

Respect for Human Rights

1 Basic Policy

[P84](#) The Nippon Paper Group Human Rights Policy

- This policy was approved by the Board of Directors of Nippon Paper Industries in May 2022.
- This policy has been prepared in both Japanese and English, and is disclosed on the website of the Nippon Paper Group so that all stakeholders, including all employees and suppliers of the Group, are aware of it.
- In addition to this Policy, all business entities of the Group comply with laws and regulations including minimum wages.

[P81](#) Principles and Basic Policies Concerning Raw Materials Procurement

- In September 2022, Principles and Basic Policies Concerning Raw Materials Procurement (hereinafter, Procurement Policy) was revised.
- During the preparation process, the Group repeatedly engaged in dialogue with external experts and reflected stakeholders' opinions in the revised content.
- The document was prepared in Japanese and English and disclosed on the website of the Group to convey the content to its suppliers worldwide.

Nippon Paper Group's Commitments Relating to Human Rights

Year	Topics	
2004	Signed and began participating in the United Nations Global Compact	● Expresses support for the 10 Principles in 4 fields, including human rights
2004	Established the Philosophy and Basic Policy on Human Rights, Employment and Labor	● Declaration of respect for basic human rights and prohibition of forced labor and child labor
2005	Established the Principles and Basic Policies Concerning Raw Materials Procurement	● Stated consideration of human rights throughout the supply chain
2022	Established the Nippon Paper Group Human Rights Policy by revising the Philosophy and Basic Policy on Human Rights, Employment and Labor	<ul style="list-style-type: none"> ● Revised in accordance with international human rights norms, endorsing the UN's Guiding Principles on Business and Human Rights ● Declared respect for human rights in all business activities of the Group
2022	Revised the Principles and Basic Policies Concerning Raw Materials Procurement	● Revised the content to make the response to social issues such as respect for human rights and climate change more effective

2 Promotion Structure

The Group 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 annually. This risk management promotion structure handles risks related to the Group's human rights.

[P08](#) Risk Management Promotion System

3 Human Rights Due Diligence

1. Human Rights Due Diligence Initiatives

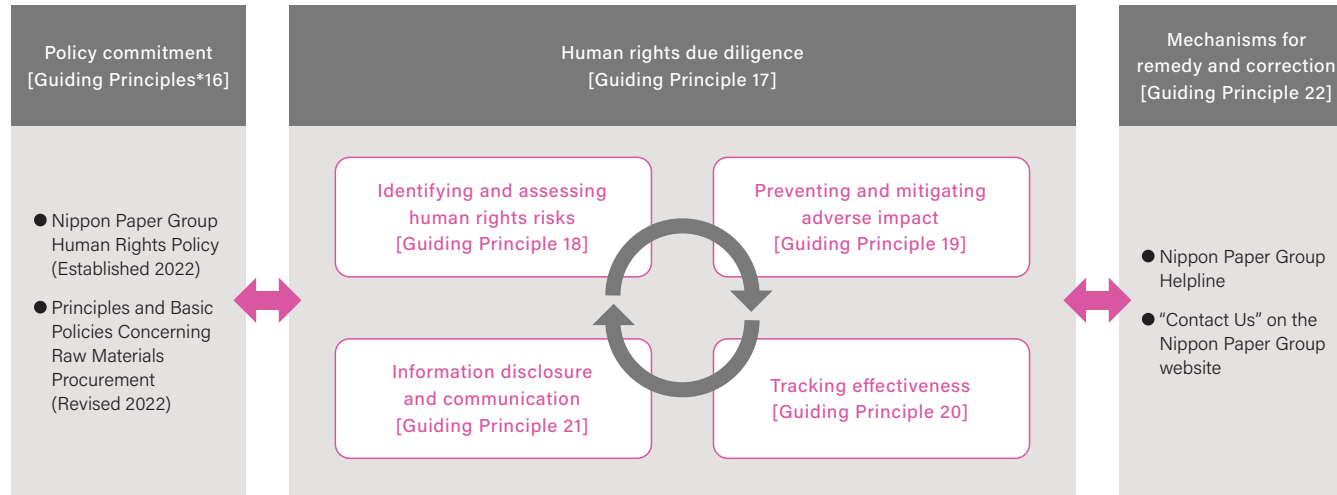
- The Company launched the Human Rights Working Group and introduced human rights due diligence in 2021.
- The Company has constructed a human rights due diligence system based on the "corporate responsibility to respect human rights" required by the United Nations Guiding Principles on Business and Human Rights.
- In 2022, the Company has evaluated human rights risks (forced labor, child labor, freedom of association, discrimination, customer-related risks, and community-related risks) for all stakeholders (employees and customers of the Company itself, Group companies, suppliers, local communities, etc.) in value chains related to the Paper and Paperboard Business, the Paper-Pak Business, and the Chemical Business. Then the Group has identified human rights issues that are high-risk and should be prioritized.
- The Company is working to address high-priority human rights issues, such as by reviewing the content of the survey forms for business partners.
- Going forward, the Company will continue to conduct regular human rights risk assessments and expand the scope of assessment.

Initiatives to Confirm Respect for Human Rights in the Value Chain

Year	Content
2007~	● Confirmed initiatives related to human rights in audits for overseas chip suppliers based on the Action Plan for Wood-based Raw Material Procurement
2011~	● Confirmed initiatives related to human rights in CSR surveys P02 for overseas consolidated companies (For all consolidated companies from 2021)
2015~	<ul style="list-style-type: none"> ● Conducted on-site interviews concerning human rights at overseas chip suppliers ● Conducted interviews concerning human rights at contractors of mills in Japan
2021~	● Conducted human rights due diligence by the Human Rights Working Group

Respect for Human Rights

Overview of Human Rights Due Diligence (Nippon Paper Industries)



* The United Nations Guiding Principles on Business and Human Rights

2. Identification of Human Rights Issues

The Company identified human rights issues that should be prioritized through the following process.

