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Nippon Paper Industries Co., Ltd.

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Securities Code: 3863

<http://www.nipponpapergroup.com/english/>

The corporate governance of Nippon Paper Industries Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company has established the “Corporate Governance Policy” as a basic guideline on corporate governance with the aim of contributing to the Corporate Group’s sustainable growth and medium- to long-term increases in corporate value, and has posted it on the Company’s website.

Corporate Governance Policy

http://www.nipponpapergroup.com/english/ir/governance/governance_policy/E-CGP_20151105.pdf

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:

- (1) 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.
- (2) The Company shall recognize the importance of social responsibilities and public duties, 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.

- (3) 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.
- (4) 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.
- (5) 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.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Principle 4-8 Effective use of independent outside directors]

- Although independent outside directors number only one as of this point in time, in view of the importance of independent outside directors to corporate governance, the Company is positively considering appointing additional director/directors at the ordinary general meeting of shareholders to be held in June 2016, bringing the total number to two or more.

The Company has implemented each principle of the Corporate Governance Code, with the exception of the above.

[Disclosure Based on the Principles of the Corporate Governance Code]

The Company has provided the “Corporate Governance Policy” (hereinafter referred to the “Company’s Policy”) and has disclosed it.

Corporate Governance Policy

http://www.nipponpapergroup.com/english/ir/governance/governance_policy/E-CGP_20151105.pdf

Disclosures based on each principle are as follows:

[Principle 1-4 Policy for strategic holdings of stocks, etc.]

- See Article 11 of the Company’s Policy.

[Principle 1-7 Management system for related party transactions]

- See Article 10 of the Company’s Policy.

[Principle 3-1 Disclosure of information]

(1) Corporate Group Philosophy and mid-term management plan

- See the Company’s website.

Group Mission

http://www.nipponpapergroup.com/english/about/group_mission/

Medium-Term Business Plan

<http://www.nipponpapergroup.com/english/ir/policy/plan/>

(2) Corporate Governance Policy

- See “1. 1. Basic views” of this Report and Article 2 of the Company’s Policy.

(3) Policy and procedures for deciding compensation, etc. of directors and statutory auditors

- For the policy, see Article 8 of the Company’s Policy. Regarding compensation for directors, see also “2. 1. Director remuneration” of this Report.

- For procedures, see Article 9 of the Company’s Policy. Regarding the Personnel & Remuneration Advisory Committee, see also “2. 1. Committee’s Name, Composition, and Attributes of Chairperson” of this Report.

(4) Policy and procedures when nominating nominees as directors and statutory auditors

- For the policy, see Articles 5 and 6 of the Company’s Policy.

- For the procedures, see Article 9 of the Company’s Policy. Regarding the Personnel & Remuneration Advisory Committee, see also “2. 1. Committee’s Name, Composition, and Attributes of Chairperson” of this Report.

(5) Individual reasons for appointing directors and statutory auditors

- Regarding the appointment of directors and statutory auditors, the Company will disclose the reasons for nominating each nominee in the Reference Documents for the Ordinary General Meeting of Shareholders from the business year 2016.

[Supplementary principle 4-1-1 Outline of delegation of authority to senior management]

- See Article 3, Paragraphs 1 and 2 of the Company’s Policy. Meanwhile, the Company has provided criteria for submitting agenda items to the Board of Directors’ Meeting in the Rules of the Board of Directors’ Meeting, and matters concerning management philosophy, management strategy, mid-term business plan, annual budget, other important policies, etc., in addition to resolutions based on provisions of laws/regulations and the Articles of Incorporation that shall be decided by the Board of Directors.

[Principle 4-8 Effective use of independent outside directors]

- See “Reasons for Non-compliance with the Principles of the Corporate Governance Code” stated above.

[Principle 4-9 Criteria for judging the independence of independent outside directors and their quality]

- See Article 5, Paragraph 2 of the Company’s Policy.

[Supplementary principle 4-11-1 Composition of the Board of Directors]

- See Article 4 of the Company’s Policy.

[Supplementary principle 4-11-2 Status of directors and statutory auditors who concurrently hold posts as officers of other listed companies]

- In the business report and the Reference Documents for the Ordinary General Meeting of Shareholders, the Company has disclosed important dual positions including individual directors and statutory auditors who concurrently hold posts at other listed companies.

Notice of Convocation Annual General Meeting 2015

<http://www2.tse.or.jp/disc/38630/140120150601400058.pdf>

- When nominating nominees for directors or statutory auditors, the Company makes it a rule to limit the number of posts concurrently held at other listed companies to four or less.

