



# OJI HOLDINGS CORPORATION (TYO: 3861)



One of the world's largest manufacturers of paper and packaging products faces material risks related to land rights conflicts and deforestation by its subsidiary Oji Lao Plantation Forest Ltd. (Oji LPFL) and joint venture PT Korintiga Hutani (Korintiga). Oji LPFL is a joint venture plantation project between the Government of Laos and Lao Plantations Holdings Ltd, of which Oji Paper holds a majority share. Korintiga is a joint venture between Oji Holdings and Korindo with a pulpwood concession area of almost 100,000 ha in Central Kalimantan, Indonesia.

## COMPANY PROFILE & SUSTAINABILITY COMMITMENTS

<b>CEO</b>	Susumu Yajima	<b>FOREST RISK COMMODITIES</b>	Pulp & Paper
<b>PARENT COMPANY</b>	-	<b>SUPPLY CHAIN EXPOSURE</b>	Production, processing, manufacturing, wholesale
<b>MARKET CAP (USD)</b>	5 billion USD ( <a href="#">FT.com</a> )	<b>AFFECTED TROPICAL FOREST AREAS</b>	Cambodia, Indonesia, Laos, Vietnam, Brazil
<b>ANNUAL REVENUE (USD)</b>	FY2016 12.6 billion USD ( <a href="#">FT.com</a> )	<b>RELEVANT SUBSIDIARIES</b>	Oji LPFL plantation Ltd.
<b>HEADQUARTERS</b>	Japan	<b>KNOWN BUSINESS RELATIONSHIPS</b>	<b>Joint Venture Partners:</b> Korindo (Korintiga Hutani), Indofood CBP Sukses Makmur
<b>LANDBANK (HA)</b>	Planted: 190,000ha in Japan, 280,000ha overseas		 
<b>NDPE POLICY</b>	No		<b>Buyers:</b> Marubeni, Sojitz, DNP, Kokusai Pulp & Paper, Shueisha, Senshukai, Recruit ( <a href="#">Kyodo News, 2006</a> & <a href="#">Sojitz, 2006</a> )
<b>THIRD PARTY VERIFICATION</b>	Partial – 89.5% domestic forests certified under Japan's Sustainable Green Ecosystem Council ( <a href="#">Oji, 2016</a> ). 31% overseas forest plantations not FSC certified ( <a href="#">Oji, 2016a</a> ).		
<b>TRACEABILITY</b>	Strong ( <a href="#">Oji, 2015</a> )		
<b>TRANSPARENCY</b>	Partial – discloses list of affiliated companies but lacks disclosure of ESG risks in its supply chain.		












## INVESTORS AND FINANCIERS



### BOND AND SHAREHOLDINGS IN OJI GROUP

1,223 MILLION USD









(MAY 2017, FOREST-RISK SECTOR ADJUSTED, INSTITUTIONAL INVESTORS ONLY)\*

-  Govt Pension Investment Fund Japan
-  Mizuho Financial
-  Sumitomo Mitsui Financial
-  Nippon Life Insurance Company
-  Nomura
-  BlackRock
-  Vanguard
-  Norinchukin Bank
-  Sumitomo Mitsui Trust
-  Daiwa Securities
-  Other

### LOANS & UNDERWRITING TO OJI GROUP

6,757 MILLION USD

(2010 - 2016, FOREST-RISK SECTOR ADJUSTED)\*

-  Sumitomo Mitsui Financial
-  Mizuho Financial
-  Sumitomo Mitsui Trust
-  Nomura
-  Norinchukin Bank
-  Daiwa Securities
-  Citigroup
-  Other

### HUMAN RIGHTS

- » Oji Lao Plantation Forest Ltd (LPFL) violated the community's rights to Free Prior and Informed Consent (FPIC) in Bolikhamxay and Khammouane Provinces, in Central Lao PDR. Oji LPFL and government officials were accused of using coercion to gain control of customary lands ([Hunt, 2014](#)).
- » Unexploded ordinance devices were found on the Oji LPFL plantation, posing a grave threat to workers ([Hunt, 2014](#)).
- » Korintiga's operations in Central Kalimantan are associated with land conflicts with local farming communities ([PWRI, 2015](#)). The company was taken to court by the village head over the destruction of 2 hectares of community land in March 2016 ([AidEnvironment, forthcoming](#)).

