

Basic Policy, etc.

Corporate Governance Policy

Chapter 1 General Provisions

Article 1 (Purpose)

This Policy defines guidelines of basic views on the Company's corporate governance so that the Nippon Paper Group (hereinafter referred to as the "Corporate Group") can achieve sustainable growth and medium- to long-term increases in corporate value based on the Corporate Group's philosophy itemized below:

Corporate Group's Philosophy

Mission

-Reason for existence in society and significance -

The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business

Vision

- Vision for implemented the philosophy -

A corporate group that meets the following requirements and is sustainably needed by society

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

Values

- Values to which employees attach importance to implement the philosophy, and judgment criteria -

Challenge : Embrace new challenges

Fairness : Be fair

Teamwork : Champion teamwork

Slogan

-Near-term policy factored in the business environment -

Nippon Paper Group : Shaping the future with trees

Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.

Over many years, we have nurtured trees, made paper, and offered a wide range of products that support people's life and culture.

We have managed forests in an appropriate manner, and pursued a variety of businesses by fully utilizing wood resources out of sustainably managed forests. Those businesses address social issues such as global warming and depletion of resources on earth, and contribute to running sustainable society.

Going forward, we will continue to provide a wide range of products and services that make the most of the outstanding properties of wood, as we strive to maximize the value of sustainable forest resources for the future.

Article 2 (Basic views on corporate governance)

1. The Company shall make the top priority of management further enhancing management transparency among its stakeholders including shareholders, in order to achieve fair management. To ensure separation between business execution and management supervision, the Company shall adopt the executive officer system and strive to strengthen the supervisory function of the Board of Directors. In addition, the Company shall, as the headquarters for managing the Group, promote its growth strategy, monitor businesses under its control, and promote legal compliance. The Company shall work on further reinforcing corporate governance by providing the following policies:

- (i) The Company shall, having respect for shareholders' rights, work to put in place an environment where its shareholders can exercise their rights in an appropriate manner and ensure the substantive equality of shareholders.
 - (ii) The Company shall recognize the importance of social responsibilities and public duties, strive to appropriately collaborate with various stakeholders including shareholders, employees, customers, business partners, creditors, and local communities, and develop a corporate culture and climate for business to be operated in a sound manner based on strict self-discipline.
 - (iii) The Company shall provide for its disclosure policy separately, make appropriate disclosures of corporate information including non-financial information, and strive to ensure the transparency of corporate management.
 - (iv) The Company shall work on strengthening the functions of the Board of Directors based on fiduciary responsibility and accountability to shareholders. It shall promote the use of independent outside directors, establish voluntary committees to ensure the transparency of procedures concerning executive appointments and compensation in particular, and have independent outside directors as key members. It shall make analyses and evaluations on the effectiveness of the Board of Directors as a whole and strive to improve the functions of the Board of Directors.
 - (v) The Company shall have constructive dialogues with shareholders, in order to contribute to its sustainable growth and medium- to long-term increases in corporate value.
2. The Board of Directors shall, as core management principles that all of the Company's officers and employees share, and on which all activities rely, separately provide the Nippon Paper Group Action Charter and the Nippon Paper Codes of Conduct.

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Chapter 2

The Company's Corporate Governance Structure

Article 3 (Roles of the Board of Directors)

1. The Board of Directors shall bear the supervisory function of management as a whole including the execution of duties by executing persons, ensure fair and transparent management, and make the most appropriate decisions for the Company through decisions, etc. on the important execution of business that are to be made by the Board of Directors under laws and regulations.
2. Regarding the execution of business other than the execution of important business set forth in the preceding Paragraph and its decisions, its authority shall be delegated to the President & Representative Director and other Corporate Officers, and the Board of Directors shall supervise the status of the execution of duties by the President & Representative Director and other Corporate Officers.
3. Outside directors shall, to enhance the Corporate Group's sustainable growth and medium- to long-term corporate value, supervise the execution of business by the Board of Directors, the senior management, etc., and conflicts of interest between the Company and the senior management, etc., from the viewpoint of stakeholders.
4. In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall provide various philosophies and basic policies regarding social responsibilities to be performed by Corporate Group companies, raise awareness of officers and employees, and strive to facilitate the sustainable development of society and enhance the corporate value of the Corporate Group by promoting active efforts to resolve challenges while giving consideration to stakeholders.

Article 4 (Composition of the Board of Directors)

1. The Company's board members shall number 12 or fewer members as provided for by the Articles of Incorporation. While based on the necessary and appropriate number to ensure the effective management system required for a holding company that bears the supervisory function for executing the Group's business and substantive discussions at board meetings, the composition of the Board of Directors shall also be decided by fully taking into account the viewpoint of ensuring diversification and expertise in the Board of Directors.
2. The Company's Board of Directors shall ensure a balance of knowledge, experience, and abilities within the Board of Directors as a whole and diversification by having it composed of inside directors who have excellent abilities to execute and manage each business in charge, and outside directors who have specialized knowledge and extensive experience.

Article 5 (Nomination policy of nominees for directors)

1. The Board of Directors shall decide nominees for directors of the Company from among a wide variety of human resources on the condition that they have all the requirements listed below:
 - (i) Those who have extensive knowledge of and a wealth of experience in the Corporate Group's management controls and business operations; and
 - (ii) Those who fully understand the social responsibilities and missions of the Company's business, and can exercise management control and perform business operations in a fair and precise manner based on strict self-discipline.
2. Notwithstanding the provision set forth in the preceding Paragraph, nominees for outside directors shall be decided from among a wide variety of human resources on the condition that they meet all the requirements listed below:

- (i) Those who meet the criteria for judging independence provided for by the Tokyo Stock Exchange and are deemed not likely to generate conflicts of interest with general shareholders;
- (ii) Those who understand the Company's management philosophy and have a full understanding of the Corporate Group's social responsibilities and roles; and
- (iii) Those who fully recognize the role of an outside director, can supervise the Company's directors and management, and can offer precise and appropriate opinions and advice using expert knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, tax affairs, auditing, etc.

