

# Sustainability Management

## 1 Basic Policy

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).

In 2023, the Japan Paper Association, of which the Company is a member, established the "Basic Principles of Sustainability of the Japan Paper Association" based on discussions among member companies. The Company will adhere to these principles and fulfill our social responsibility through business activities.

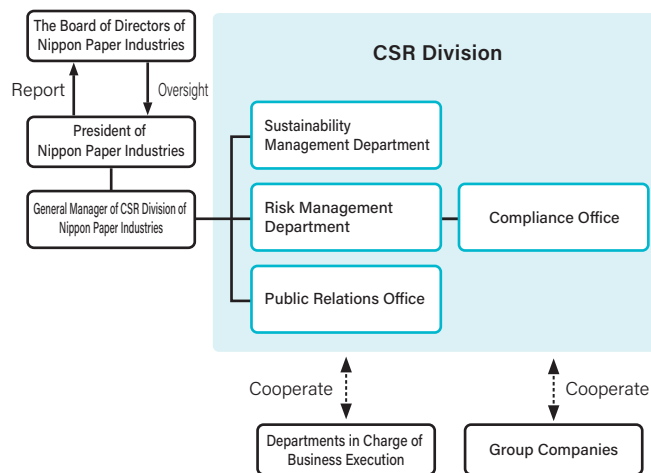


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### Basic Principles of Sustainability of the Japan Paper Association (Japanese only)

<https://www.jpaa.gr.jp/about/sustainability/principle/>

## 2 Promotion Structure



- The Company has set up the CSR Division as an organization directly under the president's control, and the Sustainability Management Department, Risk Management Department, Compliance Office, and Public Relations Office have established systems to deal with ESG issues, promote risk management, and appropriately disclose information.
- The CSR Division reports to the Board of Directors on sustainability-related activities, and in FY2022, it reported to the Board of Directors four times on activities related to respect for human rights and other matters.
- Since 2011, the Company has been conducting CSR surveys once a year at Group companies in Japan and overseas in order to confirm the status of each company's response to issues such as the environment, human rights, and regulatory compliance.

## 3 Training and Development for Employees, etc.

### Achievements in Sustainability-related Training and Development (FY2022)

	Target participants	Number of participants	Number of events (frequency)
e-Learning	Employees of Nippon Paper Group	4,955 <sup>*1</sup>	1 (once a year)
Sustainability training	New employees of Nippon Paper Group	89	1 (once a year)
	New managers of Nippon Paper Industries	74	1 (once a year)
Sustainability lectures	Employees and business partners of Nippon Paper Group	642	1 (once a year)
The School of Friendship for Forests and Paper → P68	Elementary school students and their guardians	35 <sup>*2</sup>	1 (once a year)

\*1 Target of aggregation: Nippon Paper Industries \*2 Number of elementary school students

### CASE STUDY

#### e-Learning (Nippon Paper Industries)

The Company regularly holds sustainability training for Group employees. In FY2022, with the title of "Basic knowledge of sustainability," the training explained the current state of social challenges and what is expected of companies. Post-training questionnaires were used to check the levels of understanding, awareness, and opinions, and the results were used in the next year's training.

#### Sustainability Lectures (Nippon Paper Industries)

The Company selects topics from the sustainability perspective and regularly holds lectures from external experts for business partners and Group employees. In FY2022, the Company invited the Wild Bird Society of Japan, which is engaged in activities to protect Blakiston's fish owls in company-owned forests, to lecture on the theme of "Biodiversity Conservation and Corporate Activities."

#### Dissemination of sustainability information through in-house newsletters (Nippon Paper Industries)

In the in-house newsletter published four times a year for Group employees, the Company provides information on sustainability. In FY2022, the Company posted information on the Group's sustainability initiatives.

