

Shaping the Future with Trees

More Reliable

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Directors and Audit & Supervisory Board Members (as of June 29, 2021)

* The "Number of Company Shares Held" is as of March 31, 2021, and includes shares held by the Nippon Paper Industries executive shareholding association and Employee Share Ownership Association.

Directors



Fumio Manoshiro
Chairman and Director

Number of Company Shares Held

35,399 shares

Brief History

1953 Born
1975 Joined Jujo Paper Co., Ltd.
2006 Appointed Director, Nippon Paper Industries Co., Ltd. (NPI)
2014 Appointed President and Representative Director, NPI
2019 Appointed Chairman and Director, NPI (current position)



Toru Nozawa
President and Representative Director

Number of Company Shares Held

17,193 shares

Brief History

1959 Born
1981 Joined Jujo Paper Co., Ltd.
2014 Appointed Director, NPI
2019 Appointed President and Representative Director, NPI (current position)

Important Positions

- President and Corporate Officer
- Chairman, Japan Paper Association



Yutaka Kunigo
Outside Director

Number of Company Shares Held

0 shares

Brief History

1954 Born
2014 Representative Director and Executive Vice President, Tokyo Gas Co., Ltd. (until 2017)
2017 Chairman and Director, Tokyo Gas Engineering Solutions Corporation (until 2020)
2020 Appointed Outside Director, NPI (current position)



Kazumori Fukushima
Executive Vice President and Representative Director

Number of Company Shares Held

11,851 shares

Brief History

1958 Born
1980 Joined Sanyo-Kokusaku Pulp Co., Ltd.
2021 Appointed Executive Vice President and Representative Director, NPI (current position)

Important Positions

- Executive Vice President, Corporate Officer and Aide to the President
- President and Representative Director, Nippon Paper Crecia Co., Ltd.



Atsushi O'haru
Director

Number of Company Shares Held

12,283 shares

Brief History

1958 Born
1983 Joined Jujo Paper Co., Ltd.
2021 Appointed Director, NPI (current position)

Important Position

- Managing Executive Officer and General Manager, Sales Planning Division



Masanobu Iizuka
Director

Number of Company Shares Held

7,618 shares

Brief History

1960 Born
1984 Joined Jujo Paper Co., Ltd.
2019 Appointed Director, NPI (current position)

Important Position

- Managing Executive Officer and Chief Executive Officer, Opal



Tomoyasu Itakura
Director

Number of Company Shares Held

3,923 shares

Brief History

1964 Born
1988 Joined Jujo Paper Co., Ltd.
2021 Appointed Director, NPI (current position)

Important Position

- Executive Officer and General Manager, Financial Division



Makoto Fujioka
Outside Director

Number of Company Shares Held

1,000 shares

Brief History

1950 Born
1996 Deputy Director-General for Trade and Industry, at what was then the Ministry of International Trade and Industry, (now the Ministry of Economy, Trade and Industry)
2001 Ambassador Extraordinary and Plenipotentiary to the United Arab Emirates
2013 Director, Executive Vice President, and Senior Executive Officer, Nippon Light Metal Co., Ltd. (until 2015)
2015 Senior Director, Japan Association for Chemical Innovation (until 2019)
2016 Outside Director, Eagle Industry Co., Ltd. (current position)
Outside Director, NOK CORPORATION (current position)
Appointed Outside Director, NPI (current position)

Important Positions

- Outside Director, NOK CORPORATION
- Outside Director, Eagle Industry Co., Ltd.



Yoko Hatta
Outside Director

Number of Company Shares Held

0 shares

Brief History

1952 Born
1997 Partner, KPMG LLP New York Office
2002 Partner, KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation) (until 2014)
2008 Auditor, International Christian University (current position)
2015 Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd. (current position)
2016 Outside Auditor, IHI Corporation (until 2020)
Appointed Outside Audit & Supervisory Board Member, NPI (until 2019)
2019 Appointed Outside Director, NPI (current position)

Important Positions

- Auditor, International Christian University
- Outside Audit & Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd.

Audit & Supervisory Board Members



Kazunari Tatsu
Senior Audit & Supervisory Board Member

Number of Company Shares Held

3,431 shares

Brief History

1960 Born
1983 Joined Jujo Paper Co., Ltd.
2019 Appointed Audit & Supervisory Board Member, NPI
2021 Appointed Senior Audit & Supervisory Board Member, NPI (current position)

Important Position

- Audit & Supervisory Board Member, Nippon Paper Crecia Co., Ltd.



Tomoyoshi Nishimoto
Audit & Supervisory Board Member

Number of Company Shares Held

9,311 shares

Brief History

1962 Born
1984 Joined Jujo Paper Co., Ltd.
2021 Appointed Audit & Supervisory Board Member, NPI (current position)

Important Position

- Audit & Supervisory Board Member, NP Trading Co., Ltd.



Takafumi Okuda
Outside Audit & Supervisory Board Member

Number of Company Shares Held

0 shares

Brief History

1951 Born
1976 Assistant Judge, Tokyo District Court
2006 Judge, Tokyo High Court
2007 Chief Judge, Niigata District Court
2009 Presiding Judge, Tokyo High Court
2015 Chief Judge, Yokohama District Court
2016 Registered as attorney at law (Tokyo Bar Association)
Visiting Attorney, Mori Hamada & Matsumoto (current position)
2020 Appointed Outside Audit & Supervisory Board Member, NPI (current position)

Important Position

- Visiting Attorney, Mori Hamada & Matsumoto



Nanako Aono
Outside Audit & Supervisory Board Member

Number of Company Shares Held

0 shares

Brief History

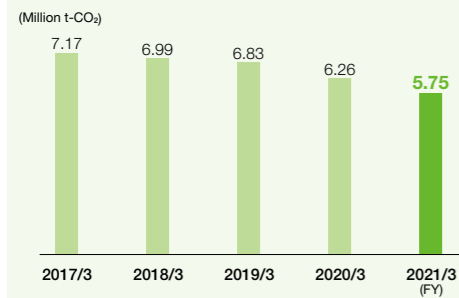
1962 Born
1995 Joined Chuo Aoyama Audit Corporation
2005 Director, BUSICOM Co., Ltd. (now OAG BUSICOM Co., Ltd.)
2008 Outside Audit & Supervisory Board Member, DUSKIN CO., LTD. (until 2016)
2010 Representative Director and President, GEN Co., Ltd. (current position)
2017 Outside Corporate Auditor, MISUMI Group Inc. (current position)
2019 Appointed Outside Audit & Supervisory Board Member, NPI (current position)
2020 Outside Director, Optex Group Co., Ltd. (current position)
2021 Outside Corporate Auditor, MEIKO NETWORK JAPAN CO., LTD. (current position)

Important Positions

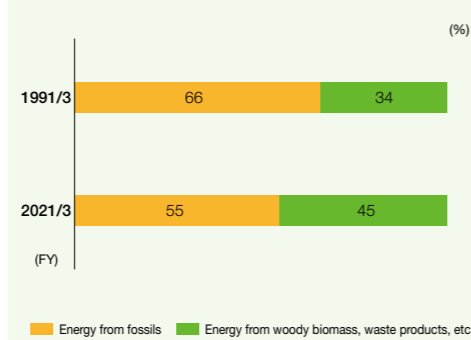
- Representative Director and President, GEN Co., Ltd.
- Outside Corporate Auditor, MISUMI Group Inc.
- Outside Director, Optex Group Co., Ltd.
- Outside Corporate Auditor, MEIKO NETWORK JAPAN CO., LTD.

Non-Financial Highlights

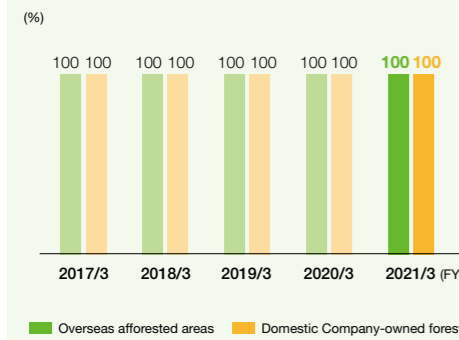
01 Greenhouse Gas Emission Volume*1



02 Fossil Energy Use Ratio in the Group (domestic*2, calorie conversion*3)



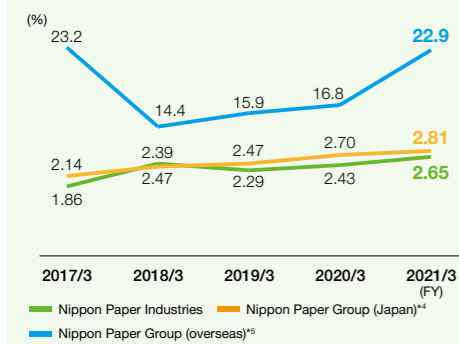
03 Forest Certification Rate in Company-Owned Forests



04 Circulation of Resources



05 Percentage of Female Managers

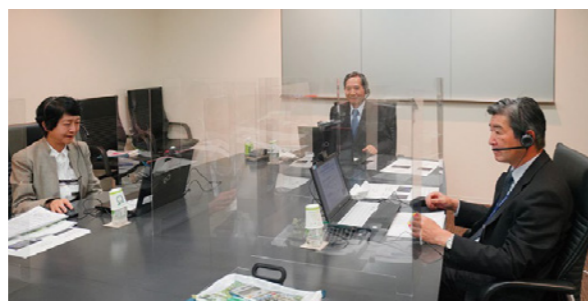


06 Supplier Survey Implementation Rate



Strengthening the Functions of Outside Directors

The Company is strengthening the functions of outside directors to enhance corporate governance by ensuring that outside directors have opportunities to engage in dialogue with institutional investors and to attend the Management Executive Committee, where monthly financial results information is shared, and the Group Management Strategy Committee, where business strategies are discussed.



Scenes from (online) dialogue between outside directors and institutional investors

01 Greenhouse Gas Emission Volume

Surpassed the targets of Green Action Plan 2020 resulting from systematic energy-saving investments and promotion of fuel conversion.

02 Fossil Energy Use Ratio in the Group

Reviewed the mix of fuels used, such as utilization of woody biomass fuel, and lowered the ratio of fossil energy used among overall fuel use.

03 Forest Certification Rate in Company-Owned Forests

By 2008, the Company had obtained forest certification and been verified by a third party as having sustainable forest management practices for all its own forests in Japan and overseas.

04 Circulation of Resources

The amount of waste generated varies from year to year, but efforts are being made to review the production process and to use boiler combustion ash for civil engineering materials.

05 Percentage of Female Managers

In April 2021, the Company formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and is working to achieve conditions in which women can continue to play an active role.

06 Supplier Survey Implementation Rate

In accordance with the Action Plan for Wood-Based Raw Material Procurement, the Company conducts supplier surveys for all pulp and all overseas wood chip suppliers to confirm their sustainability.

*1 Scope: Consolidated and non-consolidated Group companies in Japan subject to the Act on Rationalizing Energy Use

*2 Scope: Domestic companies within the environment-related organizations covered in ESG Databook 2021

*3 Estimate by Nippon Paper Industries based on Primary Energy Trends in Domestic Energy Supply for Fiscal 2019 reported by the Agency for Natural Resources and Energy

*4 Scope: Consolidated Group companies in Japan

*5 Scope: Consolidated Group companies overseas, all managers of sections or higher (including department managers and section managers)

Sustainability Management

Basic Stance

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

Under the 2030VISION formulated in May 2021, the Company clearly states that it will promote sustainability management as a comprehensive biomass company shaping the future with trees.

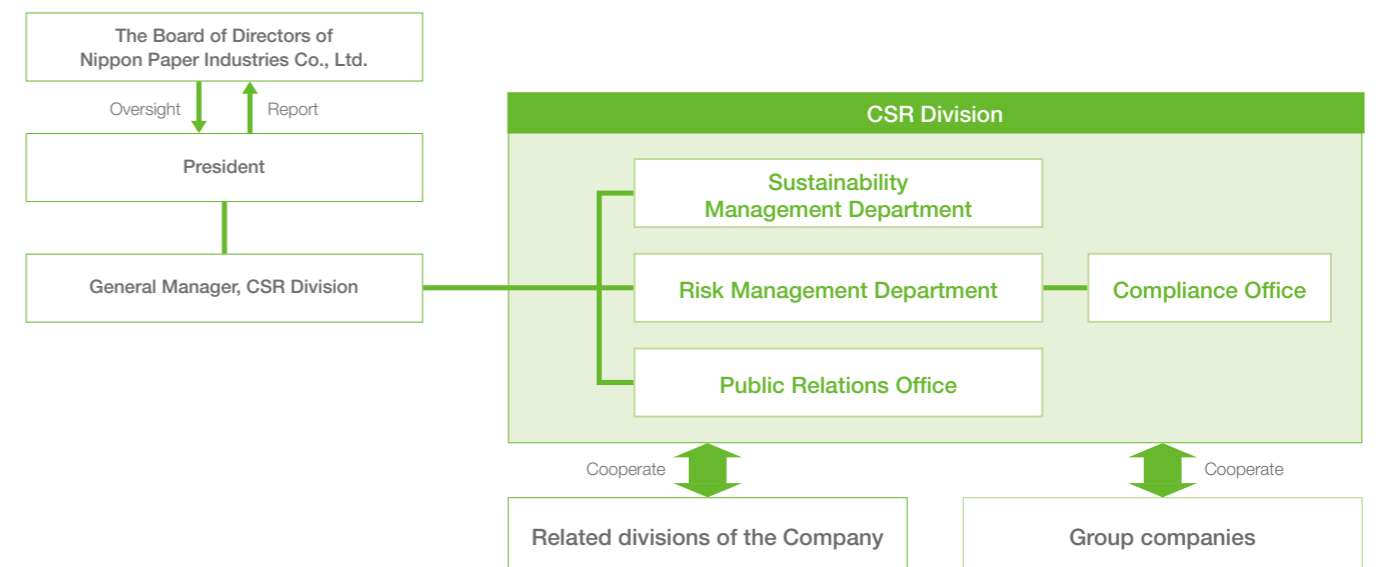


Promotion Structure

The Company formulated an Environmental Charter in 1993 to take a long-term standpoint on addressing circulation of resources and environmental preservation. The Company established a CSR committee in 2003 and used this as a basis to promote building a management framework to fulfill its corporate social responsibilities, and has established principles and basic policies related to raw material procurement, the environment, product safety, human rights, employment and labor, safety and disaster prevention and contributions to society. The Company established

a new CSR Division in 2008 leading to stronger CSR management.

