

NOTICE OF THE NINETY-SIXTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time June 25, 2020 (Thursday)
 10:00 a.m. (Reception desk to be opened at 9:00 a.m.)

Place The International Conference Hall
 2nd floor of The Keidanren (Japan Business Federation) Bldg.,
 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

Matters to be resolved

Proposal 1

 Appropriation of Retained Earnings

Proposal 2

 Election of Nine (9) Directors

Proposal 3

 Election of One (1) Audit & Supervisory Board Member

Proposal 4

 Election of One (1) Substitute Audit & Supervisory Board Member

Table of Contents

Group Mission	1
Notice of the Ordinary General Meeting of Shareholders	3
Reference Documents for the Ordinary General Meeting of Shareholders	11
Business Report	31
Consolidated Financial Statements	69
Financial Statements	71
Audit Report	73

Nippon Paper Industries Co., Ltd.
Ticker Code: 3863

Nippon Paper Group Mission

Mission

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

Vision

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

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

Values

Challenge : Embrace new challenges
Fairness : Be fair
Teamwork : Champion teamwork

Slogan

Shaping the future with trees

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

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

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

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

To Our Shareholders

June 2020
Toru Nozawa
President, Representative Director

We would like to express our appreciation for your continued support and patronage. You are cordially invited to attend the 96th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. to be held on June 25, 2020 (Thursday).

The Nippon Paper Group aspires to be a corporate group that will continue to be trusted and needed by society, by contributing to better living and cultural progress of people all over the world through its business activities.

We ask for the further support of our shareholders in our endeavors.

Nippon Paper Industries Co., Ltd.
(Head Business Office)
4-1 Oji 1-chome, Kita-ku, Tokyo
(Headquarters)
6 Kanda-surugadai 4-chome, Chiyoda-ku, Tokyo

**NOTICE OF THE NINETY-SIXTH
ORDINARY GENERAL MEETING OF SHAREHOLDERS**

(Ticker Code: 3863)

June 8, 2020

Dear Shareholders:

This is to inform you that the 96th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. will be held as set forth below.

Aside from attending the meeting in person, you may exercise your voting rights either in writing or through electronic means (i.e., via the Internet, etc.). You are kindly requested to exercise your voting rights on or before 5:00 p.m. on June 24 (Wednesday), 2020, after examining the attached Reference Documents for the Ordinary General Meeting of Shareholders and in accordance with the guidance on pages 6 through 10.

1. Date and Time	June 25, 2020 (Thursday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)
2. Place	The International Conference Hall on the 2nd floor of the Keidanren (Japan Business Federation) Bldg., 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo (Please see the attached access map.)
3. Purpose Matters to be reported Matters to be resolved	(1) Report on the contents of the Business Report and the contents of the Consolidated Financial Statements, and the outcome of the audit conducted on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 96th Fiscal Period (from April 1, 2019, to March 31, 2020). (2) Report on the contents of the Financial Statements for the 96th Fiscal Period (from April 1, 2019, to March 31, 2020) Proposal 1: Appropriation of Retained Earnings Proposal 2: Election of Nine (9) Directors Proposal 3: Election of One (1) Audit & Supervisory Board Member Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

<p>· Please understand that there will be no commemorative gift (small gift) on the day of general meeting of shareholders. · Shareholders' complimentary gifts are scheduled to be delivered around mid-July this year, as shipping will take longer than past years due to the impact of the novel coronavirus (COVID-19). We ask for your kind understanding and cooperation.</p>
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Yours truly,

Toru Nozawa
President, Representative Director
Nippon Paper Industries Co., Ltd.

[End]

**Requests for shareholders' non-attendance and exercise of voting rights in advance
(Measures to prevent the spread of COVID-19)**

1. Requests to shareholders

To prevent the risk of infection to shareholders, it is strongly recommended that you call off your attendance at the meeting this year and exercise your voting rights in advance in writing or via the Internet.

※ For details of the method for exercising voting rights, please see pages 6 through 10 of the convocation notice.

- Shareholders arriving at the venue are requested to cooperate with body temperature measurement before reaching the reception desk. Those who are unwilling to cooperate with body temperature measurement, have a fever of 37.5 degrees Celsius or higher, or a cough and other symptoms indicating poor physical condition will be asked to refrain from entering the venue.
- Shareholders arriving at the venue will be asked to wear masks and sanitize your hands with alcohol disinfectant or wash your hands before entering the venue. Those who are unwilling to cooperate will be asked to refrain from entering the venue.
- We may restrict your entry as the number of seats will be significantly fewer than in past years in order to allow for adequate clearance between the seats.
- We may have shareholders waiting for a long amount of time at the reception desk due to the measures shown above. We ask for the kind understanding of shareholders planning on attending the meeting.

2. Proceedings of the Meeting

- We will adopt a simpler proceeding method than in past years to shorten the time required for the Meeting.
- The Company will post on its website the explanation materials concerning the Matters to be reported on the day of the Meeting. If supplementary information is provided orally during the Meeting, it will be also posted on the website at a later date. **Therefore, there will be no materials, etc. that are provided only to the shareholders attending the Meeting in person.**

3. Measures to be taken by the Company on the day of the Meeting

- Officers, secretaries and staff will attend to their duties wearing masks.

- The Company will neither distribute beverages to shareholders nor showcase its products in front of the venue this year.

We may modify the content of the above measures depending on changes in circumstances hereafter. Please refer to the Company's website as appropriate at (<https://www.nipponpapergroup.com/>).

Guidance Notes on the Exercise of Voting Rights

1. Exercising voting rights by attending the Ordinary General Meeting of Shareholders

The date and time of the Ordinary General Meeting of Shareholders

June 25, 2020 (Thursday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)

Please submit the Voting Form enclosed herewith at the reception desk.

2. Exercising voting rights in writing

Voting Deadline: No later than June 24, 2020 (Wednesday), at 5:00 p.m.

Please indicate your approval or disapproval of each of the proposals on the Voting Form enclosed herewith, and return the Voting Form to the Company so that it reaches us by no later than the above-mentioned voting deadline.

⇒ Please see page 8 for further information.

3. Exercising voting rights via the Internet

Voting Deadline: No later than June 24, 2020 (Wednesday), at 5:00 p.m.

Please access the Company's designated website for exercising voting rights (<https://www.web54.net/>) and exercise your voting rights by entering your approval or disapproval of each of the proposals.

⇒ Please see pages 8 to 10 for further information.

Disclosure through the Internet

◎ The following items are not included in the provided documents attached to this Notice of the Ordinary General Meeting of Shareholders since the Company discloses such information on the Company's website in accordance with laws and ordinances and Article 16 of the Company's Articles of Incorporation:

- ① Basic Policy on Control of the Stock Company in the Business Report
- ② Consolidated Statement of Changes in Shareholders' Equity, etc., in the Consolidated Financial Statements
- ③ Notes to the Consolidated Financial Statements
- ④ Statement of Changes in Shareholders' Equity, etc., in the Non-Consolidated Financial Statements
- ⑤ Notes to the Non-Consolidated Financial Statements

Accordingly, the provided documents attached to this Notice of the 94th Ordinary General Meeting of Shareholders are only part of the subject matter audited by the Accounting Auditor, Audit & Supervisory Board Members and the Audit & Supervisory Board at the time of preparation of the audit reports.

- © In the case where the Company finds need for any amendment to the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements and/or Consolidated Financial Statements, such amendments will be posted on the Company's website.

The Company website: <https://www.nipponpapergroup.com/>

Guidance Notes on the Exercise of Voting Rights

Guidance Notes on the Exercise of Voting Rights in writing

Please indicate your approval or disapproval of each of the proposals on the Voting Form.

Proposal 1, 3 and 4

- ▶ Approval Enter ○ mark in 「賛」 column
- ▶ Disapproval Enter ○ mark in 「否」 column

Proposal 2

- ▶ Approval of all candidates Enter ○ mark in 「賛」 column
- ▶ Disapproval of all candidates Enter ○ mark in 「否」 column
- ▶ Indicating approval or disapproval of only some of the candidates
 - Enter ○ mark in 「賛」 column or 「否」 column and enter the candidate No. described in the Reference Document for the Ordinary General Meeting of Shareholders.

The QR Code for exercising voting rights via a smartphone is printed on the Voting Form.
(Please see page 9)

Guidance Notes on the Exercise of Voting Rights via the Internet

Exercising voting rights through the Internet is only possible by using the company's website designated below for voting.

The URL of the website for voting

<https://www.web54.net/>

1. Access to the website

↓

2. Login

↓

3. Enter password

↓

Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

■For Institutional Investors

In addition to exercising voting rights through the Internet as described above, the electronic voting platform operated by ICJ Inc., a joint corporation established by the Tokyo Stock Exchange, Inc., etc., is available for nominal shareholders (including standing proxies) such as trust and custody banks when prior application for use of such platform has been made.

It is **not necessary to enter the “Exercise of Voting Rights code” and the “Password”** when you exercise your voting rights via a smartphone.

1. Please scan the QR Code printed on the bottom right of the Voting Form.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

You can exercise your voting rights via a smartphone only once.

If you wish to change your vote after exercising your voting rights, it is necessary that you scan the QR Code again and enter the “Exercise of Voting Rights code” and the “Password” stated on the Voting Form.

1. Handling of the Exercise of Voting Rights

- When you exercise your voting rights more than once via the Internet, etc., only the vote received last shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, etc., only the vote received last shall be accepted as valid.
When both votes via the Internet, etc. and in writing arrive on the same day, only the vote via the Internet, etc. shall be accepted as valid.
- When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than 5:00 p.m. on June 24, 2020 (Wednesday).

2. Handling of Password

- Your password is a tool used to confirm that the person who is voting is in fact the shareholder himself/herself. Please keep it safe until this Ordinary General Meeting of Shareholders has ended. Please note that we will not reply to any inquiry about passwords by telephone.
- When you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If you wish your password to be reissued, please follow the instructions on the screen.

3. For Inquiries relating to Operation Method of Computer, etc.

- If you have any question about computer operation method, etc., relating to the exercise of voting rights on the website, please contact the following:

Web Support Dedicated Dial:

Stock Transfer Agency Web-Support Department

Sumitomo Mitsui Trust Bank, Ltd.

Telephone: 0120-652-031

(Operating Hours: 9:00 a.m. to 9:00 p.m.)

- For other inquiries, please contact the following:

1. Shareholders with accounts at securities companies

Please contact the securities company where you have your account.

2. Shareholders without accounts at securities companies (those with a special account)

Stock Transfer Agency Services, Business Center

Sumitomo Mitsui Trust Bank, Ltd.

Telephone: 0120-782-031

(Operating Hours: 9:00 a.m. to 5:00 p.m. excluding Sat., Sun. and Holidays)

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Retained Earnings

The Company is striving to meet the expectations of shareholders by strengthening its management platform and profitability of the group as a whole, and by achieving sustainable growth of corporate value.

The basic policy concerning dividends is to continue to pay stable dividends to the greatest extent possible on the basis of a comprehensive consideration of such factors as the business performance of the group and retention of sufficient internal reserves, etc.

The Company would like to propose that the year-end dividend for the current fiscal year be disbursed as follows:

1	Type of dividend property	Cash
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2	Allotment of dividend property to shareholders and its total amount	30 yen per common share of the Company stock Total amount: 3,477,153,090 yen
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3	Effective date of dividend of retained earnings	June 26, 2020
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(Reference)
Changes in the dividend per share

(unit: yen)

	92nd Term (Fiscal year ended March 2016)	93rd Term (Fiscal year ended March 2017)	94th Term (Fiscal year ended March 2018)	95th Term (Fiscal year ended March 2019)	96th Term (Current) (Fiscal year ended March 2020)
Interim	30	30	30	0	10
Year-end	30	30	30	30	30
Annual	60	60	60	30	40

Proposal 2. Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (three (3) of them to be Outside Directors).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates. Furthermore, three (3) candidates for Outside Director fulfill the requirements for an Independent Officer prescribed by the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name	Current title and responsibilities at the Company	Attendance at the Board of Directors meetings
1	[Reappointment] Fumio Manoshiro	Chairman & Director	13/14 (92.9%)
2	[Reappointment] Toru Nozawa	President, Representative Director, President Corporate Officer	14/14 (100%)
3	[Reappointment] Kazufumi Yamasaki	Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President (concurrently serving) President of Nippon Paper Crecia Co., Ltd.	14/14 (100%)
4	[Reappointment] Akihiro Utsumi	Director, Senior Managing Executive Officer, General Manager of Personnel & General Affairs Div.	14/14 (100%)
5	[Reappointment] Takeo Konno	Director, Managing Corporate Officer, General Manager of Sales Management & Planning Div.	14/14 (100%)
6	[Reappointment] Masanobu Iizuka	Director, Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries	11/11 (100%)
7	[Reappointment] Makoto Fujioka [Outside] [Independent Officer]	Outside Director	13/14 (92.9%)
8	[Reappointment] Yoko Hatta [Outside] [Independent Officer]	Outside Director	11/11 (100%)
9	[New appointment] Yutaka Kunigo [Outside] [Independent Officer]		—

(Note) Attendance at the Board of Directors meetings for Mr. Masanobu Iizuka and Ms. Yoko Hatta refers to the number of meetings attended after they assumed office on June 27, 2019.

