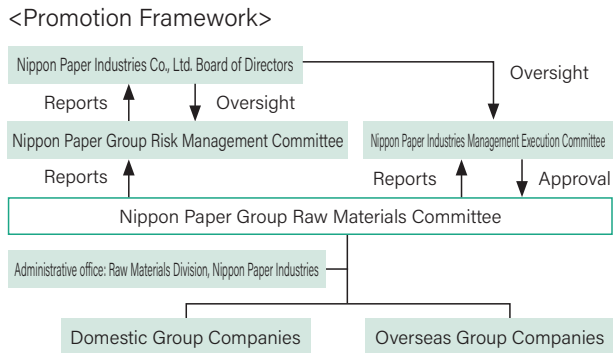
Basic Policy

1. Environmentally friendly raw materials procurement
 - (1) We procure woodchips, lumber and pulp from forests under sustainable forest management.
 - (2) We use and deal in no illegally logged lumber and we support the eradication of illegal logging.
 - (3) We make active use of recycled materials to help build a recycling-oriented society.
 - (4) We make appropriate procurement of chemical substances in compliance with relevant laws and regulations.
 - (5) We build traceability systems to ensure the above policies are practiced throughout the supply chain.

2. Socially aware raw materials procurement
 - (1) We pursue fair deals with suppliers on equal terms.
 - (2) We ensure that the entire supply chain has appropriate human rights and labor practices.
3. Promotion of dialogues with stakeholders
 - (1) We engage in dialogues with stakeholders to improve the quality of our raw materials procurement in constant consideration of the environment and society.
 - (2) We proactively disclose information so that our initiatives are better known.

Framework for Promoting Raw Materials Procurement Management

The Nippon Paper Group established the Raw Materials Committee, chaired by the general manager of the Raw Materials and Purchasing Division at Nippon Paper Industries. This subcommittee deliberates on a wide variety of important issues concerning raw material procurement, including the Group's overarching procurement policy.



Sustainable Procurement of Wood Raw Materials

Practicing sustainable forest management and resource procurement using certifications as benchmarks

Basic Stance

Based on its Philosophy and Basic Policy Concerning Raw Materials Procurement, the Nippon Paper Group engages in sustainable procurement of raw materials with consideration for environmental and social concerns. In addition to checking the legality of materials, our procurement of wood raw materials emphasizes sustainability, clear identification of the origin of wood resources, and full accountability with regard to these aspects.

Key points of sustainable wood resources procurement

- Sourcing from sustainable forests(sustainability)
- Clearly identifying the origin of timber(traceability)
- Maintaining full accountability(accountability)

Sustainable Forest Management and Procurement

Forestry management considers not only economic, but also environmental and social sustainability. The Nippon Paper Group defines sustainable forest management as:

- 1) Biodiversity is preserved.
- 2) The productivity and soundness of the forest ecosystem is maintained.
- 3) Soil and water resources are conserved.
- 4) Diverse social needs are satisfied.

Proper planning and management are important factors in the sustainable management of forests. A considerable amount of time is required to cultivate trees to their maturity. In putting together a viable sustainable forest management plan, it is important to consider factors including the areas allocated to afforestation and harvesting, the rate of growth, the surrounding environment and the impact on society.

Landscape concerns related to efforts to protect waterside forests and address other such needs must also be examined. Taking full advantage of its expertise in forest management, the Group is promoting proper planning and management.

Based on its accumulated experiences, the Nippon Paper Group engages in appropriate planning and management of its company-owned forests both in Japan and overseas, and procures wood raw materials from its own forests.

We also obtain third-party forest certification regarding the sustainability of these forests.

With regard to procurement from external suppliers, we are working to enhance our supply chain management capabilities with consideration for environmental and social concerns, and to build a procurement system that enables us to trace wood raw materials back to the forests that they were sourced from.

At the same time, we also utilize forest certification schemes as a tool to check that procurement of wood raw materials is being conducted appropriately.

➔ **About Forest Certification** <https://www.nipponpapergroup.com/csr/forest/sustainability/certification/>

Overview of major forest certification programs

Certification program name	Details and features
PEFC - Program for the Endorsement of Forest Certification A program that promotes mutual recognition of the forest certification programs of individual countries	PEFC based its sustainability benchmark on a board consensus expressed in intergovernmental processes and guidelines. It provides a mutual recognition system that endorses compatibility and comparability of the responsible forest management systems of individual countries. PEFC has adopted the FM and CoC certification systems. Examples of certifications mutually approved by PEFC(for forest owned by Nippon Paper Industries Co., Ltd.) RW(Responsible Wood) : Australia /CERTFORCHILE : Chile/CERFLOR : Brazil SGEC engages in an evaluation based on seven criteria while taking into consideration Japan's natural environment as well as its social customs and culture. Mutual certification with PEFC was approved in June 2016. FSC* is a non-profit international member-based organization that certifies that forests are being managed in compliance with its 10 principles. FSC* has adopted the FM and CoC certification systems.
SGEC - Sustainable Green Ecosystem Council A forest certification program established in Japan	SGEC engages in an evaluation based on seven criteria while taking into consideration Japan's natural environment as well as its social customs and culture. Mutual certification with PEFC was approved in June 2016.
FSC® - Forest Stewardship Council® A forest certification program based on unified global standards(License No. FSC C001751)	FSC is a non-profit international member-based organization. Performs FM and CoC* certification of forests based on its ten key principles.