- (1) Referring to various kinds of international guidance, such as the human rights guidance tools formulated by the United Nations Environment Program Finance Initiative and the Caux Round Table Japan's "Important Human Rights Issues by Industry (9th edition)," the Company has organized the human rights issues in the Company's* value chain and made a list of human rights risks for each stakeholder.
- (2) All human rights risks on the list were scored from the perspectives of "adverse impact on human rights," "probability of occurrence," and "relationship / distance with the Company," and the Company identified human rights that should be prioritized.

* The Paper and Paperboard Business, the Paper-Pak Business, and the Chemical Business

3. Human Rights Surveys at Contractors of Mills in Japan

- The Company sends survey forms to contractors of mills in Japan and has them conduct self-checks to confirm compliance with labor and safety laws and regulations (once a year, not yet done in FY2022).
- Survey results are shared with the human resource managers of each mill for the purpose of support for improvements.
- Follow-up surveys have been conducted since FY2019.
- In FY2022, the Company reviewed the contents of the questionnaires based on the results of the human rights risk assessment (the survey is scheduled to resume in FY2023).

4. Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

- Based on the Procurement Policy the Company has employees in charge of procurement or local representatives visit overseas wood chip suppliers to conduct interviews covering matters such as health, hygiene, safety, disaster preparedness, working conditions, and local environmental concerns.
- The target area of the surveys is all countries from which the Company procures wood chips, with priority given to countries with high-volume transactions or high risks.
- The Company is improving the current surveys by reviewing the contents of the interviews every year based on the results of previous interviews and dialogue with external stakeholders.

Results of On-Site Surveys of Overseas Chip Suppliers

Year of Survey	Country	Results
FY2018	Vietnam, Chile	No problems found.
FY2019	Malaysia, Russia	No problems found.
FY2020	Thailand	No problems found.
FY2021	Australia	No problems found.
FY2022	Vietnam	No problems found.

5. Human Rights Surveys in the Group

The Group conducts annual CSR surveys to confirm the status of human rights initiatives at each Group company

Respect for Human Rights

4 Remedy Mechanism

- The Company accepts inquiries regarding concerns about any possible violation of human rights through the Nippon Paper Group Helpline, which the Company set up as an internal whistleblower system.
- The Group's website also accepts inquiries in Japanese and English through the "Contact Us" page, which is open to anyone.
- The Company's Compliance Office and associated departments respond to inquiries received through the Nippon Paper Group Helpline and the Group's corporate website. In FY2022, there were 35 human rights-related complaints (harassment-related).
- The Group was subject to no legal actions whatsoever regarding human rights in FY2022.



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Whistleblower System (Remedial Measures)

- Nippon Paper Group Helpline
- "Contact Us" on the Nippon Paper Group website

5 Other Initiatives

1. Employee Training and Education

- In pursuit of personnel management cognizant of human rights, the Group has employees responsible for personnel matters participate in training courses hosted by government agencies.
- The Group conducts compliance training to encourage all employees to help prevent harassment in the workplace.



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Achievements in Compliance-related Employee Training and Education

2. Labor Initiatives

The Group implements the following initiatives regarding respect for human rights in labor.

- Support for the universal principles advocated by the UN Global Compact (freedom of association and recognition of the right to collective bargaining)
- Continuous dialogue between labor and management →P63

3. Local Community Initiatives

The Group implements the following initiatives to protect the human rights of people in the areas where the Group conducts its business.

- Environmental communications →P25
- Coexistence with local communities in overseas plantation projects →P19

4. Relationships with Other External Organizations and Other Institutions

- The Company holds dialogues with external experts to confirm objective evaluations of its human rights initiatives and consider improvements.
- The Company has been a member of Amnesty International Japan since 2007 and has the opportunity to share opinions at least once a year. In FY2022, the Company exchanged opinions on matters such as on revisions to the Procurement Policy and local surveys of overseas suppliers' human rights performance.
- The Company has participated in EcoVadis since 2016 and has been registered as a supplier. The Company was awarded a Gold Medal for the successive year of 2022 after 2021, as its efforts for human rights and other initiatives have been highly praised.
- The Company participates in the Global Compact Network Japan's Human Rights Due Diligence Subcommittee to collect information and exchange opinions on the latest trends in human rights and the initiatives of each company.



→WEB


Opinion from External Expert on Human Rights Initiatives (Integrated Report 2023 p.55)

https://www.nipponpapergroup.com/english/ir/npg_ir_2023_e_42-59.pdf

Realization of Diverse Work Styles

1 Basic Policy

In the Nippon Paper Group Mission, Nippon Paper Industries states that one of the requirements of its Vision is "instilling pride in employees." In order to promote the diversity of human resources and respond to environmental changes such as pandemic outbreaks of infectious diseases, the Company is pushing ahead with the development of a working environment and a review of work systems that realize diverse work styles.

