

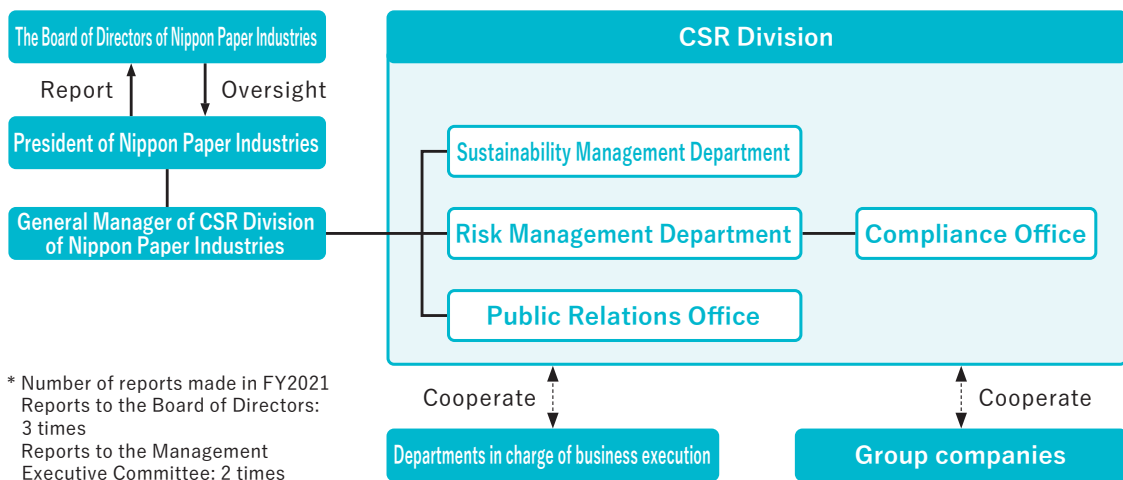
Sustainability Management

Nippon Paper Industries signed and joined the UN Global Compact in 2004. The Company promotes sustainability management that pursues both social and environmental sustainability and the future growth of the Company by realizing the Group Mission based on the Ten Principles of the UN Global Compact in four areas (human rights, labor, environment, and anti-corruption).

Establishment of Policy and System

1993	● Formulated Environmental Charter (Nippon Paper Industries)
2003	● Established the CSR Committee to promote the building of a management system to fulfill its corporate social responsibility
2004	● Formulated the “Philosophy and Basic Policy on Product Safety,” “Philosophy and Basic Policy on Human Rights, Employment and Labor,” “Philosophy and Basic Policy on Safety and Health Measures” and “Philosophy and Principles for Social Contribution Activities”
2005	● Formulated the “Principles and Basic Policies Concerning Raw Materials Procurement”
2008	● Established the CSR Division to reinforce CSR management
2016	● Formulated the “Basic Policy on the Preservation of Biodiversity ”based on the Philosophy of “Nippon Paper Group Environmental Charter”
2022	<ul style="list-style-type: none"> ● Formulated the “Nippon Paper Group Human Rights Policy” to enhance the effectiveness of its efforts to respect human rights, with the aim of achieving the Group Mission ● Revised the “Principles and Basic Policies Concerning Raw Materials Procurement” to enhance the effectiveness of its efforts to address social issues, including human rights and climate change

Promotion Structure



Initiatives regarding Sustainability

— Employee Education

Educational achievements (FY2021)

Themes and topics	Number of participants
Relationship between SDGs and the Group’s products and services*1	4,670*2
Relationship between SDGs and the Group’s corporate activities*1	4,743*2

*1 Implemented for the Nippon Paper Group

*2 Target of aggregation :Nippon Paper Industries (as of July 8, 2022)

— Providing Awareness-raising Opportunities

The Company holds lectures provided by external experts to business partners and Group employees, with a theme selected from a viewpoint of sustainability, on a periodic basis. In FY2021, it streamed a seminar entitled “Aiming for Carbon Neutrality by 2050: Roles Played by Forests,” which was viewed by about 850 participants.

Enhancement of Governance

》 [Corporate Governance Policy](#) (see P. 73)

》 [Basic Policy for Establishing the Internal Control System](#) (Japanese only)

https://www.nipponpapergroup.com/ir/governance/internal_control_system/

》 [Corporate Governance Report](#)