*FM and CoC certification

The forest certification system is composed of two components-the Forest Management (FM) component, which certifies that forests are responsibly managed, and the Chain-of-Custody(CoC) component, which certifies that products from certified forests have been properly processed and distributed. Under the FM certification system, a third party certifies that the management of forests is being undertaken in a sustainable manner based on various objective benchmarks including (1)compliance with regulatory requirements and system frameworks,(2)maintenance and preservation of forest ecosystems and biodiversity,(3)respect for native and local residence right,and(4)maintenance and improvement of forest productivity. CoC certification is a system covering all operators engaged in the processing and distribution of timber materials. In addition to tracking products(certified woodchips)from certified forests in each process including processing and distribution,CoC certification confirms that a risk assessment of all non-certified woodchips has been undertaken. Products display a certification mark in the event that all operators have acquired CoC certification across all processes.

Eradicating Illegal Logging

Nippon Paper Industries Nippon Paper Papyrus and Nippon Paper Crecia have established a Legality Certification Due Diligence System Manual for the purpose of verifying the legality of the wood raw materials that they procure. The companies carry out due diligence and verify that all of wood raw materials procured both in Japan and overseas are sourced from legally felled trees. These checks are carried out at when commencing a new transaction to procure wood resources, and on a regular annual basis for existing sources. In fiscal 2019, the Group carried out due diligence and verified the legality of all of its wood raw materials.

→ Legally Certified Due Diligence Manual

<https://www.nipponpapergroup.com/csr/forest/sustainability/DDmanual20180806.pdf>(Japanese only)

About the Clean Wood Act

In March 2018, Nippon Paper Industries Co., Ltd. completed its registrations as both a Type 1 and Type 2 Wood-related Business under the Act on Promotion of the Distribution and Use of Legally Harvested Wood (the Clean Wood Act), which took effect in May 2017. Nippon Paper Papyrus Co., Ltd. and Nippon Paper Crecia Co., Ltd. also completed their registrations in April 2019. In compliance with this law, the companies confirm the legality of the covered items*1 they handle. Also, in July 2018 Nippon Paper Lumber Co., Ltd. completed its registrations as both a Type 1 and Type 2 Wood-related Business, confirming the legality of the covered items*2 it handles.

*1 Wood pulp and copier paper, form paper, coated paper for inkjet color printers, uncoated printing paper, coated printing paper, and tissue paper and toilet paper that use wood pulp

*2 Logs, sawn boards and square timbers, single and sliced veneers, plywood and laminated veneer lumber and laminated wood, wood materials for wooden pallets, chips, or flakes

→ About the Clean Wood Act

<https://www.rinya.maff.go.jp/j/riyou/goho/summary/summary.html>

<Individual companies' registration details>

Business registered: Nippon Paper Industries Co., Ltd.
Registration number: JIA-CLW-I, II No. 17024
Effective registration period: March 19, 2018 to march 18, 2023

Business registered: Nippon Paper Papyrus Co., Ltd.
Registration number: JIA-CLW-I, II No. 19001
Effective registration period: April 26, 2019 to April 25, 2024

Business registered: Nippon Paper Crecia Co., Ltd.
Registration number: JIA-CLW-I, II No. 19002
Effective registration period: April 26, 2019 to April 25, 2024

Institution conducting registration (for the three companies indicated above): Japan Gas Appliances Inspection Organization

Business registered: Nippon Paper Lumber Co., Ltd.
Registration number: JPIC-CLW-I,II 54
Effective registration period: July 6, 2018 to July 5, 2023
Institution conducting registration: Japan Plywood Inspection Corporation

Action Plan for Wood-Based Raw Material Procurement

The Nippon Paper Group has put in place its Action Plan for Wood-based Raw Material Procurement, in keeping with the Group's Philosophy and Basic Policy Concerning Raw Materials Procurement. This action plan provides a roadmap that incorporates checks on the legality of woodchips, and consideration for human rights, labor, local communities, and the preservation of biodiversity, allowing the Group to practice CSR procurement. This action plan also helps enhance traceability and the use of forest certifications with respect to woodchips procured from overseas, while placing a key emphasis on trade association certification of the legality of woodchips produced in Japan. Through annual forest certification audits and audits performed by the Japan Paper Association's illegal logging monitoring project, Nippon Paper Industries has third parties perform objective assessments to determine whether it is conducting wood raw material procurement in accordance with its procurement policy. Advice obtained through these assessments are then actively used to make improvements.