 [→P84](#) **The Nippon Paper Group Human Rights Policy**

 [→WEB](#) **Human Resource Strategy** (Integrated Report 2023 p.30)
https://www.nipponpapergroup.com/english/ir/npg_ir_2023_e_16-41.pdf

2 Improving Its Working Environment for Diverse Work Style

1. Support for Balancing Childcare and Work

- The Company has implemented systems that exceed the provisions stipulated under Japan's Child Care and Family Care Leave Law to support the achievement of a balance between childcare and work.
- The Company issued a Childbirth and Childcare Guidebook summarizing information necessary for achieving a balance between childcare and work. The handbook has also been posted on the Company's intranet to provide information for employees.
- In 2016, the Company acquired "Kurumin" certification as a child-rearing support company.

<Main systems for supporting a balance between childcare and work>

- Childcare leave (can be taken until a child is 1 year and 2 months old)
- Childcare support measures (shorter working hours, exemption from overtime work, and other benefits) can be used until the end of the school year in which the child is in the third grade of elementary school.
- Abolition of rules restricting uniform pay increases for employees taking childcare leave
- Expired annual paid leave can be taken for the purposes of raising a child or short-term childcare leave

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

The Company has formulated the following action plan to enable all employees to achieve their full potential by creating an environment where employees can balance work and child care and where all employees can work comfortably.

1. Planning period

Two years from April 1, 2023 to March 31, 2025

2. Contents

- Goal 1** Implement a system to limit jobs, work locations, etc., for workers who wish to do so.
<Details of initiatives>
Examination of measures to be implemented in April 2023
Introduction of the system after October 2024
- Goal 2** Redevelop a re-employment system for those who retired due to childbirth or childcare.
<Details of initiatives>
Consider measures to promote the use of the system in April 2023 and implement the steps after October 2023.

2. Support for Balancing Nursing Care and Work

- The Company has implemented systems that exceed the provisions stipulated under Japan's Child Care and Family Care Leave Law to support the achievement of a balance between nursing care and work.
- The Company issued a Nursing Care Guidebook summarizing information necessary for achieving a balance between nursing care and work. The handbook has also been posted on the Company's intranet to provide information for employees.

<Main systems for supporting a balance between nursing care and work>

- Nursing care leave (up to 1 year in total for each eligible family member)
- Abolition of rules restricting uniform pay increases for employees taking nursing care leave
- Expired annual paid leave (held over leave) can be taken for the purposes of leave for nursing care for family members.

3. Reduction of Working Hours

- The Company promotes flexible working styles by introducing systems that encourage diversity [→P61](#) (a flextime system that does not set a core time, a system for taking annual paid leave in hourly increments, and a system to work from home).
- The Company is working towards reducing working hours by ensuring employees depart before 19:00, enforcing no overtime work days, and improving operational efficiency in each department.

4. Other Systems

In addition to items 1 to 3, the Company is promoting the development of systems that realize diverse work styles.

<Other main systems for realizing diverse work styles>

- Financial assistance for employees transferred alone (without their family) who are not the head of their household*
* 12 times a year round-trip transportation expenses for returning home or other incidental costs
- Spouse overseas accompaniment leave system
- Self-declaration leave system*
* Leave for self-development, international contributions, and volunteer activities
- Expired annual paid leave (preserved leave) can be taken for purposes such as volunteering, absence from work related to fertility treatment or pregnancy, and intermittent absence from work associated with treatment of a disease
- Guaranteeing exercise of civil rights*
* If employees exercise their right to vote or any other civil rights or perform a public duty during working hours for an unavoidable reason, they must be given the time required for such action based on their request and they shall be deemed to have worked during that time.
- A system to overseas personnel
* A hardship allowance based on climate, security, medical care, etc. is added to the salary of employees stationed overseas. Bonuses are paid according to the same standards as in Japan. Operation of systems suitable for each region

5. Welfare

The Company has welfare programs that include the development of company housing and single dormitories, the ownership of recreational facilities, and property formation (property accumulation savings, employee stock ownership association, housing loan system, etc.).

Realization of Diverse Work Styles

6. Achievements Related to Diverse Work Styles

Status of Use of Systems Related to Childbirth, Childcare, and Nursing Care

(— is unaggregated)

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employees taking childcare leave	Consolidated companies in Japan	Persons	23	23	28	30	166
Male	Consolidated companies in Japan	Persons	3	2	5	13	146
Female	Consolidated companies in Japan	Persons	20	21	23	17	20
Employees taking childcare leave	Nippon Paper Industries	Persons	11	13	11	12	113
Male	Nippon Paper Industries	Persons	3	2	5	8	104
Female	Nippon Paper Industries	Persons	8	11	6	4	9
Rate of taking childcare leave (Male)	Consolidated companies in Japan	%	—	—	—	—	82.0
Rate of taking childcare leave (Female)	Consolidated companies in Japan	%	100	100	92	94	100.0
Rate of taking childcare leave (Male)	Nippon Paper Industries	%	—	—	—	—	91.2
Rate of taking childcare leave (Female)	Nippon Paper Industries	%	89	100	86	80	100.0
Rate of returning to work after childbirth	Consolidated companies in Japan	%	90	100	100	99	100.0
Employees taking nursing care leave	Consolidated companies in Japan	Persons	2	1	0	1	2

* Until FY2021, employees taking childcare leave are calculated for those who used childcare leave system. From FY2022, they are calculated for those who used childcare leave system, etc. and who used leave system for the purpose of childcare under Child Care and Family Care Leave Law.