### CLIMATE AND BIODIVERSITY

- » Large-scale forest clearance was conducted by the Government of Laos immediately prior to preparing the land for Oji's LPFL's plantation ([Hunt, 2014](#)).
- » Korintiga has used fire extensively to clear land for plantation development. In 2015, 72 hotspots were recorded within the concession, and approximately 5000 ha were burned between July and September that year. In 2014, 43 hotspots were recorded ([FIRMS, 2015](#)).

### GOVERNANCE

- » Oji LPFL's FSC certification was terminated in 2015 for inadequate consultation with local communities ([Business & Human Rights, 2015](#)).
- » Korintiga had its license to operate suspended for three months in December 2015 by the Indonesian government for using fire on its concession ([Borneo News, 2016](#)).
- » Korintiga obtained a FSC Controlled Wood certificate in 2013 ([SGS, 2014](#)), under a standard which was later substantially updated due to the concerns that it was not fit for purpose ([NEPCON, 2016](#)). FSC Controlled Wood does not certify that the forests were managed in compliance with FSC Forest Management Certification standards.
- » Oji's relationship with Korindo (see Box 1) is in breach of its Partnership Procurement Policy which requests business partners to prevent negative social and environmental impacts ([Oji, 2012](#)).
- » Oji lacks clear procedures for addressing noncompliance with its Procurement Policy or thresholds for disengaging with suppliers that fail to meet its standards ([RAN, 2016](#)).
- » Oji lacks a formal procedure for local community dispute resolution or requirement on suppliers to have a dispute resolution mechanism ([RAN, 2016](#)).

#### BOX 1: OJI'S JOINT VENTURE PARTNER KORINDO

Korindo is a Korean-Indonesian conglomerate involved in the production, processing and trading of pulpwood, wood chip, plywood and palm oil. It operates in at least eight palm oil concession areas in Papua and North Maluku totalling 160,000 hectares ([AidEnvironment, 2016](#)). Korindo's pulpwood concessions total 110,500 hectares in Kalimantan and its timber concessions total 315,000 hectares in Papua and 210,000 hectares in Kalimantan ([AidEnvironment, forthcoming](#)).

Oji and Korindo's direct business relationship is through their joint venture company, PT Korintiga Hutani. Oji is directly exposed to the risks of Korintiga's operations, outlined above, because under its 2012 loan agreement Korintiga was expected to manufacture around 530,000 bone dry tons (1 million 'green' tons) of woodchips annually and export all of them to Oji Group companies ([JBIC, 2012](#)).

Korindo is linked to violation of community rights, deforestation & use of fire in Indonesia through the operations of its other subsidiaries:

- » Korindo has cleared 30,000 hectares of natural tropical forest, including areas of peatland, since 2013 in its operations in Papua and North Maluku (12,000 ha of this forest clearance in Papua occurred in primary forest). As of June 2016, 75,000 ha of natural tropical forest remains at imminent risk of destruction in Korindo's Papua concession areas ([AidEnvironment, 2016](#)).
- » Korindo has systematically used fire to clear land and forests across its areas of operations in North Maluku and Papua ([AidEnvironment, 2016](#)).
- » Korindo violated the community rights in North Maluku, through failure to obtain FPIC from communities regarding any new developments on community lands and was linked to the arbitrary arrest and intimidation against those resisting Korindo's plantation development ([TuK, 2016](#)).
- » Musim Mas and Wilmar suspended sourcing from Korindo in 2016 because the company's activities were in violation of their NDPE policies.
- » Korindo announced a moratorium on forest clearance for palm oil concessions in December 2016 but this was violated by Korindo's subsidiary PT Papua Agro Lestari in January 2017 – satellite imagery shows the company carving out plantation 'blocks' on approximately 1,400 hectares of forest in preparation for forest clearance in Papua ([Mighty, 2017](#)).