→ Action Plan for Wood-Based Raw Material Procurement

<https://www.nipponpapergroup.com/csr/forest/sustainability/actionplan/>

Sustainable wood resource procurement scheme

Philosophy and Basic Policy Concerning Raw Materials Procurement(see page 29)

Action Plan for Wood-based Raw Material Procurement

	Japanese Resources	Overseas Resources
Basic Policy and Scheme	<ul style="list-style-type: none"> Based on verifications by organizations approved by forest, timber or lumber industry organizations specified in the Guideline for Verification of Legality and Sustainability of Wood and Wood Products established by Japan's Forest Agency in connection with government procurement initiatives to fight illegal logging in accordance with the Law on Promoting Green Purchasing. 	<ul style="list-style-type: none"> Verifications by individual companies using their own approaches, as provided in the Guideline for Verification of Legality and Sustainability of Wood and Wood Products. Based on the Japan Paper Association's guideline for measures against illegal logging.
Confirmation of Legality and Traceability	<ul style="list-style-type: none"> Confirmation based on a due-diligence system (DDS) for verifying legality under the Clean Wood Act Traceability based on the Guideline for Verification of Legality and Sustainability of Wood and Wood Products established by Japan's Forest Agency Confirmation of basic information relating to forest operations. Information examples include compliance with laws and regulations, tree species, and whether forest certifications have been obtained. 	<ul style="list-style-type: none"> Document verifications are performed on a vessel-by-vessel basis to ensure that the area where the wood was harvested and the supplier of the wood are in compliance with relevant laws, and that no illegally harvested wood is included. On-site checks by employees assigned to local offices Questionnaires and local interviews (Every effort is made to enhance traceability by confirming compliance with statutory requirements regarding forest management, tree species, and the acquisition of forest certifications. <p>※In fiscal 2019, it was determined, based on questionnaire responses and shipping and other documents provided by each supplier, that no illegally harvested woodchips or pulp were procured from overseas suppliers.</p>
Confirmation of sustainability	<p>Based on information from sources such as results of supplier surveys and local interviews, the following has been confirmed.</p> <ul style="list-style-type: none"> Policies or systems have been established for addressing human rights and labor matters*. Social contribution initiatives have been undertaken to improve relations with local communities. Biodiversity surveys have been conducted. Areas requiring special consideration to protect biodiversity have been identified and logging and forest management activities have been modified appropriately. 	
Independent Audits	<p>The following have been implemented for all procured wood resources.</p> <ul style="list-style-type: none"> Annual audits by the Japan Paper Association's illegal logging monitoring project. Annual risk assessments based on the due diligence system of the Programme for the Endorsement of Forest Certification (PEFC), a Forest certification organization. 	

Implementation Results for the Action Plan for Wood-based Raw Material Procurement (Fiscal 2019)

	Procurement in Japan	Procurement Overseas
Coverage and Results	<p>377 chip suppliers, 7 pulp suppliers (Implemented for all suppliers) Confirmation of conformance with the above action plan</p>	<p>23 chip suppliers, 16 pulp suppliers (Implemented for all suppliers) Confirmation of conformance with the above action plan</p>

*Survey and interviews include ensuring that workers have collective bargaining and free association rights and, that all workplaces are free of discrimination, forced labor and child labor, and that workers' living conditions, remuneration and working hours are all acceptable, and that health and safety are protected.

Third-Party Sustainable Forest Management Validations

Forest certification system: System for the certification by third-party organizations that forests are being sustainably managed

At Nippon Paper Industries Co., Ltd.,

- All company-owned forests in Japan and overseas have received forest certifications.
- All wood-based raw materials have been certified by the PEFC or FSC® (All procured chips have been produced with wood from forests with an FM certification or have undergone a risk assessment for the CoC certification.)

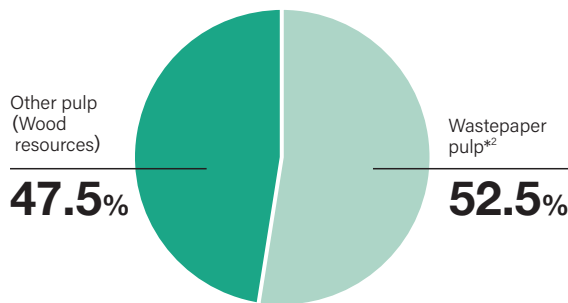
Current Status of Raw Materials Procurement

In addition to actively promoting the use of recycled paper, we procure wood resources from sustainably managed forests.

