

Sustainability Vision

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Our Purpose(raison d'être)

Under our corporate motto of **Passion with Sincerity** (our value), we will achieve **Three Well-beings** (our vision) and realize an abundant and affable future (our mission).

**This is our management philosophy—
“Shaping an abundant and affable future
for the world”—embodied.**

This is our raison d'être—our purpose.

Our management philosophy of “Shaping an abundant and affable future for the world” is based on our desire to realize an abundant and affable future that goes beyond material wealth for all people and things we engage with through our business—our customers, our business partners, and the local communities around the world, and the global environment. We hope that what we create will lead to an abundant and affable future filled with richness of the mind in people's life and environment.

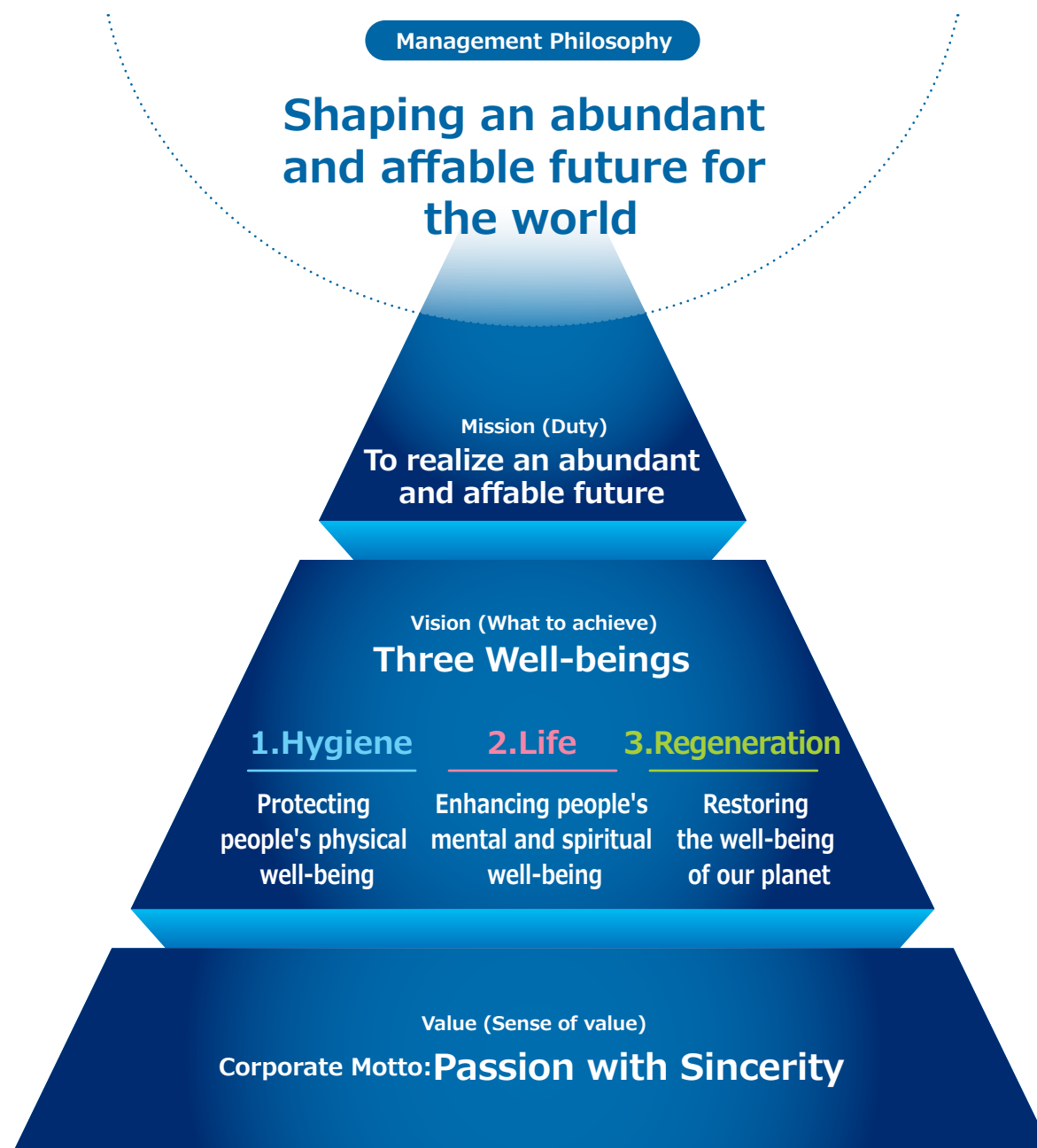
Our vision—Three Well-beings—is our roadmap to realize an abundant and affable future.

