

Material Issues — Risks and Opportunities

The Oji Group recognizes that changes in its environment present both risks and significant opportunities. Against this backdrop, we will maximize our strengths to further enhance our corporate value.

Material issues		Related risks and opportunities		Major initiatives designed to mitigate risks and maximize opportunities	
Mitigation and adaptation to climate change	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● An increase in costs due to the strengthening and introduction of the carbon tax, introduction of an emissions trading system, etc. ● Impact on sales from changes in the evaluation of corporate activities and market values ● Greater natural disasters caused by extreme weather 	<ul style="list-style-type: none"> ● Reduce GHG emissions through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel ● Maintain sustainable forest management, and increase the forest certification acquisition rate ● Maintain and expand the multifaceted functions of forests, including conserving biodiversity, cultivating water resources, and preserving soil ● Participate in the consortium aimed at the creation of international rules surrounding the valuation of natural capital (CGC-NBS) 	<ul style="list-style-type: none"> ● Increase the quantity of CO₂ absorbed and fixed through forest expansion and growth improvements ● Develop renewable energy businesses ● Develop environmentally friendly products ● Quantitatively evaluate natural capital, participate in discussions aimed at the creation of frameworks for natural capital accounting
	Opportunities	Short term to Medium term Medium term to Long term Medium term to Long term	<ul style="list-style-type: none"> ● A reevaluation of the value of company-owned forests in line with an increase in the importance of nature positive ● Growing demand for low-carbon products and products derived from wood ● Rising value of company-owned forests due to growing demand for forest-derived carbon and biodiversity credits 		
Circular use of resources	Risks	Medium term to Long term	<ul style="list-style-type: none"> ● Impact of resource depletion on core businesses 	<ul style="list-style-type: none"> ● Use wood resources based on sustainable forest management ● Utilize the recycling network and technology accumulated while promoting the use of recovered paper ● Reuse water and reduce water usage 	<ul style="list-style-type: none"> ● Expand the water treatment business overseas
	Opportunities	Short term to Medium term	<ul style="list-style-type: none"> ● Reevaluation of the value of recyclable paper products (contribution to elimination of plastics) ● Deployment of water treatment technology 		
Responsible raw materials procurement	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● Occurrence of cases lacking consideration for the environment and society in the supply chain ● Geopolitical risk associated with raw material procurement 	<ul style="list-style-type: none"> ● Work to upgrade and expand CSR procurement, taking into consideration the environment and society following the Oji Group Sustainability Action Guidelines for Supply Chains, the Wood Raw Material Procurement Guidelines, and the No Deforestation and No Conversion Commitment 	<ul style="list-style-type: none"> ● Manage the supply chain thoroughly (e.g., appropriate procurement through supplier monitoring, risk assessment, securing various suppliers) ● Supply FSC™-certified products (e.g., FSC™ C014119)
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions 		
Reduction of environmental burdens	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● Adverse effects on society due to pollution and the resulting decline in the trust of stakeholders 	<ul style="list-style-type: none"> ● Set voluntary management values that are stricter than the environmental regulatory standards ● Control emissions of pollutants in wastewater and exhaust gases 	<ul style="list-style-type: none"> ● Reduce and effectively use waste ● Develop environmentally friendly products and biodegradable materials (from fossil resource-derived to wood-derived)
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions 		
Respect for human rights	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● A decline in the trust of stakeholders due to the lack of consideration for human rights 	<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 ● Implement the whistleblowing system 	<ul style="list-style-type: none"> ● Raise awareness of compliance and human rights through in-house training ● Assess risks associated with suppliers' respect for human rights ● Establish and operate a contact point for whistleblowing related to human rights (grievance mechanism)
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● An improvement in engagement 		
Enhancing human capital	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● Decline in hiring competitiveness and outflows of human resources ● Occurrence of non-compliance 	<ul style="list-style-type: none"> ● Create an environment for developing human resources ● Promote diverse work styles and diversity ● Enhance mid-career recruitment ● Thoroughly conduct compliance training 	
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● Increase in productivity and creation of innovation through securing excellent human resources 		
Ensuring workplace safety and health	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● Incidence of occupational accidents ● Health of employees hindered by the spread of infectious diseases 	<ul style="list-style-type: none"> ● Establish safety and health management structures and promote activities aimed at safety and health ● Thoroughly ensure safety in the handling of machines and equipment and in other operations ● Promote safety education 	<ul style="list-style-type: none"> ● Promote the physical and mental well-being of employees ● Create comfortable work environments ● Respond to infectious diseases
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● An increase in the trust of stakeholders resulting from the prompt response to occupational accidents and infectious diseases 		
Supply of safe and secure products	Risks	Short term to Medium term	<ul style="list-style-type: none"> ● A decline in the trust of stakeholders due to the spread of negative rumors 	<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 	<ul style="list-style-type: none"> ● Provide customers with information on the safety of products and raw materials (chemicals, materials)
	Opportunities	Medium term to Long term	<ul style="list-style-type: none"> ● Contribution to society through the stable supply of safe and secure products, and the resulting increase in corporate value 		

Note: In general, this table summarizes risks and opportunities with a significant impact on our businesses, with those up to 2030 listed as "Short term to Medium term" and those from 2030 onward listed as "Medium term to Long term."