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

Initiatives for Strengthening Corporate Governance

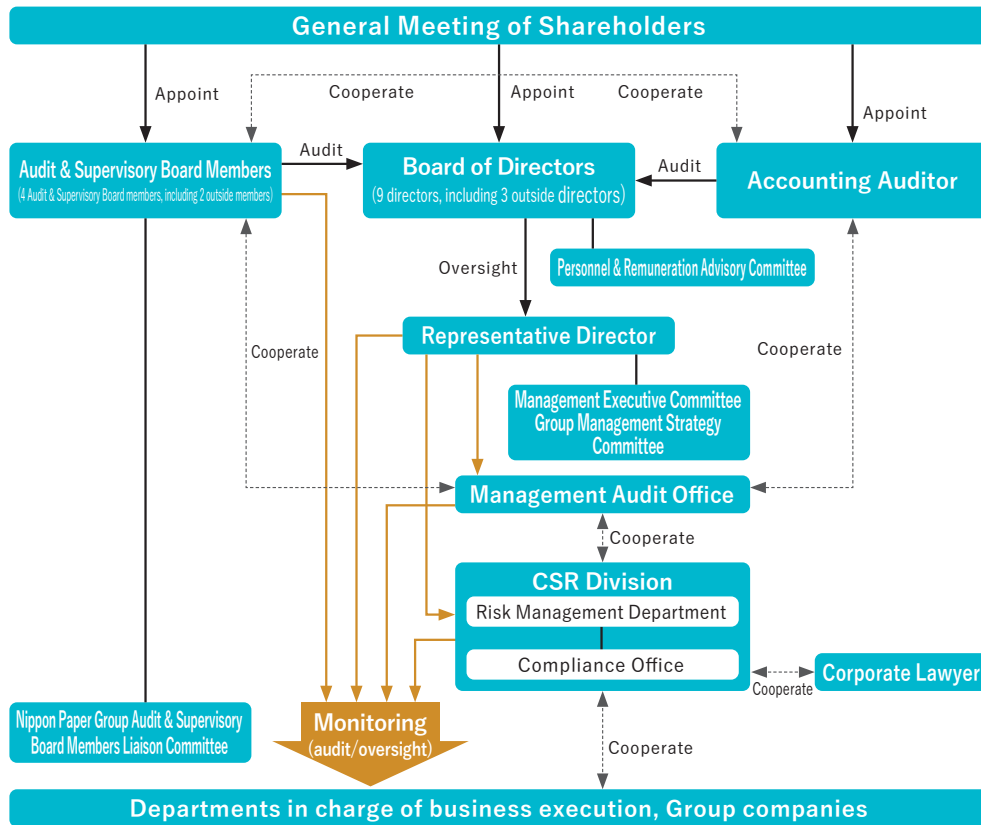
FY2006	<ul style="list-style-type: none"> ● Formulated the Basic Policy for Establishing the Internal Control System ● Shortened director terms to one year from two
FY2013	<ul style="list-style-type: none"> ● Adopted an executive officer system ● Began appointing one independent outside director
FY2015	<ul style="list-style-type: none"> ● Established the Corporate Governance Policy ● Began evaluating the effectiveness of the Board of Directors
FY2016	<ul style="list-style-type: none"> ● Established the Personnel & Remuneration Advisory Committee ● Increased the number of independent outside directors to two
FY2019	<ul style="list-style-type: none"> ● Increased the number of independent outside directors to three ● Appointed one female outside director and one female outside Audit & Supervisory Board member ● Ensured the Personnel & Remuneration Advisory Committee consists mainly of outside directors ● Introduced the Board Benefit Trust as a stock compensation system
FY2020	<ul style="list-style-type: none"> ● Revised part of the Corporate Governance Policy concerning the policy for determining director remuneration
FY2021	<ul style="list-style-type: none"> ● Added quarterly reports on operational issues as part of the agenda for meetings of the Board of Directors, in addition to existing monthly reports on operations

Corporate Governance Structure

Overview

Type of Organization	Company with Audit & Supervisory Board Members
Chairperson of the Board of Directors	Chairperson and Director: Fumio Manoshiro
Directors	9 (including 2 male and 1 female outside directors)
Audit & Supervisory Board Members	4 (including 1 male and 1 female outside Audit & Supervisory Board member)
Independent Officers	5 (including 3 outside directors and 2 outside Audit & Supervisory Board members)
Board of Directors Meetings Held in FY2021	Number of meetings: 13 <ul style="list-style-type: none"> ● Average rate of attendance by directors: 100.0% (outside directors: 100.0%) ● Average rate of attendance by Audit & Supervisory Board members: 100.0%
Audit & Supervisory Board Members Meetings Held in FY2021	Number of meetings: 14 <ul style="list-style-type: none"> ● Average rate of attendance by Audit & Supervisory Board members: 100.0%
Independent Accounting Auditor	Ernst & Young ShinNihon LLC

Corporate Governance Structure (As of July 1, 2022)



— Board of Directors

- The role of the Company’s Board of Directors is stipulated in the Corporate Governance Policy. The Board is chaired by the Chairperson who is a director without representative authority.
- The Board of Directors shall bear the supervisory function of management as a whole and make the most appropriate decisions for the Company through deliberations, etc. on the execution of important business issues that are to be decided, under laws, regulations, and the Articles of Incorporation, by the Board of Directors. The Board of Directors shall also oversee the status of the execution of duties by the president and 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 among officers and employees, 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.
- The Company’s Board of Directors is made up of internal directors who have excellent abilities to execute and manage each business in their charge and outside directors who have specialized knowledge and extensive expertise. In this way, the balance and diversity of knowledge, experience, and abilities are ensured.
- One-third of the Company’s Board of Directors is made up of outside directors. Furthermore, the Company has appointed one female outside director and one female outside Audit & Supervisory Board member.
- The Company made a list of skills it expects each director in November 2021. Each skill has been identified from the standpoint of management strategies and priority issues, and designated taking into account management priorities toward achieving the basic Policy of the 2030VISION and the Group Mission.