CandidateNo. 1 FUMIO MANOSHIRO (Date of Birth: Mar. 3, 1953) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
30,374 shares	Apr. 1975	Joined Jujo Paper Co., Ltd.
	Jul. 2001	General Manager of Forestry Dept. of Raw Material & Purchasing Div. of the Company
	Jun. 2004	Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2006	Director, Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Apr. 2007	Director, General Manager of Yatsushiro Mill of the Company
	Jun. 2009	Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2010	Managing Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2012	Managing Director, General Manager of Corporate Planning Div. of the Company
	Apr. 2013	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries of the Company
	Jun. 2014	President, Representative Director, President Corporate Officer of the Company
	Jun. 2019	Chairman & Director of the Company (currently serving)

Tenure as a Director

14 years

Attendance at the Board of Directors meetings

13/14 (92.9%)

Reasons for selecting the candidate for Director

From the perspective expected of the Chairman of the Board of Directors, Mr. Fumio Manoshiro has supervised the management as Chairman & Director of the Company and contributed to enhancing the corporate governance of the Company Group. During his tenure as President, he has promoted strengthening of the future-oriented corporate foundation of the Company and the Company Group through reform of the business structure, reinforcement of existing businesses and early commercialization of new businesses with his strong leadership. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to supervise the management as a Chairman of Board of Directors and drive the Company in the pursuit of further development.

Candidate	
No. 2	TORU NOZAWA (Date of Birth: Mar. 10, 1959) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
12,548 shares	Apr. 1981	Joined Jujo Paper Co., Ltd.
	Jun. 2005	General Manager of Treasurer's Dept. of Financial Div. of the Company
	Feb. 2008	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2009	Deputy General Manager of Financial Div. of the Company
	Apr. 2013	Corporate Officer, Deputy General Manager of Financial Div. of the Company
	Jun. 2014	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2017	Director, Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2018	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2019	President, Representative Director, President Corporate Officer of the Company (currently serving)

Tenure as a Director

6 years

Attendance at the Board of Directors meetings

14/14 (100%)

Reasons for selecting the candidate for Director

As President and Representative Director of the Company, Mr. Toru Nozawa demonstrates strong leadership and works to contribute to raising the corporate value of the Company and the Company Group. Having played a central role in reform of the business structure and reinforcement of existing businesses during his tenure as General Manager of Corporate Planning Div. and Financial Div., he has continued to further accelerate these initiatives after being appointed to President, thereby steadily achieved strengthening of the future-oriented corporate foundation of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect a leadership of him to drive the Company in the pursuit of further growth and development with a focus on business expansion in the growth fields and early commercialization of new businesses.

CandidateNo. 3 KAZUFUMI YAMASAKI (Date of Birth: Jun. 6, 1955) Reappointment**No. of shares in the
Company held**

22,766 shares

Brief personal history, title and responsibilities

Apr. 1980	Joined Sanyo-Kokusaku Pulp Co., Ltd.
Jun. 2010	Director, Deputy General Manager of Engineering Div. of the Company
Mar. 2011	Director, Deputy General Manager of Disaster Restoration Div. and Deputy General Manager of Technical & Engineering Div. of the Company
Jun. 2012	Director, General Manager of Technical & Engineering Div. of the Company
Apr. 2013	Director, Corporate Officer, General Manager of Technical & Engineering Div. and in charge of Research & Development Div. of the Company
Jun. 2013	Director, Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div., and in charge of Research & Development Div. of the Company
Oct. 2013	Director, Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div. of the Company
Jun. 2014	Director, Managing Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div. of the Company
Jun. 2015	Director, Managing Corporate Officer, General Manager of Research & Development Div., and in charge of Technical & Engineering Div. and Energy Business Div. of the Company
Jun. 2017	Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President, General Manager of Research & Development Div. and CSR Div. of the Company
Jun. 2018	Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President of the Company (concurrently serving) President of Nippon Paper Crecia Co., Ltd. (currently serving)

Status of important concurrent office in other entities

President of Nippon Paper Crecia Co., Ltd.

Tenure as a Director

10 years

Attendance at the Board of Directors meetings

14/14 (100%)

Reasons for selecting the candidate for Director

While assisting the President as Executive Vice President, Representative Director of the Company Mr. Kazufumi Yamasaki vigorously promotes transformation of the business structure (business expansion of the growth fields focused on household tissue and healthcare products, etc.) as President of Nippon Paper Crexia Co., Ltd, thereby contributing to raising the corporate value of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate	
No. 4	AKIHIRO UTSUMI (Date of Birth: Dec. 20, 1956) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
10,692 shares	Apr. 1979	Joined Jujo Paper Co., Ltd.
	Jun. 2008	Deputy General Manager of Personnel & General Affairs Div. and General Manager of Personnel Dept. of the Company
	Jun. 2009	Deputy General Manager of Personnel & General Affairs Div. and General Manager of General Affairs Dept. of the Company
	Jul. 2011	Deputy General Manager of Iwakuni Mill of the Company
	Apr. 2013	Corporate Officer, General Manager of Yatsushiro Mill of the Company
	Jun. 2015	Director, Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company
	Jun. 2017	Director, Managing Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company
	Jun. 2018	Director, Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div. of the Company
	Jun. 2019	Director, Senior Managing Executive Officer, General Manager of Personnel & General Affairs Div. of the Company (currently serving)

Tenure as a Director

5 years

Attendance at the Board of Directors meetings

14/14 (100%)

Reasons for selecting the candidate for Director

Mr. Akihiro Utsumi works to contribute to raising the corporate value of the Company and the Company Group as Director, Senior Managing Executive Officer and General Manager of the Personnel & General Affairs Div. of the Company. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

CandidateNo. 5 **TAKEO KONNO** (Date of Birth: Jul. 11, 1957) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
9,634 shares	Apr. 1981	Joined Jujo Paper Co., Ltd.
	Jun. 2008	General Manager of Production Dept. of Technical & Engineering Div. of the Company
	Jun. 2010	Deputy General Manager of Iwanuma Mill of the Company
	Jun. 2012	Deputy General Manager of Technical & Engineering Div. of the Company
	Jun. 2014	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2017	Corporate Officer, General Manager of Sales Management & Planning Div. of the Company
	Jun. 2018	Director, Corporate Officer, General Manager of Sales Management & Planning Div. of the Company
	Jun. 2019	Director, Managing Corporate Officer, General Manager of Sales Management & Planning Div. of the Company (currently serving)

Status of important concurrent office in other entities

President of Nippon Paper Logistics Co., Ltd.

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

14/14 (100%)

Reasons for selecting the candidate for Director

Mr. Takeo Konno works to contribute to raising the corporate value of the Company and the Company Group as Director, Managing Corporate Officer and General Manager of Sales Management & Planning Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

CandidateNo. 6 **MASANOBU IIZUKA** (Date of Birth: Jan.17, 1960) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
5,774 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Feb. 2006	Vice President of Daishowa-Marubeni International Ltd.
	Oct. 2011	General Manager of Production Department of Yatsushiro Mill of the Company
	Jun. 2014	Deputy General Manager of Yatsushiro Mill of the Company
	Jul. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of International Business Dept. of the Company
	Jun. 2017	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2019	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

11/11 (100%)

Reasons for selecting the candidate for Director

Mr. Masanobu Iizuka works to contribute to raising the corporate value of the Company and the Company Group as Director, Corporate Officer and General Manager of Corporate Planning Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate	
No. 7	<u>MAKOTO FUJIOKA</u> (Date of Birth: Mar. 27, 1950) Reappointment Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
1,000 shares	Apr. 1972	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
	Jun. 1996	Deputy Director-General of the same
	Feb. 2001	Ambassador extraordinary and plenipotentiary to the United Arab Emirates
	Sep. 2003	Retired from the Ministry of Economy, Trade and Industry
	Oct. 2003	Full-time adviser of Nippon Light Metal Co., Ltd.
	Jun. 2004	Director, Executive Officer of the same
	Jun. 2007	Director, Senior Executive Officer of the same
	Oct. 2012	Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015))
	Jun. 2013	Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd. (thru Jun. 2015)
	Jul. 2015	Senior Director of Japan Association for Chemical Innovation (thru Jun. 2019)
	Jun. 2016	Outside Director of Eagle Industry Co., Ltd. (currently serving) Outside Director of NOK CORPORATION (currently serving) Outside Director of the Company (currently serving)

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/14 (92.9%)

Status of important concurrent offices in other entities
Outside Director of NOK CORPORATION
Outside Director of Eagle Industry Co., Ltd.

Reasons for selecting the candidate for Outside Director

By using his broad knowledge and international perspective based on his experiences both in the public and private sectors, Mr. Makoto Fujioka is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

Candidate	
No. 8	<u>YOKO HATTA (Date of Birth: Jun. 8, 1952)</u> <u>Reappointment</u> Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York Office)
	Aug. 1997	Partner of the same Office
	Sep. 2002	Partner of KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation)
	Jun. 2008	Auditor of International Christian University (currently serving)
	Jun. 2015	Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd. (currently serving)
	Jun. 2016	Outside Audit & Supervisory Board Member of IHI Corporation (currently serving, thru Jun. 2020) Outside Audit & Supervisory Board Member of the Company (thru Jun. 2019)
	Jun. 2019	Outside Director of the Company (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

11/11 (100%)

Status of important concurrent offices in other entities
Auditor of International Christian University
Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.

Reasons for selecting the candidate for Outside Director

Although Ms. Yoko Hatta does not have experience of direct involvement in actual business operation, she is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint by drawing on her significant experience with international accounting firms and deep knowledge on international tax affairs, as well as her experience of serving as Outside Audit & Supervisory Board Member of the Company, and is therefore reappointed as a candidate for Outside Director.

Candidate	
No. 9	<u>YUTAKA KUNIGO</u> (Date of Birth: Nov. 17, 1954) <u>New appointment</u> Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Apr. 1977	Joined Tokyo Gas Co., Ltd.
	Apr. 2007	Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. of the same
	Apr. 2010	Senior Executive Officer and Chief Executive of Energy Resources Business Div. of the same
	Jun. 2013	Director, Senior Executive Officer and Chief Executive of Energy Production Div. of the same
	Apr. 2014	Representative Director, Executive Vice President, Chief Executive of Energy Solution Div. of the same
	Apr. 2015	Representative Director, Executive Vice President and in charge of Power Business Planning Dept., Business Restructuring Project Dept., and Sales Innovation Planning Dept. of the same
	Apr. 2016	Representative Director, Executive Vice President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept. of the same (thru Mar. 2017)
	Apr. 2017	Chairman & Director of Tokyo Gas Engineering Solutions Corporation (thru Mar. 2020)

Reasons for selecting the candidate for Outside Director

Mr. Yutaka Kunigo has been involved in a wide range of fields including engineering, personnel affairs, procurement, sales and international business at Tokyo Gas Co., Ltd. By using his significant experience and broad knowledge based on his experience of operating said company as a member of the management team, Mr. Yutaka Kunigo is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore appointed as a candidate for Outside Director.

