

The Oji Group Integrated Report 2022

Fiscal year ended March 2022





Lake Piauzinho and forest in Ipaba, Brazil

Management Philosophy

Creation of Innovative Value

Innovation is essential for the Oji Group to make a big leap forward. Changes must take place in the research and technological development leading up to revolutionary new products. At the same time, our organizational systems and the behaviors of each and every employee need to be transformed. We will promote “challenging manufacturing” based on novel ideas and fulfill society’s latent needs.

Contribution to the Future and the World

The Oji Group comprises a diverse range of businesses. We have grown into a global corporate group, with an overseas sales ratio of over 30%. The Group will continue to provide innovative value to all countries, regions, and societies and create a new future through proactive global expansion in Asian and other countries.

Harmony with Nature and Society

Sustainable resource circulation based on forest resources is the foundation of the Oji Group. We will advance our initiatives such that the business activities themselves contribute to a sustainable society. The initiatives include using vast areas of company-owned forest in and outside Japan for multiple purposes and seeking measures to reduce the environmental burden at manufacturing sites.



Corporate Slogan

“Beyond the Boundaries”

This slogan expresses the Oji Group’s commitment to actively go beyond the “boundaries” of business domains, countries, and the respective capabilities of individual employees to contribute to the future, society, and the world, as well as the determination of all Group members to maximize corporate value as a truly global company.

Purpose

Grow and manage the sustainable forest,

Develop and deliver the products from renewable forest

And

Oji will bring this world a brighter future filled with hope

The forest grown and managed sustainably not only absorbs and fixes carbon dioxide, but also mitigates floods, cultivates water sources such as water purification and prevents natural disaster in addition to its contribution to biodiversity, healing and health enhancement of people.

The products derived from wood utilizing forest resources are made of renewable materials and able to substitute for plastic, films and fuel derived from fossil resources.

Oji Group will confront global warming and environmental issues, and bring this world a brighter future filled with hope by growing and managing the sustainable forest and by developing and delivering the products utilizing renewable forest resources.

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Cover Art: *Mori to Nakamatachi* [Forest with Friends]

Hiroo Isono (1945-2013)



Mr. Hiroo Isono, a master painter, primarily created works with forest motifs. From FY1999 to FY2001, the Oji Group commissioned Mr. Isono to create paintings on the theme of our Oji Forests in Japan and overseas. It published them in calendar form as the *Oji no Mori no Nakamatachi Calendar [Calendar of Friends in Oji Forest]* series.

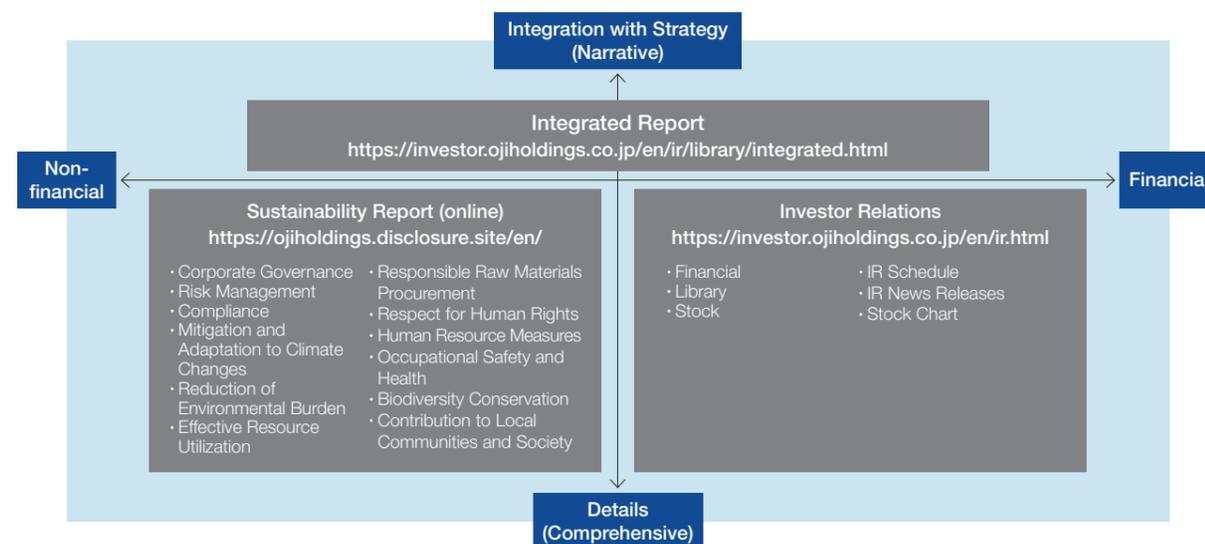
This report's cover art, titled *Mori to Nakamatachi [Forest with Friends]*, depicts lush Oji Forests in Japan and the many animals flourishing there.

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Regarding the Issuance of Integrated Report 2022

We started publishing the Oji Group Integrated Report in 2019 to present financial and non-financial information concerning the Group in an easy-to-understand manner to all of our stakeholders. In this fiscal year's report, we would like to convey a narrative of new value creation encompassing our business development with a focus on the FY2022–2024 Medium-term Management Plan and the creation of new value through green innovation, based on our Purpose, which we announced in May, and our Long-term Vision for 2030. Through this Integrated Report, we will further deepen communication with our stakeholders and, amid an ever-changing society, strive toward what we aim for.

Communication Map



Editorial Policies

When preparing this Report, reference was made to the following.

- The ten principles in four areas found in the United Nations Global Compact
- International Integrated Reporting Framework (International Integrated Reporting Council)
- GRI Standards (Global Reporting Initiative)
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- Task Force on Climate-related Financial Disclosures (TCFD)

Ensuring Reliability

To ensure the reliability of this report, FY2021 figures marked with a star (★) have been assured in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and ISAE 3410 by KPMG AZSA Sustainability Co., Ltd.

Scope of Coverage of this Report

In general, this report covers Oji Holdings, 186 consolidated subsidiaries, and 23 equity-method affiliates (as of March 31, 2022). In cases where coverage differs, this is indicated.

Reporting Period

The reporting period is from April 1, 2021 to March 31, 2022 (except for lost time injury frequency rate, and environmental data for certain overseas sites, for which the period is from January 1, 2021 to December 31, 2021). With the exception of numerical data, however, activities carried out from and after April 2022 are also referenced.

Disclaimer Regarding Forecasts and Other Forward-looking Statements

Forecasts and other forward-looking statements in this report represent projections by Oji Holdings based on information available at the time of publication and reasonable judgments and therefore contain uncertainties. Actual results may differ substantially due to various factors.

This Report is Printed on Forest Certified Paper

The report's cover is printed on Oji F-Text's OK Muse Gulliver Gloss CoC (157.0 g/m²), while the main body of the report is printed on Oji Paper's OK Pixeed 01 EF (80.0 g/m²). These products are made with raw materials from responsibly-managed FSC™-certified forests, renewable resources, and other managed supply sources (FSC™C005431, FSC™C014119).

History of the Oji Group's Value Creation

Since its founding in 1873, the Oji Group has been growing through the expansion of business fields. While keeping abreast of the trends of the times, we have tackled changing social needs and evolved our business structure. Further, we have supported Japan's diversifying lifestyles through paper. In the early 1900s, we achieved the domestic production of printing and communications media such as newsprint and printing paper. During the country's rapid economic growth, we began producing corrugated containers, household paper, and other household and industrial materials. In the 1990s, we promoted the recycling of recovered paper as a solution to the issue of municipal refuse. In recent years, aiming for contribution to a sustainable society, we have been actively rolling out the technologies cultivated in our domestic business to the global market. We were quick to expand overseas business and transformed our business structure to one focusing on household and industrial materials. As a result of these efforts, our output ratio of paperboard to paper reversed for the first time in 2020. In FY2021, we achieved record-high profits, and we will continue to take steps toward further growth.

1873
Birth of the Modern Paper Manufacturing Industry

The origin of the Oji Group dates back to the establishment of Shoshi Kaisha, a paper manufacturing company, advocated by Eiichi Shibusawa, the founder of the modern Japanese economy.

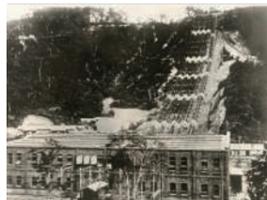


From the collection of the Shibusawa Memorial Museum

Shibusawa advocated that "paper and printing businesses are the source of civilization." He held on to his great ambition to supply domestic paper.

1910
Establishment of Domestic Supply Structure

We established the Tomakomai Mill in a fishing village in Hokkaido, which had abundant resources such as forests and water as well as vast and flat land, which are required for paper manufacturing, and started producing newsprint.



We worked on unimaginably difficult construction such as building a latest hydroelectric power plant at Waterfall Nassou on the undeveloped shore of Lake Shikotsu.

1950s
Efforts toward New Technologies

With a view to producing high-quality paper quickly and in large quantities, we turned to a continuous digester, which was unproven at that time but highly productive. We introduced the equipment at the Kasugai Mill.



Tomakomai Mill for newsprint and Kasugai Mill for woodfree paper contributed to our growth. Kasugai Mill even became a pioneer of urban factories.

1970s
Lifestyle Changes and Paper Diversification

Demand for paper was only growing, and people started to have high expectations for the material, which found its way into products other than newsprint and printing paper.



Paper materials such as boxboard, thermal paper, and household paper have come to play an active role in various situations that support daily life.

1990s
Response to Environmental Issues

Attention was drawn to issues that are directly related to people's lives, such as resource saving, energy saving, and urban waste treatment.