→ Nippon Paper Group’s important issues (materiality). https://www.nipponpapergroup.com/english/csr/npg_ir_e_materiality.pdf

Directors' Skill Matrix

Position	Name	Skills								
		Corporate management	ESG/Sustainability	Finance/accounting	Personnel/Human resources	Risk management/Governance	Technology/R&D	Sales	Purchasing/Procurement	Internationality
Chairperson and Director	Fumio Manoshiro	○	○		○				○	
President and Representative Director	Toru Nozawa	○	○	○		○				
Executive Vice President and Representative Director	Kazumori Fukushima	○			○		○	○		
Director	Masanobu Iizuka	○					○			○
Director	Tomoyasu Itakura	○		○		○				
Director	Tomomi Nojiri		○				○	○		
Outside Director	Makoto Fujioka	○	○			○				
Outside Director	Yoko Hatta			○		○				○
Outside Director	Yutaka Kunigo	○	○						○	

* The above list does not represent all the knowledge and experience held by each director.

Director Attendance at Board of Directors Meetings (FY2021)

Position	Name	Attendance in FY2021	
Chairperson and Director	Fumio Manoshiro	13/13	100.0%
President and Representative Director	Toru Nozawa	13/13	100.0%
Executive Vice President and Representative Director	Kazumori Fukushima	10/10	100.0%
Director and Managing Executive Officer	Atsushi O'haru	10/10	100.0%
Director and Managing Executive Officer	Masanobu Iizuka	13/13	100.0%
Director and Executive Officer	Tomoyasu Itakura	10/10	100.0%
Outside Director	Makoto Fujioka	13/13	100.0%
Outside Director	Yoko Hatta	13/13	100.0%
Outside Director	Yutaka Kunigo	13/13	100.0%

— Management Executive Committee

- Usually, the Company's Management Executive Committee meets once a week to deliberate on important business issues under the authority of the president to assist in the execution of the president's duties.
- Committee membership is basically composed of the president, other directors (excluding outside directors) and general managers who do not serve as directors.
- 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 management.

— Group Management Strategy Committee

- The Company's Group Management Strategy Committee meets as necessary and deliberates on management strategies by business segment and other important matters related to the Group.
- Committee membership is composed of the Company's management, including outside directors, and presidents of major companies of the Nippon Paper Group.

— Audit & Supervisory Board Members and Audit & Supervisory Board

- The Audit & Supervisory Board members of the Company attend important meetings, such as meetings of the Board of Directors, the Management Executive Committee, and the Management Strategy Committee. In addition to strict monitoring of the execution of business by directors, the auditors also audit whether all company operations are conducted strictly legally and appropriately by means of on-site audits of each division, business site, and company in the Group.
- The Audit & Supervisory Board periodically holds meetings with the representative directors, working to deepen mutual understanding.
- The Audit & Supervisory Board also strives to enhance group audits by strengthening cooperation with auditors of each Group company.

— Management Audit Office

- The Company's Management Audit Office is directly under the President's control. It conducts an internal audit of the Company and each Group company. It also conducts a comprehensive evaluation of the maintenance and operation of the internal control system as it relates to financial reporting.
- The Management Audit Office also holds monthly information exchange meetings with the Audit & Supervisory Board Members to ensure cooperation between Audit & Supervisory Board Members and internal audits.

— Personnel & Remuneration Advisory Committee

- Committee membership is composed of three outside directors who are independent officers, the Company's President and Representative Director, and General Manager of the Personnel & General Affairs Division.
- The Company's Personnel & Remuneration Advisory Committee receives inquiries from the Board of Directors on matters such as the selection process, qualifications, and reasons for nomination of director and Audit & Supervisory Board member candidates, the criteria for determining the independence of outside officers, and the remuneration system for directors. The committee responds to inquiries regarding appropriateness while obtaining appropriate involvement and advice from independent outside directors and conducting inquiries based on its assessment of the Company's business performance and other factors.
- The Board of Directors shall make decisions regarding nomination of directors and Audit & Supervisory Board members, and compensation for directors etc., after receiving reports from the Personnel & Remuneration Advisory Committee.
- In FY2021, opinions on evaluation for representative directors were exchanged in addition to previous agendas.
- The number of periodic meetings is to be increased to four times per year starting from FY2022 to enhance agendas covered.

Attendance at Personnel & Remuneration Advisory Committee (FY2021)

Position	Name	Attendance in FY2021	
President and Representative Director	Toru Nozawa	3/3	100.0%
Outside Director	Makoto Fujioka	3/3	100.0%
Outside Director	Yoko Hatta	3/3	100.0%
Outside Director	Yutaka Kunigo	3/3	100.0%
General Manager, Personnel & General Affairs Division	Koichiro Takahashi	3/3	100.0%

Independent Officers

- The Company designates all outside directors who meet the requirements as independent officers.
- When appointing candidates for outside directors or outside Audit & Supervisory Board members, 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 independence provided by laws and regulations (having not served as director, employee, etc. of the Company and its subsidiaries in the past), in addition to considering the existence of any conflicts of interest with general shareholders.

