

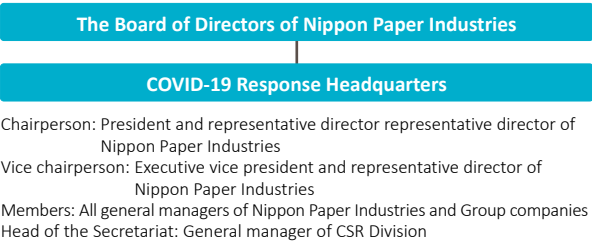
# Our Approach to COVID-19

## Basic Policy on Response to COVID-19

- (1) Place the highest priority on human lives   (2) Cooperate with the national and local governments and follow their guidance and recommendations   (3) Prevent the outbreak of diseases in-house   (4) Continue to maintain business operations

## Framework for Response to COVID-19

The Nippon Paper Group has established infection prevention headquarters, chaired by the president of Nippon Paper Industries. While it continued to operate after the state of emergency was lifted across Japan, the headquarters was dissolved once the restrictions on movement were removed throughout the country on June 19, 2020. Regardless, the Group has continued to work relentlessly to maintain close cooperation within the Group and prevent the spread of COVID-19.



## Specific Initiatives

The Group distributed masks to all Group employees in order to mitigate the risk of contracting the disease and maintain business operations, while urging employees and their families to constantly monitor their conditions.

We have formulated the “Nippon Paper Group’s Guidelines for Disease Prevention,” which serve as a reference for following proper etiquette, such as handwashing, coughing, and the three Cs (closed spaces, crowded places, and close-contact settings). Moreover, at the main offices and branch offices, the Group encourages employees to work from home or come to and leave the office at less busy times to avoid crowds.

### Support for Healthcare Facilities

Due to the shortage of medical supplies, Nippon Paper Crecia Co., Ltd. has provided the following products to medical facilities.

1. 12,500 packages of KleenGuard A40 coveralls  
Recipient: Japan Organization of Occupational Health and Safety etc. (via the Nippon Keidanren [Japan Business Federation])
2. Crecia Jumbo Disinfectant Wet Wipes  
100 cases each of wet wipes and replacements  
Recipient: Tokyo Metropolitan Government



News Release ▶ Provision of PPE and Wet Wipes to Help Combat the COVID-19  
<https://www.nipponpapergroup.com/english/info/2020/info200428004689.html>

## Impact on Product Supply

The Group provides a variety of essential products that bring peace of mind to the lives of people. We will continue to operate our business by ensuring the safety of everyone concerned in order to fulfill our responsibility of supplying products to customers.

# Corporate Governance

→ Corporate Governance Policy  
<https://www.nipponpapergroup.com/english/ir/ECGC20200515.pdf>

## Basic Stance

As the holding company of the Nippon Paper Group, in November 2015 the Company established its Corporate Governance Policy based on the Group Mission. The Company has determined the policy as a guideline for its basic stance related to corporate governance, aimed at achieving sustainable growth and medium- to long-term increases in corporate value.

Our highest management priority is to achieve even greater transparency toward shareholders and other stakeholders and engage in fair business practices. 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. In addition, the Company is implementing growth strategies, monitoring businesses under its control, and promoting compliance.

Furthermore, the Company is acting in accordance with all of the fundamental principles of Japan’s Corporate Governance Code.

Corporate Governance Report (Updated on July 1, 2020)  
<https://www.nipponpapergroup.com/english/ir/202000701ecg.pdf>

### 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 statutory auditor  
• Ensured Personnel & Remuneration Advisory Committee consists mainly of outside directors  
• Introduced “Board Benefit Trust” as a stock compensation system

## 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 in the implementation of the internal control system is stipulated in the Corporate Governance Policy.

The Company’s Board of Directors shall bear the supervisory function of management as a whole and make the most appropriate decisions for the Company through decisions, etc., on the execution of important business issues that are to be made 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 of officers and employees, to 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.

Moreover, the Company’s Board of Directors shall ensure a balance of knowledge, experience, abilities, and diversification by comprising inside directors who have excellent abilities to execute and manage each business in their charge and outside directors who have specialized knowledge and extensive experience. In FY2020/3, outside directors comprised one-third of the members on the Board of Directors and one female outside director and one female outside statutory auditor were appointed.

Basic Policies to Establish the Internal Control System  
(Notice of the 96th Ordinary General Meeting of Shareholders, page 62)  
<https://www.nipponpapergroup.com/english/ir/syosyututieng20200601.pdf>

Corporate Governance

Management Executive Committee

In principle, the Management Executive Committee of Nippon Paper Industries meets once a week to deliberate on important management-related matters under the authority of the president. Membership of said committee is basically composed of the president and other directors (excluding outside directors) and general managers who do not serve as directors.

In addition, 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

Nippon Paper Industries’ Group Management Strategy Committee meets as necessary to deliberate on management strategies by business segment and other important matters related to the Group. Membership of the committee is composed of the Company management and presidents of major companies of the Nippon Paper Group.

Statutory Auditors and Board of Statutory Auditors

The statutory auditors of the company attend important meetings, such as meetings of the Board of Directors, the Management Executive Committee, and the Management Strategy Committee. They strictly supervise directors’ business execution and strictly audit the Company’s overall business activities to ensure their legality and fairness.

The Board of Statutory Auditors presides over the Nippon Paper Group Statutory Auditor Liaison Committee and holds meetings regularly to discuss audit policies and methods and exchange information with corporate auditors at each Group company to reinforce the alliance and audit functions of the Group.

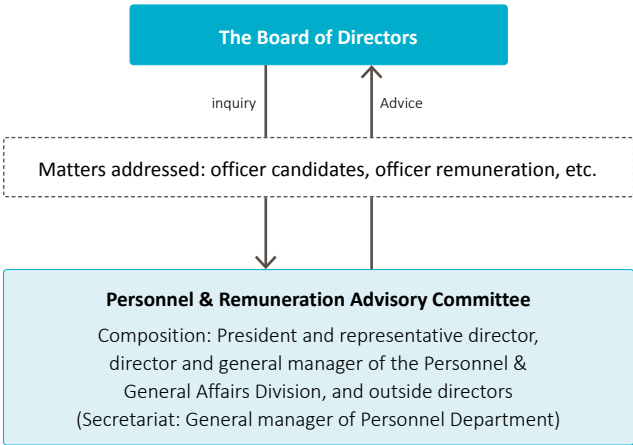
Management Audit Office

The company’s Management Audit Office, which is directly under the president’s control, 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. The internal audits are conducted in terms of legality and rationale from fair and independent perspectives.

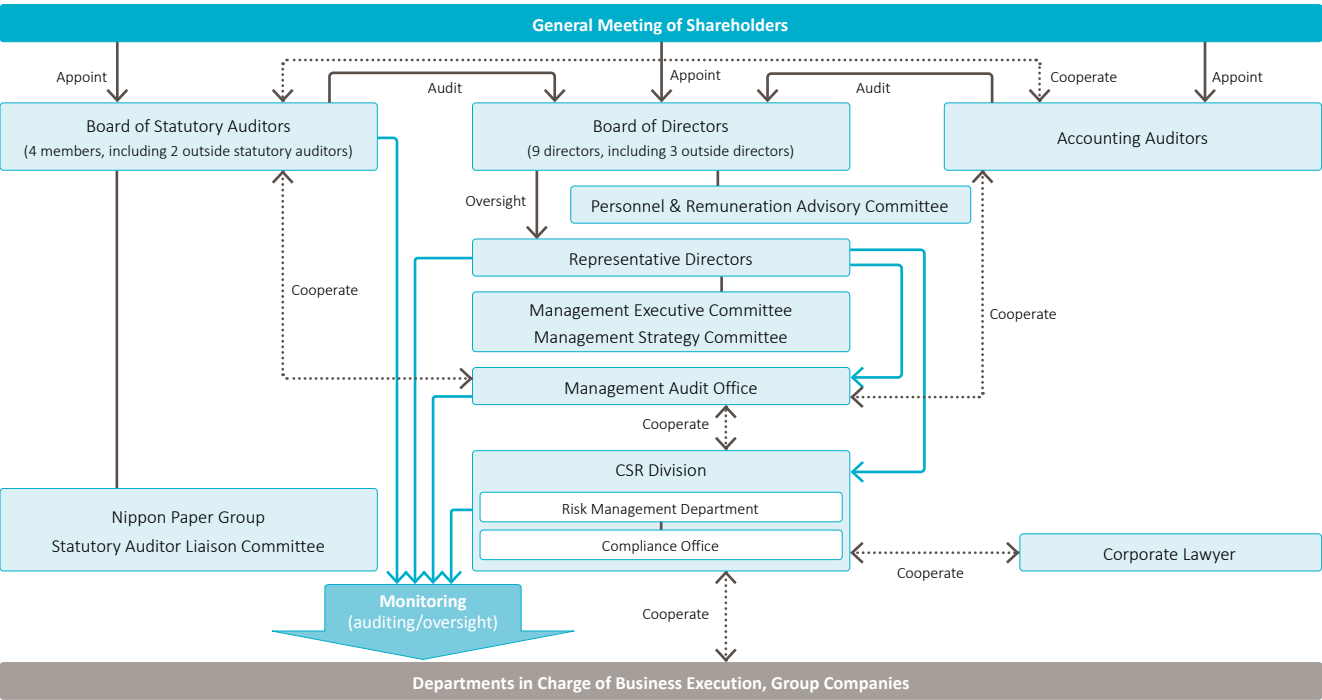
Personnel & Remuneration Advisory Committee

As stipulated in the Corporate Governance Policy, the Personnel & Remuneration Advisory Committee of the company receives inquiries from the Board of Directors on matters such as the selection process, qualifications, and reasons for nomination of director and statutory auditor candidates, the criteria for determining the independence of independent outside officers, and the remuneration system for directors and statutory auditors. The committee responds to such inquiries after considering their appropriateness and taking into account its assessment of the Company’s business performance and other factors. The committee comprises the president and representative director, the director and general manager of the Personnel & General Affairs Division, and outside directors, and shall proceed with its studies while receiving appropriate involvement and advice from independent outside directors. The Board of Directors shall, after receiving recommendations from the Personnel & Remuneration Advisory Committee, make a decision on nominations for directors and statutory auditors, compensation for directors, etc.

