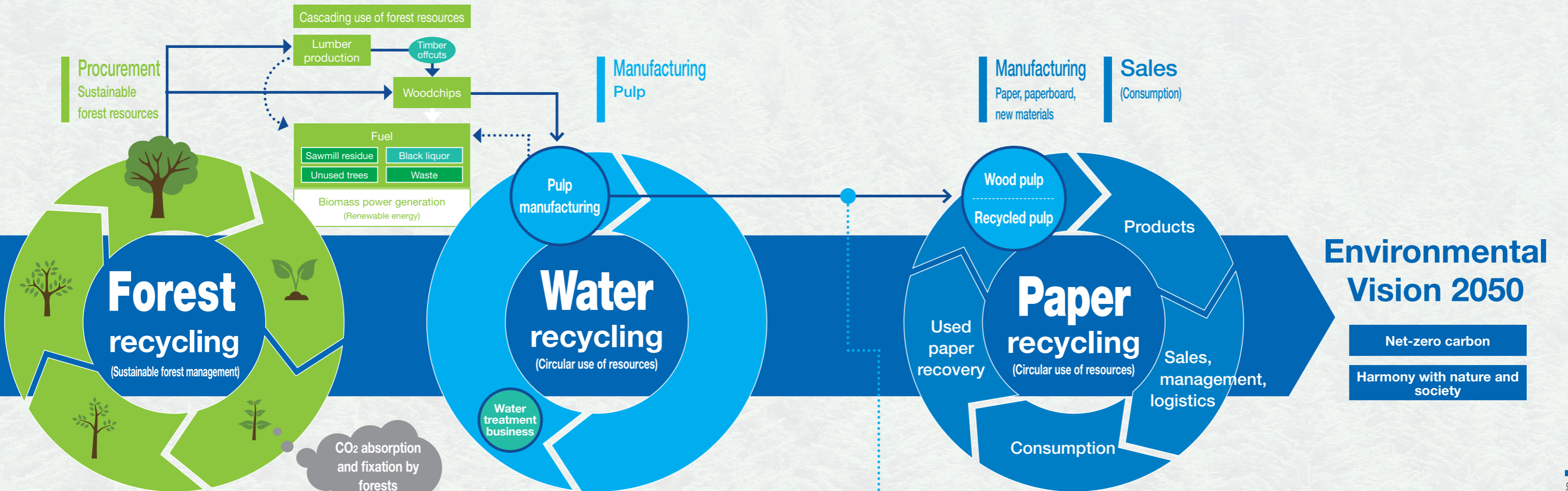


Sustainable Business Model

Sustainable Business Model “Resource Circulation throughout the Value Chain”

Paper manufacturing, which is the foundation of the Oji Group, is supported by three types of recycling: “forest recycling” to practice sustainable forest management, “water recycling” to tackle the reduction of water intake and purification of wastewater and “paper recycling” to recycle recovered paper. We are working to deploy this sustainable business model globally and enable our businesses to contribute to building a sustainable society.



Under the concept of “those who use trees have the responsibility to plant trees,” we are working on sustainable forest management by planting, cultivating, and utilizing trees and planting them again while giving due consideration to the local ecosystem in Japan and overseas to create abundant forests.

CO₂ absorption and fixation by forests

Paper and pulp manufacturing requires a large amount of water. We reduce water intake by treating used water and reusing it in the manufacturing process. We also work on purification of wastewater and reduction of environment impact.

About 60% of the raw material of the paper is recovered paper and about 40% is wood. We are working on the promotion of use of recovered paper by collecting and utilizing various types of recovered paper while maintaining its recycling system.

Development of new materials derived from wood	
Cellulose	Hemicellulose
Various wood-derived materials <ul style="list-style-type: none"> • Wood-derived biomass plastics • Cellulose nanofiber (CNF) • Sulfated hemicellulose, etc. 	

Aiming for Further Development of the Sustainable Business Model

Toward the realization of a decarbonized society, renewable forest resources have gathered significant attention. Alongside the conventional use of wood resources as raw materials for paper manufacturing, the Oji Group is accelerating their use in fields outside of papermaking. Specifically, we are expanding our biomass power generation business, which utilizes wood chips as a primary fuel, across Japan. We are proactively making use of unused trees such as forest residues, for which few applications had previously been developed. In addition, we are accelerating green innovations for the future, including developing wood-derived biomass plastics, promising replacements for petroleum-derived plastics, cellulose nanofiber (CNF), and wood-derived pharmaceutical products.

Core Competencies and Material Issues



Core Competencies

The Oji Group possesses Oji Forests spanning 603,000 ha domestically and overseas. As the Group engages in a cycle of cultivating forest resources, utilizing them, and cultivating them again, we are developing a wide range of businesses without regard for business domain. With these forest resources as our core competencies, we will aim to develop business and contribute to realizing a sustainable society.

Sustainable Forest Management

Giving due consideration to environmental conservation, the Group possesses production forests primarily for producing wood spanning a total of 455,000 ha, with 176,000 ha domestically and 279,000 ha overseas, as well as conservation forests spanning 148,000 ha, with 12,000 ha domestically and 136,000 ha overseas. Implementing sustainable forest management, which is environmentally, socially, and economically conscious, is ingrained in our businesses.

Utilization of Renewable Resources

We promote recovered paper recycling. The recovered paper makes up about 60% the raw material of the paper. We also thoroughly circulate and reuse the water that is essential to paper manufacturing in our production processes, and create systems for reducing the amount of water used and purifying wastewater in a sophisticated manner.

Development of New Materials Derived from Wood

Aiming to create new value, we are developing new materials, including cellulose nanofiber (CNF), a promising material for numerous fields; wood-derived biomass plastics; and wood-derived pharmaceutical products using hemicellulose.

Application of Fundamental Paper Manufacturing Technologies

Utilizing the fundamental technologies we have cultivated in our paper manufacturing business, we aim to expand our businesses in various fields which will help reduce our environmental impact. This includes developing our renewable energy business with a focus on hydroelectric power generation and wood biomass power generation, industrial water production, and industrial wastewater treatment businesses.

Global Network and Sales

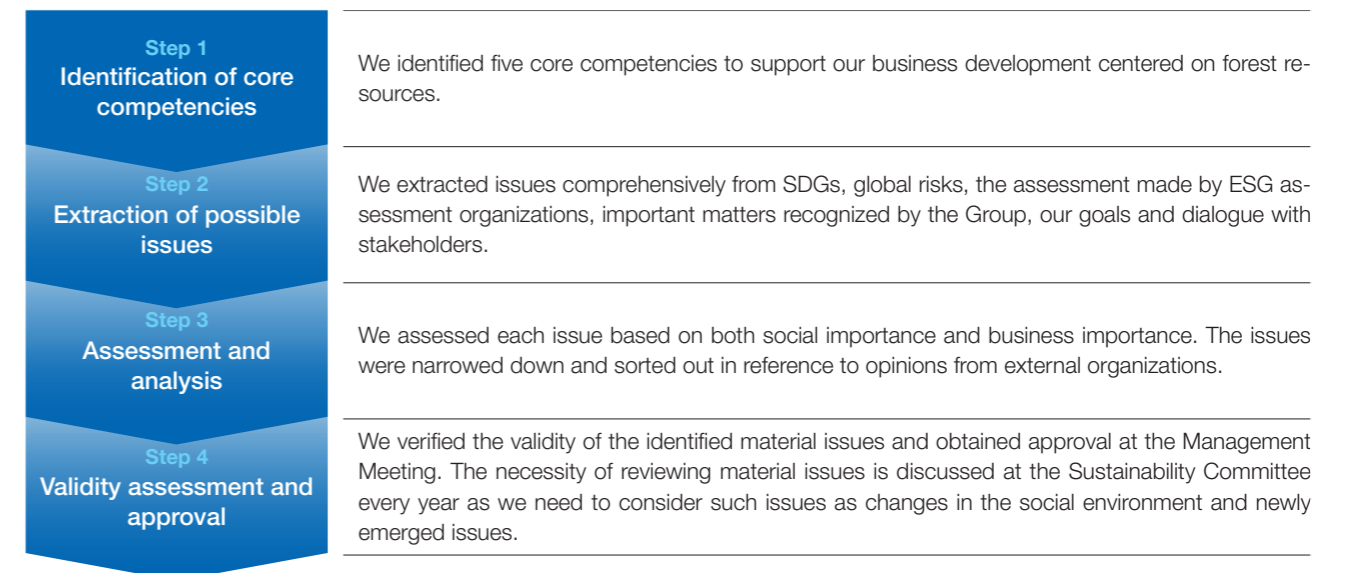
We are proactively developing our businesses on a global level, including our packaging business, which engages in the integrated manufacturing of folding cartons and corrugated containers from base paper; as well as our household paper, thermal paper, pulp, and other businesses. We are expanding our businesses in response to continuously growing overseas market needs.

Material Issues

The Oji Group has continuously been working on enhancing corporate value in the medium- and long-term by accurately responding to ever-changing social trends and addressing the needs of customers and society. To develop the sustainable business model that forms the basis of these efforts, material issues were identified in the following processes in 2019.

Furthermore, in response to the increasing demand for disclosure of non-financial information and developments in the internal situation such as the formulation of Purpose, Long-term Vision, and Medium-term Management Plan, we reviewed our material issues in 2023 to identify new definitions and components, and revised KPIs for human capital enhancement.