Currently, the CSR Division, which reports directly to the president of the Company, includes the Sustainability Management Department, Risk Management Department, Compliance Office, and Public Relations Office, and is engaged in responding to ESG issues, promoting risk management and disclosing appropriate information toward realizing the Vision within the Group Mission.



Response to Social Issues Addressed in the 2030VISION

Nippon Paper Industries has formulated the 2030VISION as a guideline that clarifies management issues needed to achieve the vision it has drawn for the Nippon Paper Group to aim at for 2030. One of the basic policies of the 2030VISION is "respond to rapid changes in the social landscape such as CO₂ reduction and environmental issues." To promote sustainability management pursuing both societal

and environmental sustainability, together with corporate growth, the Nippon Paper Group will strengthen its business base and contribute to building a carbon-neutral society by reviewing its energy mix around an axis of coal reduction and maximization of forest value and expansion of products that have maximized utilization of wood resources.

CO₂ Reduction

The Nippon Paper Group is proactively moving forward on reducing fossil fuel use by reviewing its energy mix and energy conservation over the next 10

years in order to cut greenhouse gas emission volume in production processes, aiming to realize carbon neutrality in 2050.

	2021	2030	2050
Basic Policy	Reduce fossil fuel use by maximizing use of existing infrastructure		Conversion of energy use base
Self-generation	Review energy mix Reduce volume used by restructuring the production system Steady implementation of energy conservation		Decarbonization, move to carbon neutrality
Power generation business	Review energy mix		New utilization following the end of the FIT program Decarbonization, move to carbon neutrality
New fuels	Development and social implementation of biomass fuel		Internal use and sales of biomass fuel

FY2031/3 target GHG emissions (Scope 1 and 2) **45% reduction (compared to FY2014/3)**

Green Strategy

The Company is maximizing forest value and strengthening its business base by enhancing various functions such as CO₂ absorption and biodiversity preservation in Company-owned forests and forests

where it procures wood resources. The Company is also advancing construction of a carbon-neutral society by expanding biomass products in conjunction with enhanced productivity in forests.

Maximize Forest Value

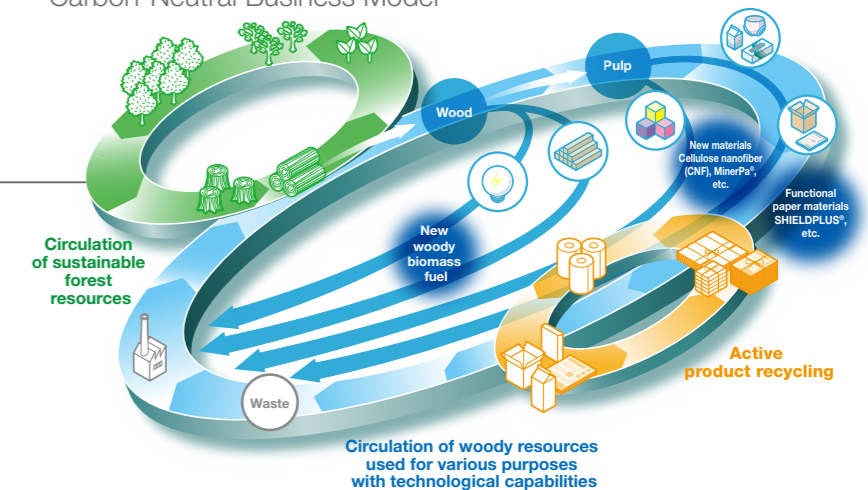
- Strengthen the business base through sustainable forest management considering the environment, society and the economy
- Improve forest productivity to secure stability of resources and to expand the volume of fixed CO₂

Expand Biomass Products

- Develop and expand sales of various biomass products through cascading use of wood
- Increase the volume of fixed CO₂ through popularization and expansion of biomass products

FY2031/3 target Fixed CO₂ efficiency rate (overseas afforested areas) **30% improvement (compared to FY2014/3)**

Carbon-Neutral Business Model



Strengthening the Three Circulations

The Nippon Paper Group has human resources with advanced skills, Group companies arrayed across a wide range of fields and a wealth of research and development results. Using this as a base to reinforce the Three Circulations, the Group will contribute to both business growth and building a circulating society.

Circulation of sustainable forest resources

- Pursue maximization of forest value through Company-owned afforested areas and forests in Japan and overseas
- Improve productivity by deploying proprietary breeding and propagation technologies developed in the Company's afforested areas in forests that are Company-owned or those the Company uses for procuring resources

Circulation of woody resources used for various purposes with technological capabilities

- Develop various environmentally friendly products using wood resources and expand fixed CO₂ throughout all of society
- Grow business through innovative materials, such as CNF, MinerPa® and new woody biomass fuel and promote carbon circulation through wood resources
- Reduce the CO₂ generation amount during transport by using Nippon Paper Crecia's long-lasting rolls and CNF-reinforced resin (which enables weight reduction)

Active product recycling

- Actively utilize hard-to-recycle wastepaper
- Construct collection schemes for paper cups, liquid packaging products and barrier paper materials, and minimize environmental burden

Reinforcement of Corporate Governance

The Nippon Paper Group is continuing to strengthen governance efforts, taking into account revisions of the Corporate Governance Code.

- Separation of supervision and business execution
The Company will promote strengthening the functions of outside directors by ensuring continued opportunities for them to engage in dialogue with institutional investors and attend meetings to discuss business strategies.
- Clarifying authority and responsibilities in execution
From FY2022/3, a chief officer will be newly appointed to clarify authority and responsibility for execution, as well as optimize the entire Group and accelerate growth

by strengthening the cross-functional organization.

- Addressing sustainability-related issues
In response to the increase in natural disasters in recent years, the Risk Management Committee will play a central role in operating business continuity management (BCM), formulating and periodically reviewing BCP, and strengthening preparation for natural disasters at mills.

Moreover, regarding the Company's response to climate change, it endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021 and is disclosing more information in accordance with recommendations (→ P. 82-83).

Maximizing Utilization of Human Resources

The Company is responding to changes in the environment surrounding human resources, including the declining population in Japan, low birthrate and aging. In addition to human resource allocation attuned to business structure changes, the Company will promote job satisfaction, ease of working,

diversity including opportunities for women to be active, and implement measures for building relationships to ensure growth for both employees and companies, recruitment of seniors with an eye to extending the retirement age, and safe workplace creation to eliminate accidents and disasters.



Basic Stance

As the holding company of the Nippon Paper Group, Nippon Paper Industries established its Corporate Governance Policy in November 2015 as a guideline for the Company's basic approach to management and control of the Group, so as to achieve sustainable growth and enhance corporate value over the medium to long term in line with its corporate mission.

The Company's highest management priority is to

further enhance management transparency to shareholders and other stakeholders, and to realize fair management. The Company has adopted an executive officer system and is working to strengthen the oversight function of its Board of Directors to ensure the separation of business execution and management oversight. The Company is implementing growth strategies, monitoring businesses under its control, and promoting compliance.

Initiatives for Strengthening Corporate Governance

- FY2007/3**
 - Formulated the Basic Policy for Establishing the Internal Control System
 - Shortened director terms to one year from two
- FY2014/3**
 - Adopted an executive officer system
 - Began appointing independent outside directors
- FY2016/3**
 - Established the Corporate Governance Policy
 - Began evaluating the effectiveness of the Board of Directors
- FY2017/3**
 - Established the Personnel & Remuneration Advisory Committee
 - Increased the number of independent outside directors to two
- FY2020/3**
 - Increased the number of independent outside directors to three
 - Appointed one female outside director and one female outside Audit & Supervisory Board member
 - Ensured the Personnel & Remuneration Advisory Committee consists mainly of outside directors
 - Introduced the Board Benefit Trust as a stock compensation system
- FY2021/3**
 - Revised part of the Corporate Governance Policy concerning the policy for determining director remuneration

Corporate Governance Structure

Board of Directors

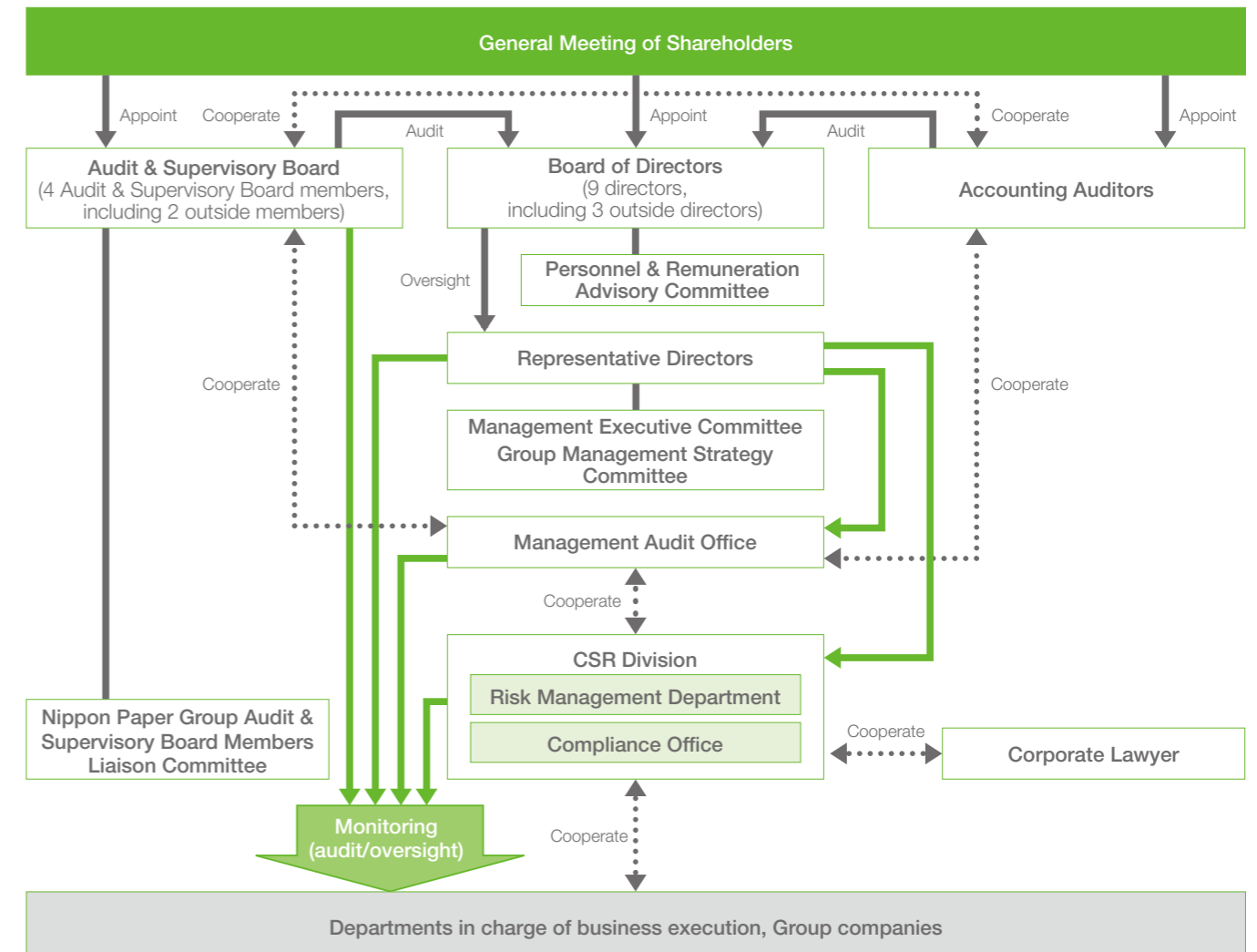
In May 2006, the Company formulated its Basic Policy for Establishing the Internal Control System.

The role of the Company's Board of Directors is stipulated in the Corporate Governance Policy. The Board of Directors shall bear the supervisory function of management as a whole and make the most appropriate decisions for the Company through deliberations, etc. on the execution of important business issues that are to be decided, under laws, regulations, and the Articles of Incorporation, by the Board of Directors. The Board of Directors shall also supervise the status of the execution of duties by the president and representative director and other corporate officers. In view of the importance of environmental and social challenges related to sustainability, the Board of Directors shall raise awareness among

officers and employees, and strive to facilitate the sustainable development of society and enhance the corporate value of the Group by promoting active efforts to resolve challenges while giving consideration to stakeholders.

The Company's Board of Directors shall ensure a balance of knowledge, experience, abilities, and diversification by comprising internal directors who have excellent abilities to execute and manage each business in their charge and outside directors who have specialized knowledge and extensive experience. The board achieves a 1/3 ratio of outside directors among the board members. Furthermore, the Company has appointed one female outside director and one female outside member of the Audit & Supervisory Board.