# Enhancement of Corporate Governance

## 1 Basic Policy

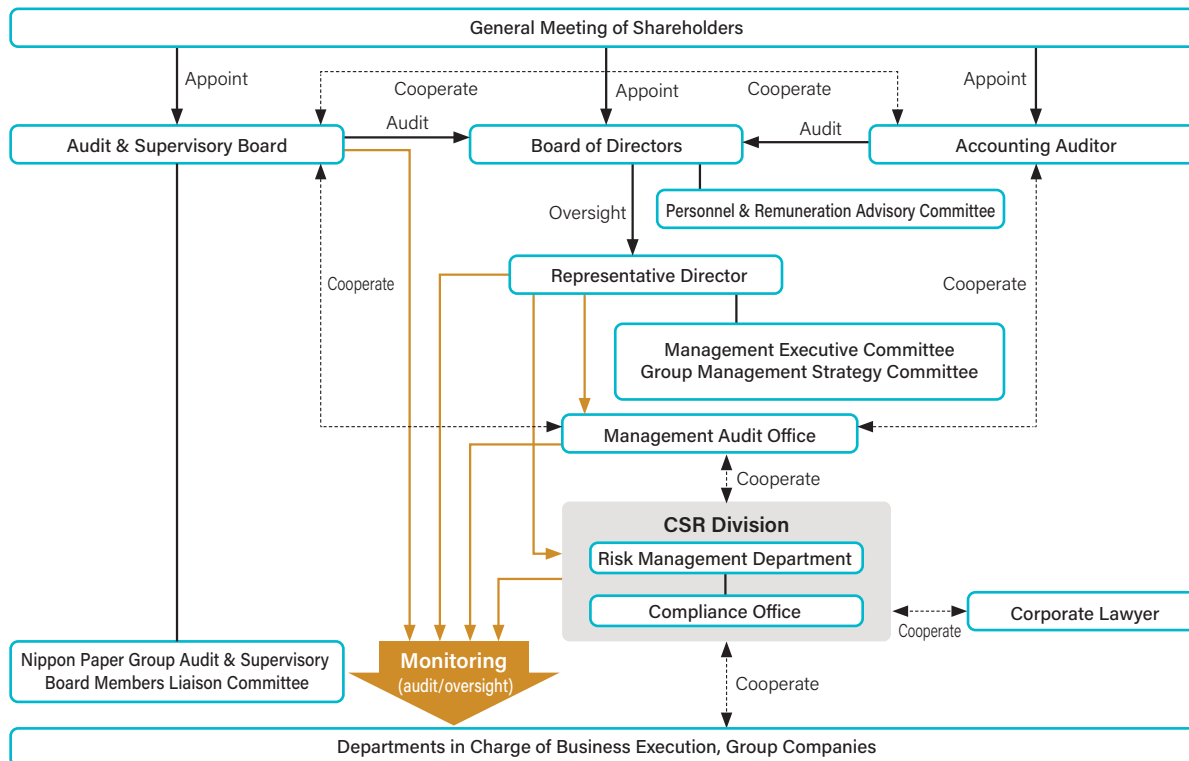
📖 → P72 **Corporate Governance Policy**

🖨️ → WEB **Corporate Governance Report**  
<https://www.nipponpapergroup.com/english/ir/governance/>

📖 → P76 **Basic Policy for Establishing the Internal Control System**

## 2 Corporate Governance Structure

**Corporate Governance Structure (As of July 1, 2023)**



- Nippon Paper Industries is a company with an Audit & Supervisory Board.
- The Company's accounting auditor is Ernst & Young ShinNihon LLC.

### 1. Board of Directors

- The Chairman of the Board of Directors is Fumio Manoshiro, who is a director without the right to represent the Company.
- The Board of Directors has a supervisory function for the overall management, ensures the fairness and transparency of management, and also makes the most appropriate decisions for the Company in the form of decisions on the execution of important operations, which are legally required to be made by the Board of Directors. The Board also supervises the execution of duties by the president, representative director, and other executive officers.
- In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall raise awareness among corporate officers and employees, strive to facilitate the sustainable development of society, and enhance the corporate value of the Nippon Paper Group by promoting active efforts to resolve challenges while giving consideration to stakeholders.

#### Meetings of the Board of Directors (FY2022)

Number of Board of Directors meetings: 13  
Average rate of attendance by directors: 100% (outside directors: 100%)  
Average rate of attendance by Audit & Supervisory Board Members: 100% (outside Audit & Supervisory Board Members: 100%)

### 2. Management Executive Committee

- Usually, the 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.
- The Committee membership is basically composed of the president, vice presidents, and general managers.
- 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.

## Enhancement of Corporate Governance

### 3. 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.
- The Committee membership is composed of the Company's management, including outside directors, and presidents of major companies of the Group.

### 4. Audit & Supervisory Board Members and Audit & Supervisory Board

- In addition to meetings of the Board of Directors, Audit & Supervisory Board Members attend other important meetings, such as the Management Execution Committee and the Group Management Strategy Committee, and strictly monitor the execution of duties by directors. They also conduct on-site inspections of the Company's departments, offices and Group companies, and also strictly audit whether company operations are being carried out legally and appropriately.
- The Audit & Supervisory Board periodically holds regular meetings with the representative director, working to deepen mutual understanding.
- The Audit & Supervisory Board also strives to enhance group audits by strengthening cooperation with Audit & Supervisory Board Members of each Group company.

#### Status of Meetings of the Audit & Supervisory Board (FY2022)

Number of Audit & Supervisory Board meetings: 14  
Average rate of attendance by Audit & Supervisory Board Members: 100% (outside Audit & Supervisory Board Members: 100%)

### 5. Management Audit Office

- The 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.