Light-weighted newsprint became common, and in the household paper field, we succeeded in volume reduction of box tissues. In addition, due to advances in recovered paper utilization technology, the recovered paper utilization ratio exceeded 50%.

2000s
Shift in the Business Structure

Paper production volume has been declining since 2008. This unprecedented crisis created an opportunity for shifts in the business structure.



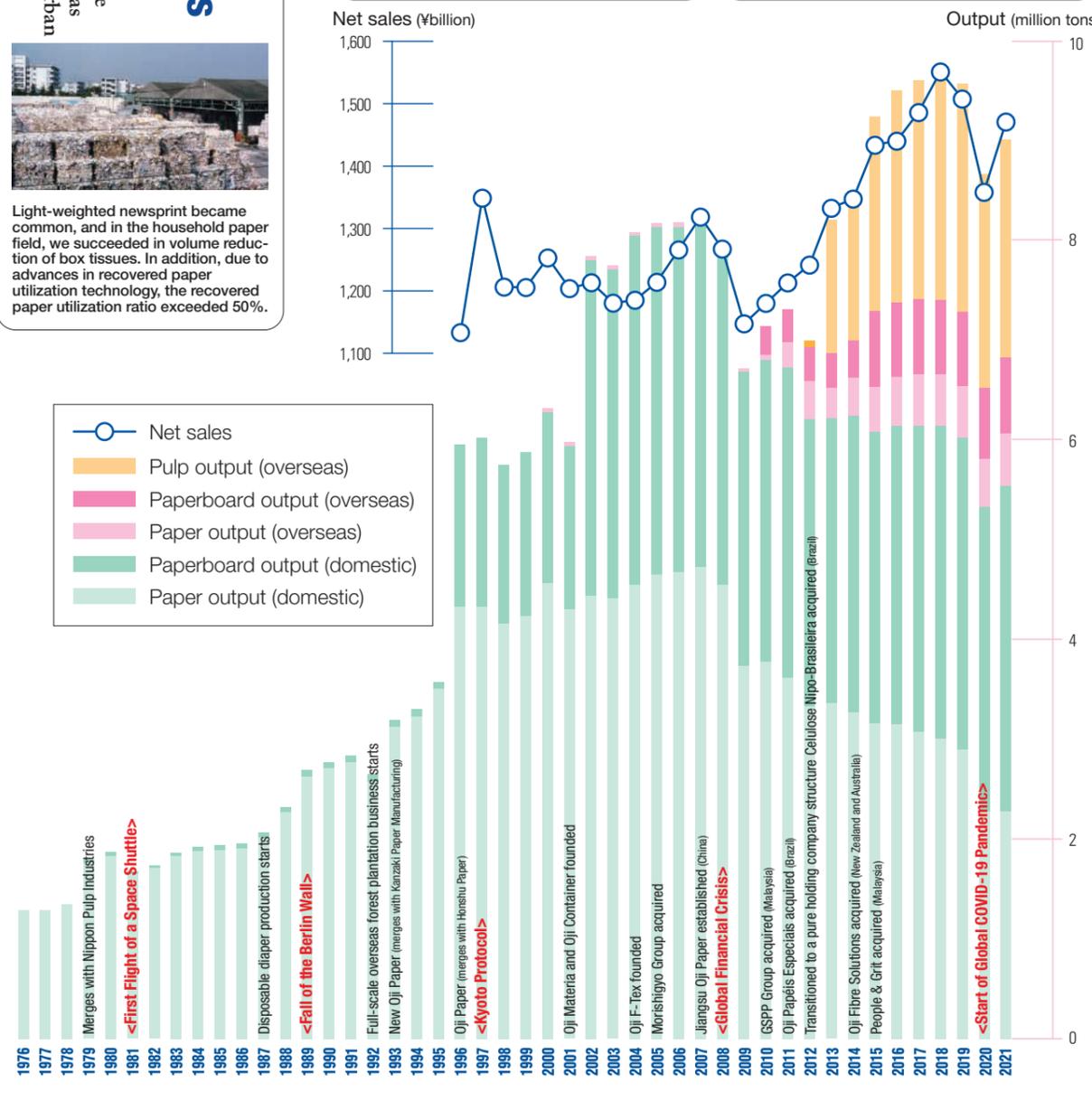
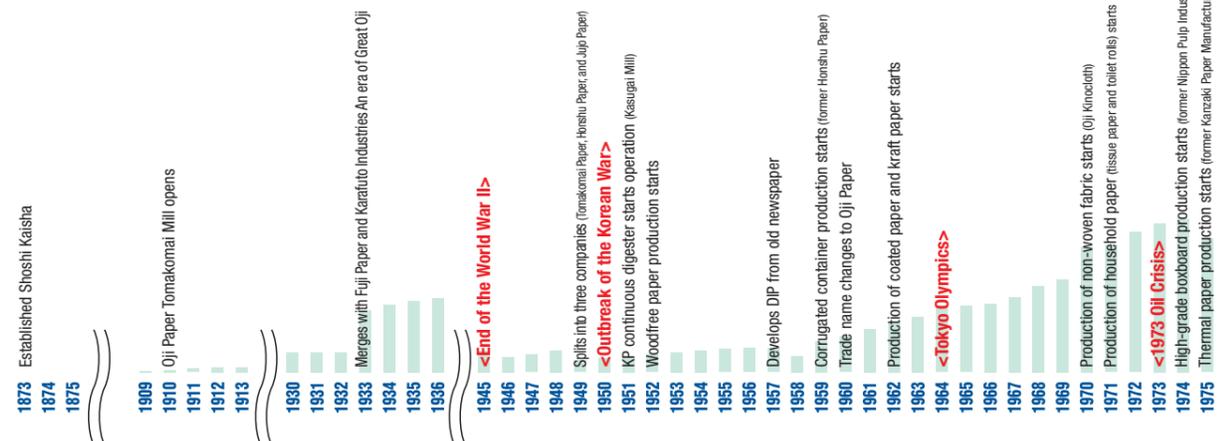
Demand for paperboard as a packaging material was strong. The production ratio of paper and paperboard gradually changed.

2010s
Further Global Deployment

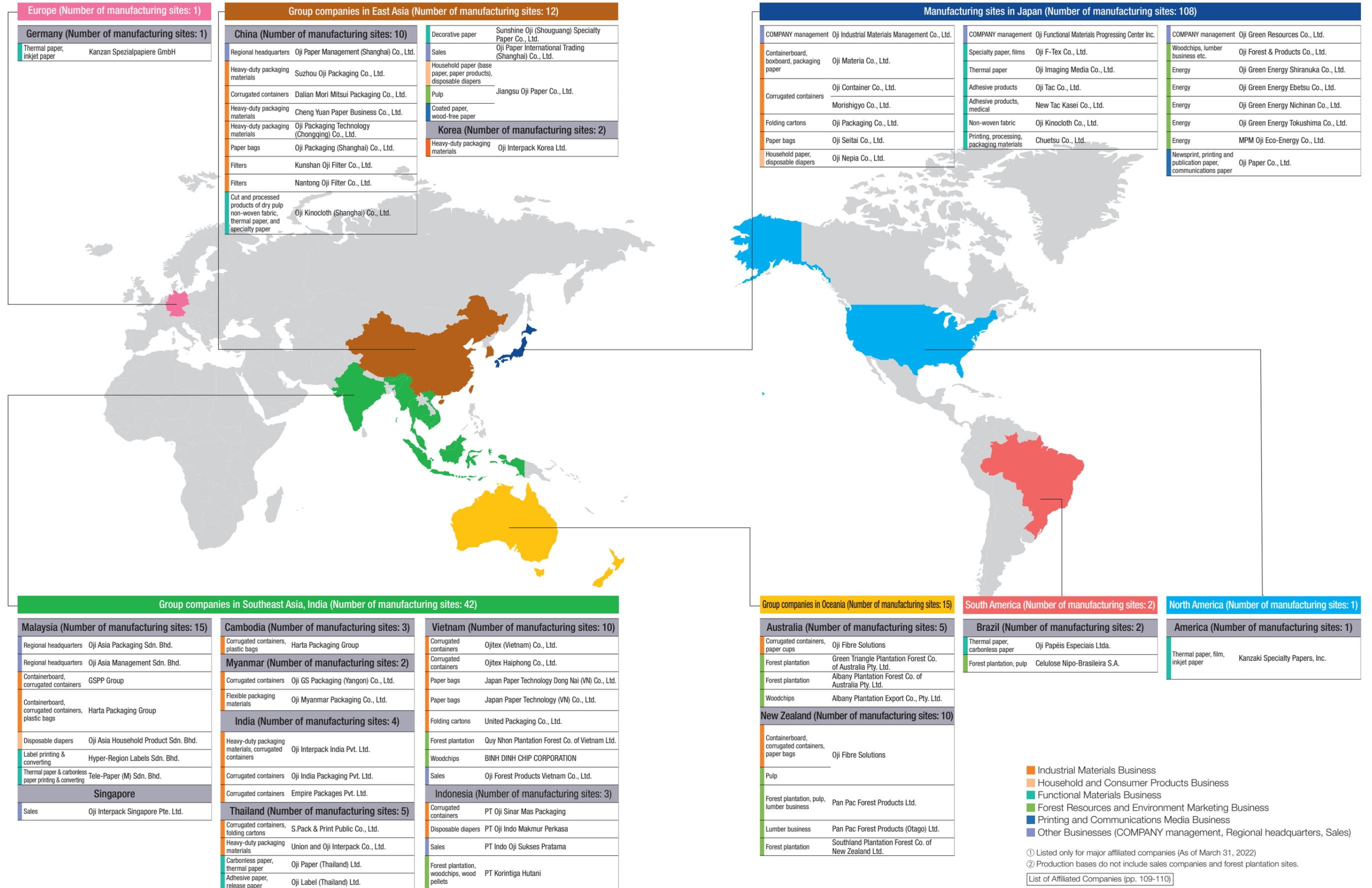
We actively developed the overseas business with a focus on Southeast Asia. The overseas sales ratio reached approximately 30%.