Structure and Functions of the Personnel & Remuneration Advisory Committee



Corporate Governance Structure (As of July 1, 2020)



Corporate Governance Summary (As of July 1, 2020)

Type of Organization	Company with a Board of Statutory Auditors
Chairman of the Board of Directors	Chairman and Director: Fumio Manoshiro
Number of Directors	9 (including 3 outside directors)
Number of Statutory Auditors	4 (including 2 outside statutory auditors)
Number of Appointed Independent Officers	5 (3 outside directors and 2 outside statutory auditors)
Board of Directors’ Meetings Held in FY2020/3	Number of meetings: 14
	Average rate of attendance by directors: 98.4% (outside directors: 97.4%)
	Average rate of attendance by statutory auditors: 100%
Board of Statutory Auditors’ Meetings Held in FY2020/3	Number of meetings: 13
	Average rate of attendance by statutory auditors: 100%
Independent Accounting Auditor	Ernst & Young ShinNihon LLC

Corporate Governance

Independent Officers

The Company designates as independent officer, all outside officers who meet the requirements for an independent officer. When appointing candidates for outside director and outside statutory auditor, 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 (having not served as director, employee, etc., of the Company and its subsidiaries in the past) provided for by laws and regulations, in addition to considering the existence of any conflicts of interest with general shareholders.

Outside Directors

Makoto Fujioka	Mr. Fujioka was deputy director-general of the Ministry of International Trade and Industry (currently 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 from an objective perspective on the execution of duties of the Company’s other directors using his 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 at international accounting firms and considerable expertise in international tax practices, etc., and her experience as an outside statutory auditor of the Company (from June 2016 to June 2019) to supervise and advise from an objective perspective on the execution of duties by the Company’s other directors.
Yutaka Kunigo	Mr. Kunigo engaged in a wide range of areas at Tokyo Gas Co., Ltd., such as engineering, personnel affairs, procurement, sales, and overseas operations. He is expected to supervise and advise in his objective capacity on the execution of duties of the Company’s other directors using his extensive experience and broad knowledge accumulated through his experience in managing a company as its executive.

Outside Statutory Auditors

Takafumi Okuda	Although he has never been engaged in corporate management directly, the Company determines that his abundant experience and deep knowledge, which he has 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 statutory auditor at 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 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 statutory auditors regarding management

and the discussions held at its meetings. The director in charge reports the findings from the survey to the Board of Directors, which analyzes and evaluates the effectiveness of the Board of Directors through deliberations, etc., on reported contents and works toward its improvement based on the results thereof.

Outline of the Results of the FY2020/3 Analysis and Evaluation

The Board of Directors analyzed and evaluated its effectiveness based on self-evaluations in the form of a survey. The Board of Directors found that the five viewpoints of “Composition of the Board of Directors,” “Agenda items to be submitted at Board of Directors’ meetings,” “Conduct of Board of Directors’ meetings,” “Training of directors and statutory auditors,” and “Information provision to and support system for outside directors” were broadly appropriate on the whole. With regard to strengthening support to facilitate

activities of outside officers, which was previously highlighted as a theme, efforts were made to realize improvements, such as enhancing the content of the minutes taken at Board of Directors’ meetings and prior briefings on important matters as well as inviting outside officers to attend internal meetings, including meetings of the Group Management Strategy Committee.

The Board of Directors will continue to enhance its functions through such measures as expanding the items reported to it.

Remuneration for Directors

The Board of Directors decides remuneration for directors after receiving a report from the Personnel and Remuneration Advisory Committee (page 48).

Monthly Remuneration

Base monthly remuneration for directors shall be decided according to his/her job responsibilities in the Company. Of that, 70% shall be fixed and the remaining 30% shall be paid with increases or decreases based on the preceding business year’s business performance.

As a standard, 60% of the performance evaluation is based on non-consolidated results (year-on-year increase/decrease in net sales, ordinary income, and ROA), while 40% is based on the Group’s consolidated performance (the degree to which net sales, operating income, and ROA meet Medium-Term Business Plan targets). The Company does not provide bonuses or retirement benefits. In addition, a certain amount of the monthly remuneration will be allocated to the acquisition of the Company’s shares through contributions to the executive shareholding association. The acquired shares will continue to be held during the director’s tenure in the Company.

Regarding outside directors and outside statutory auditors, monthly remuneration 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 Statutory Auditors for FY2020/3\*1

Category	Number of executives	Total amount of remuneration, etc.
Directors	11*2	¥383 million
Statutory auditors	6*2	¥56 million

\*1 Figures are rounded down to the nearest million yen.  
\*2 Amounts include two directors and two statutory auditor who resigned during FY2020/3.

Introduction of Stock Remuneration Plan

The Company has introduced a Board Benefit Trust (BBT) as a stock remuneration plan. The objective of the BBT is to further clarify the link between the remuneration 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. (This resolution was approved at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019.)

Corporate Governance

(Reference) Overview of Inside Director Remuneration (FY2020/3)

	Fixed Remuneration	Performance-Based Remuneration	Board Benefit Trust
Method	Cash payment		Points granted
Payment Allowance	with in ¥700 million per year		with in 25,000 points per year (1 point = 1 share)
Payment Period	Monthly (no bonuses or retirement benefits)		Director resignation (cumulative points are converted to shares)
Calculation Method	Determined according to their respective responsibilities in the Company, with 70% of the amount to be paid as a fixed amount	Determined according to their respective responsibilities in the Company, with 30% of the amount to be varied depending on the business results of the preceding fiscal year	Points to be granted based on directors' respective positions
Performance Standards	—	60%: non-consolidated performance (net sales, ordinary income, ROA) 40%: consolidated performance (net sales, operating income, ROA)	—
Others	Fixed amount contributed to Nippon Paper Industries executive shareholding association		—

Note: Monthly remuneration is fixed for outside directors and corporate auditors.

Cultivation of Successors to the President and Directors

Successors to the President

Nippon Paper Industries cultivates candidates for succession to the President by placing them in increasingly important roles as directors, executive officers, and other important executive positions. Personnel matters related to directors and executive officers who are future presidential candidates are deliberated by the Personnel & Remuneration Advisory Committee, which is an advisory body that reports to the Board of Directors. Upon receiving this report, the Board of Directors screens and deliberates the report, and then decides on candidates.

Through this process, the Board of Directors supervises the cultivation 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 the 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.

Cultivation of Director Candidates

From the standpoint of securing human resources capable of managing the Company in the future, we make a point of exposing employees—particularly those in career-track positions—to various positions and rotations to different offices. We also make 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, we strive 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 Training Directors

To support directors’ execution of duties, the Company provides directors with information on matters necessary for their roles and functions (such as economic conditions, industry trends, legal compliance, corporate governance, finance and accounting, etc.) on an ongoing basis. We also ensure opportunities to participate in external training based on the desires of individual directors.

Message from an Outside Director—Perspective on the Group’s Medium- to Long—Term Growth



Creating Value through the Use of Wood

The Nippon Paper Group has proactively developed an array of businesses based on its slogan, “shaping the future with trees.” I believe that this slogan provides a simple yet accurate description of the Group’s distinctiveness as a company as well as its stance toward social value and medium- to long-term growth.

The Group’s distinctive strengths lie in its wealth of technologies and expertise for maximizing the use of trees, a renewable resource. Moreover, the Group owns expansive forests in Japan and overseas and engages in sustainable forest management and raw material procurement. I am convinced that, by taking advantage of its management resources and, capabilities to create value through the use of wood and in turn, respond to the renewed demand of society, the Nippon Paper Group will be able to realize sustainable growth.

Transforming the Business Structure and Strengthening Our Competitiveness

In its current Sixth Medium-Term Business Plan, the Group identified the Packaging, Household Paper and Healthcare, Chemical, and Energy Businesses as growth areas and is working to expand its operations in a variety of ways according to its basic policy mentioned earlier. Similarly, the Group is concentrating its efforts, from a longer-term perspective, on the commercialization of new functional materials derived from pulp, such as cellulose nanofiber, a cutting-edge biomass-based material.

Meanwhile, the Group must address the issue of shrinking domestic demand for its existing Paper Business as a result of advancements in IT and other factors. I feel that the Group has been making progress in this area by reorganizing the production structure of the Paper Business and thereby improving profitability. However, as domestic demand in this business is expected to contract even more going forward, proactively transforming its business structure and strengthening its competitiveness is critical to its future success.

Helping Realize a Sustainable Society

As a member of society, companies must unite with society and evolve together.

In recent years, the intensification of climate change and marine plastic pollution have emerged as global issues. In light of this, demand and expectations for the use of wood resources, which are renewable, have been growing. Because of its ability to develop and roll out new paper materials and products, the Nippon Paper Group can create and deploy a range of businesses that cater to such new forms of social needs. I believe that, by leveraging such capabilities, the Group is enhancing its corporate value over the long term and realizing more opportunities to contribute to the development of a sustainable society.

Swiftly Adapting to the Rapidly Changing Operating Environment

In order to continue growing as a company amid this rapidly changing environment, the Group is responding to challenges in a timely manner. For instance, from the time marine plastic pollution started gaining greater attention as a new concern in society, the Group did not hesitate in establishing its Paperizing Promotion Office and developing and rolling out new environment-friendly products, such as its paper straws.