Corporate Governance Structure (as of July 1, 2021)



Type of Organization	Company with Audit & Supervisory Board
Chairman of the Board of Directors	Chairman and Director: Fumio Manoshiro
Number of Directors	9 (including 3 outside directors)
Number of Audit & Supervisory Board Members	4 (including 2 outside Audit & Supervisory Board members)
Number of Appointed Independent Officers	5 (including 3 outside directors and 2 outside Audit & Supervisory Board members)
Board of Directors Meetings Held in FY2021/3	Number of meetings: 13 Average rate of attendance by directors: 100.0% (outside directors: 100.0%) Average rate of attendance by Audit & Supervisory Board members: 98.1%
Audit & Supervisory Board Meetings Held in FY2021/3	Number of meetings: 14 Average rate of attendance by Audit & Supervisory Board members: 100.0%
Independent Accounting Auditor	Ernst & Young ShinNihon LLC

Corporate Governance Policy



Corporate Governance Report



Basic Policy for Establishing the Internal Control System (Japanese only)



Management Executive Committee

Usually, the Company's Management Executive Committee meets once a week to deliberate on important management-related matters under the authority of the president to assist in the execution of the president's duties. Committee membership is basically composed of the president, other directors (excluding outside directors) and general managers

who do not serve as directors.

Meetings of the Management Executive Committee, held once a month, are attended by outside directors and general managers of the Company's mills in order to share information on monthly financial results among management.

Group Management Strategy Committee

The Company's Group Management Strategy Committee meets as necessary to deliberate on management strategies by business segment and other important matters related to the Group.

Committee membership is composed of the Company's management and presidents of major companies of the Nippon Paper Group.

Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board members of the Company attend important meetings, such as meetings of the Board of Directors, the Management Executive Committee, and the Group Management Strategy Committee. In addition to strict monitoring of the execution of business by directors, the auditors strictly audit whether all company operations are conducted legally and appropriately, through on-site

audits of each division, business site, and Group companies.

The Audit & Supervisory Board periodically holds meetings with the representative directors, working to deepen mutual understanding. The Audit & Supervisory Board also strives to enhance Group audits by strengthening cooperation with auditors of each Group company.

Management Audit Office

The Company's Management Audit Office is directly under the president's control, and it conducts an internal audit of the Company and each Group company and a comprehensive evaluation of the maintenance and operation of the internal control system as

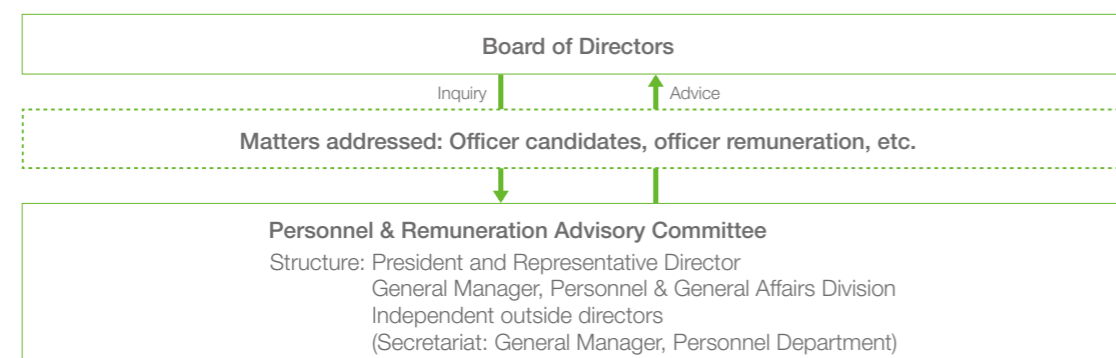
it relates to financial reporting. It also holds monthly information exchange meetings with the Audit & Supervisory Board members to ensure cooperation between Audit & Supervisory Board members and internal audits.

Personnel & Remuneration Advisory Committee

The Company's Personnel & Remuneration Advisory Committee receives inquiries from the Board of Directors on matters such as the selection process, qualifications, and reasons for nomination of director and Audit & Supervisory Board member candidates, the criteria for determining the independence of outside officers, and the remuneration system for directors. The committee responds to inquiries regarding appropriateness while obtaining appropriate

involvement and advice from independent outside directors and conducting inquiries based on its assessment of the Company's business performance and other factors. The Board of Directors shall make decisions regarding nomination of directors and Audit & Supervisory Board members, compensation for directors, etc. after receiving reports from the Personnel & Remuneration Advisory Committee.

Structure and Functions of the Personnel & Remuneration Advisory Committee



Independent Officers

The Company designates all outside directors who meet the requirements as independent officers. When appointing candidates for outside director or outside Audit & Supervisory Board member, the Company judges their independence by taking into consideration whether they satisfy the independence criteria

provided by the Tokyo Stock Exchange and the requirements for independence provided by laws and regulations (having not served as director, employee, etc. of the Company and its subsidiaries in the past), in addition to considering the existence of any conflicts of interest with general shareholders.

Outside Directors	Makoto Fujioka Mr. Fujioka was Deputy Director-General for Trade and Industry, at what was then the Ministry of International Trade and Industry, (now the Ministry of Economy, Trade and Industry) and Ambassador Extraordinary and Plenipotentiary stationed in the United Arab Emirates. He has also acted as an executive of a private company. He is expected to supervise and advise the execution of duties of the Company's other directors from an objective perspective using extensive knowledge and international awareness gained through his experience in both the public and private sectors.	Yoko Hatta Although Ms. Hatta has never been engaged in corporate management directly, it is expected that she will draw on her broad work experience in international accounting firms, considerable expertise in international tax practices, etc., and experience as an outside Audit & Supervisory Board member of the Company (from June 2016 to June 2019) to supervise and advise the execution of duties by the Company's other directors from an objective perspective.	Yutaka Kunigo Mr. Kunigo engaged in a wide range of fields at Tokyo Gas Co., Ltd., such as engineering, personnel affairs, procurement, sales, and overseas operations. He is expected to supervise and advise the execution of duties of the Company's other directors from an objective perspective using extensive experience and broad knowledge accumulated through his experience in managing a company as an executive.
	Takafumi Okuda Although Mr. Okuda has never been engaged in corporate management directly, it is expected that his extensive experience and broad knowledge accumulated as a legal professional in a judicial organization will enable him to act as an auditor of the Company and audit the execution of business activities by the Company's directors from an independent and objective perspective and contribute to improving the soundness and transparency of the Company's management.	Nanako Aono The Company determines that Ms. Aono's experience in serving as a director and auditor in private sector companies in a wide range of fields and the extensive knowledge she has accumulated as a certified public accountant will enable her to audit the execution of business activities by the Company's directors from an independent and objective perspective and contribute to improving the soundness and transparency of the Company's management.	

Evaluation of the Effectiveness of the Board of Directors

To continuously strengthen its functions, the Company's Board of Directors has been conducting self-evaluations of its effectiveness since FY2016/3. Once per year, the secretariat of the Board of Directors conducts a survey of the directors and Audit & Supervisory Board members regarding

management and the discussions held at its meetings. The results of the survey are reported to the Board of Directors, which analyzes and evaluates its effectiveness through deliberations, etc. on the reported contents and works toward improvement based on the results thereof.

Outline of the Results of the Analysis and Evaluation in FY2021/3

In December 2020, the Board of Directors conducted a self-evaluation of its effectiveness in the form of a survey. The results of the analysis showed the board was broadly appropriate overall in the five viewpoints of composition, agenda items submitted at meetings, conduct at meetings, training of directors and Audit & Supervisory Board members, and provision of information and support for outside directors.

The board has since added "Discussion by the Board of Directors" as an evaluation point and assessed whether or not discussions were being held based on medium- to long-term viewpoints. The

Board of Directors guaranteed opportunities to discuss strategic matters and the Company's long-term vision at board meetings. This has deepened awareness of medium- to long-term strategic issues and the board's oversight function has improved.

Based on the various opinions and suggestions obtained through the evaluation of effectiveness, the Board of Directors will continue to improve its method of operation and strengthen governance by expanding reported items, guaranteeing more time for deliberation, and making documents easier to understand.

Officer Remuneration

The Board of Directors decides remuneration for officers after receiving a report from the Personnel & Remuneration Advisory Committee. In accordance with the revised Companies Act, which took effect on

March 1, 2021, the Board of Directors has resolved to partially revise the Corporate Governance Policy to improve the transparency of procedures for determining executive compensation.

Monthly Remuneration

The standard amount of monthly remuneration for directors shall be decided according to his/her responsibilities within the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid after adjustment based on the Company's performance in the preceding business year. The standard amount is determined using objective survey data from outside sources and giving consideration to factors including the Company's performance, scale of business, and managerial circumstances.

Performance indices are established to effectively function as motivation to achieve performance targets, and are reevaluated as needed in response to changes of circumstance.

Monthly remuneration for outside directors and outside Audit & Supervisory Board members shall be fixed. In light of their responsibilities, contributions to the executive shareholding association are on a voluntary basis.

Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members in FY2021/3*1

	Number of Executives*2	Total Amount of Remuneration, etc. by Type			Total Amount
		Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration	
Directors	10	¥299 million	¥70 million	¥32 million	¥403 million
(Outside directors)	(4)	(36 million)	(—)	(—)	(36 million)
Audit & Supervisory Board members	5	58 million	—	—	58 million
(Outside Audit & Supervisory Board members)	(3)	(13 million)	(—)	(—)	(13 million)

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

*2 Includes one director and one Audit & Supervisory Board member who resigned during FY2021/3.

Stock Remuneration Plan

The Company has introduced the Board Benefit Trust (BBT) as a stock compensation plan. The objective of the BBT is to further clarify the link between the compensation provided to directors and the Company's share value and thereby increase directors' motivation to contribute to improving the Company's medium- to long-term performance and increasing its corporate

value by sharing the benefits and risks associated with share price fluctuations with shareholders.

The composition ratio of fixed remuneration, performance-based remuneration, and stock remuneration provided to directors is appropriately established based on the objectives of each type of remuneration.

Remuneration for Internal Directors

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

Cultivation of Successors to the President and Directors

Successor to the President

Nippon Paper Industries develops candidates for succession to the president by placing them in successively important roles such as executives and directors. Personnel matters related to executives and directors who are potential presidential candidates are deliberated by the Personnel & Remuneration Advisory Committee, which is an advisory body that reports to the Board of Directors. The Board of Directors, upon receiving the report, will carefully examine its contents,

deliberate, and decide on the candidate.

Through this process, the Board of Directors supervises the development of candidates to become the next president in a systematic and ongoing manner.

The process for the appointment and dismissal of the president is the same as that for candidates for directors, in that the Personnel & Remuneration Advisory Committee conducts a review and submits a report based on consultations with the Board of Directors.

Developing Candidates for Directors

From the standpoint of securing human resources capable of assuming management in the future, the Company makes a point of placing employees—particularly those in career-track positions—in various positions and rotations in different departments. It also makes an effort to appoint employees as early as possible to positions as managers and other

important posts and positions in which they assist management, such as the top management of affiliated companies and overseas subsidiaries. In this manner, it strives to develop a robust base of employees with highly sophisticated expertise and work experience, cultivating them for selection as the next generation of director candidates.

Policy for Executive Training, etc.

To support the execution of duties by directors, the Company provides information on matters necessary for their roles and functions (such as economic conditions, industry trends, legal compliance,

corporate governance, finance, and accounting) on an ongoing basis. It also ensures opportunities to participate in external training based on the needs of individual directors.

Achieving a radical shift toward sustainable growth through strong leadership by top management



Yoko Hatta
Outside Director

Makoto Fujioka
Outside Director

Yutaka Kunigo
Outside Director

In the 2030VISION, the Nippon Paper Group upholds realizing sustainable growth as a comprehensive biomass company shaping the future with trees as its Vision for 2030. In this roundtable discussion, outside directors Makoto Fujioka, Yoko Hatta, and Yutaka Kunigo spoke about strengthening the Group's governance.

Utilizing distinct expertise in supervision of management execution

— How do you utilize your own experience and skills?

Fujioka I worked for the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) where I oversaw matters such as industrial and energy policies, international economics, and patents and IP, and spent roughly 10 years working overseas during that time. I have also been widely involved in corporate sustainability from the viewpoint of management at private companies as a person in charge of areas such as environmental management, CSR, and compliance. After leaving that position, I worked as Senior Director of the Japan Association for Chemical Innovation, a public interest incorporated association that aims to promote innovation in the field of chemicals.

Although the Group has a long history in the traditional industries of pulp and paper, it is striving to evolve itself by adapting to the changing business environment. I feel that it has begun to change drastically, particularly in the past few years. The Company has been utilizing wood, a recyclable resource, as a raw material, which I feel fits incredibly well with recent trends. At occasions such as Board of Directors meetings, I try to provide opinions based on my experience as an administrator and a corporate manager in order to advance these changes.

Hatta I was employed at a U.S. accounting firm from the 1980s to the 2000s, and worked solely on tax matters. During my stay in the U.S., and after my return to Japan as well, I was consulted by clients many times regarding issues they faced in overseas development and struggles resulting from cultural differences, and also conveyed information about

U.S. tax matters to Japanese companies. For reports about corporate governance from the Ministry of Economy, Trade and Industry that had been translated into English in the U.S., I also compiled reports about Japanese corporate governance as seen from an American perspective based on interviews with American investors, corporate groups and universities.

The Group's top management makes a conscious effort to demonstrate strong leadership. I admire its steady engagement in overseas business, through subsidiaries such as Nippon Dynawave Packaging Company, LLC and Opal. I was appointed as an outside director in 2019, and try to provide opinions utilizing my specialized knowledge of tax matters.

Kunigo I worked intensely at Tokyo Gas Co., Ltd. for 43 years, during which I devoted the longest amount of time to setting up infrastructure for manufacturing supply, and was responsible for the closure and new installation of factories. I was also involved in the procurement of LNG and sales operations of gas for manufacturers such as Nippon Paper Industries. In my final years at Tokyo Gas, I was responsible for initiatives involving renewable energy and decarbonization. In addition to all this, I worked on a large number of investment projects when I was responsible for overseas business. By providing opinions at meetings such as those of the Board of Directors, I hope to utilize my experience for the Group. Although I have only served as an outside director of the Company for a little more than a year, I am aware of what a challenging task transforming the Group's business structure will be. At any rate, my impression is that many of the Company's employees are diligent. I think that utilizing that diligence and workplace skills will be the central point of future development.