The first well-being focuses on hygiene. We will make hygiene products accessible, inspire good habits in people, protect people's health and realize an inclusive society in every community.

The second is life. We will provide services that enhance lifestyles, improve the quality of life and enable people to lead happy and enriching lives.

The third is regeneration. We will actively conserve the environment and regenerate the earth back into a planet with abundant nature where diverse organisms coexist and thrive.

Our founding spirit “Passion with sincerity leads to greatness” serves as the unchanging value in all decisions and actions we make and take. Each and every employee will continue to take on challenges everyday with passion and sincerity in mind to help people around the world realize abundant and affable lives.



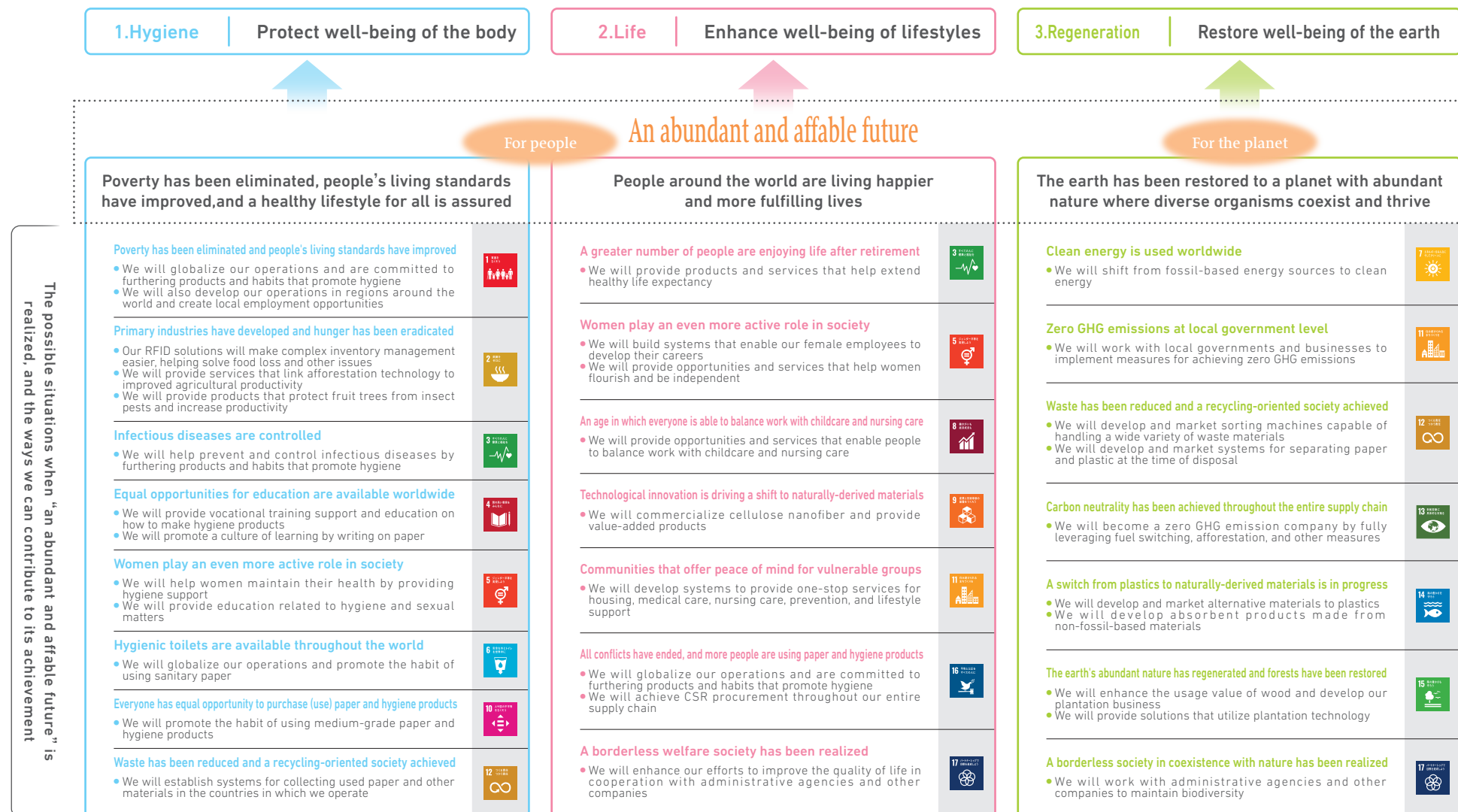
Daio Paper Group Sustainability Vision

The four pillars of our management philosophy form the foundation to realize our goal of an abundant and affable future. The embodiment of these four principles will “shape an abundant and affable future for the world”. We will incorporate the Three Well-Beings that must be achieved into our business management.



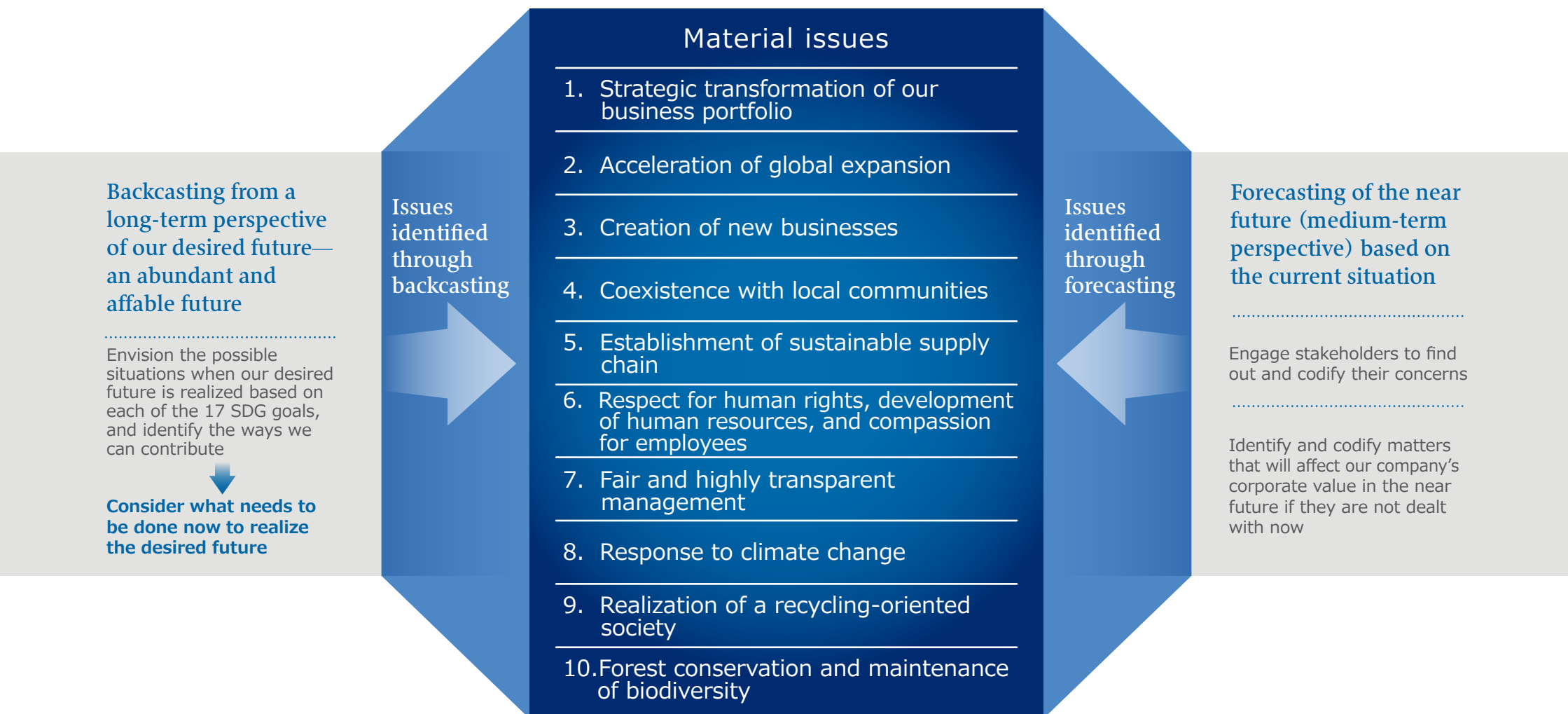
Our goal: To realize an abundant and affable future