[Supplementary principle 4-11-3 Outline of results of analysis and evaluation of the effectiveness of the Board of Directors as a whole]

- In order that the Board of Directors itself can analyze and evaluate the effectiveness of the Board of Directors, the Secretariat of the Board of Directors' Meeting shall conduct a questionnaire survey to directors on the conduct of Board of Directors' Meetings and discussions, and the director in charge shall report the results to the Board of Directors. The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors through deliberations, etc. on reported contents and works to enhance the effectiveness of the Board of Directors based on the results thereof.

- An outline of the results of the current year's analysis and evaluation is as follows:

- During the business year 2014, Board of Directors' Meetings were held 13 times and important matters for the execution of business were decided and reported in a timely manner. Outside directors were given prior explanations by the secretariat and the Division/Department in charge on important resolutions and matters to be reported, and were able to study agenda items, etc. in advance and state their opinions in a proactive manner. Statutory auditors were able to study agenda items to be submitted to a Board of Directors' Meeting in advance, were given prior explanations by the Division/Department in charge where appropriate, and identified problems and proactively expressed their opinions at or before/after a Board of Directors' Meeting from the viewpoints of conforming with laws/regulations and the Articles of Incorporation and risk management. The Company has and will review matters to be discussed at the Board of Directors' Meeting from time to time to allow for more strategic discussions.

[Supplementary principle 4-14-2 Policy for training directors and statutory auditors, etc.]

- See Article 7 of the Company's Policy.

[Principle 5-1 Policy for constructive dialogues with shareholders, etc.]

- See Article 13 of the Company's Policy.

- For details including activities and measures for constructive dialogues with shareholders, etc., see "3. 2. IR activities" of this Report.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	8,040,700	6.92
ICHIGO TRUST PTE. LTD.	5,696,300	4.90
THE MASTER TRUST BANK OF JAPAN LTD. (TRUST ACCOUNT)	5,684,200	4.89

MIZUHO BANK, LTD.	4,341,855	3.73
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	4,092,081	3.52
RENGO CO., LTD.	3,351,241	2.88
NIPPON PAPER EMPLOYEES' SHAREHOLDING ASSOCIATION	3,122,229	2.69
NIPPON LIFE INSURANCE COMPANY	3,091,365	2.66
MITSUI LIFE INSURANCE CO., LTD.	2,258,900	1.94
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	2,124,100	1.83

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Pulp & Paper
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Statutory Auditors
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	1
Number of Independent Officers	1

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshimitsu Aoyama	Academic												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Statutory Auditor
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Statutory Auditors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshimitsu Aoyama	○	The Company has designated Mr. Aoyama as an independent officer.	Mr. Aoyama has excellent abilities and insights, and the Company deems that he will be able to supervise the execution of duties by its directors and advise on legal compliance from the viewpoint of expertise accumulated as a legal professional. He does not fall under an item that could impact independence provided for by the Exchange. Hence, the Company does not deem that there could occur any conflict of interests with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Personnel & Remuneration Advisory Committee	Personnel & Remuneration Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	1	1
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

See Article 9 of the "Corporate Governance Policy" of the Company.
 URL:http://www.nipponpapergroup.com/english/ir/governance/governance_policy/E-CGP_20151105.pdf

[Statutory Auditors]

Establishment of Board of Statutory Auditors	Established
Maximum Number of Statutory Auditors Stipulated in Articles of Incorporation	4
Number of Statutory Auditors	4

Cooperation among Statutory Auditors, Accounting Auditors and Internal Audit Departments

The Board of Statutory Auditors and the accounting auditor have held meetings as needed, in addition to regular meetings (four times a year), at which they discussed audit plans and audit reports, and simultaneously have kept in close contact with each other through statutory auditors attending audits conducted by the accounting auditor and other activities.

The Board of Statutory Auditors and the Management Audit Office have held meetings together on adjusting annual audit plans, reports on audit results, etc. In addition, the Board of Statutory Auditors has received reports on the status of half-yearly book-closing from Accounting & Budgeting Department and the status of legal compliance quarterly from Compliance Office, CSR Department. Meanwhile, outside statutory auditors have delivered their opinions at these meetings where appropriate in the capacity of an outside party from the expert viewpoint of a lawyer and a certified public accountant. Statutory auditors and Management Audit Office hold regular meetings every month. Through such contacts, the Company is making efforts to enhance the effectiveness and efficiency of audits, as well as to complement their activities.