Evaluation of the Effectiveness of the Board of Directors

- The Company's Board of Directors has been conducting self-evaluations of its effectiveness since FY2015.
- Once per year, the secretariat of the Board of Directors conducts a survey of the directors and Audit & Supervisory Board members regarding management and the discussions held at its meetings. The results of the survey are reported to the Board of Directors, which analyzes and evaluates its effectiveness through deliberations, etc. on the reported contents and works toward improvement based on the results thereof.

— Initiatives in FY2021

- Evaluation of the effectiveness of the Board of Directors conducted in FY2020 identified the following two challenges: (i) to hold discussions from a medium- to long-term perspective; and (ii) to enhance matters to be reported and secure more time for deliberation.
- In regard to holding discussions from a medium- to long-term perspective, the Board of Directors held repeated discussions and deepened understanding of medium- to long-term strategic issues during the course of formulation of the “2030VISION” announced in May 2021 as well as the “Medium-Term Business Plan 2025.” Meanwhile, in order to enhance matters to be reported, the Board started to gather quarterly reports on operational issues concerning technological departments, R&D departments, raw materials departments, logistics departments, sales departments, and CSR departments, in addition to existing monthly reports on operations. Also, it was confirmed that the understanding of the contents of deliberated matters had improved by providing prior explanations according to projects.
- A questionnaire survey conducted in FY2021 identified the following challenges: follow-ups of important projects, enhancement of discussions to monitor the progress of and take measures to achieve targets set out in the “2030VISION” and the “Medium-Term Business Plan 2025,” and increasing opportunities for opinion exchange between outside directors and representative directors. The Company will work to strengthen governance through these initiatives.

Officer Remuneration

- The Board of Directors decides remuneration for officers after receiving a report from the Personnel & Remuneration Advisory Committee.
- The standard amount of monthly remuneration for directors shall be decided according to their responsibilities within the Company. Of that, 70% shall be fixed and the remaining 30% shall be, in principle, paid after adjustment based on the degree of achievement of the Medium-Term Business Plan. The standard amount is determined using objective survey data from outside sources and considering factors including the Company’s performance, the scale of business, and managerial circumstances. Performance indices are established to effectively function as motivation to achieve performance targets, they are reevaluated as necessary in response to changes of circumstance.
- Monthly remuneration for outside directors and outside Audit & Supervisory Board members shall be fixed. In light of their responsibilities, contributions to the executive shareholding association are on a voluntary basis.
- The Company has introduced Board Benefit Trust (BBT) as a stock compensation plan since FY2019 for directors (excluding outside directors) separately from their monthly compensation. 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.
- The composition ratio of fixed remuneration, performance-based remuneration, and stock remuneration provided to directors is appropriately established based on the objectives of each type of remuneration.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members*1 (FY2021)

	Number of Executives*2	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration	
Directors	12	¥297 million	¥72 million	¥31 million	¥401 million
(Outside directors)	(3)	(¥38 million)	(—)	(—)	(¥38 million)
Audit & Supervisory Board Members	5	¥58 million	—	—	¥58 million
(Outside Audit & Supervisory Board Members)	(2)	(¥13 million)	(—)	(—)	(¥13 million)

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

*2 Includes three directors and one Audit & Supervisory Board member who resigned during FY2021.

Remuneration for Internal Directors

	Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration
Method	Cash payment		Points granted
Payment allowance	Up to ¥700 million per year		Up to 25,000 points per year (1 point = 1 share)
Payment period	Monthly (no bonuses or retirement benefits)		Director resignation (cumulative points converted to shares)
Calculation method	Determined according to their respective responsibilities		Points granted according to their respective responsibilities
	70% paid as fixed remuneration	30% paid, in principle, after adjustment based on the degree of achievement of the Medium-Term Business Plan	
Performance standards	—	70%: Consolidated results (mainly net sales and operating income) 30%: Non-consolidated results (mainly net sales and operating income)	—
Other	Fixed amounts contributed to the Company's executive shareholding association		—

Cultivation of Successors to the President and Directors

— Successor to the President

- The Company intends to develop candidates for succession to the presidency by placing them in important roles such as executives and directors.
- Personnel matters related to executives and directors who are potential presidential candidates are deliberated by the Personnel & Remuneration Advisory Committee, which is an advisory body that reports to the Board of Directors. The Board of Directors, upon receiving the report, will carefully examine its contents, deliberate, and decide on the candidate.
- The Board of Directors supervises the development of candidates to become the next president in a systematic and ongoing manner.
- The process for the appointment and dismissal of the president is the same as that for candidates for directors, in that the Personnel & Remuneration Advisory Committee conducts a review and submits a report based on consultations with the Board of Directors.

— Developing Candidates for Directors

From the standpoint of securing human resources capable of assuming management in the future, the Company makes a point of placing employees—particularly those in career-track positions—in various positions and rotations in different departments. It also tries 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, it strives 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 Executive Training, etc.

- To support the execution of duties by directors, the Company provides 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.
- The Company also ensures opportunities to participate in external training based on the needs of individual directors to assist officers in executing their duties.

