Sustainability Vision

Daio Paper Group | Sustainability Vision

Index

Our Purpose	1
Daio Paper Group Sustainability Vision	2
Our goal: To realize an abundant and aable future	3
Identifying material issues	4
Daio Abundant and Affable Future 2030	5
Contributing to the Achievement of the SDGs	6
2050 Long-term Vision for Global Warming Countermeasures	7
Roadmap to Achieve Carbon Neutrality by 2050	8

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.

Management Philosophy

Shaping an abundant and affable future for the world

> Mission (Duty) To realize an abundant and affable future

Vision (What to achieve) **Three Well-beings**

1.Hygiene

2.Life 3. Regeneration

Protecting people's physical well-being

Enhancing people's mental and spiritual the well-being well-being

Restoring of our planet

Value (Sense of value)

Corporate Motto: Passion with Sincerity

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.

> Dedicated Dedication to manufacturing

Material issues

- 1. Strategic transformation of our business portfolio
- 2. Acceleration of global expansion
- 3. Creation of new businesses

Integrated Corporate culture providing safety and motivation to work

Material issues

- 6. Respect for human rights, development of human resources, and compassion for employees
- 7. Fair and highly transparent management

Management Philosophy

Shaping an abundant and affable future for the world

Realizing the goal of an abundant and affable future

1.Hygiene

Protecting people's physical well-being

We will make hygiene products accessible, inspire good habits, protect people's health, and realize an inclusive society in every community.

Three Well-beings

2.Life

3.Regeneration

Enhancing people's mental and spiritual well-being

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

Restoring the well-being of our planet

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

Attentive Bonds with local communities

Material issues

- 4. Coexistence with local communities
- 5. Establishment of sustainable supply chain

Organic

Contribution to the global environment

- 8. Response to climate change
- 9. Realization of a recycling-oriented society
- 10. Forest conservation and maintenance of biodiversity

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.

Backcasting from a long-term perspective of our desired future—an abundant and affable future

Envision the possible situations when our desired future is realized based on each of the 17 SDG goals, and identify the ways we can contribute

Consider what needs to be done now to realize the desired future

Issues identified through backcasting

Material issues

- 1. Strategic transformation of our business portfolio
- 2. Acceleration of global expansion
- 3. Creation of new businesses
- 4. Coexistence with local communities
- 5. Establishment of sustainable supply chain
- 6. Respect for human rights, development of human resources, and compassion for employees
- 7. Fair and highly transparent management
- 8. Response to climate change
- 9. Realization of a recycling-oriented society
- 10. Forest conservation and maintenance of biodiversity

Issues identified through forecasting

Forecasting of the near future (medium-term perspective) based on the current situation

Engage stakeholders to find out and codify their concerns

Identify and codify matters that will affect our company's corporate value in the near future if they are not dealt with now

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.

Three Well-beings

1. Hygiene

Protect well-being of the body



We will make hygiene products accessible, inspire good habits, protect people's health, and realize an inclusive society in every community.

2. Life

Enhance well-being of lifestyle



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

3. Regeneration Restore well-being

of the earth



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

Four pillars of

our management

philosophy and social issues that

we have been

addressing

Dedicated

Dedication to manufacturing

- 1. Strategic transformation of our business portfolio
- 2. Acceleration of global expansion
- 3. Creation of new businesses

As a manufacturer that is the closest to customers, we are continuing to implement our sales philosophy "what is made by Daio is sold only by Daio sales representatives." By identifying society's needs quickly, we have reflected them into our business operations, products, and services.



Attentive

Bonds with local communities

- 4. Coexistence with local communities
- 5. Establishment of sustainable supply chain

Our united efforts with local government and communities, as well as related industries, including papermaking, converting, distribution and logistics, have led Shikokuchuo City, the place of our founding, to develop into Japan's top city



Corporate culture providing safety and motivation to work

6. Respect for human rights, development of human

resources, and compassion for employees

7. Fair and highly transparent management

Believing that employees are a company's driving force, we established a health insurance association in 1958. Since then, we have been working on employee health and vitality from a management viewpoint, and are fully committed to human resource development (e.g. foreign language training, study abroad program, technical skills training).



Contribution to the global environment

- 8. Response to climate change
- 9. Realization of a recycling-oriented society
- 10. Forest conservation and maintenance of biodiversity

Inheriting our founder's tenet "Should our business cause pollution in my hometown and disturb the local community, we had better not carry on that business," we have been engaged in forest recycling (afforestation), paper recycling (achievement of a high utilization rate of recovered paper), etc.