Total Working Hours and Rate of Taking Annual Paid Leave

(— is unaggregated)

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total working hours (All employees*)	Nippon Paper Industries	Hours per person	1,923	1,894	1,888	1,905	1,884
Total working hours (Union members)	Nippon Paper Industries	Hours per person	1,900	1,885	1,861	1,870	1,850
Rate of taking annual paid leave	Consolidated companies in Japan	%	—	74.4	64.7	70.8	74.2
Rate of taking annual paid leave	Nippon Paper Industries	%	75.1	76.6	67.9	73.6	78.4

* All employees = union members + managers

3 Employee Training

CASE STUDY

Diversity Study Sessions

The Company conducts diversity training for employees every year. In FY2022, the Company invited outside lecturers to hold diversity study sessions for management-level employees so that they could learn about its systems related to childbirth and childcare. In the study session, participants learned about the current situation and issues regarding childcare leave for men, the Company's systems related to childbirth and childcare, the prohibition of disadvantageous treatment, and the relevant issues. Male employees who took childcare leave at the Company, and their supervisors, were interviewed, and "real voices" were also shared on the importance of communication when taking childcare leave.

Participants not only commented, "I had better understanding of the Company's systems," but also said, "I understood the importance of communication between superiors and subordinates," and "I learned the importance of creating a workplace with high psychological security." Judging from these comments, this was an opportunity for managers to change their mindsets.

Subsequently, the Company will continue implementing diversity education for employees to realize diverse work styles.

Active Participation of Diverse Human Resources

1 Basic Policy

Nippon Paper Industries states that one of the requirements of its Vision for the Group Mission is "instilling pride in employees."

The Company is promoting organizational development that enables diverse work styles and allows diverse human resources to maximize their potential, and which aim for better engagement (building relationships to ensure growth for both employees and companies).

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2 Employment and Recruitment Efforts and Status

- Nippon Paper Group strives to maintain stable employment and continue hiring new employees.
- The Group employs without discrimination based on the "Nippon Paper Group Human Rights Policy":
 - Instruct interviewers in training sessions to prohibit discrimination based on race, religion, nationality, place of origin, gender, educational background, etc.
 - Clearly and formally communicate the recruitment process to all recruitment candidates
- The Group carries out employment based on the place of operation.

1. Recruitment of New Graduates and Mid-career Employees

- The Company discloses information on the hiring of new graduates on its website.
- In addition to utilizing human resources within the company, the Company is also hiring mid-career employees.

2. Employment of People with Disabilities

- The Company's employment rate of people with disabilities is 2.31%, above the regulatory employment rate of 2.3% (as of April 1, 2023). The Company will continue to work to maintain and improve the employment rate at each site.
- The Company aims to achieve the employment rate of people with disabilities of 2.8% by 2030 (120% of the statutory employment rate).
- The Company assigns people with disabilities to workplaces in consideration of the nature of their disabilities.
- At the head office of Nippon Paper Industries, the Company provides pre-employment workplace training before new employees join the Company, to prevent mismatches at the time of hiring. Furthermore, regular follow-up interviews are held at intervals of one month, three months, six months, and one year after joining to help employees settle into the workplace after joining the Company.
- The head office is equipped with barrier-free toilets which can be used by not only people with disabilities but also by anyone. The Company is also gradually promoting barrier-free facilities at its mills.

3. Employment of Elderly Persons

- The Company operates a re-employment system up to age 65 so that retired employees can continue to work according to their motivation and ability, at least until they are old enough to receive their pension.
- Currently, labor-management discussions are underway, intending to introduce an extension of the retirement age for union members (retirement age of 65) in April 2024.

4. Rehiring Retired Employees

- The Company has established the NICORE (Nippon Paper Comeback & Re-entry)* system as a way for former employees to take advantage of the experience and skills they have cultivated over the years to play an active role in the company once more.

* If a former employee registers in the human resource bank in advance in preparation for when they want to work or are able to work again, the Company will notify the registrant system that provides detailed information on job vacancies. There is no question about the reason for leaving when registering for the human resources bank.

- In FY2022, two employees re-entered the company using this system and began working again.

5. Dispatched Workers

The cost of accepting dispatched workers is borne by the Company.

Active Participation of Diverse Human Resources

6. Statue of Regarding Employment, Recruitment, etc.

Number of Employees (Consolidated companies, as of the end of each fiscal year)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees on a consolidated basis	Persons	12,943	12,592	16,156	16,129	15,959
Male	Persons	11,503	11,118	13,984	13,926	13,593
Female	Persons	1,440	1,474	2,172	2,203	2,366

Number of Overseas Employees (Consolidated companies, as of the end of each fiscal year)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of overseas employees	Persons	2,587	2,504	5,961	6,050	6,062
Male	Persons	2,263	2,158	4,965	5,038	4,927
Female	Persons	324	346	996	1,012	1,135
Ratio of upper management* from the local community	%	82.1	89.3	94.7	94.6	94.9

* Managerial personnel at the level of section manager or positions higher

Number of Employees by Region (Consolidated companies, as of the end of FY2022)

	Unit	Japan	Oceania	Asia	North America	Other
Number of employees	Persons	9,965	4,368	237	545	844
Male	Persons	8,729	3,492	173	469	730
Female	Persons	1,236	876	64	76	114

Number of Employees by Age Group (Nippon Paper Industries, March 31, 2023)

	Unit	Less than 30	30 to 50	Over 50	Total
Number of employees	Persons	876	2,579	1,605	5,060
Male	Persons	792	2,395	1,448	4,635
Female	Persons	84	184	157	425

Average Age of Employees and Years of Employment (Consolidated companies in Japan, as of the end of each fiscal year)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average age of employees	Age	43.4	43.7	43.6	44.4	44.5
Male	Age	43.3	43.6	43.6	44.4	44.5
Female	Age	43.6	43.7	43.5	43.9	44.2
Average years of employment	Years	19.3	19.2	18.8	19.0	19.0
Male	Years	19.5	19.3	19.1	19.3	19.2
Female	Years	17.8	17.8	17.0	16.9	17.1