In such ways, I look forward to seeing the Group continue to harness its ability to adapt, swiftly and flexibly, and respond to the rapidly changing operating environment.



# Risk Management

## Basic Stance

The Nippon Paper Group has established its Risk Management Committee, which is chaired by the president and representative director and operates under the supervision of the Board of Directors of Nippon Paper Industries. In order to avoid management-related

risks and to minimize the impact of those that do occur, we have formulated our risk management and crisis response regulations to ensure the continuity of operations under any circumstances.

## Risk Management Promotion Structure

The Risk Management Committee consists of members including the chairpersons of corporate divisions at the company, while the Risk Management Department within the CSR Division serves as its secretariat. The committee identifies and assesses the Group’s risks on a regular basis through the support of the various other committees while considering and deliberating on risk prevention and mitigation measures and reporting them to the Board of Directors.

In the event of an emergency, a crisis response headquarters will be established. The Risk Management Committee conducts inspections and reviews regularly to enable the timely execution of initial responses and business continuity plans (BCPs) in the event of earthquakes, typhoons, infectious diseases, and other risks requiring emergency responses.



## Specific Initiatives

### Response to Natural Disasters

At the Group, we have drawn on past experiences with earthquakes, such as the Great East Japan Earthquake, torrential rains, and other natural disasters to revise our initial response manual. In addition, we engage in thorough Groupwide measures to prepare for a disaster that may occur while coping with the spread of COVID-19 by addressing every possible need, such as the stockpiling of essential goods.

### Response to COVID-19

The Group is fully committed to complying with the policies and measures imposed by the national and local governments to prevent the spread of COVID-19 while continuing to conduct its business activities. (Please see “Our Approach to COVID-19” on page 46.)

### Response to Climate Change

There is a high degree of uncertainty regarding the problem of climate change. Dealing with it will be difficult and will require long-term commitment. While recognizing the risks related to climate change as a management issue, the Group will look to seize opportunities and examine approaches to mitigate risks. (Please see “Initiatives to Address Climate Change” on page 66.)

# Compliance

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_management.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_management.pdf)

## Basic Stance

The Nippon Paper Group stipulates in “The Nippon Paper Group’s Action Charter” that “We shall abide by the letter and the spirit of laws and regulations, and comply with the highest ethical standards and social codes of conduct, both in Japan and abroad.” The Group also believes 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.” To enforce the codes of conduct of Group companies, including the Nippon Paper Group Action Charter and Codes of Conduct, based on the Corporate Governance Policy, we are raising our employees’ awareness of compliance through training and awareness-raising activities.

**The Nippon Paper Group’s Action Charter**

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

## Compliance Structure

At the Group, we continue to promote compliance-related initiatives through the establishment of the Compliance Office, as a specialized unit within the CSR Division of Nippon Paper Industries, and collaborations with the Legal Affairs Office of the Personnel & General Affairs Department, Management Audit Office, Human Resources Department, and other relevant sections as required.

Moreover, Group companies appoint a person to be in charge of compliance within their organizations and work in unison through the use of venues such as Group Compliance Liaison Meetings, which are held by the Compliance Office, with the aim of ensuring compliance throughout the Group.

The Group’s compliance activities are reported on by the chairman of the CSR Division once per year at Board of Directors’ meetings.

## Operation of Internal Whistleblower System

The Group has established the Nippon Paper Group Helpline system to allow any employee of the Group to provide direct notification of, or seek advice outside the chain-of-command on, any action in the workplace that could violate laws, social norms, or corporate ethics. The Compliance Office serves as the point of contact within the Group, while points of contact have also been established outside the Group. We have also distributed the Nippon Paper Group Compliance Card to all employees to spread the awareness of this system to dispatched and contract employees, in addition to regular employees.

To ensure that whistleblowers do not suffer unfavorable treatment, the helpline system protects their privacy and the status of whistleblowing is reported to the Company’s statutory auditors and Management Executive Committee on a quarterly basis.

### Number of Reports Made to Helpline

FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3
19	11	32	33	46

# Directors and Statutory Auditors (As of June 25, 2020)

## Directors



**Fumio Manoshiro**  
Chairman and Director

**Number of Company Shares Held**  
30,374 shares

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



**Toru Nozawa**  
President and Representative Director

**Number of Company Shares Held**  
12,548 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 Position**  
• President Corporate Officer



**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 of Tokyo Gas Engineering Solutions Corporation (until 2020)  
2020 Appointed Outside Director, NPI (current position)



**Kazufumi Yamasaki**  
Executive Vice President and Representative Director

**Number of Company Shares Held**  
22,766 shares

**Brief History**  
1955 Born  
1980 Joined Sanyo-Kokusaku Pulp Co., Ltd.  
2010 Appointed Director, NPI  
2017 Appointed Executive Vice President and Representative Director, NPI (current position)

**Responsibilities and Important Positions**  
• Executive Vice President and Corporate Officer  
• Aide to the President  
• President and Representative Director, Nippon Paper Crecia Co., Ltd.



**Akihiro Utsumi**  
Director

**Number of Company Shares Held**  
10,692 shares

**Brief History**  
1956 Born  
1979 Joined Jujo Paper Co., Ltd.  
2015 Appointed Director, NPI (current position)

**Responsibilities and Important Positions**  
• Senior Managing Executive Officer  
• General Manager, Personnel & General Affairs Division

## Statutory Auditors



**Hirofumi Fujimori**  
Statutory Auditor

**Number of Company Shares Held**  
10,862 shares

**Brief History**  
1955 Born  
1987 Joined Sanyo-Kokusaku Pulp Co., Ltd.  
2015 Appointed Director, NPI  
2018 Appointed Statutory Auditor, NPI (current position)

**Important Positions**  
• Statutory Auditor, Nippon Paper Crecia Co., Ltd.



**Kazunari Tatsu**  
Statutory Auditor

**Number of Company Shares Held**  
1,649 shares

**Brief History**  
1960 Born  
1983 Joined Jujo Paper Co., Ltd.  
2019 Appointed Statutory Auditor, NPI (current position)

**Important Positions**  
• Statutory Auditor, NP Trading Co., Ltd.



**Takeo Konno**  
Director

**Number of Company Shares Held**  
9,634 shares

**Brief History**  
1957 Born  
1981 Joined Jujo Paper Co., Ltd.  
2018 Appointed Director, NPI (current position)

**Responsibilities and Important Positions**  
• Managing Executive Officer  
• General Manager, Sales Management & Planning Division  
• President and Representative Director, Nippon Paper Logistics Co., Ltd.



**Masanobu Iizuka**  
Director

**Number of Company Shares Held**  
5,774 shares

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

**Important Position**  
• Executive Officer  
• President, Opal



**Takafumi Okuda**  
Outside Statutory Auditor

**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 at Law of Mori Hamada & Matsumoto (current position)  
2020 Appointed Outside Statutory Auditor, NPI (current position)

**Important Positions**  
• Visiting Attorney at Law of Mori Hamada & Matsumoto



**Nanako Aono**  
Outside Statutory Auditor

**Number of Company Shares Held**  
0 shares

**Brief History**  
1962 Born  
1995 Joined Chuo Aoyama Audit Corporation  
2005 Director of 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 Statutory Auditor, NPI (current position)  
2020 Outside Director, Optex Group 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.



**Makoto Fujioka**  
Outside Director

**Number of Company Shares Held**  
1,000 shares

**Brief History**  
1950 Born  
1996 Deputy Director-General for Trade and Economy, Ministry of Economy, Trade and Industry (then the Ministry of International 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 Statutory Auditor, Kobayashi Pharmaceutical Co., Ltd. (current position)  
2016 Outside Auditor, IHI Corporation (until 2020)  
Appointed Outside Statutory Auditor, NPI (until 2019)  
2019 Appointed Outside Director, NPI (current position)

**Important Positions**  
• Auditor, International Christian University  
Outside Statutory Auditor, Kobayashi Pharmaceutical Co., Ltd.

\* The above “Number of Company Shares Held” is as of March 31, 2020, and includes shares held by the Nippon Paper Industries executive shareholding association.

# Procurement of Raw Materials

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_procurement.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_procurement.pdf)

## Basic Stance

The Nippon Paper Group is engaged primarily in the manufacture of paper products, the raw materials for which include wood chips, wastepaper, and other wood resources. To ensure the long-term sustainability and growth of our business, we have created a system for the ongoing procurement of woody biomass generated through sustainable forest management.

In 2005, we established our Philosophy and Basic Policy Concerning Raw Materials Procurement. Based on this philosophy and basic policy, we use supply chain management to practice sustainable raw material procurement. Moreover, we promote dialogue with stakeholders with the intention of taking our environmentally and socially conscious raw material procurement to greater heights.

Philosophy and Basic Policy Concerning Raw Materials Procurement  
<https://www.nipponpapergroup.com/english/csr/policies/>

### 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 in consideration of 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

In addition to suppliers in Japan and overseas, local communities and government institutions, among other parties, are involved in the procurement of wood materials. Given this intersection with society and the environment, we believe 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 the legality of wood materials, we formulate and execute action plans for resource procurement that take into consideration human rights, labor, local communities, and the preservation of biodiversity.

Action Plan for Wood-Based Raw Material Procurement  
[https://www.nipponpapergroup.com/english/csr/download/action\\_plan\\_for\\_wood-based\\_raw\\_material\\_procurement.html](https://www.nipponpapergroup.com/english/csr/download/action_plan_for_wood-based_raw_material_procurement.html)

We have established “enhancing the traceability of wood from overseas” and “promoting trade association certifications for the legality of wood chips produced in Japan” as the pillars of our activities. To ensure sustainability, each year we conduct surveys and interviews targeting our suppliers of materials overseas.