Current Status of Paper Raw Materials Procurement

The Nippon Paper Group is engaged primarily in the manufacture of paper products. 52.5 percent of the raw materials are composed of recycled paper and the remaining 47.5% consists of such wood resources as woodchips.

Breakdown of main raw materials for paper manufacturing*1 (Fiscal 2019)



*1 Consolidated Group companies in Japan
*2 Includes purchased wastepaper pulp

Initiatives aimed at stable wastepaper procurement

The importance of wastepaper collection is growing year by year, as a measure for recycling resources in addition to reducing the amount of actual waste output. For the Japanese paper manufacturing industry, too, wastepaper is an

essential resource that accounts for over half of all raw materials used.

The Nippon Paper Group continues to maintain the stable procurement system that it has built over the course of many years in cooperation with the wastepaper industry. We are also promoting the shift towards the use of paper products in place of plastic, as a response to the issue of environmental pollution due to disposable plastic waste which has gained attention in recent years. At the same time, we are working to build a new recycling cycle utilizing used paper cups and other paper waste. The Group is engaged in various initiatives to make stable, long-term use of collected waste newspaper as a recycled resource for producing newsprint. As one such initiative, Nippon Paper Industries has created a new procurement system (referred to as a "Closed Loop System") in which it directly purchases wastepaper collected by newspaper companies. Through initiatives such as this, we are contributing to maintaining and further expanding our paper recycling system.

Initiatives aimed at stable wood resource procurement

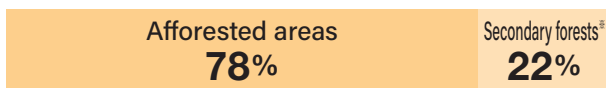
Most of the wood raw materials Nippon Paper Industries Co., Ltd. procures consist of woodchips, with pulp making up the rest. Over 60% of the woodchips we use come from overseas sources and less than 40% from domestic. To ensure stable overseas procurement, sources of woodchip imports are diversified among Australia, South America, and other parts of the world.

Geographic breakdown of wood raw materials (chips) procured by Nippon Paper Industries Co.,Ltd.(FY2019)

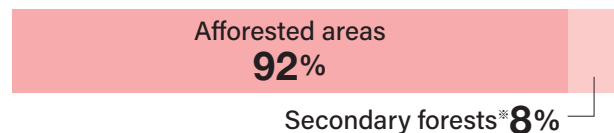
(Bone dry units, kt=kilotonnes)



Hardwood resource breakdown(2,971kt)



Softwood resource breakdown(1,159kt)



*Natural forests as indicated here refers to either wood sourced from forests certified under certification schemes, wood sourced from secondary forests, or lumber waste wood chips that can be judged to be sustainable.

Tree species and countries of origin for overseas woodchips procured by Nippon Paper Industries Co.,Ltd. (Fiscal 2019)

Hardwood

Country	Percentage	Species
Vietnam	30%	Acacia
Australia	22%	Eucalyptus
South Africa	19%	Acacia
Brazil	16%	Eucalyptus,Acacia
Chile	11%	Eucalyptus
Thailand	1%	Eucalyptus
Malaysia	1%	Acacia
Total	100%	

Softwood

Country	Percentage	Species
Australia	65%	Pinus radiata
U.S.A.	26%	Douglas fir
Russia	9%	Yezo spruce
Total	100%	

Protecting and Nurturing Japan's Wood Resources

Maintaining a focus on forest management that takes into consideration the characteristics of each region in an effort to promote sound growth

Sustainable Management of Company-Owned Forests in Japan

Nippon Paper Industries owns approximately 90 thousand hectares of forest in around 400 locations in Japan, the second largest private-sector holdings of forests in the country. SGEN Forest Certifications (see P.30) have been obtained for all of these forests.

For the Nippon Paper Group, forests are not only an important business resource. As a corporate group shaping the future with trees, we recognize and work to manage the integrity of the multifaceted functions forests play within society.

Maintaining company-owned forests in Japan

Nippon Paper Industries allocates approximately 0.6 billion yen each year to the maintenance and management of company-owned forests, which entails the clearing of undergrowth and thinning.

As a company which has continued to benefit from and grow through forests and forest products, we are committed to balanced, sustainable forest management that allows forests to fulfill their multifaceted functions - including ones that benefit biodiversity preservation and watershed conservation - despite the fact that forests within Japan are not currently economically viable because of the stagnant price of domestic timber.

Environmental forest designations, biodiversity-conscious forest management

Nippon Paper Industries designates its company-owned forests as either "commercial forest areas" for the production of wood materials or "environmental forest areas," where wood-material production is not conducted and the ecological, water catchment, and other environmental functions of forests are protected. The company appropriately manages both forest types for their respective purposes.