Our goal: To realize an abundant and affable future is an image of a better future for people and the planet. By envisioning the possible situations when “an abundant and affable future” is realized based on each of the 17 SDG goals, we have defined the ways we can contribute to achieving this goal. To realize this vision, we aim to achieve the three goals set forth in our Sustainability Vision.



Identifying material issues

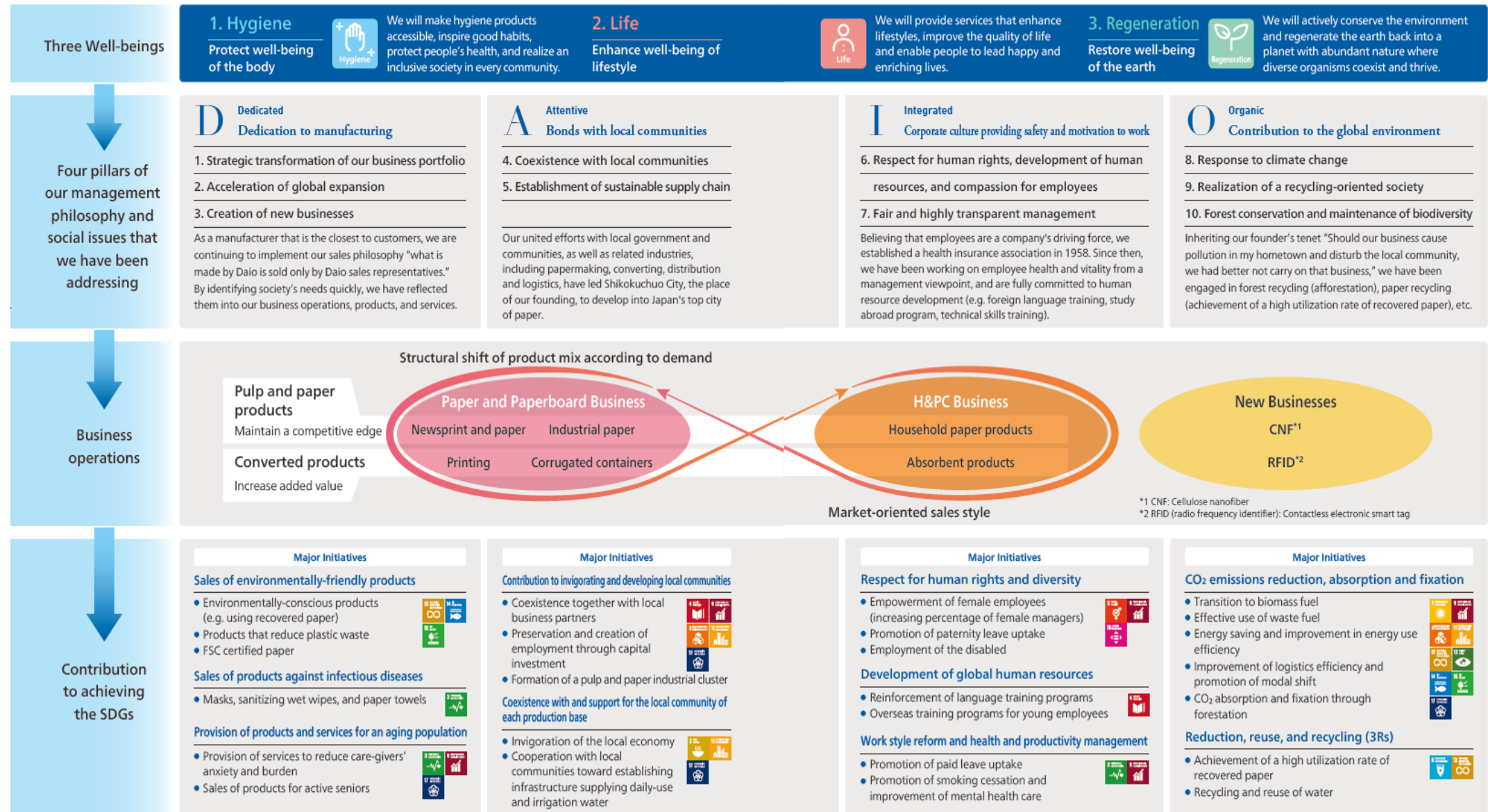
We will identify risks and opportunities (responses) as well as matters that need to be executed in order to achieve our desired future. This will be done by considering stakeholders' concerns as well as issues that we recognize will affect corporate value in the near future if they are not dealt with now. The Board of Directors and the Sustainability Committee will discuss the immediate importance of each concern and issue and identify the material issues.