#### Details of Supplier Surveys

- Basic information on the forests from which materials were sourced
- Status on obtaining forest certifications
- Establishment of policy and systems regarding to human rights and labor policies
- Implementation of biodiversity efforts, etc.

In addition, we received annual forest certification audits and third-party verification through a due-diligence system for verifying legality under the Clean Wood Act, which was introduced in Japan in 2017. In FY2020/3, all of the wood raw materials we used for paper were approved under forest certification systems (including controlled material and controlled wood).

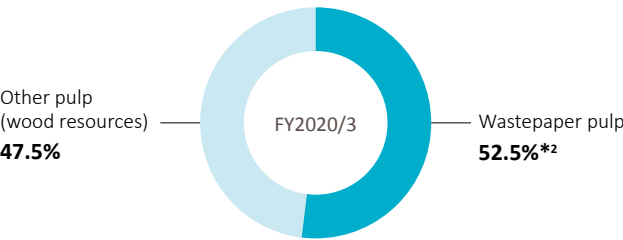
## Management of Suppliers

#### Key Points in the Group’s Procurement of Wood Resources

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

More than 60% of the wood raw materials (wood chips) Nippon Paper Industries uses as paper material comes from overseas. To ensure the sound cultivation of domestic forests and encourage the active use of forests, we also promote the use of materials produced in Japan. As such, we are working to increase the percentage of domestically produced materials used in paper.

#### 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

#### Breakdown of Wood Raw Materials (Wood Chips) Procured by Nippon Paper Industries Co., Ltd. (FY2020/3)

(Bone dry units, kt = kilotons)

Overseas 64% (2,651 kt)		Japan 36% (1,479 kt)	
Hardwood 58% (2,403 kt)	Softwood 6% (248 kt)	Hardwood 14% (568 kt)	Softwood 22% (911 kt)

#### The Number of Implementation of Nippon Paper Industries’ Action Plans for Procurement of Wood Resources (FY2020/3)

In Japan	377 chip suppliers, 7 pulp suppliers (implemented for all suppliers)
Overseas	23 chip suppliers, 16 pulp suppliers (implemented for all suppliers)

#### Initiatives for Procuring Stable Supplies of Wastepaper

Recycled wastepaper comprises more than half of the raw materials used by the Group.

Wastepaper is a “star student” of recycling. In Japan, wastepaper is an indispensable resource, comprising more than half of the raw materials used in the Japanese papermaking sector. Working for many years with the wastepaper industry, the Group has built a system for the steady procurement of wastepaper. In order to recycle collected newspapers and wastepaper into raw

materials for newsprint in a stable and long-term manner, we engage in such initiatives as the creation of a new procurement system called the Closed Loop System, in which the company directly purchases the wastepaper collected by newspaper companies. Through such efforts, we are making greater contributions to the environment by maintaining and expanding our paper-recycling system.



# Forest Management

## Sustainable Forest Management

The Nippon Paper Group sources sustainable wood raw materials from third parties and cultivates its own forest resources in Japan and overseas. The Company conducts sustainable forest management based on its Philosophy and Basic Policy Concerning Raw Materials Procurement, thereby preserving the multiple functions that forests have to offer, contributing to the environment and society.

The Company manages 173 thousand hectares of forests in Japan and overseas. All of our forests have obtained forest certifications, receiving third-party verification for sustainable forest management.

## Forest Management That Coexists with Local Communities and Preserves Biodiversity

While forests are an important management resource for Nippon Paper, the Group also recognizes its social responsibility to contribute to local communities, while maintaining and preserving the multifaceted functions of forests.

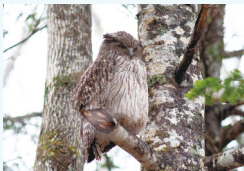
### Initiatives in Company-Owned Forests in Japan

Approximately 20% or 18 thousand hectares of the company’s forests in Japan are designated as Environmental Forest Areas where trees are not harvested so that environmental functions such as ecosystems and watershed are protected and preserved, and also where many wildlife species are supported. In the “managed forests” where timber is produced, the Group takes care of riparian forests and verifies the existence of any endangered species and carries out forestry activities that balance environmental and social concerns with forestry management.

In Japan, we own a total of around 90 thousand hectares of forests throughout the country. Overseas, we oversee 83 thousand hectares of afforested areas in Brazil, Chile, Australia, and South Africa. These forests produce resources and ensure a steady supply of wood raw materials for the Nippon Paper Group.

### CASE STUDY Preservation of the Natural Habitat of Blakiston’s Fish Owls While Carrying On with Our Business Activities

In collaboration with the Wild Bird Society of Japan, Nippon Paper is helping preserve the habitat of Blakiston’s fish owls, which are included in the Critically Endangered category of the Ministry of the Environment’s Red List of endangered species, while continuing to carry on with its business activities at its Company-owned forests in Hokkaido Prefecture.



Blakiston’s fish owl  
Photo courtesy of the Wild Bird Society of Japan

### CASE STUDY Shirane-Aoi Planting Activities

With the aim of protecting Shirane-Aoi, which is designated as a “threatened II” species by Gunma Prefecture, Nippon Paper is supporting the activities of the Shirane-Aoi Preservation Group from a management perspective and has offered a portion of its Company-owned forests to be used as a plantation site for Shirane-Aoi. In addition, Group employees participate as volunteers in tree-planting, seed collection, and other activities.



Planting activity

### Initiatives at Overseas Afforestation Operating Companies

In our afforested areas overseas, we conduct forestry management by taking into account the local residents, the cultures and traditions of each region, and the natural environment and ecosystems. As part of our social contribution activities, we visit and hold regular meetings with stakeholders, such as the residents of communities near our afforested areas, and find out what they think about and need from our business activities. We conduct activities that demonstrate our respect for indigenous people. We also offer support for educational activities.

### CASE STUDY Consideration for the Safety of Local Residents

In the afforested areas of Australia, where public roads are often used to carry out logging and transportation work, we are implementing rigorous measures to ensure the safety and mobility of local residents, such as maintaining road conditions and facilitating the use of school buses, by establishing operational standards that do not hinder the day-to-day lives of these residents.



Explanation to a school bus driver

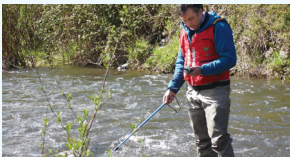
### CASE STUDY Implementation of Biodiversity Surveys

At Volterra S.A. in Chile and AMCEL in Brazil, we engage in biodiversity preservation efforts such as the designation of large-scale conservation areas and protected forests and the administration of biodiversity surveys on a regular basis.

#### Volterra S.A.’s initiatives



Pudu (endangered species)

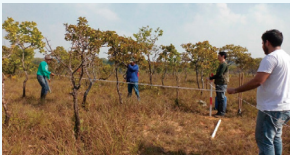


Water-quality survey

#### AMCEL’s initiatives



Monitoring of wild animals



Vegetation survey

### CASE STUDY Workplace Training for Local Residents

At Amapá Florestal e Celulose S.A. (AMCEL) in Brazil, we interview with local residents to find out what they would like to learn for their work or daily life and create themes based on such topics of interest to hold annual training sessions. These training sessions have been held year after year with around 100–300 people attending annually.



Training session

### CASE STUDY Respect for Indigenous People

At Volterra in Chile, we contribute to improving the everyday surroundings of the communities of indigenous people by donating sewage tanks and pipes to the communities in proximity to Company-owned afforested areas, participating in road pavement and expansion projects, and providing and installing fence materials. We are also seeking to expand our knowledge of the society and culture of indigenous people and to increase our contributions to them through such initiatives as the protection of heritage sites discovered on properties in Brazil and Australia.



Tanks and pipes donated by Volterra



Fences installed by Volterra



Heritage education meeting (Brazil)



Stone tools discovered by NPR (Australia)



# The Environment

→ Please refer to the following website  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_environment.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_environment.pdf)

→ Environmental Action Plan (Green Action Plan 2020)  
[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

## Basic Stance

The Nippon Paper Group provides society with an array of products and services through the effective use of wood, a renewable resource. Meanwhile, because our corporate activities involve the significant use of energy and water, we recognize the importance of engaging in efforts for the reduction of environmental burden, management of chemical substances, effective use of water resources, preservation of biodiversity, and mitigation of climate change. Based on the Nippon Paper Group Environmental Charter, we will engage in corporate activities by taking into account biodiversity throughout the entire value chain from a long-term perspective, in order to contribute to the realization of a resource-circulating society.

**The Nippon Paper Group Environmental Charter**  
(Established on March 30, 2001, and revised on March 30, 2007)

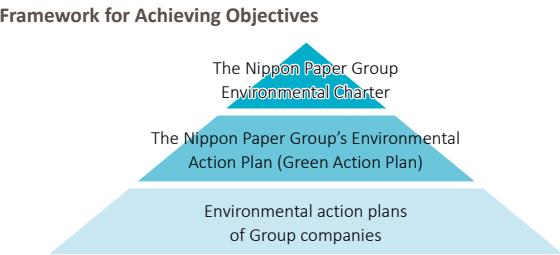
**Philosophy**  
The Nippon Paper Group is committed to helping preserve the global environment over the long term and contributing to the development of a resource-circulating society by carrying out its corporate activities in recognition of the importance of biodiversity.