Appointment of Outside Statutory Auditors	Appointed
Number of Outside Statutory Auditors	2
Number of Independent Officers	2

Outside Statutory Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Seiichi Fusamura	Lawyer													
Kunio Sakamoto	CPA													

* Categories for "Relationship with the Company"

* "○" when the statutory auditor presently falls or has recently fallen under the category;

"△" when the statutory auditor fell under the category in the past

* "●" when a close relative of the statutory auditor presently falls or has recently fallen under the category;

"▲" when a close relative of the statutory auditor fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Statutory Auditor of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Statutory Auditor

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Statutory Auditor himself/herself only)

k. Executive of a company, between which and the Company outside directors/Statutory Auditors are mutually appointed (the Statutory Auditor himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Statutory Auditor himself/herself only)

m. Others

Outside Statutory Auditor's Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Seiichi Fusamura	○	The Company has designated Mr. Fusamura as an independent officer.	Mr. Fusamura has excellent abilities and insights, and the Company deems that he will be able to conduct audits independently of the senior management in an objective capacity from the viewpoint of expertise accumulated as a legal professional. He does not fall under an item that could impact independence provided for by the Exchange. Hence, the Company does not deem that there could occur any conflict of interests with general shareholders.
Kunio Sakamoto	○	The Company has designated Mr. Sakamoto as an independent officer. He worked at Ernst & Young ShinNihon LLC, which is the Company's accounting auditor, but had retired from the accounting firm before taking up the post of the Company's outside statutory auditor, and the accounting firm also does not fall under an accounting expert that receives material monetary payments from the Company.	Mr. Sakamoto has excellent abilities and insights, and the Company deems that he will be able to conduct audits independently of the senior management in an objective capacity from the viewpoint of expertise accumulated as a certified public accountant and a certified tax accountant. In addition, the fact that he worked at Ernst & Young ShinNihon LLC, which is the Company's accounting auditor, does not have any impact on his independence. Hence, the Company does not deem that there could occur any conflict of interests with general shareholders.

[Independent Officers]

Number of Independent Officers	3
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Matters relating to Independent Officers

The Company designates, as independent officers, all outside officers who meet the requirements for an independent officer. When appointing outside directors and outside statutory directors, the Company judges their independence by taking into consideration that they satisfy independence criteria provided by the Stock Exchange, in addition to the requirements for externality (which mean they have not served as directors, employees, etc. of the Company and its subsidiaries in the past) provided for by laws/regulations.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Other
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Supplementary Explanation

See "Disclosure of policy for determining remuneration amount and calculation methods" shown below.

Recipients of Stock Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

Because there is no individual whose total remuneration amounts to 100 million yen or more, the Company does not disclose individual remuneration.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Remuneration structure
This is provided for as follows in Article 8 of the “Corporate Governance Policy” of the Company:

Corporate Governance Policy
http://www.nipponpapergroup.com/english/ir/governance/governance_policy/E-CGP_20151105.pdf

(1) For directors, the Company shall set guidelines for purchasing and holding treasury shares in order to give them an incentive to increase shareholder value by having management conscious of the need to increase medium- to long-term corporate value. Directors shall, based on the said guidelines, apply a certain amount of their monthly compensation to contribute to the Directors' Shareholding Association for acquiring treasury shares. The shares so acquired shall be held throughout their tenure of office.

(2) Regarding a director's monthly compensation, his/her base compensation shall be decided according to his/her job responsibilities in the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid with increases or decreases based on the preceding business year's business performance. Meanwhile, they shall receive neither bonuses nor directors' retirement benefits

(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.

2. Procedures for deciding remuneration
This is provided for as follows in Article 9 of the “Corporate Governance Policy” of the Company:

Corporate Governance Policy
http://www.nipponpapergroup.com/english/ir/governance/governance_policy/E-CGP_20151105.pdf

(The undermentioned is cited from excerpts only from the parts regarding procedures for deciding remuneration:)

(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 Company's officers' remuneration structure, etc., study their appropriateness, etc. upon receipt of inquiries from the Board of

Directors and submit recommendations also based on 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, Director & General Manager for Personnel & General Affairs Division and independent outside directors, and Manager for 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 decisions on compensation for directors, etc.

[Supporting System for Outside Directors and/or Statutory Auditors]

The Company has provided outside directors with full information through means such as explanations of proposals at Board of Directors' Meetings as appropriate.

For outside statutory auditors, a staff member of Management Audit Office is appointed to assist statutory auditors under the basic policy of building the internal control system as the secretariat of the Board of Statutory Auditors.

At a Board of Statutory Auditors' Meeting to be held in advance of the Board of Directors' Meeting, the Company delivers proposals and gives prior explanations to outside statutory auditors.

In addition to sending materials for major meetings to outside directors and outside statutory auditors as needed, the Company ensures opportunities for them to attend meetings of the Management Execution Committee held once a month to share monthly financial closing information among the corporate management, as stated in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions" below.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has established the Board of Directors as the organ to decide matters provided for in the basic policies of the Company and group management and laws/regulations and its Articles of Incorporation and other important management matters, as well as to oversee the status of business execution.