Special notes on the candidates for Outside Director

1. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are candidates for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by laws and regulations, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo have the independence required to be independent officers. When they assume the office of Director, the Company will notify the Tokyo Stock Exchange that they are Independent Officers under the provisions of said Exchange.
4. The Company has concluded contracts with Mr. Makoto Fujioka and Ms. Yoko Hatta to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If their reappointment is approved, the Company intends to extend the relevant contracts with them. When Mr. Yutaka Kunigo assumes the office of Director, the Company intends to conclude the same contract with him.

Special notes on Mr. Makoto Fujioka, a candidate for Outside Director

1. Mr. Makoto Fujioka had served as Director of Nippon Light Metal Co., Ltd. through June 2015. Although the Company has purchase transactions related to raw materials with Nippon Light Metal Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Nippon Light Metal Co., Ltd. is less than 1% of the net sales of Nippon Light Metal Co., Ltd.).
2. Mr. Makoto Fujioka had served as Senior Director of Japan Association for Chemical Innovation through June 2019. Although the Company pays membership fees to said association, the amount of the fees is negligible (less than 1 million yen per year).
3. Mr. Makoto Fujioka currently serves as Outside Director of Eagle Industry Co., Ltd. Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (the amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
4. Nippon Light Metal Co., Ltd., at which Mr. Makoto Fujioka served as a Director from June 2004 to June 2015, received a cease-and-desist order and a payment order for a surcharge from the Japan Fair Trade Commission in February 2016, in relation to an act in violation of the Antimonopoly Act—prior determination of suppliers that would take orders for chemicals placed by a local government in Niigata—which allegedly started around 2011.

Special notes on Ms. Yoko Hatta, a candidate for Outside Director

1. Ms. Yoko Hatta currently serves as Outside Audit & Supervisory Board Member of IHI Corporation. Although the Company has purchase transactions related to facilities with IHI Corporation, the amount of the transactions is negligible (the amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation). Additionally, Ms. Yoko Hatta is scheduled to retire from the post of Audit & Supervisory Board Member of IHI Corporation as of the conclusion of the Ordinary General Meeting of Shareholders of said company to be held in June 2020.
2. Ms. Yoko Hatta currently serves as Outside Audit & Supervisory Board Member of IHI Corporation. In January 2019, it was discovered that inappropriate work had been performed in the commercial aircraft engine maintenance business of the company. To address the incident, the company received an order to conduct repairs by authorized method pursuant to the Aircraft Manufacturing Industry Act from the Ministry of Economy, Trade and Industry in March 2019, and also received an operation improvement order in accordance with the Civil Aeronautics Act

from the Ministry of Land, Infrastructure, Transport and Tourism in April 2019. Ms. Hatta had made proposals about the importance of legal compliance and internal control based on her wealth of experience and deep insight prior to the discovery of the fact, and after the event came to light, she has received reports on the progress in the investigation of the fact, ascertained the status and performed her duties, including the recommendation to immediately investigate the impact on safety, take appropriate recurrence preventive measures, and further strengthen and ensure compliance.

Special notes on Mr. Yutaka Kunigo, a candidate for Outside Director

Mr. Yutaka Kunigo had served as Director of Tokyo Gas Co., Ltd. through March 2017. Although the Company has purchase transactions of fuels with Tokyo Gas Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Tokyo Gas Co., Ltd. is less than 1% of the net sales of Tokyo Gas Co., Ltd.).

Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
3. The attendance at meetings of the Board of Directors represents the status of attendance in office in the fiscal year ended March 31, 2020. Because Mr. Masanobu Iizuka and Ms. Yoko Hatta were newly appointed at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019, and assumed the office of Director at that time, the number of Board meetings they were able to attend differed from that of the other Directors.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.
5. Sanyo-Kokusaku Pulp Co., Ltd., stated in the section of brief personal history, merged with the Company as of April 1, 1993.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Proposal 3. Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Seiichi Fusamura will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect one (1) Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates.

The candidate for Audit & Supervisory Board Member is as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

TAKAFUMI OKUDA (Date of Birth: Jun. 19, 1951) New appointment
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Apr. 1976	Assistant Judge of Tokyo District Court
	Apr. 1988	Judge of Tokyo District Court
	Feb. 2002	Presiding Judge of Tokyo District Court
	Apr. 2006	Judge of Tokyo High Court
	May 2007	Chief Judge of Niigata District Court
	Jun. 2009	Presiding Judge of Tokyo High Court
	Apr. 2015	Chief Judge of Yokohama District Court
	Jun. 2016	Retired
	Aug. 2016	Registered as attorney at law (Tokyo Bar Association) Visiting Attorney at Law of Mori Hamada & Matsumoto (currently serving)
	Status of important concurrent office in other entities	
	Visiting Attorney at Law of Mori Hamada & Matsumoto	

Reasons for selecting the candidate for Outside Audit & Supervisory Board Member

Although Mr. Takafumi Okuda does not have experience of direct involvement in actual business operation, the Company appoints him as a candidate for Outside Audit & Supervisory Board Member in expectation that he can contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a neutral and objective standpoint, drawing on his significant experience at judicial organs and deep insight he cultivated as a legal expert.

Special notes on the candidate for Outside Audit & Supervisory Board Member

1. Mr. Takafumi Okuda is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Audit & Supervisory Board Member, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the

- general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Takafumi Okuda has the independence required to be an independent officer. When he assumes the office of Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that Mr. Takafumi Okuda is an Independent Officer under the provisions of said Exchange.
 4. When Mr. Takafumi Okuda assumes the office of Audit & Supervisory Board Member, the Company intends to conclude a contract with him to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act.

Note: There are no special conflicts of interest between the candidate and the Company.

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for a situation where the number of Audit & Supervisory Board Member does not satisfy the number prescribed by laws and regulations, we request the election of one (1) substitute Audit & Supervisory Board Member as a substitute for any of the Outside Audit & Supervisory Board Members.

The candidate was determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of a candidate.

The candidate for substitute Audit & Supervisory Board Member is as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

AKIO OTSUKA (Date of Birth: Jan. 28, 1959)

Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Apr. 1986	Registered as attorney (Daiichi Tokyo Bar Association), Shinmyo & Osanai
	Aug. 1991	Hamayotsu & Hamayotsu
	Apr. 1999	President of Aoyama Century Law Office
	Apr. 2004	Professor of Tokai University Law School
	Apr. 2005	Professor of University of Tsukuba Law School (currently serving) Partner of Tokyo Century Law Office
	Aug. 2012	President of Otsuka Sogo Law Office (currently serving)
	Apr. 2013	Dean of University of Tsukuba Law School (thru Mar. 2015)
	Apr. 2017	Audit & Supervisory Board Member of Nippon Export and Investment Insurance (currently serving)
	Apr. 2018	Dean of Graduate School of Business Sciences, University of Tsukuba (thru Mar. 2020)
	Status of important concurrent offices in other entities	
	Professor of University of Tsukuba Law School	
	President of Otsuka Sogo Law Office	
	Audit & Supervisory Board Member of Nippon Export and Investment Insurance	

Reasons for selecting the candidate for substitute Outside Audit & Supervisory Board Member

Although Mr. Akio Otsuka does not have experience of direct involvement in actual business operation, we expect that Mr. Otsuka will reflect his professional knowledge and experience accumulated through the practice of law and experience in research and teaching of law at University of Tsukuba and other institution in performing audits of the Company if he assumes the office of Outside Audit & Supervisory Board Member, and he is therefore nominated for substitute Outside Audit & Supervisory Board Member.

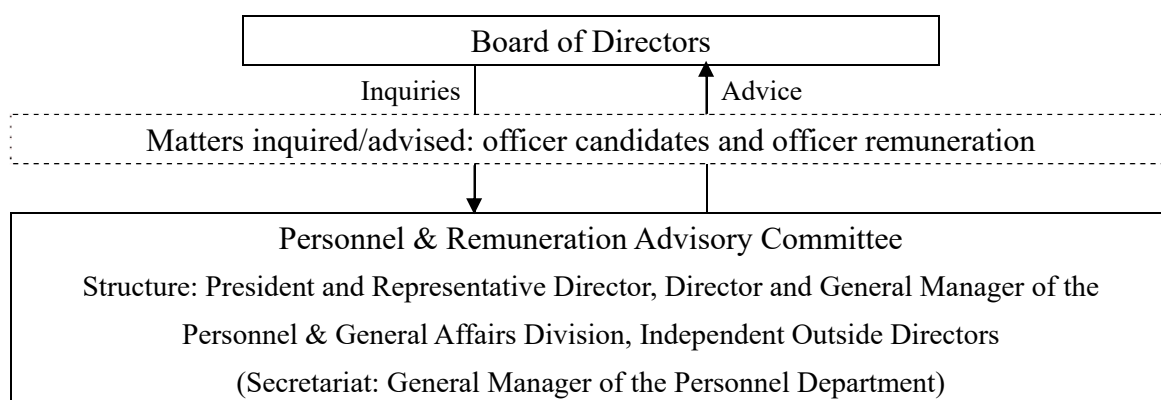
Special notes on the candidate for substitute Outside Audit & Supervisory Board Member

1. Mr. Akio Otsuka is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Audit & Supervisory Board Member, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Akio Otsuka has the independence required to be an independent officer. When he assumes the office of Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that Mr. Akio Otsuka is an Independent Officer under the provisions of said Exchange.
4. When Mr. Akio Otsuka assumes the office of Audit & Supervisory Board Member, the Company intends to conclude a contract with him to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act.

Note: There are no special conflicts of interest between the candidate and the Company.

[Reference: Personnel & Remuneration Advisory Committee]

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 Audit & Supervisory Board Member candidates, the criteria for determining the independence of Independent Outside Officers, and the remuneration system for Directors and Audit & Supervisory Board Members. 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, who serves as the chairperson, the Director and General Manager of the Personnel & General Affairs Division, and Independent Outside Directors.



(Attachment)

Business Report (From April 1, 2019, through March 31, 2020)

1. Status of the Company Group (a corporate group)

(1) Business Progress and Results

The Japanese economy in the current fiscal year had continued on a moderate recovery trend with sustained improvements in employment and income situations, primarily due to the effect of various government measures, despite continued weakness centering on exports. Nonetheless, the impact of COVID-19 put significant pressure on the economy in the fourth quarter, resulting in a harsh business condition. Furthermore, the outlook remains uncertain as the prospect of containing COVID-19 cannot yet be foreseen.

In such a situation, the Company Group promoted the policies to “reorganize the production structure of the paper business and make maximum utilization of in-house facilities” and “expand businesses in growth areas and achieve early commercialization of new businesses” set forth under the Sixth Medium-Term Business Plan (announced on May 28, 2018). As part of this effort, we have stopped eight paper machines at Kushiro Mill, Hokkaido Mills and Fuji Mill, and improved the profit structure of the paper business. With regard to businesses positioned as growth areas, we decided on a purchase of paperboard fiber based packaging business in Australia and New Zealand, introduced production facilities for household tissue, and pressed forward with the commercialization of paper-based barrier material.

As a result of the above measures, as to the consolidated performance of the current term, sales revenue decreased by 24,791 million yen (2.3%) from the previous term to 1,043,912 million yen, operating income increased by 15,433 million yen (78.7%) to 35,048 million yen and ordinary income increased by 6,622 million yen (27.7%) to 30,524 million yen. Net income attributable to owners of the parent increased by 49,432 million yen to 14,212 million yen (net loss attributable to owners of the parent of 35,220 million yen in the previous term).

Sales Revenue	1,043,912 million yen (decrease of 2.3% Y o Y)	Operating Income	35,048 million yen (increase of 78.7% Y o Y)
Ordinary Income	30,524 million yen (increase of 27.7% Y o Y)	Net Income Attributable to Owners of the Parent	14,212 million yen

Principal Businesses (As of March 31, 2020)

	Principal Products
Paper and Paperboard Business	Paper, paperboard, pulp, paper making materials
Livelihood-related Business	Household tissue, processed paper products, chemical products
Energy Business	Electric power
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Lumber, construction materials, civil engineering and construction
Other Business	Logistics, leisure, other

Sales Revenue and Operating Income of Each Business Segment

Business Segment	Sales Revenue			Operating Income		
	Current Fiscal year (million yen)	Comparison with the Previous Term		Current Fiscal year (million yen)	Comparison with the Previous Term	
		Change in Amount (million yen)	% of Change (%)		Change in Amount (million yen)	% of Change (%)
Paper and Paperboard Business	706,410	-32,056	-4.3	6,499	14,556	-
Livelihood-related Business	210,545	8,847	4.4	12,623	1,062	9.2
Energy Business	33,003	-3,223	-8.9	6,795	-1,124	-14.2
Lumber, Construction Materials, Civil Engineering and Construction Related Business	61,622	1,825	3.1	5,904	1,007	20.6
Other Business	32,329	-184	-0.6	2,845	152	5.7
Total	1,043,912	-24,791	-2.3	34,667	15,655	82.3
Adjustment	-	-	-	381	-221	-
Consolidated total	1,043,912	-24,791	-2.3	35,048	15,433	78.7

Note: 1. Adjustment is an elimination of inter-segment transactions.