We have newly established corrugated container and folding carton factories in Malaysia, Cambodia and India, among other countries, to meet vigorous local demand.



Major Affiliated Companies Distribution Map



Value Creation Process

The sustainable business model (resource circulation throughout the value chain) forms the foundation of the Oji Group. The Group will identify material issues through the core competencies that underpin the foundation, create social and economic value through business activities based on the risks and opportunities recognized in these issues, and contribute to a sustainable society.

Social Issues, Megatrends and Global Goals

- Climate change
- Natural disasters
- Biodiversity
- Resource depletion
- Environmental pollution (issues such as marine plastic litter)
- Increased concern about human rights
- Increase in health-consciousness with greater longevity



Sustainable Business Model

Resource circulation throughout the value chain
→ P81

Core Competencies

Core Competencies Centered on Sustainable Forest Resources

- Global expansion of manufacturing that supports lives and industry
 - Sustainable forest management
 - Utilization of renewable resources
 - Development of new materials derived from wood fiber
 - Application of fundamental paper manufacturing technologies
- P83

Material Issues

- Mitigation and adaptation to climate change
 - Sustainable forest management (forest recycling)
 - Responsible raw materials procurement
 - Stable supply of safe and secure products
 - Reduction of environmental burdens
 - Effective resource utilization (paper and water recycling)
 - Respect for human rights
 - Ensuring workplace safety and health
 - Inclusion & diversity
- P84

Management Philosophy

Purpose
→ P01

Long-term Vision

Basic Policy of "Toward Further Growth and Evolution"

1. Initiatives for Environmental Issues – Sustainability –
 2. Initiatives for Profitability Improvement – Profitability –
 3. Initiatives for Product Development – Green Innovation –
- P19

Appropriate Utilization of Management Resources

Human capital Number of Employees: 35,608 (Japan: 16,368 Overseas: 19,240) (pp. 94-96)	Intellectual capital New Value Creation through Green Innovation (pp. 35-40)	Natural capital Abundant Forests Creation and Resource Recycling (pp. 31-34)
Manufactured capital 186 Affiliated Companies (pp. 109-110)	Financial capital Financial Data Highlights (pp. 102-103)	Social & relationship capital Responsible Raw Materials Procurement (pp. 87-88)

Solve social issues

Provide value to society To Achieve Environmental Action Program 2030

- Action on climate change
- Abundant forests creation and resource recycling
- Consideration for ecosystem
- Development of trusting relationships with our stakeholders

FY2022–2024 Medium-term Management Plan

- Numerical Management Targets
- Consolidated operating profit of 150.0 billion yen or more
 - Overseas sales ratio of 40% (With a target of 50% in the future)
- P21

Business Strategy

- Household and Industrial Materials Businesses
 - Functional Materials Business
 - Forest Resources and Environment Marketing Business
 - Printing and Communications Media Business
 - Other businesses
- P41

Increase capital

Enhance corporate value
Net sales of 2.5 trillion yen or more (FY2030 target)

Impact on the Oji Group

Environmental Vision 2050

Net-zero carbon
Harmony with nature and society

Social impact

History of the Oji Group's Value Creation

What the Oji Group Aims For

Initiatives for Environmental Issues – Sustainability –

Initiatives for Product Development – Green Innovation –

Initiatives for Profitability Improvement – Profitability –

Governance Strategy

Sustainability Strategy

Financial and Non-financial Data

Through the Utilization of Sustainable Forest Resources, Oji Will Bring this World a Brighter Future Filled with Hope

In the decade since its transition to a holding company structure, the Oji Group has responded to drastic changes in the market environment by transforming its business structure and has achieved steady growth. In the next decade, under the theme of “Toward Further Growth and Evolution,” we will aim to make even greater leaps forward and pursue increased value in our businesses. In order to remain as an enterprise that is needed by the world, we will continue to take on the challenge of realizing a brighter future for the world filled with hope.

Representative Director of the Board,
President and Group CEO,
Oji Holdings Corporation

Hiroyuki Isono

“Toward Further Growth and Evolution” – Striving Toward the Further Development of the Oji Group

In FY2022, Oji Holdings and the Oji Group transitioned to a new management structure. The Oji Group was founded in 1873 through the efforts of Eiichi Shibusawa, described as the father of capitalism in Japan. Over the course of 150 years, the Oji Group, centering on its paper business, has continued to expand the value it provides and contribute extensively to society. When we were founded, we established a domestic modern paper supply system, contributing to the development of Japan’s society and economy through the dissemination of newspapers and books. Thereafter, we began producing other products that met the needs of the times, such as corrugated containers in the 1950s, and household paper, boxboard, and thermal paper in the 1970s. Further, we didn’t just expand our product range; we also focused on global development and expansion, particularly from the 2010s onward. With the support of our many stakeholders, today we have become a company with over 35,000 employees across the entire Group, net sales of over 1.5 trillion yen, and operating profit of over 100.0 billion yen. To take over management from those who have come before me and lead the Oji Group toward further growth and evolution is a great responsibility. However, together with our management team and all of our employees, I intend to be unsparing in my efforts.

Review of the Past 10 Years

Before discussing our future operations and business development, I would like to take a look back on the changes the Oji Group has undergone over the past 10 years.

In October 2012, Oji Paper Co., Ltd. transitioned to a pure holding company and renamed itself Oji Holdings Corporation. At that time, paper industry in Japan was in a critical situation because of the progress in the digital shift, the decline in the status of paper media, and the increase in imported paper. In order to surmount this difficult situation, the Oji Group took a policy of business structural transformation, strengthening and accelerating initiatives based on the following six measures:

- Strengthen international competitiveness through cost reduction
- Establish an integrated business model from base paper to paper processing
- Achieve growth through the promotion of R&D-based business
- Push ahead with the Forest Resources and Environment Marketing business
- Expand overseas business
- Strengthen trading functions

As a result, at the end of the FY2013–2015 Medium-term Management Plan, our first since transitioning to a holding company structure, operating profit was 72.0 billion yen. This is in contrast to our consolidated operating results for FY2012, per which operating profit was 43.5 billion yen. At the end of the following FY2016–2018 Medium-term Management Plan, operating profit was 110.2 billion yen, and at the end of the most recent FY2019–2021 Medium-term Management Plan, we had secured no less than 120.0 billion yen in operating profit. I see this as us having steadily transformed our business structure over the past 10 years and having achieved growth as a group.

The question now is what we will do in the coming 10 years. How will the Oji Group achieve further growth and evolution, and enhance its corporate value? I view exploring our future direction toward this end, mapping out a new policy, and achieving results to be of the utmost importance.

“Growth” and “Evolution” Are Key

In considering our “growth” and “evolution,” “growth” means the expansion of business scale, like a child growing and gaining the same capabilities as its parents. “Evolution” refers to a change in the capabilities themselves, such as advancing into new fields, like one species evolving into a new one through gradual change over generations.

Let’s look at how these concepts will apply to the Oji Group and its future. First, looking at “growth,” we will achieve the expansion of business scale in situations where demand for a given business is growing, or in situations where demand is sluggish but we have an advantage over our competition that enables us to expand our share. Such situations apply to many of our businesses, including our domestic and overseas corrugated container, household paper, imaging media, and pulp businesses. We will be taking consistent steps to grow these businesses. It is impossible to avoid the fact, however, that some of our businesses face continuing decline in demand, or have difficulty implementing a differentiation strategy due to increasing commoditization in the field. This particularly applies to our printing and communication paper business and newsprint business. Even if a certain level of growth can be achieved amid a sure decline in demand for some products by compensating through the expansion of more promising products, there is a strong possibility of this growth primarily coming from fighting for greater share of the existing market, and it is likely such growth will eventually come to a standstill. Accordingly, it is extremely important that we “evolve” into new fields.



To be more specific, our “evolution” is predicated on developing new materials and products in order to advance into new fields—in other words, innovation which creates something from nothing or which produces value that has not yet been seen. True, in contrast to the “growth,” something which is continuous and connected, discontinuous “evolution” might be difficult to be accomplished. However, we do have the potential. The new materials and products we are developing are not just limited to those tied to paper stemming from our conventional businesses. They span a diverse array of forms and uses, including cellulose nanofibers and wood-derived pharmaceutical products. At first glance, these may appear to be disconnected, but they share the following two traits:

- (1) They apply the forestation and paper manufacturing technologies we have cultivated
- (2) Like paper, they are derived from wood, a renewable material

Throughout our long history, we have never balked at change and transformation when the time came. Leveraging to the utmost the technologies and know-how gained by earnestly investing ourselves in forestation, paper manufacturing, and wooden resources, we will produce further innovation. With sights fixed on the future of

the Oji Group, we are pushing forward with initiatives aimed at the “growth” and “evolution” which will be indispensable.

Formulating our “Purpose”

In discussing the steps we are taking toward a new phase, I feel it is necessary to take a moment to review how the Oji Group is involved with and how it can contribute to society. Our Management Philosophy of “Creation of Innovative Value,” “Contribution to the Future and the World,” and “Harmony with Nature and Society” exemplifies the direction of our aspirations for manufacturing which meets the needs of the times and supports a new future, and the development of a sustainable society. We considered what our purpose was in light of this, and what we realized was that the core of our business is forests, the Oji Group’s cherished assets.