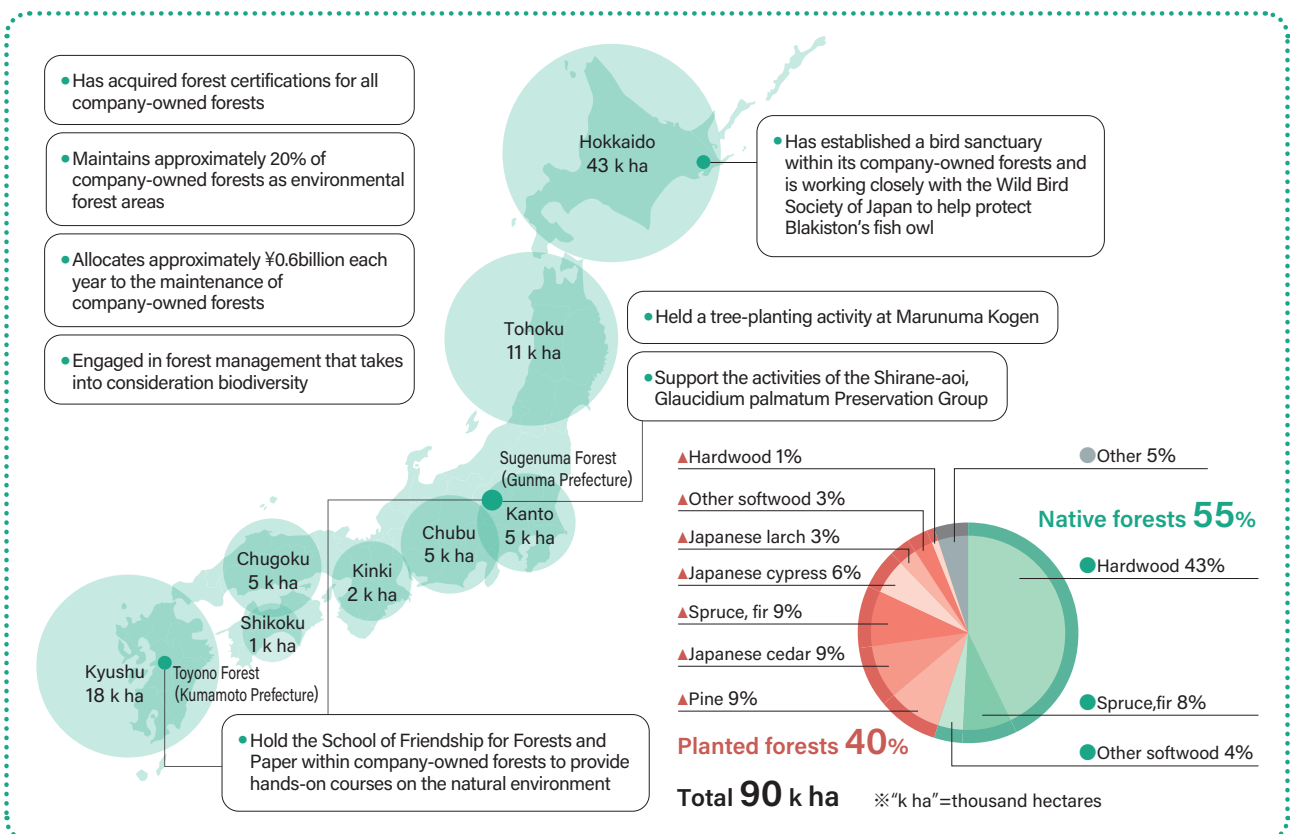
Environmental forest areas make up 18 thousand hectares—around 20%—of the company-owned forests, and are home to a wide variety of plant and animal species.



The Sugenuma company-owned forest includes an environmental forest area. (Mt. Nikko-Shirane)

Representative domestic company-owned forests

<https://www.nipponpapergroup.com/csr/forest/own/japan/>



Invigorating Japan's Forest Industry

Although Japanese forest—in particular artificially planted forests—are reaching resource maturity and approaching their regeneration logging period, they are not being sufficiently maintained and utilized in wood production.

In recent years, however, they are beginning to regain their former vitality due to factors such as the growing movement towards utilization of domestically produced wood resources and new demand for use as biomass fuel. The Japanese government is also working actively to make forestry a growth industry and promote appropriate management of forest resources.

Boosted by these promotions, the Nippon Paper Group is also engaged in various efforts to contribute to the effective utilization of domestic company-owned forest assets and the sound and sustainable development of the Japanese forestry industry.

