

## Message from the Chairman

# Managing the Board of Directors to Achieve Our Purpose

Representative Director and  
Chairman of the Board,  
Oji Holdings Corporation

**Masatoshi Kaku**



### Review of FY2022 as Chairman of the Board

- Evaluation of the Board of Directors in terms of progress in the first year of the Medium-term Management Plan
- How were outside directors' opinions from external perspectives reflected?

With the renewal of the Board of Directors and executive management structure under Group CEO Hiroyuki Isono, FY2022, the first year of the new Medium-term Management Plan, was a year in which the Oji Group aimed for further evolution with new resolve. Although the COVID-19 pandemic, which had such a tremendous impact on our daily lives and economic activities over the past three years, has finally come close to an end, the sharp rises in fuel and raw materials prices that began with Russia's invasion to Ukraine have been prolonged with the increase in demand as the global economy has returned to normal. These trends dealt a major blow to the earnings of the Oji Group. To ensure the continuation of stable supply of our products, we implemented gradual price revisions after obtaining our customers' understanding of the need to pass the increases in raw materials and fuel prices onto our own prices. Even so, our FY2022 results fell significantly short of our initial plans. Even as that harsh business environment continues in FY2023, the Oji Group must continue to work on initiatives for future growth and evolution. We also recognize that we have a grave responsibility, imposed on

us by the international community, to tackle global environmental problems such as climate change and marine plastics waste.

After the formulation of the Medium-term Management Plan in May 2022, the Board of Directors held repeated discussions on various issues, such as investment and R&D for the future, the appropriateness of risk-taking, and the optimal allocation of human capital, as well as our responses to the harsh business environment. Precisely because of the uncertainties of the economic and social environment, in addition to making decisions that will drive the Group forward, the Board of Directors is required to supervise the execution of business through appropriate risk management. Oji Holdings currently has four Independent Outside Directors on its Board of Directors, all of whom possess knowledge and expertise in industries that differ from those of the Oji Group. They put their knowledge and expertise to use in contributing to discussions from broad perspectives, while enhancing the diversity of the Board's membership. We hold briefings for Outside Directors in advance on matters to be proposed to the Board of Directors and reflect their opinions in the discussions at Board of Directors meetings. There are times when they make quite harsh comments about matters such as risk management that have been overlooked by the executive management team. I hope that they will continue to perform their supervisory function in the Board of Directors.

### Strengthening of Governance and Promotion of Sustainability Strategy

- Higher standards of governance required of the Oji Group and initiatives to achieve them
- Complying with the TCFD recommendations and monitoring initiatives based on our Environmental Vision and Environmental Action Program
- Progress made with the establishment of the Sustainability Committee

In recent years, companies are being called on to improve their corporate governance from various perspectives. Need-

less to say, we need to strengthen our supervisory structure, with the Board of Directors at the center, by building a firm governance system that factors in a range of perspectives. However, we are a company comprising individual officers and employees, and I believe that the most important thing of all is that every one of them acts with sound and high ethical principles. The Oji Group established the Oji Group Corporate Code of Conduct based on the fundamental values and philosophy that we have cultivated to date, and all officers and employees are required to comply with that Code. The Board

of Directors strives to establish an environment in which this Code is respected, and all our people act with high ethical principles as a matter of course.

The promotion of decarbonization as a response to climate change is one of the most important targets of the Oji Group's sustainability strategy. To achieve this goal, we have formulated our Environmental Vision 2050, and we are working on initiatives based on the Environmental Action Program 2030, which are the milestones for the Vision. As measures to reduce emissions, while promoting the fuel conversion of our coal-fired boilers in Japan and the introduction of renewable energies, we will strive to increase CO<sub>2</sub> absorption and fixation by expanding the land area of our overseas forest

plantations. The Oji Group will steadily advance, step by step, toward the achievement of our goals by implementing measures to protect the global environment in our efforts to build a sustainable society.

In 2022, we established the Sustainability Committee, with the Group CEO as chair, to discuss the risks of and measures for sustainability. The progress of our efforts toward decarbonization is reported to the Committee, and lively discussions take place on future developments. The Committee also discusses a variety of other matters, including human rights due diligence, supplier risk surveys, product safety, and inclusion and diversity. The Board of Directors will also closely monitor the Group's efforts toward sustainability challenges.

### Succession Plan Implementation and Human Capital Management

- Initiatives for the development of executives and senior management for the next generation
- The Oji Group's approach to human capital management

In addition to advanced expertise regarding the Oji Group's business, the Group CEO and other chief officers are expected to have strong leadership and corporate management skills that will enable them to manifest the Group's management and growth strategies and to solve problems in response to the demands of society. The Oji Group has adopted a COMPANY system under which the businesses of the Group are consolidated into closely related business groups for management purposes, with the aims of accelerating the decision-making and clarifying management responsibilities of each business. This system allows the executive management team of each COMPANY and business company to improve the capabilities and knowledge required for corporate management within the scope of the businesses for which they are responsible. This leads to the development of the next generation of human resources who will be able to as-

sume the management of the Oji Group as a whole. The Nomination Committee, most of whose members are Independent Outside Directors, discusses these succession plans and selects executive candidates.

The development of employees is just as important an issue as the development of executive candidates. The Oji Group must achieve its sustainable growth through the growth of its employees. We believe that it is our responsibility to help employees to undertake more advanced and rewarding work by providing them with assistance to upgrade their skills, and in doing so, offer a rich and fulfilling life to all our employees. For this reason, we will place efforts into the establishment of skills development and career development systems for employees and of a human resources management system, and into the improvement of the working environment. We will continue these efforts with an awareness that the mission of management and the Board of Directors is to make the Oji Group a corporate group whose employees continue to grow with high motivation and work with happiness.

### The Commitments We Want to Convey to Our Stakeholders

- What the Board of Directors will advance in the future to achieve our Purpose
- Enhancing stakeholder engagement

In line with the formulation of the Long-term Vision and the Medium-term Management Plan, we developed our Purpose, based on the Oji Group's Management Philosophy, to convey it in simpler terms. The Purpose expresses our intention to contribute to society and to the Earth by growing forests, which represent the core of the Group's business, and by delivering products from forest resources. As our paper business is itself sustainable, we believe that making reliable products that are needed by the market will, in itself, contribute to the building of a sustainable society. Developing new materials derived from wood and demonstrating the potential of forest resources are also crucial roles for us. The Board of

Directors will support management decisions made by the executive team while undertaking risk assessments appropriately, to ensure that the progress being made toward achieving our Purpose is not halted, even in a difficult business environment.

In February 2023, the Oji Group marked its 150th anniversary. Since its founding, we have been able to grow as a corporate group that contributes to the Earth and society thanks to the tremendous support we have received from all our stakeholders, including shareholders, investors, customers, business partners, employees, and local communities. Going forward, we will strive to provide information that is easier to understand and to achieve further evolution while deepening our engagement with all stakeholders. We hope that you will continue to grant us your exceptional understanding and support.



# Corporate Officers (Oji Holdings Corporation)



## Masatoshi Kaku

Representative Director and Chairman of the Board  
Chairman of the Board

April 1978 Joined the former Nippon Pulp Industry Co., Ltd.  
April 2011 Corporate Officer, the Company  
April 2012 Executive Officer, the Company  
October 2012 Executive Officer, the Company  
June 2013 Director of the Board and Executive Officer, the Company  
April 2019 Representative Director of the Board, President and CEO, the Company  
April 2022 Representative Director and Chairman of the Board, the Company (to the present)



## Hiroyuki Isono

Representative Director of the Board  
President and Group CEO

April 1984 Joined the Company  
October 2012 Director of the Board, Oji Management Office Inc.  
April 2014 Corporate Officer, the Company  
June 2015 Director of the Board and Executive Officer, the Company  
April 2021 Director of the Board and Senior Executive Officer, the Company  
April 2022 Representative Director of the Board, President and Group CEO, the Company (to the present)



## Michihiro Nara

Independent Outside Director of the Board

April 1974 Registered as an attorney-at-law  
June 2004 Outside Audit & Supervisory Board Member, Nihon Tokushu Toryo Co., Ltd.  
June 2013 Outside Audit & Supervisory Board Member, Seiko Epson Corporation  
June 2014 Independent Outside Director of the Board, the Company (to the present)  
June 2015 Outside Director, Nihon Tokushu Toryo Co., Ltd. (to the present)  
June 2016 Outside Director (Audit & Supervisory Committee Member), Seiko Epson Corporation  
Outside Director (Audit & Supervisory Committee Member), Chori Co., Ltd.



## Sachiko Ai

Independent Outside Director of the Board

April 1989 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)  
June 2016 Executive Officer, General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation  
April 2019 Executive Officer, General Manager, Audit Division, Mitsubishi UFJ Trust and Banking Corporation  
Executive Officer, Acting General Manager, Audit Division, Mitsubishi UFJ Financial Group, Inc.  
June 2020 Independent Outside Director of the Board, the Company (to the present)  
April 2021 Director and Managing Executive Officer, Audit Division (CAO), Mitsubishi UFJ Trust and Banking Corporation (to the present)  
Managing Executive Officer, Group Deputy CAO, Mitsubishi UFJ Financial Group, Inc. (to the present)



## Fumio Shindo

Representative Director of the Board  
Executive Vice President

Division of duties:  
Corporate Sustainability Division  
Innovation Promotion Division  
Group Technology Division  
In charge of Oji Engineering Co., Ltd.