Article 6 (Nomination policy of nominees for statutory auditors)

1. The Board of Directors shall, with the consent of the Board of Statutory Auditors, decide nominees for the Company's statutory auditors from among a wide range of human resources on the condition that they meet all the requirements listed below:
 - (i) Those who have extensive knowledge and a wealth of experience of the Corporate Group's management controls and business operations; and
 - (ii) Those who can conduct audits on the status of business execution by directors from a fair and objective standpoint and can contribute to enhancing the soundness and transparency of management.
2. Notwithstanding the provision set forth in the preceding Paragraph, nominees for outside statutory auditors shall be decided from among a wide range of human resources with the consent of the Board of Statutory Auditors on the condition that they meet all the requirements listed below:

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- (i) Those who meet the criteria for judging independence provided for by the Tokyo Stock Exchange and are deemed not likely to generate conflicts of interest with general shareholders;
- (ii) Those who understand the Company's management philosophy and have a full understanding of its social responsibilities and roles;
- (iii) Those who fully recognize the role of an outside statutory auditor and can audit the status of business execution by directors from a neutral and objective viewpoint and contribute to enhancing the soundness and transparency of management using expert knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, tax affairs, audit, etc.

Article 7 (Policy for directors and statutory auditors training, etc.)

1. The Company shall continuously provide information on economic circumstances, industry trends, legal compliance, corporate governance, financial accounting, and other matters that directors and statutory auditors require for performing their roles and functions, as well as give support for the execution of duties of directors and statutory auditors by ensuring opportunities to participate in external training that each director and statutory auditor desires.
2. In addition to the preceding Paragraph, the Company shall ensure outside directors and outside statutory auditors have opportunities for forming a full understanding through explanations from each division in charge, director in charge, or other suitable persons of the Corporate Group's management strategy, business plans, status of each business, business environment, business challenges, etc., when they assume the relevant post, and in a timely manner during their tenure of office.

Article 8 (Policy for deciding compensation, etc. of directors and statutory auditors)

1. Regarding a director's monthly compensation, his/her base compensation shall be decided according to his/her job responsibilities at the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid on a sliding scale based on the achievement of the mid-term management plan. The base compensation shall be determined by using objective external survey data and taking into consideration the Company's business performance, business size, business environment, etc. Performance indicators shall be set to function effectively as motivation for achieving performance targets, and reviewed as necessary according to changes in the business environment. In addition, directors shall contribute a certain amount of their monthly compensation to the Directors' Shareholding Association to acquire treasury shares. Meanwhile, they shall receive neither bonuses nor directors' retirement benefits.
2. The Company shall pay stock-based compensation to directors by way of the Board Benefit Trust in order to further clarify the linkage between director compensation and its stock value and have them share with its shareholders not only the benefits of an increase in share prices but also the risks of a decline in share prices, thereby increasing their consciousness of the need to contribute to the improvement of the Company's business performance and to increasing its corporate value over a medium- to long-term. For share-based compensation, treasury shares acquired through a trust with the monetary contributions from the Company and monetary equivalent of treasury shares converted at market value shall be given to directors through the trust. The number of shares to be provided shall be calculated based on the number of points according to job responsibilities. In principle, share-based compensation shall be paid upon retirement of directors. The composition ratio of fixed compensation, performance-linked compensation, and share-based compensation for directors shall be appropriately set in light of the purpose of each compensation.

3. Regarding outside directors and outside statutory auditors, monthly compensation shall be fixed. Meanwhile, in view of their job responsibilities, contributions to the Directors' Shareholding Association shall be left to their discretion.

Article 9 (Personnel & Remuneration Advisory Committee)

1. The Company shall, as an advisory body to the Board of Directors, establish the Personnel & Remuneration Advisory Committee, whose key members are independent outside directors, to further enhance corporate governance.
2. The Personnel & Remuneration Advisory Committee shall, with regard to the nomination process, quality and the reason for nomination of nominees for the Company's directors and statutory auditors, the criteria for judging the independence regarding independent outside directors, directors' compensation structure, etc., study their appropriateness, etc. upon receipt of inquiries from the Board of Directors, and submit recommendations in consideration of evaluations of the Company's business performance, etc.
3. The members of the Personnel & Remuneration Advisory Committee shall be composed of the President & Representative Director, General Manager for Personnel & General Affairs Division and independent outside directors, and Manager of Personnel Department shall serve as the secretariat of the Committee.
4. The Personnel & Remuneration Advisory Committee shall proceed with its studies while receiving appropriate involvement and advice from independent outside directors.
5. The Board of Directors shall, after receiving recommendations from the Personnel & Remuneration Advisory Committee, make a decision on nominations for directors and statutory auditors, compensation for directors, etc.

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Chapter 3 Responses to Protect Stakeholders' Interests

Article 10 (Management system for related-party transactions)

In case the Company conducts transactions with its officers, major shareholders, etc. (related party transactions), it shall, in advance, submit the said transactions to the Board of Directors and obtain its approval, except in clear cases where the said transaction terms and conditions are similar to those of general transactions, so that such transactions may not harm the Company, common interests of shareholders, etc. Material facts on the said transactions shall be reported to the Board of Directors.

Article 11 (Policy for strategic holding of stocks, etc.)