Process for Identifying Material Issues



Material Issues and Definitions

Category	Material Issues	Definitions
E Environmental	Mitigation and adaptation to climate change	Contribute to mitigation of climate change by reducing GHG emissions throughout the supply chain and promoting CO ₂ absorption and fixation by forests.
	Sustainable forest management and biodiversity conservation	In the forests we own and manage, practice sustainable forest management in harmony with the environment and local communities, utilize forest resources, and achieve the multi-functionality of forests, including biodiversity conservation.
	circular use of resources	To prevent resource depletion, promote the effective use of paper and water, which we view as valuable reusable resources.
	Reduction of environmental burdens	Promote waste reduction and purification of wastewater and exhaust gases in the manufacturing process to minimize environmental impact on surrounding areas.
S Social	Respect for human rights	Do not tolerate human rights violations in any of our business activities.
	Enhancing human capital	Secure and foster diverse human resources (human capital) necessary for sustainable growth. Establish an environment in which every employee can fully demonstrate their potential and work comfortably.
	Ensuring workplace safety and health	Ensure the safety and health of all employees and relevant persons.
G Governance	Responsible raw materials procurement	In the supply chain for procurement of all raw materials, pay close attention to environmental and social issues, including human rights, and address them responsibly.
	Supply of safe and secure products	Supply safe and secure products worldwide.

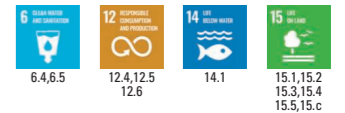
Material Issues and KPI

Category	Material issues	Components	Key performance indicators (KPIs) (Unless otherwise specified, for FY2030)	Current value*1	Major initiatives	Value provided to society	Corresponding SDGs	Reference	
E Environmental	Mitigation and adaptation to climate change	<ul style="list-style-type: none"> Reduce GHG emissions (Scope 1, Scope 2) Absorb and fix CO₂ by forests Reduce GHG emissions through collaboration with suppliers (Scope 3, etc.) Increase the usage of renewable energy Improve energy efficiency 	<ul style="list-style-type: none"> Reduce GHG emissions by at least 70% compared to FY2018 (Scope 1, Scope 2) GHG emissions reduction : 20% Net increment in carbon stocks by forests : 50% 	<ul style="list-style-type: none"> 16.5% reduction -4.7% -11.8% 	<ul style="list-style-type: none"> Reduce GHG emissions through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel Absorb and fix CO₂ through sustainable forest management Expanded use of non-fossil fuels and biomass fuels as alternatives to fossil fuel Develop biomass power generation business Develop eco-friendly products 	<ul style="list-style-type: none"> Mitigation of climate change Increase in the usage of renewable energy Improve in energy efficiency Enhancement of eco-friendly technologies 		P25-30	
			<ul style="list-style-type: none"> The actual carbon stocks in living biomass*2 expanded to at least 170,000 kt-CO₂ (calculated value) 	<ul style="list-style-type: none"> 122,450 kt-CO₂ 					
			<ul style="list-style-type: none"> Renewable energy usage rate of at least 60% through reduction of coal consumption 	<ul style="list-style-type: none"> 54.7% 					
			<ul style="list-style-type: none"> Improve energy consumption intensity by at least 1% per year for the 5-year average 	<ul style="list-style-type: none"> 3.8% reduction (from FY2018 to FY2022) 					
E Environmental	Sustainable forest management and biodiversity conservation	<ul style="list-style-type: none"> Properly manage and conserve forests Utilize forest resources Promote conservation of biodiversity and ecosystem Build relationships with local communities 	<ul style="list-style-type: none"> Increase the rate of overseas forest certification acquisition*3 (maintain the domestic rate at 100%) 	<ul style="list-style-type: none"> Japan 100%, Overseas 94% 	<ul style="list-style-type: none"> Forest management based on the "Sustainable Forest Management Policy" Maintain and expand the multi-functions of forests Sustainable forest management such as promotion of forest plantation and conservation of company-owned forests 	<ul style="list-style-type: none"> Conservation of biodiversity and ecosystem Job creation Employment, education, and medical support 		P31-34	
			<ul style="list-style-type: none"> Expand overseas forest plantations to 400,000 ha 	<ul style="list-style-type: none"> 279,000 ha (Conservation forests 136,000 ha) 					
E Environmental	circular use of resources	<ul style="list-style-type: none"> Promote utilization of recovered paper Reduce water risks (promote water recycling, etc.) 	<ul style="list-style-type: none"> Recovered paper utilization ratio*4 (Japan) : At least 70% 	<ul style="list-style-type: none"> 68.0% 	<ul style="list-style-type: none"> Paper recycling (improve the recovered paper utilization ratio) Reduce water intake and improve water recycling Expand the water treatment business overseas 	<ul style="list-style-type: none"> Mitigation of climate change Reduction of waste Contribution to the solution of the water shortage issue Safe water supply 		P89-92	
			<ul style="list-style-type: none"> Reduction of water intake intensity by at least 6% compared to FY2018 	<ul style="list-style-type: none"> 12.9% reduction 					
E Environmental	Reduction of environmental burdens	<ul style="list-style-type: none"> Effective waste utilization Purify wastewater Purify exhaust gases 	<ul style="list-style-type: none"> Improve effective waste utilization ratios*5 Japan at least 99%, Overseas at least 95% 	<ul style="list-style-type: none"> Japan 99.4%, Overseas 83.4% 	<ul style="list-style-type: none"> Reduce and effectively use waste Develop eco-friendly products and biodegradable materials Set voluntary management values that are stricter than the environmental regulatory standards Purify wastewater and save emissions of chemical substances in exhaust gases 	<ul style="list-style-type: none"> Safety and health Reduction of air and water pollution 		P89	
			<ul style="list-style-type: none"> Reduce emission intensity for substances of environmental concern in wastewater by 15% from FY2018 	<ul style="list-style-type: none"> BOD: 35.1% reduction, COD : 10.0% reduction, SS: 24.0% reduction 					
			<ul style="list-style-type: none"> Reduce SOx emissions intensity in exhaust gases by 15% from FY2018 	<ul style="list-style-type: none"> 15.4% reduction 					
S Social	Respect for human rights	<ul style="list-style-type: none"> Consider human rights in all business activities Consider human rights in the workplace 	<ul style="list-style-type: none"> Percentage of target people who get education and training in human rights : 100% 	<ul style="list-style-type: none"> 95.6% (2,566 participants from January to July 2023) 	<ul style="list-style-type: none"> Formulate and implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy Perform internal audits and implement the whistleblowing system Raise awareness of compliance and human rights through in-house training Assess risks associated with suppliers' respect for human rights Implement human rights due diligence 	<ul style="list-style-type: none"> Respect for human rights 		P93-94	
			<ul style="list-style-type: none"> Improve work-life management Enhance employees' skills Inclusion & diversity Foster greater compliance awareness 	<ul style="list-style-type: none"> Total working hours: less than 1,850 hours (26 companies in the Main Office region in Japan) 					<ul style="list-style-type: none"> 1,830 hours
				<ul style="list-style-type: none"> Percentage of male employees taking childcare leave, etc.: 100% (16 companies in Japan*6) 					<ul style="list-style-type: none"> 98.8%
S Social	Enhancing human capital	<ul style="list-style-type: none"> Improve work-life management Enhance employees' skills Inclusion & diversity Foster greater compliance awareness 	<ul style="list-style-type: none"> Percentage of female managers: at least 5.5% (16 companies in Japan*6, at the end of March 2025) 	<ul style="list-style-type: none"> 3.6% 	<ul style="list-style-type: none"> Implement human resource strategies and develop human resources Promote working style reforms Promote diversity 	<ul style="list-style-type: none"> Active participation of diverse human resources Realization of innovation Improvement in productivity 		P95-98	
			<ul style="list-style-type: none"> Percentage of female new graduates hired for generalist-track positions*7: at least 30% 	<ul style="list-style-type: none"> 37.7% (Joined the company on April 1, 2023) 					
			<ul style="list-style-type: none"> Employment rate of people with disabilities : at least 2.3% (81 companies in Japan*6, June 2023) 	<ul style="list-style-type: none"> Six applicable Group companies in Japan*6: 2.51%, 81 companies in Japan*6: 2.20% (June 2023) 					
S Social	Ensuring workplace safety and health	<ul style="list-style-type: none"> Promote well-being of employees Prevent occupational accidents 	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents*8 (each fiscal year) 	<ul style="list-style-type: none"> Three accidents (from January 1 to December 31, 2022) 	<ul style="list-style-type: none"> Establish safety and health management structures and promote activities aimed for safety and health Thoroughly ensure safety in the handling of machines and equipment and in other operations Promote safety education (introduce VR risk experience education, etc.) Promote physical and mental well-being of employees Create comfortable work environments Respond to infectious diseases including COVID-19 	<ul style="list-style-type: none"> Safety and health 		P99-100	
			<ul style="list-style-type: none"> Lost time injury frequency rate*6: 50% reduction compared to FY2018 (0.89) 	<ul style="list-style-type: none"> 1.11 (from January 1 to December 31, 2022) 					
G Governance	Responsible raw materials procurement	<ul style="list-style-type: none"> Environmental consideration in the supply chain Human rights consideration in the supply chain Compliance with laws and social standards and fair trade 	<ul style="list-style-type: none"> Conduct sustainability surveys on all main suppliers*9 	<ul style="list-style-type: none"> 100% (Survey period : FY2020-FY2022. Follow-up surveys to be conducted later.) 	<ul style="list-style-type: none"> Promote CSR procurement, taking into consideration the environment and society following the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines 	<ul style="list-style-type: none"> Forms of responsible production and consumption Protection of the rights of workers and reduction of environmental impact throughout the entire supply chain 		P101-102	
			<ul style="list-style-type: none"> Achieve full traceability based on the Wood Raw Material Procurement Guidelines 	<ul style="list-style-type: none"> 100% 					
G Governance	Supply of safe and secure products	<ul style="list-style-type: none"> Stably supply products Ensure product quality 	<ul style="list-style-type: none"> Zero product liability accidents (each fiscal year) 	<ul style="list-style-type: none"> Zero accidents 	<ul style="list-style-type: none"> Stably supply own products Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management values Provide customers with information on safety of raw materials (chemicals, materials) Supply of FSC™ certified products (FSC™ C014119, etc.) 	<ul style="list-style-type: none"> Supply of safe and secure products Reduction of environmental burdens Dissemination of eco-friendly technologies to developing countries 		P102	