While there is an impression that outside directors are being utilized more, it is important to constantly work on improving governance

— Please talk about your evaluation of the Group's governance as well as issues.

Fujioka I feel that the Group is working incredibly earnestly on enhancing governance. The Group is steadily promoting measures such as specifically increasing the number of outside directors, appointing female outside directors, and establishing a Personnel & Remuneration Advisory Committee. I would particularly like to evaluate the Group on its position of making various efforts to increase the transparency and effectiveness of the Board of Directors such as by utilizing outside directors.

Outside directors also attend meetings such as of the Management Executive Committee, where monthly financial results are reported, and the Group Management Strategy Committee. These meetings serve as opportunities to obtain the latest information, and are incredibly useful when it comes to deepening discussion at Board of Directors meetings. Even in the process of formulating the 2030VISION and Medium-Term Business Plan 2025, opportunities for the president and outside directors to exchange opinions were established, in addition to deliberation at Board of Directors meetings, thereby greatly deepening discussion.

Kunigo In corporate governance, monitoring makes up a large part of the role fulfilled by outside directors. As Mr. Fujioka stated, I was surprised that we were allowed to attend Management Executive Committee meetings. I think that revealing discussions about management execution to outside directors is unprecedented. There is absolutely no sense that we are being shut out, and the Group consults with us on various issues in advance. There are also opportunities for outside directors to engage in dialogue with institutional investors. There are not many companies that practice this, so I feel high expectations for outside directors on this point as well.

In regard to this type of company stance, as an outside director, I believe that I must properly monitor the status of management execution at every opportunity. For governance to be effective, I think it is important to ensure monitoring is not conducted from a short-term perspective, but one in which we properly identify areas for improvement, and inadequacy, looking ahead 5 or 10 years.

Hatta To borrow Mr. Kunigo's expression, the Group's governance can be summed up with a single word—"diligence." As a company with a long history, it is presumed the personnel and organization are solid. Naturally, there are cases where that becomes a hindrance, but I feel that the Company is working proactively to listen to outside opinions.

To give an example, I was previously employed as an outside Audit & Supervisory Board member of the Company. At that time, meetings were held where monthly results were examined from top to bottom. I asked frankly, "What was the point of that?" I proposed having meetings where we focused on pointing out the problems instead. As a result of my suggestion, the way those meetings are held has now changed. In this way, I have seen the Group listen to outside opinions, incorporate useful elements from the perspective of governance after reevaluating its structure and methods, and change.



Fujioka On the other hand, the Group's issue will be to constantly evaluate the form of the governance structure, remain vigilant and work hard on improvements as the social environment undergoes drastic changes. I think it is important for the Board of Directors to carry out discussions with more emphasis on the Group's medium- to long-term issues and its management strategy.

Hatta Up until now, the Group has experienced success with paper. However, the Group must now respond to the dramatic

changes in the external environment with real change. In order to do that, it is necessary that departments cooperate and collaborate in terms of each specialty area and work flexibly to produce synergies, rather than operate separately, and I feel that this is an issue for the Group. Now, we are in the middle of trying to build that type of structure under the leadership of the president.

The ability to make the crucial decision to review the production structure can be evaluated. The challenge is to use speed and collaboration to expand in growth areas.

— How do you evaluate the progress of initiatives for the transformation of the business structure? And what do you think are the issues?

Kunigo I rated the Group highly for quickly deciding to withdraw from the paper and pulp business at the Kushiro Mill and shut down the largest facility at the Ishinomaki Mill, as well as the shift from paper to household paper at the Fuji Mill. I myself was involved in plant closures during my time at Tokyo Gas, but I presume that being forced to make a decision in such a short amount of time must have been difficult for the Company, which had centered itself around the paper business over many years.



Fujioka As for the reorganization of the domestic paper production structure, which involves closures and shutdowns of mills and production facilities, my evaluation is similar to Mr. Kunigo's. It will be difficult and cause hardships, but the Company is aware it must tackle these medium- to long-term issues and has been working vigorously. In addition, the Group has decided to make large purchases in the U.S. and Australia for its overseas business. Meanwhile, it has moved ahead with neatly reorganizing existing overseas businesses which do not show future potential. So far, the Group has made considerable effort toward transforming the business structure in this way, and I feel that results are gradually appearing.

Hatta Mill closures have a tremendous impact on local economies as well, making them an extremely difficult decision. In particular, I evaluate the Group highly for closing the paper machine at the Ishinomaki Mill, which was announced this past May. As that machine is a symbol of recovery from the Great East Japan Earthquake, the message had a strong impact on employees. Accelerating the business restructuring has been designated as the basic strategy of Medium-Term Business Plan 2025, however an issue lies in how to maintain this momentum and complete the transformation. For that reason, we must be aware of lateral communication between divisions, which is not currently sufficient.

Kunigo I think the Group's issue from now on is that we must synchronize the two wheels of optimizing the production system and investing in growth fields.

Fujioka Going forward, considerable effort will be needed to achieve the sales ratio target of 50% or more for the Daily-Life Products Business, which is a growing field, in FY2031/3. When we consider the impact of the pandemic and the evolution in lifestyles emerging from people's increased awareness of

health and hygiene, in addition to changes in the business environment surrounding paper, it is necessary to work on structural reform more quickly than ever before. We could say this is more of a challenge than an issue. In order to succeed, each individual employee within the Company, from research and development to sales and manufacturing, must adapt.

Achieving a radical shift toward sustainable growth through strong leadership by top management

Evolving as a comprehensive biomass company through the leadership demonstrated by top management

— I would like to hear your thoughts about the possibility of achieving the 2030VISION and Medium-Term Business Plan 2025.

Kunigo The 2030VISION has a clear message, and I think the employees are in agreement as well. If top management properly illustrates their 2030VISION for the next 10 years and demonstrates strong leadership to steer the Company in that direction, then I think we can achieve good results by using the workplace skills the Group has cultivated so far.

Meanwhile, because of the specific steps required in the next 10 years to achieve the 2030VISION, many aspects will need to be considered at the same time as running the business, so a sense of speed will also be necessary. Nippon Paper Industries has a structure in which the entire organization directly connects to the president, so in that regard, I think it will be able to make efforts with that sense of speed.

On the other hand, one thing the Company is lacking is, as Ms. Hatta also pointed out, lateral communication. I think that strengthening this will require strong leadership. As President Nozawa aims to transform the business structure and achieve profit targets by enhancing communication through sales leadership, I feel he is acutely aware and expect the Company to achieve that sense of speed.

Hatta In the process of working to achieve the 2030VISION, I predict that unexpected circumstances such as natural disasters will also occur. Will the Company be able to remain motivated in the face of such unexpected circumstances? This is an incredibly difficult task, but I think the Company will be able to pull through.

Meanwhile, as securing human resources becomes difficult due to the low birthrate and aging population, employees will probably be required to operate beyond the roles which they have confidently undertaken up to now. For that reason, it will also become necessary to flexibly incorporate ways of thinking unlike anything before and promote diversity.

The Company's business foundation is wood, which allows it to demonstrate its strengths on both environmental and social fronts. As the Company is a material manufacturer, it is far removed from consumers, which is an issue. However, advancing research and development with a focus on profit through practical implementation of woody resources in new fields will probably become the central point.

Fujioka If the Group succeeds in transforming into a true comprehensive biomass company shaping the future with trees, I think it will be able to realize sustainable growth as a company with a unique presence in society. Wood is a renewable resource, and so the Company's business activities, which are based on wood, will be able to help form a truly sustainable circulating economy.

There will be many issues and challenges to reach that point. First of all, although I have repeated myself many times, the Company must itself adapt to the changes in the world with a sense of speed.

Additionally, amid those changes, I think that internal human resource development and promotion of synergies with external sectors will become critical to utilize the latest digital technology such as AI.

Hatta To make a comparison, the Company has so far been a team that has won by making strong defensive plays with each individual player in their assigned positions. However, it is as if they are now being told to become a professional organization that gains points, adapts to environmental changes and scores a victory by having all members work cooperatively. That is not something that can easily be achieved.

Therefore, both top management and employees are in a position where they must change their previous ways of thinking, and work hard as a team with a flexible mindset. I hope that they can firmly succeed at this tremendous transformation through the leadership demonstrated by top management.





Basic Stance

The Nippon Paper Group conducts risk management during normal operation and in the event of emergencies, with the aim of preventing managerial risks from manifesting and minimizing the impact of those that do occur. All possibilities that may result in a physical or economical loss or a loss of credit or

disadvantage to the Group are considered risks to the Group.

Basic Policies

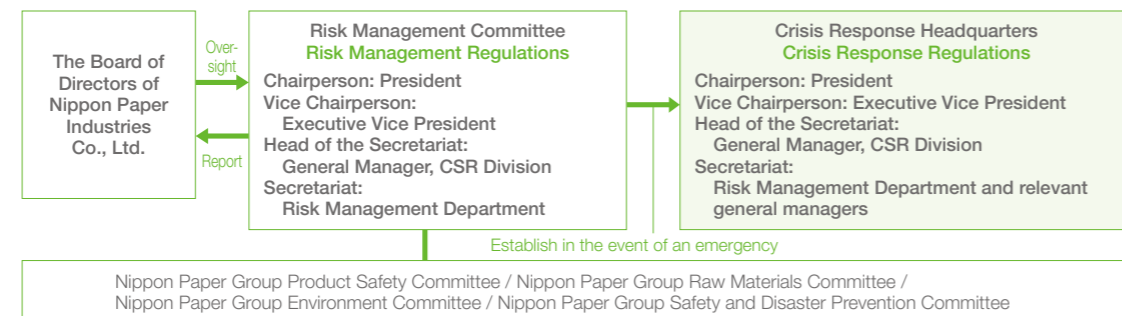
- (1) Prioritizing human life and safety
 - (2) Continuing business
- Under the aforementioned policies, we will follow and comply with the guidance and recommendations of national and regional governments.

Promotion Structure

Nippon Paper Industries Co., Ltd. has established its Risk Management Committee, which is chaired by the president and representative director under the supervision of the Board of Directors and meetings are held once per year or more. The Risk Management Department established within the CSR Division serves as the secretariat. In normal operations, the committee regularly identifies and evaluates the Group's risks, considers and deliberates

measures to reduce its risks and at the time when the risks occur in reality, and reports them to the Board of Directors.

In the event of an emergency, a crisis response headquarters will be launched. The crisis response headquarters swiftly carries out initial responses and BCPs (business continuity plans) in the event of emergencies depending on risks such as earthquakes, typhoons, and infectious diseases.



Risk Management Activities

In FY2021/3, the Risk Management Committee carried out an identified sampling of risks from the Company and five consolidated and non-consolidated subsidiaries to evaluate their managerial impacts and their frequency of occurrence.

At the same time, the Group is working to establish business continuity management (BCM) for the major risks it has identified based on the assumption of the occurrence of large-scale natural disasters, which have become more frequent in recent years. In addition to promoting the stockpiling of food and daily commodities, the Group is formulating and reviewing our BCP, including inventory response and

Main Identified Risks

- Decreased demand in Japan and overseas
- Changes in market demands
- Earthquakes, tsunamis, volcanic eruptions, typhoons, floods, extraordinarily heavy snowfall
- Fires, explosions
- Equipment malfunction, deterioration, etc.

alternative production to ensure a stable supply of products, based on the assumption of earthquakes, typhoons, and the spread of infectious diseases.

Also, each plant uses hazard maps to recognize the characteristics of its location and formulates disaster mitigation measures in advance, which are utilized in daily preparations.

Committees Held (FY2021/3)	Number of Times	Attendees
Risk Management Committee	1	Nippon Paper Industries Co., Ltd. // President / Executive Vice President / General Manager, CSR Division / General Manager, Personnel & General Affairs Division / General Manager, Corporate Planning Division / General Manager, Financial Division / General Manager, Raw Materials and Purchasing Division / General Manager, Research and Development Division / General Manager, Technical & Engineering Division / General Manager, Sales Management & Planning Division
Crisis Response Headquarters (Response to COVID-19 and earthquakes)	6	Nippon Paper Industries Co., Ltd. // Chairman, President, Executive Vice President, and all general managers
Report to Nippon Paper Industries Co., Ltd. Board of Directors	1	Nippon Paper Industries Co., Ltd. // Chairman, President, Executive Vice President, and all directors



Basic Stance

Nippon Paper Industries Co., Ltd. has formulated the Nippon Paper Group's Action Charter and the Nippon Paper Group's Codes of Conduct based on its Corporate Governance Policy. Its Group companies also have codes of conduct. Based on the Nippon Paper Group's Action Charter, the Group's position is that "Compliance goes beyond laws and regulations

to include decency, common sense, customs, and other rules and 'social norms' that are expected by society in general, and we are called upon to respond to the expectations and trust of society." The Group continually carries out activities that raise employees' awareness of compliance.

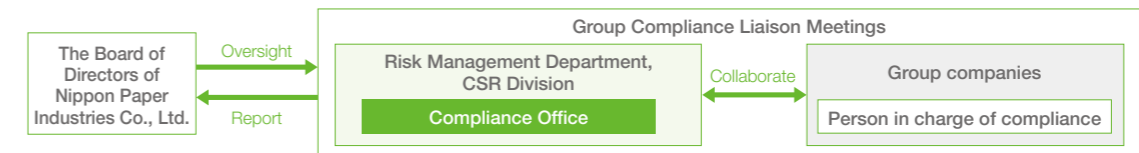
The Nippon Paper Group's Action Charter



Promotion Structure

The Company has established the Compliance Office within the CSR Division. The Compliance Office collaborates with the Legal Affairs Office of the Personnel & General Affairs Division, Management Audit Office, Human Resources Department, and other relevant sections. The Group companies appoint a person to be in charge of compliance. The Company supervises Group Compliance Liaison Meetings and aims to enhance collaboration with regard to compliance.