1. The Company considers it critical to build cooperative relationships with various companies to expand business and achieve sustainable development. From the long-term viewpoint of enhancing the Company's corporate value, the Company shall hold stocks that it deems strategically necessary, taking into comprehensive account importance on business strategy, relationships with business partners, etc.
2. Of listed stocks held based on the preceding Paragraph (hereinafter, "strategic holdings of stocks"), major stocks shall be verified with regard to the effects of holding them, etc. in terms of the medium- to long-term economic rationale for holding, maintaining, and reinforcing comprehensive relationships with business partners, and reports thereon shall be made to the Board of Directors on a regular basis every year.

3. Regarding the exercise of voting rights on strategic holdings of stocks, the Company shall closely examine the contents of proposals and appropriately exercise rights after making a judgment on whether or not the said proposals will contribute to increasing the corporate value of the Company and the investee company. Regarding proposals that impair the corporate value of the Company and the investee company, the Company shall not agree to vote for them.

Article 12 (Whistle-blowing system)

1. The Company shall set up a whistle-blowing system (Nippon Paper Group Help Line) so that the Corporate Group's employees, etc. may directly report to or consult with a contact within the Group or external contact office outside day-to-day reporting lines with regard to acts violating laws and regulations, social norms, corporate ethics, company rules, etc., or inappropriate acts without having concerns about the risk of suffering disadvantageous treatment, and also so that such reports and consultations may be objectively verified and dealt with in an appropriate manner.
2. The operational status of the whistle-blowing system shall be reported to the operating manager by the unit responsible for operations on a case-by-case basis, and the operating manager shall make reports to the Board of Directors where appropriate. In addition, the unit responsible for operations shall make regular reports to the statutory auditors with regard to the status of whistle-blowing from the Corporate Group's employees, etc.

Chapter 4 Dialogues with Shareholders, etc.

Article 13 (Policy for constructive dialogues with shareholders, etc.)

1. The Company shall attach importance to constructive dialogues with shareholders, etc. and strive to have dialogues with them at various opportunities.

2. The Company shall, through constructive dialogues with shareholders, etc., make efforts to obtain their understanding on the Corporate Group's management policy, and simultaneously work on the Corporate Group's sustainable growth and medium- to long-term increase of corporate value by listening to the opinions of shareholders, etc., and absorbing analyses of management and opinions from the standpoints of capital providers, etc. to reflect them in its management.

Supplementary Provisions

Article 1 (Enforcement of the Policy)

The Policy shall come into force as from November 5, 2015.

Article 2 (Amendment and repeal of the Policy)

Amendment and repeal of the Policy shall require approval from the Board of Directors.

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Basic Views on Internal Control System

1. “System to ensure that Company directors execute their duties in conformance with laws/regulations and its Articles of Incorporation”

- (1) The Board of Directors shall build an effective internal control system and a system to comply with laws/regulations and the Articles of Incorporation, so that the Company’s business may be executed in a proper and sound manner.
- (2) The Board of Statutory Auditors shall conduct audits on the effectiveness and functions of the internal control system.

2. “System to ensure the appropriateness of businesses of the Company and its subsidiaries”

- (1) System for storing and managing information on the execution of duties by directors
Statutory documents and other documents on the execution of duties by directors shall be stored and managed appropriately in accordance with document management rules.
- (2) Regulations for managing risks of losses by the Company and its subsidiaries, and other systems therefor
Regarding risks associated with executing the business the Company and its group companies, necessary rules and guidelines are to be established at responsible departments according to the contents of individual risks, efforts are to be made to prevent risks through measures such as education and training based on manuals; and, in the event that risks occur, the parent company and subsidiaries shall prevent losses by the Corporate Group from expanding in an integrated manner, and the necessary system shall be put in place to minimize such losses.

- (3) System to ensure directors execute their duties effectively on behalf of the Company and its subsidiaries
 - (i) A system whereby each body and organization, such as the Board of Directors, performs duties effectively based on decision-making rules, including the Rules of the Board of Directors’ Meeting, the Rules for Final Approval, Job Authority Rules, etc., and duties are executed in an appropriate and effective manner shall be established.
 - (ii) The Company shall clarify where responsibility and authority lie by adopting the executive officer system and separating the supervisory function and the decision-making function of the Board of Directors over management as a whole and business execution of individual departments by executive officers.
 - (iii) The Company shall formulate mid-term plans for each business (by group company), clarify challenges and goals, and carry out thorough performance management by business year based thereon.
 - (iv) To develop the Corporate Group as a whole, the Company shall hold meetings of the Group Management Strategy Committee where appropriate to deliberate important matters, such as management strategies, by business field.
- (4) System to ensure that job execution by employees of the Company and its subsidiaries conforms to laws/regulations and the Article of Incorporation.
 - (i) The Company has established the “Action Charter” and the “Codes of Conduct” to ensure full awareness of legal compliance.
 - (ii) Management Planning Office shall conduct internal audits of the Company and its group companies based on the Internal Audit Rules.
 - (iii) The Company provides and operates the “NIPPON PAPER GROUP Help Line” as the Corporate Group’s whistle-blowing system.

