

Afforestation

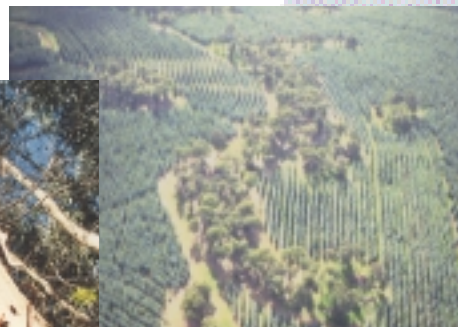
Creating recyclable resources through the Tree Farm Concept

The aim of Nippon Paper's overseas afforestation activities—the Company's Tree Farm Concept—is to independently cultivate necessary forestry resources, thereby securing stable raw materials for paper in the future. Specific objectives include afforesting more than 100,000 hectares by fiscal 2008 and using these planted trees to supply more than one million tons of wood chips annually. Nippon Paper commenced

overseas afforestation with its participation in a project in Chile in 1991 and has steadily expanded the scope of these activities to Australia in 1995 and South Africa in 1996. The Company also began a trial afforestation project in Myanmar in 1996. In 1998, Nippon Paper became the first Japanese company to commence afforestation in China for the purpose of securing raw materials. As of the end of fiscal 1999, the Company had afforested more than 28,000 hectares, and by fiscal 2000, plans to afforest 6,400 additional hectares.



A distant view of an afforested area in South Africa



Afforested area in Western Australia—Afforestation is carried out while preserving natural trees.

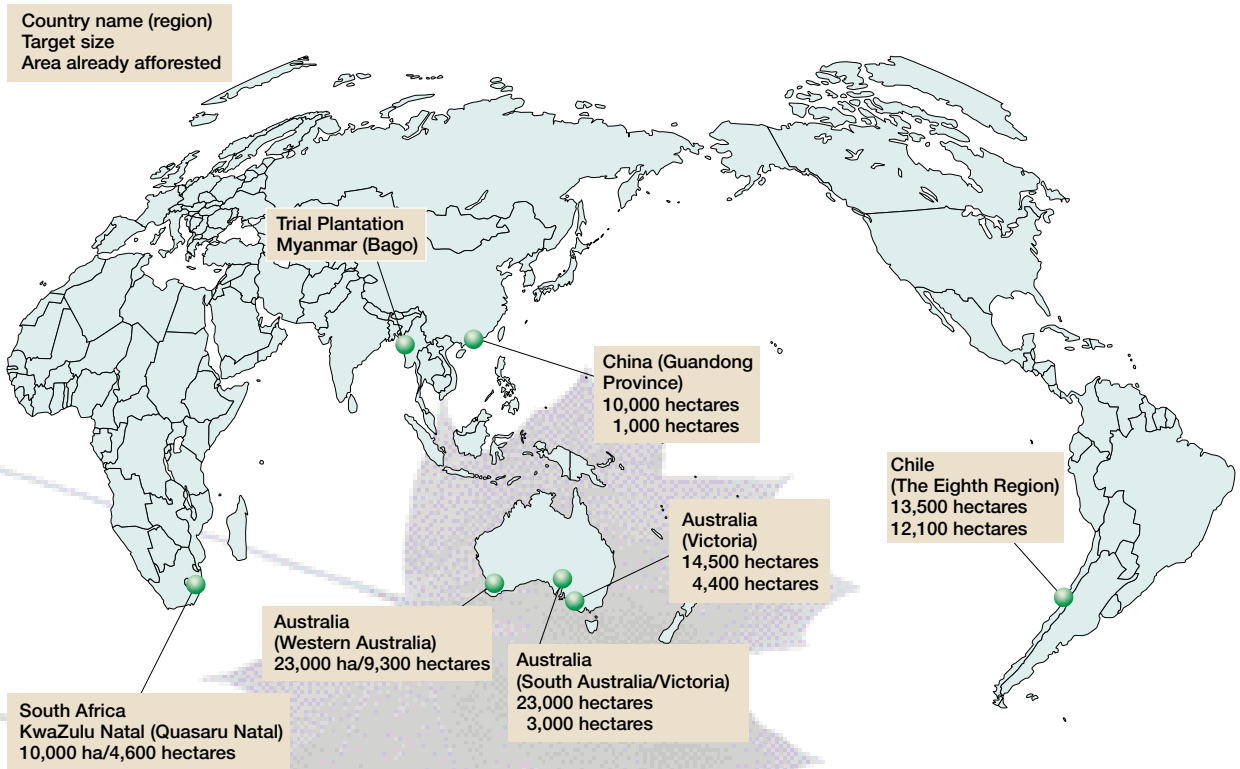


This afforested tree in Chile is 8 years old.