### 6. Personnel & Remuneration Advisory Committee

- To further enhance corporate governance, the Company has established the Personnel and Remuneration Advisory Committee as an advisory body to the Board of Directors, which consists of three outside directors who are independent officers, the President and Representative Director of the Company, and the General Manager of the General Affairs and Human Resources Division.
- The Committee is chaired by the president and representative director of the Company. It conducts deliberations with the appropriate involvement and advice of independent outside directors who are members of the Committee. In principle, the chairperson chairs the Committee, but discussions of matters for which independence and objectivity are particularly required are chaired by independent outside directors.
- The Committee receives questions from the Board of Directors regarding the selection processes, qualifications, and reasons for nomination of candidates for Directors and Audit & Supervisory Board Members, the criteria for judging the independence of independent outside officers, and the remuneration system for corporate officers of the Company, and considers the appropriateness of these matters, with appropriate involvement and advice from independent outside directors, and reports back based on an 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.

#### Meetings of the Personnel & Remuneration Advisory Committee (FY2022)

Changed the number of regular meetings from 2 to 4 per year  
Average rate of attendance by Committee members: 100%

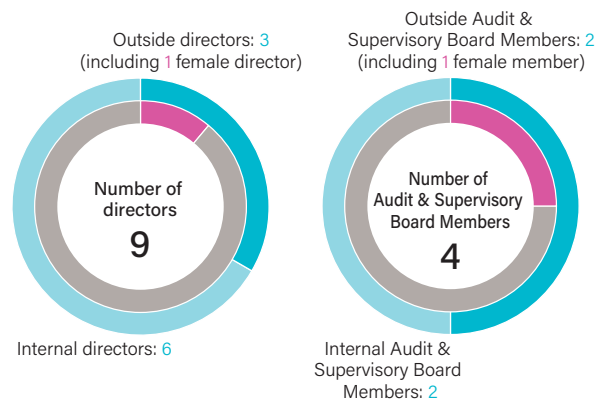


## Enhancement of Corporate Governance

### 3 Composition of the Board of Directors

- The Board of Directors comprises internal directors who excel in their respective business performance and management skills and outside directors who have specialized knowledge and extensive expertise. This ensures a balance and diversity of knowledge, experience, and skills throughout the Board.
- Three of the nine directors are outside directors (including 1 female director)
- Two of the four Audit & Supervisory Board Members are outside Audit & Supervisory Board Members (including 1 female member)
- The skills that the Company expects to be demonstrated by each director are identified based on the basic policy of the 2030VISION and the important management issues (materiality) for realizing the corporate Group philosophy.

#### Composition of the Board of Directors



  **List of corporate officers of Nippon Paper Industries**  
<https://www.nipponpapergroup.com/english/about/corporate/officers/>

  **Skill Matrix of Directors**  
**(NIPPON PAPER GROUP Integrated Report 2023, p. 45)**  
[https://www.nipponpapergroup.com/english/ir/npg\\_ir\\_2023\\_e\\_42-59.pdf](https://www.nipponpapergroup.com/english/ir/npg_ir_2023_e_42-59.pdf)

#### 1. Nomination Policy of Director Candidates

Director candidates are determined by the Board of Directors, on condition that they meet all of the following requirements.

- (1) A person who has a wealth of knowledge and experience in the business management and business operations of the Group
- (2) A person who fully understands the social responsibilities and mission of the Company's business activities and who can fairly and accurately carry out business management and business operations based on principles of strict self-discipline

#### 2. Nomination Policy of Candidates for Statutory Audit & Supervisory Board Members

Audit & Supervisory Board Member candidates are determined by the Board of Directors from among a wide range of diverse talent, on condition that they meet all of the following requirements.

- (1) A person who has a wealth of knowledge and experience in the business management and business operations of the Group
- (2) A person who is capable of auditing the status of business execution by the Company's directors from a fair and objective standpoint, and of contributing to the improvement of the soundness and transparency of management.

#### 3. Outside Directors and Outside Audit & Supervisory Board Members

- The Company designates three outside directors and two outside Audit & Supervisory Board Members as independent officers who meet the qualifications for independent officers.
- Candidates for outside director and outside Audit & Supervisory Board Member are selected from a wide range of diverse talent, on the condition that they meet both of the following requirements, in addition to the requirements for externality stipulated by laws and regulations (having not been a director, employee, etc., of the Company or its subsidiaries in the past):
  - (1) Persons who meet the independence criteria set by the Tokyo Stock Exchange and are recognized as having no risk of conflicts of interest with ordinary shareholders
  - (2) Persons who understand the Company's management philosophy and fully understand the Group's social responsibilities and roles
- In addition to requirements (1) and (2) above, outside director candidates will be selected by the Board of Directors on condition that they are fully aware of their role as outside directors and are able to utilize their specialized knowledge and experience in fields such as corporate management, economics, legal affairs, accounting, taxation, and auditing, and to supervise the directors and management of the Company and provide accurate and appropriate opinions and advice.
- In addition to requirements (1) and (2) above, outside Audit & Supervisory Board Member candidates will be selected by the Board of Directors, and with the consent of the Audit & Supervisory Board, on condition that they are fully aware of their role as outside directors, and are able to utilize their specialized knowledge and experience in fields such as corporate management, economics, legal affairs, accounting, taxation, and auditing, and to audit the directors' execution of their duties from a neutral and objective standpoint, and to contribute to the soundness and transparency of management.