Regarding the business execution system, the Company has clarified responsibility and authority, and has expedited business execution by adopting the corporate officer system and the divisional organization system.

In addition, to assist the President in executing business, the Company holds a meeting of the Management Execution Committee once a week and deliberates on important business. The membership of the said Committee is basically composed of the President or directors (excluding outside directors) and general managers and heads of business divisions who are not directors.

In addition, the Company includes among attendees of meetings of the Management Execution Committee, to be held once a month, managers of its mills in order to share monthly financial closing information among the corporate management. It also ensures opportunities for outside directors and outside statutory auditors to attend meetings of the Management Execution Committee.

Besides, to develop the Corporate Group as a whole, the Company holds meetings of the Management Strategy Committee as appropriate to deliberate on important matters concerning the Group including management strategy in each business field. Membership of the Committee is composed of directors and statutory auditors (excluding outside officers) and general managers and heads of business divisions who are not directors.

The Company is a company with Board of Statutory Auditors. The Board of Statutory Auditors is composed of four members, of which three members are auditors with financial accounting oversight. Statutory auditors attend important meetings of committees including the Board of Directors' Meeting, and meetings of Management Execution Committee and Management Strategy Committee, etc. to strictly oversee the execution of overall business by directors and conduct a rigorous audit on whether or not the Company's business as a whole is carried out in a lawful and appropriate manner.

The Board of Statutory Auditors presides over meetings of the "Nippon Paper Group Statutory Auditor Liaison Committee," discusses audit policy, auditing method, etc. with auditors of key group companies on a regular basis, reinforces links with them by exchanging information, and strives to improve group audits.

Regarding internal audits, Management Audit Office (which consists of 14 members), reporting to the President, conducts internal audits of the Company and group companies.

In addition, the Company has appointed Ernst & Young ShinNihon LLC as its accounting auditor under the Companies Act. There are no special interests between the accounting firm and managing members of the accounting firm who engage in audits of the Company, and the Company. The certified public accountants who conducted the audit of the 91st business term (business year ended March 2015) are as follows:

- Names of certified public accountants who conducted audits of the Company and name of accounting firm to which they belong are as follows:

Ernst & Young ShinNihon LLC Designated and Engagement Partner Masaichi Nakamura

Ernst & Young ShinNihon LLC Designated and Engagement Partner Minoru Io

Ernst & Young ShinNihon LLC Designated and Engagement Partner Tatsuya Kushida

(Note) The number of years of continuous audit service is omitted here because the number for all CPAs above is not more than 7 years.

- Members who assisted audit work: 27 certified public accountants and 34 others

(Note) Others include those who passed the certified public accountant examination, those in charge of system audits, etc.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with a Board of Statutory Auditors. It has four statutory auditors, of which two are outside auditors.

The Company has eight directors at present, of which one is an outside director.

The Company's Board of Directors is composed of seven directors, who are familiar with the Corporate Group's businesses and one independent outside director. The outside director is expected to supervise and advise in his objective capacity on legal compliance and execution of duties of the Company's other directors using his specialized knowledge and experience accumulated as a legal professional. At Board of Directors' Meetings, the check-and-balance function operates effectively through discussions with frank opinions expressed by directors and statutory auditors including the three independent outside officers.

In addition, the Company has clarified where responsibility and authority lie, and has further enhanced the management oversight function by adopting the corporate 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 corporate officers.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meetings of Shareholders	The Notice of the 91 st Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. held on June 26, 2015 was dispatched on June 3, 2015.
Allowing Electronic Exercise of Voting Rights	In addition to participation in the platform for the exercise of voting rights, shareholders can exercise voting rights through the website for exercising voting rights by electromagnetic means provided by the administrator of the shareholder registry.
Participation in Electronic Voting Platform	In addition to participating in the platform for exercise of voting rights, the Company uses specialty company's services for promoting the exercise of voting rights by institutional investors.
Providing Convocation Notice in English	The Company provides convocation notices in English on the homepages of the Stock Exchanges on which the Company is listed. http://www2.tse.or.jp/disc/38630/140120150601400058.pdf

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has formulated the "Disclosure Policy" and has posted it on its website. http://www.nipponpapergroup.com/english/ir/disclosure/policy/	
Regular Investor Briefings for Analysts and Institutional Investors	After reporting its annual results and each quarterly account settlement, the Company holds IR briefings where financial highlights, management strategy, etc. are explained. When reporting its annual results, an explanation is given by a company representative, and when releasing the second quarter accounts settlement, an explanation is provided by the management. When releasing the first and third quarters accounts settlement, explanations are given by the director in charge of Accounting & Budgeting and IR.	Yes
Posting of IR Materials on Website	Information posted: financial results-related materials, annual reports, financial reports/quarterly statements, and shareholder newsletters (business reports) http://www.nipponpapergroup.com/english/ir/library/	
Establishment of Department and/or Manager in Charge of IR	Person responsible for IR : Toru Nozawa, Director /Department in charge: Corporate Planning Dept., Person in charge: Hiroya Kakehashi	
Other	<Activities for institutional investors and analysts> 1. Individual responses to interviews	