- (5) System to report to the Company on the execution of duties by directors of subsidiaries
 - (i) To ensure the appropriate execution of the Group’s business, the Company shall provide the “Group Companies Management Basic Policy” and Associated Companies Operational Rules to conduct business management within the Group in an appropriate manner by applying to the Company for final approval through before-the-fact or after-the-fact reporting systems, etc.
 - (ii) Statutory Auditors shall preside over the Company’s Board of Statutory Auditors, as well as the “NIPPON PAPER GROUP Statutory Auditor Liaison Committee” composed of auditors of the Company’s key group companies, discuss audit policy, auditing method, etc. on a regular basis, reinforce links with them such as by exchanging information, and ensure appropriate execution of business within the Group.
 - (iii) The Company holds Presidents’ Meetings of associated companies periodically and receives reports on the status and challenges of key group companies.
- (6) Matters related to the system regarding employees who should assist statutory auditors with their duties, on the said employees’ independence from directors and on ensuring the effectiveness of instructions given to the said employees
 - (i) The Company shall appoint assistants to statutory auditors from among the Company’s employees to assist statutory auditors in the execution of their duties. Such appointments require prior agreement from the Board of Statutory Auditors.
 - (ii) In accordance with instructions of statutory auditors, employees assisting statutory auditors in executing their duties are to accept instructions for such duties on a preferential basis.

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- (7) The system for directors and employees to report to a statutory auditor, the system to report to other statutory auditors, and the system to ensure that audits by statutory auditors are conducted effectively
- (i) When a director, an executive officer, or an employee becomes aware of a serious violation of laws/regulations or the Article of Incorporation regarding job execution or misconduct, or a fact that could inflict a significant loss on the Company, he/she shall report it to the Board of Statutory Auditors without delay. Statutory auditors may, at any time, request reports from directors, executive officers, and employees.
- (ii) Otherwise, in order that information on the Company is communicated to statutory auditors in an appropriate manner, the Company, while not limited to reports from directors, executive officers, and employees, shall put in place an environment where information may be exchanged closely with accounting auditors, corporate lawyers, etc.
- (iii) Representative directors shall communicate with statutory auditors such as by having meetings with them as far as possible or by other means. In addition, at the request of statutory auditors, they shall ensure their attendance at important meetings.
- (iv) At meetings of the “NIPPON PAPER GROUP Statutory Auditor Liaison Committee,” statutory auditors shall receive explanations from group companies’ auditors on the contents of reports received from officers and employees of such companies.
- (v) The department in charge of the Company’s “NIPPON PAPER GROUP Help Line” shall report regularly to the Company’s statutory auditors on the status of whistle-blowing from Corporate Group’s officers and employees.

- (vi) The Company shall provide rules for operating the “NIPPON PAPER GROUP Help Line,” in which it is to be clearly stipulated that users of the whistle-blowing system should not suffer disadvantageous treatment and also that those who give disadvantageous treatment to such users may have internal disciplinary measures imposed.
- (vii) Based on audit plans provided by statutory auditors, the Company shall provide an annual budget for paying expenses, etc. incurred for executing the duties of statutory auditors.
- (viii) When statutory auditors request the Company to make an advance payment of expenses based on Article 388 of the Companies Act regarding the execution of their duties, the Company shall process such expenses or debts promptly.
- (8) System to ensure the reliability of financial reports of the Company and its subsidiaries
To ensure the reliability of financial reports, the Company shall put in place internal controls on financial reports and make appropriate use thereof based on rules for internal controls on financial reports. In addition, it shall continuously evaluate its effectiveness and implement necessary improvement measures.
- (9) System of the Company and its subsidiaries to eliminate anti-social forces
The Company and its subsidiaries shall have no relationships with anti-social forces and groups. They shall respond firmly to any unreasonable request. In addition, they shall also respond in cooperation with external expert organizations as appropriate.
- (Established on May 25, 2006, and revised on November 5, 2021)

Action Charter

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

(Established on April 1, 2004)

* Currently being revised and the revised version will be posted on the Group website.



→ WEB

Action Charter

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

Basic Policy, etc.

Codes of Conduct

1. Fulfillment of social responsibilities

- (1) We shall contribute to society through our business activities, centered on paper manufacturing, as a good corporate citizen.
- (2) When conducting businesses overseas, we shall respect local cultures and customs.
- (3) We shall stand up firmly against antisocial factions and groups.

2. Fair, transparent and liberal corporate activities

- (1) We shall not become involved in a cartel, collusive behavior, inappropriate labeling or other acts that violate the provisions and spirit of Anti-Trust Law and related regulations, and we shall conduct fair business transactions.
- (2) We shall not become involved not only in bribery of public officers, illegal political contributions or offering of profits, but also in actions that could be conceived as back-scratching or cozy relations with legislature or administrative bodies.
- (3) We shall not become involved in after-hours entertainment or gift giving that is unacceptable given community standards and general business practice.

3. Winning trust of customers

- (1) We shall consistently provide products and service that are socially useful, of high quality and with a high degree of safety, and environmentally friendly.
- (2) We shall provide quality labels and other product information accurately and fairly, to enable customers to make informed choices.
- (3) We shall take every opportunity to listen to the opinions of customers, and endeavor to maximize customer satisfaction.

4. Strict handling of corporate information

- (1) We shall manage business information, intellectual property rights, customer information, personal information and other important internal information strictly and appropriately.
- (2) We shall not obtain or use information on customers or competitors in an illegal way.
- (3) We shall respect the intellectual property rights of others.

5. Fair and positive disclosure of corporate information

We shall positively disclose not only business-related information but also fair and reliable information on our environmental and community activities to our customers, consumers, shareholders, investors, business partners, regional communities, administrative bodies, employees and other stakeholders.

6. Active involvement with environmental issues

- (1) We shall promote afforestation projects, to create and make effective use of sustainable forest resources.
- (2) We shall promote energy conservation, the use of wastepaper and other measures to effectively use resources that are limited in quantity.
- (3) We shall manage and reduce all types of discharge and waste generated in the course of corporate activities.
- (4) We shall research and develop manufacturing technologies, and products and services that are in harmony with the environment.