The appropriate cultivation and management of forests not only produces renewable forest resources; it also helps to enhance the many functions of forests which are of public benefit, including absorbing and fixing CO₂, conserving biodiversity, cultivating water resources, and preserving soil. In addition, our principal business is offering a lineup of products utilizing forest resources with the aim of supporting and enriching the lives of people

Purpose:

“Grow and manage the sustainable forest, Develop and deliver the products from renewable forest And Oji will bring this world a brighter future filled with hope.”

the world over. This same lineup can be used to replace fossil resource-derived materials and products. In response to such environmental challenges as dealing with global warming and conserving biodiversity, I believe our purpose is to fully leverage these exceedingly unique characteristics and strengths in our business activities.

“To create forests and create from forests.” For many of our officers and employees, it may seem only natural that we would deeply involve ourselves with these two ideas. Going forward, however, I believe that continuing to do what to us is only natural will produce exceedingly important value, both for the environment and for society. I hope that explicitly stating our purpose here will inspire all of our officers and employees, encourage them to look toward the same goal, and turn words into action. With this wish in mind, we formulated our “Purpose.”

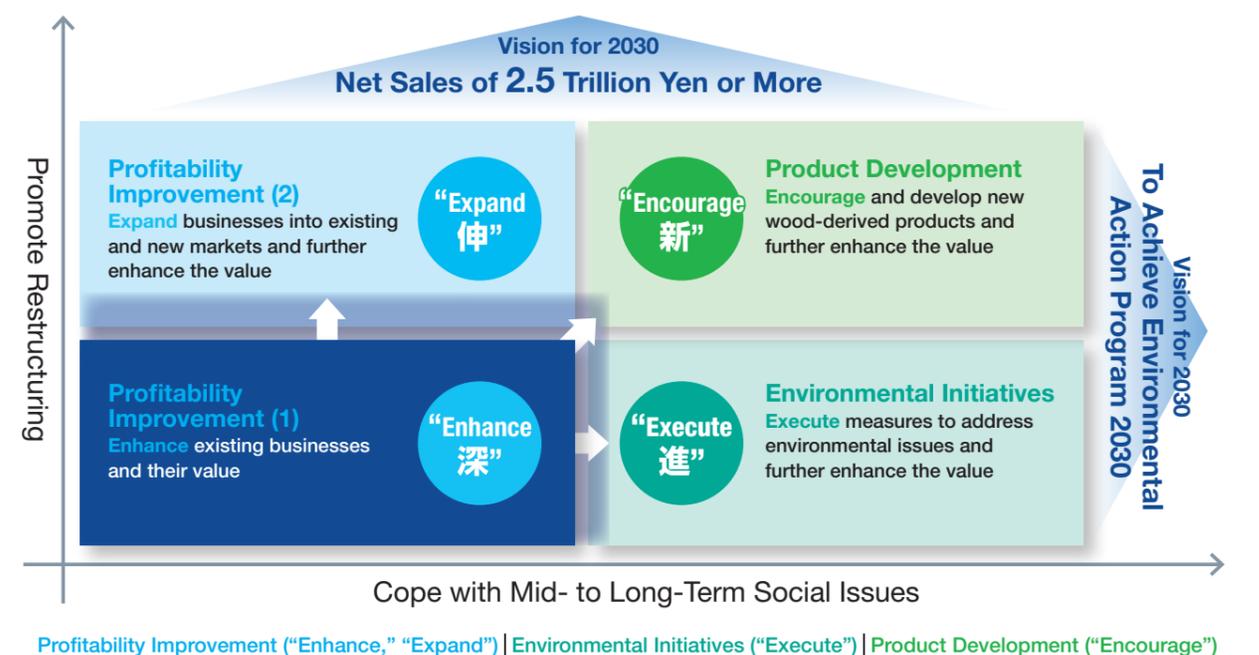
Toward Realizing Our Long-term Goals for the Next 10 Years

How will we achieve our Management Philosophy and Purpose as well as the “growth” and “evolution” I just

discussed? We formulated our Long-term Vision for 2030 and our FY2022–2024 Medium-term Management Plan to serve as our overarching policies for this.

Our Long-term Vision establishes our long-term goals for the Oji Group and the path to them, bearing in mind the management challenges we have encountered to date as well as the challenges society will face in the medium to long term. The Oji Group as it exists today is a product of a history of repeatedly looking forward and overcoming upheavals. Similarly, it is necessary to establish clear long-term goals and engage in conscious effort toward them in order to accomplish something in the future. We are a manufacturer involved in the equipment industry. This business model involves the planning of strategic investments and the restructuring of production systems which, if implemented, take two to three years from the planning of the relevant construction work to actual production going into operation. In this sense, as well, we determined that planning for the future was of the utmost importance, and this led to the formulation of our Long-term Vision.

More specifically, in FY2030, we are aiming to achieve our Environmental Action Program 2030 and consolidated net sales of at least 2.5 trillion yen by promoting the three basic policies of “Initiatives for Profitability Improvement,” “Initiatives for Environmental Issues,” and “Initiatives for Product Development” under a focus on “Toward Further Growth and Evolution.” In order to explain how the Oji Group will achieve “growth” and “evolution,” I will discuss these three basic policies using four keywords: “Enhance,” “Expand,” “Execute,” and “Encourage.”



Three Basic Policies for Long-term Vision

Initiatives for Profitability Improvement –Profitability– → P41-60

The first basic policy aims to improve profitability by “enhancing” and at the same time “expanding” businesses.

Enhance Businesses and Increase Business Value

The first keyword, “enhance,” applies to existing businesses. It means to enhance such businesses—that is, to work to create an optimum production system, reduce costs, and increase productivity. Through this and measures such as stabilizing operation, investing to improve profits, and promoting DX, the aim is to further increase business value.

In the current business environment, we are seeing historic price increases resulting from the inflation caused by the partial recovery in demand amid the continuing effects of the COVID-19 pandemic, as well as from the

inflation caused by a supply-side crunch and soaring raw material costs spurred by Russia’s invasion of Ukraine. There is a growing risk of stagflation, in which general price levels continue to rise in spite of a stagnant economy. Looking at data for June 2022, in the United States, the corporate goods price index increased 11.3% year on year, and the consumer price index also rose 9.1%. Meanwhile, in Japan, while the corporate goods price index increased 9.2%, the consumer price index increased by a mere 2.4%. In addition, in response to rising prices, the United States raised interest rates. This produced an interest rate difference, causing rapid depreciation in the yen and further increasing the costs of imported materials. Failure to rapidly pass these increased costs on to product prices will weigh on corporate profits. The outlook moving forward is extremely uncertain and, further, numerous risks are materializing. It is necessary to reflect the increased costs in product prices to a certain extent.



At the same time, we will also be promoting ongoing initiatives to thoroughly cut costs and strengthen our earnings base.

Expand Businesses and Increase Business Value

Our second keyword, “expand,” means expanding businesses in markets and also expanding their business value. In order for the Oji Group to increase its current net sales from 1.5 trillion yen to 2 or 3 trillion yen, and increase operating profit from 120.0 billion yen to 200.0 or 300.0 billion yen, moving forward, we will require initiatives not only to “enhance” our businesses but also to “expand” them.

As a specific initiative in existing markets with a limited pie, we will leverage the existing superiority of our products and services to further increase the ratio of our products and services which our customers use. At the same time, it will be important to expand our share by encouraging customers to replace the products and services of other companies with new ones of our own. Conversely, in expanding into new markets, including

those overseas, we will leverage our existing superiority to develop new customers. Further, reforming and improving our products and services to increase customers will help our businesses to “expand” and in turn expand business value. For example, there is a market need for eco-friendly products, and moving forward, I believe this field will allow us to expand our sales significantly.

In these ways, combining new products and services with our conventional superiority in existing and new markets will enable us to grow our businesses.

In order to succeed in a competitive environment, we must precisely analyze the market and expand sales through active and intentional initiatives. Along with our existing products and services, we will develop new ones, promoting improvement and expanding sales. We will also make capital investments to augment our capabilities and expand our scale and domains through M&As, thereby expanding business value.

Initiatives for Environmental Issues –Sustainability– → P25-34, 81-92

Execute Measures to Address Environmental Issues and Increase Business Value

The second basic policy, as expressed by the third keyword of “execute,” involves executing measures to address environmental issues such as carbon neutrality and green innovation, contributing to sustainability and in turn increasing the business value of the Oji Group.

In September 2020, the Oji Group set out a goal of net-zero carbon. In order to achieve this in the year 2050, we formulated our Environmental Vision 2050, as well as our Environmental Action Program 2030, which functions as a milestone on the way to achieving this vision. We then put these plans into action in FY2021.

Our Environmental Action Program 2030 establishes a target of reducing our greenhouse gas emissions by at least 70% in FY2030 compared to FY2018 levels. To achieve this goal, we will strive to achieve a 20% reduction in emissions from coal boilers and other sources of emissions, and the remaining 50% reduction will be achieved by enlarging forest plantations and otherwise increasing the net increment in carbon stocks by forests.

In order to reduce our emissions, we plan to take measures including works to convert fuel from coal to gas and the discontinuation of coal-fired boilers by revising our energy mix. To this end, we will be investing around 100.0 billion yen by 2030.

We are also planning to enlarge overseas forest plantations from 260,000 ha to 400,000 ha. This figure

excludes forest reserves and equivalents. The Oji Group has long been engaged in the business of using renewable forest resources as raw materials. We have been running forestation business since the 1930s in Japan and since the 1970s overseas. We can say that we have inherited forestation as part of our DNA for business promotion. We expect to spend 100.0 billion yen by 2030 on the enlargement of overseas forest plantations.