2. Figures rounded down to nearest million yen.

The status of each business segment is as follows:

Paper and Paperboard Business

Sales Revenue: 706,410 million yen (decrease of 4.3% Y o Y)

In the paper business, domestic sales volume fell below that of the previous term as a result of a decline of circulation of newspapers and low demand for advertising in the printing paper business.

As to paperboard products, domestic sales volume fell below that of the previous term because cargo movement of fruits, vegetables and farm products was sluggish due to the lack of sunlight resulting from unseasonable weather conditions and typhoon damages.

As a result of the above, the sales revenue of this segment decreased by 32,056 million yen (4.3%) from the previous term to 706,410 million yen and operating income increased by 14,556 million yen to 6,499 million yen (operating loss of 8,057 million yen in the previous term).

Livelihood-related Business

Sales Revenue: 210,545 million yen (increase of 4.4% Y o Y)

In the household tissues business, sales volume exceeded that of the previous term due to strong demand for tissue paper and toilet tissues, and partially because of the impact of COVID-19.

As to the liquid-packaging carton, domestic sales volume fell below that of the previous term as a result of downturn in the domestic beverage market mainly due to unseasonable weather conditions in summer, and sluggish sales of milk containers for school catering due to COVID-19. Meanwhile, sales volume of filling machines exceeded that of the previous term.

Sales volume of dissolving pulp (DP) fell below that of the previous term, affected by lower demand mainly in China. As to chemical products, sales volume exceeded that of the previous term due to strong overseas demand for functional coating agents used for inks. As to functional films, sales volume in Japan exceeded that of the previous term as those used for mid- to small-sized displays were strong.

As a result of the above, the sales revenue of this segment increased by 8,847 million yen (4.4%) from the previous term to 210,545 million yen and operating income increased by 1,062 million yen (9.2%) from the previous term to 12,623 million yen.

Energy Business

Sales Revenue: 33,003 million yen (decrease of 8.9% Y o Y)

The energy business posted lower revenue and income mainly due to the impact of fewer operation days of power generation facilities and increased fixed costs.

As a result of the above, the sales revenue decreased by 3,223 million yen (8.9%) from the previous term to 33,003 million yen and operating income decreased by 1,124 million yen (14.2%) from the previous term to 6,795 million yen.

Lumber, Construction Material, Civil Engineering and Construction-Related Business

Sales Revenue: 61,622 million yen (increase of 3.1% Y o Y)

As to the lumber and construction material business, the number of new housing construction projects had been weak, and the sale volume of lumber fell below that of the previous term.

As to the civil engineering business, the sales revenue increased as a result of increased orders for construction work.

As a result of the above, the sales revenue increased by 1,825 million yen (3.1%) from the previous term to 61,622 million yen and operating income increased by 1,007 million yen (20.6%) from the previous term to 5,904 million yen.

Other Business

Sales Revenue: 32,329 million yen (decrease of 0.6% Y o Y)

As to the consolidated results of the other business segment, the sales revenue decreased by 184 million yen (0.6%) from the previous term to 32,329 million yen and operating income increased by 152 million yen (5.7%) from the previous term to 2,845 million yen.

(2) Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 70,600 million yen. The major capital investments were installation of facilities for increased production of household tissues, paper packages and functional cellulose and construction work of welfare facilities in Japan, as well as installation of facilities for increased production of dry

pulp overseas.

(3) Status of Financing Activities

The Company Group procured funds through borrowings from financial institutions and issuance of commercial papers.

(4) Issues to be addressed

①Progress of the Sixth Medium-Term Business Plan (from April 2018 to March 2021)

Under the Sixth Medium-Term Business Plan, the Company Group is working to reorganize the production structure of the paper business, expand businesses in growth areas and achieve early commercialization of new businesses in order to realize sustainable growth of the Company Group.

In the fiscal year ended March 31, 2020, the second year of the Sixth Medium-Term Business Plan, we promoted the reorganization of the production structure, and completed the task of stopping eight paper machines as scheduled. Capital investment in each growth field of the packaging, household tissues, healthcare, chemical and energy business progressed generally according to the Plan.

In response to the global spread of COVID-19, the Nippon Paper Group established a Novel Coronavirus Response Headquarters headed by the President and Representative Director and is working to mitigate the risk of infection of employees through prohibiting non-essential business trips at the head office and branch offices, and promoting telework and staggered working hours. At production bases, we will continue operations upon implementing thorough measures to avoid the “Three Cs” (Closed spaces, Crowded conditions and Conversations in short distance) and will continue to strive for stable supply of products. With regard to funds, we will carry out flexible financing to secure liquidity on hand in preparation for an emergency, while cutting non-essential expenditures and making selective investment.

In the fiscal year ending March 31, 2021, the final year of the Sixth Medium-Term Business Plan, we will steadily implement measures for each business. Changes that are anticipated after the COVID-19 issue settles down include social transformation such as trends in workstyle, environmental awareness, further shift away from paper to IT as a means of communication, expectation for lighter packing materials with improved barrier properties in line

with a growth in mail orders and home delivery, and the increasing importance of sanitary paper associated with the rise in hygiene awareness. The Company Group will ascertain and respond to these changes in demand in each business and endeavor to make the most of its products and expertise with a sense of speed.

In **the paper business**, due to the spread of COVID-19, various events have been cancelled and flyers and other printing matters are expected to decrease. We will strive to reduce costs by realizing the effect of production structure reorganization and optimize the balance of production and sales, while working on the priority issue of maintaining product prices.

In **the paperboard business**, we will seek to optimize the balance of production and sales between the domestic market and exports in order to maintain product prices. We will also focus on development of differentiated products in response to changes in demand such as an expansion of the mail order market.

Through these measures, we will seek to secure stable profit in the paper and paperboard business.

In **the liquid packaging board business**, we will roll out “NSATOM[®],” an aseptic filling system for paper packaging for filling highly viscous beverages with particles and long fibers, within the fiscal year, aiming to expand the application of paper packaging. With Shikoku Kakoki Co., Ltd., a company involved in the food-related machinery, packaging material, and food product businesses, we had executed an Exclusive Agency Agreement by which we became the sole agent having exclusive sales rights for paper packaging form fill and seal machines manufactured by the company. In addition to the said agreement, in December 2019, the companies concluded a Capital and Business Alliance Agreement. By fostering an even stronger partnership between the companies, we will accelerate development of new form fill and seal machines systems and further strengthen the competitiveness of the packaging business.

We will complete the installation work of pulp drying machines at Nippon Dynawave Packaging Company LLC in North America in November 2020 with a view to expanding pulp production and sales. In addition, we plan to complete a quality enhancement work of liquid packaging board around January 2021. We strive to strengthen earnings capacity by continuously improving performance and production efficiency.

In **the cardboard business**, in April 2020, we completed acquisition of a cardboard and packaging business in the Oceanian region from Australia-based

Orora Limited, and integrated it with Paper Australian Pty Ltd. to newly form Opal Group. We will foster further growth of the packaging material business of the Company Group, such as cardboard and kraft.

In **the household tissues and healthcare business**, we commenced operation of the No.2 paper machine at Crecia-Kasuga Co., Ltd. in May this year. We will further increase the sales of kitchen towels and long roll toilet tissue, as represented by “triple roll toilette tissues,” which has been well received for its ease of carry and space-saving size. For the healthcare products, demand is growing on the back of changes in lifestyles due to the aging of the population. We will continue to focus on development and introduction to the market of new products that can be used with comfort. Additionally, due to the spread of COVID-19, demand for medical supplies is expected to increase. In addition to the current contracted production at manufacturers in Japan, we will consider expanding supply through in-house production as well.

In **the chemical business**, in response to growing demand for lithium-ion batteries for electric vehicles and home appliances, we will complete the installation of additional manufacturing facilities for functional cellulose at the Gotsu Mill around February 2021. Additionally, as demand for functional coating agents used for automobile paints and film ink is expected to increase over the medium term, the Company will install additional facilities, seeking to further expand sales in overseas markets mainly in Asia.

In **the energy business**, we will make an effort to stabilize the operation of the coal-and-biomass-mixed combustion power generation facility at Nippon Paper Ishinomaki Energy Center Ltd. As renewable energy gains more attention, we are expanding businesses that can leverage our advantages, such as procurement capability of biomass resources and operational skills of power generation facilities. We will proceed with the construction of a biomass mono-fuel combustion power generator to be established at the Hokkaido Mill (Yufutsu) with a view to commencing operation in January 2023.

New materials such as “CELLENPIA®,” a cellulose nanofiber (hereinafter, “CNF”), “SHIELDPLUS®” and “MinerPa®” have been introduced in a wider range of applications. Similarly, the Carboxymethylated CNF manufactured at our Gotsu Mill has been adopted in an increasing number of food and cosmetic products, and most recently in paper barrier cups for beverages. The TEMPO oxidized CNF manufactured at the Ishinomaki Mill has also been adopted for automotive tires. We will continue our efforts with a sense of speed to expand their applications as

materials for industrial use. “MinerPa®,” a compound of pulp and minerals, is anticipated to be adopted in the household goods field within this fiscal year, taking advantage of its deodorant, antibacterial and flame resistant properties.

As the trend away from using plastics is accelerating all over the world, expectations for “paper,” which is made from “wood,” a recyclable material, are on the rise. We are promoting product development under the slogan of “Let paper do what it can do.” In the paper-based barrier material “SHIELDPLUS®” series, we aim to roll out “SHIELDPLUS® Premier,” a new product with higher quality within this fiscal year. In addition, at Jujo Thermal Oy in Finland, the construction work for mass production is slated for completion in July 2020 and we aim for market development in Europe where environmental awareness is high. With regard to the heat sealable paper “LAMINA™,” we are carrying out sales activity to promote the application of the product as a replacement for plastic packaging materials not requiring barrier properties in a wide range of fields such as food, cosmetics and everyday sundries. Our paper straws released in April 2019 feature smoother surface, high durability and safety. In order to meet the strong demand, we enhanced its production and supply systems. Our replaceable container “SPOPS®” has been adopted for use in containers for products for hotels, as it helps mitigate the refilling workload and reduce the amount of disposable plastics used. We will continue cultivating new applications for the wider adoption of these new materials.

Regarding investment activities, we will decide on implementation while giving full consideration to financial discipline. In the growth fields and new materials businesses, it is indispensable to promote development of new products and accurately tap into client needs. We will accelerate the transformation of our business structure by making investments as necessary, and will implement measures to maximize the business value of existing businesses and the growth fields of the Company Group by allocating our resources, including human resources and assets as well as our capital, to the growth fields.

② Handling of PCB Waste

With regard to the PCB (polychlorinated biphenyl) waste issue, we are taking appropriate actions in coordination with the municipalities, while implementing the following recurrence prevention measures:

Firstly, we place greater emphasis on compliance. We continue to hold compliance seminars for the officers and employees of the Company Group. In the

fiscal year ended March 31, 2020, Directors and Corporate Officers from the Company and 31 Group companies participated in the seminars.

Secondly, we ensure compliance with environmental laws and regulations. Information on regulatory changes identified by the responsible department is shared at the Nippon Paper Group Environmental Committee, and the status of our response is confirmed. The content of this initiative is examined and assessed by the legal affairs department.

Thirdly, we strengthen the system for monitoring and supervision. In environmental audits, some auditors are elected from departments other than audit departments so as to ensure a multifaceted audit. We provide education on environmental laws and regulations to administrative departments of the head office as well as those at mills, thereby a mutual supervision system is enhanced.