7. Desirable mindset of employees

- (1) To act with a willingness to improve oneself and to take up challenges, to make corporate development consistent with personal contentment.
- (2) To abide by laws, regulations and social codes, and to be responsible for one's own conduct.
- (3) To respect each other's human rights and to consider the positions of others when taking action.
- (4) To distinguish at all times between official and private settings, and to avoid using business positions for personal benefit.
- (5) To restrain from using for private purposes nonpublic information obtained in one's company or in the course of business.

(Established on April 1, 2004)

* Currently being revised and the revised version will be posted on the Group website.



Codes of Conduct

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

Basic Policy, etc.

Nippon Paper Group Basic Policy on Prevention of Bribery to Public Officials

The Group formulates this basic policy in relation to the prevention of bribery to public officials and compliance with related laws and regulations in relevant countries (including Japan) based on the Group Mission and the provisions of the Action Charter as well as the spirit thereof.

1. Prohibition of bribery

Officers or employees*² of Nippon Paper Group*¹ must not, either directly or indirectly*⁴, provide a bribe in any form (whether the amount is large or small) to public officials*³.

2. Compliance with laws and regulations of relevant countries

Officers or employees of Nippon Paper Group must not, either directly or indirectly, give, offer or promise entertainment, gifts or other benefits that would violate laws and regulations of relevant countries (including Japan) to public officials.

3. Duty of record keeping

If you make a payment to or give entertainment or gifts to public officials with the intention of it not constituting a bribe or violating laws or regulations, you must accurately record*⁵ such payment, entertainment or gifts in their entirety.

4. Provision of education/training

Nippon Paper Group will provide education/training for its officers and employees on a regular basis based on these guidelines in order to prevent bribes to public officials and ensure the appropriateness of business execution.

*1 Nippon Paper Group: Refers to Nippon Paper Industries Co., Ltd. and its subsidiaries (meaning companies of which Nippon Paper Industries Co., Ltd. controls decisions on the financial and business policies, including indirect investment subsidiaries).

*2 Officers or employees: Refers to directors and auditors, as well as executive officers, full-time employees, contract employees, employees on a short-term contract, temporary employees, part-time employees and other persons who are employed by Nippon Paper Group.

*3 Public officials: Refers to those who hold legislative/administrative/judicial office, officials of public agencies/public corporations, officials of public international institutions and any other persons similar or equivalent to the foregoing.

*4 Indirect bribe: Refers to a bribe provided through a third party such as a distributor, agent, or consultant.

*5 Accurately record: Refers to keeping accurate books and records in reasonable detail.

(Established on November 8, 2017)

Nippon Paper Group Basic Policy on Compliance with Competition Laws

The Group formulates this basic policy in relation to the compliance with competition laws of relevant countries (including Japan) based on the Group Mission and the provisions of the Action Charter as well as the spirit thereof.

1. Compliance with competition laws of relevant countries

Officers or employees*² of Nippon Paper Group*¹ must not in any way take part in a cartel or bid rigging that would violate laws and regulations of relevant countries (including Japan), or in any act that could be suspected of being involved in the foregoing with competitors or trade associations.

2. Contact with competitors

Do not have contact with any competitors unless there is a good reason. If you have had contact with a competitor, you must accurately record the background and correspondences thereof, and properly keep such records. You should conduct activities regarding trade associations in an extremely restrictive manner to the extent that does not cause suspicion under competition laws, taking into account that such activities are opaque and may easily give rise to the suspicion that they tend to suppress competition.

3. Agreement with competitors

No agreement that would impede fair trade*³ must be entered into with competitors.

4. Interventions to distributors, unjust discrimination

Do not unreasonably restrict prices, quantity, sales territories, suppliers, marketing method, etc. in relation to deals entered into by distributors with their suppliers. Furthermore, do not unjustly discriminate against distributors in relation to prices, quantity, payment terms, and other terms and conditions.

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5. Dumping

Do not sell any products or services at an unfairly low price without regard for profit.

6. Abuse of superior bargaining position

Do not impose unreasonable conditions on suppliers regarding raw materials, subcontractors, distributors, etc., taking advantage of your superior bargaining position.

7. Misrepresentation

Do not make any false indication or representation, or misleading or unfounded indication or representation in operating activities or promotional activities.

8. Provision of education/training

Nippon Paper Group will provide education/training for its officers and employees on a regular basis based on these guidelines in order to prevent a violation of competition laws and ensure the appropriateness of business execution.

*1 Nippon Paper Group: Refers to Nippon Paper Industries Co., Ltd. and its subsidiaries (meaning companies of which Nippon Paper Industries Co., Ltd. controls decisions on the financial and business policies, including indirect investment subsidiaries).

*2 Officers or employees: Means directors and auditors, as well as executive officers, full-time employees, contract employees, employees on a short-term contract, temporary employees, part-time employees and other persons who engage in the business of Nippon Paper Group.

*3 An agreement that would impede fair trade: Typical examples include price cartels, bid rigging, division of markets/sales territories/customers, etc.; regardless of whether they are in writing or oral, or in whatever form.

(Established on November 8, 2017)

Disclosure Policy

1. Basic Disclosure Stance

NIPPON PAPER GROUP (the Group) pursues a fundamental policy of disclosing corporate information proactively and fairly to all Group stakeholders, and raising the level of management transparency in accordance with its Action Charter and Codes of Conduct.

2. Criteria for Disclosure

1. The Group conducts expeditious disclosure based on the principles of transparency, fairness and consistency, in line with the Japanese Corporate Law, Financial Instruments and Exchange Act and other relevant laws, as well as the Rules on Timely Disclosure of Corporate Information (the Rules on Timely Disclosure) stipulated by the securities listing regulations of security exchanges.