Risk Management

Basic Policy

- ① Prioritizing human life and safety
- ② Continuing business

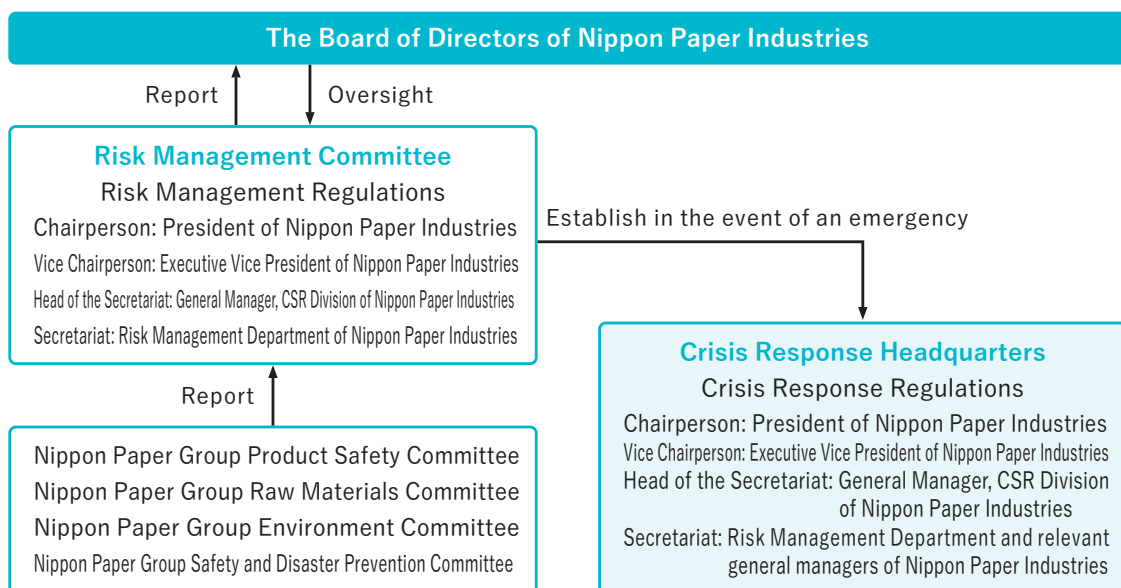
Under these policies, the Company will follow and comply with the guidance and recommendations of national and regional governments.

All possibilities that may result in a physical or economical loss or a loss of credit or disadvantage to the Nippon Paper Group are considered risks to the Group, which are as follows;

- (1) Legal and regulatory compliance risk
- (2) Labor-related risk
- (3) Business-related risk
- (4) Finance-related risk
- (5) Disaster-related risk
- (6) Information systems-related risk
- (7) Other risks

Promotion Structure

- The Company has established its Risk Management Committee, which is chaired by the president and representative director, operates under the supervision of the Board of Directors of the company, and holds meetings at least once a year. In normal operations, the committee regularly identifies and evaluates the Group’s risks, considers and deliberates measures to reduce its risks, and when the risks occur in reality, and reports the results to the Board of Directors.
- Committees chaired by each general manager of a department of the Company which is in charge of risks in respective fields related to product safety, procurement of raw materials, the environment, and safety and disaster prevention examine and deliberate such risks and report the results to the Board of Directors of the Company through the Risk Management Committee.
- In an emergency, a Crisis Response Headquarters will be launched. The crisis response headquarters swiftly carry out initial responses and BCPs (business continuity plans) in emergencies, depending on risks, such as earthquakes, typhoons, and infectious diseases.



Risk Management Activities

— Risk Identification

In FY2021, risk assessment was carried out for the Company (headquarters and mills) and five consolidated and non-consolidated subsidiaries. Through the assessment, the Group not only identified risks but also confirmed those that had emerged in FY2021 and those that would become increasingly significant. Based on discussions on the assessment results by related departments and the Risk Management Committee, the Company's business risk is recognized as described below.

	Summary	Main initiatives to mitigate risks
Major risks related to management strategies	Risks related to delays in business structure transformation and creating new businesses <ul style="list-style-type: none"> Response to the market contraction in the paper business 	<ul style="list-style-type: none"> A shift of management resources to growth businesses such as the daily-life products business, etc. Promotion of development of paper products which will replace plastics, mainly for containers and packaging Expanded use of woody biomass such as cellulose nano fibers (CNF) Expansion of overseas business and development of synergistic effects with existing businesses
	Risks related to climate change <ul style="list-style-type: none"> Response to the full-fledged introduction of carbon pricing and emission trading 	<ul style="list-style-type: none"> Reduction of greenhouse gas (GHG) emissions Conversion to renewable energy-sourced fuels Maximization of the value of forests such as improving the productivity of forest resources held
	Risks of fluctuations in product demand and market conditions <ul style="list-style-type: none"> Fluctuations in demand based on economic conditions, etc. Fluctuations in product prices based on developments in market conditions, etc. 	<ul style="list-style-type: none"> Reorganization of production structure Cost-cutting efforts Securing profits by maintaining sales prices Tapping into new needs
	Risks related to raw material and fuel procurement, and international transportation <ul style="list-style-type: none"> Price fluctuations due to global and Japanese market conditions Global shortage of container transportation capacity Surging ocean freight rates due to a hike in prices of raw materials and fuels 	<ul style="list-style-type: none"> Utilization of pre-order schemes Building relationships with shipping companies Consideration of joint transportation and procurement with other companies Long-term contracts and multiple purchases
Major risks related to the business environment and business activities	Risks related to production facilities <ul style="list-style-type: none"> Problems occurring at facilities Fires 	<ul style="list-style-type: none"> Regular inspection of production facilities Strategic renewals of vulnerable areas
	Risks related to natural disasters and infectious diseases <ul style="list-style-type: none"> Earthquakes, tsunamis, typhoons, and floods COVID-19 	<ul style="list-style-type: none"> Establishment of the Crisis Response Headquarters Formulation of BCM (business continuity management) Formulation and revision of infectious disease response guidelines
	Risks related to environmental laws and regulations	<ul style="list-style-type: none"> Response to amendments to environmental laws and regulations
	Risks related to retention of human resources and labor affairs <ul style="list-style-type: none"> Retention of human resources, in an appropriate manner, based on the human resources strategies 	<ul style="list-style-type: none"> Development of a working environment premised upon flexible and diverse work styles Operation of the Occupational Safety and Health Management System
	Risks arising from product liability	<ul style="list-style-type: none"> Enrollment in product liability insurance Establishment and utilization of the Product Safety Committee