*1 Aggregation period : Unless otherwise specified, from April 2022 to March 2023 or as of March 31, 2023. Boundary of data aggregation: Unless otherwise specified, Japanese and overseas consolidated companies
*2 The actual carbon stocks in living biomass (CO₂ tons)
Production forest : Actual merchantable volume at the end of each fiscal year x Biomass expansion coefficient x (1 + underground / above-ground ratio) x Wood density x Carbon ratio x CO₂ conversion coefficient
Conservation forest : Remaining area at the end of each fiscal year x above-ground biomass of natural forest x (1 + underground / above-ground ratio) x carbon ratio x CO₂ conversion coefficient
*3 Forest certification acquisition rate : [Overseas] Area ratio in company-owned production forests, [Japan] Area ratio in company-owned forests excluding shared forests

*4 Recovered paper utilization ratio = Volume of recovered paper consumed ÷ Total volume of fiber raw materials consumed (total consumption of recovered paper, wood pulp, and other fiber raw materials)
*5 Effective waste utilization ratio = (Amount of waste generated - Amount of landfill waste) ÷ Amount of waste generated x 100
*6 For the calculation method, see P111.
*7 Percentage of female new graduates hired for generalist-track positions: Hired by Oji Management Office Inc. (excluding sports recruits)
*8 Serious accidents : The Oji Group considers accidents of Class 3 or higher as per the Appended Table of the Enforcement Regulation of the Workers' Accident Compensation Insurance Act to be serious accidents.
*9 Suppliers in top 75% of transaction amount

Circular Use of Resources (Water)



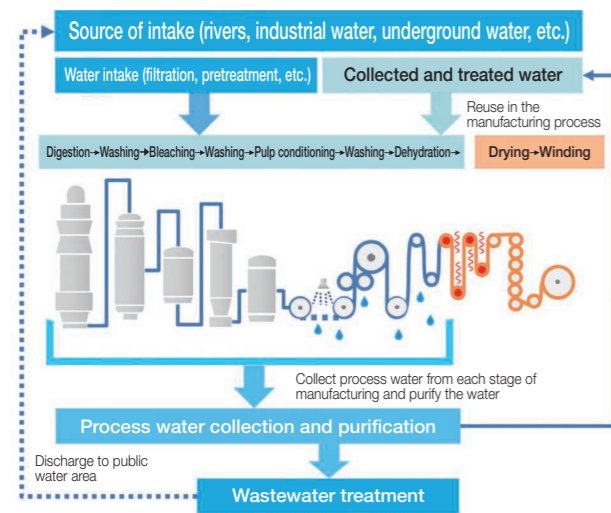
Basic Approach

The Household and Industrial Materials Businesses, Forest Resources and Environment Marketing Business, and Printing and Communications Media Business, which are core businesses of the Oji Group, use a huge amount of water. Their water intake accounts for 94% of that of the entire Group. We reduce water intake by reusing water and using it in multiple stages in the mills as limited resources. In addition, used water is treated through multi-stage purification to return as much water as possible to water areas.

Water Intake Reduction

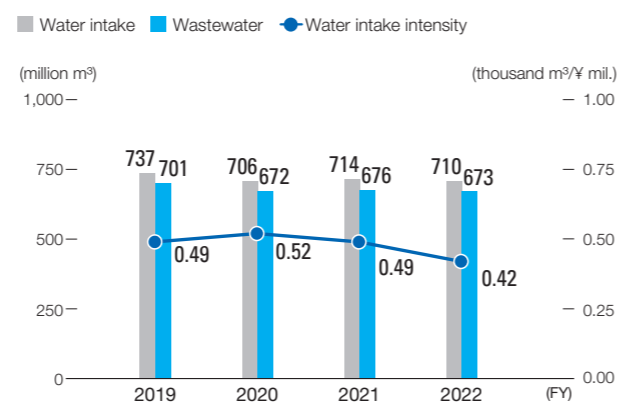
The paper mills take water from rivers, etc. while reusing water used in the processes by purifying water and returning it to previous processes to reduce water intake and use water resources effectively (see diagram below).

The Oji Group's total water intake for FY2022 stood at 710 million m³, total water drainage at 673 million m³, and water consumption at 37 million m³.



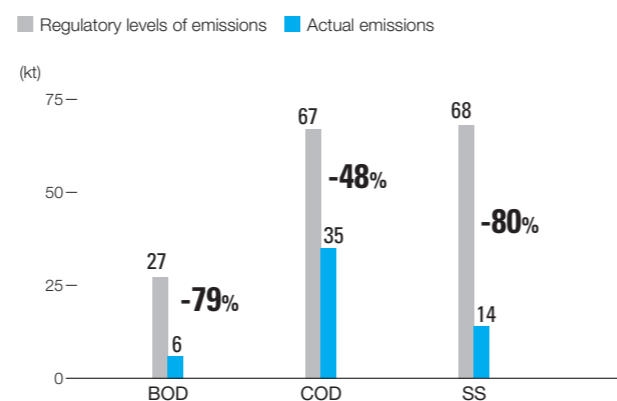
To achieve the target for the reduction of water intake intensity, Oji Paper, Oji Materia, Oji F-TEX, and Oji Nepia, whose water intake accounts for approximately 80% of that of the entire Group, have formulated specific reduction plans for 2030 and are working on the reduction. The Sustainability Committee receives quarterly reports from each company on actual reductions and makes yearly reports to Directors.

Water Intake*, Wastewater*, and Water Intake Intensity



* A star mark indicates that FY2022 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Release of Substances of Environmental Concern in FY2022 (Wastewater)



Purification of Wastewater

At mills, we manage wastewater quality with voluntary management values that are stricter than the regulatory values. We are working to purify the wastewater. For example, COD emissions for substances of environmental concern* in wastewater have been reduced by at least 48% compared to the emissions in keeping with the regulatory values to purify the wastewater.

*BOD (Biochemical oxygen demand)
The amount of oxygen consumed when organic matter is broken down by aerobic microorganisms. The most widely used indicator of pollution. When BOD is high, foul odors, etc. begin to be produced.
COD (Chemical oxygen demand)
The amount of oxygen required as calculated from the amount of oxidant that is consumed when organic matter is oxidized.
SS (Suspended solids)
Particulates suspended in water

Initiatives for Water Risks

The depletion of water resources and damage from floods that have been caused by climate change in recent years pose significant risks not only to the continuity of businesses but also to industries and people's health in the community where businesses are developed. The Oji Group strives to identify water risks in businesses based on the assessment made by the World Resources Institute (WRI), a global environmental research organization.

The analysis of water risk assessment of all 290 business sites based on the WRI's water risk assessment tool AQUEDUCT (3.0) showed that there were 14 sites that were located at areas with high water risk (High and Extremely high).

Water intake at the 14 sites accounted for less than 1% and their production accounted for about 2% of the total. This indicates that water risk in the entire business is deemed low. In 2022, assessments of the status of water shortage and flood occurrence were also carried out at those sites (India, Thailand, China, etc.). None of the sites had visible issues in production or operation, and no materialized water risks were found.

Water Risk Assessment*

Water risk	Number of business sites	FY2022		Production (kilo ton)	
		Water intake (thousand m ³)			
Low (<10%) or No data	74	277,907	39%	6,737	45%
Low to medium (10-20%)	109	306,501	43%	5,179	35%
Medium to high (20-40%)	93	123,865	17%	2,801	19%
High (40-80%)	7	1,520	0%	136	1%
Extremely high (>80%)	7	173	0%	144	1%
Total	290	709,966	100%	14,997	100%

*5-level assessment of AQUEDUCT (3.0), the WRI's water risk assessment tool. It shows the degree of potential competition among other users in water use. The higher the value, the more competitive and riskier. <https://www.wri.org/aqueduct>

Topics River Basin Management by CENIBRA, Brazil

CENIBRA is engaged in a eucalyptus plantation and pulp business by extracting water from the Doce River basin in the Minas Gerais state, Brazil. In recent years, the surrounding areas have been experiencing years of low rainfall, and the drought crisis has become a concern for the entire region.

Installation of water reservoirs in forests

From 2018 to 2020, the company installed 51 reservoirs in its forests. These reservoirs will be able to store more than 1 million m³ of water, and the water stored during the rainy season will slowly percolate underground, thereby recharging water sources. The locations of these reservoirs have been selected so that residents can also use them, thus ensuring harmony with the local community in the use of water resources.



Water reservoir constructed in CENIBRA's own forest

Subsoiling

In recent years, CENIBRA has been plowing into the soil that has been compacted by heavy machinery in its forests prior to planting to promote the regular infiltration of rainwater into the soil and to improve the growth of plantation trees. Currently, we are further disseminating this technology and knowledge to farmers, especially in areas where livestock are raised, to help restore groundwater recharge functions in grazing lands and improve water quality by reducing soil erosion.