Promoting the use of domestic timber

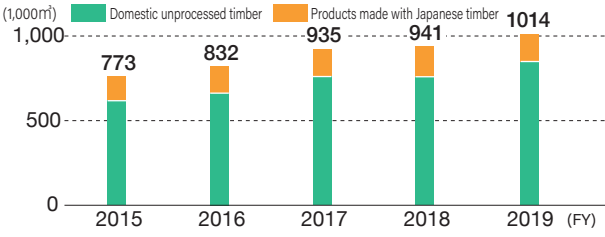
With its network for domestic timber collection in Japan and its ability to handle a comprehensive lineup of products—ranging from good quality timber for lumber use to lower grade timber for use as wood chips for paper manufacture and wood biomass fuels—Nippon Paper Lumber is actively developing its domestic timber business.

The company has set the objective of handling 1 million m³ of domestic timber*, and has worked to increase its actual sales year by year. In fiscal 2019, the figure reached approximately 1.01 million m³.

Nippon Paper Lumber will continue working to develop new applications and boost exports in order to utilize domestic timber and meet its goal of handling 1 million m³ of domestic unprocessed timber in fiscal 2020.

*Does not include woodchips for paper manufacturing use.

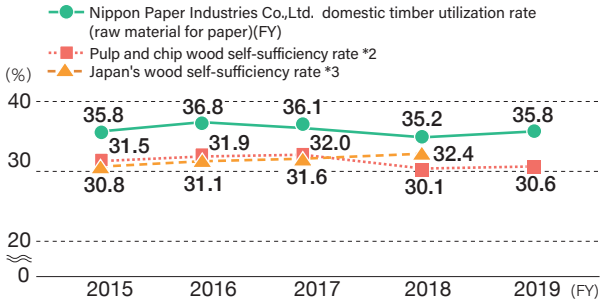
Domestic timber sales results by product type (Nippon Paper Lumber Co.,Ltd.)



Efforts to use more domestic wood as a raw material for paper

Nippon Paper Industries Co., Ltd. is working to increase the percentage of domestically produced wood it uses to make paper. This figure rose to 35.8% in fiscal 2019. We aim to carry on with our efforts to help invigorate Japan's forest industry by using Japanese timber whenever possible.

Domestic timber utilization rate*1 (Nippon Paper Industries Co.,Ltd.)



*1 The domestic (Japan) timber utilization rate includes sawmill residues.
 *2 Source : Yearbook of Paper and Pulp Statistics issued by the Ministry of Economy, Trade and Industry of Japan.
 *3 Source : Supply and Demand of Lumber(Lumber material self-sufficiency rate)issued by the Forest Agency of Japan

Organizing private-sector forest owners in Kyushu

Increasing the competitiveness of Japan's forest industry requires that forest owners work not by themselves but together with owners of neighboring forests to undertake work such as road building and logging, and measures to protect against damage by wildlife.

In 2011, Nippon Paper Industries Co. Ltd. signed an agreement with the Kyushu Regional Forest Office; Oji Forest & Products Co., Ltd.; Sumitomo Forestry Co., Ltd., and others to promote forest management in the Itsuki region of Kyushu. Since then it has entered into additional agreements, which together with the one mentioned above, cover four areas of Kyushu and involved efforts toward public-private cooperation in forest management.

Moreover, in 2016, the company entered into an agreement to promote forest management in the Mt. Fuji Seiroku area, on the west side of Mt. Fuji, together with the Shizuoka District Forest Office, a part of the Japanese Forestry Agency's Kanto Regional Forest Office; the Fuji Agriculture and Forestry Office of Shizuoka Prefecture; the city of Fujinomiya; and others. These agreements serve as a proof of concept for public-private collaboration in a centrally managed work model.

CASE **Contributing to Japanese Forestry Using Proprietary Technologies**

Currently, the number of artificially planted forests in Japan that have reached their regeneration logging period is increasing. But despite expectations for the regeneration logging and reforestation of these forest areas, there are concerns over the nationwide shortage of seedlings available for reforestation purposes.

Through its overseas afforestation projects, Nippon Paper Industries has established a technology for producing cuttings even from branches and shoots as short as 10cm in length (normally, shoots of around 40cm in length are used).

Because this method enables the production of large volumes of quality seedlings in a short period of time, it enables Nippon Paper Industries to stabilize the supply of seedlings and contribute to making forestry in Japan a growth industry.

Nippon Paper Lumber has applied this technology to create a large-scale seed orchard in Japan's Kyushu region (Hitoyoshi, Kumamoto) and produce seedlings of specified Japanese cedar mother trees*, and is now expanding its sapling production

operations across the country.

Nippon Paper Industries has also begun using these Japanese cedar mother tree seedlings in its company-owned forests, and is utilizing them to enable sustainable forest management.