	<p>2. Meetings with business managers and senior management (to be held at home or abroad; The form of a meeting is one-on-one or a small meeting.)</p> <p>3. Conferences at home or abroad</p> <p>4. Factory tours, etc.</p> <p>< Activities for individual investors (on an irregular basis) ></p> <p>1. Briefings</p> <p>2. Dispatching IR information by e-mail (to both institutional and individual investors)</p> <p><Organic links between relevant internal departments that support dialogues></p> <p>- Corporate Planning Department has meetings to share information and to consult on responses from time to time with Treasurer's Department, Accounting & Budgeting Department, General Affairs Department, and Public Relations Office, and has carried out dialogues with shareholders and IR activities after ensuring full coordination.</p> <p>- Corporate Planning Department gathers and collates necessary information for IR activities from Sales Divisions, Accounting & Budgeting Department, Raw Materials & Purchasing Division and other related departments.</p> <p>< Feedback of shareholders' opinions></p> <p>- The Company sends "IR Weekly Reports" to business managers, senior management, and related Departments.</p> <p>- Reports are made to the Board of Directors, etc. as appropriate.</p> <p><Management of insider information></p> <p>- The Company thoroughly manages insider information based on the "Nippon Paper Group Regulations on Prevention of Insider Trading."</p> <p>- The Company has set a fixed period before making public its financial results as a quiet period based on Paragraph 4 of the "Disclosure Policy."</p> <p>http://www.nipponpapergroup.com/english/ir/disclosure/policy/</p>	
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3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The Company stipulates its basic views in the Nippon Paper Group Action Charter and Codes of Conduct.</p> <p>http://www.nipponpapergroup.com/english/about/charter/</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company established CSR Division as an organization that controls Nippon Paper Group's CSR activities. It promotes CSR activities in coordination with various responsible departments including Environment, Raw Materials & Purchasing, Product Safety, and Industrial Health and Safety Departments. The status of its activities are reported on the Company's website and in the CSR report.</p> <p>The Company's website http://www.nipponpapergroup.com/english/csr/</p> <p>Sustainability report http://www.nipponpapergroup.com/english/csr/download/</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company has formulated and implemented the "Disclosure Policy."</p> <p>http://www.nipponpapergroup.com/english/ir/disclosure/policy/</p>
Other	<p>The Corporate Group has accelerated transforming its business structure and aims to grow as a comprehensive biomass company. While the Company has been striving to enter a wide variety of fields globally, as well as employ and foster diverse human resources to sustainably develop the enterprise, because it recognizes that encouraging the activities of women has been becoming increasingly important, the Company has the aim of doubling the proportion of women in management positions by 2020.</p> <p>[Main activities]</p> <ul style="list-style-type: none"> - Increase the proportion of women among career track staff employed - Enhance management education to the level of candidates for management and management level - Promote and enhance measures for supporting a balance between work and childcare/nursing care - Change in-company consciousness (including improving work-life balance through effective ways of working) <p>In addition, the Company established Human Resources Planning Office in April 2015 as an organization for securing talented human resources and for taking measures to foster and promote the revitalization of employees and organizations, including promoting the activities above.</p> <p>Centering on Human Resources Planning Office, the Company is planning and facilitating the following specific measures at this stage to support the retention of women employees and improve their careers as measures for encouraging women's activities.</p> <p>[Specific measures]</p>

	<p>- Network Leader System The System is intended to promote collaboration and fostering of women on the career track across the region and job categories, in order to prevent them from leaving their jobs and to support their career development.</p> <p>- Career Improvement Training Training has been provided for around thirty women on the career track and their superiors as a measure to promote the appointment of female managers. This is intended to increase their incentives to develop their own careers and enhance their superiors' consciousness and skills for fostering women on the career track.</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

<p>Basic Views on Internal Control System</p> <p>System to ensure that Company directors execute their duties in conformance with laws/regulations and its Articles of Incorporation / system to ensure the appropriateness of businesses of the Company and its subsidiaries</p> <p>1. “System to ensure that Company directors execute their duties in conformance with laws/regulations and its Articles of Incorporation”</p> <p>(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.</p> <p>(2) The Board of Statutory Auditors shall conduct audits on the effectiveness and functions of the internal control system.</p> <p>2. “System to ensure the appropriateness of businesses of the Company and its subsidiaries”</p> <p>(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.</p> <p>(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.</p> <p>(3) System to ensure directors execute their duties effectively on behalf of the Company and its subsidiaries</p> <p>1) 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.</p>

2) The Company shall clarify where responsibility and authority lie by adopting the corporate 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 corporate officers.