In addition, we own approximately 190,000 ha of company-owned forest in Japan, making us one of the largest corporate owners of forest in the Japanese private sector. In demonstrating our corporate stance toward environmental issues, we intend to make effective use of this lush and abundant company-owned forest.

Our measures to address environmental issues through our business activities are not just limited to our carbon neutrality initiative. Our paper business is a pillar of the Oji Group and, as a corporation in harmony with nature, we recycle three resources of forest, paper, and water, embodying circular economic activities. In addition, we are leveraging our forest resources to the fullest by focusing on the proactive use of unused trees such as forest residues, nationwide development of biomass power generation projects, and the green innovations for the future such as the development of biomass plastics and cellulose nanofibers.

Business activities which are inseparably tied to measures addressing environmental issues are what will help us realize a sustainable society.

Initiatives for Product Development –Green Innovation– → P35-40

Encourage New Product Development and Increase Business Value

The third basic policy, as expressed by “encourage,” our final keyword, involves further increasing the value of our businesses by developing new products and materials and introducing them to the world. In recent years, the shift to non-plastic materials to tackle the marine plastic problem and the shift from fossil resources to renewable resources have been accelerating. For the Oji Group, which pursues innovation utilizing renewable wooden resources, this can be considered a huge opportunity for growth lying right in front of us. In the near future, we will

be working to make sure that we do not let this opportunity go to waste, from tackling innovation to securing sufficient sales for the products we develop.

The origin of our innovation lies in our 150-year history of manufacturing. Its foundation is our forest and wooden resources, as well as the technology and know-how we have cultivated to create evenly thin products and for placing coatings on them. Our paper business has shrunk in accordance with the decline in demand for newsprint and printing and communication paper. However, in looking at this business as the origin of our innovation, we can see that new innovation is an extension of this existing business.

A Foundation for Supporting Our Long-term Vision

In order to implement our Long-term Vision, and in order to survive as an enterprise that is needed by and essential to the world, there are several necessary elements. The key, I ultimately believe, is “people.” Focusing on cultivating the human resources that are the wellspring for value creation, leveraging the diversity and uniqueness of each individual employee while at the same time maintaining a work environment which enables them to enhance their capabilities and play an active role will lead to our growth as a corporation. An additional condition for our survival which we must preserve as the core of our corporate activities is the rigid pursuit of Compliance, Safety, and Environment.

Compliance is a prerequisite for corporate social responsibility, and without it, it is impossible to build relationships of trust with our stakeholders. Through good communication in the workplace, a good work environment, and improved work motivation, we will nurture all of our officers and employees to have “sound common

sense,” “sensitivity to immorality” and “courage to take action.” Further, we will adhere to laws and regulations as well as social norms, and strive to conduct our work each day with a sincere attitude.

Safety is a fundamental principle in the Oji Group’s business activities, and something which must always and absolutely be a top priority. We aim for thorough and consistent adherence to designated safety rules, and for zero accidents and zero disasters.

As I have repeatedly conveyed, Environment is an inextricable theme in our value creation, rooted as it is in forest and wooden resources. It is no exaggeration to say that the future of the Oji Group rests on the degree to which we are able to achieve harmony with the environment and realize sustainable business activities. We will not stop at only preventing environmental incidents and product liability incidents; moving forward, we will continue to engage in sustainability initiatives.

A Growth Strategy Based on Our New Medium-term Management Plan

We established our newest FY2022–2024 Medium-Term Management Plan in order to serve as a milestone on the way to achieving our Long-term Vision for 2030 described above. The purpose of our three basic policies is to materialize the four keywords. In order to discuss the degree to which we envision we will make progress toward their realization over the coming three years, let’s look at specific numerical management targets.

Our numerical management targets consist of consolidated operating profit of 150.0 billion yen or more, profit attributable to owners of parent of 100.0 billion yen or

more, an overseas sales ratio of 40%, and a net D/E ratio maintained at 0.7 times.

Some targets which were not achieved in the preceding FY2019–2021 Medium-term Management Plan, such as our target for consolidated operating profit, were carried over unchanged in our current plan. However, the above targets are of a level we intend to achieve as a bare minimum. During the previous Medium-term Management Plan, the COVID-19 pandemic resulted in a dramatic environmental change that was impossible to predict when the plan was released in May 2019. This

Numerical Management Targets for FY2024			
Consolidated operating profit	150.0 billion yen or more	Overseas sales ratio	40% (With a target of 50% in the future)
Profit attributable to owners of parent	100.0 billion yen or more (Continue stable profit of 100.0 billion yen or more)	Net D/E ratio	0.7 times maintained (End of March 2022: 0.7 times)

change had a profound impact on product sales as well as on the progress of strategic investments. From the formulation stage of the FY2022–2024 Medium-term Management Plan, we had already accounted for a much more severe business environment, such as dramatic exchange rate fluctuations and soaring raw material and fuel prices due to Russia’s invasion of Ukraine among other events. These are targets which we will aim to achieve in a time of opacity and uncertainty, no matter the business environment, and we will be selecting the best course of action going forward.

To get into specifics, we will be making the investments needed in order to timely and steadily execute our three basic policies of “Initiatives for Profitability Improvement,” “Initiatives for Environmental Issues,” and “Initiatives for Product Development.” In accordance with our intention to maintain a net D/E ratio of 0.7 times, we are anticipating three-year cash flows of 600.0 billion yen. We will be utilizing 550.0 billion yen of this for strategic and upkeep CAPEX; and 50.0 billion yen for dividends. While being selective about the areas we invest in, we will

also boost the expansion of businesses which contribute to profits and appropriately address urgent environmental issues. With regard to returns to our shareholders, our basic policy will be to continue to pay stable dividends over the long term. We will also consider gradually increasing dividends in light of the status of our profits and financial position.

The first three years of our Long-term Vision are an extremely important period which will influence what comes after. We will be focusing heavily not only on achieving our targets but also the processes which lead to their achievement. How do we execute our plan and, once it is in motion, how do we look back; identify issues; and, when necessary, correct our course to put ourselves back on track to achieve it? Further, amid the drastic changes the business environment continues to undergo, what things can we do that will be effective in bringing the Oji Group closer to our long-term goals? We will be encouraging all of our officers and employees to seriously think about these questions and to work together in answering them as we steadily move forward one step at a time.

Toward Realizing a Brighter Future Filled with Hope

The Next 10 Years Will Test Our True Value

As I stated above, in the 10 years since we transitioned to a holding company structure, the Oji Group has achieved significant growth. However, in terms of whether we have fully shifted our mindset from business management premised on an ever-growing economy to business management adapted to the environmental changes which have occurred thereafter, I feel that we have not 100% achieved this change in awareness. Moving forward, we must fully initiate a complete mindset shift in the Group and, at the same time, complete the transformation of our business structure before developing our businesses even further.

As a means of addressing environmental issues, we will build a carbon neutral business management system and “execute” initiatives to preserve a healthy global environment. At the same time, we will “enhance” and “expand” our businesses and “encourage” the creation of

new value. Reflecting on these four keywords from another angle, they are none other than a continuation of our Management Philosophy of “Creation of Innovative Value,” “Contribution to the Future and the World,” and “Harmony with Nature and Society;” and are our Purpose—to contribute to society through management rooted in forest resources—to be put into action. Will the Oji Group be able to further grow and evolve over the next 10 years? It will truly be a period which will test, as well as a time for us to demonstrate, our true value.

As a corporation which develops and shares its prosperity together with our stakeholders, the Oji Group aims to continue to boldly take on new challenges and make even greater leaps forward. We hope that all of our stakeholders will pay attention to our future business development based on our new management strategy, and we look forward to your further support and patronage.

Long-term Vision & Medium-term Management Plan

In order to continuously increase corporate value in an ever-changing society, the Oji Group has formulated and is implementing its FY2022–2024 Medium-term Management Plan as well as its Long-term Vision for FY2030 that promote the Group reaching its long-term goals based on its Management Philosophy and Purpose.

Long-term Vision



Targets We Aim to Achieve in FY2030

To Achieve Environmental Action Program 2030

In our Environmental Action Program 2030, we set a target of reducing our greenhouse gas (GHG) emissions by at least 70% in FY2030 compared to FY2018 levels, as a milestone for our target of net-zero carbon in 2050 per our Environmental Vision 2050. The breakdown of this 70% reduction consists of a 20% GHG emission reduction from increasing our usage rate of renewable energy such as reducing coal consumption and installation of private solar power panels; and the remaining 50% reduction will be achieved through increasing the net increment in carbon stocks by forests by expanding our forest plantations. By FY2030, we plan to invest 100.0 billion yen into each of these areas for a total investment of 200.0 billion yen.

In addition to our initiative to realize carbon neutrality, we will also be fully engaging in a wide range of initiatives indivisible from our business activities as outlined in our Environmental Action Program 2030.