Afforested area in Western Australia—Preparation work is carried out before tree planting. Large-scale machinery is used for tree planting across a wide area.

●NIPPON PAPER'S OVERSEAS AFFORESTED AREAS (AS OF THE END OF OCTOBER 2000)●

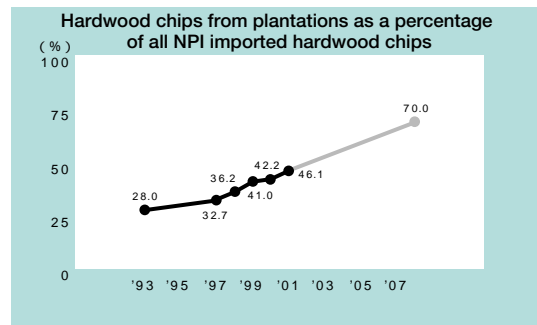


Procuring raw materials with consideration to the environment

From another perspective, afforestation contributes to an improvement in the environment. For example, planting trees in previously unforested areas brings such benefits as preventing salinity problems and soil erosion. In addition, more recently there has been high expectations for the role in promoting the fixation of CO₂, a substance that is the primary cause of global warming. Because of these beneficial effects of afforestation, Nippon Paper is proactively carrying out afforestation with companies in other industries that have a high degree of environmental awareness, including automobile, publishing, and gas companies.

As it progresses with its Tree Farm Concept, Nippon Paper has set a target of obtaining more than 70% of its imports of hardwood chips derived from planted areas by fiscal 2008. In fiscal 2000, approximately 46% of the Company's imports of hardwood chips

were already obtained from plantations. In the future, this figure is expected to rise sharply once the harvesting of trees in the Company's tree farms begins. Regarding hardwood chips obtained from non-afforested areas, Nippon Paper is also shipping chips from forests of which supplies have obtained certification—such as ISO 14001 and SFI programs—for sustainable forest management.



Zero Discharge

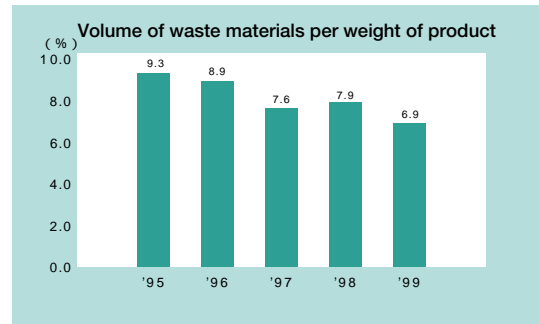
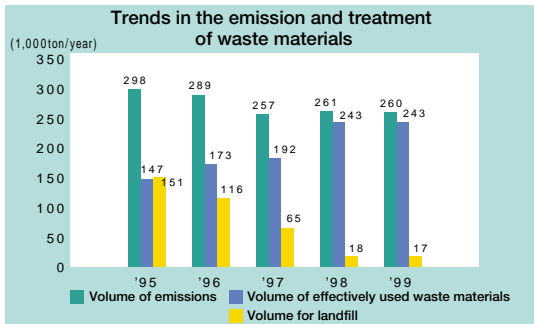
Progressing with the Zero Discharge Campaign

To establish a recycling oriented production structure that prevents the discharge of waste materials, in fiscal 1997 Nippon Paper commenced its Zero Discharge Campaign. Initially, the Company set a target of reducing the volume of waste materials at the final treatment stage (landfill) to less than 1.0% of the weight of its total production volume. Subsequently, while ascertaining its progress in attaining this objective, the Company made steady revisions to this target. At

present, Nippon Paper aims to reduce this percentage to below 0.1% by fiscal 2003 and is carrying out its Zero Discharge Campaign with the aim of total elimination of waste materials (revised in March 2000).