Daio Abundant and Affable Future 2030

At the Daio Paper Group, we will achieve the Three Well-beings to realize an abundant and affable future through the four pillars of our management philosophy that have underpinned the promotion of our business operations since our establishment.

While embodying the four pillars of our management philosophy, we will ensure a link between the solutions of social issues that we have been addressing and the SDGs to be achieved by the world community, thereby contributing to the attainment of the SDGs through our business operations.



Contributing to the Achievement of the SDGs

	Material Issues	Business Strategy		Solving Social Issues Through Business Activities	SDG Goals
Dedicated Dedication to manufacturing	Strategic transformation of our business portfolio	[Newsprint and paper business] <ul style="list-style-type: none">Review production system and sales structureStrengthen the downstream printing business	[Industrial paper and containerboard business] <ul style="list-style-type: none">Continue to ensure stable supply in JapanAccelerate overseas expansion	<ul style="list-style-type: none">Shift from paper to paperboard<ul style="list-style-type: none">⇒Employment preservation by continuing operation of machinesContribution to local development at overseas sites<ul style="list-style-type: none">⇒Improvement of technology/development capability and employment preservationDevelopment of products/applications for cellulose nanofiberImprovement of work efficiency/reform of working styles through RFIDSales of environmentally friendly products (reducing plastic use, etc.)Sales of products to prevent spread of infectious disease (masks, sanitizing wipes, etc.)	
	Acceleration of global expansion	[H&PC domestic business] <ul style="list-style-type: none">Increase domestic share of absorbent products businessEstablish multi-category model leveraging household paper	[H&PC overseas business] <ul style="list-style-type: none">Promote multi-category business in existing countriesEnter new markets and build business foundations		
	Creation of new businesses	[New businesses] <ul style="list-style-type: none">Cellulose nanofiber: Create a diverse lineup, develop applications in various fields and establish foundation for mass productionRFID (IC tag): Solve clients' problems through customized solution-based proposals			
	Material Issues	Major Initiatives	KPI (As of 2030)	2020 Result	SDG Goals
Attentive Bonds with local communities	Coexistence with local communities	<ul style="list-style-type: none">Provide stable supply of water for daily use and irrigation that supports local agriculture and dairy farming in Chile	—	—	
	Establishment of sustainable supply chain	<ul style="list-style-type: none">CSR procurement	Procurement survey response rate 100% Business partners with ratings of 3.5 or more on a 5-point scale 90%	87% 56%	
Integrated Corporate culture providing safety and motivation to work	Respect for human rights, development of human resources, and compassion for employees	<ul style="list-style-type: none">Diversity: Promote women's advancementHuman resource development: Improve language skills of employeesWork style reform: Promote paid leave uptake<ul style="list-style-type: none">: Promote GOO.N Sukusuku leave* uptake: Promote men's childcare leave uptakeHealth management: Promote smoking cessation	% of female managers 10.0% Employees with TOEIC 600+ 600 Uptake rate 90% Uptake rate 100% Uptake rate 100% Smoking rate 15%	2.2% 223 67.2% 84.4% 6.0% 26.1%	
	Fair and highly transparent management	<ul style="list-style-type: none">Sustainably enhance effective and highly transparent governance system	—	—	
	*GOO.N Sukusuku leave: Five days of paid leave for childcare				
Organic Contribution to the global environment	Response to climate change	<ul style="list-style-type: none">Switch to biomass-derived fuel, effectively use waste fuel, etc.	CO ₂ emissions reduction (compared with 2013) 46%	4.6%	
	Realization of a recycling-oriented society	<ul style="list-style-type: none">Promote the use of hard-to-recycle recovered paperEnsure zero waste emissionPromote water circulation for reuse and purification of wastewater through proper wastewater treatment	Ratio in containerboard 30% Recycling rate 100% Water/wastewater COD base unit per sales (year-on-year) 1%/year reduction	16.7% 98.7% Water compared with 2019 : 1.6% COD compared with 2019 : 3.0%	
	Forest conservation and maintenance of biodiversity	<ul style="list-style-type: none">Protect Patagonian Cypress, a designated natural monument in Chile, together with a local NPOBreed and release endangered freshwater fish Kawabata-moroko (Hemigrammocypris neglectus) under an initiative by Tokushima prefecture	— —	— —	