Subsoiling (shown magnified in the circle)

Installation of septic tanks on the land of watershed farmers

The company donated 100 septic tanks in 2020 to improve the water quality of rivers in the project area and public health indicators throughout the neighborhood. These septic tanks are used to treat domestic wastewater by farmers, including cooperating businesses in the company's Forestry Promotion Program.



Septic tanks donated to third parties

Circular Use of Resources (Recovered Paper)



Basic Approach

In Japan, around 60% of the raw materials for paper production comes from recovered paper. The recovered paper from households is mainly collected through “community collection” and “administrative collection by local authorities” and utilized for the paper production at the paper mills. Recently, the idea of sustainable paper recycling is becoming more important under the circumstance of growing demand for paper as an alternative material for de-plasticization. The Oji Group produces newsprint, printing paper, and paperboard that contain recovered paper in mills across Japan. Recovered paper collected locally is utilized in mills belonging to the Oji Group, mainly in mills located near the source of material, and contributes to keeping a healthy recovered paper recycling system. For further improvement our recovered paper utilization ratio, the Oji Group challenges to utilize various types of recovered paper and contributes to domestic circular use of resources in Japan.



Present State and Activities in Japan

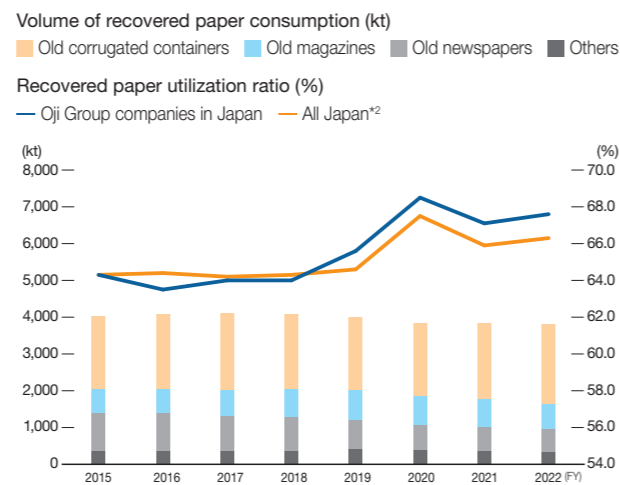
Current Recovered Paper Utilization Ratio

The Oji Group consumes 3.81 million tons of recovered paper for its production annually. This is equivalent to 24% of 15.70 million tons of the total recovered paper consumed in Japan. The breakdown of recovered paper use is as follows: 57% old corrugated containers, 18% old magazines, and 16% old newspaper. The recovered paper utilization ratio*1 continues to increase year on year as the use of recovered paper expands. In recent years, The decline in printing paper production has been greater than the increase of paperboard, whose recovered paper utilization ratio is higher, and changes in the paper product variety composition have pushed up the overall recovered paper utilization ratio. While the ratio was 67.1% in FY2021, it rose to 67.6% in FY2022 due to a decrease in printing paper production and an increase in paperboard production.

The Oji Group has maintained a high recovered paper utilization ratio by continuously working on the recycling of various types of recovered paper. Since FY2021, we have been working to further expansion the use of recovered paper with the aim of achieving a recovered paper utilization ratio of 70% or more (in Japan) under the Environmental Action Program 2030.

*1 Recovered paper utilization ratio = Volume of recovered paper consumed ÷ Total volume of fiber raw materials consumed (total consumption of recovered paper, wood pulp, and others)

Trend in the volume of Recovered Paper Consumption and Recovered Paper Utilization Ratio*1



*2 Source for all Japan: Paper Recycling Promotion Center

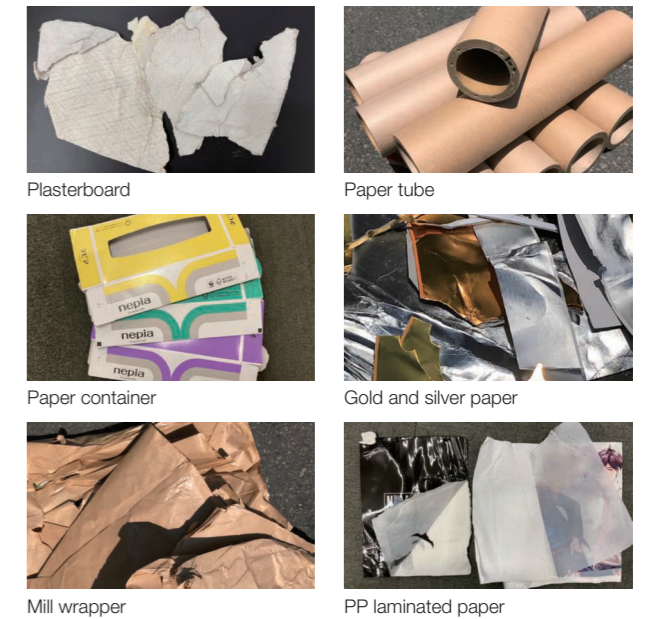
Initiatives for the Expanded Use of Recovered Paper

The Oji Group is involved in recycling confidential documents that were previously often incinerated and difficult-to-process recovered paper that were unsuitable for paper recycling. Recycled pulp regenerated at kneading pulper, dissolving equipment dedicated for difficult-to-process recovered paper, is used for containerboard and other products.

The Group has started to create a recycling system for paper cups and other paper which are attracting attention for expanding recycling, and promote recycling as a raw material for paperboard.



Recovered Paper Used at Kneading Pulper



Initiatives in Overseas Group Companies

New Zealand

Oji Fibre Solutions (Oji FS) is New Zealand’s only containerboard manufacturer and largest consumer of recovered paper. It boasts a recovery volume that exceeds not only its own consumption, but also that of the country’s domestic consumption. Oji FS collected about 240,000 tons in FY2022, and the surplus exceeding its own consumption was exported overseas, mostly to the Oji Group company GSPP (Malaysia).



Oji Fibre Solutions' recovered paper collection vehicle

Malaysia

GSPP manufactures containerboard made of recovered paper, and significantly enhanced production capacity in 2021. In 2022, GSPP imported recovered paper from overseas including New Zealand and Japan, in addition to collecting approximately 370,000 tons of recovered paper in Malaysia. GSPP examines the quality of recovered paper when receiving it, striving to maintain the quality of recovered paper.

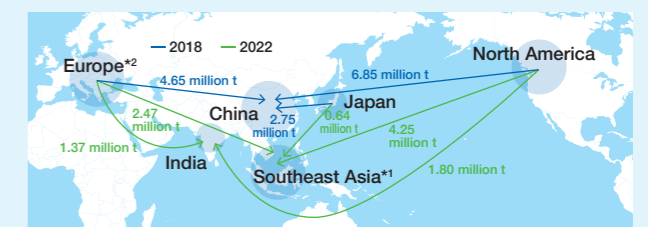


Quality check by GSPP when receiving recovered paper

Topics Trend in Global Recovered Paper Recycling

Supply and demand of paper and paperboard products fluctuates depending on international economic trends. For example, in Southeast Asia and India, where economic growth is rapid, demand for containerboard is increasing. Such fluctuations have a large impact on recovered paper, a raw material of those products. The Oji Group strives for stable procurement of recovered paper by taking advantage of its broad network and quickly capturing changes in the trends.

Change in the volume of imports/exports of old corrugated containers in the main regions



*1 Countries included in the data for Southeast Asia: Vietnam, Thailand, Malaysia, Indonesia

*2 Countries included in the data for Europe: EU, United Kingdom
*Created based on the trade statistics of each country

Respect for Human Rights



Basic Approach

Respect for human rights constitutes one of the material issues of the Oji Group. Not only our employees but all of our suppliers share our beliefs regarding respect for human rights, and implement concrete initiatives which will help prevent human rights issues.

In the belief that the responsibility to respect human rights is an important element of the global code of conduct, in August 2020 we established the Oji Group Human Rights Policy in order to further strengthen and implement initiatives involving respect for human rights. The policy is based on the United Nations Guiding Principles on Business and Human Rights, and clearly states that we support and respect the international norms listed below, conduct human rights due diligence and appropriate employee education, and operate the Business Ethics Helpline to remedy negative impacts on human rights.

- International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work, which includes ban on forced labor and child labor and elimination of discrimination
- United Nations Global Compact

In the supply chain, the Oji Group Partnership Procurement Policy asks business partners to uphold human rights, protect workers' rights, ensure workplace safety and health, and take other necessary measures. In addition, supplier sustainability surveys (page 101) are conducted regularly targeting suppliers in Japan and overseas.

Oji Group Human Rights Policy → <https://ojiholdings.disclosure.site/en/themes/108/>

Oji Group Partnership Procurement Policy → <https://ojiholdings.disclosure.site/en/themes/187/>

Results of Supplier Sustainability Surveys → <https://ojiholdings.disclosure.site/en/themes/189/>

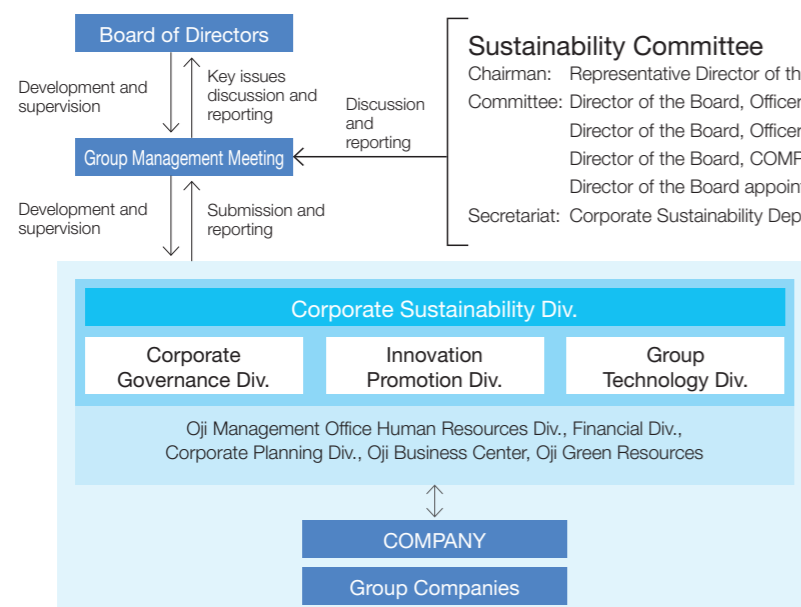
Human Rights Initiatives Promotion Structure

Material issues and promotion status regarding sustainability are discussed at the Sustainability Committee, which is chaired by the Oji Group CEO and consists of Directors of Oji Holdings Corporation (including Independent Outside Directors).