2. Even for information that does not fall under the categories stipulated in the relevant laws and the Rules on Timely Disclosure, the Group carries out rapid and accurate disclosure of information useful to stakeholders and the broader society, to the fullest extent possible, regardless of any advantages or disadvantages that may accrue to the Group as a result of such information disclosure.

3. Methods of Disclosure

1. Information disclosure pursuant to the Rules on Timely Disclosure is conducted through the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange (TSE) and media organizations such as press clubs affiliated with these securities exchanges.

2. For information that does not fall under the categories stipulated in the Rules on Timely Disclosure, depending on the importance and urgency of the information in question, the Group carries out disclosure through an appropriate method or methods, including the issuing of press releases and the holding of press conferences.

3. The information disclosed in accordance with the two methods outlined above is posted promptly on the Group's Web site.

4. Silent Period

To prevent unauthorized release of earnings information and ensure fairness, the Group observes a "silent period" from the day following the closing date of each fiscal period until the date on which each set of financial results is announced. During the silent period, as a rule, the Group refrains from responding to questions regarding its financial results and from making related comments. However, in the event that during the silent period it becomes clear to Group management that results are likely to differ substantially from forecasts previously disclosed, the Group will effect an information disclosure in the appropriate manner.

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5. Disclaimers

1. Any information disclosed by the Group that is not historical fact comprises forward-looking statements, which have been made based on judgments and assumptions using the best information available at the time of disclosure. Actual results may differ materially from forecasts due to a range of contingencies, including, but not limited to, macroeconomic conditions and other external factors.
2. While the Group endeavors to ensure the accuracy of the information it discloses, the Group does not guarantee or give any warranty as to the accuracy, timeliness or completeness of the information or material it discloses, or of any information provided by external Web sites linked from the Group's Web site. Furthermore, the Group assumes no liability or responsibility for any damage to users of this Web site, or to users' computers or other property, arising from users' access, use or downloading of any information or materials provided on this Web site.
3. Information disclosed by the Group is provided solely for the purpose of facilitating greater understanding of the Group. No information is disclosed for the purpose of soliciting investments. Any investment decisions made by users of this information are made at the user's own discretion and risk.

6. Changes to Information Disclosed and Disclosure Policy

1. Any information disclosed by the Group is subject to change without notice.
2. The Group may, without notice, amend or change this disclosure policy, as it deems appropriate.

(Established on October 1, 2005)

Principles and Basic Policies Concerning Raw Materials Procurement

Since the establishment of the "Philosophy and Basic Policy Concerning Raw Materials Procurement" on October 5, 2005, NIPPON PAPER GROUP (the "Group") has been developing a raw materials procurement system that can be deemed credible by a wide range of stakeholders. The Group has been striving to implement this through managing its global supply chain in a way to address relevant environmental and social challenges. To achieve its mission, which is "to contribute to better living and cultural progress everywhere it does business," the Group has revised the Group's procurement policy to the "Principles and Basic Policies Concerning Raw Materials Procurement" (the "Policies"). The revision is intended to enable the Group to address issues such as human rights and climate change more effectively. At the same time, the Group has recently established the "Wood Resources Procurement Guidelines" (the "Guidelines") for forest resources, which are the core resources of the Group's business operations.

The Policies and the Guidelines were prepared by studying relevant guidelines such as the "OECD Due Diligence Guidance for Responsible Business Conduct" and other guidelines, and based on advice from external experts. Moreover, both the Policies and the Guidelines conform to the "NIPPON PAPER GROUP Human Rights Policy", which has been developed according to international standards relating to human rights. The "NIPPON PAPER GROUP Human Rights Policy" is based on the "Guiding Principles on Business and Human Rights" developed by the United Nations, and also aligns with the "International Bill of Human Rights" and the "ILO Declaration on Fundamental Principles and Rights at Work."

The Policies and the Guidelines are communicated to all stakeholders by publishing them on the Group's website in both Japanese and English. The Group also works to build a sustainable supply chain in cooperation with suppliers through risk minimization and improvement processes in accordance with the Policies and the Guidelines.

■ Governance

The Policies and Guidelines are reviewed once a year by the NIPPON PAPER GROUP Raw Materials Committee under the supervision of the Board of Directors of Nippon Paper Industries Co., Ltd., based on changing social situations and business trends.

■ Scope of Application

The Policies and Guidelines cover all raw materials and fuels procured by Nippon Paper Industries Co., Ltd., and its consolidated subsidiaries, for the manufacture of products.

[Principles]

We shall strive to contribute to better living and cultural progress everywhere it does business through implementing sustainable procurement practices for raw materials in collaboration with our suppliers. To do this, we shall make our best effort to identify social and environmental issues relating to our procurement practices and to address the challenges identified.

[Basic Policies]

1. Legal compliance and fair and equitable transactions

- (1) We respect international standards and comply with relevant laws and regulations.
- (2) We conduct fair business transactions and provide equitable opportunities for competition.
- (3) We adequately manage information obtained through our procurement activities.

Basic Policy, etc.

2. Addressing social issues

- (1) We ensure prevention of human rights violations and workers' rights violations by facilitating the efforts to respect human rights issues* within our supply chains.

* Anti-discrimination or harassment, anti-forced labor or child labor, respect for workers' rights (the right to organize, bargain and act collectively), prevention of low-wage labor and excessive working time, ensuring occupational safety and health, etc.

- (2) We promote our initiatives to respect the rights of local communities* in the regions where we procure raw materials. By doing so, we aim to harmoniously coexist with local communities and to contribute to the community development.