[Reference: Impact of COVID-19]

Major impacts on the business results caused by COVID-19 are as follows at this point.

(Paper and paperboard business)

As to the paper business, advertising demand for printing papers is declining due to decreased pages in newspapers as a result of cancellation and postponement of sporting and other events as well as sluggish economic activities. In the overseas market, trade negotiations have been suspended in certain regions due to economic lockdown and demand is forecast to decrease.

As to paperboard products, demand for cardboard is expected to be strong backed by those used for processed foods, such as frozen foods and prepared foods, and growing usage of Internet sales primarily for mail orders and home delivery due to the shift toward stay-at-home consumption.

(Livelihood-related business)

Demand for household tissue is decreasing centering on products for hotels given a decline in foreign tourists visiting Japan, while demand for hand towels and wet towels used for infection prevention is on the rise.

As to the liquid-packaging carton, demand for milk containers for school catering is decreasing, while that for milk containers for the home is increasing due to stay-at-home consumption.

As to chemical products, demand for functional coating resins for automobile use will decrease due to a decline in automobile manufacturing volume. As to functional films, demand for those used for PCs and monitors is increasing in line with the shift toward telecommuting.

(Other business)

In the leisure business, our facilities and stores are temporarily closed or are operating with shortened hours.

(Future outlook)

In the fiscal year ending March 31, 2021, the final year of the Sixth Medium-Term Business Plan, we will accelerate the transformation of our business structure as a comprehensive biomass company. Our efforts will include realization of the effect of reorganizing the production structure in the paper business, business expansion by way of purchasing paperboard fiber based packaging business in Australia and New Zealand, and early start-up of production facilities for household tissues.

However, consumption and corporate activities have been sluggish due to the

spread of COVID-19. The consolidated performance for the fiscal year ending March 31, 2021 has yet to be determined as it is difficult to reasonably calculate the matters including the effect on the Company Group, trends in raw materials and fuels prices, and how long the COVID-19 issue will last. We will disclose it as soon as possible once it becomes possible to make a reasonable estimation.

(Reference)

1) With regard to COVID-19, the Company Group forecasts a significant impact on newsprint paper and printing paper. We presume that the demand for newsprint paper and printing paper, which is dropping sharply, will continue to be stagnant during the first half of the year and will see a moderate recovery in the second half. Applying the assumption as shown below, the consolidated operating income of the paper and paperboard business for the fiscal year ending March 31, 2021 will be approximately 3,500 million yen, a 3,000 million yen decrease year on year.

<Assumptions>

- Exchange rate: ¥110/USD
- Status of sales of major domestic products: Newsprint paper (year-on-year growth rate): 85%
Printing paper (year-on-year growth rate): 88%
- Wastepaper: Remains unchanged at this point
- Crude oil (Dubai): 50 USD/barrel
- Coal (Australian general coal): 69 USD/ton

2) Purchase of paperboard fiber based packaging business in Australia and New Zealand

- Purchase completion date: April 30, 2020 (The business will be included in the scope of consolidation in the second quarter of the fiscal year ending March 31, 2021.)
- Transaction scheme: The business has been acquired by the Company’s wholly owned subsidiaries in Australia and New Zealand. Together with the existing business of Paper Australia Pty Ltd (“AP”), the business has been incorporated into new wholly owned subsidiaries of AP, together known as “Opal,” a vertically integrated paper and packaging solution business (“Opal Group”).

- Acquisition-related cost: One-time acquisition-related cost of 5,500 million yen including stamp tax, etc. for the business purchase will be posted primarily in the second quarter of the fiscal year ending March 31, 2021.

Regarding business segments, Opal Group will be included in the “Livelihood-related business” from the fiscal year ending March 31, 2021.

(5) Changes of Assets and Profit/Loss Status

Category	93rd Term (Ended March 2017)	94th Term (Ended March 2018)	95th Term (Ended March 2019)	96th Term (Current) (Ended March 2020)
(million yen) Sales Revenue	992,428	1,046,499	1,068,703	1,043,912
(million yen) Operating income	23,764	17,613	19,615	35,048
(million yen) Ordinary Income	26,994	18,649	23,901	30,524
(million yen) Net income (loss) attributable to owners of the parent	8,399	7,847	(35,220)	14,212
(Yen) Basic earnings (loss) per share	72.57	67.80	(304.34)	122.89
(million yen) Total Assets	1,388,885	1,429,892	1,390,814	1,363,469
(%) ROE (Return on equity)	2.0	1.8	(8.6)	3.7
(%) ROA (Return on assets)	2.6	1.9	2.2	2.7

- (Notes)
1. Figures rounded down to nearest million yen.
 2. ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.

$$\text{ROE (Return on Equity)} = \frac{\text{Net income attributable to owners of the parent}}{\text{average of the balance at the beginning of the term and the balance at the term-end of Shareholders' equity and Accumulated other comprehensive income}}$$

$$\text{ROA (Return on assets)} = \frac{\text{Ordinary income} + \text{Interest expenses}}{\text{Total assets at the term-end}}$$
 3. The Company applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28; February 16, 2018) from the beginning of the 95th Term. Total assets and ROA (Return on assets) for the 94th Term are in the figures that retrospectively apply the said accounting standard.

(6) Status of Principal Subsidiaries, etc. (As of March 31, 2020)

① Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper and paperboard business]	Million yen	%	
Nippon Paper Papyrus Co., Ltd.	3,949	100.0	Manufacture and sales of specialty paper
Paper Australian Pty Ltd.	(1,000 AUD) 662,280	100.0	Manufacture and sales of paper, paperboard, pulp and office supplies
NP Trading Co., Ltd.	Million yen 1,000	100.0	Sales of paper, pulp and chemicals
Nippon Tokai Industrial Paper Supply Co., Ltd.	350	65.0	Sales of paper and paperboard
[Livelihood-related business]			
Nippon Paper Crexia Co., Ltd.	Million yen 3,067	100.0	Manufacture and sales of household tissues
Nippon Dynawave Packaging Company LLC	(1,000 USD) 200,000	100.0	Manufacture, processing and sales of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc., manufacture and sales of pulp
[Lumber, Construction Materials, Civil Engineering and Construction-Related Business]			
Nippon Paper Lumber Co., Ltd.	Million yen 440	100.0	Sales of lumber and sawed lumber
[Others]			
Nippon Paper Logistics Co., Ltd.	Million yen 70	100.0	Warehouse, transport, and freight shipment

(Note) Figures rounded down to nearest million yen, nearest thousand Australian dollars and nearest thousand U.S. dollars.

② Status of Business Combinations

- (a) The number of consolidated subsidiaries for the current term is 50 companies and the number of equity method affiliates is 10 companies.
 (b) The Company concluded an agreement with Orora Limited, a listed company of the Australian Securities Exchange, to purchase its paperboard fiber based packaging business in Australia and New Zealand on October 10, 2019, and completed the acquisition on April 30, 2020. Together with existing business of Paper Australia Pty Ltd, the Company will operate the business by incorporating it into a new business operator called “Opal.”

(7) Primary Sales Offices and Mills (As of March 31, 2020)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales Bases: Head Office, 5 sales branch offices and others Production Bases: Kushiro Mill (Kushiro-shi, Hokkaido), Hokkaido Mills (Tomakomai-shi, Asahikawa-shi, and Shiraoi-cho, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Kanto Mills (Ashikaga-shi, Tochigi and Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Gotsu Mill (Gotsu-shi, Shimane), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto), Higashimatsuyama Mill (Higashimatsuyama-shi, Saitama) Nippon Paper Liquid Package Product Co., Ltd. Egawa Mill (Gokamachi, Ibaraki), Miki Mill (Miki-shi, Hyogo), Ishioka Mill (Ishioka-shi, Ibaraki) Laboratories: Research Laboratory (Kita-ku, Tokyo), Packaging Research Laboratory (Kita-ku, Tokyo), Cellulose Nanofiber (CNF) Research Laboratory (Fuji-shi, Shizuoka), Chemical Products Research Laboratory (Iwakuni-shi, Yamaguchi), Functional Materials Development Laboratory (Higashimatsuyama-shi, Saitama)</p>
	<p>Nippon Paper Papylia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 1 branch office Production Bases: Harada Mill (Fuji-shi, Shizuoka), Suita Mill (Suita-shi, Osaka), Kochi Mill (Ino-cho, Kochi)</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 9 sales branch offices Production Bases: Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto)</p>
Overseas	Paper Australian Pty Ltd. (Australia)
	Nippon Dynawave Packaging Company LLC (U.S.)

(8) Status of Employees (As of March 31, 2020)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and paperboard business	6,764	-465
Livelihood-related business	2,652	+116
Energy business	76	+22
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,384	-27
Other Business	1,538	+11
All Companies (Cross-organization)	178	-8
Total	12,592	-351

- (Notes) 1. Number of employees means the number of personnel who are actually working.
2. "All Companies (Cross-organization)" indicates employees who belong to the administrative department and cannot be classified by specific business segment.

(9) Status of Main Lenders (As of March 31, 2020)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	79,162 million yen
Sumitomo Mitsui Banking Corporation	60,236 million yen
Development Bank of Japan, Inc.	42,640 million yen
The Norinchukin Bank	40,705 million yen
Sumitomo Mitsui Trust Bank, Ltd.	39,226 million yen
Meiji Yasuda Life Insurance Company	30,500 million yen
MUFG Bank, Ltd.	29,116 million yen
Mizuho Trust & Banking Co., Ltd.	29,000 million yen
Nippon Life Insurance Company	28,000 million yen
TAIJU LIFE INSURANCE COMPANY LIMITED	23,000 million yen

- (Notes) 1. In addition to the above, the Company procured syndicated loan which amounts to 61,420 million yen.
2. Figures rounded down to nearest million yen.

2. Shares of the Company (As of March 31, 2020)

- (1) Total number of authorized shares 300,000,000 shares
- (2) Total number of issued shares 116,254,892 shares
(including 349,789 treasury shares)
- (3) Number of shareholders 97,186
- (4) Major shareholders (Top 10)

Name	Number of shares held	Percentage of shares held
Ichigo Trust Pte. Ltd.	13,493,600	11.64%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,149,800	7.03%
Japan Trustee Services Bank, Ltd. (Trust Account)	8,093,400	6.98%
Mizuho Bank Ltd.	4,341,855	3.75%
Nippon Paper Industries Co., Ltd. Employee Share Ownership	3,023,829	2.61%
JPMorgan Securities Japan Co., Ltd.	2,616,665	2.26%
Nippon Life Insurance Company	2,473,165	2.13%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,374,900	2.05%
TAIJU LIFE INSURANCE COMPANY LIMITED	2,258,900	1.95%
Nippon Paper Industries Co., Ltd. Business Partners Share Ownership	1,948,700	1.68%

(Note) Percentage of shares held is calculated excluding the 349,789 treasury shares.

3. Officers and Directors of the Company

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman & Director	Fumio Manoshiro	
President, Representative Director	Toru Nozawa	President Corporate Officer
Executive Vice President, Representative Director	Kazufumi Yamasaki	Executive Vice President Corporate Officer, Aide to the President President of Nippon Paper Crecia Co., Ltd.
Director	Akihiro Utsumi	Senior Managing Executive Officer, General Manager of Personnel & General Affairs Div.
Director	Takeo Konno	Managing Corporate Officer, General Manager of Sales Management & Planning Div. President of Nippon Paper Logistics Co., Ltd.
Director	Masanobu Iizuka	Corporate Officer, General Manager of Corporate Planning Div., and in charge of Affiliates & Subsidiaries Director of Nippon Paper Crecia Co., Ltd, Outside Director of LINTEC Corporation
Outside Director	Yoshimitsu Aoyama	Representative Director of the Japan International Dispute Resolution Center
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION Outside Director of Eagle Industry Co., Ltd.
Outside Director	Yoko Hatta	Auditor of International Christian University Outside Audit & Supervisory Board Member of IHI Corporation Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.
Audit & Supervisory Board Member (full-time)	Hirofumi Fujimori	Statutory Auditor of Nippon Paper Crecia Co., Ltd.
Audit & Supervisory Board Member (full-time)	Kazunari Tatsu	Statutory Auditor of NP Trading Co., Ltd.
Outside Audit & Supervisory Board Member	Seiichi Fusamura	Attorney at Law Chairman of the Public Security Examination Commission
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd. Outside Audit & Supervisory Board Member of MISUMI Group Inc. Outside Director of OPTEX GROUP Company, Limited

(Notes) 1. The following persons were newly elected at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019, and took the office.