Environmental Action Program 2030

- | | |
|--|---|
| <p>1 Action on Climate Change</p> <ul style="list-style-type: none"> Reduce greenhouse gas (GHG) emissions by at least 70% compared to FY2018 <p>3 Consideration for Ecosystem</p> <ul style="list-style-type: none"> Challenge for zero environmental impact Biodiversity conservation | <p>2 Abundant Forests Creation and Resource Recycling</p> <ul style="list-style-type: none"> Sustainable forest management (forest recycling) Resource recycling (paper and water recycling) <p>4 Development of Trusting Relationships with Our Stakeholders</p> <ul style="list-style-type: none"> Responsible raw materials procurement and manufacturing Expansion of products that contribute to a decarbonized society Zero environmental incidents and zero product liability incidents |
|--|---|

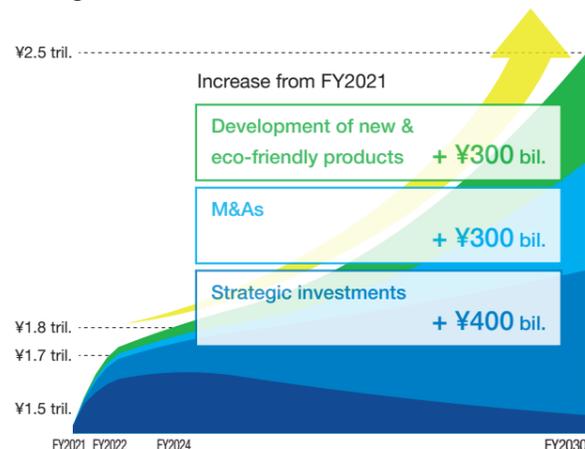
Environmental Action Program 2030
<https://ojiholdings.disclosure.site/en/themes/150/>

Consolidated Net Sales of 2.5 Trillion Yen or More

Based on our FY2021 results, we have increased our consolidated net sales target for FY2030 by over 1 trillion yen to 2.5 trillion yen or more.

Amid an anticipated contraction in demand for a portion of our products, we will improve our profit ratio through means such as cost reductions and improving operations. However, our goals go beyond that. In order to achieve further growth and evolution as the Group, we will expand promising businesses through strategic investment and M&As, including our corrugated container, household paper, disposable diaper, imaging media, and pulp businesses. At the same time, we will focus our efforts on developing, commercializing, and expanding the sale of new and eco-friendly products, including in our high performance film and renewable energy businesses. Further, through this process, we will aim to transform our portfolio into one which meets the demands of the times.

Changes in Consolidated Net Sales



Basic Policy of “Toward Further Growth and Evolution” to Achieve FY2030 Targets

1 Initiatives for Environmental Issues –Sustainability–

→ P25-34, 81-92

2 Initiatives for Profitability Improvement –Profitability–

→ P41-60

Household and Industrial Materials Businesses

Sales target for FY2030
 ¥1,250.0 billion

Long-term Goals:

Industrial materials business

- Further expand & enhance packaging business in Southeast Asia, India & Oceania
- Expand & enhance corrugated container business in Greater Tokyo area, Japan

Household and consumer products business

- Enhance branding & expand sales of household paper products in Japan
- Expand & enhance overseas disposable diaper business

Within our industrial materials business, demand for our corrugated container business remains robust. We aim to further expand and strengthen this business through M&As and new plant construction and, at the same time, by promoting restructuring of production systems and the integration of base paper processing. We will also be focusing our efforts on expanding our liquid packaging carton and filter businesses. In our household and consumer products business, we will expand our Japanese market share by increasing the value of our domestic household paper business, and expand and strengthen our disposable diaper business overseas.



United Kotak's new plant in Malaysia (commenced operation in July 2022)



Sales of “nepi eco” brand, eco-friendly products to be expanded

Functional Materials Business

Sales target for FY2030
 ¥400.0 billion

Long-term Goals:

- Actively develop high-function and eco-friendly products
- Expand global sales of imaging media business and enhance competitiveness including printing and converting

We will aim to expand profitability by expanding sales of thin capacitor films for next-generation vehicles and other high-function and eco-friendly products; and by expanding our imaging media business, which is experiencing strong demand, through means such as construction to expand production.



Two film machines are currently being installed at the Oji F-Text Shiga Mill (scheduled to commence operation in March 2023 and November 2024)

Forest Resources and Environment Marketing Business

Sales target for FY2030
 ¥600.0 billion

Long-term Goals:

- Expand & enhance pulp business as a “comprehensive pulp manufacturer”
- Expand renewable energy and other energy businesses
- Expand lumber processing business

In addition to expanding and strengthening our global pulp business, we will focus our efforts on expanding other businesses which leverage forest resources such as our lumber processing and biomass power generation businesses.



CENIBRA/Pulp Mill in Brazil

Printing and Communications Media Business

Sales forecast for FY2030
 ¥150.0 billion

Long-term Goals:

- Restructure production system and enhance competitiveness through collaboration with other group segments by maximizing the use of assets owned

We will strive for the optimum production system restructuring for the Group as a whole by assessing demand trends and continuing to implement thorough cost-cutting measures and, at the same time, by effectively utilizing owned assets such as pulp manufacturing facilities.



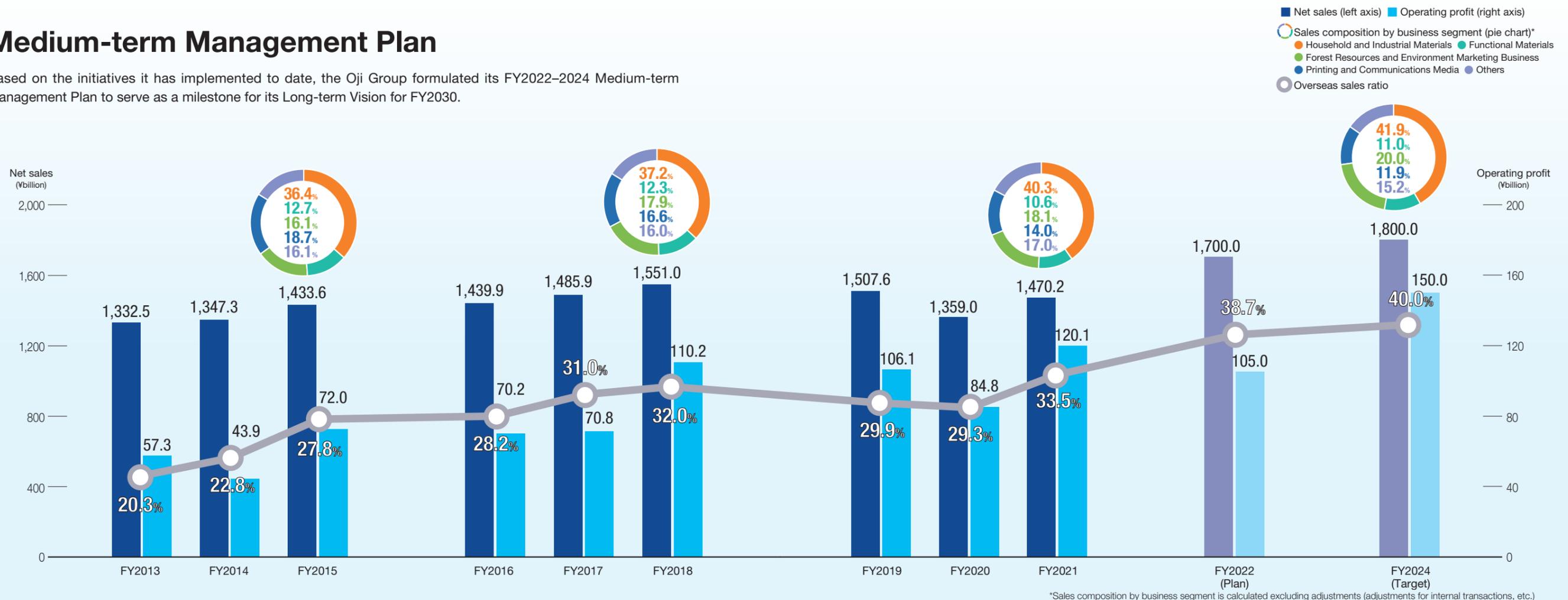
The #L-1 machine (for containerboard) at the Oji Paper Tomakomai Mill

3 Initiatives for Product Development –Green Innovation–

→ P35-40

Medium-term Management Plan

Based on the initiatives it has implemented to date, the Oji Group formulated its FY2022–2024 Medium-term Management Plan to serve as a milestone for its Long-term Vision for FY2030.



*Sales composition by business segment is calculated excluding adjustments (adjustments for internal transactions, etc.)

Review of Medium-term Management Plans and their Policies

FY2013–2015			FY2016–2018			FY2019–2021			FY2022–2024		
Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	FY2022 Plan
Consolidated operating profit	¥90.0 billion	¥72.0 billion	Consolidated operating profit	¥100.0 billion	¥110.2 billion	Consolidated operating profit	¥150.0 billion or more	¥120.1 billion	Consolidated operating profit	¥150.0 billion or more	¥105.0 billion
Overseas sales ratio	26.0%	27.8%	Overseas sales ratio	35.0%	32.0%	Overseas sales ratio	40.0%	33.5%	Overseas sales ratio	40.0%	38.7%
ROE	7.0%	2.1%	ROE	8.0%	7.7%	ROE	10.0%	10.9%	Profit attributable to owners of parent	¥100.0 billion or more	¥70.0 billion
Interest-bearing debts	¥700.0 billion	¥777.7 billion	Interest-bearing debts	¥700.0 billion	¥620.6 billion	Net D/E ratio	0.7 times maintained	0.7 times	Net D/E ratio	0.7 times maintained	0.7 times

Basic Policies

- 1 Deepening of the core businesses
- 2 Development of new businesses and products
- 3 Further expansion of overseas businesses

Review

- FY2015 operating profit increased significantly from FY2012 by 28.5 billion yen; however, in part due to increased raw material prices and impairment losses recorded in some overseas businesses, we did not achieve our targets for operating profit or ROE.
- After transitioning to a holding company structure in October 2012, we promoted business structure transformation. We particularly proactively developed overseas businesses, and our overseas sales ratio increased by 11.1 percentage points, from 16.7% in FY2012 to 27.8% in FY2015.
- In Japan, we focused on increasing profitability through cost reductions and production system restructuring, and on developing new added-value materials and new businesses, such as dissolving pulp (DP) and our energy business.