Discussions take place twice a year, where policies and

action plans are formulated for measures against climate change, sustainable forest management, human rights, promotion of inclusion & diversity, and other topics and progress is monitored. The contents of the discussions are brought before the Group Management Meeting as necessary.

Sustainability Promotion Structure

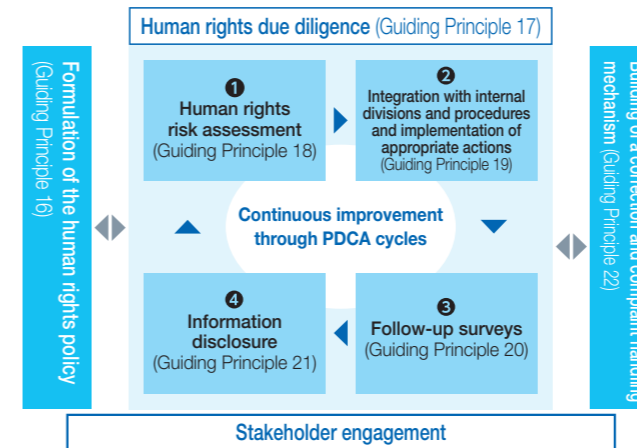


FY2022 Initiatives

1. Implementation of human rights due diligence

We conducted human rights assessment that reviews human rights and labor practices.

Cycle for Human Rights Due Diligence



Target

- 157 consolidated companies*1 (rate of response: 96.8%)

*1 Excluding companies with few employees or that share the administration division with another company

- 39 overseas wood raw material suppliers (rate of response: 100%)

Results

While no materialized serious human rights risks were identified, we asked business sites with organizational issues (e.g. department or person in charge of matters related to human rights is unclear) to make improvements.

Improvement examples

- Clarified the structure and person responsible for respecting human rights: 3 companies
- Clarified the structure and person responsible for spreading information on the consultation office: 2 companies

Human rights assessment results

<https://ojiholdings.disclosure.site/en/themes/217/>

By implementing human rights due diligence and taking other measures, we will continue to strive to find materialized and potential human rights risks and work to reduce such risks.

2. Thorough respect for human rights (understanding working environments of non-Japanese workers in Japan)

Targeting 92 consolidated companies in Japan, we conducted a survey on the status of employment of non-Japanese workers (including technical interns and temporary employees) and compliance with relevant laws and regulations.

Results

At 23 companies that employ non-Japanese workers, we found no issues in terms of legal compliance and treatment.

3. Investigation on potential human rights risks (interview with foreign technical interns conducted by external experts) and sharing of case studies

To learn about the actual working conditions of foreign technical interns, who are often said to be in a vulnerable position*2,

Group company Oji Packaging organized interviews conducted by external experts (Caux Round Table Japan (CRT Japan)).

*2 Ministry of Economy, Trade and Industry, "Guidelines on Respecting Human Rights in Responsible Supply Chains"

Target

8 technical interns at Oji Packaging

Results

The CRT's report confirmed that there were no major issues in working hours, wages, health and safety, communication, etc. and a good, trusting relationship had been established.

Report on interviews with technical interns

[https://ojiholdings.disclosure.site/Portals/0/pdf/themes_217/results_of_interviews_with_foreign_workers.pdf \(in Japanese\)](https://ojiholdings.disclosure.site/Portals/0/pdf/themes_217/results_of_interviews_with_foreign_workers.pdf(in_Japanese))



Interview with technical interns conducted by CRT Japan

Sharing as a case study

Based on advice from the CRT, the interview results were shared in the Oji Group as a best practice. In addition, we checked the state of labor practices, etc. with four companies that accept technical interns. While the state was mostly satisfactory, some business sites had salary slips and workplace accident prevention signs in Japanese only. We shared what should be improved and confirmed the willingness to make improvements.

4. Education

Human rights education is provided as part of various training programs. Additionally, we have been providing Diversity Management Web Training to managers in the Group. In FY2022, the theme was "Human Rights from an International Perspective," and 2,566 managers attended the training.

We have also prepared a new English translation of the Oji Group Human Rights Policy Handbook and have been using it for human rights education.

5. Dialogue and discussion

We participated in Global Compact Network Japan's Human Rights Education Subcommittee and Human Rights Due Diligence Subcommittee and exchanged information with experts, including other companies and NPOs.

Enhancing Human Capital



Message from General Manager, Human Resources Division

Policies and Initiatives for Enhancing the Value of and Leveraging Human Capital

Director of the Board, General Manager, Human Resources Division
Oji Management Office Inc. Kazuya Asatani



What is the background of and reason for enhancing the value of human capital?

The Oji Group has rolled out corporate activities under the fundamental principle of “a company’s strength originates from human resources (human capital).” Enhancing the value of and leveraging human capital is expected to become increasingly important in the recent social environment, where we are asked to make a rapid shift to an industry structure that keeps pace with a global and sustainable digital society, as well as to secure, promote, and leverage diverse human resources.

What would be the ideal employee profile?

The Oji Group Human Resource Philosophy on the next page shows the profile of employees who contribute to the medium- to long-term improvement of corporate value. We expect them to uphold high ethical principles as members of society; understand and practice our Management Philosophy, Purpose, and management strategies; accurately understand changes in and requests from society; press ahead with transformation awareness and take on challenges; strive for self-training and contribution to the organization’s growth and evolution; and take actions with global awareness to contribute to the improvement of corporate value and achievement of a sustainable society.

What are the foundational initiatives for developing ideal employees?

Observing all the rules of compliance, safety, and environment is the most important element, we call for understanding and practice by repeatedly explaining about them in various training programs and meetings. This is because having the company and each employee act in a sincere manner as members of society and creating a healthy workplace where employees can work safely and with peace of mind are requirements for the company’s survival and the foundation for all corporate activities.

Next, we respect human rights and promote inclusion & diversity. The basic idea is to respect (accept) human resources as people, make the most of each person’s diverse abilities, and facilitate each other’s growth. If this idea takes root, it is likely that diversity will also take root naturally (there will be no need to consciously promote diversity). To change the mindset and implement specific measures, we have set numerical targets in Japan for promoting and recruiting women to be managers and employing people with disabilities, and are working on them in a systematic way. Furthermore, to encourage men to engage in childcare, we have established our own paternity leave system and have been advising each eligible employee to take the leave. As a result, the ratio of eligible male employees who took the leave have risen to 98.8%.

Third, to leverage human resources (treat employees fairly based on merit and enhance engagement), we have introduced a merit-based personnel system and rolled out across the entire Group. By clarifying the role each employee is expected to play and engaging in periodic dialogues, we aim to develop and leverage human resources appropriately and treat them fairly.

We also launched an open recruitment system with in the Group FY2022. The system is believed to have helped leverage highly motivated human resources and invigorate the organization, as well as facilitate self-reliant career development and enhance employee engagement.

Could you elaborate on the initiatives for creating an environment that enhances the value of human capital and ensures that the value is demonstrated to the fullest?

In addition to cementing the three foundational elements I mentioned earlier, we systematically implement each business company’s rank-based training and function-based training to develop each employee and organization’s capabilities. Going forward, we will particularly focus on developing global human resources and boosting digital literacy. In January 2023, we completed the construction of Oji Group Training Center at the foot of Mount Fuji in Shizuoka Prefecture. Making full use of this facility, we will develop human resources and strengthen organizational capabilities through in-house training and meetings.

To improve productivity and flexibly embrace diverse workstyles and lifestyles, we will continue to promote working style reforms, such as reduction of total working hours and introduction of remote work, thereby supporting improvement in work-life management.