— Formulation of BCPs

- The Company continues to formulate BCPs based on the BCM scheme it worked on in FY2020, to address large-scale natural disasters, which have become more frequent in recent years.
- The Company (headquarters) not only stockpiled food and daily commodities but also added supplies for when it launches the Crisis Response Headquarters, along with identifying critical operations. In addition, BCPs organized by each department are made known within the Company.
- The Company (mills) is working to revise the existing BCPs to incorporate earthquakes, tsunamis, typhoons, floods, and volcanic eruptions as expected disasters.
- Each Group company has confirmed that the establishment of the Crisis Response Headquarters has been almost completed. The group will further organize and enhance its BCPs.

Holding of Risk Management Committee meetings and reporting to the Board of Directors (FY2021)

	Number of Times	Attendees
Risk Management Committee	1	<p>Nippon Paper Industries President, Executive Vice President, and all general managers (General Manager, CSR Division; General Manager, Personnel & General Affairs Division; General Manager, Corporate Planning Division; General Manager, International Business Division; General Manager, Biomass Material Business Division; General Manager, Financial Division; General Manager, Raw Materials and Purchasing Division; General Manager, Research and Development Division; General Manager, Technical & Engineering Division; General Manager, Energy Business Division; General Manager, Sales Planning Division; General Manager, Paper-Pak Sales Division; General Manager, Chemical Sales Division; General Manager, Newsprint Sales Division; General Manager, Printing Paper Sales Division; General Manager, Business Communication Paper Sales Division; and General Manager, Duplex Board & Packaging Paper Sales Division)</p> <p>Nippon Tokai Industrial Paper Supply President</p>
Reporting to the Board of Directors	1	<p>Nippon Paper Industries Chairman, President, Executive Vice President, and all directors</p>

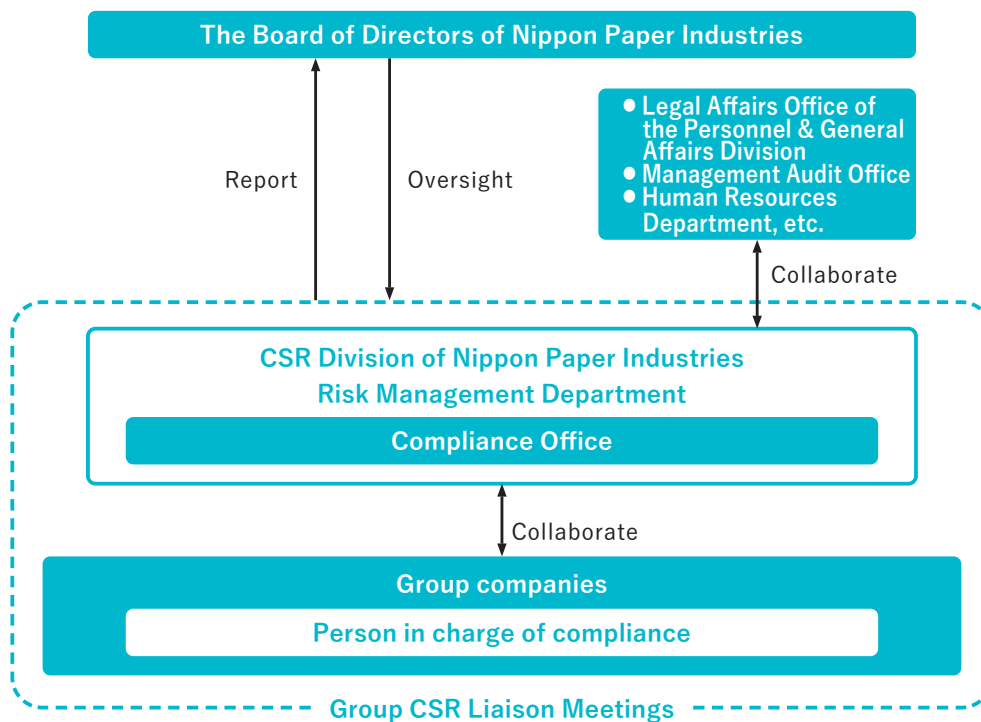
Compliance

» [Corporate Governance Policy \(see P. 73\)](#)

» [Nippon Paper Group Action Charter and Nippon Paper Industries Codes of Conduct \(see P. 80\)](#)

- Based on the Nippon Paper Group’s Action Charter, the Group’s position is that “Compliance goes beyond laws and regulations to include decency, common sense, customs, and other rules and ‘social norms’ that are expected by society in general, and the Group is called upon to respond to the expectations and trust of society.”
- The Company has established the Compliance Office, and continually carries out activities that raise Group employees’ awareness of compliance.
- In addition to the Company, its Group companies also have their respective codes of conduct.