Basic Policies

- 1 Expansion of overseas businesses
- 2 Concentration / advancement of domestic businesses
- 3 Enhancement of financial foundation

Review

- We reached our target of 100.0 billion yen for operating profit in FY2018. We also achieved our target of reducing interest-bearing debts to 700.0 billion yen.
- We aimed to optimize and enhance production capacity and to expand overseas manufacturing sites with a focus on our packaging business, increasing our overseas sales ratio by 4.2 percentage points, from 27.8% in FY2015 to 32.0% in FY2018.
- In Japan, we continued to focus on increasing profitability through cost reductions and production system restructuring, and on developing new added-value materials and new businesses, such as cellulose nanofibers (CNF) and our water treatment business.

Basic Policies

- 1 Profitability improvement of domestic business
 - 2 Expansion of overseas business
 - 3 Promotion of innovation
- ★ Contribution to a sustainable society

Review

- Due to the effects of the COVID-19 pandemic (delay of capital investments and subsequent effects, etc.) as well as soaring raw material prices, we failed to reach our target for operating profit in FY2021, yet achieved record-high profits.
- We strengthened and expanded our growth businesses in Japan (corrugated container, household paper, and renewable energy businesses) and overseas businesses.
- We proactively developed our themes for innovation: "Eco-friendly materials and products," "entry into medical field," and "total solution."
- We formulated our Environmental Vision 2050 and Environmental Action Program 2030.

Basic Policies (Long-term Vision & Medium-term Management Plan)

- 1 Initiatives for environmental issues –Sustainability–
- 2 Initiatives for profitability improvement –Profitability–
- 3 Initiatives for product development –Green Innovation–

Key Initiatives

- In response to the increasing importance of addressing environmental issues, implement our Environmental Vision 2050 and Environmental Action Program 2030 action plans.
- Make effective use of own facilities, promote further production system restructuring.
- Implement strategic investments and M&As, etc. in order to further expand promising businesses in Japan and overseas businesses.
- In addition to developing new materials and products, accelerate rapid commercialization initiatives with regard to our green innovation themes: "Development of new materials derived from wood fiber," "challenge to the medical and healthcare field," and "development of eco-friendly paper materials."

Message from the Director in Charge of Finance

FY2022–2024 Medium-term Management Plan from a Financial Perspective

We will aim to achieve the new Medium-term Management Plan by optimizing the Group’s business portfolio through its financial strategy

Director of the Board, Executive Officer, Oji Holdings Corporation **Akio Hasebe**



A Review of the Previous Three-year Medium-term Management Plan

During the previous Medium-term Management Plan spanning from FY2019 to FY2021, the Oji Group positioned “profitability improvement of domestic business,” “expansion of overseas business,” and “promotion of innovation” as the basic policies of its management strategy and, through the policy of “contribution to a sustainable society,” the Group aimed to become a global corporate group that maintains stable consolidated operating profit of 100.0 billion yen or more. Under these basic policies, the Group has operated business with the performance targets for FY2021 of “consolidated operating profit of 150.0 billion yen or more”, “overseas sales ratio of 40%”, “ROE of 10.0%”, and “net D/E ratio of 0.7 times”.

Per our results for FY2021, our consolidated operating profit was 120.1 billion yen, our overseas sales ratio was 33.5%, our ROE was 10.9%, and our net D/E ratio was 0.7 times. In spite of stagnant economic activity and delayed recovery resulting from the spread of COVID-19, we enhanced our profitability through such means as continued cost reductions, production system restructuring in Japan, and effective utilization of facilities in our possession. As a result, we achieved our ROE target.

Cash flows from operating activities, generated through business management based on our basic policies, were proactively invested in promising businesses and research and development activities. While maintaining a net D/E ratio of 0.7 times, during the previous Medium-term Management Plan, capital investments and loans were 452.5 billion yen, and research and development costs were 28.0 billion yen.

Capital investments and loans were utilized in Japan to strengthen containerboard and its processing, household paper, and biomass power generation businesses, as well as in a business partnership with Mitsubishi Paper Mills Limited. Overseas, they were utilized to expand our packaging, disposable diaper, and thermal paper businesses, and for construction to increase the profitability of our pulp business. Further, through the acquisition of additional shares, we increased our voting rights ratio to 100% for CENIBRA in Brazil (engaged in pulp manufacturing and sales) and Oji FS in New Zealand (engaged in pulp and containerboard manufacturing, processing, and sales) in FY2021.

In our research and development activities, we proactively involved ourselves in the development of eco-friendly

materials and products and other initiatives in order to contribute to the resolution of global issues such as climate change and marine plastic pollution.

Financial Strategy under FY2022–2024 Medium-term Management Plan

Numerical Management Targets

The environment surrounding us is undergoing bewildering change. The changes occurring in the demand structure, ongoing since before the previous Medium-term Management Plan was formulated and implemented, became visibly more striking through the spread of COVID-19. This has required us to further transform our portfolio based on an assessment of promising businesses where demand is expected to increase and businesses where demand is forced to shrink. Additionally, increasing attention being paid to climate change and other environmental issues is creating even greater need for business activities which give thought to the global environment.

Against this backdrop, we formulated our new Long-term Vision for FY2030, as well as a new Medium-term Management Plan for the first three years of this vision spanning from FY2022 to FY2024. For FY2024, the final year of this new Medium-term Management Plan, we have set the following numerical management targets.

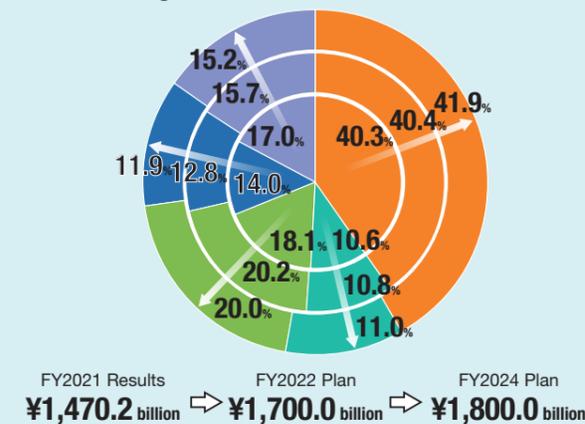
Consolidated operating profit	150.0 billion yen or more
Profit attributable to owners of parent	100.0 billion yen or more (Continue stable profit of 100.0 billion yen or more)
Overseas sales ratio	40% (With a target of 50% in the future)
Net D/E ratio	0.7 times maintained (End of March 2022: 0.7 times)

Capital Allocation

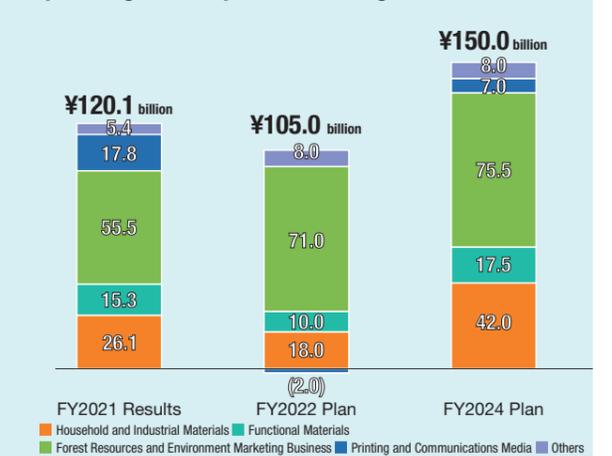
Intending to maintain our current net D/E ratio of 0.7 times, we will proactively allocate cash flows generated from business operations, etc. to environmental measures and investments in businesses with promising futures. More specifically, we are anticipating cash flows from the three-year period up to FY2024 of approximately 600.0 billion yen, of which approximately 400.0 billion yen, excluding dividends and upkeep CAPEX, will be used for strategic investments.

Of our 400.0 billion yen in strategic investments, we plan to invest 50.0 billion yen in environmental measures.

Consolidated Net Sales and Sales Composition by Business Segment



Operating Profit by Business Segment



In order to achieve our greenhouse gas reduction target (a reduction of at least 70% in FY2030 compared to FY2018 levels) in our Environmental Action Program 2030, we have announced that by FY2030, we will invest 100.0 billion yen each, for a total of 200.0 billion yen, in expanding our forest plantations, and in reducing emissions by converting coal-fired boilers to gas-fired ones and by installing private solar power systems. We plan on investing one fourth of this in the three-year period up until FY2024.

We will allocate the remaining 350.0 billion yen in promising businesses—such as our domestic and overseas corrugated container, high performance film, biomass power generation, and pulp businesses—to expand and strengthen them through M&As as well as construction of new facilities and plants. We will also allocate part of this amount to create new core businesses through the development of new materials and products.

The projects we have announced so far are only a part of the list, and we have also secured investment funds for other projects currently being considered or will be investigated moving forward.

Our Numerical Management Targets for FY2024 are already achievable solely through the measures in progress, and the measures to be implemented by the investment

under current Medium-term Management Plan are expected to be effective from the next Medium-term Management Plan onward. In order to achieve our long-term goals, what we do now is extremely important, and we will be implementing various measures based on our basic policies without delay.

For business investments, we confirm the profitability of an investment in consideration of our cost of capital and other factors, and make investment decisions through appropriate risk-taking. We will also focus on innovations that will open up the future of the Group, based on their future potential, although the effects of such investments cannot be expected to be realized overnight.