**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

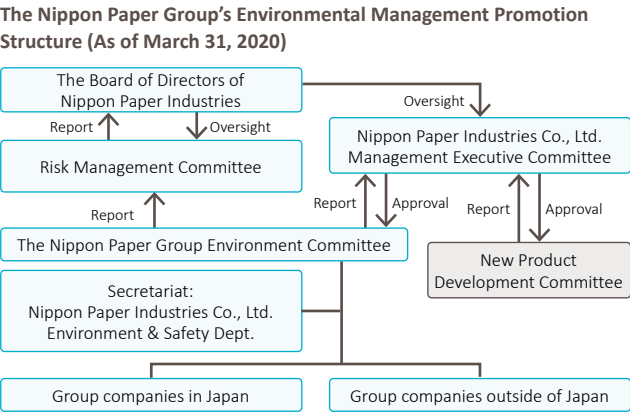
## Environmental Action Plan (Green Action Plan)

The Nippon Paper Group has established its Environmental Action Plan—the Green Action Plan (GAP)—in accordance with the six basic policies expressed in its Environmental Charter. Group companies have established their own specific environmental action plans to reflect their own individual business circumstances based on the GAP. Their efforts to fulfill these plans are enhancing our ability to accomplish the GAP. (page 63)



## Environmental Management Promotion Structure

Under the Group’s risk management structure, the Nippon Paper Group Environmental Committee, chaired by the executive officer responsible for environmental management at Nippon Paper Industries, monitors the progress of the Environmental Action Plan at each Group company. In addition, the committee assesses and analyzes the risks and opportunities concerning the environment, and reports its findings to the Board of Directors through the Risk Management Committee. In conjunction, the New Product Development Committee develops products derived from woody biomass. Meanwhile, the Management Executive Committee deliberates and makes decisions on environment-related policies and measures and reflects them in the strategies of Group companies, with the aim of realizing both environmental and economic growth throughout the entire Group.



## Enhancement of Our Environmental Management Systems

The Nippon Paper Group has introduced environmental management systems that meet the standards of certifying bodies such as ISO 14001 and Eco Action 21 as a measure to promote environmental management. The acquisition rate of the ISO 14001 certification at the Company’s production bases is 100% (as of March 2020). In addition, environmental audits are conducted by the Environment & Safety Department at each Group company based on action guidelines concerning environmental management initiatives issued by the Japanese government. By observing complex production processes from a unique perspective, confirming legal

compliance, and identifying problems, we are working to avoid environmental law violations and accidents in a preventive manner. Furthermore, we are working to strengthen the systems by having Group companies conduct environmental audits among one another.

Conditions Regarding ISO 14001 and Eco-Action 21 Certifications  
[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

## The Nippon Paper Group Environmental Action Plan (Green Action Plan 2020) Progress Report (Excerpt)

**Global Warming Countermeasures**

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

**Progress:** Reduced greenhouse gas emissions by 14.0% compared with FY2014/3

**Volume of Greenhouse Gas Emissions (Total for Scope 1 and 2)**

Million t-CO<sub>2</sub>

Fiscal Year	Volume of Greenhouse Gas Emissions (Million t-CO <sub>2</sub> )
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	6.55

14.0% reduction vs. FY2014/3 level

**Circulation of Resources**

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

**Progress:** Waste recycling rate of 97.0%

**Waste Generated and Final Disposal Volume**

Thousand tons

Fiscal Year	Waste generated (Thousand tons)	Final waste disposal (Thousand tons)
2016/3	704	17
2017/3	690	11
2018/3	638	9
2019/3	745	13
2020/3	732	20

**Forest Resources**

**Target:** Maintain forest certifications for all proprietary forests, both domestically and internationally

**Progress:** Maintained certification for 90 thousand hectares of Company-owned forests in Japan and 83 thousand hectares overseas

**Development of Eco-Friendly Technologies and Products**

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

**Progress:** Full-scale launch of SPOPS® replaceable containers as an alternative to plastic

\*1 Scope: Consolidated and non-consolidated Group companies in Japan subject to the Act on Rationalizing Energy Use  
\*2 Domestic Group companies classified as environment-related organizations in Sustainability Report 2020

The Environment

Reduction of Environmental Impacts

It is impossible to completely eliminate the environmental impacts of the business activities that lead to the supply of our products and services. Nevertheless, we believe that companies can contribute to the building of a sustainable society through continuous efforts to minimize these impacts.

When manufacturing products, energy and water are used, greenhouse gases and other air pollutants are generated from boiler combustion, and drainage containing water pollutants and waste are generated from production processes. To minimize its negative environmental impacts, the Nippon Paper Group uses equipment and technologies that reduce the amount of these substances released into the environment.

Key Environmental Data

[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

Response to Feedback and Complaints

The Nippon Paper Group receives complaints and inquiries via its website and at each of its mills. In addition, the Group also holds risk communication meetings and employs an environmental monitoring system that encourages input from local residents. The Group reflects this feedback in its efforts to reduce environmental impacts.

When a complaint is received, we move swiftly to determine possible causes and implement emergency and permanent measures. We also explain to the person who lodged the complaint the possible causes and our actions to resolve the situation to ensure his/her satisfaction with our approach.

Environment-Related Complaints (FY2020/3)

Matter of complaint	Number of complaints	Complaint	Number of complaints
Noise	8	Vibration	1
Dust and mist dispersal	2	Smoke	25*
Odor	2	Other	0

Total: 38

\* During June–August 2019, an incident occurred at our Akita Mill, which involved the downfall of white smoke from its recovery boiler. As a result, we received numerous complaints and inquiries from local residents. Since then, the Akita Mill has provided an explanation on the incident and conducted inspections and maintenance on its facilities, and the issue has been resolved as a result.

Controlling Chemical Substances

The Nippon Paper Group examines the chemical substances it uses in its production processes in accordance with its Chemical Substance Management Guidelines. We do this in exercising risk management to monitor how much of these substances are used and released into the environment. We disclose the amount of release and transfer of PRTR\*-controlled substances to local stakeholders through risk communication at each of our mills and other production sites.

\* The Pollutant Release and Transfer Register (PRTR) is a system for monitoring the movement of chemical substances posing risks to human health or ecosystems. Under the PRTR system, businesses track the amounts of chemicals released into the environment or transferred to other business locations and report this information to government authorities.

Amount of Substances Subject to the PRTR Law Released and Transferred

[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

Effective Use of Water Resources

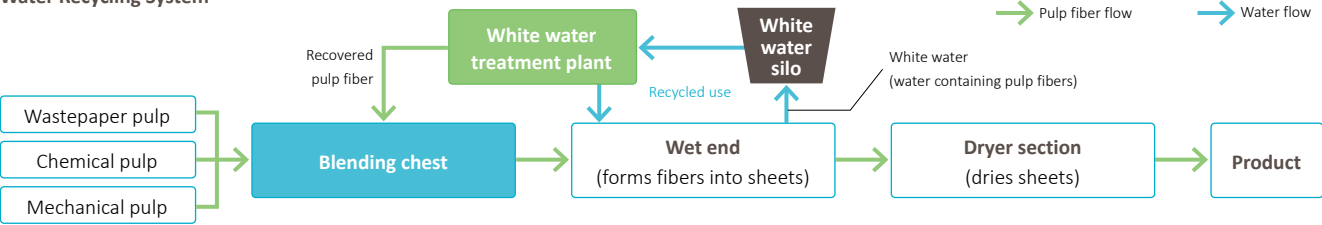
The manufacture of paper requires large amounts of water. The Nippon Paper Group’s papermaking process efficiently and effectively uses water resources, which are a form of natural capital. One example is the wet end of the papermaking process, in which pulp fiber is dispersed in water to eventually create thin sheets. The “white water” generated from this process, which contains very fine pulp fibers, is recovered and recycled into the papermaking process. As of this time, we have not received any information from governments

or local communities regarding negative impacts on the environment resulting from water use at our mills. Therefore, the risks imposed by our operations on the water supply in Japan are minimal.

Water Consumption Data

[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

Water Recycling System



Preservation of Biodiversity

The business activities of the Group entail the cultivation and utilization of forests and, therefore, have an inherently significant and wide-ranging impact on forest biodiversity. We recognize that the sustainable use of forests is an ongoing concern as a matter fundamental to our existence and development.

The basic philosophy of its Group Environmental Charter states that the Group will engage in corporate activities that recognize the importance of biodiversity. In April 2016, we established the Basic Policy on the Preservation of Biodiversity, which provides guidance for the pursuit of such activities. We promote relevant measures through-

out our global supply chain.

In pursuing sustainable forest management, the Nippon Paper Group conducts biodiversity surveys in Company-owned forests.

We also strive to reduce our impact on biodiversity by, for example, treating wastewater and controlling greenhouse gas emissions in our manufacturing processes.

Basic Policy on the Preservation of Biodiversity

<https://www.nipponpapergroup.com/english/csr/policies/>

Carrying Out of Biodiversity Surveys Overseas (AMCEL S.A., Brazil, and Volterra S.A., Chile)

Consolidated subsidiary, At Amapá Florestal e Celulose S.A. (AMCEL), located in the Brazilian state of Amapa, owns approximately 300 thousand hectares of land and has set aside 170 thousand hectares as a conservation area. Meanwhile, Volterra S.A., in Chile, owns approximately 19 thousand hectares of forests and has designated about five thousand hectares as protected forests.

These areas are home to large numbers of plant and animal species, many of which are rare or endangered. Protecting them, therefore, is essential. Both AMCEL and Volterra carry out surveys and other initiatives to research and monitor biodiversity in the areas they protect. (see page 61)

The Environment

Initiatives to Address Climate Change

Promotion Structure

In addition to the range of impacts generated by global warming and climate change, the Nippon Paper Group believes that those global trends coinciding with the Paris Agreement and the policies of the Japanese government have a significant impact on its operations. For that reason, we continuously examine global trends, and focus our environmental management on pursuing activities which improve both the environment and our business.

As part of its environmental management promotion structure (see page 62), the Group has established its Environment Committee under the Risk Management Committee (see page 54), which is chaired by the president of Nippon Paper Industries. The committee

assesses and analyzes risks and opportunities concerning climate change. Based on its findings, the Management Executive Committee of the company deliberates and decides policies and measures regarding climate change and reflects them in the strategies of Group companies to realize growth throughout the entire Group.