April 1984 Joined the Company  
April 2014 Corporate Officer, Oji Paper Co., Ltd.  
April 2016 Director, Oji Paper Co., Ltd.  
April 2017 Corporate Officer, the Company  
April 2018 Executive Officer, the Company  
June 2019 Director of the Board and Executive Officer, the Company  
April 2021 Director of the Board and Senior Executive Officer, the Company  
April 2023 Representative Director of the Board and Executive Vice President, the Company (to the present)



## Kazuhiko Kamada

Director of the Board  
Senior Executive Officer

Division of duties:  
Corporate Governance Division  
Chairman, Celulose Nipo-Brasileira S.A.  
President, Oji Management Office Inc.  
In charge of:  
Oji Human Support Co., Ltd.  
Oji Business Center Co., Ltd.  
Oji Paper Management (Shanghai) Co., Ltd.  
Oji Asia Management Sdn. Bhd.  
Oji Logistics Co., Ltd.

May 2013 Joined Oji Management Office Inc.  
April 2014 President and Representative Director, Oji Forest & Products Co., Ltd.  
January 2015 Corporate Officer, the Company  
June 2015 Director of the Board and Executive Officer, the Company  
April 2022 Director of the Board and Senior Executive Officer, the Company (to the present)



## Seiko Nagai

Independent Outside Director of the Board

April 1983 Joined Japan Airlines Co., Ltd.  
April 2008 Manager, In-flight Sales Group, Japan Airlines Co., Ltd.  
April 2012 Manager, Passenger Cabin Dept., JAL Express Co., Ltd.  
October 2014 Manager, Cabin Attendants Section 4, Haneda Airport, Japan Airlines Co., Ltd.  
April 2015 Professor, College of Foreign Studies, Kansai Gaidai University (to the present)  
June 2019 Outside Director, Member of the Board, ShinMaywa Industries, Ltd. (to the present)  
June 2021 Independent Outside Director of the Board, the Company (to the present)



## Hiromichi Ogawa

Independent Outside Director of the Board

April 1981 Joined Mitsubishi Corporation  
June 1998 Director, Nichiyo Baking Co., LTD.  
April 2004 Senior Vice President, Lawson, Inc.  
September 2004 Executive Managing Officer, Lawson, Inc.  
November 2005 Unit Manager of Lawson Business, Mitsubishi Corporation  
April 2006 Unit Manager of Retail Business, Mitsubishi Corporation  
April 2014 Senior Vice President ("riji") and General Manager of Life Industry Group CEO Office, Mitsubishi Corporation  
April 2017 Advisor, Itoham Yonekyu Holdings Inc.  
June 2017 Director Chairman of the Board, Itoham Yonekyu Holdings Inc.  
June 2022 Independent Outside Director of the Board, the Company (to the present)



## Shigeki Aoki

Director of the Board  
Executive Officer

President, Functional Materials COMPANY  
President, Oji Functional Materials Progressing Center Inc.  
President, Oji Imaging Media Co., Ltd.

April 1984 Joined the former Honshu Paper Co., Ltd.  
April 2016 Corporate Officer, General Manager, Sales Division, Oji F-Tex Co., Ltd.  
April 2017 Director and Corporate Officer, General Manager, Sales Division, Oji F-Tex Co., Ltd.  
April 2019 Corporate Officer, the Company  
June 2020 Director of the Board and Executive Officer, the Company (to the present)



## Akio Hasebe

Director of the Board  
Executive Officer

President, Industrial Materials COMPANY  
President, Oji Industrial Materials Management Co., Ltd.

April 1986 Joined the Company  
April 2017 Director, Oji Industrial Materials Management Co., Ltd.  
April 2019 Corporate Officer, the Company  
April 2022 Executive Officer, the Company  
June 2022 Director of the Board and Executive Officer, the Company (to the present)



## Tomihiro Yamashita

Audit & Supervisory Board Member

April 1982 Joined the Company  
October 2012 General Manager, Internal Audit Department, Corporate Governance Division, the Company  
April 2014 Audit & Supervisory Board Member, Oji Container Co., Ltd.  
April 2016 Corporate Officer and Deputy General Manager, Technology Division, Oji Container Co., Ltd.  
June 2017 Audit & Supervisory Board Member, the Company (to the present)



## Teruo Yamazaki

Audit & Supervisory Board Member

April 1982 Joined the former Honshu Paper Co., Ltd.  
February 2016 Deputy Mill Manager, Ebetsu Mill, Oji F-Tex Co., Ltd.  
April 2019 General Manager, Internal Audit Department and Corporate Compliance Department, Corporate Governance Division, the Company  
April 2023 General Manager, Internal Audit Department, Corporate Governance Division, the Company  
June 2023 Audit & Supervisory Board Member, the Company (to the present)



## Takayuki Moridaira

Director of the Board  
Executive Officer

President, Household and Consumer Products COMPANY  
President, Printing and Communications Media COMPANY  
President, Oji Nepia Co., Ltd.

April 1985 Joined the Company  
June 2013 Corporate Officer, Oji Paper Co., Ltd.  
April 2016 Director, Oji Paper Co., Ltd.  
April 2020 Corporate Officer, the Company  
April 2022 Executive Officer, the Company  
June 2022 Director of the Board and Executive Officer, the Company (to the present)



## Yuji Onuki

Director of the Board  
Executive Officer

President, Forest Resources and Environment Marketing COMPANY  
President, Oji Green Resources Co., Ltd.  
President, Oji Forest & Products Co., Ltd.

April 1982 Joined the former Honshu Paper Co., Ltd.  
October 2012 Director, Oji Green Resources Co., Ltd.  
April 2014 Managing Director, Oji Green Resources Co., Ltd.  
April 2021 Corporate Officer, the Company  
April 2022 Executive Officer, the Company  
June 2022 Director of the Board and Executive Officer, the Company (to the present)



## Hidero Chimori

Independent Outside Audit & Supervisory Board Member

April 1983 Registered as an attorney-at-law  
June 2002 Outside Audit & Supervisory Board Member, OMRON Corporation  
June 2006 Outside Audit & Supervisory Board Member, DUSKIN CO., LTD.  
June 2016 Independent Director, Audit & Supervisory Committee Member, Kobe Steel, Ltd.  
June 2019 Outside Director, Member of the Board, Audit and Supervisory Committee Member, ROHM Co., Ltd. (to the present)  
June 2021 Independent Outside Audit & Supervisory Board Member, the Company (to the present)



## Noriko Sekiguchi

Independent Outside Audit & Supervisory Board Member

March 1994 Registered as Certified Public Accountant  
January 2002 Re-registered as Certified Public Accountant  
November 2010 Representative of Sekiguchi CPA Office (currently Sekiguchi Noriko CPA Office) (to the present)  
July 2012 Registered as Certified Tax Accountant  
June 2015 Outside Director, TOKYO OHKA KOGYO CO., LTD.  
January 2019 Executive Officer, Chifure Holdings Corporation  
June 2021 Independent Outside Audit & Supervisory Board Member, the Company (to the present)  
June 2022 Outside Audit & Supervisory Board Member, Ryoden Shoji K.K. (currently RYODEN CORPORATION) (to the present)  
July 2022 Auditor, Japan International Cooperation Agency (to the present)  
March 2023 Outside Director, Audit and Supervisory Committee Member, TOKYO OHKA KOGYO CO., LTD. (to the present)



## Takashi Nonoue

Independent Outside Audit & Supervisory Board Member

April 1982 Appointed as public prosecutor  
January 2015 Director-General of the Public Security Intelligence Agency  
September 2016 Superintendent Public Prosecutor of the Fukuoka High District Public Prosecutors Office  
February 2018 Retired from Superintendent Public Prosecutor  
April 2018 Inspector General of Legal Compliance of the Ministry of Defense  
March 2021 Retired from Inspector General of Legal Compliance of the Ministry of Defense  
June 2021 Registered as an attorney-at-law  
June 2022 Independent Outside Audit & Supervisory Board Member, the Company (to the present)

# Corporate Governance

The Oji Group established the Oji Group Corporate Code of Conduct based on the fundamental values and philosophy that have been handed down since the Group's foundation and has undertaken business activities with an awareness of its role as a corporate member of society and a strong sense of ethics throughout the Group. In order to increase corporate value and become a company that is trusted by society, we have built corporate governance structures described below and continuously enhanced the functions of the Board of Directors, positioning the enhancement of corporate governance as a priority management issue. Going forward, we will work to ensure management efficiency, soundness, and transparency, while building trusting relationships with all stakeholders.

## Basic Concepts, Framework, and Operational Policies

### Fundamental Policies on Corporate Governance

The Fundamental Policies on Corporate Governance set forth the basic concepts, framework, and operational policies regarding corporate governance.

➔ <https://www.ojiholdings.co.jp/english/group/policy/governance.html>

### Corporate Governance Report

The Oji Group posts its Corporate Governance Report, which it submits to Tokyo Stock Exchange, on its official website.