3) The Company shall formulate three-year mid-term plans for each business (by group company), clarify challenges and goals, and carry out thorough performance management by business year based thereon.

4) To develop the Corporate Group as a whole, the Company shall hold meetings of Management Strategy Committees 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.

1) The Company has established the “Nippon Paper Group Action Charter” and the “Nippon Paper Codes of Conduct” to ensure full awareness of legal compliance.

2) Management Planning Office shall conduct internal audits of the Company and its group companies based on the Internal Audit Rules.

3) 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

1) 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.

2) 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.

3) 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

1) 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.

2) 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.

(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

1) When a director, a corporate 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, corporate officers, and employees.

- 2) 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, corporate officers, and employees, shall put in place an environment where information may be exchanged closely with accounting auditors, corporate lawyers, etc.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) 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.

2. Basic Views on Eliminating Anti-Social Forces

Basic Policy for Eliminating 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.

Status of implementing a system to eliminate anti-social forces

(1) Establishment of department responsible for responses
General Affairs Department shall be responsible for responses to anti-social forces.

(2) Collecting and sorting information
The department responsible for responses to anti-social forces shall collect information on undue claims and manage it in an integrated fashion. It shall accumulate, sort, and use information within the Company acquired as a result of having verified the customers of each department.

(3) Cooperating with external professional organizations

To cooperate with external professional organizations, such as police stations, Anti-gang Campaign Promotion Tokyoites Center, Metropolitan Area Violation Prevention Association, etc., the Company shall provide a contact system under normal circumstances for exchanging information.

Regarding individual cases, the Company shall consult with lawyers and take every legal measure.

(4) Status of putting in place response manuals and implementation of training activities

The Company shall establish “Guidelines for Elimination of Anti-social Forces” and provide specific measures including verification of customers. The Company shall promote awareness of the contents of the guidelines through training activities and eliminate anti-social forces on a company-wide basis.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

At the Board of Directors' Meeting held on February 22, 2013, the Company passed a resolution on the Basic Policy for Parties Controlling Policy Decisions on the Company's Financial and Business Affairs (as defined in the introductory clause of Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act. Hereinafter, the "Basic Policy").

Regarding the "Plan for Large-scale Purchases of Shares, etc. of the Company (Takeover Defense Measure)" (hereinafter, the "Response Policy") to prevent an inappropriate person/party from controlling policy decisions of the Company's financial and business affairs in the light of the Basic Policy (the foregoing Item B (2)), the Company decided to update the Response Policy with the agreement of all directors at the Board of Directors' Meeting held on May 15, 2015, and updating the Response Policy was approved at the Company's General Meeting of Shareholders held on June 28, 2015.

When updating the Response Policy in 2015, it should be noted that there were no substantial changes to the contents of the Response Policy.

(1) Basic Policy

The Company considers that the person/party who controls policy decisions of its financial and business affairs should be one who contributes to ensuring and increasing the Company's corporate value, and thus the common interests of shareholders.

Notwithstanding, because the Company accepts free transactions in the markets by listing its shares, it considers that the future shape of a person/party who controls the Company should ultimately be decided based on the intent of the shareholders as a whole, and also that a judgement as to whether or not the Company accedes to a proposed acquisition associated with the transfer of control over the Company should ultimately be made based on the intent of the shareholders as a whole. However, among large-scale purchases of shares, etc. of the Company and proposals for acquisitions, some proposals may harm the common interests of shareholders, such as by clearly harming corporate value, and thus the common interests of shareholders from the viewpoints of the intention of an acquisition and management policy, etc. after an acquisition, by compelling shareholders to sell shares, by not providing enough time and information for shareholders to study the terms of acquisition or for the Company's Board of Directors to make a counterproposal, by requiring negotiations with the purchaser to obtain more favorable terms than those presented by such purchaser, and other proposals.

The Company deems that a person/party who makes such large-scale purchases or such acquisition proposal is inappropriate if that person/party exceptionally controls policy decisions of the Company's financial and business affairs.

(2) Response Policy

see the Notice of Convocation Annual General Meeting 2015.

<http://www2.tse.or.jp/disc/38630/140120150601400058.pdf>

2. Other Matters Concerning to Corporate Governance System

Timely disclosure system

1. Collecting and managing information

Corporate information on the Corporate Group is obtained by the Company's Corporate Planning Division, Personnel & General Affairs Division, Financial Division, and CSR Division, which take responsibility for managing it.