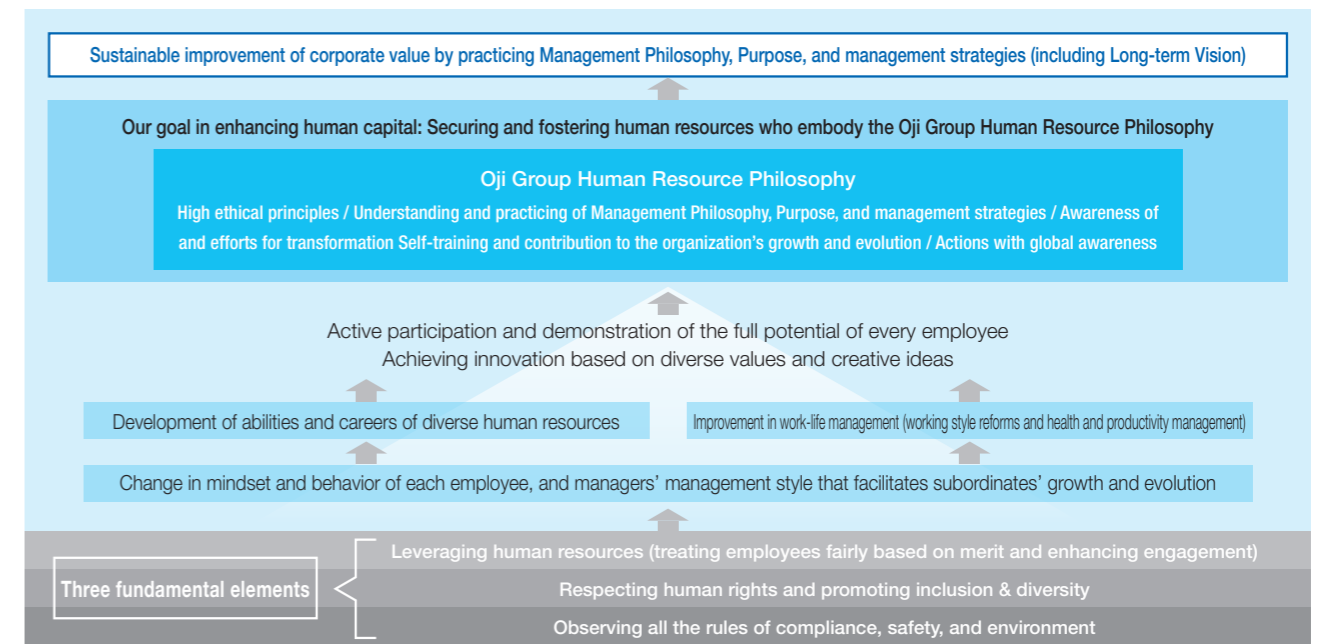
Where do you stand on the ideal corporate culture and relationship between the company and employees?

It is best if the company and employees could learn from each other, facilitate each other’s growth, and improve each other on an equal footing. Organizations competitive in the long term are those that pay attention not only to each employee’s growth and self-realization but to successor development and organizational growth and learn, grow, and evolve perpetually.

Companies, however, cannot survive perpetually if they just follow and pass on precedents and fail to adapt to social changes. We will cultivate a culture where there is free and open-minded communication, have each employee express diverse views and ideas, learn every day in a lively, sincere, humble*, and autonomous manner, create an organization where employees facilitate each other’s growth and evolution, and aim to adapt speedily to changes in and requests from society.

* The word “humble” here means learning with an honest and introspective attitude and acting objectively and reasonably, which is broader than being modest and reserved.

Oji Group Human Resource Philosophy



Inclusion & Diversity

The Oji Group asks all employees to uphold core common values, such as the Management Philosophy, Purpose, and Human Resource Philosophy.

The Oji Group is also promoting “inclusion & diversity” with a view to “vitalization of individuals and the organization.” We aim to make full use of each employee’s diverse values, ideas, and abilities and let them facilitate each other’s growth, regardless of attributes such as race, nationality, ethnicity, place of origin, thoughts and beliefs, values, religion, age, gender, sexual orientation, sexual identity, disability, social status, or social position, which will ultimately strengthen the Group’s competitiveness.

Group-wide policies and targets for promoting diversity are shared at the Sustainability Committee every six months. We also have appointed the Group CEO as Chief Health Officer to work on health and productivity management.

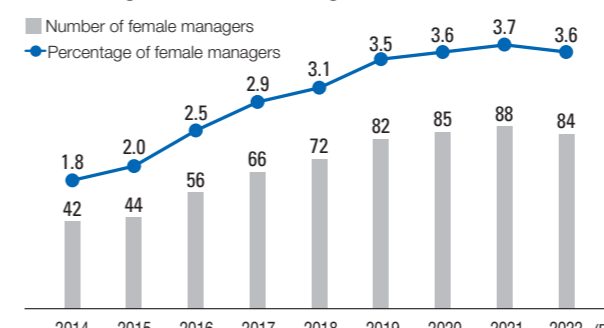
Women in Management Positions and Female New Graduates Hired for Generalist-Track Positions

To promote active participation of women, we aim to increase the percentage of women in management positions to 5.5% by the end of March 2025. The target is applicable to 16 consolidated subsidiaries in Japan with 301 or more employees. As of the end of March 2023, the percentage of women in management positions is 3.6%. Since FY2018, female new graduates in career-track positions in major Oji Group companies are recruited by Oji Management Office Inc. to secure talented human resources and improve operational efficiency. Our target is to achieve at least 30% in the percentage of female new graduates in career-track positions, and we strive to secure candidates for future female managers. In FY2023, we hired 20 female new graduates, which accounted for 37.7% of female new graduates in career-track positions. Aiming to eliminate gender gaps

in employee development, we provide training such as career building training for employees on the generalist track to develop pre-management male and female employees. In addition, measures we have taken to help employees balance work and childcare include opening “Nepia Sodaterace,” a nursery in Edogawa-ku, Tokyo, and offering nursery subsidies for employees who return to work early from their childcare leave.

In addition to helping employees balance work and childcare as explained above, nursery “Nepia Sodaterace” aims to address the issue of children on nursery waiting lists, thereby fulfilling corporate social responsibility. Not only our Group employees but also local residents can use the nursery. (As of the end of March 2023, four children of employees and nine children of local residents are using the nursery.)

Percentage of female managers*



* A star mark indicates that FY2022 figure has been assured by KPMG AZSA Sustainability Co., Ltd. For the calculation method, see P111.

Percentage of female new graduates in career-track positions



Enhancing Human Capital

Percentage of Male Employees Taking Childcare Leave

The Oji Group's target for the percentage of male employees taking childcare leave is 100% for 16 consolidated companies in Japan with 301 or more employees. We thus actively encourage men to engage in housework and childcare. In FY2022, the percentage was 98.8%, including manufacturing sites where employees work in three shifts.

Employment Rate of People with Disabilities

We have proactively promoted the recruitment of people with disabilities, including the July 2007 establishment of Oji Clean Mate (in charge of cleaning the headquarters building), a special-purpose subsidiary under the Act to Facilitate the Employment of Persons with Disabilities staffed primarily by people with mental disabilities. For the six major companies in the Group (including Oji Holdings) subject to special treatment for related companies, the employment of people with disabilities is 2.51% (as of June 1, 2023), satisfying the statutory employment rate (2.3%). We will further expand the employment of people with disabilities.

Employees of Nationalities Other Than Japanese

In achieving diversity, we position the development of global human resources as an important theme. All new graduates hired for generalist-track positions in major Oji Group companies in Japan are recruited by Oji Management Office Inc. to secure talented human resources. In FY2023, three generalist-track employees of nationalities other than Japanese were hired as candidates for future managers in Group companies in Japan. We will continue to hire a certain number of non-Japanese employees, and also promote them to managerial positions. As of March 2023, there are 23 generalist-track employees of nationalities other than Japanese. Eight of them are managers, whose job includes the operation and management of local businesses of overseas Group companies. In addition, we strive to create an environment that encourages each employee to demonstrate their abilities, such as an environment where non-Japanese employees can communicate with each other and easily consult with HR representatives.

Of the 37,845 Oji Group employees, 57% (as of the end of March 2023) are employees of overseas Group companies. Corporate managers and employees in managerial positions of those companies mainly consist of locally hired personnel. In 2019, we appointed a non-Japanese employee as a Corporate Officer.

Mid-Career Recruitment

To secure human resources who can promptly realize the management strategies, we have been conducting mid-career recruitment. In FY2022, the Group hired 18 mid-career employees through Oji Management Office Inc., of which six are playing an active role as managers. We will continue to hire a certain number of mid-career employees, and also promote them to managerial positions. In addition, we leverage alumni human resources (employees who rejoined the Group after leaving for reasons other than mandatory retirement) by promoting those who gained effective outside experience.

Total Working Hours

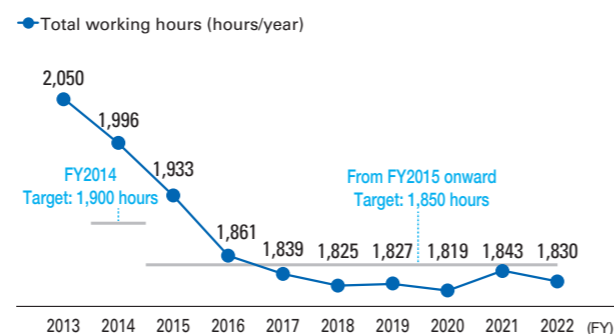
Since FY2014, we have been working on the reduction of total working hours as part of working style reforms. Specifically, to improve productivity and implement working styles that pivot the focus away from how long employees work, we are improving operational efficiency, taking advantage of the flex-time system and remote work, and encouraging employees to take annual paid leave.

Our current target for the total annual working hours is 1,850 hours (for 26 Oji Group companies in the Main Office region), and the actual working hours for FY2022 totaled 1,830 hours.

Health and Productivity Management

We established the Oji Group Health Declaration in October 2020. We are working on ensuring the good health of employees under the leadership of our Chief Health Officer (Group CEO). Our activities for health and productivity management are promoted through cooperation between companies, health insurance unions and labor unions of the Oji Group, and the industrial physicians of each business site. These measures aim to create working environments where employees can actively work in a lively manner and with sound health.

In March 2023, we were recognized under the 2023 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) for three consecutive years from FY2021.