Number of Hires and Turnover Rate (Consolidated companies in Japan)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of new graduates hired	Persons	200	182	214	209	174
Male	Persons	171	146	167	166	133
Female	Persons	29	36	47	43	41
Number of mid-career recruits	Persons	204	222	172	122	167
Male	Persons	180	199	149	109	143
Female	Persons	24	23	23	13	24
Turnover rate (Includes employees leaving at the mandatory retirement age)	%	5.7	4.6	3.0	3.3	6.0

Retention Rate after Joining the Company (Nippon Paper Industries, as of the end of each fiscal year)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Retention rate after 10 years of employment	%	69	73	66	60	63

Active Participation of Diverse Human Resources

Number of Employees Seeking Reemployment after Retirement / Employees Reemployed after Retirement Age

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees seeking reemployment after retirement	Nippon Paper Industries	Persons	168	95	80	126	155
Number of employees reemployed after retirement age	Nippon Paper Industries	Persons	168	95	81	126	155
Number of employees reemployed after retirement age	Consolidated companies in Japan	Persons	332	296	301	591	401

Number of Managers / Ratio of Female Employees in Management (At the end of each fiscal year)

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of managers	Nippon Paper Industries	Persons	1,134	1,121	1,132	1,218	1,162
Female	Nippon Paper Industries	Persons	26	27	30	33	37
Ratio of female employees in management	Nippon Paper Industries	%	2.29	2.43	2.65	2.71	3.18
Number of managers	Consolidated companies in Japan	Persons	2,227	2,302	2,385	2,404	2,393
Female	Consolidated companies in Japan	Persons	55	62	67	69	82
Ratio of female employees in management	Consolidated companies in Japan	%	2.47	2.69	2.81	2.87	3.43
Number of managers	Consolidated companies outside Japan	Persons	151	196	358	556	531
Female	Consolidated companies outside Japan	Persons	24	33	82	129	119
Ratio of female employees in management	Consolidated companies outside Japan	%	15.9	16.8	22.9	23.2	22.41

Number of Dispatched Workers and Part-time Workers (Consolidated companies in Japan, as of the end of each fiscal year)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Dispatched workers	Persons	89	108	111	105	121
Male	Persons	41	47	46	38	44
Female	Persons	48	61	65	67	77
Ratio of dispatched workers	%	0.8	1.1	1.1	1.0	1.2
Number of part-time workers	Persons	465	512	514	465	536
Male	Persons	293	293	290	279	287
Female	Persons	172	219	224	186	249

7. Other Employment-related Information

- The Company conducts risk assessments and respond to labor issues related to new business and existing business.
- The Company did not carry out layoffs in FY2022.
- There were no employees affected by the Company's M&A in FY2022.
- Average annual salary (including bonuses and extra wages) of the Company as of the end of FY 2022 was 6,599,485 JPY.
- Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace, the wage gap between male and female regular employees (ratio of female employees with male employees as the denominator) at the Company in FY 2022 was 75.5%. Regarding the gender gap, there is no difference in wages for doing the same work, and the difference mainly depends on whether allowances are paid for shift work that male employees are engaged in.

Active Participation of Diverse Human Resources

3 Promotion of Women's Participation and Advancement in the Workplace

1. Responding to the Act on Promotion of Women's Participation and Advancement in the Workplace

Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

In order to create an employment environment in which diverse human resources can demonstrate their abilities and play an active role throughout their lives, the Company will formulate an action plan as follows.

1. Planning period

Five years from April 1, 2021 to March 31, 2026

2. Contents

Goal 1 The Company will set the ratio of female employees, compared to man employees, promoted to section manager from a lower rank in the previous three business years at 80% or higher.

Goal 2 At head office divisions, which have no production sites, the rate of usage of systems such as flextime, taking leave in hourly increments and working from home will be set at 70% for both male and female employees to promote diversity.

3. Intermediate performance (FY2022)

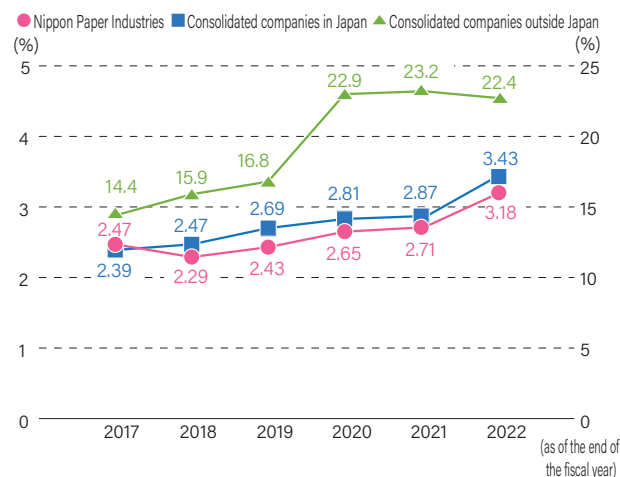
Target 1 101%

Target 2 93.2%

- In February 2022, the Company received "Eruboshi Certification (Stage 2 certification)."