## Enhancement of Corporate Governance

### 4. Successor to the President

- Candidates for the president's successor are developed by having them successively hold important positions such as executive officers and directors.
- In the Personnel & Remuneration Advisory Committee, established as an advisory body to the Board of Directors, the president explains medium-to long-term management issues and exchanges opinions with the outside directors to win the confidence of the committee. At the same time, ever deepening discussions are being held on the qualities that a president should possess and the responsibilities that a president should fulfill in light of future management issues.
- The Personnel and Remuneration Advisory Committee discusses corporate officer personnel affairs, including the appointment and dismissal of the president, and reports to the Board of Directors. Having received these reports, the Board of Directors examines the contents of the reports, the progress of discussions, and other relevant aspects and then decides on candidates.
- Through these processes, the Board of Directors supervises the formulation and operation of CEO succession plans.
- Further, from the perspective of securing talent who will be capable of shouldering responsibility for the running of the Company in the future, the Company implements rotations between various job types and business sites, especially for career-track employees, and promotes them quickly to important posts and positions where they can assist management, such as general manager positions or top management positions at affiliated companies and overseas subsidiaries, thereby exposing them to high level and high-intensity operations and duties, to develop and select the next generation of corporate officer candidates.

### 5. Policy for Training of Directors and Audit & Supervisory Board Members

- The Company continuously provides information on a range of matters (economic conditions, industry trends, regulatory compliance, corporate governance, financial accounting, etc.) necessary for executive officers and directors to fulfill their roles and functions and also provides support for the execution of duties by executive officers and directors by securing opportunities for them to participate in the external training that they desire.
- At the time of their appointment and in a timely manner during their terms of office, the Company provides outside directors and outside Audit & Supervisory Board Members with briefings about the Group's management strategies, management plans, the status of various businesses, the management environment, and management challenges, etc., given by the various related departments or staff members in charge. This ensures opportunities for the formation of sufficient understanding among them.

### 4 Policy for Determining Remuneration for Directors and Audit & Supervisory Board Members

- The remuneration system for directors (excluding outside directors) consists of fixed, performance-linked, and stock remunerations. The composition ratios are set appropriately based on the purpose of each type of remuneration.
- The standard amount of monthly remuneration for directors (excluding outside 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.
- 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.
- 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.

## Enhancement of Corporate Governance

### Remuneration for Directors (Excluding Outside Directors) (Nippon Paper Industries)

	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		—

### Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members\*1 (FY2022) (Nippon Paper Industries)

	Number of executives*2	Total amount of remuneration, etc. by Type			Total amount
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	10	¥290 million	¥71 million	¥30 million	¥392 million
(Outside directors)	(3)	(¥39 million)	(—)	(—)	(¥39 million)
Audit & Supervisory Board Members	4	¥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 one director who resigned during FY2022.

### 5 Assessment of Board Effectiveness

- Since FY2015, an evaluation of the effectiveness of the Board of Directors has been conducted once a year.
- The Secretariat of the Board of Directors evaluates the effectiveness of the Board of Directors by conducting a questionnaire survey of Directors and Audit & Supervisory Board Members regarding the operation of the Board of Directors and discussions at its meetings.
- The aggregated questionnaire results are reported to the Board of Directors, which analyzes and evaluates the effectiveness of the Board through deliberations on the report's content. The Board of Directors works to improve their effectiveness based on the results.



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#### Assessment of Board Effectiveness

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



# Risk Management

## 1 Basic Policy

### Basic Policy

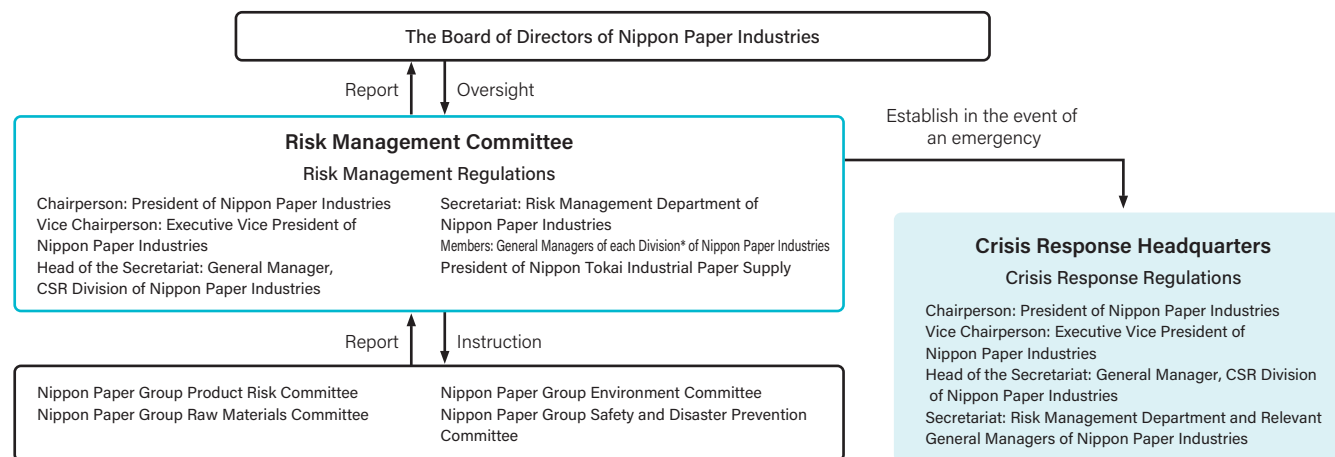
- ① Prioritizing human life and safety
- ② Continuing business