Primary Risks and Opportunities

The issue of climate change is highly uncertain, therefore, long-term response and countermeasures are required. The Group primarily anticipates the following types of risks and opportunities through its assessments and analyses.

Status of Analyses of Major Climate Change-Related Risks

Physical Risk	Responses and Objectives behind Analyses
Difficulty in procuring forest resources from Company-owned forests as well as in logging and transportation of forest resources and the loss of such resources among suppliers due to natural disasters resulting from abnormal weather (including torrential rain, droughts, and fires resulting from high temperatures)	<ul style="list-style-type: none"><li>Diversification of suppliers</li><li>Selection and cultivation of trees tailored to the region’s climate utilizing breeding techniques</li></ul>
Damage to production sites and disruption of logistics networks due to abnormal weather (including torrential rain, droughts, and fires)	<ul style="list-style-type: none"><li>Establishment of a business continuity plan (BCP) as a disaster-response measure</li></ul>
Transition Risk	Responses and Objectives behind Analyses
New laws and regulations pertaining to the Company’s greenhouse gas emissions, and increased financial burden associated with the implementation of carbon taxes, emissions trading, and other policies	<ul style="list-style-type: none"><li>Greater use of renewable energy</li><li>Maintenance of CO<sub>2</sub> sequestered in Company-owned forests and increase in absorption of CO<sub>2</sub> through the use of breeding techniques</li></ul>
Increased costs associated with conversion to non-fossil energy (due to difficulty in securing fuel that can be reasonably procured and necessity of repairs and upgrades to facilities)	<ul style="list-style-type: none"><li>Utilization of raw material procurement network</li><li>Utilization of know-how in facility management</li></ul>
Fewer opportunities to procure forest resources due to restrictions on land use	<ul style="list-style-type: none"><li>Enhancement of wood productivity per unit area through the use of breeding techniques</li></ul>
Reputational Risk	Responses and Objectives behind Analyses
Negative reputation among stakeholders stemming from the continued use of fossil resources	<ul style="list-style-type: none"><li>Reduction in use of fossil resources in accordance with production system</li><li>Greater use of renewable energy</li></ul>
Increasing need for the sustainable procurement of woody biomass fuel	<ul style="list-style-type: none"><li>Implementation and audit of supplier surveys</li><li>Utilization of forest certifications</li></ul>

Status of Analyses of Major Climate Change-Related Risks

Areas of Opportunity	Market Growth and Other Potential Contributions from Group Strengths
Forest resources and woody biomass	<ul style="list-style-type: none"><li>Growth of business based on experience and know-how in sustainable forest management</li><li>Utilization of carbon credit</li><li>Increases in the value of and sales opportunities for raw materials and products derived from woody biomass</li></ul>
Proprietary breeding techniques	<ul style="list-style-type: none"><li>Expansion of forest resources that help mitigate climate change</li><li>Increases in productivity and business opportunities through greater land use</li></ul>
Renewable energy	<ul style="list-style-type: none"><li>Greater opportunities in power generation business</li><li>Rise in value of new woody biomass fuel development</li></ul>

Medium- to Long-Term Initiatives

The Nippon Paper Group will engage in activities that minimize its risks while taking advantage of its opportunities by striving to steadily reduce greenhouse gas emissions over the medium term and aggressively mitigate and adapt to climate change over the long term.

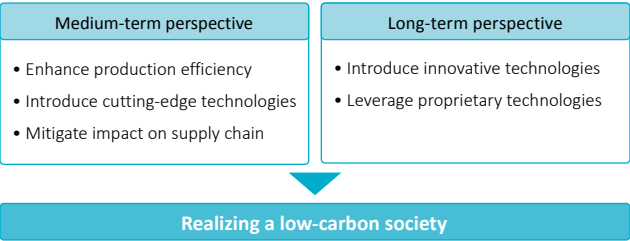
From a medium-term perspective, since formulating its Environmental Action Plan (Green Action Plan) in 2006, the Group has been setting quantitative management targets and engaging in specific initiatives for all environment-related matters, including climate change initiatives on a five-year basis.

ESG Data Packet

[https://www.nipponpapergroup.com/english/csr/esg\\_data\\_packet.html](https://www.nipponpapergroup.com/english/csr/esg_data_packet.html)

As we envision the Group in 2030 and 2050, we will work to minimize our greenhouse gas emissions in accordance with our production structure while enhancing our production efficiency and developing and introducing new technologies with a sense of determination.

From a long-term perspective, we will incorporate the advancement of our innovative technologies, generated via our various forms of development in Japan and overseas, into the growth scenario of the Group. Moreover, we actively engage in the development of new pulp and paper materials with cellulose nanofiber and functions, and we will continue to provide woody biomass-derived products and services that accurately address the needs of customers, with the goal of helping realize a low-carbon society.



Establishment of New Biomass Fuel Office

In the Energy Business, we will direct our attention to the biomass power generation business in order to meet the rising need for a low-carbon society.

On April 1, 2020, the Group established its new Biomass Fuel Office in the forest resource division of the raw materials headquarters. We will move aggressively forward with the development and procurement of woody biomass fuel by harnessing our supply chain for sustainable wood resources, a Group’s strength, and accumulate a wide range of information on renewable energy toward the sustainable procurement of fuel in response to climate change.

The Environment

Reduction of Greenhouse Gas Emissions

The Three Pillars for Reducing Greenhouse Gas Emissions

The Nippon Paper Group actively engages in efforts to reduce greenhouse gas emissions in reflection of the significant amount of energy it consumes and the forest resources it owns, while complying with the Japan Federation of Economic Organizations (Keidanren) and Japan Paper Association’s plans for realizing a low-carbon society.

Specifically, we are striving to realize fuel conversion, conservation of energy in each of our production and logistics processes, and appropriate management of proprietary forests to ensure CO<sub>2</sub> absorption and sequestration as the three pillars for reducing greenhouse gas emissions at each stage of our value chain.

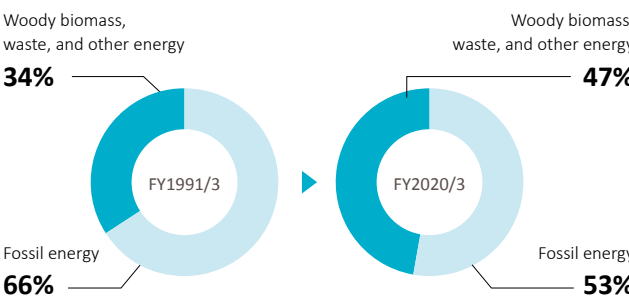
Fuel Conversion

The Group utilizes black liquor, a by-product in the pulping process, and construction waste as woody biomass fuel. Moreover, we appropriately procure our woody biomass fuel and utilize it as energy by drawing on our procurement network in Japan and overseas.

Through our introduction of high-efficiency boilers and boilers capable of burning construction waste and other woody biomass fuel, used tires, and RPF\* waste fuel, the Group’s domestic fossil energy use ratio (in terms of heating value) to the total amount of fuel used, fell to 53% in FY2020/3. Moving forward, we will facilitate such fuel conversion in an effort to further reduce our use of fossil energy.

\* Refuse derived paper and plastics densified fuel: A high-grade solid recovery fuel primarily composed of waste paper and waste plastics from mostly industrial waste for which material recycling is quite difficult (source: Japan RPF Association website)

The Nippon Paper Group’s Fossil Energy Use Ratio (in Terms of Heating Value) in Japan, as a Percentage of Total Amount of Fuel Used



Note: Estimate by Nippon Paper Industries based on Primary Energy Trends in Domestic Energy Supply for Fiscal 2018 reported by the Agency for Natural Resources and Energy

Torrefaction Technology and New Woody Biomass Fuel

Torrefaction is a technology that carbonizes woody biomass at a relatively low temperature. This has been developed for the production of fuels which remain relatively high in calories, are easy to crush, and have developed a water resistance that makes them suitable for outdoor storage. The Company has established a torrefaction technology that contributes to the production of new woody biomass fuel to serve as an alternative to coal for thermal power generation.



Sample of new woody biomass solid fuel

Promotion of Energy Conservation in Production and Logistics Processes

Expansion of Our Energy Conservation Measures in the Paper and Paperboard Business within Japan and Overseas

Over the years, the Nippon Paper Group has been working to reduce energy consumption at its papermaking mills in Japan. The Company’s successful efforts are shared with other mills for the benefit of the entire Group. In recent years, we have also been sharing our know-how on energy conservation acquired at our mills in Japan with the Group’s papermaking mills overseas, such as those in Australia and Thailand.

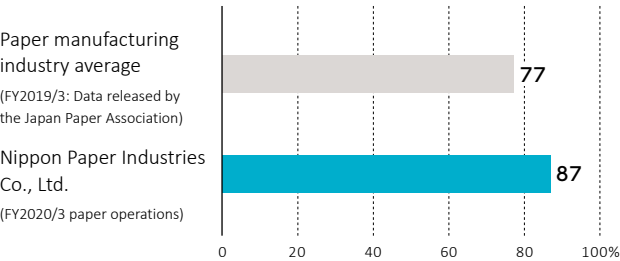
Green Logistics

The Group is striving to improve its loading efficiency and shorten its transportation distance as a part of its efforts to promote green logistics and thereby reduce greenhouse gas emissions.

With the objective of improving loading efficiency, the Group is promoting the improvement of its modal shift rate. At 87% in FY2020/3, we continue to maintain a high modal shift rates\* in our Paper Business.

\* The percentage of rail or marine (including coastal shipping and ferries) transportation among general cargo transported over 500 kilometers

Comparison of Modal Shift Rates



Furthermore, by collaborating with distribution companies, we are promoting a Groupwide initiative to supply products directly to customers without having to access our warehouses, thereby shortening our transportation distance.