Promotion Structure



Specific Initiatives

— Personal Information Protection

- In accordance with the Personal Information Protection Law, the Company tracks and manages the personal information held by each department, including the timing and purpose of use, in a control ledger.
- The ledgers are reviewed annually to ensure proper management.

→ Basic Policies of Nippon Paper Industries Concerning Privacy Protection: <https://www.nipponpapergroup.com/english/terms/>

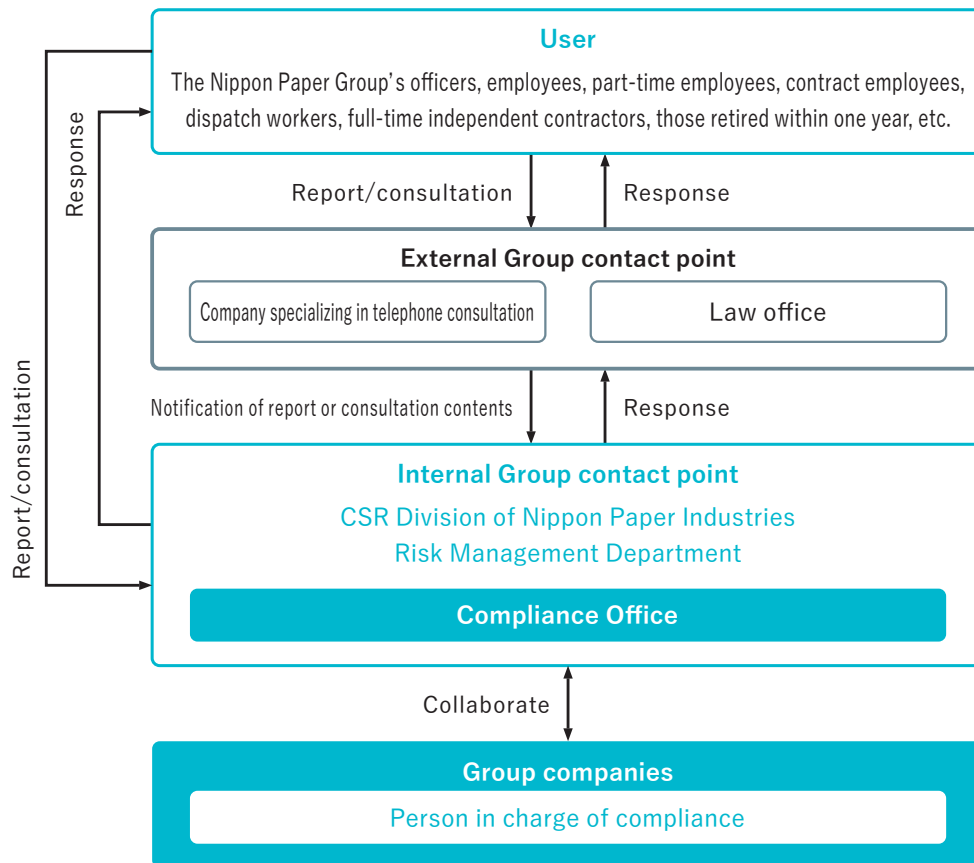
— Intellectual Property Rights Protection

The Group places great importance on intellectual property rights in all its business activities. The Group also adheres strictly to all applicable laws and regulations.

— Internal Whistleblower System “Nippon Paper Group Helpline”

- The Company has set up the Nippon Paper Group Helpline which makes it possible for employees to directly report and consult on any conduct that violates laws, regulations, social norms, or corporate ethics and that may become a problem in the workplace. The Company periodically notifies employees about the Helpline.
- The Company has distributed compliance cards to all Group employees, contractors, etc. to inform them about the Helpline, and that it accepts a wide range of consultations and reports through multiple channels including telephone, email, and mail.
- The Nippon Paper Group Helpline can even be used anonymously under the protection of privacy.
- The Nippon Paper Group Helpline Regulations, which stipulates the operation of the Nippon Paper Group Helpline, corresponds to the amended Whistleblower Protection Act, which came into force in June 2022.
- The operation status is reported to the Board of Directors of the Company, and in addition, to Audit & Supervisory Board members and the Management Executive Committee on a quarterly basis.
- Opinions, etc. from third parties who are not eligible for the use of the Helpline are accepted through “Contact Us” on the Nippon Paper Group website, and are appropriately handled by the Compliance Office and other relevant departments.