2. Ratio of Female Employees in Management and Hiring of New Graduates for Career-track Positions

Ratio of female employees in management



Hiring of New Graduates for Career-track Positions (Nippon Paper Industries)

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Career-track hires	Persons	50	48	43	48	43
Female	Persons	13	17	13	19	21
Ratio of female career-track hires	%	26	35	30	40	49

4 Recruitment and Development of Human Resources

The Company is working to develop human resources who take on change as an investment in human capital to promote transformation of the business structure and yield results. The Company will take various measures to nurture employees who will be the source of expanding profitability of growing businesses and reinforcing competitiveness of foundation businesses, while also enabling staffs themselves to improve their individual skills and realize personal growth through their careers.

1. Recruitment and Development of Career-track Employees

The Company defines the ideal type of person that career-track employees should aim to be as "leaders who will promote change." The Company is implementing the following initiatives to secure such personnel.

- Hiring human resources with the abilities to continue attempting new challenges, to exercise fair judgement and to engage in teamwork by involving those around them, and the mental strength to overcome difficulties
- Strengthening the development of "autonomous human resources" with global perspectives that can face the "challenge" of new things.

2. Leadership Training System

The Company works to develop its leadership personnel through OJT and OFF-JT, which includes systematic rotations, Job-level-based training, and selective training.

- Fostering leaders with broad perspectives who do not become fixated on a single issue, by transferring them to various positions both within and outside their department, and at affiliate companies in a planned manner
- Besides Job-level-based training at OFF-JT, the Company has established a dispatch system for career-track employees to overseas business sites.
- After employees are promoted to management positions, the Company also conducts training related to management and other skills.

Active Participation of Diverse Human Resources

3. Priority Initiatives in Human Resources Development

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

(1) Support for voluntary skill acquisition

- Hierarchical training
 - Hierarchical training, such as that for new hires, groups based on the year of joining the Company, and new managers, is conducted jointly by Group members.
 - Hierarchical training at the head office
 - Hierarchical training at mills is conducted not just for a single mill but together with neighboring mills
- Selective training
 - Group training (accounting, leadership, logical thinking, etc.)
 - Distance learning (approximately 240 courses including business skills, qualifications/certifications, languages, digital skills, etc.)
- Other systems
 - Dispatching employees to colleges/universities in Japan (to obtain a degree)
 - Systems that pay rewards for qualifications

(2) Assignment of the right people to the right positions

- Constructing a talent management system*
 - * An information system that centrally manages and visualizes basic employee information and talent information, such as abilities, experience, and skills, and leads to strategic human resource development and placement
- Implementation of employee surveys to ascertain what kind of job assignments they wish to have (target: all employees, once a year).
- Establishment of an internal recruitment system, so that individual employees can consider their skills and how they want to develop their careers, and then apply for positions posted by any of the Group companies.
- Establishment of an "in-house side jobs system*"
 - * Without being transferred, employees can be involved in the work of another department that they are interested in for up to 20% of the prescribed working hours, allowing them to take on the challenge of new operation while working on the main business of the department to which they belong.

(3) Development of employees capable of acting on a global stage

- Open invitation to applicants and implementation of long-term dispatch to overseas bases of the Group.

(4) Reinforcement of production frontline capabilities

- Creating a committee to strengthen frontline capabilities in FY2006 in all mills. Organizing and operating systems under which technologies and skills that should be carried forward at individual production sites are identified, and training is prioritized based on analyses of the strengths and weaknesses of, and skills needed by, individuals.

(5) Life plan design support

- Offering Life Plan Seminars and other types of seminars to enhance employee understanding of each company's and the government's programs, as well as the need to develop meaningful life plans that include health management.

4. Provision of Education and Training

- In FY2022, the number of hours of education per employee at consolidated companies in Japan was 4.6 hours.
- The Company's educational expenses related to human resource development, supervised by the Human Resources Department, in FY2022 amounted to 35,718,660 JPY. The average training cost per employee targeted for such training was 36,899 JPY, and the average training time was 12.2 hours.

Active Participation of Diverse Human Resources

5 Reinforcing Engagement

1. Fair Evaluation and Compensation

- The Company carries out the following as part of a fair and transparent personnel examination.
 - Inform employees of wage regulations, including wage structure and the criteria for pay raises and promotions.
 - Clarify evaluation criteria and items.
 - Conducting review sessions where managers provide feedback on performance evaluations and results to employees (for all general employees, twice a year)
 - Introduction of outside companies specializing in human resource assessment to enhance objectivity for decisions on promotions to management and other positions
- The Company has adopted a "Performance Evaluation System" under which employee compensation is determined based on performance.
- The Company has established programs such as president awards, business site manager awards, president awards for patents, and outstanding technician awards, to recognize special achievements.
- The Company has established a system under which incentives are paid to achievements of employees.
 - e-Kaizen Program: A proposal system for business improvement. The impact of proposals is evaluated in points and incentives are paid according to the points
 - Invention Compensation System: Appropriate consideration will be paid to employee invention in accordance with the Patent Act

2. Employee Engagement Survey

- The Company has conducted an employee engagement survey once in two years since 2019.
- This survey is positioned as essential to further strengthen the relationship between employees and the Company so that both can grow.
- Based on the survey results, the Company strives to improve communication within the workplace and the working environment.

6 Industrial Relations

- The Group participates in the United Nations Global Compact and supports the universal principle of labor standards advocated by the United Nations regarding "approval of freedom of association and the right to collective bargaining."
- The Company and principal consolidated subsidiaries have formed labor unions. They maintain harmonious labor-management relations even at companies without labor unions.
- The Company has adopted a union-shop system, and 100% of employees subject to labor agreements are members of the labor union (number of labor union members: 4,435 [as of March 31, 2023]).
- In the common labor-management goal of "developing the company and improving the welfare of union members," the Company has established various specialized labor-management committees, such as the "Agreement Management Expert Committee" and the "Manpower Measures Expert Committee." Along with this, based on the agreements between labor and management, the Company is working on various measures and improving working conditions and environments. The Company also holds labor-management conferences on a regular basis to facilitate communication between labor and management, such as explaining management policies, management plans, and company-wide performance to the labor union.