Improved Transportation and Storage Efficiency of Long-Length Toilet Paper Rolls

Through the development of technology that triples the length of toilet paper while maintaining the same volume and quality, SCOTTIE® Four-Roll Flower Pack toilet paper rolls, released by Nippon Paper Crecia Co., Ltd. in 2016, conserve household and store space and reduce the use of toilet paper cores and packaging, in addition to improving logistics efficiency, which contributes to reductions in CO<sub>2</sub> emissions.

Absorption and Sequestration of CO<sub>2</sub> through Proper Management of Company-Owned Forests

The Group owns 173 thousand hectares of forest worldwide, consisting of 90 thousand hectares in Japan and 83 thousand hectares within four countries overseas. In accordance with our approach to sustainable forest management, the Group has continued to sequester roughly 32 million tons of CO<sub>2</sub> at its Company-owned forests through their proper management and maintenance of the CO<sub>2</sub> absorption and sequestration capabilities of its trees. (page 60)

Quantification of the Effect of Appropriate Forest Management on CO<sub>2</sub> Absorption in the Form of Credits and Contributions to Realizing Carbon Offset

The Nippon Paper Group has been certified under the J-Credit Scheme for the effectiveness of its absorption of greenhouse gas realized through forest thinning, as it continues to undertake appropriate forest management aimed at sustainable management of its Company-owned forests. By providing credits through forest management, we are contributing to the realization of carbon offset in local communities.



# Customer Trust

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_customer.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_customer.pdf)

## Basic Stance

The Nippon Paper Group tries to improve the social and economic value of its companies by providing products and services that contribute to the building of a sustainable society while accurately responding to customer needs, thus realizing its Group Mission (see page 2).  
The Group operates various businesses such as paper, film, health-care products, chemical products and wood/construction materials.

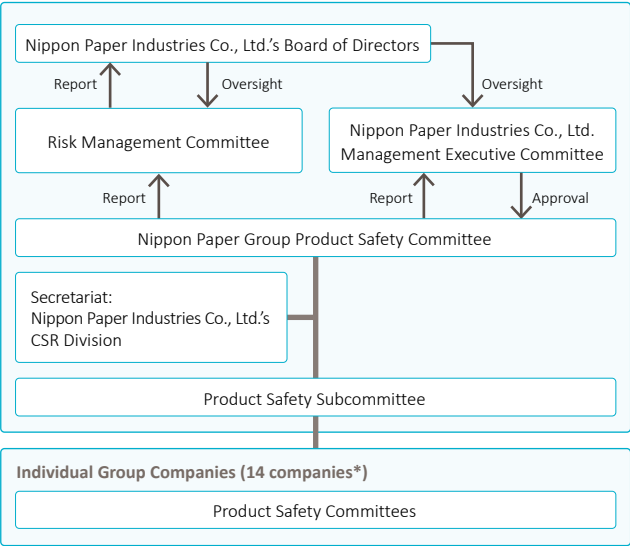
## Product Safety

Based on the Product Safety Philosophy and Basic Policy, the Group pursues quality that will continue to earn the trust of customers.  
Nippon Paper Industries Co., Ltd. has established a Risk Management Committee (see page 54) under the supervision of the Board of Directors to promote risk management of the entire Group, including product safety.  
The Group Product Safety Committee, chaired by the general manager of the CSR Division of the company, conducts activities related to Groupwide product safety. It also deliberates and makes decisions on important matters such as Groupwide activity policies and measures, reporting to the Risk Management Committee.  
The Product Safety Subcommittee, which is under the Nippon Paper Group Product Safety Committee, monitors and manages activities at each Group company and exchanges information among companies. Any issues of concern are reported to the Product Safety Committee. Each Group company also has a Product Safety Committee or similar organization to promote product safety activities.  
The Group works to ensure product safety by employing management approaches adapted to specific operations and products, and in full compliance with laws and regulations, concerning the management of chemical substances, and food products, in Japan and overseas.

In the case of new products that cannot be managed by the existing management system, we establish a product safety risk management system before launching such products. This is based on the “Basic Guidelines for Product Safety Management.”

We believe that ensuring the safety and quality of products that are indispensable to our daily lives while maintaining a stable supply will fulfill the above and our responsibility to our customers. We have established a system to secure a stable supply of products in normal times and also in emergency situations.

### Product Safety Management System



\* Nippon Paper Industries Co., Ltd., Nippon Paper Crecia Co., Ltd., Nippon Paper Papyrus 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, Akita Jujo Chemicals Co., Ltd. (As of June 30, 2020)

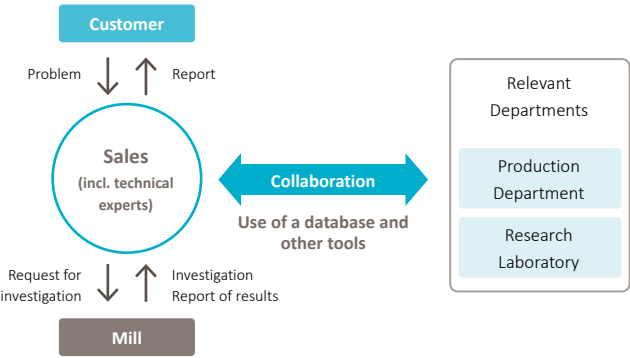
Philosophy and Basic Policy on Product Safety  
<https://www.nipponpapergroup.com/english/csr/policies/>

## Quality Control

Quality control is managed according to the characteristics of our various products and services.  
For example, in the paper and paperboard division, we have an established system using service engineers (SEs) to manage aspects of quality control. SEs are technical staff who are in paper manufacturing, but also visit customers to acquire feedback directly from them. In the case of suspected product failure, the technical staff of the sales department will act as the point of contact. Any issue will then be handled swiftly through the use of a database containing details on quality-related accidents as well as through the cooperation of mills and head office divisions.  
As part of its ongoing quality improvement efforts, the Paper-Pak Sales Division holds annual quality-related meetings and conducts product safety audits for its liquid package carton producer, Nippon Paper Liquid Package Product Co., Ltd. It also shares material issues related to food safety in order to improve overall quality.

Nippon Paper Crecia Co., Ltd., which supplies products to individual customers, encourages customer feedback by printing its Customer Service Office contact details on all of its products, as well as providing online advisory services on its website.

### Product Defect Response System (Paper and Paperboard Business)



## Stable Supply

The Nippon Paper Group is committed to providing reliable supplies of its products by ensuring stable supply of raw materials and by the systematic maintenance and renewal of production facilities. In addition, the sales and production departments have collaborated to establish a flexible and efficient production plan that allows us to manage inventory in an optimal manner and provide stable supplies of our products to customers. We are also working to put in place a system for minimizing damages and enabling swift recovery in the case of disasters and other emergencies.  
When a situation is deemed an emergency, the Risk Management Committee (see page 54) will set up a crisis response headquarters. The crisis response headquarters would then carry out an initial response and implement a business continuity plan as provided for by the Crisis Countermeasures Regulations.

### Initiative for Stabilizing Operations

The paper and pulp industry is a typical equipment-dependent industry. The stable supply and quality of its products is directly linked to the stable operation. Nippon Paper and NIPPON PAPER UNITEC CO., LTD. joined forces to develop and operate the “e-musen junkai® (e-wireless patrol)” system, a remote monitoring system that detects abnormal signs from machinery equipment through a wireless sensor.  
Through this technology, we are able to actively anticipate and prevent equipment problems and thereby stabilize operations.  
In addition to rolling out this system to all of our domestic mills and working aggressively to promote sales outside of the Group, we commenced sales operations in Thailand in 2019.  
⇒ “e-musen junkai®” (e-wireless patrol) system webpage (Japanese only)  
Sales company: Sakurai Co., Ltd.  
<https://www.sakurai.co.jp/landing/e-musen/index.html>

# Respect for Human Rights

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_humanrights.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_humanrights.pdf)

## Basic Stance

As put forth in the United Nations Guiding Principles on Business and Human Rights, companies are obligated to bear responsibility for human rights. In recent years, human rights issues have borne an increasing impact on business.

The Nippon Paper Group formulated its Philosophy and Basic Policy on Human Rights, Employment and Labor in 2004. In line with this philosophy and basic policy, we are working to respect human rights not only within the Company but throughout the entire value chain.

Philosophy and Basic Policy on Human Rights, Employment and Labor  
<https://www.nipponpapergroup.com/english/csr/policies/>

## Initiatives on Respect for Human Rights

In 2014, Nippon Paper Industries met with Amnesty International Japan to share opinions. As a result of this meeting, we embarked on the examination of human rights conditions at subcontractors in Japan and at overseas chip suppliers from 2015. Since then, we have continued to exchange opinions regularly with Amnesty International Japan.

### Assessment of Human Rights Issues at Affiliated Companies in Japan

Since 2015, the company has been conducting surveys on human rights issues at its affiliated companies in Japan, with emphasis on ensuring compliance with labor and safety laws and regulations. The results of these surveys are provided to the human resource managers of each mill in an effort to make improvements.

### Concern for Human Rights across the Supply Chain

Concern for human rights and labor across the entire supply chain is clearly defined in the Group's Philosophy and Basic Policy Concerning Raw Materials Procurement. The Group audits suppliers through surveys and conducts interviews with them regarding these concerns (see page 59). Further, every year the employees in charge of procurement visit key and new suppliers of wood chips overseas to confirm the state of respect for human rights. In FY2020/3, we performed on-site inspections of suppliers in Malaysia and Russia. These were supplemented with interviews covering matters such as health, hygiene, safety, disaster preparedness, and local environmental concerns.

In managing forests, the Group devotes significant attention to protecting the culture and traditions of residents in each region of its afforestation operations overseas.