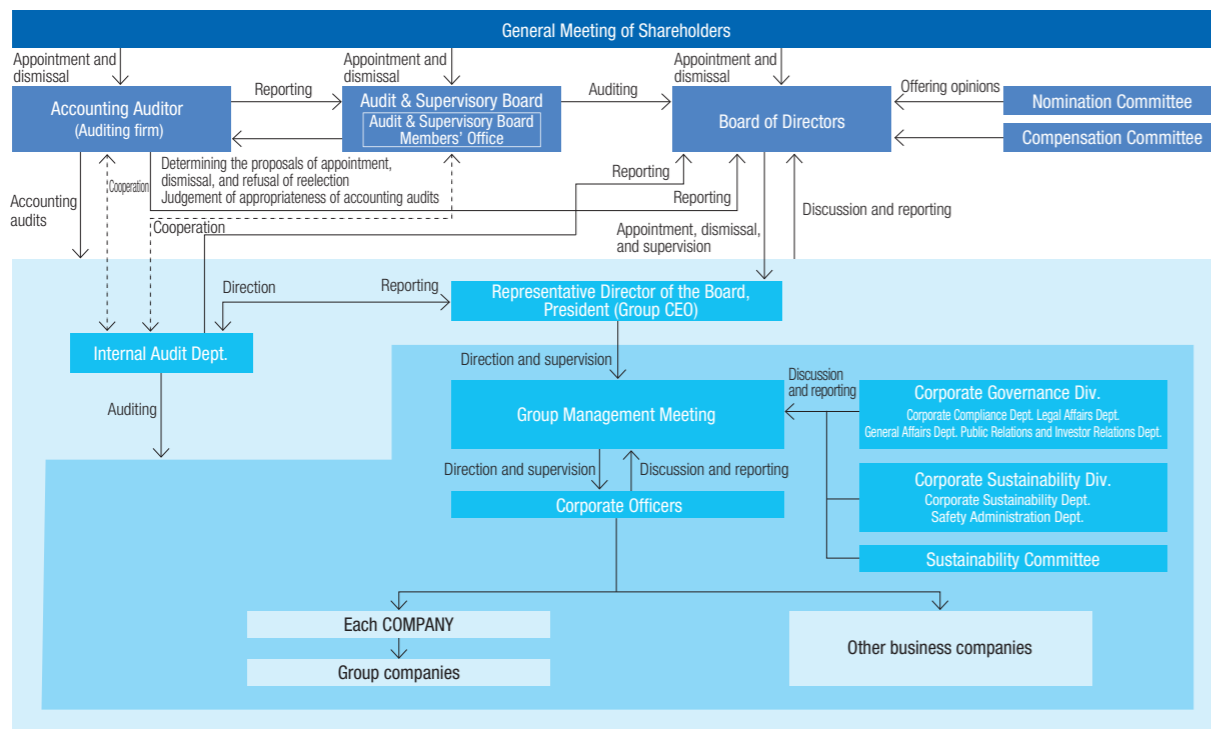
➔ [https://investor.ojiholdings.co.jp/en/ir/library/governance\\_report.html](https://investor.ojiholdings.co.jp/en/ir/library/governance_report.html)

## Corporate Governance Structures

The Oji Group has adopted a "COMPANY system" under which Oji Holdings oversees the formulation of Group management strategies and Group governance and each COMPANY, made up of closely-related businesses, plays a central role in business operations. This structure accelerates decision making by each business unit and clarifies management responsibilities.

In addition, as a company with Audit & Supervisory Board, Oji Holdings reinforces Group-wide governance through audits of the execution of duties by Directors carried out by the Audit & Supervisory Board Members and the Audit & Supervisory Board. The Board of Directors consists of 12 Directors (including four Independent Outside Directors) and the Audit & Supervisory Board consists of five Audit & Supervisory Board Members (including three Independent Outside Audit & Supervisory Board Members), and Representative Director and Chairman of the Board chairs the Board of Directors.

### Corporate Governance Structural Diagram



## Nomination Committee and Compensation Committee

The Nomination Committee and Compensation Committee were established as advisory bodies to the Board of Directors in 2015. These two committees ensure objectivity and transparency in decisions of the Board of Directors concerning nomination and compensation, and the Compensation Committee analyzes the effectiveness of and deliberates the evaluations of the Board of Directors. Each of the Committees consists of two internal Directors and four Independent Outside Directors.

### Roles of Nomination Committee

Formulate nomination, appointment, and dismissal policies related to personnel affairs for Directors, Audit & Supervisory Board Members, Corporate Officers, and Corporate Advisors, deliberate on candidates, and submit recommendations to the Board of Directors.

### Roles of Compensation Committee

Deliberate on compensation structures, compensation levels, and evaluation of Directors, Corporate Officers, and Corporate Advisors as well as analysis and evaluation of the effectiveness of the Board of Directors, and submit recommendations to the Board of Directors.

### Structures of the Nomination Committee and the Compensation Committee and Their Meetings Held in FY2022

Position	Name	Nomination Committee	Attendance	Compensation Committee	Attendance
Representative Director and Chairman of the Board	Masatoshi Kaku		1/1		2/2
Representative Director of the Board, President	Hiroyuki Isono	Committee Chair	1/1	Committee Chair	2/2
Independent Outside Director	Michihiro Nara		1/1		2/2
Independent Outside Director	Sachiko Ai		1/1		2/2
Independent Outside Director	Seiko Nagai		1/1		2/2
Independent Outside Director	Hirofumi Ogawa		1/1		1/1

\* Concerning Independent Outside Director Hirofumi Ogawa's attendance at meetings of each Committee, the scope of the total number of meetings includes only those meetings held after his appointment on June 29, 2022.

## Policy on Determination of Director Compensation and Total Compensation Amount

### Policy on Determination of Director Compensation

Oji Holdings has designed its compensation programs with an emphasis on the roles performed by the Director compensation program such that the Board of Directors promotes sustainable growth and increasing medium- to long-term corporate value of the Company and pursues enhanced profitability and capital efficiency. The compensation program and determination policies are set forth in the Fundamental Policies on Corporate Governance. Director compensation comprises base compensation that is fixed compensation, bonuses that reflect short-term performance, and stock-based compensation that reflects medium- to long-term improvement in corporate value. Determinations are made by the Board of Directors based on recommendations submitted by the Compensation Committee. Evaluation for bonuses takes into consideration the overall status of achievement of evaluation items concerning ESG.

Please refer to the Annual Securities Report for details concerning performance-linked compensation including bonuses and stock-based compensation.

Securities Reports (in Japanese) ➔ <https://investor.ojiholdings.co.jp/ja/ir/library/securities.html>

### Ratios of Performance-linked Compensation and Non-performance-linked Compensation

Position	Fixed compensation	Performance-linked compensation			Total
		Bonuses	Stock-based compensation	Subtotal	
Representative Director and Chairman of the Board	50%	25%	25%	50%	100%
Representative Director of the Board, President and Group CEO	50%	25%	25%	50%	100%
Representative Director of the Board, Executive Vice President	50%	25%	25%	50%	100%
Director of the Board, Senior Executive Officer	50%	25%	25%	50%	100%
Director of the Board, Executive Officer	50%	25%	25%	50%	100%
Independent Outside Director	100%	—	—	—	100%

\* The payment ratios will fluctuate due to changes in performance-linked compensation such as bonuses and stock-based compensation.

### Total Amount of Compensation for Each Officer Category, Total Amount of Compensation, Etc. by Type, and Number of Eligible Officers (FY2022)

Officer category	Total amount of compensation (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation		
			Bonuses	Stock-based compensation	
Directors (excluding Independent Outside Directors)	459	206	136	117	11
Audit & Supervisory Board Members (excluding Independent Outside Audit & Supervisory Board Members)	55	55	—	—	2
Independent Outside Directors and Independent Outside Audit & Supervisory Board Members	99	99	—	—	9



Corporate Governance

Policy and Process for Nomination of Directors and Audit & Supervisory Board Members

Policy

The Fundamental Policies on Corporate Governance of the Oji Holdings stipulate as a Director nomination policy that the Board of Directors shall comprise Directors with diverse knowledge and expertise concerning the business operated by the Group in a well-balanced manner. The Fundamental Policies also stipulate that candidates be nominated for Directors who possess excellent character and insight and who may contribute to the sustainable growth as well as the increase of medium- to long-term corporate value of the Group, and that candidates be appointed for Audit & Supervisory Board Members who are capable of executing the duties of Audit & Supervisory Board Members, and who possess excellent character and insight as well as high level of specialization and extensive experience.

Process

When nominating candidates for Directors, the Nomination Committee, an advisory body to the Board of Directors, deliberates and recommends to the Board of Directors. As for nomination of candidates for Audit & Supervisory Board Members, the Nomination Committee recommends to the Board of Directors with the consent of the Audit & Supervisory Board, following deliberation among the Nomination Committee. The Board of Directors receives reporting from the Committee, deliberates, and makes decisions.

Directors' Skill Map

Oji Holdings has identified the skills that members of the Board of Directors should possess as described below, to ensure that the Board of Directors makes appropriate management decisions and is highly effective in the supervision of business execution to realize the Group's management strategies.

Category	Expected skills	Relevance to Long-term Vision		
		Environmental issues	Profitability improvement	Product development
Corporate management	Essential management skills necessary for the achievement of a sustainable business corporation and management strategies	●	●	●
Finance and accounting	Skills necessary for contributing to the sustainability and growth of a corporation through finance as well as for oversight of management		●	
Sales and marketing	Skills necessary to achieve the sustainable growth of a corporation through understanding the needs of society and earning appropriate income		●	
Manufacturing and technologies	Skills essential for building an organizational structure for sustainable product supply, achieving higher productivity, addressing environmental issues, and making innovation out of the core technologies that have been built up	●	●	●
Research and development				
Personnel and labor management	Skills concerning the development and utilization of diverse human resources essential for the sustainable growth and evolution of a corporation and achievement of management strategies	●	●	●
Purchase and procurement	Skills concerning stable procurement of raw materials as the foundation of production activities and the management of forests as sustainable sources of wood raw materials	●	●	
Internationality	Skills for managing international business activities essential for the Oji Group's global business activities		●	
ESG	Skills concerning environmental, social, and governance aspects of corporate activities that are the foundation of corporate management and essential for sustainability	●	●	●

\* Items marked with "●" have particularly high relevance.

The capabilities of each Director are as follows:

Name	Position	Corporate management	Finance and accounting	Manufacturing and technologies	Research and development	Sales and marketing	Personnel and labor management	Purchase and procurement	Internationality	ESG
Masatoshi Kaku	Representative Director and Chairman of the Board	●		●	●					●
Hiroyuki Isono	Representative Director of the Board, President	●	●						●	●
Fumio Shindo	Representative Director of the Board, Executive Vice President	●		●	●					●
Kazuhiko Kamada	Director of the Board	●					●	●	●	
Shigeki Aoki	Director of the Board	●				●	●			
Akio Hasebe	Director of the Board	●	●						●	
Takayuki Moridaira	Director of the Board	●				●	●			
Yuji Onuki	Director of the Board	●						●		●
Michihiro Nara	Director of the Board									●
Sachiko Ai	Director of the Board	●								●
Seiko Nagai	Director of the Board								●	●
Hiramichi Ogawa	Director of the Board	●								●

\* ●marks indicate the abilities that each Director possesses, but the abilities in which each Director can demonstrate greater strength and expertise are listed according to his or her position in the Company below. The above list is based on their positions, and does not represent all of the abilities possessed by each Director.