Business operations Structural shift of product mix according to demand

products

Maintain a competitive edge

Converted products

Increase added value

Pulp and paper

Paper and Paperboard Business

Newsprint and paper Industrial paper

Printing

H&PC Business Household paper products

Absorbent products

Market-oriented sales style

New Businesses

CNF*1

RFID*2

Major Initiatives

CO₂ emissions reduction, absorption and fixation

- *1 CNF: Cellulose nanofiber
- *2 RFID (radio frequency identifier): Contactless electronic smart tag

• Transition to biomass fuel

· Effective use of waste fuel

efficiency



Contribution to achieving the SDGs

Major Initiatives

Sales of environmentally-friendly products

- Environmentally-conscious products (e.g. using recovered paper)
- · Products that reduce plastic waste
- FSC certified paper

Sales of products against infectious diseases

· Masks, sanitizing wet wipes, and paper towels



Provision of products and services for an aging population

- · Provision of services to reduce care-givers' anxiety and burden
- Sales of products for active seniors



Major Initiatives

Contribution to invigorating and developing local communities

 Coexistence together with local business partners

Corrugated containers

- · Preservation and creation of employment through capital investment
- Formation of a pulp and paper industrial cluster



- · Invigoration of the local economy
- Cooperation with local communities toward establishing infrastructure supplying daily-use and irrigation water



Major Initiatives

Respect for human rights and diversity

- · Empowerment of female employees (increasing percentage of female managers)
- · Promotion of paternity leave uptake
- · Employment of the disabled

Development of global human resources

- · Reinforcement of language training programs
- · Overseas training programs for young employees

Work style reform and health and productivity management

- · Promotion of paid leave uptake
- · Promotion of smoking cessation and improvement of mental health care



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Improvement of logistics efficiency and promotion of modal shift

 CO₂ absorption and fixation through forestation

Reduction, reuse, and recycling (3Rs)

· Energy saving and improvement in energy use

- · Achievement of a high utilization rate of recovered paper
- · Recycling and reuse of water



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	Review production system and sales Continuence of the state o	trial paper and containerboard busine ue to ensure stable supply in Japan ate overseas expansion	• Shift from paper to paperboard ⇒Employment preservation by continuing operation of machines • Contribution to local development at overseas sites ⇒Improvement of technology/development	Q 10000 Q 10000 Q 100000 17 10000
	Acceleration of global expansion	products business • Establish multi-category model leveraging household paper [New businesses] • Enter new markets and build business foundations leveraging household paper		capability and employment preservation • Development of products/applications for cellulose nanofiber • Improvement of work efficiency/reform of working styles through RFID	17 mm
	Creation of new businesses			Sales of environmentally friendly products (reducing plastic use, etc.) Sales of products to prevent spread of infectious disease (masks, sanitizing wipes, etc.)	
	Material Issues	Major Initiatives	KPI (As of 2030)	2020 Result	SDG Goals
Attentive	Coexistence with local communities	Provide stable supply of water for daily use and irrigation that supports local agriculture and dairy farming in Chile	_	_	2 the 8 think 10 access 11 recover
Bonds with local communities	Establishment of	CCD	Procurement survey response rate 100		12 24886 15 Medical 17 //mit-2-/27C
	sustainable supply chain	CSR procurement	Business partners with ratings of 90 3.5 or more on a 5-point scale	% 56%	
			0, 66	2.20	
T	Respect for human rights,	Diversity: Promote women's advancement Human resource development: Improve	% of female managers 10.0 Employees with TOEIC 600+ 6	% 2.2% 223	
Integrated Corporate culture providing safety and motivation to work	development of human resources, and compassion for employees	language skills of employees • Work style reform: Promote paid leave uptake	Uptake rate 90		A SUCCE SARCES S BEAGES
		: Promote GOO.N Sukusuku leave* uptake : Promote men's childcare leave uptake	Uptake rate 100 Uptake rate 100		10 ADMINUTE 16 PRINCIPE
		Health management: Promote smoking cessation	Smoking rate 15	% 26.1%	. (
	Fair and highly transparent management	Sustainably enhance effective and highly transparent governance system	_	_	
		*GOO.N Sukusuku leave: Five days of paid leave for childcare			
	Response to climate change	• Switch to biomass-derived fuel, effectively use waste fuel, etc.	CO ₂ emissions reduction 46 (compared with 2013)	% 4.6%	
		Promote the use of hard-to-recycle recovered paper	Ratio in containerboard 30	% 16.7%	3 TATORIE 6 SERBICI 7 SERTINGE 8 SERVIN
Organic	Realization of a recycling- oriented society	Ensure zero waste emission	Recycling rate 100		9 SECURIES 11 SAUGHA 12 2458H 13 MESEL:
Contribution to the global environment	onented society	Promote water circulation for reuse and purification of wastewater through proper wastewater treatment	Water/wastewater COD base 1%/ye unit per sales (year-on-year) reduct		
	Forest conservation and maintenance of biodiversity	Protect Patagonian Cypress, a designated natural monument in Chile, together with a local NPO	_	_	15 5050** 17 withtacts
		Breed 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
- 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