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

Risks for the Nippon Paper Group are all possibilities that may cause physical, economic, or credit loss or disadvantage to the Group, specifically the following seven items:

- (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

## 2 Promotion Structure



\* CSR Division, Personnel & General Affairs Division, Corporate Planning Division, Biomass Material Business Division, Financial Division, Raw Materials and Purchasing Division, Research & Development Division, Technical & Engineering Division, Energy Business Division, Sales Planning Division, Paper-Pak Sales Division, Chemical Sales Division

### 1. Risk Management System

- Under the supervision of the Board of Directors of Nippon Paper Industries, the Company has established its Risk Management Committee, which is chaired by the president and representative director, and holds meetings at least once a year (FY2022: 1 meeting).
- In normal times, the Risk Management Committee periodically identifies and evaluates the Group's risks in accordance with the Risk Management Regulations, and considers and discusses measures to reduce its risks and measures to be taken when they occur.
- In times of emergency, a Crisis Response Headquarters is established in accordance with the Crisis Response Regulations. The Crisis Response Headquarters promptly implements initial emergency responses and BCP (business continuity plan) in response to risks such as earthquakes, typhoons, and outbreaks of infectious diseases.

- Risks related to product safety, raw material procurement, the environment, and safety and disaster prevention are deliberated and examined by committees that are chaired by the general managers of each responsible division.

### 2. Reports to the Board of Directors

- The results of deliberations and examinations by committees chaired by the general managers of each responsible division of risks related to product safety, raw material procurement, the environment, and safety and disaster prevention are reported to the Board of Directors through the Risk Management Committee.
- In FY2022, in addition to the Group's business risks and the content of reports from the various committees, the Board of Directors also received reports on the response status of the Crisis Response Headquarters, information security, COVID-19, and BCM (Business Continuity Management).

## Risk Management

### 3 Risk Management Activities

#### 1. Risk Identification

- In FY2022, risk surveys were conducted into the Company (headquarters and mills), consolidated subsidiaries, and five non-consolidated subsidiaries. In addition to identifying risks, the surveys also confirmed risks that materialized in FY2022, and identified those whose significance will increase in the future.
- Based on the results, the relevant departments and the Risk Management Committee have discussed and identified the business risks of the Group as follows.

#### Major Business Risks of the Corporate Group (FY2022)

	Summary	Main initiatives to mitigate risks
Major risks associated with management strategies	Risks related to raw material and fuel procurement, and international transportation ● Disruption of global supply chains caused by overseas situations ● Emergence of the "2024 Issue" in logistics	<ul style="list-style-type: none"> <li>● Multi-sourced purchasing, diversification of import/export destinations</li> <li>● Review of inventory levels</li> <li>● Expansion of flexibility and procurement network by strengthening horizontal cooperation within the Nippon Paper Group</li> </ul>
	Risks related to delays in business structure transformation and creating new businesses (Japan and overseas)	<ul style="list-style-type: none"> <li>● Early development of new business competitiveness</li> <li>● Implement measures to expand profitability in growth sectors</li> </ul>
	Risks related to climate change ● Response to the full-fledged introduction of carbon pricing and emission trading	<ul style="list-style-type: none"> <li>● Reduction of greenhouse gases by accelerating conversion to non-fossil energy sources</li> <li>● Utilization of J-Credit scheme</li> </ul>
	Risks of fluctuations in product demand and market conditions ● 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"> <li>● Reorganization of production structure for graphic paper</li> <li>● Development of new products and new materials</li> </ul>
Main risks associated with the business environment and business activities	Risks related to production facilities	<ul style="list-style-type: none"> <li>● Planned measures against deterioration</li> </ul>
	Risks related to natural disasters and infectious diseases ● Earthquakes, tsunamis, typhoons, and floods ● COVID-19	<ul style="list-style-type: none"> <li>● Establishment of the Crisis Response Headquarters</li> <li>● Formulation of BCP</li> <li>● Thorough measures to prevent outbreaks of infectious diseases</li> <li>● Utilization of working from home</li> </ul>
	Risks related to environmental laws and regulations	<ul style="list-style-type: none"> <li>● Dissemination and compliance with environmental laws and regulations</li> </ul>
	Risks related to retention of human resources and labor affairs ● Retention of human resources, in an appropriate manner, based on the human resources strategies	<ul style="list-style-type: none"> <li>● Development of a working environment premised upon flexible and diverse work styles</li> <li>● Operation of the occupational safety and health management system</li> </ul>
	Information systems related risks	<ul style="list-style-type: none"> <li>● Construction and operation of systems in preparation of cyber-attacks</li> <li>● Ongoing activities to raise internal awareness</li> </ul>
	Risks to social demands such as ESG, SDGs, etc.	<ul style="list-style-type: none"> <li>● Strengthen engagement with ESG rating agencies</li> <li>● Reinforce careful communication with external stakeholders</li> <li>● Activities to raise internal awareness</li> </ul>
	Risks based on product liability	<ul style="list-style-type: none"> <li>● Utilization of product liability insurance</li> <li>● Risk management of new products</li> </ul>