What is the Zero Discharge Campaign?

The Zero Discharge Campaign aims to minimize the emission of waste materials and make efficient use of waste materials to reduce the volume of waste materials at final treatment (landfill).

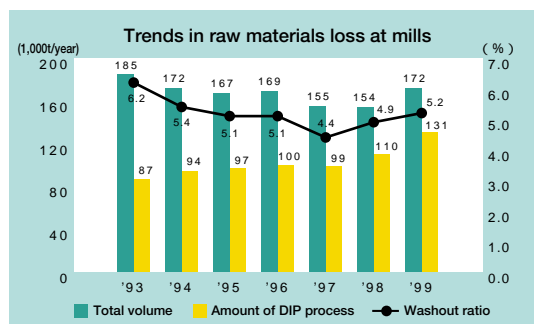
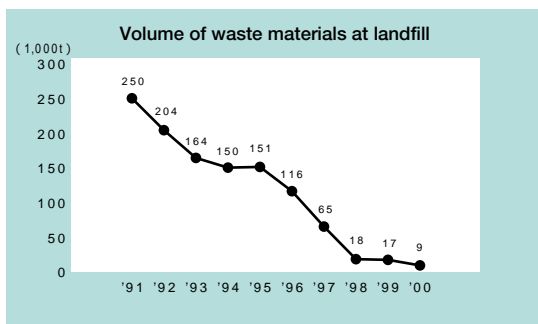


Separation and recovery of waste

- ◆ The volume of waste materials improved significantly compared with the previous fiscal year. However, the actual figure is the same as for fiscal 1998 because the Company added sales of pulp and chemical products as new products.
- ◆ The volume of waste materials at final treatment (landfill) declined to 16,900 tons per year in fiscal 1999.
- ◆ Fiscal 1999 topics related to waste material countermeasures are as follows:
 - Converting raw refuse from employee cafeteria into compost (installed one-food refuse processing system)
 - Halted operations of a compact incinerator
 - Pulverizing combustible waste generated within the mills into fuel (installing two pulverizers)



Toward the effective use of paper core pallets



◆ The total flow loss ratio for all raw materials used in production processes rose from 4.9% in fiscal 1998 to 5.2% in fiscal 1999. Rather than being due to the increased loss of raw materials, the specific reason for this was an increase in foreign objects, ink, and ash accompanying a rise in the volume of wastepaper treated. However, we are working in various areas to reduce overall volume, and these efforts encompass the factors underlying the previously mentioned increase.

●FISCAL 1999 TYPE AND VOLUME OF WASTE MATERIALS●

		Volume emitted	Volume at landfill	
			Fiscal 1999	Fiscal 2000
Ash and dust	Coal ash	135,427	1,738	2,986
	Incinerated sludge ash	89,210	714	5,090
	Incinerated refuse ash	146	127	37
	Others	4,678	128	190
Inorganic sludge	Sludge from water purification	1,064	991	0
	Sludge from stack gas purification	1,273	0	0
	Recaustisizer residue	3,804	2,961	962
	Other sludge	876	93	108
Organic sludge	Wastewater sludge	11,610	7,288	2,827
	DIP reject	606	582	722
	Pulp reject	1,609	132	50
	Other sludge	975	374	296
	Waste oil	185	5	3
	Waste acid	0	0	0
	Waste alkaline	0	0	0
	Waste plastic	449	298	203
	Wastepaper	709	32	32
Wood residue	Wood residue at log yards and bark	3,772	312	302
	Metal scrap	1,626	4	4
Others	Construction waste materials and others	922	132	97
	General waste materials	1,116	1,018	631
	Total	260,057	16,929	14,540

The total volume of waste at landfill for fiscal 2000 is expected to be 14,540 tons. However, as an actual value up to the end of the fiscal year, we are progressing with a plan for 2,485 tons per year. The Company is managing the volume of waste materials on a bone-dry basis.