→ “Contact Us” on the Nippon Paper Group website:
<https://www.nipponpapergroup.com/english/inquire/>



Number of Reports Made to Helpline

FY2017	FY2018	FY2019	FY2020	FY2021
32	33	46	39	43

- To reinforce measures to prevent harassment issues, which made up the largest number of reports in FY2021, the Company started a harassment avoidance training program mainly for managers and supervisors at mills of the Company in the second half of FY2021.

— Preventing Corruption

- “Fairness” is one of the Values that the Group’s employees place importance on to realize its Mission.
- The Nippon Paper Group Action Charter 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 Nippon Paper Codes of Conduct specifically state that the Company will engage in “fair, transparent, and liberal manner.”
- During the course of the compliance training program that it conducts strategically, the Group educates its employees so that they would not have any inappropriate relationships with Japanese and overseas local government agencies and employees in places where the Group conducts business or would not give or receive improper gains to or from customers, business partners, etc. through sales or purchasing activities. The Group also implements corrective measures if any suspicious incident arises.
- In FY2021, 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 Group’s Basic Policy on Prevention of Bribery of Public Officials:
https://www.nipponpapergroup.com/english/ir/BasicPolicyonPreventionofBribery_EN.PDF

→ Nippon Paper Group’s Basic Policy on Compliance with Competition Laws:
https://www.nipponpapergroup.com/english/ir/BasicPolicyonCompliancewithCompetitionLaws_EN.PDF

— Compliance Education

- The Group systematically carries out compliance training.
- Furthermore, compliance training is carried out in sessions such as training for new supervisors and new employees, including training for executives of the Company and its Group companies.

Educational achievements (FY2021)

Category	Themes and topics	Number of sessions held	Number of participants
Compliance	• What is compliance? ^{*1}	Once a year	About 5,300 ^{*2}
	• Harassment-related topics	22 sessions in total	About 820 in total
Legal affairs ^{*1}	• Prevention of insider trading	One course at a time, every six months, in turn	5,494 in total ^{*2}
	• Exclusion of anti-social forces		
	• Protection of personal information		
	• Preparation and storage of contract documents		
	• Compliance with anti-bribery/competition laws		
	• Raising sensitivity to legal risks		
Intellectual property rights	• Basic information, etc. concerning patents	19 sessions in total	1,324 in total
Information Security ^{*1}	• Prevention of information leakage incidents, etc.	Once a year	About 6,600 ^{*3}

*1 Provided as an e-learning course

*2 Only for Nippon Paper Industries

*3 For those including contractors, etc.

Dialogue with Stakeholders

》 [Corporate Governance Policy \(→P.73\)](#)

》 [Disclosure Policy \(→P.82\)](#)

》 [Corporate Governance Report](#)

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

Activities in Detail

— Annual General Meeting

- Nippon Paper Industries works to energize its general shareholders' meetings and ensure smooth exercise of shareholders' voting rights.
- The Company sent out advance notice of convocation of the 98th Ordinary General Meeting of Shareholders to be held on June 29 2022, and published the contents on the Group website well ahead of time. The Company has also accepted the exercise of voting rights on the Internet through the "Smart Voting" website for exercising voting rights for smartphones.
- At the venue of the Meeting, the Company thoroughly took preventive measures against COVID-19 including asking visitors to wear masks, conducting body temperature checks, sanitizing their hands with alcohol-based sanitizers, and arranging the seating to ensure ample space between seats.

→ Annual General Meeting information:
<https://www.nipponpapergroup.com/english/ir/shareholder/meeting/>

— IR Activities

- The Corporate Planning Department is responsible for the Company's IR activities. The Corporate Planning Department, along with other relevant departments, engages in constructive dialogues with shareholders and investors and gathers management analysis and opinions from the perspective of capital providers.
- In addition, IR activities are regularly reported at the Group Management Strategy Committee Meeting (reported once in FY2021).

IR Activities in FY2021

IR activities	Number of times
Operating results and Management briefings	2 times
Operating results briefings	2 times
Individual meetings	80 times

— Communication Activities

- The Company mails shareholder newsletters to shareholders twice a year.
- The Group operates its website to communicate information on the Company's activities to a wide range of stakeholders as and when it becomes available. "The Group publishes information on corporate activities to a broad range of stakeholders, and receives questions and opinions through the website."
- The Group has established the Nippon Paper Group Risk Communication guidelines, and it works to communicate with local governments and communities with regard to environmental issues in those areas where the Group's mills are located (→P.31).
- The Company held discussions between the President and mid-level employees and managers from July 2021 to April 2022 with the aim of promoting the 2030 Vision and Medium-Term Business Plan 2025 (total of 46 sessions, 691 participants).

Main communication activities

Stakeholder	Major point of contact	Means of communication
Employees	Human resource sections	Labor-management councils, labor-management committees
Customers	Sales sections, Product safety sections, Customer assistance channels	Individual interviews, inquiries to customer relations sections
Suppliers	Procurement sections	Individual interviews, inquiries to customer relations sections
Local communities, NPOs/ NGOs	Responsible sections within mills, CSR sections	Risk communication, Individual interviews
The media	Public relations sections	Press releases, interviews
Students	Human resource sections	Individual interviews, meetings
Shareholders (shareholders, investors, etc.)	General affairs sections, IR section	General shareholders' meetings, shareholder communications, integrated reports, explanatory meetings