**Reduction of total working hours
(26 Oji Group companies in the Main Office region)****Examples of health and productivity management activities**

- Conduct health examinations and stress checks
- Installation of Health Consultation Office
- Flu vaccinations (workplace vaccinations, cost subsidized)
- Hourly use of accumulated annual leave to go to the hospital

Leveraging Human Resources (Treating Employees Fairly Based on Merit and Enhancing Engagement)

To leverage human resources who are the source of value creation, practice the Management Philosophy and Purpose, and thoroughly pursue objectives in line with the management strategies (including the Long-term Vision), we aim to treat employees fairly based on merit and enhance engagement.

HR and Pay Systems (Role-Based Personnel Grading System, Extended Retirement Age, Discretionary Labor System for Researchers)

We properly operate the role-based personnel grading system, which is a merit-based personnel system focused on role expectations and performance instead of virtual seniority. Each employee is treated in accordance with the significance of roles demonstrated through their abilities.

To let senior employees play an active role in a lively manner, we introduced the "retirement at age 65" system in FY2017 at major Group companies in Japan, so that those employees can fully demonstrate their knowledge, skills, and abilities nurtured in their corporate careers and work with enthusiasm. In addition, a reemployment system up to age 67 was introduced in FY2023 for employees who meet certain conditions.

We have implemented the certified researcher system and creative personnel development system under which we grant researchers with particularly high levels of specialized knowledge discretion regarding their work styles and provide working environments that allow them to focus on research. We thus promote innovation through creative accomplishments based on diverse values and ideas. The number of employees eligible for the creative personnel development system roughly doubled in FY2022 from the previous years.

Training

To develop human resources in line with the Oji Group Human Resource Philosophy, we have enriched in-house training in accordance with career stages. In particular, we are committed to developing global human resources to fully pursue the management strategies.

The Oji Group Fuji Training Center, a new base for the exchange and development of human resources constructed in Fujinomiya City, Shizuoka Prefecture, started operation in February 2023. The center hosts not only Group-wide training sessions but those organized by business companies. All training that takes place at the training center includes education on compliance, safety, and environment, the Long-term Vision, and the Purpose. We thus seek thorough understanding and penetration of these topics.

Global human resource development training, which has been suspended due to the COVID-19 pandemic, is scheduled to resume in FY2023 with revised contents. We also plan to focus primarily on boosting digital literacy in driving forward the development of human resources who can promote digital transformation.



Exterior of the Oji Group Fuji Training Center

Main training content (Organized by Oji Management Office)

Goals	Name of training	Eligible employees	Outline
Global human resource development	Global human resource development training	(has been suspended due to the COVID-19 pandemic and is scheduled to resume in FY2023 with revised contents)	
Management training	New manager training	New managers	Manager duties, HR programs, and evaluator training
	New general manager training	General manager level	Dialogue with CEO and acquisition of knowledge and skills required to achieve division strategies
Managerial personnel development	Career building training for employees on the generalist track	Pre-management employees on the generalist track	Understand the functions required of managers, and improve capabilities for setting and solving issues
Career design	Career design training for young employees on the generalist track	3rd year employees on the generalist track	Assess their own abilities and establish goals for career self-reliance
Support for employee ability development	Personal-empowerment system	Qualified individuals	Support for self-reliant career development

Open Recruitment System With In The Group

To promote autonomous career development based on employees' intentions, and to strengthen business, revitalize the organization, and improve employee engagement by appropriately assigning and effectively utilizing highly motivated human resources, we launched an open recruitment system with in the Group in FY2022 for regular employees and overseas expatriates of Group companies in Japan.

The actual open recruitment took place in October 2022, and many applied for job openings including those for overseas expatriates in the India region and positions in departments in the new Group Business Development Division of Oji Management Office Inc. 19 successful applicants who passed the document screening and interview were transferred to their new positions.

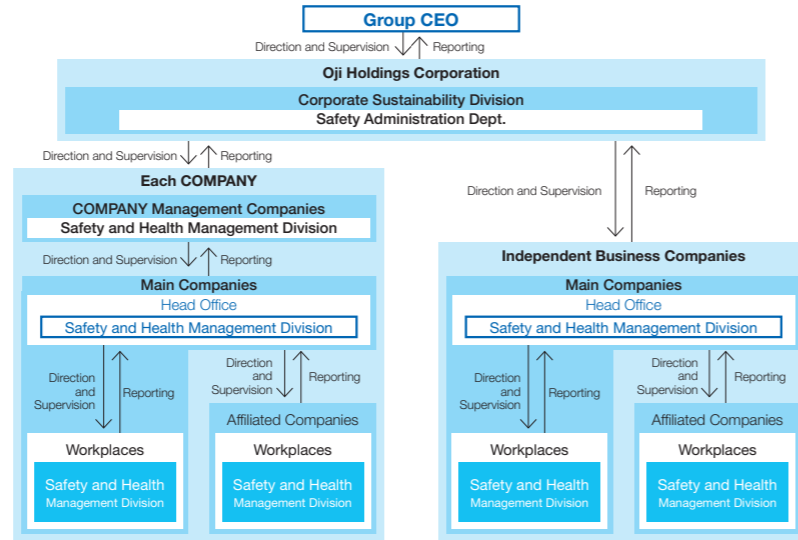
Ensuring Workplace Safety and Health

Basic Approach

Under the policies of “observing all the rules of compliance, safety, and environment is the core of business activities” and “basic principle with safety as its absolute top priority,” the Oji Group aims to become a company where workers can work in a safe environment and with a sense of security.

Safety and Health Management Structures

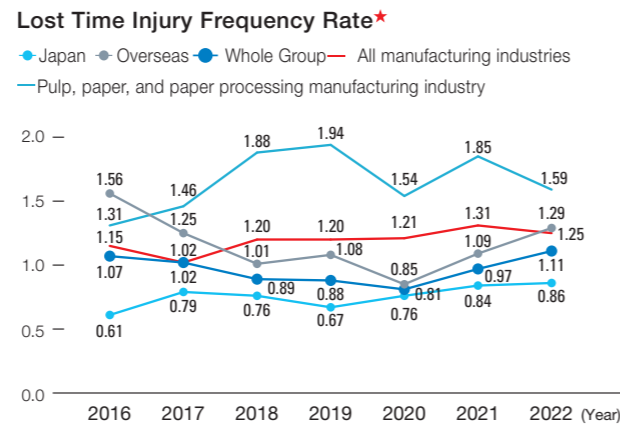
Oji Group Safety and Health Management Structures aim to prevent occupational accidents and maintain and promote the good health of Group employees (including affiliates and business operators who enter the Group’s premises on a temporary basis), and also clarify responsibilities relating to safety and health. It stipulates fundamental matters in the Group Safety and Health Management Rules.



Lost Time Injury Frequency Rate (Safety Performance)

The Oji Group’s lost time injury frequency rate* had been on a declining trend since 2016 but increased in 2021. The figure was 1.11 in 2022. According to the Ministry of Health, Labour and Welfare’s Survey on Industrial Accidents (businesses with at least 100 employees), in 2022, the rate in all manufacturing industries was 1.25 and the rate in the pulp, paper, and paper processing manufacturing industry was 1.59.

* For the calculation method, see P111.



* A star mark indicates that 2022 figures for Japan, overseas, and the whole Group have been assured by KPMG AZSA Sustainability Co.,Ltd.

Oji Group’s 2023 Occupational Safety and Health Promotion Plan

In 2022, two fatal forklift and heavy machinery accidents occurred in Japan and one fatal work-related traffic accident occurred overseas, claiming three precious lives in total. The number of accidents that resulted in time off from work was roughly the same as the previous year, and about half of them were due to non-compliance with safety rules. Observing and making others observe the main principles for safety and safety rules has therefore been set as the most important measure. As a new initiative, we started fixed-point observation in enhanced safety patrol. In addition, we are actively improving the safety of machines and equipment.

1. Basic policies: The Oji Group will promote activities with the target of zero work-related accidents across the entire Group with safety as its absolute top priority.
2. Slogan: Always Follow the Rules and Ensure that Others Follow the Rules to Prevent Fatal and Serious Accidents
3. Key Targets (Targets of the entire Oji Group): To achieve the zero fatal and serious work related accidents
4. Key Measures:
 - 1) Full compliance with the main principles for safety and related rules, and implementation of VR (virtual reality) hazard experience training
 - 2) Improvement of safety of machinery/equipment
 - 3) Revitalization of safety activities
 - 4) Strengthening of collaboration between overseas group companies
 - 5) Management of physical and mental health, and improvement and maintenance of the workplace environment

Initiatives for Prevention of Occupational Accidents Ensuring Compliance with the Main Principles for Safety and Related Rules and Implementing Hands-on Risk Training Using Virtual Reality (VR)

In addition to ensuring compliance with all four basic rules for safety, in place since the 2022 Occupational Safety and Health Promotion Plan, we have prepared safety operation manuals that include matters to be observed, matters that are prohibited, and non-routine work procedures. We conduct education and training repeatedly, while checking the level of understanding and mastery.

Our own content is used for VR-based hands-on risk training. We create opportunities for contractors (including companies other than unit companies) to experience the training, thereby seeking to prevent occupational accidents. Oji Group companies (each division including head office, etc.) and workplaces in Japan hold workplace safety and health meetings, where rules are familiarized and participants exchange opinions, share information, and deepen discussion. We thus roll out initiatives to create a workplace safety climate and a safety culture based on employees’ own thinking.