Representative Director of the Board: Up to four (4) Director of the Board and Senior Executive Officer: Up to four (4)  
 Director of the Board and Executive Officer: Up to three (3) Director of the Board (Independent Outside): Up to two (2)

Independent Outside Officers

Status of Activities by and Reason for Appointment of Independent Outside Officers

Oji Holdings has appointed four Outside Directors and three Outside Audit & Supervisory Board Members, each of whom is designated as an Independent Officer. The Independent Officers attend Board of Directors meetings and the briefings (held basically twice a month) conducted by the officer responsible for the Corporate Governance Division regarding matters submitted to the Management Meetings and matters planned to be submitted to the Board of Directors meetings. The Independent Outside Directors make up the Nomination Committee and the Compensation Committee.

Persons with highly specialized and wide-ranging knowledge who are able to express opinions that are independent from management and from the perspectives of various stakeholders are selected as Independent Outside Director candidates, and persons with excellent character and insight, a high level of specialization, and extensive experience are selected as Independent Outside Audit & Supervisory Board Member candidates.

In FY2022, the attendance of the total of seven Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at the Board of Directors meetings (15 meetings held) averaged 97.9%, and the attendance of Independent Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings (13 meetings held) was 100%.

Main Activities of Independent Outside Directors in FY2022

Name	Attendance at Board of Directors meetings	Summary of statements made and duties performed with respect to expected role
Michihiro Nara	Attended 15 of 15 meetings (100%)	Fulfilled the role expected of him by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including legal viewpoints as an attorney-at-law, and based on his extensive experience, high level of expertise, and wide-ranging insight
Sachiko Ai	Attended 15 of 15 meetings (100%)	Fulfilled the role expected of her by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective from the business world, including the financial area, and based on her high level of expertise and abundance of insight
Seiko Nagai	Attended 15 of 15 meetings (100%)	Fulfilled the role expected of her by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including professional viewpoints developed through customer service and university teaching, and based on her extensive experience, high level of expertise, and wide range of insight
Hiramichi Ogawa	Attended 11 of 11 meetings (100%)	Fulfilled the role expected of him by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including professional viewpoints developed through management of retail business and food manufacturing companies, and based on his extensive experience, high level of expertise, and wide range of insight

\* Concerning Mr. Hiramichi Ogawa's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 29, 2022.

Main Activities of Independent Outside Audit & Supervisory Board Members in FY2022

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements at meetings
Hidero Chimori	Attended 15 of 15 meetings (100%)	Attended 13 of 13 meetings (100%)	Made statements based on his extensive experience, high-level expertise and wide-ranging knowledge, in particular, in the corporate legal affairs and corporate governance field, as an attorney-at-law
Noriko Sekiguchi	Attended 14 of 15 meetings (93.3%)	Attended 13 of 13 meetings (100%)	Made statements based on her abundant practical experience at companies in addition to her extensive experience, high-level expertise, and wide-ranging knowledge on financial accounting as a certified public accountant
Takashi Nonoue	Attended 10 of 11 meetings (90.9%)	Attended 9 of 9 meetings (100%)	Made statements based on his extensive experience, high-level expertise, and wide-ranging knowledge as a public prosecutor and attorney-at-law

\* Concerning Mr. Takashi Nonoue's attendance at meetings of the Board of Directors and the Audit & Supervisory Board, the scope of the total number of meetings includes only those meetings of the Board of Directors and the Audit & Supervisory Board held after his appointment on June 29, 2022.

**Effectiveness Evaluation of the Board of Directors**

The Fundamental Policies on Corporate Governance stipulates that the Board of Directors shall conduct analysis and evaluation of the effectiveness of the Board of Directors every year, and take required measures to ensure the effectiveness of the Board of Directors as a whole as well as disclose an overview of the findings. In order to evaluate the effectiveness of the Board of Directors, we conduct a survey on the role, structure, and operation of the Board of Directors from April to May every year with all Directors and Audit & Supervisory Board Members. The evaluation findings are analyzed by the Compensation Committee, in which Independent Outside Directors participate, and then deliberated by the Board of Directors based on the analysis results.

As a result of the analysis and evaluation of the Board of Directors of FY2022, it was confirmed our Board of Directors and its subordinate meetings have continued to function well. To a survey question on the roles of the Board of Directors in “formulating the Group management strategies and presenting the directions,” many stated that fervent discussions by the Board of Directors including Independent Outside Directors on the issue from the stage of drawing up the FY2022 Medium-term Management Plan led to a clear presentation of the directions. Regarding the operation of the Board of Directors, to a question on “supervision of the management team,” many respondents highly evaluated the Company’s efforts to enhance the supervisory function of the Board including the enhancement of provision of information to Outside Officers. It was also noted that the agendas should be set with better considerations to allocate more time for discussions related to overall Group management. In response to this suggestion, the criteria for selecting the matters to be discussed at the Board of Directors meetings were reconsidered to allow the Board to focus on deliberating more important matters. Regarding the “composition and discussion of the Board of Directors,” some commented that, while the current composition is well-balanced, discussion on future possibilities is needed of having Outside Directors as the majority of the Board or appointing an Outside Director to Chairman of the Board. In light of the evaluation findings, we will continue to consider and take measures necessary for the Board of Directors to function better.

**Procedure for the Effectiveness Evaluation of the Board of Directors**

Timing	Process
April	Survey for effectiveness evaluation of the Board of Directors - Respondents: All Directors and Audit & Supervisory Board Members - Aggregated by: Corporate Governance Division
May	Analysis by the Compensation Committee
June	Report from the Compensation Committee to the Board of Directors Discussion and approval by the Board of Directors
From July	Implementation of measures to improve effectiveness

**Survey Questions**

Respondents evaluate effectiveness regarding the following nine points on a five-point scale and comment on the reasons. Any other comments outside those nine questions may be entered freely in the comment section.

No.	Question topics
1	Formulating the Group management strategies and presenting the directions
2	Deliberating and examining business execution
3	Support for prompt and unwavering business execution
4	Supervision of the management team
5	Internal control and risk management
6	Composition and discussion of the Board of Directors
7	Time and frequency of deliberation
8	Provision of information to participants
9	Implementation and effects of measures for the improvement of the Board of Directors
10	Comment

Scores are totaled for all respondents and by group (inside officers, Outside Officers, Directors, and Audit & Supervisory Board Members) and changes from previous results are also examined.

**Policy for Strategic Shareholding**

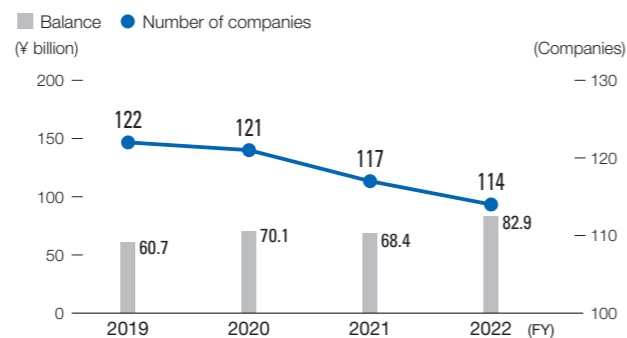
The Company strategically holds shares that are expected to contribute to the sustainable growth of its business and the improvement of corporate value over the medium to long term as part of its management strategies for the purpose of business alliances and strengthening and maintenance of long-term and stable relationships with business partners. The Board of Directors examines for each individual stock every year whether the purpose of strategic shareholding is appropriate and whether the benefits and risks associated with strategic shareholding are commensurate with the capital cost to verify the appropriateness of the holding. In order to reduce strategic shareholding, we sell shares properly and appropriately if the rationality for holding them has diminished.

In FY2022, we reduced the number of companies held for strategic shareholding, but the balance of our holding increased due to rising stock prices.

Please refer to the Annual Securities Report for details concerning individual stocks held for strategic shareholding.

Securities Reports (in Japanese) ➔ <https://investor.ojiholdings.co.jp/ja/ir/library/securities.html>

**Strategic Shareholding**



**The Oji Group Corporate Code of Conduct and Behavior Standard**

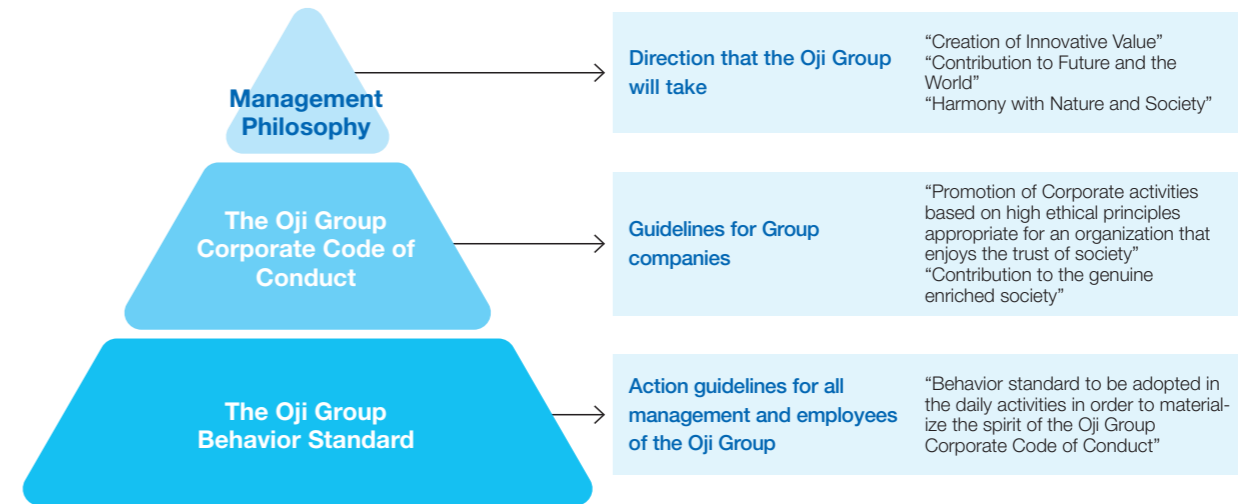
The Oji Group incorporated the principles on human rights, labor, the environment, and anticorruption of the United Nations Global Compact and established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, action guidelines for the Code, in 2004. They were revised in FY2020 to reflect the social environment including the SDGs and the Management Philosophy, to make them more in line with the demands of the times.