#### 2. Formulation of BCP

- In response to the large-scale natural disasters that have occurred frequently in recent years, the Company continues to develop BCP based on the BCM framework that was worked on in FY2020.
- Each department of the Company (headquarters) compiles the BCP and disseminates them internally. Based on the BCP, in addition to stockpiling food and daily necessities, the Company has added equipment that will be needed when the Crisis Response Headquarters is set up, and has also selected priority operations.
- The Company (mills) is working to revise the existing BCP to incorporate earthquakes, tsunamis, typhoons, floods, and volcanic eruptions as expected disasters.
- 32 Group companies have prepared their crisis response rules.



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#### Business Risks

<https://www.nipponpapergroup.com/english/ir/policy/risk/>

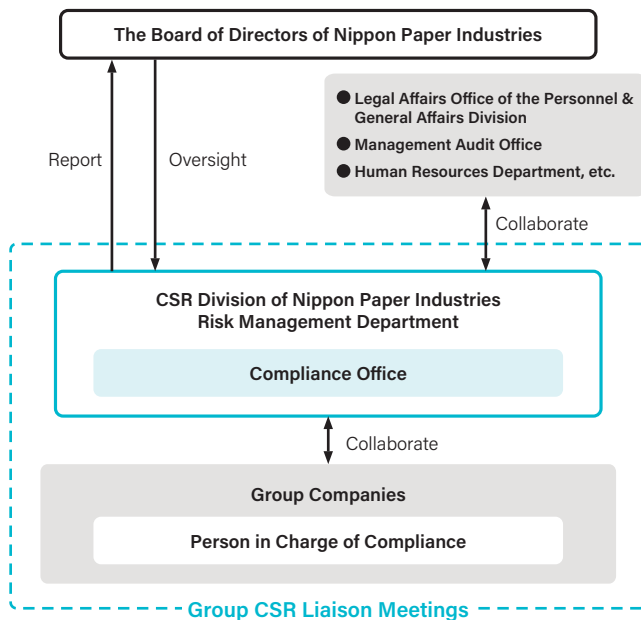


# Compliance

## 1 Basic Policy

-  [→P72](#) **Corporate Governance Policy**
-  [→P77](#) **Nippon Paper Group Action Charter**
-  [→P78](#) **Nippon Paper Industries Codes of Conduct**
-  [→WEB](#) **Basic Policies of Nippon Paper Industries Concerning Privacy Protection**  
<https://www.nipponpapergroup.com/english/terms/>
-  [→P79](#) **Nippon Paper Group's Basic Policy on Prevention of Bribery of Public Officials**
-  [→P79](#) **Nippon Paper Group's Basic Policy on Compliance with Competition Laws**
-  [→P76](#) **Basic Views on Internal Control System**

## 2 Promotion Structure



- In the Nippon Paper Group CSR Liaison Meetings, the Compliance Office in the CSR Division works to enhance cooperation on compliance with the staff responsible for compliance at Group companies.
- The CSR Division reports to the Board of Directors on compliance-related activities. In FY2022, a report was submitted to the Board of Directors on the operational status of the internal whistleblower system and the Nippon Paper Industries' response to revisions of the Whistleblower Protection Act.
- The operational status of the internal whistleblower system 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.

## 3 Personal Information Protection

- The "Basic Policies of Nippon Paper Industries Concerning Privacy Protection" has been established to facilitate the management of personal information.
- In accordance with the intention of the Personal Information Protection Law, the Company tracks and manages the timing of acquisition and purpose of use of personal information held by each department in management ledgers.
- The ledgers are reviewed annually to ensure proper management.

## 4 Information System Security

- The Company has established "Information System Security Measures Rules" and is implementing information system security measures.
- The Company has established an information system security system in which the General Manager of the Financial Division is the chief Information System Security supervisor (officer in charge of information system security). Security incidents are reported to the Board of Directors every year through the Risk Management Committee.