Checking matters to be observed and matters that are prohibited



VR-based hands-on risk training Workplace safety and health meeting

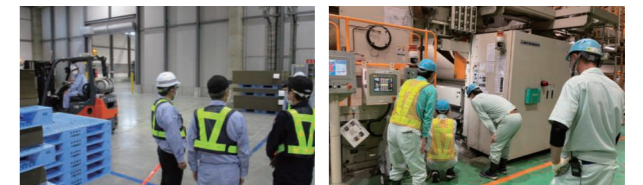
Improvement of Safety of Machinery/equipment (Safety Inspections of New Equipment)

When Group companies in Japan construct or operate new equipment, Oji Holdings Corporation’s Safety Administration Department, COMPANY, and the relevant company conduct safety patrol as well as safety inspection prior to trial operation. They point out and correct unsafe matters and behaviors, thereby preventing accidents.

At sites where construction work contractors are in operation, the site is divided using barricades and other tools to clearly separate work areas, and instructions are given for thorough communication and coordination between areas. We also point out issues regarding detailed safety measures, such as measures to ban people from entering areas where machines and equipment are operating, and require immediate corrections, whether construction works are done by us or a contractor.



Safety inspection of new equipment



Enhanced safety patrol

Initiatives for Prevention of Occupational Accidents in Companies Overseas

Rolling Out Hands-on Risk Training Using Virtual Reality (VR)

Beginning in 2020, we are gradually conducting hands-on risk training sessions using VR at overseas workplaces.

Overseas participants’ comments on the highly immersive VR video included, “I was amazed that it actually felt like using the machine. I was surprised when the controller was pulled (exactly when I was getting caught). The experience felt real. It was a new experience.” Every year, we create original content which includes scenarios that have occurred in the Oji Group so that employees can have a fresh experience in an environment that is similar to the operation sites where they work every day. We will continue to enhance each employee’s awareness toward safety and sensitivity to risks.



VR-based hands-on risk training

Responsible Raw Materials Procurement



Basic Approach

The Oji Group is expanding and enhancing its CSR (Corporate Social Responsibility) procurement, which takes environmental and social factors into consideration when procuring raw materials. The Group shares the Oji Group Partnership Procurement Policy with all its divisions involved in procurement, and requests the understanding of new suppliers before starting transactions. When revising the Policy, the Group informs all suppliers of the revisions to fulfill its social responsibilities along the entire supply chain.

In tandem with the expansion of Group overseas businesses, the number of overseas suppliers has been on the sharp rise. Since FY2020, therefore, we have conducted sustainability questionnaire surveys of main suppliers, on top of confirming the status of operation of the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines.

Oji Group Partnership Procurement Policy (revised in 2018) → <https://ojiholdings.disclosure.site/en/themes/187/>

1	Ensure stable supply	① Offer competitive prices	② Ensure quality and delivery
2	Comply with laws and social standards, and engage in fair trade	① Comply with relevant laws and international conventions	② Maintain sincere and healthy relations with business partners
3	Consider the environment	① Reinforce environmental management systems ② Reduce waste and effectively use resources ③ Address climate change (reduce greenhouse gas emissions mainly through energy conservation, and promote carbon dioxide absorption as well as carbon fixation mainly through sustainable forest management)	④ Protect biodiversity ⑤ Reduce environmental impact ⑥ Manage chemical substances ⑦ Manage water resources
4	Demonstrate social concern	① Protect human rights (prohibit child labor, forced labor, discrimination, and harassment) ② Protect labor rights (maintain good labor relations, avoid long working hours, ensure payment of above-minimum wage, and respect freedom of association as well as right to collective bargaining)	③ Ensure workplace safety and health ④ Contribute to society and the local community
5	Communicate with society	① Build relationships of trust with stakeholders through communication	② Respect the cultures and customs of other countries ③ Appropriately disclose and protect information

Results of Supplier Sustainability Surveys (FY2020–2022)

The FY2022 sustainability survey was conducted of 213 suppliers—comprising the suppliers of recovered paper, pulp, base paper, woodchips, chemicals, and fuels (PKS, RPF, etc.) that had been surveyed until FY2021, as well as those supplying fossil fuels and subsidiary materials (film substrates, inks, etc.)—of which 120 suppliers responded. Set out below are the results of the surveys that were conducted of a total of 895 suppliers from FY2020 to FY2022. Number of suppliers that responded to the surveys was 548 (rate of response: approx. 61.2%).

The surveys were conducted for eight items listed from an ESG perspective in the form of questionnaire.

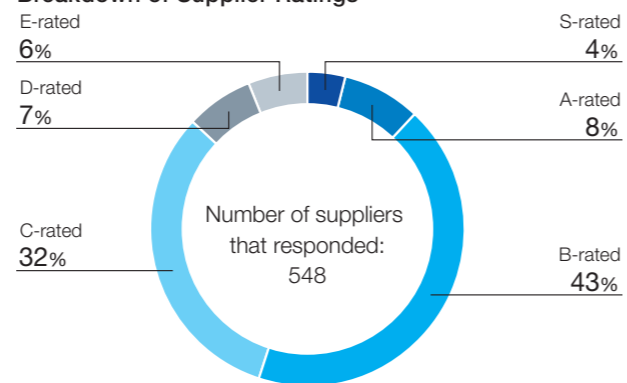
The average score of all suppliers calculated by adding the points of all eight items including corporate governance, human rights, and labor was 481 (out of 800), which was about 60%. The item with a high average score was “labor” at 68, while the one with a low average score was “corporate governance” at 53. In the FY2022 survey, 10 suppliers were rated D and three rated E. We also conducted a sustainability survey on wood pulp contained in the base paper purchased (procured by the base paper manufacturers).

Future initiatives

To achieve continuous improvement, we will provide feedback of the response results to suppliers so that they can understand their strengths and weaknesses in ESG.

Going forward, we will strive to improve the response rate, while conducting ongoing assessments of suppliers whose scores are significantly lower than the average. Moreover, we will progressively work on other initiatives, including the human rights and environmental due diligence of primary suppliers.

Breakdown of Supplier Ratings



Score rating	Criteria	Number of suppliers
S	750 or more	24
A	650 or more but less than 750	45
B	500 or more but less than 650	235
C	250 or more but less than 500	175
D	100 or more but less than 250	37
E	Less than 100	32
Total score	Perfect score: 800	548

Rated based on the total score of eight items

Eight items from an ESG perspective

- ① Corporate governance related to CSR
- ② Human rights
- ③ Labor
- ④ Environment
- ⑤ Quality and safety
- ⑥ Basic attitude toward supply chain
- ⑦ Harmonious coexistence with local communities
- ⑧ Information security/protection and fair corporate activities

FY2022 Sustainability Survey on Wood pulp Contained in the Base Paper Purchased (Procured by the Base Paper Manufacturers)

In FY2022, we conducted a survey on wood pulp contained in the base paper purchased (procured by the base paper manufacturers), which had not been covered in the previous surveys, to ensure the legality of the wood used. It turned out that, of the 570 brands of base paper purchased, 526 brands

(92.3%) used the wood for which forest certification, etc. were acquired and legality verified. In regard to the brands for which the origin of the wood used has not been identified, we will replace them with brands of base paper for which the legality of the wood used has been verified, by the end of FY2023.

	Number of brands	Ratio	Notes	
Base paper purchased	570	100%		
Breakdown	Base paper for which the legality of the wood used has been verified	526	92.3%	Forest certification, etc. acquired
	Base paper for which the origin of the wood used has not been identified	5	0.9%	To be replaced in FY2023
	Other	39	6.8%	Customer-specified base paper

Achieved Traceability at Wood Raw Material Suppliers (FY2022)

The Oji Group specifies items to confirm the origin of wood, forest management methods, illegally logged wood, mixture of wood with high conservation values, and human rights violations based on the Wood Raw Material Procurement Guidelines, and procures only raw materials that are produced in properly managed forests. It is possible to trace the source of wood throughout the entire process from the forests of origin, woodchip mill to paper manufacturing and pulp mill.

In FY2021, the Group procured 4,429 kBDT (bone dry tons) of woodchips in Japan and overseas and 183 kADT (air dry tons) of market pulp, obtained traceability reports from all the suppliers, and confirmed with a third-party organization that the procurement was in accordance with the Wood Raw Material Procurement Guidelines.

Wood Raw Material Procurement Guidelines (revised in 2023)

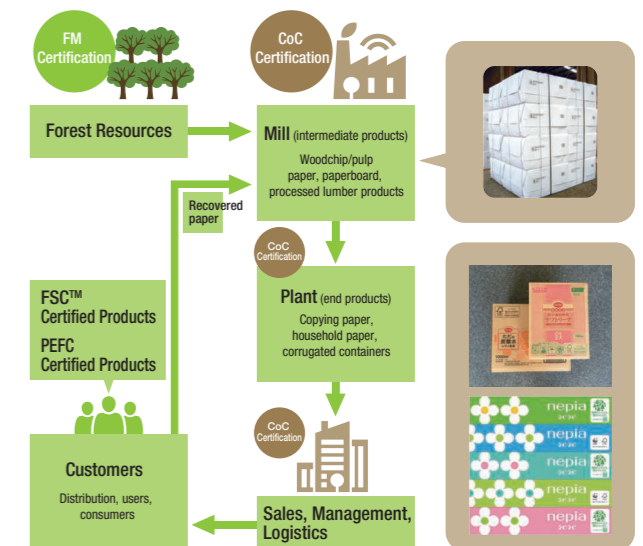
→ <https://ojiholdings.disclosure.site/en/themes/188/>



Third-party audit report on the traceability report

Making use of forest certification systems

The Oji Group manufactures products certified by FSC™ (FSC™C014119, etc.) and PEFC (JIA-PEFC-COC-0808, etc.) by making use of forest certification systems that support sustainable forest management.



*1 FM certification: Confirmation of forest management

*2 CoC certification: Confirmation of management on processing and distribution of produced wood