The Oji Group Corporate Code of Conduct is adopted as guiding principles for the Oji Group companies for conducting corporate activities based on awareness of our responsibilities as a corporate citizen in international society, and on high ethical principles appropriate for an organization that enjoys the trust of society. The Oji Group Behavior Standard is adopted toward the materialization of the spirit of the Oji Group Corporate Code of Conduct, as a standard to be followed in the daily activities of all management and employees as a member of international society.

The alteration or abolition of the Corporate Code of Conduct and the Behavior Standard requires a resolution by the Board of Directors. With the involvement of the Board, this Code of Conduct and the Behavior Standard have been established as the standard of activities performed by all officers and employees of the Oji Group. The Code of Conduct and the Behavior Standard have been translated into the respective languages of each country in which the Group has its business sites and are made known to all officers and employees that belong to the Group. All officers and employees of the Oji Group strive to understand the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard correctly and to practice them. If an action against them is conducted or if a violation is suspected, it must be reported or consulted with a supervisor or the compliance office of the company or worksite, or the Corporate Ethics Helpline (Group internal whistleblowing) desks.

The Oji Group Corporate Code of Conduct ➔ <https://www.ojiholdings.co.jp/english/group/policy/conduct.html>

The Oji Group Behavior Standard ➔ [https://www.ojiholdings.co.jp/english/group/policy/behavior\\_standard.html](https://www.ojiholdings.co.jp/english/group/policy/behavior_standard.html)



**Sharing the Code of Conduct and Behavior Standard and Providing Follow-up Sessions**

We have prepared a booklet and distributed it to officers and employees to thoroughly disseminate the contents of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard. In addition, with the revision in October 2020, we also prepared education and explanatory materials, and translated the education materials into 12 languages for overseas employees as a as starter, which we continue to translate into more languages as necessary. The translations of the education materials are distributed as part of the “Compliance News” periodically published by the Corporate Compliance Department for Japan and overseas and used at workplace compliance meetings at Group companies, in order to disseminate the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and encourage employees to practice the Standard.

**Compliance News in Languages Other Than Japanese**

Chinese	Malay
English	Burmese
German	Nepali
Hindi	Portuguese
Indonesian	Thai
Korean	Vietnamese

Since May 2022

Gujarati	Tamil
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To be added in 2023

Italian
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Compliance

Measures for Promoting Compliance

The Corporate Compliance Department of Oji Holdings draws up policies and measures for promoting business ethics and compliance in the entire Group. It also formulates and reviews the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and establishes internal whistleblowing systems and rules on anti-corruption. In addition, at domestic and overseas Group companies, compliance managers and compliance promotion leaders play a central role in promotion activities and work to instill business ethics and compliance awareness throughout the Group.

Activities for Raising Compliance Awareness

As part of daily compliance activities, compliance promotion leaders at respective workplaces and companies organize regular workplace compliance meetings to raise awareness among all employees. Many opportunities are provided by the Corporate Compliance Department for employees to acquire necessary knowledge including compliance training as part of rank-based training for newly-appointed managers and new employees as well as periodic internal training on themes that are common to all Group companies such as the Subcontract Act, the Antimonopoly Act, and the prevention of bribery. Also, the "Compliance News" is issued every month to introduce current internal and external compliance topics, provide teaching materials in quiz format, explain the Oji Group Corporate Code of Conduct and Oji Group Behavior Standard, and inform employees of the internal whistleblowing system.

- Participation in workplace compliance meetings at unit companies in Japan in the second half of FY2022: 97.2%

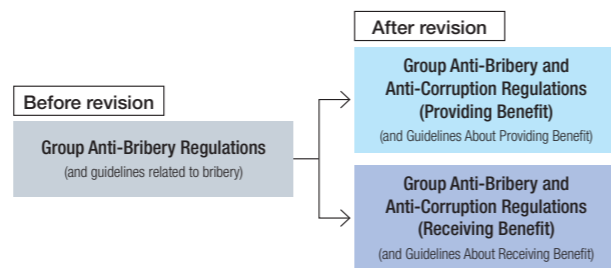
In April 2023, we provided senior management training to newly appointed officers (including corporate officers) of Oji Group companies. The video of the training program was made available on our portal site for officers already in office to view for a certain period of time to confirm their knowledge.



Senior management training

Anti-Corruption Initiatives

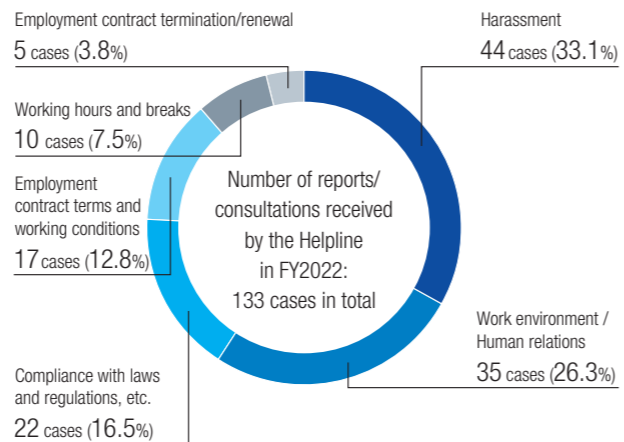
We established Group Anti-Bribery and Anti-Corruption Regulations and guidelines to ensure transparency of political contributions, prohibit illegal contributions or donations, and prohibit bribery and other corrupt acts and practices. In order to establish good, wholesome relationships with business partners, in April 2020, we established new rules and guidelines prohibiting in principle "receipt of benefits" which may raise suspicion of bribery in addition to preexisting rules.



Internal Whistleblowing System

The Oji Group has operated the Corporate Ethics Helpline (illustrated in the diagram on the right) since 2004 to provide all officers and employees (including part-time and short-term employees) the opportunity to consult and make reports with the aim of prevention or remediation through early discovery of violations of laws and regulations and misconduct, and has adapted its regulations to meet the amended Whistle-Blower Protection Act in June 2022. Whistleblowing desks are established both internally (in the Oji Holdings Corporate Compliance Department) and externally (a law firm), which receives reports via multiple channels including telephone, email, postal mail, and fax for the convenience of whistleblowers.

The breakdown of reports and consultations received by the internal and external whistleblowing desks of the Corporate Ethics Helpline in FY2022 is shown on the right. Reports or consultations concerning "harassment" and "work environment / human relations" accounted for the majority, including consultations on miscommunication with a supervisor or coworker in the workplace in daily work. Depending on the nature of the subject matter of report or consultation, basically the Corporate Compliance Department staff or the compliance promotion leader of the company investigates the matter carefully from a fair standpoint and take action to solve the problem and resolve concerns, including referring the matter to a lawyer or other third party.