Director: Masanobu Iizuka

Director: Yoko Hatta

Audit & Supervisory Board Member (full-time): Kazunari Tatsu

Audit & Supervisory Board Member: Nanako Aono

2. The following persons retired as of the conclusion of 95th Ordinary General Meeting of Shareholders held on June 27, 2019.
 Chairman, Representative Director: Yoshio Haga
 Director: Shoji Ueda
 Audit & Supervisory Board Member (full-time): Mitsuo Nagoshi
 Outside Audit & Supervisory Board Member: Yoko Hatta
 Mr. Mitsuo Nagoshi and Ms. Yoko Hatta retired from the post of Audit & Supervisory Board Member by resignation.
3. Changes of post, responsibilities and important concurrently holding offices of the Officers made during the current fiscal year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Fumio Manoshiro	Chairman & Director	President, Representative Director, President Corporate Officer	June 27, 2019
Toru Nozawa	President, Representative Director, President Corporate Officer	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries	June 27, 2019
	(Retired)	Director of Nippon Paper Crecia Co., Ltd.	June 18, 2019
	(Retired)	Outside Director of LINTEC Corporation	June 20, 2019
Kazufumi Yamasaki	(Retired)	Director of Nippon Paper Papylia Co., Ltd.	June 19, 2019
Akihiro Utsumi	Senior Managing Executive Officer, General Manager of Personnel & General Affairs Div.	Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div.	June 27, 2019
Takeo Konno	Managing Corporate Officer, General Manager of Sales Management & Planning Div.	Corporate Officer, General Manager of Sales Management & Planning Div.	June 27, 2019
Yoshimitsu Aoyama	(Retired)	Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability	June 13, 2019
Makoto Fujioka	(Retired)	Senior Director of Japan Association for Chemical Innovation	June 30, 2019
Seiichi Fusamura	(Retired)	Chairman of Tokyo Metropolitan Government Labor Relations Commission	November 29, 2019
Nanako Aono	Outside Director of OPTEX GROUP Company, Limited	(Newly appointed)	March 26, 2020

4. Mr. Yoshimitsu Aoyama, Mr. Makoto Fujioka and Ms. Yoko Hatta are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
5. Mr. Seiichi Fusamura and Ms. Nanako Aono are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
6. Audit & Supervisory Board Member (full-time), Mr. Hirofumi Fujimori successively held the positions General Manager of Accounting & Budgeting Dept., Corporate Officer, and General Manager of Financial Div., and has

considerable expertise in finance and accounting.

7. Audit & Supervisory Board Member (full-time), Mr. Kazunari Tatsu successively held the positions General Manager of Treasurer's Dept. and Deputy General Manager of Financial Div., and has considerable expertise in finance and accounting.
8. Outside Audit & Supervisory Board Member, Ms. Nanako Aono is licensed as a certified public accountant, and has considerable expertise in finance and accounting.
- 9 The Company has filed Outside Director Mr. Yoshimitsu Aoyama, Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Audit & Supervisory Board Member Mr. Seiichi Fusamura and Outside Audit & Supervisory Board Member Ms. Nanako Aono as Independent Officers of the Tokyo Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2020)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Toru Nozawa	
Executive Vice President Corporate Officer	Kazufumi Yamasaki	Aide to the President (concurrently serving) President of Nippon Paper Crecia Co., Ltd.
Senior Managing Executive Officer	Akihiro Utsumi	General Manager of Personnel & General Affairs Div.
Senior Managing Executive Officer	Kazumori Fukushima	General Manager of Printing Paper Sales Div.
Managing Corporate Officer	Takahiro Maeda	General Manager of Newsprint Sales Div.
Managing Corporate Officer	Satoru Muto	President of Nippon Tokai Industrial Paper Supply Co., Ltd.
Managing Corporate Officer	Takeo Konno	General Manager of Sales Management & Planning Div.
Corporate Officer	Yozo Igarashi	General Manager of Chemical Sales Div.
Corporate Officer	Shoji Ueda	General Manager of Iwakuni Mill and Otake Mill
Corporate Officer	Atsushi O'haru	General Manager of Business Communication & Industrial Paper Sales Div.
Corporate Officer	Yasuhito Obayashi	General Manager of Paper-Pak Sales Div.
Corporate Officer	Shigeru Inoue	General Manager of Kanto Mill
Corporate Officer	Atsumi Yasunaga	General Manager of Ishinomaki Mill and Iwanuma Mill
Corporate Officer	Masanobu Iizuka	General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries
Corporate Officer	Yasuhiko Nishiguchi	General Manager of Kushiro Mill
Corporate Officer	Shinichiro Nakamura	General Manager of Akita Mill
Corporate Officer	Mitsuhiro Sugino	General Manager of Technical & Engineering Div. and Energy Business Div.
Corporate Officer	Takashi Ochi	General Manager of Research & Development Div.
Corporate Officer	Yoshihide Kimura	General Manager of Nakoso Mill
Corporate Officer	Yasuhito Murakami	General Manager of Hokkaido Mill
Corporate Officer	Kazuto Shimada	General Manager of Yatsushiro Mill
Corporate Officer	Tomoyasu Itakura	General Manager of Financial Div.

(2) Total amount of remuneration, etc., for Directors and Audit & Supervisory Board Members for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. by type (million yen)			Total amount (million yen)
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	11	300	57	25	383
(Outside Directors included in above)	[3]	[33]	[—]	[—]	[33]
Audit & Supervisory Board Members	6	56	—	—	56
(Outside Audit & Supervisory Board Members included in above)	[3]	[13]	[—]	[—]	[13]

- Notes:
1. Figures rounded down to the nearest million yen.
 2. The numbers above include two (2) Directors and two (2) Audit & Supervisory Board Members who retired during the relevant business year.
 3. A resolution for the maximum total remuneration for Directors to be 700 million yen per fiscal year was adopted at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019. Separately from the aforementioned amount, it was resolved to introduce a Stock Compensation Plan “Board Benefit Trust (BBT)” to Directors (excluding Outside Directors) at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019. Stock remuneration presented above is the amount recorded as provision for share-based remuneration for officers during the relevant business year.
 4. A resolution for the maximum total remuneration for Audit & Supervisory Board Members to be 120 million yen per fiscal year was adopted at the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007.

(3) Policies on Determination of Remuneration, etc., for Directors and Audit & Supervisory Board Members

1) Remuneration system

- (a) In regard to monthly remuneration for Directors, the base amounts shall be determined according to their respective responsibilities in the Company. 70% of the base amount is to be paid as a fixed amount and 30% of it, in principle, is to be varied depending on the business results of the preceding fiscal year. Part of each Director’s monthly remuneration shall be contributed to the Nippon Paper Officers Share Ownership to purchase shares of the Company. The purchased shares shall continue to be held by each Director during his/her term of office. There are no bonuses or retirement benefits.
- (b) Stock compensation in the form of the BBT is paid to Directors to make a clearer link between the compensation provided to Directors and the Company’s share value, and thereby increase their motivation to make contributions to improve the Company’s mid- to long-term performance and increase its corporate value by Directors sharing with shareholders not only

the benefits of rising share prices but also the risks associated with falling share prices.

- (c) In regard to Outside Directors and Audit & Supervisory Board Members, monthly remuneration is paid to them at fixed amounts. In light of the type of their responsibilities, contribution to the Nippon Paper Officers Share Ownership shall be voluntary.

[Reference: Remuneration for Internal Directors]

	Fixed remuneration	Performance-based remuneration	BBT (from the fiscal year ended March 31, 2020)
Method	Cash payment		Award points
Maximum remuneration	700 million yen per year		25,000 points per year (1 point is equivalent to 1 share)
Payment timing	Monthly (no bonuses or retirement benefits)		Upon retirement as Directors (Cumulative points are converted to shares and awarded)
Calculation method	Base amounts shall be determined according to their respective responsibilities, 70% of which is paid as a fixed amount.	Base amounts shall be determined according to their respective responsibilities, 30% of which in principle is paid after making adjustments according to the business results of the preceding fiscal year.	Award the number of points as determined by their position
Performance standards	—	60%: Non-consolidated performance (net sales, ordinary income and ROA) 40%: Consolidated performance (net sales, operating income and ROA)	—
Other	Part of the remuneration is contributed to the Nippon Paper Officers Share Ownership		—

(Note) Outside Directors and Audit & Supervisory Board Members receive fixed monthly remunerations only.

2) Procedure to determine remuneration

- (a) To further strengthen corporate governance, the Company shall establish the Personnel & Remuneration Advisory Committee as an advisory body for the Board of Directors. The majority of this Committee shall consist of Independent Outside Directors.
- (b) The Personnel & Remuneration Advisory Committee, being consulted by the Board of Directors regarding the system for remuneration for Directors and Audit & Supervisory Board Members of the Company and other related matters, shall deliberate the appropriateness of such a system, etc., and provide advice based on the evaluation of business performance and other factors of the Company.
- (c) The Personnel & Remuneration Advisory Committee shall consist of the President and Representative Director, the General Manager of the Personnel & General Affairs Division and the Independent Outside Directors, and its secretariat shall be the General Manager of the Personnel Department.

- (d) The Personnel & Remuneration Advisory Committee shall deliberate, with the appropriate involvement of the Independent Outside Directors who are the members of the Committee, receiving their advice.
- (e) The Board of Directors shall determine the remuneration, etc. for Directors, receiving the opinions of the Personnel & Remuneration Advisory Committee.

(4) Matters Regarding Outside Officers

- ① Concurrently served executive posts, etc. in other entities, etc., and relationship between the Company and such entities, etc.

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Director	Yoshimitsu Aoyama	Representative Director of the Japan International Dispute Resolution Center	No special relationship
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION	No special relationship
		Outside Director of Eagle Industry Co., Ltd.	Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (The amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
Outside Director	Yoko Hatta	Auditor of International Christian University	No special relationship
		Outside Audit & Supervisory Board Member of IHI Corporation	Although the Company has purchase transactions related to equipment with IHI Corporation, the amount of transactions is negligible (The amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation.).
		Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	No special relationship
Outside Audit & Supervisory Board Member	Seiichi Fusamura	Chairman of the Public Security Examination Commission	No special relationship
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd.	No special relationship
		Outside Audit & Supervisory Board Member of MISUMI Group Inc.	No special relationship
		Outside Director of OPTEX GROUP Company, Limited	No special relationship

② Major activities in the current fiscal year

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Yoshimitsu Aoyama	14 of 14 (100%)	—	He asked suitable questions both on resolutions and on reports from the perspective of an expert, mainly as a legal expert, as well as voiced his opinion from an independent perspective, as necessary.
Outside Director	Makoto Fujioka	13 of 14 (92.9%)	—	He asked suitable questions both on resolutions and on reports based on his extensive experience in governments and the private sector, as well as voiced his opinion from an independent perspective, as necessary.
Outside Director	Yoko Hatta	11 of 11 (100%)	—	She asked suitable questions both on resolutions and on reports based on her extensive experience in international accounting firms, etc., as well as voiced her opinion from an independent perspective, as necessary.
Outside Audit & Supervisory Board Member	Seiichi Fusamura	14 of 14 (100%)	13 of 13 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert, mainly as an attorney at law, as well as voiced his opinion from an independent perspective, as necessary. Further, he made reports regarding his audit conducted as an Outside Audit & Supervisory Board Member, discussed material matters about the audit, as well as asked suitable questions regarding other Audit & Supervisory Board Members' audits and as necessary, voiced his opinions from an independent perspective.
Outside Audit & Supervisory Board Member	Nanako Aono	11 of 11 (100%)	10 of 10 (100%)	She asked suitable questions both on resolutions and on reports based on her extensive experience in the private sector and from the perspective of an expert as a certified public accountant, as well as voiced her opinion from an independent perspective, as necessary. Further, she made reports regarding her audit conducted as an Outside Audit & Supervisory Board Member, discussed material matters about the audit, as well as asked suitable questions regarding other Audit & Supervisory Board Members' audits and as necessary, voiced her opinions from an independent perspective.