- In order to stop the spread of damage and prevent recurrence in the event of an incident such as a cyber-attack or virus infection, the Company has established a response system and procedures, and is providing training on this for Group employees. [→P11](#)

## 5 Preventing Corruption

- To realize the corporate Group philosophy, the Group has set "Fairness" as a priority value for employees.
- 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."
- In its various training programs, the Group educates its employees on the content related to anti-corruption (prevention of bribery and compliance with competition laws), such as inappropriate relationships with local governments and public officials in Japan and overseas with whom business activities are conducted, and not giving inappropriate benefits to, or receiving them from, customers and business partners in sales and purchasing activities. Also, the Company strives to correct any suspicious cases that may occur.
- In FY2022, 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.
- In its "Declaration for Building Partnerships", the Company declares that it will strive to comply with desirable business practices between main contractors and subcontractors, and actively work to correct any business practices and trading practices that may hinder the building of partnerships with business partners.

## 6 Intellectual Property Rights Protection

- The Group respects intellectual property rights and thoroughly complies with all relevant laws and regulations.

## Compliance

### 7 Whistleblower System (Remedial Measures)

#### 1. Mechanism of the Internal Whistleblower System

- The Company has established a "Nippon Paper Group Helpline", which allows employees to directly report and consult with regarding human rights (harassment, working conditions, and other potential risks or concerns), corruption (bribery, violations of competition laws, and other illicit activities), environment-related laws and regulations, outside the everyday chain of command.
- Upon receiving reports, the Compliance Office conducts fact-finding investigations regarding any concerns about violations of laws or corporate ethics. In accordance with the seriousness of the incident, the Company takes corrective actions and measures to prevent recurrence, such as internal disciplinary action, warnings and guidance, and awareness-raising activities for employees through e-learning, etc., while giving consideration to the whistleblower.

- Reports and requests for advice are accepted through multiple channels such as telephone, email, and mail.
- The utmost care is taken to protect the privacy of whistleblowers.
- The whistleblower system can be used anonymously, but if a report is anonymous, there is a limit to how far the report can be investigated. Therefore, it is recommended that reporters provide their real names as much as possible.
- In accordance with the amended Whistleblower Protection Act of June 2022, employees who have left the company not more than one year ago are added to the scope of users of the system, and the Company prohibits any disadvantageous treatment as a result of whistleblowing, and protects the whistleblower's personal information, as stipulated in the Company's internal rules.
- The Company regularly informs employees about the consultation desk by distributing compliance cards to all group employees and contractors.

### 8 Employee Training and Education

#### Achievements in Compliance-related Employee Training and Education (FY2022)

The Group systematically and continuously conducts activities to raise awareness of the importance of compliance among employees.

Category	Topic / Title	Target participants	Number of participants	Number of events (frequency)
Compliance	Compliance General	New employees of Nippon Paper Group	89	1(Once a year)
		New managers of Nippon Paper Industries	75	1(Once a year)
		Newly appointed corporate officers of Nippon Paper Group and mill managers of Nippon Paper Industries	24	1(Once a year)
		Corporate officers and mill managers of Nippon Paper Industries	39	1(Once a year)
	Harassment-related topics	Mainly managers and supervisors of Nippon Paper Group	1,620	1
	How to use Helpline	Group employees	About 8,500	1
Legal affairs*1	Prevention of insider trading	Group employees	6,294*2	1
	Protection of personal information	Group employees	5,396*2	1
Intellectual property rights	Basic information, etc. concerning patents	Group employees	377 in total	7 sessions in total
Information Security	Prevention of information leakage incidents, etc.	Group employees	6,059*2	1(Once a year)

\*1 Semi-annual lectures are held one at a time in order. The lectures cover the six topics of prevention of insider training, exclusion of anti-social forces, protection of personal information, preparation and storage of contracts, compliance with anti-bribery/competition laws, and raising sensitivity to legal risks.

\*2 For those including contractors, etc.

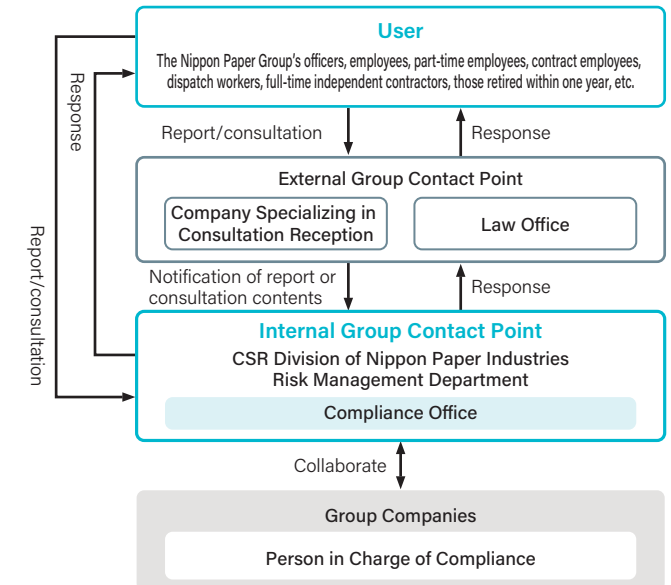
#### 2. Operational Status of the Whistleblower System and Responses