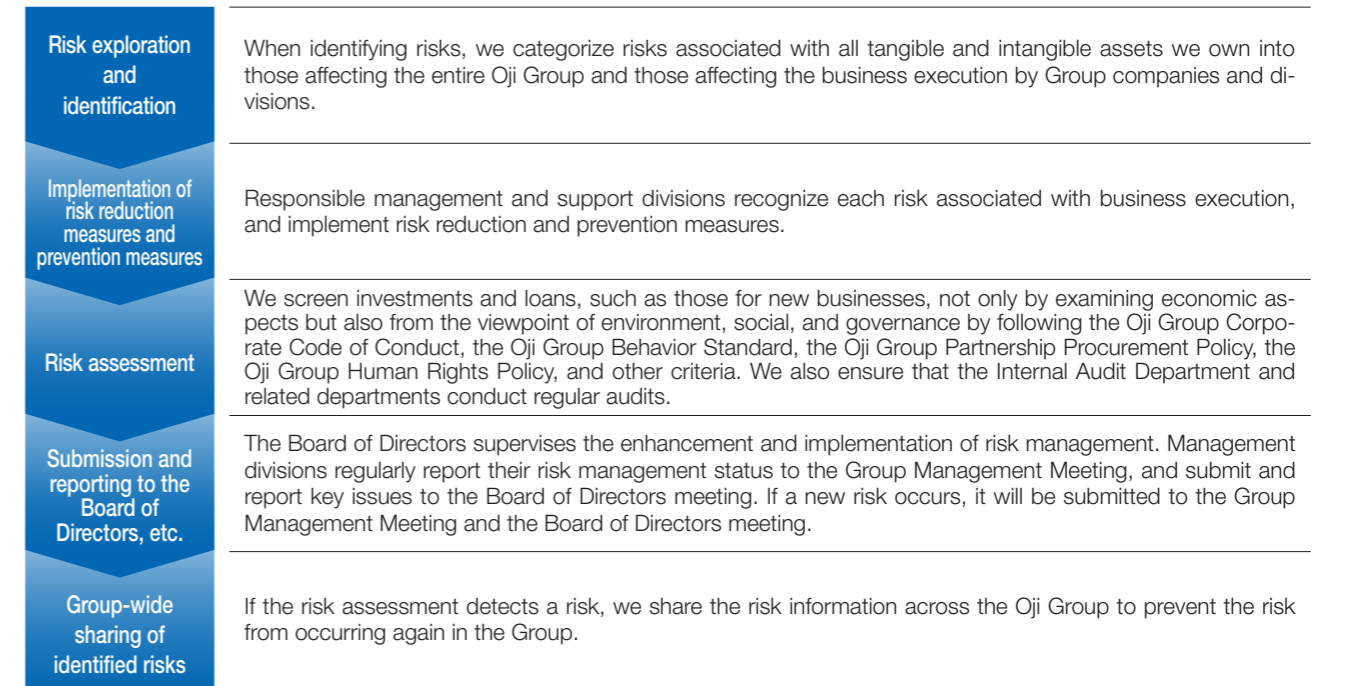


Risk Management

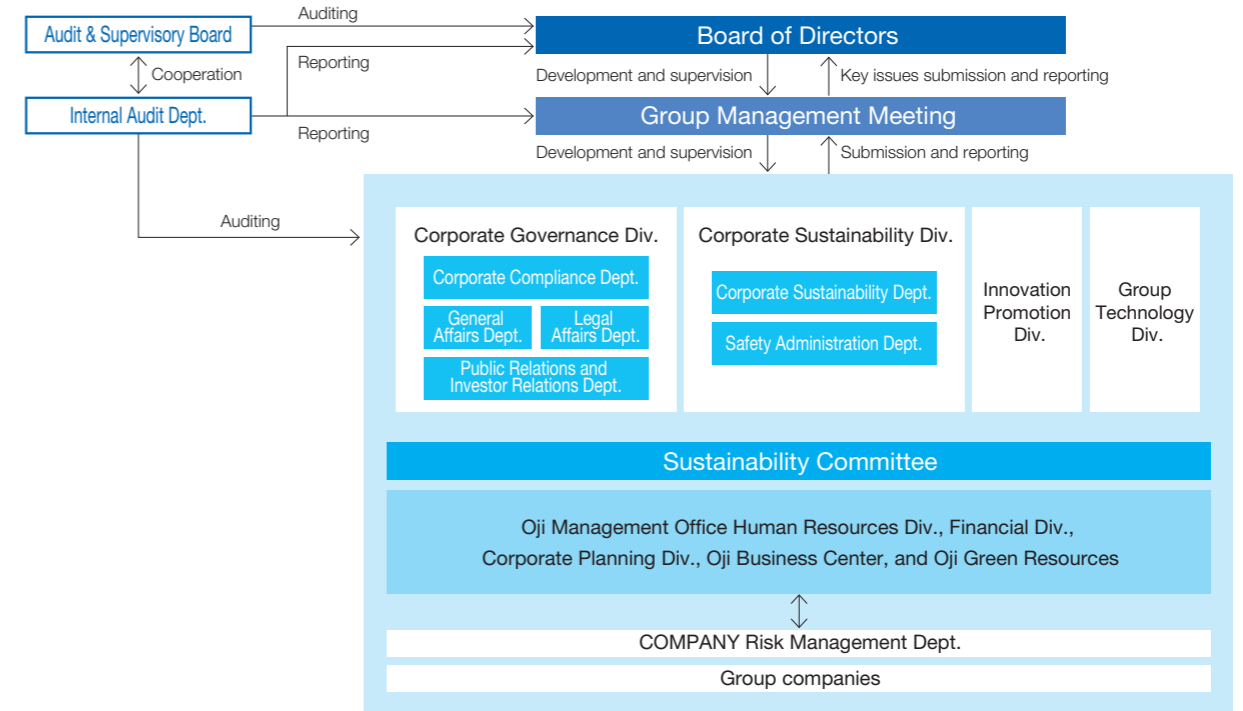
The Oji Group undertakes business activities with a strong sense of ethics set forth in the Oji Group Corporate Code of Conduct and implements appropriate risk management practices. In response to the rapid expansion of the areas where we operate businesses, we will reinforce our risk management structure globally to ensure business continuity and the steady development of our businesses.

Flow of Risk Management

Under the development and supervision by the Board of Directors, the Oji Group has established Group Risk Management Regulations and works to manage risks in the flow described below.



Risk Management Structure











Risk Management







We categorize major risks that may have a material effect on our financial position, etc. into three groups: risks of long-term issues, risks associated with our management strategies, and risks arising from execution of business, and take the following measures against them.

Countermeasures against Major Risks

Type of risk	Content of risk	Main countermeasures against risks
<b>Risks of long-term issues</b>		
<b>Climate change</b> 	The Task Force on Climate-related Financial Disclosures (TCFD), see P29-30	
<b>Pandemic</b> 	Risk of health damage to employees or temporary suspension of operations being caused by the global spread of infection similar to COVID-19	<ul style="list-style-type: none"> <li>● We have the Group Risk Management Regulations in place, and in the event of a serious incident to be addressed by the overall Group, we establish the Group emergency headquarters to confirm the safety of employees and check the damage suffered.</li> <li>● We work to minimize the effect on our business activities by continuously reviewing a business continuity plan (BCP), and promoting digital transformation (DX) in manufacturing, marketing, administrative processing, and other activities.</li> </ul>
<b>Risks associated with our management strategies</b>		
<b>Structural changes in demand arising from development of innovation</b> 	Risk of structural changes in demand arising primarily from changes in people's lifestyles and companies' efforts for digital transformation	<ul style="list-style-type: none"> <li>● Facing a shrinking market, we restructure domestic business production systems and pursue rationalization such as through business collaboration with other companies in our industry. We also strive to secure cash flow through thorough cost reduction and efficient CAPEX. We expand portfolio by investing the cash thus obtained in domestic businesses where growth in demand is expected, and overseas markets where economic development is expected, and allocating it for the development of new material products, etc.</li> <li>● In order to enhance our medium- and long-term corporate value and achieve a sustainable development, we work to promote working style reforms and diversity to ensure active participation of various human resources.</li> </ul>
<b>Fluctuations in demand</b> 	Risk of decline in demand for products arising from domestic business fluctuations and a continuing decline in population	<ul style="list-style-type: none"> <li>● We work to strengthen our business foundation that can tolerate market fluctuations through thorough cost reduction, etc.</li> <li>● In the field of industrial materials, we work to differentiate us from other companies by promoting total packaging and strengthening product development capabilities with the integrated material and processing management, thereby curbing the effects on sales and securing cost competitiveness in case of any demand fluctuation.</li> <li>● In other business fields, as well, we work on the development of new products such as paper products that support the shift to plastic-free materials and functional paper with new properties in order to improve profitability.</li> </ul>
<b>Fluctuations in global market conditions</b> 	Risk associated with procurement prices of raw materials and fuels which are influenced mainly by fluctuations in demand, countries' changes to their trade policies, and wars Risk of sales prices of pulp being influenced by global market prices	<ul style="list-style-type: none"> <li>● We have established a department in charge of the Group-wide procurement strategy in order to monitor markets in relation to the procurement of raw materials and fuels and strive to maintain a variety of suppliers, and promote advantageous procurement.</li> <li>● We have the Oji Group Partnership Procurement Policy in place and confirm with all of our suppliers on safety and legality of raw materials. We work to ensure stable procurement through more environmentally- and socially-friendly procurement practices and enhanced relationship with suppliers.</li> <li>● In terms of procurement of recovered paper, we strive to maintain recovered paper recycling systems. We also strengthen coordination with relevant companies with the aim of ensuring stable recovered paper procurement.</li> </ul>
<b>Overseas business</b> 	Risk of war, political or social instability, decelerating economic growth, revisions to laws, regulations, and tax systems, destabilizing financial conditions, human rights issues, etc. taking place in overseas markets where the Group operates	<ul style="list-style-type: none"> <li>● We have established regional headquarters that specializes in gathering information on the political, economic, and social conditions of neighboring countries to prepare for and respond to all relevant risks before they emerge. We also diversify risks by having operations in a wide range of countries.</li> <li>● To reduce risks, we enhance our ability to collect information and reduce the amount of investments through joint ventures operated with local leading companies.</li> <li>● With regard to human rights issues, we ensure that personnel are familiarized with the Oji Group Human Rights Policy we established, and implement initiatives aimed at ensuring respect for human rights.</li> </ul>

Icons to the right represent material issues (for details, see P86).