③ Outline of the Contract for Limitation of Liabilities

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company entered into a Contract for Limitation of Liabilities with Outside Director Mr. Yoshimitsu Aoyama, Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Audit & Supervisory Board Member Mr. Seiichi Fusamura and Outside Audit & Supervisory Board Member Ms. Nanako Aono, which limits the amount of their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount provided in laws and ordinances.

④ Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	5	46 million yen

(Note) Figures rounded down to nearest million yen.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for the Accounting Auditor during the relevant fiscal year

	Amount
① Amount of remuneration, etc. to be paid to Accounting Auditor by the Company	198 million yen
② Total amount of cash and other financial benefits to be paid to accounting auditor by the company and subsidiaries of the Company	286 million yen

(Notes) 1. Figures rounded down to nearest million yen.

2. The Audit & Supervisory Board gave consent on the amount of remuneration, etc. to be paid to the Accounting Auditor as a result of the careful screening of details of the audit plan for the current fiscal year such as the number of hours required for the audit and the staff allocation, checking and evaluation of the audit performance for the preceding fiscal year, appropriateness of the Accounting Auditor's auditing operation concerning the business operation of the Company and the grounds for calculation of the estimates that become the basis of the amount of remuneration, etc.
3. Since the amounts of remuneration, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not explicitly distinguished in the audit contract between the Company and Accounting Auditor and cannot be practically distinguished, the amount in ① above includes remuneration, etc. for audits under the Financial Instruments and Exchange Act.
4. Among the Company's primary subsidiaries, Paper Australian Pty Ltd. has undergone a statutory audit by Ernst & Young, which belongs to the same network as the Company's Accounting Auditor.
5. Among the Company's primary subsidiaries, Nippon Dynawave Packaging Company, LLC has undergone a statutory audit by an audit corporation other than the Company's Accounting Auditor.

(3) Policy for determining Accounting Auditor dismissal or non-reappointment

- ① If the Accounting Auditor falls under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members pursuant to the provision of the same Article.
- ② The Audit & Supervisory Board shall determine the contents of any proposal regarding dismissal or non-reappointment to be submitted to the General Meeting of Shareholders with due consideration for the independence and the qualifications of the accounting auditor provided in the related laws and regulations or standards, etc. (Business Accounting Council "Quality Control Standards for Audit" Oct. 28, 2005, etc.).

5. System to ensure the appropriateness of business operation and the status of operation of such system

(1) System to ensure the appropriateness of business operation

The Company formulated the Basic Policies to Establish the Internal Control Systems by a resolution adopted at the Board of Directors meeting held on May 25, 2006, and has made necessary amendments as needed. The details of the Basic Policies are as follows:

1) “System to ensure execution of duties by Directors in conformity with laws and ordinances or the Articles of Incorporation”

① For appropriate and sound execution of the Company’s business, the Board of Directors establishes an effective internal control system and establishes an organizational structure that complies with laws and ordinances or the Articles of Incorporation.

② The Audit & Supervisory Board audits the effectiveness and function of the internal control systems.

2) “System to ensure the propriety of business operation of the Company and its subsidiaries”

① System for preservation and management of information related to execution of duties by Directors

The statutory documents and any other documents related to execution of duties by Directors shall be appropriately preserved and managed in accordance with the rules for documents management, etc.

② Rules and other systems related to the management of risks of loss of the Company and its subsidiaries

For risks related to execution of the business of the Company and its group companies, depending on the type of individual risk, the department in charge of such risk will endeavor to prevent risk by means such as implementing education and training under manuals, in addition to establishing necessary rules and guidelines. If any problem occurs, the parent company will, together with its subsidiaries, prevent enlargement of damage to the Company Group, and lay out a framework necessary to minimize such damage.

③ System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

- (a) Establish a system with which each body and organizations including the Board of Directors functions effectively and exercises its duties properly and efficiently in accordance with the rules for decision-making such as the rules of the Board of Directors, rules of approval, and rules for segregation of duties.
 - (b) Introduce the Corporate Officer System and separate the function of overall management supervision and decision making by the Board of Directors from the function of execution of each individual department's business by the Corporate Officers, to clarify where the responsibility and authority lay.
 - (c) Each business sector and each group company will not only establish a three (3) year medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
 - (d) To pursue the development of the entire Company Group, the Company shall hold meetings of the Management Strategy Committee as needed to deliberate on important matters related to the Company Group such as management strategies for each business field.
- ④ System to ensure execution of duties by employees of the Company and its subsidiaries in conformity with laws and ordinances or the Articles of Incorporation
- (a) Establish the "Nippon Paper Group Action Charter" and "Nippon Paper Codes of Conduct," and familiarize all employees with compliance thereto.
 - (b) The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
 - (c) Establish "Nippon Paper Group Help Line" as an internal report system within the Company Group and operate this system strictly.
- ⑤ Systems related to the reporting of the matters concerning execution of duties by Directors, etc., of the Company's subsidiaries to the Company
- (a) In order to ensure appropriate operation of business within the Group, the Company shall establish a fundamental policy for the Group companies' business management and operation rules for affiliated companies, and appropriately manage business operations in the Group according to such systems as application for approval, advance and ex post facto report to the Company, etc.

- (b) The Audit & Supervisory Board Members ensure appropriate operation of business within the Group through presiding over the “Nippon Paper Group Audit & Supervisory Board Member Liaison Committee,” which consists of the Audit & Supervisory Board Members of the primary group companies of the Company, and the Audit & Supervisory Board of the Company, and have periodic discussions about audit policy and audit method, etc., and enhance mutual collaboration by exchanging information, etc.
 - (c) The Company shall hold Presidents’ Meetings of associated companies to receive reports on the current situation and issues of the primary group companies of the Company.
- ⑥ System related to employees who assist in execution of duties by the Audit & Supervisory Board Members, matters related to the independence of such employees from the Directors and matters related to ensuring the effectiveness of the instructions given to such employees
- (a) Assign some employees of the Company as the assistants of the Audit & Supervisory Board Members who assist the Audit & Supervisory Board Members in executing their duties. For such assignment, prior consent by the Audit & Supervisory Board Members is required.
 - (b) The Company’s employees who assist the Audit & Supervisory Board Members in executing their duties shall follow the instructions from the Audit & Supervisory Board Members and prioritize performing the duties related to their instructions.
- ⑦ System for Directors and employees to report to the Audit & Supervisory Board Members; other system related to the report to the Audit & Supervisory Board Members; and system to ensure effective audit by the Audit & Supervisory Board Members
- (a) Directors, Corporate Officers and employees will report to the Audit & Supervisory Board without delay when he/she becomes aware of any material breach of laws and ordinances or the Articles of Incorporation, concerning the execution of duties, any fact of wrongdoing or any possibility of material damage to the Company. And the Audit & Supervisory Board Members may, at any time, request that the Directors, Corporate Officers and employees make a report to them.
 - (b) Further, in order to appropriately convey the Company’s information to the Audit & Supervisory Board Members, without limiting to the reports from the Directors, Corporate Officers and employees, the

Company shall facilitate an environment to allow the Audit & Supervisory Board Members to exchange information closely with the Accounting Auditor and legal advisors, etc.

- (c) Representative Directors endeavor to communicate closely with the Audit & Supervisory Board Members through such means as holding meetings as often as possible with Audit & Supervisory Board Members, etc. Moreover, Representative Directors ensure, upon request by the Audit & Supervisory Board Members, attendance of the Audit & Supervisory Board Members at any material meetings.
 - (d) At meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, the Audit & Supervisory Board Members of the Company shall receive explanation from the Audit & Supervisory Board Members of the group companies on the content of reports received from the officers and employees of such group companies.
 - (e) The department in charge of the Company's Nippon Paper Group Help Line shall report regularly to the Company's Audit & Supervisory Board Members on the status of internal reporting from the officers and employees of the Company Group.
 - (f) The Company shall provide rules for operation of the Nippon Paper Group Help Line, in which it is to be clearly stipulated that users of the internal reporting system should not suffer disadvantageous treatment and that an internal disciplinary measure might be imposed on those who give disadvantageous treatment to such users.
 - (g) Based on the audit plans formulated by the Audit & Supervisory Board Members, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Audit & Supervisory Board Members.
 - (h) When the Audit & Supervisory Board Members request the Company to make an advance payment of expenses based on Article 388 of the Companies Act that are necessary to execute their duties, the Company shall process such expenses or debts promptly.
- ⑧ System to ensure the reliability of financial reports of the Company and its subsidiaries

In order to ensure the reliability of financial reports, the Company shall improve an internal control system for financial reporting and operate such system properly in accordance with rules of internal control for

financial reports. Further, the Company shall evaluate the system's effectiveness on a continuing basis and take necessary measures to improve the system.

⑨ System of the Company and its subsidiaries toward elimination of anti-social forces

The Company and its subsidiaries shall never have any relationship with any anti-social force or organization. The Company and its subsidiaries shall take a resolute stand against unreasonable demand and respond to such incident in coordination with outside specialized agencies, as needed.

(2) Status of operation of the system to ensure the appropriateness of operation

The Company strives to ensure the appropriateness of operation through formulating and operating the Basic Policies to Establish the Internal Control Systems. With regard to the PCB waste issue, as described in "Issues to be addressed" in the Business Report, we are taking appropriate actions in coordination with the municipalities, while implementing recurrence prevention measures. In addition to the above, the outline of the operation of the system to ensure the appropriateness of operation of the Company during the current fiscal year was as follows.

① Risk management system

- (a) The Company established the Environmental Committee, the Safety and Disaster Prevention Committee and the Product Safety Committee to promote risk management activity across the entire Company Group. Each Committee was held twice during the current fiscal year to confirm efforts of each group company.
- (b) Common measures for environment, safety and disaster, and product safety include various type of audits. The Company implements internal audits at each mill, document inspection and on-site audits by the section responsible in the head office and mutual audits among group companies and share the summary and results of audits within the Group through each committee organization.
- (c) With the occurrence of unprecedented situations, the CSR Division deliberates further enhancement and rebuilding of the risk management system to address various possible risks for the Company Group from a business continuity perspective.

② Compliance system

- (a) The Company operates the Nippon Paper Group Help Line as its

internal reporting system. The Compliance Office of the CSR Department, which is in charge of this system, has responded to all the items reported and consulted via this system and addressed each issue appropriately in alliance with related departments, specialized external companies and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office of the CSR Department to the Audit & Supervisory Board Members.

- ③ Audit & Supervisory Board Members' audit and internal audit
- (a) The Audit & Supervisory Board Members attended important meetings such as Board of Directors meetings, and meetings of the Group Management Strategy Committee and Management Execution Committee. The Audit & Supervisory Board Members held thirteen meetings to share information, while performing onsite audits at each department and office of the Company, as well as group companies. The Audit & Supervisory Board Members held two meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, at which they received reports on audit activities at each group company.
 - (b) The Management Audit Office performed internal audits of the Company and the group companies and provided support for improvement as necessary, including introduction of external experts to the audited sites. The Office also made reports on the results to President and Representative Director and full-time Audit & Supervisory Board Members three times and Outside Directors and Outside Audit & Supervisory Board Members three times. The Management Audit Office also performed evaluation on validity of internal audits regarding financial reporting of the Company and the group companies. President and Representative Director reported summaries of these result to the Board of Directors.
 - (c) The Audit & Supervisory Board Members and the Management Audit Office held an information exchange meeting once a month. In addition, the Management Audit Office attended meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee to integrate Audit & Supervisory Board Members' audits and internal audits. Audit & Supervisory Board Members periodically received reports from the Accounting Auditor on the results of accounting audits

and shared information.

- ④ The Group companies' business management
 - (a) The Presidents' Meeting of associated companies was held among the Company and its 19 primary group companies, where each group company reported issues to be addressed and initiatives for the Medium-Term Business Plan.
 - (b) We reorganized the Management Strategy Committee and established a Group Management Strategy Committee consisting of major officers of the Company and presidents of four major group companies. Intended to facilitate information sharing within the Group, speedier decision making, and maximum utilization of the Group's management resources, the new Committee engages in discussion from a group-wide perspective.