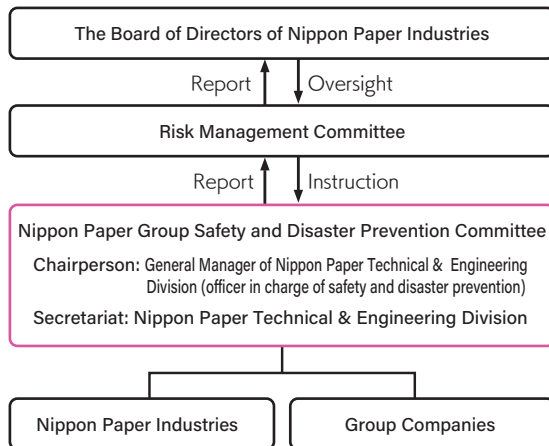
Promotion of Occupational Safety and Health

1 Basic Policy

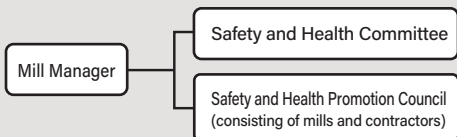
P86 Philosophy and Basic Policy on Safety and Health Measures

- This policy also applies to contractors and related contractors of mills working on the Company's premises.

2 Promotion Structure



Example of a Mill's Safety and Health Organization Structure (Nippon Paper Industries)



1. Occupational Safety and Health Promotion Structure

- Nippon Paper Industries regularly holds health and safety meetings attended by both employees and management, including safety and health personnel from the head office, mills, and labor unions, where the opinions of employees are represented.

- Meetings of the Safety and Health Committee and Safety and Health Promotion Council (consisting of mills and contractors) are held separately at each location including mills and offices, once a month.
- The Company promotes safety and health management activities by cooperating and collaborating with management and employees, as well as contractors and related contractors of mills working at each location.
- The Company has established a communication system between the mills and the head office, as well as between departments within the head office, to report necessary information in the event of a disaster to the Nippon Paper Group Safety and Disaster Prevention Committee and its management.

2. Reporting to the Board of Directors

- The Group's occupational health and safety and disaster prevention activities are overseen by the Nippon Paper Group Safety and Disaster Prevention Committee, chaired by the officer in charge of safety and disaster prevention, and reports to the Board of Directors through the Risk Management Committee.
- In FY2022, the committee reported to the Board of Directors on risks and examples of safety and disaster prevention, as well as the status of occupational accidents.

3 Occupational Safety and Health Management System

- The Group operates its own Nippon Paper Occupational Safety and Health Management System (NPSS).

NPSS (Nippon Paper Occupational Safety and Health Management System)

NPSS incorporates specific, ongoing, and voluntary activities at each mill and business site as safety and health plans, following company policies and measures relating to safety and health. The system is helping to improve safety and health levels by preventing occupational accidents, promoting worker health, and creating comfortable working environments. It also implements measures to predict and prevent health and safety risks, not only for existing work but also for new work and where changes in work have been made.

- The Company formulates annual plans for Occupational Safety and Health Management Systems at each mill and business office and conducts training.
- The Company has a system for reviewing and improving the content of education and the target employees, as necessary.

- The Group formulates and promotes safety and health plans for each mill, business site, and Group company and conducts Mill Safety Audits at least once a year as part of its drive to maintain and improve safety standards.
- The Company also incorporates into its safety activities any advice from external experts on ways to improve its standards, including safety diagnoses conducted by the Japan Industrial Safety and Health Association.

4 Acquisition of Occupational Safety Certifications and Awards

Acquisition of ISO 45001 Certification (As of March 31, 2023)

Company name	Number of certified sites
Opal	22 sites
Jujo Thermal	1 site

* 2 out of 55 in Japan and overseas consolidated companies certified (Consolidated companies in Japan: 0 out of 28 companies, overseas consolidated companies: 2 out of 27 companies)

External Awards for Safety Activities (FY2022)

Company (office) name	Award
Nippon Paper Industries (Otake Mill)	62nd National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award 2nd Class)
Nippon Paper Industries (Asahikawa Mill, Ishinomaki Mill, Nakoso Mill, Fuji Mill, Akita Mill)	62nd National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award)
Nippon Paper Industries (Iwakuni Mill Safety and Health Cooperation Association, Otake Mill Safety and Health Cooperation Association)	62nd National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award)
Nippon Paper Papylia (Kochi Mill)	62nd National Conference of the Pulp and Paper Industry on Safety and Health (Safety Excellence Award)
Siam Nippon Industrial Paper	2022 Company with an Excellent Safety and Health Environment (Gold Medal)

Promotion of Occupational Safety and Health

5 Efforts regarding Health and Hygiene

- In cooperation with the health insurance union, the Group implements the following initiatives to promote employees' health and prevent and detect illness early.
 - Regular physical examinations and lifestyle-related disease checkups at all Group companies that are members of the Nippon Paper Industries Health Insurance Union
 - Improve work environments based on the results of regular workplace visits by industrial physicians
 - Health examinations for spouses of employees
 - Walking competition events and providing health-related information using health promotion apps
 - Quit smoking program (health insurance support project)
- The Company implements the following mental health initiatives for our employees.
 - Mental health counseling for all employees and their families in collaboration with external EAP (employee support service)
 - Consultation by a specialist for employees who are judged to require care in a "stress check" (conducted once a year)
 - Rehabilitation work system when returning to work (a system that allows employees to come to work and work on a trial basis before fully returning to work)
- The Company implements the following initiatives for employees posted abroad regarding global health issues such as infectious diseases.
 - Periodical medical examinations, lifestyle-related disease examinations, and complete medical examinations at the time of assignment and return for employees stationed overseas and their accompanying spouses
 - Vaccinations as required, according to the situation of the overseas posting/business trip destination