Compliance Activity Reports (FY2021/3)	Number of Times
The Board of Directors of Nippon Paper Industries Co., Ltd.	1
Nippon Paper Industries Co., Ltd. Audit & Supervisory Board	4
Nippon Paper Industries Co., Ltd. Management Executive Committee	4
Labor-management council	1



Compliance Activities (Compliance Education and Operation of Internal Whistleblower System)

The Group strategically carries out compliance training. In FY2021/3, training was carried out a total of 12 times at the Company. Approximately 1,000 employees studied examples of improper conduct. Furthermore, compliance training is also carried out in sessions like training for new supervisors and new employees, including training for executives of the Company and its Group companies.

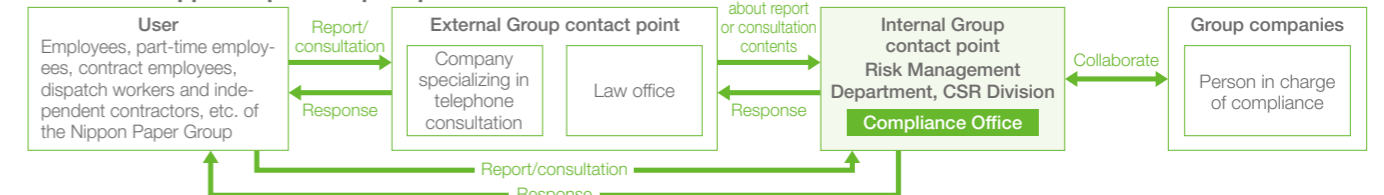
The Company has set up the Nippon Paper Group

Helpline which makes it possible for employees to directly report and consult on any conduct that violate laws, regulations, social norms, or corporate ethics and that may become a problem in the workplace. The Company periodically notifies employees about the helpline. It can even be used anonymously under the protection of privacy. The operation status is reported to the Audit & Supervisory Board and to the Management Executive Committee on a quarterly basis.

Number of Reports Made to the Helpline

FY2017/3	11
FY2018/3	32
FY2019/3	33
FY2020/3	46
FY2021/3	39

Flow of the Nippon Paper Group Helpline



Preventing Corruption

In 2017, the Company determined a Basic Policy on Prevention of Bribery to Public Officials and a Basic Policy on Compliance with Competition Laws. Based on these policies, the entire Group adheres to the laws and regulations of each country.

In FY2021/3, the Group was subject to no legal actions whatsoever involving incidents of corruption or public legal cases regarding corruption, anti-competitive behavior, anti-trust, or monopolizing practices.

Basic Policy on Prevention of Bribery to Public Officials



Basic Policy on Compliance with Competition Laws





Philosophy and Basic Policy Concerning Raw Materials Procurement



Basic Stance

The Nippon Paper Group maximizes renewable woody resources through diverse technology and know-how, thereby providing products that contribute to building a sustainable society. As the use of woody resources is indispensable to the Group, it has constructed a system to continually procure the woody resources that are generated from sustainable forest management.

In 2005, the Group established its Philosophy and Basic Policy Concerning Raw Materials Procurement. Based on this philosophy and basic policy, the Group practices sustainable raw material procurement

through supply chain management. It also promotes dialogues with stakeholders, and constantly works on improving the level of raw material procurement with consideration for the environment and society.

Key Points in the Group's Procurement of Woody Resources

- Sourcing from sustainable forests (sustainability)
- Clearly identifying the origin of timber (traceability)
- Maintaining full accountability (accountability)

Philosophy and Basic Policy Concerning Raw Materials Procurement (Excerpt)

(formulated on October 5, 2005)

Philosophy

We are committed to establishing a reliable raw materials procurement system through global supply chain management with consideration for the environment and society.

Basic Policy

1. Environmentally friendly raw materials procurement

- (1) Procurement from forests under sustainable forest management
- (2) Support for the eradication of illegal logging
- (3) Active use of recycled materials
- (4) Compliance with relevant laws and regulations on chemical substances

(5) Building of traceability systems

2. Socially aware raw materials procurement

Fair deals with suppliers and appropriate consideration for human rights and labor practices

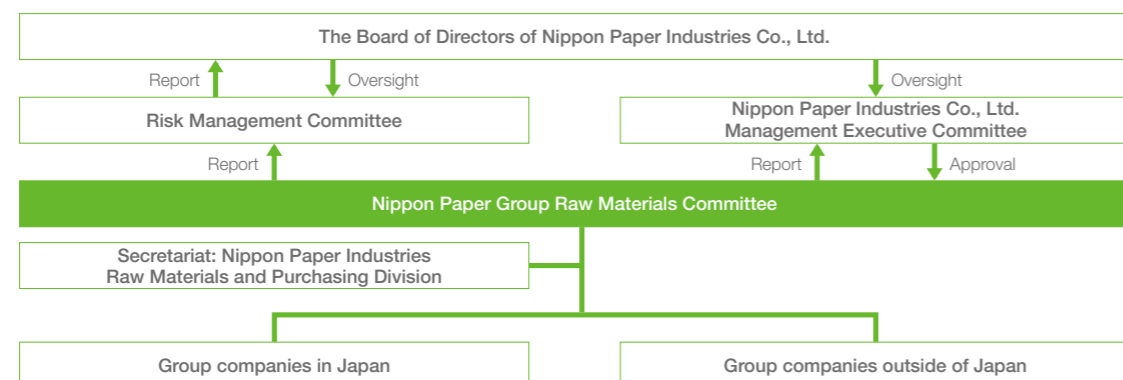
3. Promotion of dialogue with stakeholders

Dialogues with stakeholders and proactive disclosure

Promotion Structure

The Group has established the Nippon Paper Group Raw Materials Committee, which is chaired by the general manager of the Raw Materials and Purchasing Division at Nippon Paper Industries.

This committee discusses key issues related to raw material procurement for the entire Group, such as policies of raw material procurement.



Management of Suppliers

Raw material for paper, which is the Group's main product, consists of woody resource such as wood chips and wastepaper. Among the Company's paper raw materials, more than 60% of its wood chips are procured from overseas, while the remaining amount comes from within Japan. This requires supply chain management both within and outside Japan.

In addition to suppliers in Japan and overseas, many people including local communities and government institutions are involved in the procurement of woody resources. Based on this intersection between society and environment, the Company believes it is important to create a sustainable supply chain while working with suppliers to take into consideration local forest ecosystems and communities, as well as occupational safety and health and other factors.

In addition to ensuring the legality of woody material supplies, the Company formulates and

executes an action plan to achieve sustainable resource procurement that take into consideration human rights, labor, local communities, and the preservation of biodiversity.

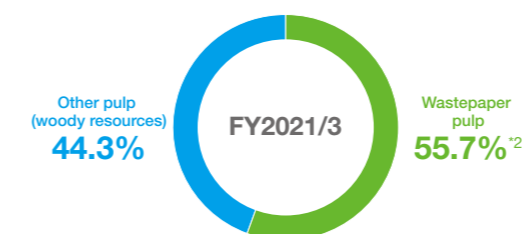
To ensure sustainability, each year the Company conducts surveys and on-site interviews with its overseas suppliers of woody materials. As for domestic woody materials, it promotes trade association certification for legal authenticity.

The Company receives third-party verification, utilizing annual forest audit and the due-diligence system for legal certification stipulated in the Clean Wood Act, which was introduced in Japan in 2017. In FY2021/3, all of the woody raw materials used for paper were approved under forest certification systems (including controlled material and controlled wood).

Action Plans for Procurement of Woody Resources (Japanese only)



Breakdown of Main Raw Materials Used in the Nippon Paper Group's Paper Manufacturing*1



*1 Consolidated Group companies in Japan
*2 Includes purchased wastepaper pulp

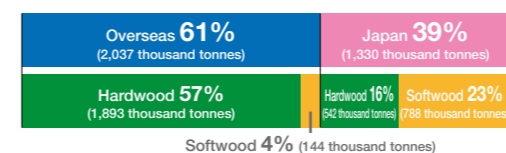
Details of Supplier Surveys

- Basic information on forests from which materials were sourced (type of tree, compliance with laws and regulations related to forests, etc.)
- Status on obtaining forest certifications
- Establishment of policy and systems regarding to human rights and labor policies
- Implementation of biodiversity efforts, etc.

Number of Implementations of Nippon Paper Industries' Action Plan for Procurement of Woody Resources

In Japan	359 wood chip suppliers, 4 pulp suppliers (implemented for all suppliers)
Overseas	23 wood chip suppliers, 10 pulp suppliers (implemented for all suppliers)

Breakdown of Wood Raw Materials (Wood Chips) Procured by Nippon Paper Industries Co., Ltd. (FY2021/3)



Stable Procurement of Wastepaper and Expansion of Recycling

Wastepaper is perfectly suited for recycling, and serves as an indispensable resource which makes up more than half of the raw materials used by Japan's paper industry. The Group has built up a stable procurement system alongside the wastepaper industry over many years. In recent years, with the aim of stable resource recycling of newspaper, the Company has been building and expanding the

"closed loop" system in which it directly purchases used newspaper collected by newspaper companies. In addition, in order to promote paperizing in response to the global trend of eliminating the use of plastic and using more paper, the Company is working on constructing a recycling system for unused wastepaper including used food trays.

Procurement and Forest Management Forest Management

ESG Databook 2021



Basic Stance

Forests possess tremendous value to the Group as a management resource. For this reason, the Group nurtures forest resources on its own while also procuring sustainable woody raw materials from outside sources.

The Group manages forests with consideration toward the environment, society and the economy based on its Philosophy and Basic Policy Concerning Raw Material Procurement. The Company manages and operates approximately 170,000 total hectares of forests both within and outside Japan which have all completely received

forest certification. At the same time, it is undertaking various initiatives to maximize the value of forest resources.

Values Emphasized by the Group in Usage of Forest Resources

- Sustainable forest management and productivity improvement
- Maintaining supply chain for forest resources
- Fulfilling public interest including preservation of biodiversity

Sustainable Forest Management and Productivity Improvement (Overseas Initiatives)

Overseas, the Group manages approximately 80,000 total hectares of afforested areas in Brazil, Chile, and Australia, where it conducts sustainable forest management with consideration toward local residents, regional culture and traditions, as well as the natural environment and ecosystem. Based on requests obtained through communication with stakeholders including visits to places such as communities close to the Company-owned forests, it also contributes to local communities by, for instance, giving consideration to indigenous peoples and providing them with support for educational activities.

The Group's overseas afforestation operations are the foundation of its procurement of sustainable woody raw materials. It will continue to maintain the

afforestation business while exploring possibilities for expansion.

Meanwhile, the Company believes that increasing the amount of fixed CO₂ by improving the productivity of forests is more important for responding to climate change than expanding forest area, and has set a CO₂ fixation efficiency rate target of 30% improvement in overseas afforested areas (P. 62-63) for FY2031/3. It utilizes the unique breeding and proliferation technologies which the Company cultivated in its overseas afforestation business. This contributes to building a carbon-neutral society while enhancing the Company's forest resources through productivity improvement per unit area (= improving the CO₂ fixation efficiency rate).

CASE STUDY Productivity Improvements at AMCEL in Brazil

AMCEL is developing eucalyptus trees, which grow rapidly in tropical climates and are suitable for raw paper materials. The company shortened the time needed for selection through its unique breeding and proliferation technologies, greatly improving the productivity of its afforested areas in a short timeframe. Through cost reductions brought on by productivity improvements, AMCEL was able to achieve significant improvements to business profitability as well as to the rate of CO₂ fixation per unit area.



Forests where productivity has greatly improved (L: 2005, R: 2020)

Maintaining Supply Chains for Woody Resources (Domestic Initiatives)

Over many years, the Group has built up a supply chain with partners such as owners of forests, forestry businesses, wood processing businesses, and distribution companies both within Japan and overseas to effectively utilize forest resources. With regard to domestic woody materials in particular, it is moving ahead with procurement using a domestic supply chain, which is the Company's strength, and promoting use of domestic materials.

Although man-made forests are now mature enough to be used, the reality is that maintenance and woody material production are insufficient because of a long-term decline in domestic affore-

station business. On the other hand, in recent years, the Japanese government has been promoting forestry measures with a basic policy of green growth through forests, forestry and wood industries due in part to an increase in opportunities to use domestic materials and demand for biomass fuel.

With those measures as a tailwind, in order to maintain a domestic supply chain and promote further use of domestic wood materials, the Company will move ahead with initiatives that utilize the 90,000 hectares of Company-owned forests in various regions of Japan to support vitalization of forestry.

CASE STUDY Contributions to Spreading Superior Seedlings

The Company produces and breeds superior seedlings (specialized seedlings) which have unique properties such as excellent growth potential and reduced pollen, with the aim of improving forest resources. Using these specialized seedlings, in collaboration with the Japanese government and local governments, the Company has set up sample forests within Company-owned forests and is working to expand the use of these seedlings further.



Forests grown from specialized cedar and cypress seedlings as an illustrative example in Company-owned forests in Kitayama, Shizuoka Prefecture (Photo taken in July 2020)

Enhance Public Interest in Forests Including Preservation of Biodiversity

In order to use sustainable forest resources, it is necessary to balance and maintain the public interest and multifaceted functions of forests, alongside their function as a supply source of woody resources.