Seedlings grown from cuttings of specified Japanese cedar mother trees

*Specified mother trees:
Trees that are deemed suitable for harvesting cuttings to produce good-quality seedlings.
They are designated by the Minister of Agriculture, Forestry and Fisheries for meeting specified criteria such as growth rate and wood quality.

CASE **Supply of SGEC-Certified Wood**

Distributing forest produce marked with a forest certification mark requires all business operators who take ownership of the products during the distribution process—from initial sourcing in an FM-certified forest to the final product stage—to have obtained CoC certification.

(see P.30)

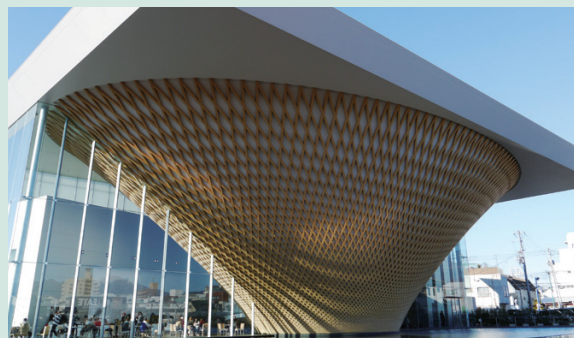
Nippon Paper Industries (NPI) has continued to maintain forest certification of all of its company-owned forests both in Japan and overseas, and has obtained FM certification for its domestic forests under Japan's own SGEC forest certification scheme. Nippon Paper Lumber (NPL) was the first company in Japan to acquire SGEC CoC certification, and is capable of delivering SGEC-certified wood from source forests—including those owned by NPI—to end users.

For example, in 2018, NPI utilized NPL's CoC certification to supply SGEC-certified Japanese cypress from its Kitayama company-owned forest

(Fujinomiya, Shizuoka) to the Exhibition Building Wooden Grid Project at the Mt. Fuji World Heritage Center, Shizuoka.

Through local and cross-industrial cooperation between the forestry, processing, distribution and construction industries, the center became the first building in Japan to acquire SGEC / PEFC CoC Project Certification. The Nippon Paper Group is proud to have played a part in this achievement.

The Nippon Paper Group also supplied SGEC-certified lumber from NPI company-owned forests for use in the construction of the Japan National Stadium, which was completed in November, 2019.



Mt. Fuji World Heritage Center, Shizuoka

➔ About Forest Certification

<https://www.nipponpapergroup.com/csr/forest/sustainability/certification/>

Overseas Afforestation

Growing trees as a renewable resource, and coexisting with local communities

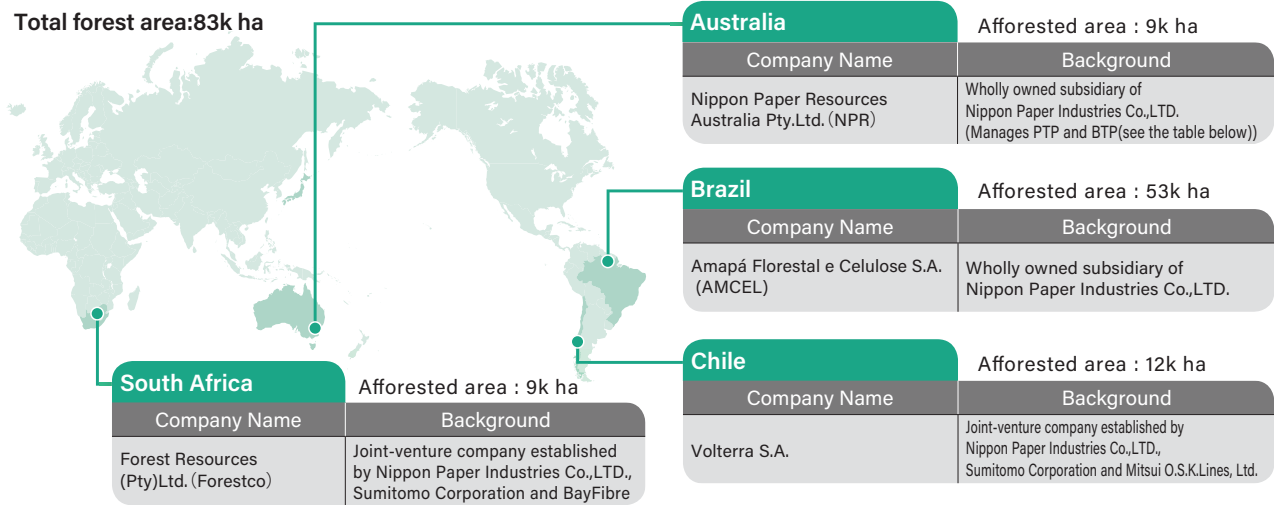
Tree Farm Initiative

In similar fashion to the cultivation of crops in the field, the Tree Farm Initiative achieves sustainable procurement of raw materials through repeated cycles of growing and harvesting trees. The Tree Farm Initiative manifests Nippon Paper Industries Co., Ltd.'s concept for overseas afforestation projects.