- ⑤ System of execution of duties
 - (a) The Board of Directors held thirteen regular meetings and one extraordinary meeting. Material matters are deliberated in advance at the Management Strategy Committee and Management Execution Committee and submitted to the Board of Directors.
 - (b) With regard to the effectiveness of the Board of Directors, self-evaluation was performed by each Director and Audit & Supervisory Board Member in the form of a questionnaire and deliberated at the Board of Directors meeting. While evaluating that their current state was almost appropriate, the Board of Directors resolved to continuously strengthen the Board functions by enriching the matters to be reported at the Board of Directors meetings.

Consolidated Financial Statements
Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[496,871]	Current liabilities	[434,209]
Cash and Deposit	52,846	Notes payable and accounts payable-trade	120,593
Notes receivable and accounts receivable-trade	228,178	Short-term loan payable	191,719
Merchandise and finished goods	86,985	Current portion of bonds	15,000
Work in process	19,087	Corporate income taxes payable, etc.	5,363
Raw materials and Supplies	65,715	Other current liabilities	101,531
Other current assets	44,589	Fixed liabilities	[542,683]
Allowance for doubtful accounts	(530)	Bonds payable	35,000
Fixed assets	[866,598]	Long-term loan payable	444,677
(Tangible fixed assets)	[680,524]	Deferred tax liabilities	18,569
Buildings and Structures	135,815	Provision for environmental measures	14,947
Machinery, Equipment and Vehicles	275,873	Retirement benefits liabilities	18,361
Land	197,676	Other fixed liabilities	11,128
Forested land and forestation	25,953	Total liabilities	976,892
Construction in progress	37,803	Net assets	
Other tangible fixed assets	7,401	Shareholders' equity	[364,296]
(Intangible assets)	[8,996]	Capital	104,873
Intangible assets	8,996	Capital Surplus	216,414
(Investment and other assets)	[177,077]	Retained earnings	44,847
Investment securities	155,891	Treasury Stocks	(1,838)
Retirement benefits assets	1,095	Accumulated other comprehensive income	[10,936]
Deferred tax assets	4,776	Valuation difference on other securities	16,804
Other investment and other assets	15,975	Deferred gain or loss on hedges	(7,631)
Allowance for doubtful accounts	(662)	Currency translation adjustment account	14,095
		Accumulated adjustment of retirement benefits	(12,332)
		Non-controlling interests	[11,344]
		Total net assets	386,577
Total assets	1,363,469	Total liabilities /net assets	1,363,469

Consolidated Statement of Profit and Loss

(From April 1, 2019 through March 31, 2020)

(Unit: million yen)

Category	Amount	
Net sales		1,043,912
Cost of sales		832,151
Gross income		211,760
Expenses for sales and general administration		176,711
Operating income		35,048
Non-operating income		
Interest Income	454	
Dividend Income	1,732	
Equity in earnings of affiliates	4,230	
Rent income	1,308	
Miscellaneous income	2,707	10,434
Non-operating expenses		
Interest expenses	6,345	
Foreign exchange losses	1,768	
Miscellaneous expenses	6,845	14,958
Ordinary income		30,524
Extraordinary income		
Gain on liquidation of subsidiaries	2,519	
Gain on sales of fixed assets	790	
Others	299	3,609
Extraordinary losses		
Impairment losses	2,971	
Loss on retirement of fixed assets	2,933	
Loss on valuation of investment securities	2,562	
Others	4,018	12,485
Net income before tax and other adjustment for the current term		21,648
Corporate income tax, inhabitant tax and business tax	6,275	
Adjustment for corporate income tax, etc.	(1,745)	4,530
Net income for the current term		17,118
Net income attributable to non-controlling interests		2,905
Net income attributable to owners of the parent		14,212

TRANSLATION

Financial Statements**Balance Sheet**

(As of March 31, 2020)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[366,769]	Current liabilities	[327,058]
Cash and Deposit	37,496	Notes payable	11,547
Notes receivable	957	Accounts payable-trade	49,884
Accounts receivable-trade	135,949	Short-term loan payable	176,452
Merchandise and finished goods	48,398	Current portion of bonds	15,000
Work in process	12,629	Account payable	41,252
Raw materials and Supplies	46,219	Accrued expenses	6,735
Short-term loan receivable	65,275	Corporate income taxes payable, etc.	564
Other accounts receivable	18,487	Other current liabilities	25,621
Other current assets	11,118	Fixed liabilities	[464,493]
Allowance for doubtful accounts	(9,763)	Bonds payable	35,000
Fixed assets	[705,907]	Long-term loan payable	390,291
(Tangible fixed assets)	[443,925]	Provision for share-based remuneration for directors (and other officers)	90
Buildings	78,208	Provision for environmental measures	14,842
Structures	19,221	Deferred tax liabilities for revaluation	18,999
Machinery and Equipment	161,268	Other fixed liabilities	5,268
Vehicles	30	Total liabilities	791,551
Tools, furniture and fixture	3,696	Net assets	
Land	146,128	Shareholders' equity	[265,489]
Forested land & forestation	18,282	Capital	104,873
Lease assets	1,487	Capital surplus	130,229
Construction in progress	15,600	Legal capital surplus	83,552
(Intangible assets)	[4,294]	Other capital surplus	46,677
Software	2,922	Retained earnings	31,913
Other intangible assets	1,372	Legal retained earnings	432
(Investment and other assets)	[257,686]	Other retained earnings	31,481
Investment securities	45,126	Reserve for prevention of specific disasters	127
Shares in and investment in capital of affiliates	193,059	Reserve for reduction entry of fixed assets	3,212
Long-term loan receivable	1,102	Retained earnings carried forward	28,141
Long-term prepaid expenses	820	Treasury Stocks	(1,526)
Prepaid pension cost	9,564	Valuation and translation adjustments, etc.	[15,635]
Deferred tax assets	3,481	Valuation difference on other securities	15,148
Other investment and other assets	4,997	Deferred gain or loss on hedges	(8,086)
Allowance for doubtful accounts	(464)	Revaluation difference on land	8,573
		Total net assets	281,125
Total assets	1,072,677	Total liabilities/net assets	1,072,677

TRANSLATION

Statement of Profit and Loss

(From April 1, 2019 through March 31, 2020)

(Unit: million yen)

Category	Amount	
Net sales		586,060
Cost of sales		478,767
Gross income		107,292
Expenses for sales and general administration		103,561
Operating income		3,731
Non-operating income		
Interest and dividend Income	14,086	
Miscellaneous income	4,516	18,602
Non-operating expenses		
Interest expenses	4,624	
Foreign exchange losses	1,219	
Miscellaneous expenses	5,169	11,013
Ordinary income		11,320
Extraordinary income		
Gain on liquidation of subsidiaries and affiliates	1,255	
Gain on sales of fixed assets	489	
Gain on sales of investment securities	210	
Others	0	1,956
Extraordinary losses		
Provision for environmental measures	2,517	
Loss on valuation of shares in affiliates	1,928	
Impairment losses	1,918	
Others	3,286	9,651
Pre-tax net income for the current term		3,626
Corporate income tax, inhabitant tax and business tax	(3,437)	
Adjustment for corporate income tax, etc.	(1,636)	(5,073)
Net income for the current term		8,699

TRANSLATION

Audit Report

Independent Auditor's Report on the Consolidated Financial Statements: True Copy

Independent Auditor's Report

May 25, 2020

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office
Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (Seal)

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements of Nippon Paper Industries Co., Ltd. (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Emphasis of Matter

As stated in 8. Notes to Significant Subsequent Events in the notes to the consolidated financial statements, the Company purchased Orora Limited's paperboard fiber based packaging business in Australia and New Zealand via Paper Australia Pty Ltd, a consolidated subsidiary of the Company, on April 30, 2020, and borrowed funds to conduct this business purchase.

This event does not affect our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

TRANSLATION

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[END]

TRANSLATION

Accounting Auditor's Report; True Copy

Independent Auditor's Report

May 25, 2020

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (Seal)

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc. and the related notes, and the accompanying supplementary schedules of Nippon Paper Industries Co., Ltd. (the "Company") for the 96th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Emphasis of Matter

As stated in 8. Notes to Significant Subsequent Events in the notes to the non-consolidated financial statements, the Company purchased Orora Limited's paperboard fiber based packaging business in Australia and New Zealand by way of investment in Paper Australia Pty Ltd, a consolidated subsidiary of the Company, on April 30, 2020, and borrowed funds to conduct this business purchase.

This event does not affect our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

TRANSLATION

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[End]

TRANSLATION

Audit Report of the Audit & Supervisory Board: True Copy

Audit Report

The Audit & Supervisory Board, upon deliberation based on the audit reports prepared by each of the Audit & Supervisory Board Members on execution of duties by the Directors during the 96th fiscal year, from April 1, 2019 through March 31, 2020, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined the audit policy and the task division, and in addition to receiving reports about the status of implementation of audit and result thereof from each Audit & Supervisory Board Member, received reports from Directors, etc. and from the Accounting Auditor on the status of execution of their duties, and, when necessary requested their explanations.
- (2) In compliance with the Audit & Supervisory Board Members' audit standards which the Audit & Supervisory Board established, and in accordance with the audit policy and task division, each Audit & Supervisory Board Members endeavored to gather information and to improve audit environment through communicating well with the Directors, the management monitoring office, and other employees, etc. and conducted audits by the following methods;
 - (i) Attended the Board of Directors' meetings and other important meetings to receive reports from the Directors and employees, etc. on the status of execution of their duties and requested their explanations as needed; reviewed important documents of decision making, etc.; and examined the status of performance and assets at the Company's head office and primary business offices. As to the subsidiaries, we communicated with and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of the subsidiaries, and visited the subsidiaries, etc. and received reports on their businesses as needed.
 - (ii) Received reports regularly, requested their explanations as necessary and expressed our opinion about the status of formation and operation of the systems (the internal control system), including the system to ensure execution of duties by Directors in conformity with laws or ordinances and the Articles of Incorporation described in the Business Report and the system formed in accordance with the resolutions and the substance thereof by the Board of Directors regarding formulation of other system which is provided in the paragraph 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as a necessary system to ensure appropriate business operation of a corporate group consisting of the stock company and its subsidiaries.
 - (iii) As to the basic policy on suitability of person who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act, and each of its approach as described in the Business Report, we conducted study of the contents in view of the status, etc. of deliberation by the Board of Directors and other bodies.
 - (iv) Monitored and verified whether the Accounting Auditor maintained its independent position and implemented appropriate audits, and received reports from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested explanation from them. We also received the notice from the Accounting Auditor to the effect that the firm has established the "system to ensure appropriate execution of their duties" (as stipulated in each Item in the Article 131 of the Corporate Accounting Rule) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and, when necessary, requested their explanations.

Through the methods above, we examined the Business Report and its Supplementary Schedule, the financial statements (the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc., and the notes to the non-consolidated financial statements) and its supplementary schedule as well as the consolidated financial statement (the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statement) for the current fiscal term.

2. Conclusion of the audit

(1) Conclusion of audit of the Business Report, etc.

- (i) We find that the business report and its supplementary schedule fairly present the status of the Company in compliance with the laws or ordinances and the Articles of Incorporation.
- (ii) We find that there is no material fact of misconduct or serious violation of laws or ordinances or the Articles of Incorporation by any Directors in executing of their duties.
- (iii) We find that the substance of resolutions by the Board of Directors regarding the internal control system

TRANSLATION

is appropriate. In addition, we find that there is no other item to be pointed out as to the entries in the Business Report regarding the relevant internal control system or as to execution of duties by the Directors including the internal control system relating to the financial report.

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy and its initiatives on suitability of person(s) who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act.

(2) Conclusion of audit on the Financial Statement and its Supplementary Schedule

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

(3) Conclusion of audit on the Consolidated Financial Statement

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

May 25, 2020

Audit & Supervisory Board

Nippon Paper Industries Co., Ltd.

Standing Audit & Supervisory Board Member (full-time) Hirofumi Fujimori (Seal)

Audit & Supervisory Board Member (full-time) Kazunari Tatsu (Seal)

Audit & Supervisory Board Member Seiichi Fusamura (Seal)

Audit & Supervisory Board Member Nanako Aono (Seal)

(Note) Audit & Supervisory Board Member Seiichi Fusamura and Audit & Supervisory Board Member Nanako Aono are the Outside Audit & Supervisory Board Members stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]