Type of risk	Content of risk	Main countermeasures against risks
<b>Risks arising from execution of business</b>		
<b>Occurrence of disasters, etc.</b> 	Risk of production bases and supply chain in and outside Japan being affected by natural disaster Risk of fire, occupational accident, environmental accident and other unexpected circumstance occurring	<ul style="list-style-type: none"> <li>● We have formulated a business continuity plan (BCP) for a business interruption risk due to disasters, etc. and provide emergency education and conduct disaster drills on a regular basis. In addition, we have established the Group Disaster Control Office as a permanent organization, thereby establishing a system for obtaining the latest information promptly. We also share information about the causes of and measures against disasters across the Group, and work to minimize damage.</li> <li>● With regard to environment, we have set voluntary management values that are stricter than the environmental regulatory standards for example, thereby striving to prevent environmental accidents.</li> <li>● With regard to safety, we have developed safety measures and safety operation manuals for production facilities and ensure that personnel are familiarized with them. We have also built safety and health management structures and work to prevent occupational accidents.</li> </ul>
<b>Laws, regulations, and other rules</b> 	Risk of not being able to comply with laws and regulations of various countries, and their revisions and amendments	<ul style="list-style-type: none"> <li>● We place adherence to compliance at the top of material management challenges in our business activities. We translated the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard into the respective languages of overseas where we operate to ensure that personnel not only in but also outside Japan are familiarized with and follow them. We also ensure that responsible divisions take initiative in providing training on relevant laws, regulations, and other rules to prevent violation of them.</li> </ul>
<b>Litigations and other actions</b> 	Risk of being a party to litigations, disputes, or other legal proceedings in the course of business	<ul style="list-style-type: none"> <li>● With respect to litigations and other actions filed against us, we prevent a dispute from occurring by discussing with business partners and clarifying terms of contract. We also have in place a system to deal with any litigation and other actions filed against us in collaboration with law firms.</li> <li>● If an event which may have a negative impact on reputation arises as a result of litigation and other actions, we promptly respond to the event, and publish appropriate information as necessary to maintain our reputation.</li> </ul>
<b>Product liability</b> 	Risk of damages based on product liability being claimed	<ul style="list-style-type: none"> <li>● We provide safe and secure products by establishing the Group Quality Control Regulations, building a quality control system, and implementing quality design and manufacturing in compliance with relevant laws and regulations and in accordance with voluntary management values.</li> <li>● We work to prevent risks associated with product liability from occurring by establishing the Group Product Safety Management Regulations, and ensuring the department in charge of overseeing quality management across the Group provide assistance in and conduct audit on the safety product management implemented by quality management divisions of Group companies.</li> </ul>
<b>Exchange rate fluctuations</b> 	Risk of fluctuations in exchange rates in product sales, raw material purchases and other transactions using various currencies	<ul style="list-style-type: none"> <li>● We monitor currency movements and impact of them on our results from time to time, and hedge risks using derivatives such as exchange forward contracts, currency option trading and currency swaps transactions, as necessary.</li> <li>● In Japan, we hedge a certain portion of exchange rate fluctuation risks by borrowing and lending operating receivables denominated in foreign currency and operating payables denominated in foreign currency within Group companies.</li> </ul>
<b>Information leakage</b> 	Risk of confidential information being leaked due to willful conduct including external cyberattacks or negligence	<ul style="list-style-type: none"> <li>● In the Group Information System Usage and Risk Management Regulations, we clarify the risk management operation system and organization and their roles and comprehensively set out matters to be complied with by information system users, thereby managing risks across the Group.</li> <li>● With stricter rules on the system usage applying to highly confidential information, we take measures to prevent unauthorized access, data theft, spoofing email, and the like.</li> </ul>



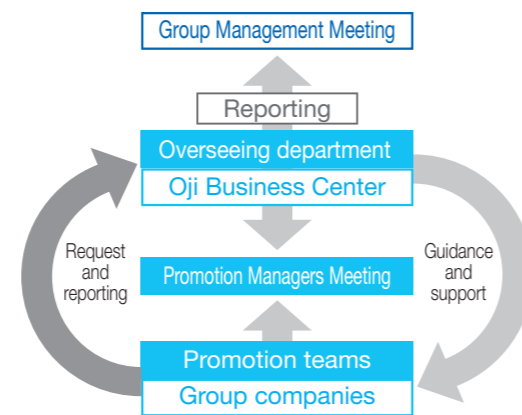
Risk Management

Measures for Information Security

The Oji Group positions information obtained through its business activities as important assets. We have established a Group-wide information security promotion system to respond to the ever-sophisticating IT environment, and to prepare for cyber threats such as information leak, unauthorized access, and sophisticated ransomware as well as for natural disasters. Oji Business Center Co.,Ltd, as a department that oversees our information system risk management, inspects the information system risks across the Group, and maintains, manages and works to improve the Group's IT security. Within the Company, a dedicated team for cyber incident response has also been organized. Keeping abreast of the latest risk trends, it provides support in the event of an incident, plans and proposes organized response measures, conducts educational activities and provides information through internal newsletters, and conducts regular drills against targeted email attacks.

Recently, we are reviewing our regulations to respond to the increased use of cloud services, changes in work styles including the spread of remote work, and the amendment of the Act on the Protection of Personal Information. We will continue to work to ensure these measures are implemented and to strengthen our information security to counter increasingly sophisticated cybercrimes.

Information Security Structural Diagram



The Oji Group's BCP

At the Oji Group, we have formulated a BCP\*1 for each COMPANY to respond to an emergency when a risk associated with business execution arises, which we review as necessary as part of our BCM\*2.

In the event of a serious incident to be addressed by the overall Group, we establish the Group Emergency Headquarters to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers.

\*1 BCP is an abbreviation for Business Continuity Plan, for emergencies such as disasters and pandemics.

\*2 BCM is an abbreviation for Business Continuity Management, which means comprehensive and integrated management for business continuity including formulation of a business continuity plan and its continuous improvement, i.e., introduction, operation, and review.

<p><b>Building a Group disaster control system</b></p>	<p>We have established the Group Disaster Control Office as a permanent organization to prepare for disasters such as fire, earthquake, storm, and flood. We have formulated rules on the reporting of disaster and accident information, establishing a system enabling us to obtain the latest information promptly. We also share information on disasters that occurred within the Group promptly to work on recurrence prevention measures.</p>
<p><b>Enhancing disaster control measures</b></p>	<p>By holding a regular Disaster Prevention Committee and conducting a large-scale safety confirmation drill using a safety confirmation system and disaster prevention drill at each workplace, we work to raise employees' awareness of disaster prevention and strengthen disaster prevention measures.</p>

Independent Outside Directors' Roundtable Discussion  
Leveraging Non-financial Resources of High Quality to Achieve Medium- to Long-term Growth



**Michihiro Nara**

Michihiro Nara was appointed as a Director at Oji Holdings in June 2014. As an attorney-at-law, he has high-level expertise and experience in civil and commercial affairs. He is serving concurrently as an outside director at other companies as well.

**Sachiko Ai**

Sachiko Ai was appointed as a Director at Oji Holdings in June 2020. Having worked for many years at a major trust bank, her wide-ranging business experience also includes corporate sales and consulting as well as corporate planning and auditing.

**Seiko Nagai**

Seiko Nagai was appointed as a Director at Oji Holdings in June 2021. After working as a manager at a major airline company, she took up a university position. As a professor in a foreign language department, she is involved in education and research.

**Hiromichi Ogawa**

Hiromichi Ogawa was appointed as a Director at Oji Holdings in June 2022. He has abundant experience as a corporate manager in the retail industry and for a food company. Of particular note, his accomplishments include strengthening governance structures.

Evaluation of the First Year of the FY2022-2024 Medium-term Management Plan and Issues

**A year of decisive selection and concentration (Nara)**

**Nara** In FY2022, the first year of the Medium-term Management Plan, I believe that management decisions on selection and concentration were made more decisively than ever. I assess that proactive decisions have been made on practical investments toward the future. I believe that this has become an effective approach when we consider medium- to long-term growth.

**Nagai** I have the impression that forums such as the Management Meetings and the Board of Directors have been active in discussing whether the business should be divested or invested in, with proper decision-making indicators presented.

**Ai** Discussions were also held in fields close to the sales frontlines. In particular, due to the soaring fuel costs and logistic costs, I imagine that the sales divisions struggled with passing those cost increases onto our prices, but from its supervisory position, the Board of Directors discussed how sufficient sales volumes could be secured

and where to focus our targets from the perspective of process confirmation.

**Ogawa** After I was appointed as an Independent Outside Director in June of last year, my first project was the acquisition of Adampak Group, the high-performance label printing and converting business, which was the most pivotal matter of the whole year. The Group Management Meetings, advance briefings for the Outside Officers, and the Board of Directors gave me the impression that thorough discussions were taking place on the matter.

**Nara** In terms of selection and concentration, we can say that we are now properly verifying each decision after it has been made.

In that respect, there have been changes across the board in company-wide approaches to investment, in the methods for presenting proposals to the Board of Directors, and in the preparation of briefing materials that will form the premise of decisions. I am impressed that such a large company has been able to make such a major transformation in a few short years.

**Ai** I feel the same way. When we voice opinions in the Outside Officer briefings, those opinions will have been compiled and circulated among the other officers by the time of the Board of Directors meeting. The speed of this process has increased. I feel that the discussions in the briefings are now being reflected immediately in the



## Independent Outside Directors' Roundtable Discussion

Board of Directors. I sense a keenness to incorporate opinions and make changes.

**Ogawa** In FY2022, while there were no avoiding impacts of external circumstances such as the supply chain disruptions, exchange rate fluctuations, and soaring fuel and raw materials prices, it was a year of working out how to minimize the impacts of those circumstances. In the monthly briefing materials for the Board of Directors, resources market prices and costs were presented, and price revisions and issues were properly explained, so I could see that the people on the frontlines made great efforts. Thanks to thorough self-help efforts, the efficiency of raw materials procurement, production, and sales has improved, so I believe we can expect to see the fruits of those efforts in 2023 and beyond.

**Nagai** In initiatives for environmental issues, which is one of the pillars of the Medium-term Management Plan, I commend the sustainability surveys of main suppliers that began in FY2020, the 100% traceability of suppliers under the Wood Raw Material Procurement Guidelines, and the improvements made in effective waste utilization ratios. In my conversations with internal officers and discussions in the Board of Directors and other meetings, I



have sensed the efforts being made to achieve company-wide unity of intentions toward green innovation, thanks to the establishment of the Purpose.

**Nara** In sustainability initiatives, Oji has created advantageous circumstances. Oji has declared "Harmony with Nature and Society" in its Management Philosophy. Oji makes more effective use of its large-scale forest resources, and, in the eyes of its stakeholders, it is now a company in harmony with society as this declaration suggests.

**Ai** Forest resources are not only resources for the promotion of sustainability. They are also being used in cellulose nanofibers, plastic-free products, and plastic-reduced products. I hope to see Oji actively promote its forest resources.