(1) The Company's corporate information

The Company's Corporate Planning Division, Personnel & General Affairs Division, Financial Division, and CSR Division managing it.

(2) Group companies' corporate information

After the group companies' departments in charge of information collection and management centralize information, they promptly report it to the Company's Corporate Planning Division and related departments.

Information received from group companies is managed by the Company's Corporate Planning Division and related departments that receive it.

(3) Financial closing information of the Company and group companies

The Company's Financial Division manages it.

The Company's Corporate Planning Division and related departments that receive managerially important corporate information from the Company and group companies promptly report the said information to the information handling manager (Director & General Manager for CSR Division). Simultaneously, it is also reported to Public Relations Office of CSR Division, which is the department in charge of public disclosures.

2. Determining need for timely disclosure of information

Based on Timely Disclosure Rules, etc. provided for by the Stock Exchange, the information-handling manager and Public Relations Office of CSR Division consult with the department in charge of the said information and related departments where appropriate and make judgments about the need for the timely disclosure of the information.

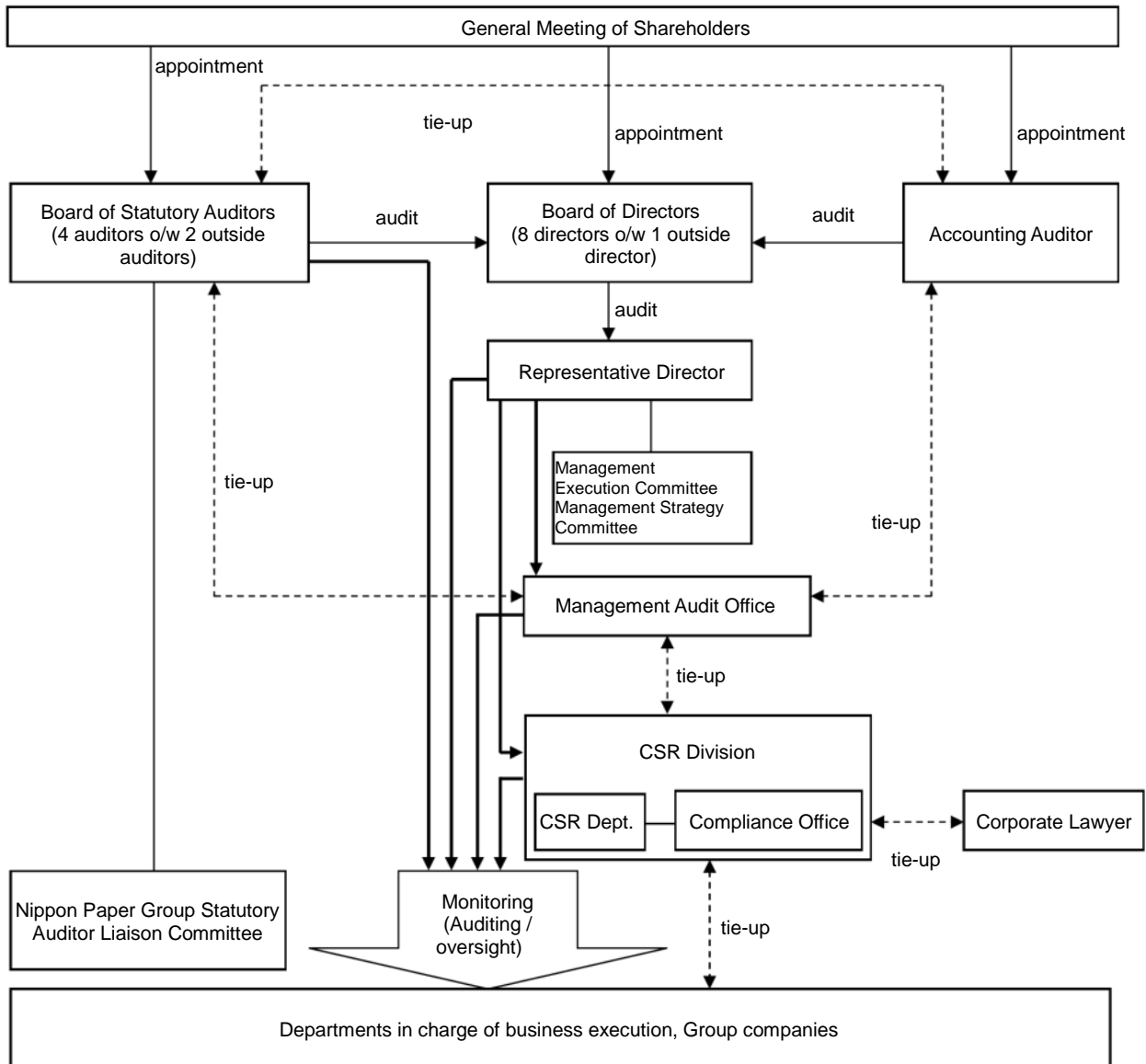
3. Disclosure of information

Regarding corporate information whose timely disclosure is deemed necessary, Public Relations Office of CSR Division makes disclosure without delay after the decision is made by the governing body in case of facts decided by the Company and the financial results and after approval by the President & Representative Director in case of material facts.