The Group has particularly emphasized preservation of biodiversity among its services for forest ecosystem for procurement of sustainable forest resources and to build a sustainable society, and formulated the Basic Policy on the Preservation of Biodiversity in 2016. Approximately 20% or 18,000 hectares of

Company-owned forests in Japan are designated as Environmental Forest Areas where trees are not harvested and environmental functions related to public interest such as watershed and ecosystems are preserved, and also where many wildlife species are supported. In overseas afforestation business, the Group has established conservation areas on its lands and carries out initiatives such as periodic surveys to verify the existence of plants and animals from the perspective of biodiversity preservation.

Basic Policy on the Preservation of Biodiversity



CASE STUDY Balancing Preservation of the Natural Habitat of Blakiston's Fish Owls with Business Activities

In 2010, in collaboration with the Wild Bird Society of Japan, Nippon Paper Industries established a shared conservation area for Blakiston's fish owls, which has been designated as an endangered species in the critically endangered category of the Ministry of the Environment's Red List, at its Company-owned forests in Hokkaido Prefecture. In addition, the Company operates the facility based on a standard of balancing preservation of the natural habitat with economic activity.



Blakiston's fish owl (Photo courtesy of the Wild Bird Society of Japan)



Basic Stance

The Nippon Paper Group provides society with a wide range of products and services through the effective use of wood, a renewable resource. At the same time, its manufacturing processes use a great deal of energy and water. Bearing this in mind, the Nippon Paper Group has formulated the Nippon Paper Group Environmental Charter. The Group practices environmental management that contrib-

utes to the formation of a circulation-oriented society by working from a long-term perspective to reduce environmental impact, promote resource recycling, conserve biodiversity, and respond to climate change. Under the 2030VISION, the Group has identified these priorities as materiality for realizing the Group Mission and will contribute to building a sustainable society through its business activities.

The Nippon Paper Group Environmental Charter

Philosophy
The 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

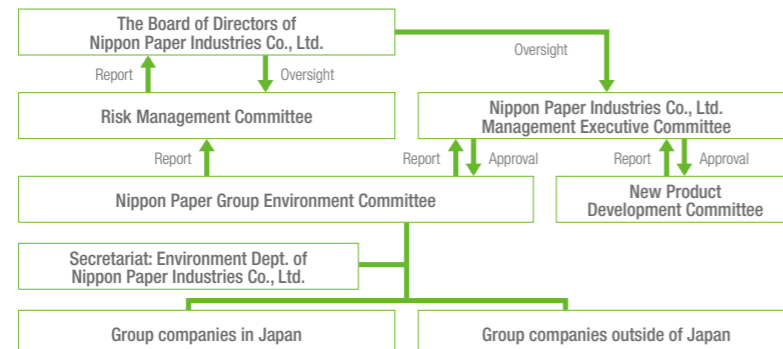
(Established on March 30, 2001, and revised on March 30, 2007)

Promotion Structure

The Nippon Paper Group Environmental Committee, chaired by the general manager of the Technical Division, who is also the director in charge of environmental matters at Nippon Paper Industries, identifies management risks related to the Group's environmental activities and promotes countermeasures. Additionally, the committee manages and assesses the proper implementation of the Environmental Action Plan in accordance with the Nippon Paper Group Environmental Charter and reports to the Board of Directors through the Risk Management Committee.

With the aim of creating corporate value through environmental management, the Group regularly convenes the New Product Development Committee, and promotes the development of products derived from wood resources in line with growing environmental awareness. The Management Executive Committee deliberates and decides on environmental management policies and measures based on this information, and incorporates them into business strategies to address environmental risks and capture business opportunities, thereby enhancing the resilience of the Company's growth strategies.

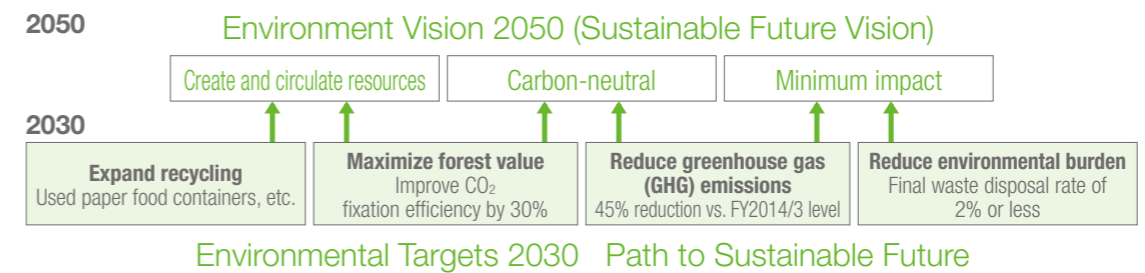
The Nippon Paper Group's Environmental Management Promotion Structure



Aiming for a Sustainable Society Where Nature and People Can Coexist in Harmony

In order to be more effective in dealing with environmental issues such as climate change, which are highly uncertain and require long-term responses and countermeasures, it is necessary to have a vision and goals based on a medium- to long-term perspective. The Group has formulated targets and plans for 2030 by backcasting from the ideal state of the Group in 2050, and the entire Group is working together to achieve them.

Sustainable Society Where Nature and People Can Coexist in Harmony



Results of Green Action Plan 2020 (Excerpt)

Global Warming Countermeasures

Target Reduce greenhouse gas emissions by 10.0% compared with FY2014/3*1

Result 21.0% reduction vs. FY2014/3

Trend in GHG Emissions (Total for Scope 1 and 2)
(Million t-CO₂)

Fiscal Year	GHG Emissions (Million t-CO ₂)
2014/3	7.28
2015/3	7.18
2016/3	7.12
2017/3	7.17
2018/3	6.99
2019/3	6.83
2020/3	6.26
2021/3 (FY)	5.75

21.0% reduction vs. FY2014/3

Circulation of Resources

Target Increase waste recycling rate to at least 98.0%*2

Result Waste recycling rate of 98.0%

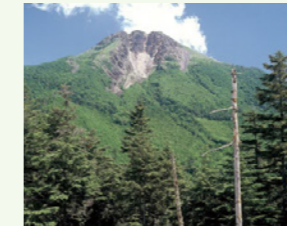
Waste Generated and Final Disposal Volume
(Thousand tonnes)

Fiscal Year	Waste generated	Final waste disposal
2017/3	690	11
2018/3	638	9
2019/3	745	13
2020/3	732	20
2021/3 (FY)	584	14

Protection and Cultivation of Forest Resources

Target Maintain forest certification for all Company-owned forests, both domestically and overseas

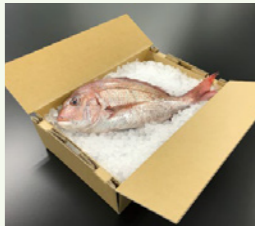
Result Maintained forest certification for approximately 90,000 hectares of Company-owned forests in Japan and approximately 80,000 hectares overseas



Development of Eco-Friendly Technologies and Products

Target Reduce environmental load through provision of eco-friendly products and services

Result Developed Waterproof Liner, a recyclable, multi-purpose container-board product



*1 Scope: Consolidated and non-consolidated Group companies in Japan subject to the Act on Rationalization of Energy Use.
*2 Domestic Group companies classified as environment-related organizations in ESG Databook 2021.



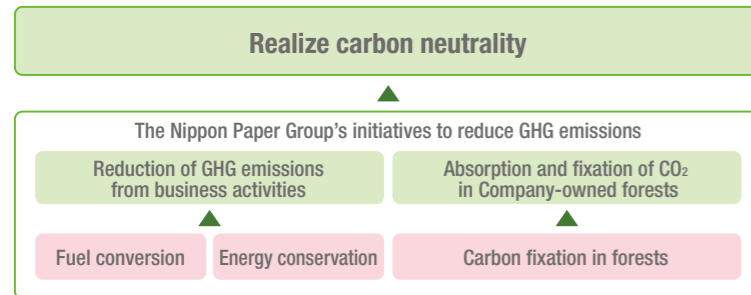
Aiming for Carbon Neutrality in 2050

The Nippon Paper Group sees addressing climate change as one of its material issues for realizing the Group Mission. Under the 2030VISION, in its basic policy, the Company states “respond to rapid changes in the social landscape including CO₂ reduction and environmental issues,” and it will work to reduce GHG (greenhouse gas) emissions and implement green strategies to achieve carbon neutrality by 2050.

The Nippon Paper Group's FY2031/3 Targets
Reduce greenhouse gas (GHG) emissions (Scope 1 and 2) by 45% compared with FY2014/3
 · Reduce fossil fuel use by maximizing the use of existing infrastructure
Green strategy
 · Maximize the value of forests (Improve CO₂ fixation efficiency in overseas afforested areas by 30% compared with FY2014/3)
 · Expand biomass products

Carbon neutrality in 2050

Initiatives to Reduce GHG Emissions



The Nippon Paper Group has worked on fuel conversion, energy saving in manufacturing and logistics processes, and CO₂ absorption and fixation through optimal management of its own forests as three pillars for GHG reduction. In FY2021/3, the Group reduced the fossil energy use ratio (heating value)* to 55% (FY1991/3: 66%). In addition to reviewing the Group energy mix with an eye toward 2030, it began introducing internal carbon pricing in July 2021 in order to accelerate the reduction of GHG emissions.

* Scope: The Nippon Paper Group's main production bases in Japan

Addressing TCFD

In April 2021, the Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of disclosing appropriate information on its response to climate change issues.

Governance

The Nippon Paper Group has identified the reduction of GHG emissions as a management issue. Since 2008, the Group has established quantitative targets for reducing GHG emissions and has worked to achieve those targets.

Nippon Paper Industries regards addressing climate change issues as a material issue in realizing the Group Mission. In addition to the Risk Management Committee, it receives reports on and oversees initiatives from the Nippon Paper Group Environmental Committee. Since FY2022/3, the executive officer responsible for environmental management has also been reporting on these and other issues to the Board of Directors on a quarterly basis.

Risk Management

Assessments of and responses to climate-related risks are integrated into the Nippon Paper Group's risk management structure and are managed by the Risk Management Committee (see P. 74).

In order to properly foresee risks, the Nippon Paper Group Environmental Committee, established under the Risk Management Committee, collects and analyzes information, identifies climate-related risks and promotes countermeasures. In addition, the Group has established the Climate Change Strategy Working Group to collect information and forecast risks.

Indicators and Targets

The Group will perform 1.5°C scenario analysis, enhance and broaden its indicators and targets, and strengthen risk management going forward.

Indicator: Carbon pricing information

Targets: Reduce GHG emissions (Scope 1 and 2) by 45% in FY2031/3 compared with FY2014/3
 Non-fossil energy use ratio 60%

Scenario Analysis and Strategy

In 2020, the Group drew up a vision of society taking into account the growing awareness of ESG issues around the world, and identified climate-related risks and opportunities, mainly in the paper and paperboard business, using two scenarios: one in

which temperature rise is limited to 2°C and the other in which it rises by 4°C or more.

To incorporate these into the Group's business strategy, it qualitatively assessed the financial impact.

Risk Identification and Assessment

The Nippon Paper Group is affected significantly by physical risks because its business foundation comprises forest resources. Additionally, the Group purchases raw materials from overseas. For this reason, the Group also closely monitors the climate change countermeasures of countries from which it procures raw materials as a risk factor. On the other hand, in Japan, the Group is affected by regulatory risk such as carbon tax, and reputational risk arising from the climate change countermeasures of customers.

Regarding transition risk, the Group endeavors to reduce risk through fuel conversion and energy conservation, with a view to achieving its target of

reducing GHG emissions (Scope 1 and 2) by 45% in FY2031/3 in comparison with FY2014/3.

Regarding physical risk, the Group strives to spread out and diversify the geographic location of its afforested areas and suppliers of wood chips and other resources. Concurrently, as a means of mitigating damage to production bases and logistics networks, the Group formulates and implements appropriate BCP measures, such as backup production and inventory management. Through these efforts, the Group endeavors to reduce risk.

■ Risks Assessed to Have a Large Financial Impact (Some excerpts are shown below)

Type of Risk		Predicted Phenomena	
Transition risk	Regulatory	Stricter emissions restrictions and increases in carbon prices	· Fuel price increases and renewable energy surcharges · Increases in the prices of wood chips for use as raw material and various supplies
	Market	Customers' GHG reduction strategy	· Decrease in sales due to a decline in the amount of paper used
Physical risk	Acute	Losses due to catastrophic disasters	· Stoppage in the delivery of supplies and products as logistics networks are cut off · Interrupted production due to rising turbidity of water intake from rivers · Production stoppage due to damage at production sites · Procurement difficulties caused by damage to afforested areas and raw materials suppliers
	Chronic	Changes such as rising temperatures and precipitation	· Procurement difficulties resulting from fires or the emergence of pests at afforested areas or suppliers' forests · Increases in prices or procurement difficulties for forest resources or plant-derived supplies due to reduced plant productivity

Identification and Assessment of Opportunities

Climate-related risks also simultaneously present opportunities. The Nippon Paper Group will implement a green strategy combining its tangible assets, such as mill facilities and Company-owned forests, and its intangible assets, such as its raw material procurement networks and technological capabilities developed

over many years. In this way, the Group will be able to enter markets that offer growth prospects in step with changes in the environment and social conditions, thereby capturing opportunities to drive growth in its businesses.