* Ensuring provision of sufficient information in advance and seeking the understanding of local communities in utilizing land and resources in the relevant area, respect for the rights and culture of indigenous peoples, provision of support and employment opportunities to local residents, etc.

- (3) We carry out confirmation to ensure that we do not procure illegally harvested wood, conflict minerals and other resources that may involve human rights violations.

Note: This Paragraph 2 of the Policies aligns with the "NIPPON PAPER GROUP Human Rights Policy".

3. Addressing environmental issues

- (1) We use forest and water resources sustainably for the conservation of such resources.

- (2) We minimize our negative impact on biodiversity and take measures for its conservation.

- (3) We carry out procurement in a manner that contributes to energy saving and reduction of greenhouse gas emissions as part of our response to climate change.

- (4) We seek to make effective use of resources and to reduce waste by promoting the use of recycled materials, such as used paper, to contribute to building a society based on a circular economy.

- (5) We work to mitigate any potential environmental impact by procuring raw materials with chemical substances that have been properly managed and handled.

4. Ensuring traceability and monitoring

- (1) We ensure traceability according to the levels of associated risks and implement Paragraphs 1 to 3 of the Policies above throughout our supply chain during our procurement activities.

- (2) We conduct monitoring and aim to minimize the risk and impact of the implementation of Paragraphs 1 to 3 of the Policies.

- (3) We conduct interviews with suppliers who do not conform with Paragraphs 1 to 3 of the Policies, request improvement, and provide support to help with such improvement. If no improvement is made, we review whether to continue transactions with them.

5. Communication with stakeholders

- (1) We reflect on our dialogues with stakeholders on our processes to improve our procurement activities.

- (2) We actively disclose information about the Group's procurement activities.

(Established on October 5, 2005, and revised on September 1, 2022)

Basic Policy, etc.

Wood Resources Procurement Guidelines

NIPPON PAPER GROUP is committed to addressing social and environmental challenges including human rights issues in accordance with the “Principles and Basic Policies Concerning Raw Materials Procurement”. The Group strives to source its raw materials according to the “Wood Resources Procurement Guidelines” below in order to use forest resources sustainably.

* Applicable to whole logs, wood products, woodchips and pulp for paper manufacture, and wood biomass for fuels that have been procured by Nippon Paper Industries Co., Ltd. or its consolidated subsidiaries in order to manufacture their relevant products.

1. We do not procure illegally harvested wood.
2. We are committed to the promotion of zero deforestation and do not engage in procurement that is complicit in forest reduction or degradation.
3. We do not engage in procurement that contributes to the degradation of forests that are categorized as High Conservation Value (HCV), such as forests with biodiversity importance, and forests with High Carbon Stock (HCS).
4. We promote forest resource management and resource procurement that contribute to the increase of CO₂ absorption and fixation from forests.
5. We strive to vitalize the forestry industry of relevant countries and promote the use of wood resources originating from the countries where products are manufactured for the Group.
6. We promote the use of recycled materials such as sawmill residues, wood construction waste, and unused wood materials.
7. We aim to increase procurement of wood resources that are audited or certified by third parties such as forest certification systems.
8. We ensure traceability of the wood resources we procure to confirm the point of origin, the forest type, and the forest management method.
9. We actively hold dialogues and engage with our suppliers to promote communication throughout the supply chain.

(Established on September 1, 2022)

NIPPON PAPER GROUP Environmental Charter

[Philosophy]

NIPPON PAPER GROUP is committed to helping preserve the global environment over the long term and contributing to the development of a recycling based society by carrying out its corporate activities in recognition of the importance of biodiversity.

[Basic Policy]

1. Act to counter global warming
2. Protect and develop forest resources
3. Increase use of recycled resources
4. Comply with environmental statutes and work to minimize our environmental impact
5. Develop environmentally friendly technologies and products
6. Engage in active environmental communication

(Established on March 30, 2001, and revised on March 30, 2007)

Basic Policy on the Preservation of Biodiversity

[Principle]

NIPPON PAPER GROUP, a corporate group to which forest resources are of fundamental importance, appreciates the natural gifts bestowed by biodiversity and, by preserving biodiversity, aims to help create a sustainable society that can continuously enjoy ecosystem services.

[Basic Policy]

1. Recognizing the protection of biodiversity as a critical social issue, we will work to pursue business activities that are in harmony with the sustainable use of ecosystem services.
2. In supply-chain management, we acknowledge the impacts on biodiversity of cross-border use of ecosystem services, and will manage our ecosystem service usage properly.
3. In an effort to reduce environmental impacts on biodiversity, we will actively work to recycle and save resources.
4. We will promote the development of technologies, products, and services that contribute to the preservation of biodiversity and the sustainable use of ecosystem services.
5. Endeavoring to raise employees' awareness of biodiversity, and collaborating with stakeholders, we will contribute to the building of a society that nurtures biodiversity.

(Established April 1, 2016)

Basic Policy, etc.

Philosophy and Basic Policy on Product Safety

[Philosophy]

We pledge to work to improve safety at every stage of the life cycle of our products, from design to manufacture, supply, and disposal, and to provide products and services that the public can trust.

[Basic Policy]

1. To provide safe products and services in response to the continued trust of our customers.
2. To respect related laws and standards in order to guarantee the safety of our products and services. We pursue safety not only as expected under Japanese laws but also from a global perspective.
3. To provide customers with precise information on the safety, features, and correct usage of our products.
4. To set up a product and service safety management structure and ensure that all group employees have a thorough awareness of the importance of product safety.