2050 Long-term Vision for Global Warming Countermeasures

DAIO Global Environmental Charter

Principle

Daio Paper Group will expand its business globally in harmony with the global environment while actively tackling environmental problems with the aim of realizing a sustainable society.

Basic Policy

1. Mitigation of global warming

- Reduction of greenhouse gas emissions (shift away from fossil fuel, energy conservation, etc.)
- Reduction of environmental impact, review of facilities and equipment in favor of those that can withstand natural disasters

2. Forest conservation and maintenance of biodiversity

- Promotion of forest recycling (increased CO₂ absorption through forestation)
- Protection of endangered flora and fauna

3. Effective use of resources and environmentally friendly procurement of raw materials

- Promotion of paper recycling (promotion of recovered paper use, increased use of hard-to-recycle recovered paper)
- Realization of CSR procurement

4. Reduction and effective use of waste

- Realization of zero emissions
- Promotion of waste reuse

5. Development and deployment of technologies and products with lower environmental impact

- Appropriate management of water resources and improvement of water use efficiency
- Development/deployment of environmentally friendly products

6. Reduction of environmental loads together with supply chain partners

- Reduction of CO₂ emissions throughout the life cycle
- Promotion of recycling of resources such as paper and plastic used for cargo materials

7. Legal compliance and active environmental communication/coexistence with local communities

- Promotion and improvement in levels of voluntary inspection activities related to environmental compliance
- Appropriate disclosure of environmental data and active participation in activities to coexist with communities

2050 Long-term Vision for Global Warming Countermeasures

- To achieve carbon neutrality by 2050

- Properly manage forestation, maximize the CO₂ absorption function of forests, and increase forestation overseas
- Continue to promote energy conservation through actions initiated by workers on the site and actively employ new energy-saving technology
- Introduce renewable energies such as solar, wind, and biomass to reduce greenhouse gas emissions
- Reduce greenhouse gases by taking on the challenge of utilizing innovative technology (in the energy field and papermaking field) related to counteracting global warming

2030 Target for Global Warming Countermeasures

Target: Reduce CO₂ emitted through production activities by 46% compared to FY2013

① Commitment for 2030

- I. Reduce CO₂ emitted through production activities by 46% compared to FY2013
 - II. Shut down one of the three coal-fired boilers at the Mishima Mill
- Properly manage forestation and expand area of overseas forestation
 - Promote energy conservation (Improve energy consumption rate by at least 1% per year)
 - Install new waste-to-energy boiler at Mishima Mill (Environmental assessment in progress)
 - Install solar power generation equipment at production bases in Japan and abroad

② Continuous implementation of ongoing/executed items

- Started operation of a black liquor recovery boiler at the Mishima Mill (FY2020)
- Started operation of biogas generation equipment at the Mishima Mill (FY2020)
- Switch fuel from heavy oil to LNG at the Mishima Mill (FY2021)
- Install waste-to-energy boiler at Iwaki Daio Paper (FY2022)

Roadmap to Achieve Carbon Neutrality by 2050

Actively work to reduce dependence on fossil fuel by applying know-how and new technologies that enable us to use alternative fuels