■ Opportunities in Existing and Growing Markets (Some excerpts are shown below)

Type of Risk	Predicted Phenomena	The Nippon Paper Group's Strengths
Stricter government policies	· Widespread use of storage batteries due to progress on electrification	· Technologies for using tree components
	· Further reduction of vehicle weight	· Cellulose nanofiber (CNF) development technologies and production facilities
Changes in consumer tastes and preferences	· Progress on carbon recycling	· Breeding technology for trees with a high CO ₂ fixation efficiency · Company-owned forests in Japan · Chemical CO ₂ fixation and usage technology · Biomass-derived CO ₂ supply infrastructure (recovery boilers)
	· Market growth driven by penetration of biomass products in society	· Biomass material development technology · Recycling technology and wastepaper procurement networks
Customers' GHG reduction strategies	· Strengthening of GHG reductions across the entire supply chain	· Shorten transportation distance by decentralizing production sites
Losses due to catastrophic disasters	· Stronger requests for BCP measures from customers	· Production structure spanning multiple mills
	· Buildings are required to be more resilient	· Manufacturing technology for fly ash concrete admixture
Changes such as rising temperatures and precipitation	· Trees that can withstand high temperatures, drought, and pests are needed	· Tree breeding and propagation technologies

Environment Alleviation of Environmental Burden and Promotion of Resource Circulation

ESG Databook 2021



Basic Stance

Environmental burden can never be fully eliminated in activities to provide products and services to society. However, companies have a responsibility to society to reduce their environmental burden as much as possible. The Nippon Paper Group identifies this priority as an important management issue for realizing the Group Mission. The Group has worked for many years to minimize its environmental burden by curtailing the generation of waste and other emissions, while promoting the circular use of resources. Under the 2030VISION, the Nippon Paper Group has

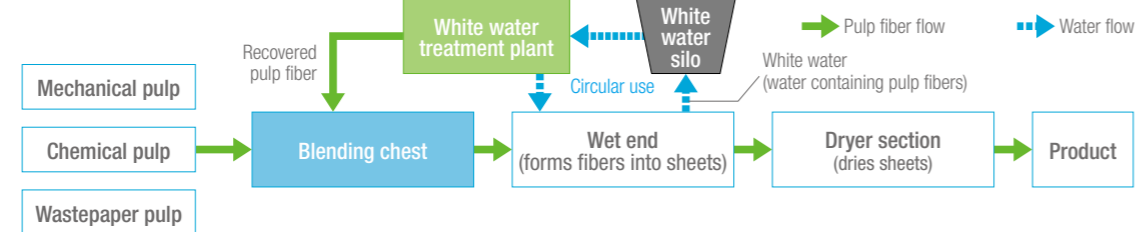
clearly articulated a business model designed to expand and reinforce the Three Circulations, which take advantage of the characteristics of woody resources. The purpose of this business model is both to achieve business growth and contribute to realizing a circulating society. The Group will step up recycling, which is one of the Three Circulations, by harnessing its broad range of strengths, including recycling technology. This way, the Group will reduce its environmental burden and contribute to realizing a circulating society.

Effective Use of Water Resources

The manufacture of paper requires large amounts of water. In the paper mills of the Group, in order to conserve water resources, which are natural capital, so-called white water, which contains fine fibers generated during the wet process of dispersing pulp fibers in water to make thin sheets, is collected and

recycled. As of this time, the Group has not received any information from governments or local communities regarding negative impacts on the environment resulting from water intake and use at the Group's mills. Therefore, the risks imposed by the Group's operations on the water supply in Japan are minimal.

Circular Use of Water

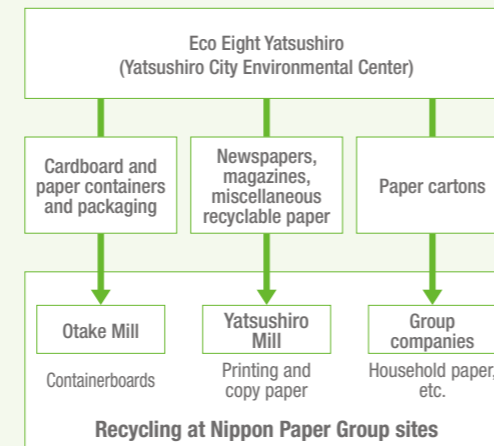


CASE STUDY Circular Use of Wastepaper

Yatsushiro Mill and Other Sites: Circular Use of Wastepaper Together with Local Governments

Nippon Paper Industries' Yatsushiro Mill, in partnership with the city of Yatsushiro, has built a comprehensive wastepaper recycling system for the wastepaper generated in Yatsushiro.

A wide variety of used paper (newspapers, magazines, corrugated cardboard, paper cartons, paper containers and packaging) collected by Yatsushiro City is accepted by the Yatsushiro Mill and other plants of the Group, recycled using facilities and technologies such as wastepaper pulp production facilities, and used as raw materials for making paper.



CASE STUDY Effective Use of Quicklime Waste

Ishinomaki and Iwanuma Mills: Circular Use of Quicklime

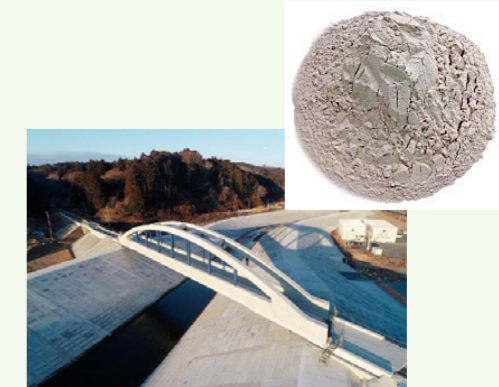
At its papermaking mills, the Group uses quicklime to recover chemicals used in the pulp manufacturing processes and to manufacture fillers that impart functionality to paper. Quicklime waste is generated in this process. The Group has so far disposed of this material as an industrial waste. However, Nippon Paper Industries' Ishinomaki and Iwanuma Mills have started collaborating with a supplier that can recycle quicklime waste. Under this collaboration, the Ishinomaki and Iwanuma Mills have commenced initiatives to reuse quicklime waste as a resource.



CASE STUDY Effective Use of Coal Fly Ash

Ishinomaki Mill: Processing Coal Fly Ash from a Boiler into a Construction Material

The Ishinomaki Mill operates a coal boiler to privately generate electricity on-site. In the process, combustion ash is generated in its coal boiler. Nippon Paper Industries processes the combustion ash through heat modification, and sells the material as CfFA® (Carbon-free Fly Ash) concrete admixture. Mixing CfFA® into concrete has the effect of making it more durable and longer lasting. CfFA® has so far been adopted in earthquake recovery construction (bridges, seawalls, etc.) in the Tohoku region of Japan.

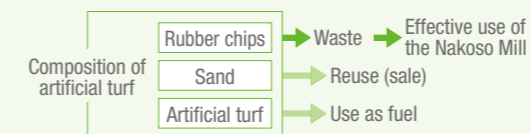


CfFA® was used in bridge beams, arches and vertical supports in the JR Kesennuma Line Sakuragawa Bridge on the JR Kesennuma Line (Minamisanriku Town, Motoyoshi District, Miyagi Prefecture)

CASE STUDY Effective Use of Local Waste

Nakoso Mill: Local Production and Consumption of Energy

At Nippon Paper Industries' Nakoso Mill, waste generated in neighboring areas is actively used as fuel. This waste includes shiitake mushroom beds and rubber chips from artificial turf. The use of waste as fuel allows the Nakoso Mill to reduce its use of fossil fuels. The local production and consumption of fuel has not only contributed to reducing GHG emissions from the Nakoso Mill, but it has also helped to reduce waste generated in local areas.



Customer Trust

Philosophy and Basic Policy of Product Safety

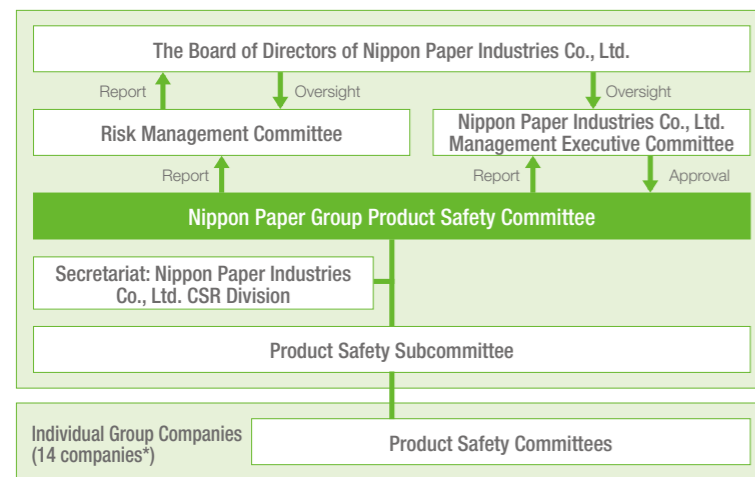


Basic Stance

The Nippon Paper Group has made “delighting our customers” (by accurately responding to the needs of customers) one of the requirements of the Vision to realize its Group Mission. Through the provision of products that contribute to the building of a sustainable society, the Group aims to enhance its social and economic value as a company and to realize its Group Mission.

The Group ensures safety and quality based on the Philosophy and Basic Policy of Product Safety, and strives for the stable supply of diverse products indispensable for daily living.

Promotion Structure (Product Safety Management)



* Nippon Paper Industries Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papylia Co., Ltd., Nippon Paper Lumber Co., Ltd., Daishowa Uniboard Co., Ltd., Nippon Seitai Corporation, Kyoei Seitai K.K., NP Trading Co., Ltd., Nippon Paper Development Co., Ltd., Opal, Jujo Thermal Oy, Siam Nippon Industrial Paper Co., Ltd., Nippon Dynawave Packaging Company, LLC, and Akita Jujo Chemicals Co., Ltd. (as of June 30, 2021)

Nippon Paper Industries has established a Risk Management Committee under the supervision of the Board of Directors. The Nippon Paper Group Product Safety Committee, chaired by the general manager of the CSR Division, manages activities related to the Group's product safety and reports to the Risk Management Committee. The Group complies with laws, regulations, etc. in Japan and overseas, and strives to ensure product safety using management methods appropriate to each business or product.

The Product Safety Subcommittee exchanges information and opinions related to product safety among Group companies, discusses countermeasures if there are any concerns and reports to the Nippon Paper Group Product Safety Committee. Product Safety Committees or similar organizations have been established at each Group company to promote product safety activities.

ESG Databook 2021



Understanding Customer Needs

The Group proactively communicates through daily sales activities and quality patrols by technical staff to gain an understanding of the widely varied needs of customers. When customers inquire about raw materials (such as the type of lumber, country of origin or legality), the Company explains its proactive approach and third-party evaluations. For customer inquiries about CSR procurement, the Company provides individual responses about its CSR initiatives and is registered as a supplier on a global platform related to information disclosure about CSR procurement.

Quality Control

Quality control is managed according to the characteristics of the Company's various products and services. [Examples:]

Paper and Paperboard Division: Operates a service engineer (SE) system where technical staff involved in manufacturing observe paper being used on-site by printers, converters, etc., and acquire feedback from customers

Paper-Pak Sales Division: Holds annual on-site, quality-related meetings with its production company (Nippon Paper Liquid Package Product Co., Ltd.) and conducts product safety audits

Stable Supply

The Group is committed to providing reliable supplies of its products by ensuring stable supply of raw materials and through the systematic maintenance and renewal of production facilities. Collaboration between the sales and production departments works to establish a stable supply of products through flexible and lean production planning and inventory control. The Group has established BCM (business continuity management) regulations (December 2020) to prepare for cases in which it becomes difficult to carry out normal business operations due to large-scale disasters or infectious diseases. Based on these regulations, each division formulates and implements its own BCP (business continuity plan).

Get to Know the Nippon Paper Group

More Profitable

More Reliable

Data Section

Products that Contribute to the Building of a Sustainable Society

Developing an Array of Products Using Wood Raw Materials

As a comprehensive biomass company shaping the future with trees, the Group develops various businesses that maximize the use of renewable woody resources using diverse technologies and expertise, and the products and services it provides have a high affinity with building a sustainable society.

The Group is developing various products using woody resources procured from forests with sustainable management. Furthermore, the Company utilizes the characteristics of woody resources and provides environmentally friendly products which reduce usage of fossil-based raw materials and improve recyclability, transportation efficiency, etc.

[Examples of the Group's environmentally friendly products]

*Improve transport efficiency

Devising new shapes and improving packing efficiency will lead to reducing CO₂ emission volume during transportation.

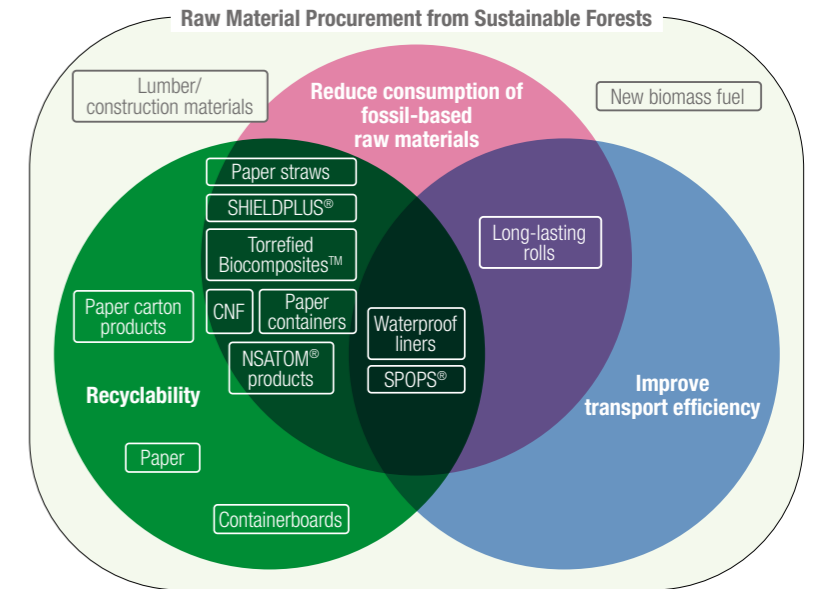
*Recyclability

By separating, collecting and extracting wood fibers from used paper products, fibers can be used as wastepaper pulp, which reduces the volume of waste.