(Established on October 1, 2004, and revised on August 1, 2014)

NIPPON PAPER GROUP Human Rights Policy

NIPPON PAPER GROUP adopted the “Philosophy and Basic Policy on Human Rights, Employment and Labor” on October 1, 2004, stipulating respect for human rights, including non-discrimination, prohibition on forced labor and child labor. We also adopted the “Philosophy and Basic Policy Concerning Raw Materials Procurement” on October 5, 2005, stipulating respect for human rights through the entire supply chain as a basic policy, and thereby promoting dialogues with stakeholders concerning raw materials procurement.

Against this backdrop and based on these previous measures taken, we hereby adopted the NIPPON PAPER GROUP Human Rights Policy, aiming at fulfilling our group mission, “contributing to better living and cultural progress everywhere it does business”, and in order to ensure increased effectiveness in respecting human rights.

This Policy was drafted in accordance with the international standards including principles concerning fundamental rights expressed in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, guided by the UN Guiding Principles on Business and Human Rights, and with advice given by external experts. The Policy was approved by the board of directors of the Nippon Paper Industries, Co., Ltd. on May 30, 2022.

This Policy is drafted in dual languages (Japanese and English) and is made known to all stakeholders by disclosing it through website of NIPPON PAPER GROUP.

■ Scope of Application and Expectations for Business Partners

This Policy applies to all directors, officers, and employees of NIPPON PAPER GROUP.

NIPPON PAPER GROUP expects that our business partners, including suppliers, promote measures concerning respect for human rights in collaboration with us, and we will exercise leverage for their support and compliance with this Policy.

■ Compliance with Applicable Laws and Regulations

NIPPON PAPER GROUP complies with laws and regulations applicable in each country and region where we conduct business activities. Provided that, in case there is any conflict between the international human rights standards and laws and regulations of each country and region, we will seek ways to honor the principles of the internationally recognized human rights.

■ Human Rights Due Diligence

NIPPON PAPER GROUP establishes the process of human rights due diligence in accordance with the steps based on the UN Guiding Principles on Business and Human Rights, and endeavors to prevent or mitigate adverse impacts on human rights.

■ Dialogue and Consultations with Stakeholders

In implementing this Policy, NIPPON PAPER GROUP will hold sincere consultations with stakeholders potentially affected by our business activities.

■ Education

NIPPON PAPER GROUP provides periodic education and training for all directors, officers, and employees to ensure appropriate implementation of this Policy.

Basic Policy, etc.

■ Remedies

In case we identify that we have caused adverse human rights impacts directly or indirectly, NIPPON PAPER GROUP will take remedial measures through dialogue and appropriate procedure, utilizing existing grievance mechanisms. In particular, as grievance mechanisms in accordance with the UN Guiding Principles on Business and Human Rights, we notify and operate the “NIPPON PAPER GROUP Helpline”, which enables consultation and direct reporting for all directors, officers, and employees. We also operate the “Application Form for Inquiries concerning NIPPON PAPER GROUP”, which enables reporting from outside companies through our website.

■ Information Disclosure

NIPPON PAPER GROUP discloses information on measures taken concerning human rights through our website, etc..

■ Material Issues concerning Human Rights

NIPPON PAPER GROUP recognizes our material issues concerning human rights as attached, and will proceed with measures to respect human rights based on this Policy. We will try to review material issues at an appropriate timing following changes in social circumstances or business trends.

(Established on May 30, 2022)

[Annex attached]

[Annex]

1. Prohibition on Discrimination and Harassment

We do not discriminate people on grounds including nationality, race, national origin, sex, age, religion, disease, disability, sexual orientation and gender identity. We do not conduct any act of harassment, including sexual harassment and power harassment.

2. Prohibition of Forced Labor and Child Labor

We do not allow forced labor in any form of employment. We do not allow employment of children under minimum age of employment specified by laws and regulations of each country and region.

3. Respect for Labor Rights

We respect workers' freedom of association, right to collective bargaining and right to act collectively. We strive to prevent low-wage labor and excessive working time.

4. Facilitation of Pleasant Working Environment

We understand the importance of occupational safety and health as well as maintaining workers' work-life balance, and try to promote physical and mental health. We establish and maintain structures to make the most of the individuality and capabilities of a diverse range of human resources, and promote personal training and skill development programs to help improve individual employees' abilities and skills.

5. Co-existence with Regions and Local Communities

We understand the possibility that our business activities could give impact on local communities, including socially vulnerable group of people, including children, older persons, indigenous peoples, migrants, national and ethnic minorities, and different risks that may be faced depending on attribution including sex. We will strive to coexist with local communities. We also endeavor to conserve environment which future generations may live without anxiety.

Basic Policy, etc.

Philosophy and Basic Policy on Safety and Health Measures

[Philosophy]

In addition to acknowledging that it is the company's duty to guarantee safety and health, and to strive to develop pleasant, improved working conditions, we pledge to work ceaselessly to prevent any and all accidents, minor or major.

[Basic Policy on Safety and Health]

1. To respect the Industrial Safety and Health Law.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve safety and health training.
5. To develop and maintain a safe, pleasant working environment.

[Basic Policy on Safety and Risk Prevention]

1. To respect laws and regulations pertaining to safety and risk prevention.
2. To establish self-imposed standards and step up daily management.
3. To set up a management structure and clearly define roles, responsibilities, and authority.
4. To strive to improve safety and risk prevention education and training.
5. To work in cooperation with related government and local communities and share information.

(Established on October 1, 2004)

Philosophy and Principles for Social Contribution Activities

[Philosophy]

As a member of society, we shall proudly promote activities that contribute to social development.

[Principles]

1. We shall pursue activities that contribute to cultural heritage and development.
2. We shall pursue activities that contribute to conservation and improvement of the environment.
3. We shall pursue activities that contribute to the development of communities.

(Established on April 1, 2004)