6 Initiatives Related to Safety and Disaster Prevention

1. Ensuring Safety within Mills

Medium-term Safety Activity Plan (Established July, 2020)

Plan pillars	(1) Developing safe working environments, (2) Managing risks, (3) Training personnel to work safely
Ultimate environment	Ensuring that nobody*1 is injured within the premises of its mills
The goal	To build a foundation for achieving zero disasters based on an independent safety-conscious climate
Plan duration	2020-2025
Performance indicators*2	2020-2022 Serious occupational accident eradication measures period (Serious occupational accidents: 0, Frequency rate for lostworktime injuries: 0.4)
	2023-2025 Period for preparing for zero occupational accidents (Serious occupational accidents: 0, Frequency rate for lostworktime injuries: 0.1)

*1 This ultimate environment includes all stakeholders on Nippon Paper Group premises including Group employees, employees of contractors of mills working on site, and visitors from outside.

*2 Mill management indicators are determined every 12 months

- Based on its mission of Ensuring that nobody is injured within the premises of its mills the Company conducts safety patrols in collaboration with labor unions and contractors, and gives instructions and guidance to correct unsafe practices.
- Provide personal protective equipment and other safety equipment for safety and health-related work.
- Provide guidance to contractors and promote voluntary safety activities, including risk prediction and risk assessments.

2. Other Safety and Disaster Prevention Countermeasures

- The Group implements the following measures for operations with a high risk of injury.
 - Manage facilities in accordance with Japan's Industrial Safety and Health Law and other laws and regulations, and regularly evaluate workplace environments
 - In locations where chemical substances are handled, the Group investigates the dangers and toxicity of these substances and uses what it learns to take appropriate risk reduction measures and manage residual risks
 - Special medical examinations for employees engaged in certain types of hazardous work
- The Group implements the following measures to prepare for emergencies such as natural disasters and fires.
 - Create disaster preparedness manuals reflecting local hazard map information
 - Participation in regular disaster drills and lifesaving courses in collaboration with local fire departments and other public safety agencies
 - Undergo regular disaster prevention surveys by specialist risk assessment companies (Nippon Paper Industries)
- The Group implements the following initiatives aimed at raising awareness of traffic safety.
 - Traffic safety training and lectures
 - Participate in traffic safety campaigns hosted by local police stations

Promotion of Occupational Safety and Health

7 Occupational Accidents

Occupational Accidents (Calendar year)

		2018	2019	2020	2021	2022
Lost-time injury frequency rate* ¹	Nippon Paper Industries	1.21	0.73	0.39	0.51	0.95
	Nippon Paper Group * ³	1.16	0.54	0.37	0.46	0.86
	Nippon Paper Group * ³ contractor	0.54	0.98	1.10	0.62	0.52
	Manufacturing industry	1.20	1.20	1.21	1.31	1.25
	Pulp, paper and converted paper product manufacturing industry	1.88	1.94	1.54	1.85	1.59
Occupational Accident Severity Rate* ²	Nippon Paper Industries	0.02	0.03	0.01	0.04	0.12
	Nippon Paper Group * ³	0.03	0.03	0.01	0.03	0.09
	Nippon Paper Group * ³ contractor	0.47	0.55	1.10	0.09	0.11
	Manufacturing industry	0.10	0.10	0.07	0.06	0.08
	Pulp, paper and converted paper product manufacturing industry	0.22	0.63	0.39	0.06	0.19
Number of work-related employee/contractor fatalities	Nippon Paper Industries	0	0	0	0	0
	Nippon Paper Group * ³	0	0	0	0	0
	Nippon Paper Group * ³ contractor	1	1	2	0	0

*1 Indicates how often occupational accidents occur in terms of the number of accidents causing injuries or deaths per million work hours.

*2 Indicates the seriousness of occupational accidents in terms of the number of workdays lost per 1,000 work hours.

*3 Scope: Manufacturing locations of Nippon Paper Industries, Nippon Paper Crecia, Nippon Paper Papylia, and Nippon Paper Liquid Package Product

Number of Violations of the Labor Standards Act* (Nippon Paper Industries)(Calendar year)

2018	2019	2020	2021	2022
0	0	0	0	0

* Number of cases subject to judicial disposition for violations of the Labor Standards Act

8 Training and Education for Employees, etc.

- The Group promotes the spread and establishment of safety and health awareness by conducting safety training for employees, contractors, and related contractors.
- The Company ensures providing the education mandated under the Industrial Safety and Health Act based on the Guidelines on Safety and Health Education established by the Ministry of Health, Labour and Welfare.
- The Company also provides training on emergency lifesaving, heat stroke prevention, and traffic safety, as well as safety education for temporary site visitors.
- The Company encourages participation in safety-related qualifications (e.g., RST*) and external training to gain specialized knowledge.
* Rodosho (Ministry of Labor in Japanese) Safety and Health Education Trainer
- The Company conducts a survey once a year to keep abreast of the status of safety and health education at each of its mills and offices.