## Effectiveness Evaluation of the Board of Directors and Issues

### Evolve the Board of Directors from a forum for briefings to one for deeper discussions (Ogawa)

**Nara** Nine years have passed since I was first appointed as an Independent Outside Director. In these nine years, I feel that discussions in the Outside Officer briefings have become much more active. Matters discussed in those briefings are immediately compiled and shared with all officers, and also Chairman Kaku presents their contents to the Board of Directors.

President Isono also sets up opportunities for exchanges of views with the Outside Officers, and we have been able to exchange opinions about the Medium-term Management Plan. I see this as a major turnaround in the consciousness of the management team.

**Ogawa** In the year since I was appointed, I have the impression that the Company has been complete with a sense of history and reality in its design and operation of the various systems. We have briefings for Outside Officers, we are able to attend Group Management Meetings as observers, and we are given opportunities to tour frontline facilities both in Japan and overseas. In that respect, even amid the limited volume of information available, I have a strong sense of the Company's willingness to disclose information to us.

**Ai** If I were to point out one issue, I feel that there needs to be deeper discussions about larger topics from long-term perspectives, such as how to develop global human resources, and what should be done about the direction of governance in a group that includes more than 300 subsidiaries and affiliates, including overseas.



**Nagai** I feel the same way. I think that there are several different ways in which such discussions could be given more depth, such as narrowing down the topics discussed in the Board of Directors, cutting back on explanations to concentrate more on discussions, or setting up other opportunities such as offsite meetings.

**Ogawa** I feel the same way in respect of enhancing strategic discussions. The Board of Directors Rules have been revised in 2023, so I hope we can delve deeper into key proposals and deepen our strategic discussions.

One other important point is how to maintain a sense of speed in risk management. From the perspective of BCP as well, the question is how quickly risks such as changes in the business environment, labor safety management, and compliance can be detected and how swiftly we can respond to them. Company rules are in place, so I believe that there is a call on the Board of Directors for governance that ensures thorough penetration and implementation of those rules.

## Human Capital Management

### Shifting thinking from human costs to human capital (Nagai)

**Ai** Human capital management is attracting attention. The Company is making steady progress in such areas as human resources education, working style reforms, health and productivity management, and inclusion and diversity. On the other hand, it needs to keep evolving, without standing still in its current state. For example, Oji has a target of raising the percentage of female managers to 5.5% by the end of March 2025, but how will this be addressed across the entire company? Also, when viewed globally, what shape the management structure of employees of nationalities other than Japanese, who make up about 5.0% of the Group's workforce, should be is also a key issue from the perspective of inclusion and diversity.

**Nara** We may talk simply about human capital management, but what is needed, I believe, is a change in awareness at the top management level from the perspective of how to view our human resources as capital and make best use of them. It is not the same as investment in goods and money.

**Nagai** The weak concept of "human capital" is an issue faced by many companies in Japan. Quite the opposite, human resources have been viewed as "human costs." To secure human resources amid a declining birth rate, the concept of investing in people will be essential.

**Ogawa** Personnel is the very meaning of management strategy. The ideal is the deployment of human resources to suit the Company's strategies. To expand our global strategy, we need to develop Japanese human resources who are capable of managing overseas businesses, and I also think it will be important to develop and promote local managers at our overseas sites.

**Nagai** Last year, for the first time, an initiative was conducted in which individual employees could apply for transfers of their own volition. I heard that the number of applicants was greater than envisaged. This means that the awareness of individual employees has been changing significantly even before any change in the Company's awareness. Policies that allow individuals to think for themselves and be proactive are extremely important as a way of demonstrating to everyone in the Company that Oji is not afraid of change.

**Ai** It is also a good trend from the perspective of well-being. From the viewpoint of innovation as well, having many people who act with initiative will mean a greater abundance of ideas.





ployees but also our stakeholders, I believe that the Group will move forward in one direction.

**Ai** The Oji Group marked the 150th anniversary of its foundation this year. It will now take on the challenge of its next 150 years. As stated in our Purpose, we will continue in our challenge of bringing this world a brighter future filled with hope. While we are in times of an unpredictable future, we will seek to go “Beyond the Boundaries.”

**Ogawa** The high quality of its non-financial information will also become an engine for the growth of the Oji Group.

Further, it is demonstrating its comprehensive capabilities while maintaining a good balance between offense and defense toward the achievement of the Long-term Vision. Because the Oji Group has such a wide range of businesses, it has established ample defensive structures against risks. On the other hand, it is also taking offensive moves toward product development in new areas and toward sustainability. I believe that this corporate culture of controlling the balance between offense and defense is what will lead to its next evolution.

## Messages for Stakeholders

### Take challenges that lead us “Beyond the Boundaries” (Ai)

**Nara** We are now in an era that has moved from shareholder capitalism to stakeholder capitalism. Through its corporate activities, the Oji Group will contribute to shareholders, business partners, employees, and beyond to the global environment. To that end, we will need to place efforts into research and development, including new businesses. For that reason as well, I would like to ask that our stakeholders watch over our growth with a long-term view.

**Nagai** Two years have passed since I was appointed as an Independent Outside Director. In that time, seeing the Group’s business sites in Japan and overseas, one thing that I have realized is that the people working there have a strong spirit that they are working for a company that grows forests and utilizes forests. If we can share that recognition that the Oji Group is a company that grows forests and utilizes forests together with not only our em-



## Message from an Independent Outside Audit & Supervisory Board Member



### Audit & Supervisory Board Members as Monitors and Preventers of Risks

Independent Outside Audit & Supervisory Board Member  
**Noriko Sekiguchi**

#### Auditing Required for Global Business Expansion

The Oji Group is a global corporation that provides products to countries and regions all over the world under the Management Philosophy of “Contribution to the Future and the World.” Having declared the “expansion and enhancement of overseas businesses” in the Long-term Vision, the Group is eyeing challenges in new areas and the acquisition of overseas businesses. This includes increasing sales through strategic investments and M&As, with a 2030 target of net sales of over 2.5 trillion yen. In the governance of the overseas businesses development, the Group will need to consider the risks unique to new businesses, as well as the risks of not being able to fully grasp the actual businesses situation due to physical distance from Japan and differences in business customs, laws and regulations, and culture. While doing so, it will need to continue with personnel exchanges and monitoring based on the assumption of these risks. Prompt and appropriate decision making in the management of overseas business companies should be afforded maximum respect, but on the other hand, in terms of Group governance, we need to consider achieving greater transparency of the decision-making process and strengthening the second line at each COMPANY in tandem. In recent years, temporary restrictions on personnel exchanges due to the global spread of COVID-19 have made monitoring from Japan more difficult. Regarding auditing by the Audit & Supervisory Board Members, in addition to the auditing of business execution at each individual COMPANY through monitoring, we have returned to conventional on-site audits in FY2023. I believe that the essence of auditing is “to see the real place, the real data, and the real products, and to listen to people’s voices” from two perspectives: the auditing of the overseas business companies themselves and auditing of the overseas businesses by each COMPANY from management and administrative angles. Taking into account the temporary monitoring difficulties due to travel restrictions, I believe that we need to reaffirm the proper development and operation of internal controls through collaboration with the Internal Audit Department.

With an eye on future expansion of overseas businesses, I would like to make recommendations for audit systems that are more suited to the Oji Group, while strengthening coordination among the three types of audits: audits by the accounting auditor, the Internal Audit Department, and the Audit & Supervisory Board Members.

#### Auditing of Safety, Environment, and Compliance

The Oji Group has developed structures for the management of occupational safety, and, in addition to clarifying the responsibility framework, it is managing and implementing the Group Safety and Health Management Rules properly. In terms of awareness raising initiatives, the Oji Group conducts activities to raise awareness of safety, environment, and compliance by publishing Compliance News, which is rich in creative ingenuity, in multiple languages and disseminating it to all employees of the Group.

In the audits by the Audit & Supervisory Board Members as well, in addition to on-site visits, we check the development status of the structures for safety and health management and environmental management. Looking at the occupational accident reports, however, I sense that a disregard for the rules, such as failure to wear safety belts in places where they are compulsory, may be leading to accidents. Occupational safety is at the core of corporate activities and is a top priority. The horizontal sharing of recurrence prevention measures across the Oji Group is being done with a sense of speed, but from the perspective of day-to-day safety measures, I would like to see the incorporation of superior systems, such as accident prevention systems that use digital technology. I also hope that upper management at the manufacturing sites will adopt a greater intensity and attentiveness in calling more strongly for compliance with basic rules.

#### My Hopes for the Oji Group and My Mission as an Audit & Supervisory Board Member

As Key Audit Matters (KAMs) in the FY2022 consolidated financial statements of Oji Holdings, the accounting auditor listed the reasonableness of the estimates related to impairment loss tests of non-current assets in the household base paper business of Jiangsu Oji Paper and the accounting impacts of the cyclone at Pan Pac, and listed the valuation of stocks of subsidiaries and affiliates as a KAM in the non-consolidated financial statements. The listing of KAMs in the Audit Report will deepen the understanding of us, the Audit & Supervisory Board Members, of the audits conducted by the accounting auditor and enhance our discussions with the accounting auditor and executive management. I believe that this will lead to the strengthening of corporate governance.

The Oji Group celebrated its 150th anniversary in 2023. I believe that the corporate value of the Oji Group lies in the trust of its stakeholders, which is earned not only by its contributions to people’s lives through its products, but also by realizing a sustainable society through the circulation of its forest resources. Currently, among the matters presented to the Board of Directors, in addition to financial information such as investment effectiveness, we also have proper discussions about non-financial information, such as environmental matters. Reflecting the fact that the spirit of “Harmony with Nature and Society” that has been nurtured across the different eras is the foundation of the Oji Group’s business, I will fulfill my mission as an Independent Outside Audit & Supervisory Board Member so that it may continue to be a company that is trusted by its stakeholders.