→ **Tree Farm Initiative** <https://www.nipponpapergroup.com/csr/forest/afforest/>

Presently, the Company oversees 83 thousand hectares (as of December 31, 2019) of afforested areas in Brazil, Chile, Australia, and South Africa.

Overview of overseas forests under Nippon Paper Group management(as of December 31,2019)



Sustainable Management of Overseas Afforested Areas

Recognizing the importance of mutual development, the Nippon Paper Group strives to build positive ties with the local communities in and around its forests.

In accordance with our Philosophy and Basic Policy Concerning Raw Materials Procurement (see P.29), we pay particular attention to the concerns of local residents while taking into consideration the cultures and traditions of each region, as well as the natural environment and ecosystems; and contribute to local economies by creating employment opportunities and providing support for educational activities.

Nippon Paper Industries has also acquired and continues to maintain forest certification for all of the overseas afforestation projects that it manages.

Forest certification status

Status of forest certification acquisition for overseas afforestation projects

Overseas plantation project by operating company	Certification system name (License no.)	Acquisition year
PTP (Australia)	Responsible Wood	2006
BTP (Australia)	Responsible Wood	2006
Volterra (Chile)	FSC®(FSC®C120260) CERTFORCHILE	2014 2007
Forestco (South Africa)	FSC®(FSC®C012171)	2003
AMCEL (Brazil)	FSC®(FSC®C023383) CERFLOR	2008 2014

→ **About Forest Certification** <https://www.nipponpapergroup.com/csr/forest/sustainability/certification/>

Afforestation projects that help the local ecology

The Nippon Paper Group performs afforestation work on grasslands, former farms and pastures and on harvested plantation land. We select species, focusing mainly on fast-growing Eucalyptus, according to individual climatic conditions and materials available for making paper.

In order to maintain a balance between areas planted with Eucalyptus and the biodiversity needs of each region, we implement appropriate measures and keep native waterside forests where the potential effects on the ecology are large.



Tree planting that preserves riparian forests. (Right) The blue area indicates riparian forests.

Biodiversity-Conscious Forest Management

Afforestation project companies in each location engage in afforestation projects that pay consideration to biodiversity, have established protected zones on company-owned land for the protection of biodiversity, and are engaged in initiatives such as wildlife (animal and plant) habitat researches. (see P.53 - 54)

Coexistence with Local Communities

When conducting afforestation projects, it is important to ensure peaceful coexistence with surrounding local communities. The Group emphasizes the importance of consideration for, and dialogue with, local communities.

For example, afforestation project companies in Brazil and Chile conduct regular visits and meetings for communities surrounding the afforestation areas they own, in order to confirm the opinions and demands of local people with regard to their project activities.

Procedures have also been established for assessing and reviewing social contribution activity programs run by these companies based on requests received from local residents via these communication activities.

Examples of Activities to Coexist with Local Communities

	Contributions to Local Communities	Respect for indigenous peoples
Brazil	<ul style="list-style-type: none"> ● Vocational training for local residents in communities surrounding afforestation areas(see P.85) ● Sponsorship of sports classes for children from low-income families(see P.86) ● Vocational training for women living in local communities (makeup, accessory making, etc.) ● Sponsorship of education and sports classes for children from low-income families run by military and police ● Financial support for protection of wild animals and environmental education activities ● Donation of life jackets distributed as part of a campaign to prevent water-related accidents 	<ul style="list-style-type: none"> ● Designation of areas with indigenous heritage sites identified on company-owned land as permanent protected zones(see P.84)
Chile	<ul style="list-style-type: none"> ● Participation in programs donating seedlings to farmers ● Distribution of Christmas presents to local elementary school pupils as one aspect of local community exchange activities ● Donation of sports mats for an activity project aimed at encouraging people in neighboring communities to maintain and improve their health 	<ul style="list-style-type: none"> ● Donation of water/sewage tanks and pipes to residents of an indigenous community district neighboring an afforestation area (see P.84) ● Participation in a project to resurface and expand roads, and provision and installation of fencing materials in an indigenous community district neighboring an afforestation area ● Protection of the native habitat of a rare herb used for medicinal purposes by indigenous people (on company-owned land), and opening of land to enable its use by indigenous people
Australia	<ul style="list-style-type: none"> ● Cooperation with firefighting activities in times of forest fires in the local area, as members of a fire brigade consisting of local afforestation-related companies 	<ul style="list-style-type: none"> ● Protection of indigenous heritage sites identified in afforestation areas (see P.84)