*Reduce consumption of fossil-based raw materials

Converting conventional plastic products to paper reduces consumption of fossil-based raw materials and makes raw materials sustainable.

Reducing packaging materials by devising new shapes will also lead to reducing the volume of fossil-based raw materials used.



Promotion of Recycling

The Group has outlined its basic stance for the circulation of resources in the Nippon Paper Group Environmental Charter and aims to contribute to the formation of a sustainable, circulating society.

Through its promotion of paper product recycling, the Group aims to achieve a sustainable society by promoting resource conservation by reducing the consumption of woody resources and using recycling resources appropriately, embodying a circulating economy and contributing to increased fixed carbon. Under Medium-Term Business Plan 2025, the Recycling Promotion Office was newly established to actively promote the use of paper that had previously been regarded as difficult to recycle and to build a collection and recycling system for paper cups and new paperized products.

Through these initiatives, the Group aims to reduce the burden on the environment and acquire business opportunities based on societal demands.

CASE STUDY

Joint Recycling Project with Hamamatsu City

The Company received the support of Hamamatsu City and started yearlong tests and verification of a new recycling project from April 2021. This project being carried out together with Hamamatsu Green Wave Co., Ltd. and NPO Ecolife Hamamatsu uses a collection box installed at Ecohama, a facility in Hamamatsu City to raise environmental awareness. Used paper food containers are collected and taken to one

of the Company's mills to be utilized as raw material for paper.

By raising recycling awareness among ordinary consumers and using the Company's technologies to recycle paper, this project leverages the recyclability inherent in paper to reuse it as a resource. This will reduce the volume of incinerated rubbish and contribute to fixed carbon by prolonging use of woody resources.

Respect for Human Rights

ESG Databook 2021



Basic Stance

Philosophy and Basic Policy on Human Rights, Employment and Labor



The Nippon Paper Group established its Philosophy and Basic Policy on Human Rights, Employment and Labor in 2004 based on the Ten Principles of the UN Global Compact in four areas (human rights, labor, environment, and anti-corruption). Furthermore, the Philosophy and Basic Policy Concerning Raw Materials Procurement formulated in 2005 shows consideration for the human rights of all Group

employees and the Group advances activities emphasizing respect for human rights throughout the supply chain.

Going forward, the Group will move ahead with efforts to reinforce respect for human rights throughout the entire value chain in accordance with the UN's Guiding Principles on Business and Human Rights.

Philosophy and Basic Policy Concerning Raw Materials Procurement



Promotion Structure

The Group has established its Risk Management Committee, which is chaired by the president and representative director, operates under the supervision of the Board of Directors of the Company, and holds meetings at least once annually. This risk management promotion structure handles risks related to the Group's human rights.

In addition to the Nippon Paper Group Helpline

system, which the Company set up as an internal whistleblower system, the Group also accepts inquiries regarding concerns about any possible violation of human rights through the Group's corporate website (<https://www.nipponpapergroup.com/english/inquire/>), and the Company's Compliance Office and associated departments respond to them.

Activities Related to Respect for Human Rights

The Company has the opportunity to share opinions with Amnesty International Japan at least once a year. Based on the opinions that came out in these exchanges, the Company has conducted annual field surveys of human rights issues at subcontracted mills in Japan, and audits of overseas wood chip suppliers, since 2015.

Human Rights Surveys at Subcontracted Mills in Japan

The Company sends surveys to subcontracted mills in Japan once a year and has them conduct a self-check, mainly to confirm compliance with labor and safety laws and regulations. Survey results are shared with the human resource managers of each mill for the purpose of supporting improvements. Furthermore, follow-up surveys have been conducted since FY2020/3.

Confirmation of Consideration for Human Rights at Overseas Wood Chip Suppliers

Based on the Philosophy and Basic Policy Concerning Raw Materials Procurement, the Company has employees in charge of procurement visit overseas wood chip suppliers to conduct interviews covering matters such as health, hygiene, safety, disaster preparedness, and local environmental concerns from the perspective of respect for

< An inspection in Thailand >



Alcohol disinfectant spray set up inside an office



Employees in a rest area



A display showing precautions to prevent the spread of COVID-19



A display showing refuge areas in the event of an emergency

human rights. In FY2021/3, inspections were carried out in Thailand.*

* Conducted by a Company employee stationed locally

Human Resources

ESG Databook 2021



Basic Stance

The Nippon Paper Group upholds instilling pride in employees as a necessary condition of its Vision to realize its Group Mission. For that reason, as the human resources environment within Japan (declining population, declining birthrate and aging population) changes, it views building an organization in which diverse employees can maximize their potential as a critical issue.

The Group will allocate its workforce in line with its growth strategy in such ways that a diverse range of people with different personalities can maximize their individual capabilities. By establishing an organizational structure that encourages this, and by strengthening employee engagement, the Group aims to become an organization where both employees and the Company can grow together.

An Environment to Embrace Diversity

Realizing Flexible Work Styles

Nippon Paper Industries is working to review and improve its working environment and its system to introduce a "flexible work style" so that employees can better demonstrate their capabilities. Regarding such work styles, it is not only necessary to promote diversity, but BCP that incorporates measures for events such as pandemics must also be considered.

In FY2021/3, the Company introduced the following systems geared toward helping employees balance work with private matters such as childcare and nursing care.

- (1) A system that allows employees to take expired annual paid leave (preserved leave) in half-day units
- (2) A system that allows employees to apply the preserved leave (expired annual paid leave) for short-term childcare (paid leave can be used)
- (3) A system of financial assistance for employees transferred alone (without their family) who are not the head of their household
- (4) A system to allow employees to take leave when accompanying their spouses during an overseas assignment

In addition, the Group has introduced the following three systems in FY2022/3 to realize flexible work styles.

- (1) Revisions to flextime system
Revised the flextime system, in which core time (the time during which employees must be at work) is not fixed in order to realize flexible work styles autonomously at the employees' own discretion.
- (2) Introduced a system to work from home
Introduced a system that can be widely used by

not only employees involved in matters such as childcare or nursing care, but also employees who will handle work that can be done from home and who can work autonomously.

- (3) Introduced a system for taking annual paid leave in hourly increments
Introduced a leave system that is efficient for employees balancing matters like childcare or nursing care with work over the course of a day so that employees can take leave flexibly in response to various circumstances.

Response to the Act on Advancement of Measures to Support Raising Next-Generation Children

In April 2021, the Company formulated its Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, which supports employees balancing work and childcare.

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

1. Plan period

Two years from April 1, 2021 to March 31, 2023

2. Contents

- | | |
|----------|---|
| Target 1 | Carry out initiatives to improve the rate of annual paid leave taken. |
| Target 2 | Implement initiatives to support career development for workers who have returned to work from childcare leave or are raising children. |

Promoting Diversity

The Company formulated its Action Plan for the Advancement of Women in April 2021. It strives to establish and realize an environment in which women can flourish continually.

Action Plan for the Advancement of Women

1. Plan period

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

2. Contents

- Target 1 The Company will set the ratio of female employees, compared to male employees, promoted to section manager from a lower rank over the past three business years at 80% or higher
- Target 2 At head office divisions, which have no production sites, the rate of usage of systems such as flextime, taking leave in hourly increments and working from home will be set at 70% for both men and women to promote diversity.

From now on, to achieve the goals of its Action Plan, the Company will consider and implement new initiatives such as creating an online system for autonomous career planning and providing opportunities and tools to acquire management skills.

In addition, it will monitor the usage of systems to realize flexible work styles introduced in April 2021 (P. 89), which will lead to reevaluation and new measures to achieve targets.

CASE STUDY

Holding a Study Session about Diversity (Nippon Paper Crecia)

Nippon Paper Crecia held a study session about diversity in March 2021.

This time, based on the theme of learning about LGBTQ*, employees first learned basic knowledge about LGBTQ. Afterward, two speakers, Yu-kun (who is transgender) and Kazue-chan (who is gay), were invited to share their life stories and experiences. The event was held both at a venue and online, and approximately 320 Group employees attended.

Employee impressions, expressed through a questionnaire conducted after the study session, included “We must be aware that everyone has unconscious biases” and “This was an opportunity to properly learn about LGBTQ and help foster a corporate culture so that we can become a company where diverse employees thrive.”

- L: A woman who is emotionally or sexually attracted to other women
- G: A man who is emotionally or sexually attracted to other men
- B: A person who is emotionally or sexually attracted to more than one gender (men and women)
- T: A person whose gender identity is not aligned with the gender they were assigned at birth
- Q: A person who is in the process of understanding and exploring what their sexual orientation and/or gender identity and gender expression might be



Developing Human Resources

The Group upholds Challenge, Fairness, and Teamwork as standards of value and judgment on which employees should place emphasis to realize its Group Mission. It has also set accelerating the transformation of the business structure as its basic strategy in Medium-Term Business Plan 2025.

The Company strives to cultivate leaders who push for such changes. When hiring employees, it looks for people who constantly seek new challenges, exercise fair judgment and act accordingly, are able to work in an inclusive team, and have the mental fortitude to overcome hardships. To develop employees into leaders, the Company is enhancing its human resource development system to create “autonomous human resources” who respond to situations by determining the right approach to a challenge and then overcoming it, while also seeking new challenges on the global stage.

(1) Leader Development

The Company cultivates managerial-track employees through on-the-job training, scheduled rotations and off-the-job training (stratified education and optional training).

Scheduled rotations to internal and external

departments, as well as to affiliated companies, give such employees the ability to see matters from a wide variety of perspectives, so that they will not be limited to a single viewpoint. Off-the-job training is a career development program that provides stratified education prior to managerial appointments while also arranging systems for dispatching employees to overseas locations. The Company also provides additional training when employees are appointed or promoted to managerial positions and offers elective training to cultivate candidates for executive positions. (2) Initiatives Aimed at Developing Human Resources The Nippon Paper Group supports employee self-development and voluntary skills acquisition through means such as distance learning, group training, and encouragement for acquiring professional qualifications. Stratified education is conducted jointly throughout the Group companies to promote the Group-wide development of employees, such as new hires and new managers. The Group works to develop employees with broad perspectives. Stratified education at mills, for example, is conducted not just for each mill but together with neighboring mills.

Human Resource Placement Based on Transformation of the Business Structure

In order to achieve Medium-Term Business Plan 2025, the Company promotes human resource allocation in response to its business structure through its personnel division, in addition to establishing an organizational structure that pushes such efforts forward and visualizing employee information.

In line with human resource utilization for the Group as a whole, the Company works on

mid-career employment to accelerate transformation of the business structure. It actively recruits personnel with unique insight and experience from outside the Company and tries to place them quickly. The Group believes that active contribution by employees with various types of insight and experience will reinvigorate the Company’s organization and development and will continue to work on this.

Enhancing Engagement

The Group will continue to change drastically by advancing transformation of the business structure as a comprehensive biomass company shaping the future with trees. Even amidst such changes, it is important to enhance engagement so that employees can experience motivation and a comfortable work environment. The Group defines engagement as a relationship in which both employees and

companies can mutually grow. The Group will implement measures for enhancement of engagement. In FY2022/3, it will conduct its second employee engagement survey geared toward all employees, the results of which will be reflected in new measures. It will also try out a system of internal side occupations to allow employees to take on challenges according to their desire for growth.



Philosophy and Basic Policy on Safety and Health Measures



Basic Stance

The Nippon Paper Group upholds instilling pride in employees as a necessary condition of its Vision to realize its corporate Group Mission. This is based on the prerequisite of ensuring the safety and health of employees at each of the Group's locations, which is a critical issue for maintaining sound management.

The Group formulated a Philosophy and Basic Policy on Safety and Health Measures and constructed a system for occupational safety and health under which all employees and members of management are united. It maintains the health of employees, realizes a comfortable and friendly working environment and helps to prevent disasters.

Promotion Structure



Example of a Mill's Safety and Health Organization Structure (Nippon Paper Industry Co., Ltd.)



The Group established the Risk Management Committee under the supervision of the Board of Directors of the Company. Under this committee, the Nippon Paper Group Safety and Disaster Prevention Committee, which is chaired by the general manager of the Technical & Engineering Division, supervises and promotes occupational safety and health and disaster prevention. In case of a disaster, the Group has established a communication system between the mills and the head office as well as the departments within the head office. It also operates a system to report necessary information to the Nippon Paper Group Safety and Disaster Prevention Committee and top management.

The Company regularly holds health and safety meetings attended by both employees and management, including safety and health personnel from the head office, mills, and labor unions, where the opinions of employees are represented. Meetings of the Safety and Health Committee and Safety and Health Promotion Council (consisting of mills and affiliated companies) are held separately at each location including mills and offices. The Company promotes safety and health management activities by cooperating and collaborating with management and employees, as well as subcontractors and related contractors working at each location.

Initiatives for Preventing Work-Related Accidents

The Group implemented its own system (NPSS*) for continuously pursuing occupational safety and health management activities at the organizational level. Under NPSS, the Company formulated health and safety plans that incorporate specific and voluntary activities at each site in accordance with the Company's policies and measures relating to safety and health. The system is helping to improve safety and health levels through the prevention of occupational accidents, promotion of workers' health, and creation of comfortable working environments.

The safety and health plans for each location are evaluated on points such as progress through a mill safety audit performed at least once per year, and improved with the aim of enhancing the safety

standards of the Company overall. The Company has expanded this mill safety audit to the Group companies for deepening exchanges between them and improving safety standards.

Additionally, the Company formulated a medium-term management plan centered on safety initiatives in July 2020. It established a safety action plan (2020–2025) to work on constructing a foundation for preventing work-related accidents through, for instance, work-related accident prevention measures utilizing AI-IoT technology and realization of safe environments through three pillars of activity: (1) Creating safe environments, (2) Risk management, and (3) Developing people who value safety.

* Nippon Paper Occupational Safety and Health Management System