### Inspections of Suppliers in Russia



Interview with a harvester



Signboard indicating the use of safety tools



A worker wearing a helmet and earplugs



Fire extinguishing system installed inside an office

# Human Resources

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_humanrights.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_humanrights.pdf)

## Basic Stance

The Nippon Paper Group strives to create a vigorous organization in which its diverse human resources with different backgrounds can demonstrate their abilities and stimulate each other to deepen their knowledge.

## Development of Our Human Resources in Pursuit of Our Vision

The Group emphasizes the values of Challenge, Fairness, and Teamwork in its Group Mission. Furthermore, initiatives under the Sixth Medium-Term Business Plan are pursued under two themes: to reorganize the production structure of the Paper Business and make maximum use of in-house facilities; and expand business in growth areas and commercialize new businesses early on.

We strive to cultivate leaders who push for such changes. When hiring employees, we look for people who constantly seek new challenges, who exercise fair judgment and act accordingly, who have the ability to work in an inclusive team, and who have the mental fortitude to overcome hardships. To develop employees into leaders, we are enhancing our 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.

### Leader Development

We cultivate managerial-track employees through a mix of on-the-job training, scheduled transfers, 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. Our off-the-job training is a career development program that provides stratified education prior to managerial appointments while also offering opportunities to gain overseas experience. We provide additional training when employees are appointed or promoted to managerial positions and also offer elective training to cultivate candidates for executive positions.

### Initiatives Aimed at Developing Human Resources

The Nippon Paper Group supports employee self-development and voluntary skills acquisition through means such as Group training, distance learning, and rewards for acquiring professional qualifications. In addition, stratified education is conducted jointly, throughout the Group, by Group members to promote the development of employees, especially for new hires and new managers. Training is pursued from a broad perspective. Stratified education at mills, for example, is conducted not just for each mill but together with neighboring mills.



Internal training session

Human Resources

Diversity

Promoting Diversity

The Nippon Paper Group works to promote diversity because it views the creation of workplaces wherein a wide range of people can express their individuality is essential to the continuous development of a company.

An Environment to Embrace Diversity

At Nippon Paper, we strive to establish an environment in which employees from diverse backgrounds can express their full potential, regardless of age or gender and whether or not they are balancing work with caring for family members. In April 2020, we introduced four new systems geared toward supporting those balancing work with childcare, nursing care, and other duties.

- System that allows employees to take the preserved leave in half-day units.
- System that allows employees to apply the preserved leave for short-term childcare.
- Providing financial assistance for non-household head employees when they are assigned to transfer alone.
- System to allow employees to take leave when accompanying their spouse’s overseas assignment.

We will continue to explore and implement initiatives toward the realization of diversity and flexible work styles.

Advancement of Women

The need to invigorate the organization, and the need to counter the effects of a declining birth rate on human resource recruitment, both underline the growing importance of providing women with opportunities to succeed in the workplace. In working to create an environment that enables women to advance their careers, in April 2016 the company established its Action Plan Based on the Japanese Government’s ‘Act on Promotion of Women’s Participation and Advancement in the Workplace’.

Action Plan for the Advancement of Women

1. To have women account for at least 25% of new graduate hires for career-track positions.
2. For career-track female employees hired eight to 12 fiscal years ago,\* to achieve an average continuous employment rate that is at least 80% that of men.
3. To expand the range of roles performed by women at production sites, identify issues that could arise with the assignment of women to each workplace, to consider solutions to these issues, and to develop concrete plans for the workplaces to which women will be assigned.

\* Women who joined the Company between FY2005/3 and FY2009/3.

Because a large proportion of our employees work at production sites, the number of women hired is low. This has resulted in relatively few women being available for promotion. Consequently, the percentage of women in managerial positions is low (2.43%; FY2020/3). At the moment, our focus is on expanding the number of female employees at each work site and doubling the number of female employees in management by the end of FY2021/3. We are now building a Companywide support network for our female career-track employees that transcends the boundaries of their workplaces as well as initiatives to assist with concerns regarding career development. In addition, we hold career training sessions for female career-track employees and their direct supervisors to share career-development issues.



Group training for members of female career-track employee support network

Occupational Safety and Health

→ Please refer to the following website:  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_humanrights.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_humanrights.pdf)

Basic Stance

We can never assume that any workplace can be completely free of risk. Therefore, it is essential that every day we work to identify risks and then reduce them as much as we possibly can. In addition, we must maintain and improve the health of employees and create a comfortable work environment. This not only maintains sound management but also earns the trust of employees. This understanding led us to establish a labor safety and health system under our

Philosophy and Basic Policy on Safety and Health Measures, under which all employees and members of management unite as one to engage in efforts to ensure occupational safety and health.

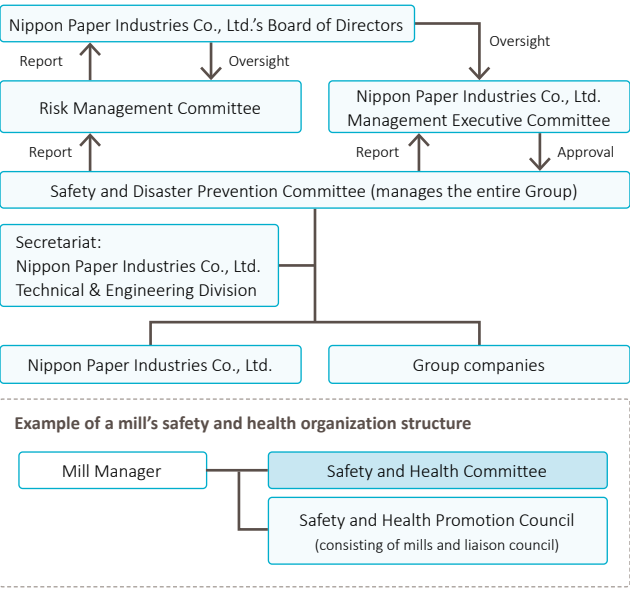
Philosophy and Basic Policy on Safety and Health Measures  
<https://www.nipponpapergroup.com/english/csr/policies/>

Occupational Safety and Health Assurance System

The Nippon Paper Group has established the Risk Management Committee (see page 54), under the supervision of the Board of Directors of the Company. Under this committee, there is the Safety and Disaster Prevention Committee, chaired by the general manager of the Technical & Engineering Division. Its purpose is to supervise and promote health and safety, and to prevent disasters.

The Company regularly holds joint labor and management health and safety meetings, in which health and safety personnel from the head office, factories, and labor unions meet to discuss annual health and safety management plans.

Each factory and business site has its own Safety and Health Committee and Safety and Health Promotion Council. In case of a disaster, the Group has established a communication system between the mills and the head office as well as with the respective departments within the head office. Mechanisms are in place to share necessary information with the Safety and Disaster Prevention Committee and the top management.



Occupational Safety and Health Management System

In 2009, the Group established its own occupational safety and health management system (NPSS\*) to pursue occupational safety and health management activities continuously at the organization level. The NPSS helps improve occupational health and safety standards by

coordinating health and safety plans for each business site in accordance with the Company’s policies regarding health and safety. The NPSS aims to prevent work-related accidents, improve worker health, and heighten comfort in the workplace.

\* Nippon Paper Occupational Safety and Health Management System



# Coexistence with Local Communities and Society

→ Please refer to the following website  
[https://www.nipponpapergroup.com/english/csr/npg\\_csrr2020\\_e\\_communities.pdf](https://www.nipponpapergroup.com/english/csr/npg_csrr2020_e_communities.pdf)

## Basic Stance and Promotion System

The Nippon Paper Group cultivates and manages large forests and has a large-scale production base, bestowing upon the Group a strong influence on the region and on local workers. Therefore, coexistence with local communities is essential to the sustainability of the Group.

As a member of society, the Group strives to contribute to the development of society as a whole. Accordingly, we will continue to provide indispensable products while adding to our list of activities that protect the environment, develop culture, and build local communities. These efforts contribute to building trust with society and lead to corporate activities that can be conducted in harmony with local communities.

Social contribution activities are conducted throughout the Group centered on Nippon Paper Industries' CSR Division. The mills and Group companies conduct a variety of their own activities as well so that they too can exist in harmony with local communities and society.

Philosophy and Principles for Social Contribution Activities  
<https://www.nipponpapergroup.com/english/csr/policies/>

The Nippon Paper Group's Main Social Contribution Activities  
(Japanese only)  
<https://www.nipponpapergroup.com/csr/society/activity/>

### Marunuma Highland Tree-Planting 2019\*

Nippon Paper Industries is advancing initiatives aimed at leaving thriving forests for future generations. As part of this effort, the Company has been holding yearly tree-planting activities at its Sugenuma Forest (Marunuma Highland) in Gunma Prefecture since May 2010. The Marunuma Highland Tree-Planting 2019, the eighth such annual event, took place in FY2020/3. Nearly 90 people from both inside and outside of the Nippon Paper Group participated.



Participants planting trees

### Running of School of Friendship for Forests and Paper\*

The School of Friendship for Forests and Paper is a hands-on course on the natural environment utilizing forests (approximately 90 thousand hectares) owned by the company in Japan. With the aim of introducing participants to the beauty and abundance of forests owned by the Company, the school is also an opportunity to experience the connection between forests and paper, an essential item for everyday life. This initiative was first launched in the Sugenuma Forest of Gunma Prefecture in October 2006. As of FY2020/3, the school has been conducted 24 times, for a total of 800 participants, including parents and children, and students from local schools.

Since FY2008/3, the Toyono School of Friendship for Forests and Paper has been held annually at Toyono Forest in Kumamoto Prefecture. Organized mainly by the Company's Yatsushiro Mill, particular emphasis is placed on activities deeply rooted in the local community.



Children listening to staff instructions

\* While the programs were canceled FY2021/3 due to the spread of COVID-19, the Group will continue to engage in activities that strengthen its connection with forests.