- In FY2022, there were 61 requests for consultation and reports (FY2021: 43 cases, FY2020: 39 cases), of which about 50% were related to harassment, and about 10% were doubts about labor-related rules and their operation, while about 10% had doubts about business instructions and responses.
- In order to strengthen the prevention of harassment, which seems to occur frequently, the Company conducted harassment training for its managers and supervisors in FY2022, continuing from the second half of FY2021.

#### 3. Receipt of Opinions from Those Who Are Not Eligible for the Use of the Helpline

Opinions from third parties (customers, business partners, and other agencies) not covered by the Nippon Paper Group Helpline are accepted through "Contact Us" on the Group's website [→ WEB](#) and are handled appropriately by the Company's Compliance Office and other relevant departments.

#### Internal Whistleblower System



# Communication with Stakeholders

## 1 Basic Policy

 [→P72](#) **Corporate Governance Policy**

 [→WEB](#) **Corporate Governance Report**  
<https://www.nipponpapergroup.com/english/ir/governance/>

 [→P80](#) **Disclosure Policy**

 [→P77](#) **Nippon Paper Group Action Charter**

## 2 Communication with Investors

### 1. Annual General Meeting

- In order to vitalize general shareholders' meetings and facilitate the exercising of voting rights, Nippon Paper Industries works to provide and disclose company information in a timely and appropriate manner, including notices of convocation of general shareholders' meetings.
- The Company is working hard to improve the notice of convocation of the General Meeting of Shareholders from the standpoint of enhancing the content, in addition to making it easier to read and look at. The Issues to be Addressed section of the Business Report includes details of the progress and challenges facing initiatives aimed at achieving the goals of the 2030VISION and medium-term business plan 2025.
- The notice of convocation of general meetings of shareholders is disclosed in Japanese and English, and the English version also includes the contents of business reports and financial statements.
- In addition to participating in the electronic voting platform, the Company is working to raise awareness of how to exercise voting rights using smartphones, and other devices, and is creating an environment for exercising voting rights, which is an important right for all shareholders.

### 2. IR Activities

- The Company's 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.
- The Company mails shareholder newsletters to shareholders twice a year.

### IR Activities in FY2022

	Number of events
Operating results and Management briefings	2 times
Operating results briefings	2 times
Individual meetings	94 times
of which, ESG related meetings	3 times
Small meetings with President	1 time
Small meetings with Outside directors	1 time
Presentation of forest resources value	1 time
Publication of integrated reports	1 time

### CASE STUDY

#### Presentation of Forest Resources Value

Since FY2021, the Company has been holding presentations on an ongoing basis with analysts and institutional investors, with the aim of communicating forest and forest resources value and related strategies. In FY2022, the Company introduced initiatives aimed at maximizing forest value, as well as initiatives aimed at utilizing forest resources and building a decarbonized society, and held question-and-answer sessions related to these.

 [→WEB](#) **IR Library**

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

## 3 Communication with Stakeholders other than Investors

- The Nippon Paper Group publishes information on its corporate activities on its website and accepts questions and opinions.
- The Company is striving to improve its corporate activities and initiatives by conducting communication activities, including individual dialogues, with diverse stakeholders.

### Main Communication Activities

Stakeholder	Primary means of communication
Employees	<ul style="list-style-type: none"> <li>● <a href="#">Employee Engagement Survey</a> <a href="#">→P63</a> (biennial)</li> <li>● <a href="#">Labor-management conferences</a> <a href="#">→P63</a> (usually twice a year)</li> <li>● Personnel request surveys/ interviews (once a year)</li> <li>● <a href="#">Helpline (internal whistleblower system)</a> <a href="#">→P11</a></li> <li>● Corporate newsletter (4 times a year)</li> <li>● Intranet</li> </ul>
Customers / Consumers	<ul style="list-style-type: none"> <li>● Dialogue through sales activities</li> <li>● The information desk</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>● Dialogue through sales activities</li> <li>● <a href="#">Supplier questionnaire surveys</a> <a href="#">→P15</a> (once a year)</li> <li>● Local interviews and exchanges of opinion</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>● <a href="#">The School of Friendship for Forests and Paper</a> <a href="#">→P68</a></li> <li>● <a href="#">Environmental communication</a> <a href="#">→P25</a></li> </ul>
NPOs / NGOs	<ul style="list-style-type: none"> <li>● <a href="#">Exchange of opinions on human rights</a> <a href="#">→P55</a> (once a year)</li> </ul>
Students	<ul style="list-style-type: none"> <li>● Employment briefings</li> <li>● Visiting lessons</li> </ul>