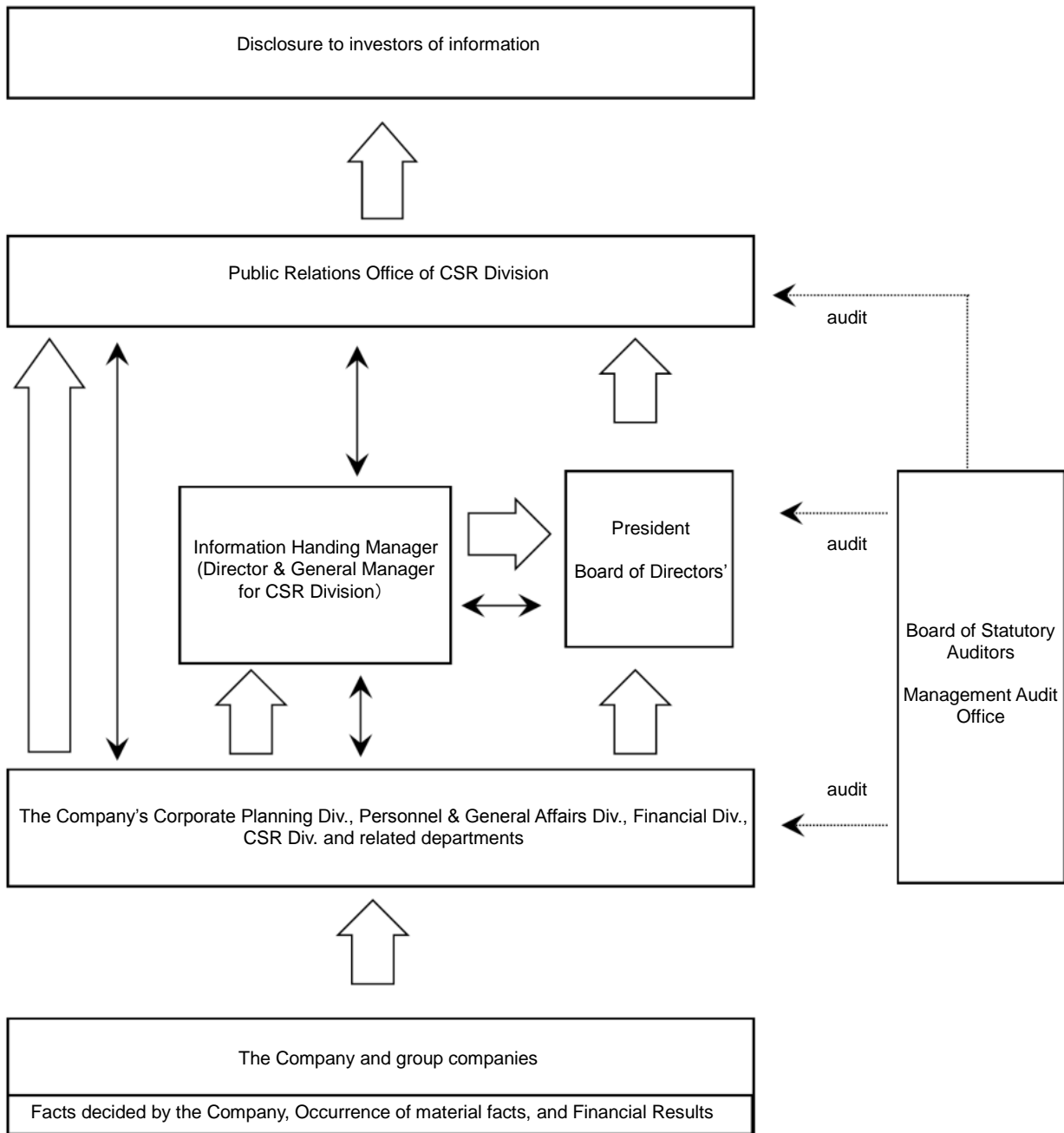
4. Proper management of insider information

The Company and the group companies ensure strict management of undisclosed corporate information and prevent insider trading based on the Regulations on Prevention of Insider Trading, etc. provided for by the respective companies.

[Reference 1] Chart of Corporate Governance System



[Reference 2] Chart Outlining Timely Disclosure System



↑ indicates an information path.

↕ indicates consultations.