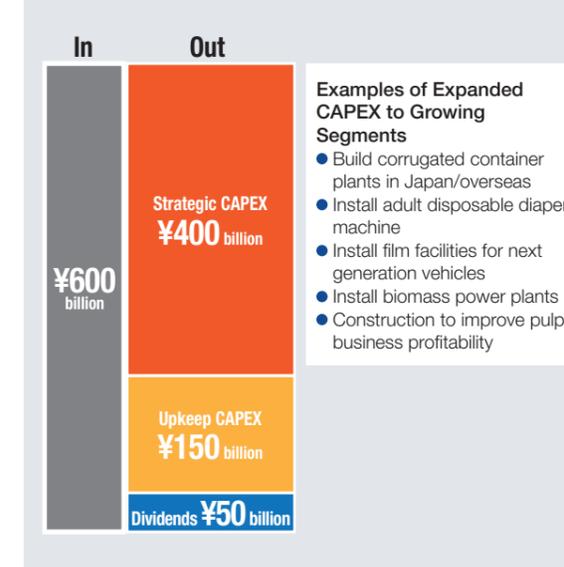
Note that the Group’s capital condition is being centrally managed by Oji Holdings. In accordance with the acceleration in our global expansion, the amount of funds generated from our overseas businesses and companies is increasing year by year. At the same time, the number of overseas business opportunities to invest in has also increased. We will be engaging in efficient, global fund management, allocating surplus funds from our overseas businesses and companies to investment in opportunities in their regions.

Corporate Communication as Financial Strategy

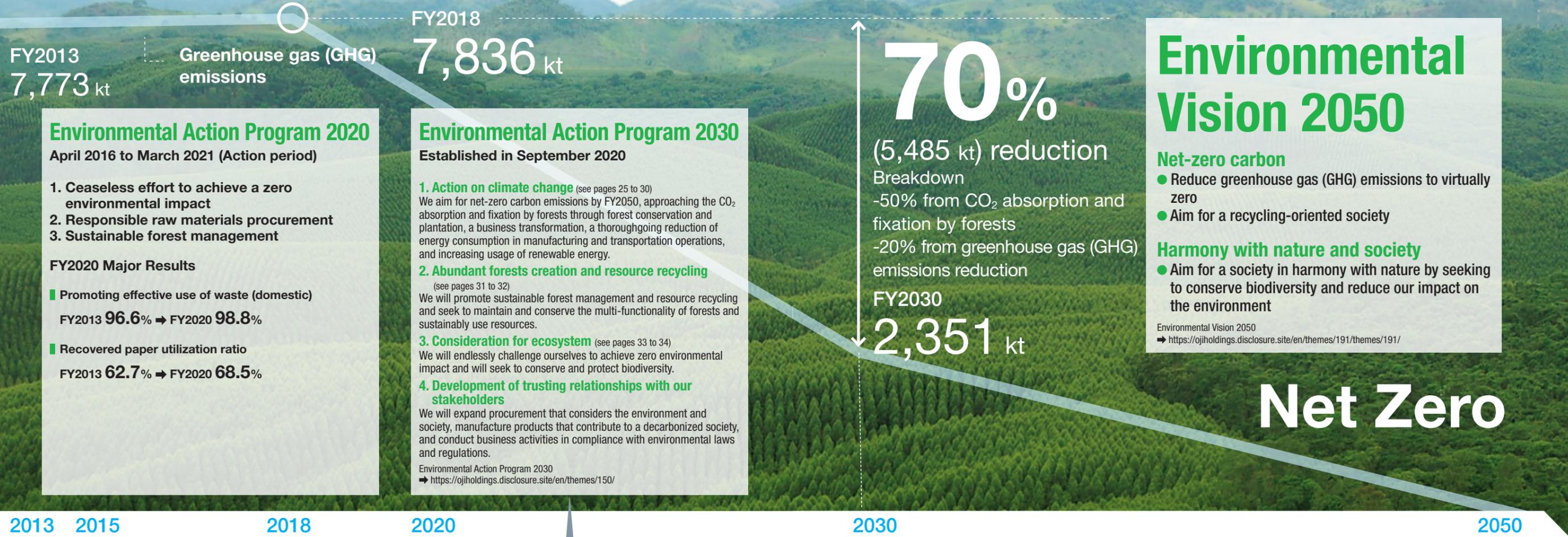
The Oji Group proactively shares and discloses information to investors, analysts, and its shareholders, including financial results and other financial information, and non-financial information such as ESG data through means which include its IR page, Integrated Reports, and Sustainability Reports (online). The Group also strives to build relationships of trust and achieve mutual understanding through engagement with institutional investors as well as interviews with analysts. Through these activities, the Oji Group promotes its activities.

With regard to returns to the shareholders who support the Oji Group, it is our fundamental policy to maintain stable dividends while at the same time giving consideration to internal reserves in order to prepare for future management measures. Based on this policy, we have decided to pay an ordinary dividend of 16 yen per share for FY2022, an increase of 2 yen over the previous fiscal year. We will also continue the shareholder benefits program we introduced in the previous fiscal year.

FY2022-2024 Financial and Investment Plan



Action on Climate Change



Environmental Action Program 2020

April 2016 to March 2021 (Action period)

1. Ceaseless effort to achieve a zero environmental impact
2. Responsible raw materials procurement
3. Sustainable forest management

FY2020 Major Results

- Promoting effective use of waste (domestic)
FY2013 96.6% → FY2020 98.8%
- Recovered paper utilization ratio
FY2013 62.7% → FY2020 68.5%

Environmental Action Program 2030

Established in September 2020

1. Action on climate change (see pages 25 to 30)
We aim for net-zero carbon emissions by FY2050, approaching the CO₂ absorption and fixation by forests through forest conservation and plantation, a business transformation, a thoroughgoing reduction of energy consumption in manufacturing and transportation operations, and increasing usage of renewable energy.
2. Abundant forests creation and resource recycling (see pages 31 to 32)
We will promote sustainable forest management and resource recycling and seek to maintain and conserve the multi-functionality of forests and sustainably use resources.
3. Consideration for ecosystem (see pages 33 to 34)
We will endlessly challenge ourselves to achieve zero environmental impact and will seek to conserve and protect biodiversity.
4. Development of trusting relationships with our stakeholders
We will expand procurement that considers the environment and society, manufacture products that contribute to a decarbonized society, and conduct business activities in compliance with environmental laws and regulations.

Environmental Action Program 2030
→ <https://ojiholdings.disclosure.site/en/themes/150/>

Environmental Vision 2050

Net-zero carbon

- Reduce greenhouse gas (GHG) emissions to virtually zero
- Aim for a recycling-oriented society

Harmony with nature and society

- Aim for a society in harmony with nature by seeking to conserve biodiversity and reduce our impact on the environment

Environmental Vision 2050
→ <https://ojiholdings.disclosure.site/en/themes/191/themes/191/>

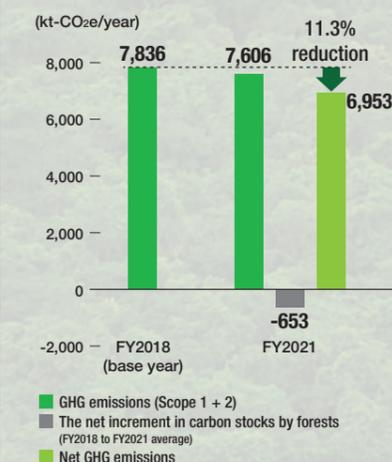
The Oji Group established Environmental Charter in 1997 with the philosophy of maintaining and developing our corporate activities in harmony with the environment from a wide global perspective and contributing to the realization of a truly affluent society. Toward realizing this philosophy, we formulated Environmental Action Program for the period of five years being the target achievement period. We have worked to ensure compliance with environmental regulations, address climate change issues, implement sustainable forest management, effectively utilize resources (improve recovered paper utilization ratio), reduce substances of environmental concern and wastes, and build trusting relationships with stakeholders. In 2019, we formulated and implemented the Medium-term Management Plan for FY2020 being the target achievement year by expressly positioning “contribution to a sustainable society” as the foundation supporting business continuity and growth.

Furthermore, in September 2020, to further strengthen our initiatives for “harmony with the environment,” and “contribution to a sustainable society,” we formulated our Environmental Vision 2050, which centers around our goals of “net-zero carbon” and “harmony with nature and society,” and also Environmental Action Program 2030, which functions as a milestone on the way to the Vision. As for climate change issues, we continue to work to reduce GHG emissions through coal consumption reduction, preserve forests including conservation of biodiversity, and increase the net increment in carbon stocks by forests based on the roadmap to 2030.

Roadmap toward Achieving Reduction Targets for FY2030

Category	Sub-category	GHG reduction (kt-CO ₂ e)	GHG reduction (%)	Roadmap											
				2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
GHG emissions reduction	Improve energy efficiency	200	2.6%	Continue to reduce energy consumption by 1.0% or more per year, averaged over five years											
	Increase the percentage of renewable energy use	Reduce coal consumption	1,007	12.9%	Technological research → Development → Investment decisions → Installations Consider fuel conversion for 12 coal boilers in Japan										
		Install private solar power systems, etc.	360	4.5%	Installation planning → Investment decisions → Installations Consider installation of private solar panels										
Subtotal		1,567	20.0%												
Expansion of net increment in carbon stocks by forests	Expand forest plantations	3,918	50.0%	Overseas production forests: 256,000 ha → 400,000 ha Search for sites, land surveys → Assessment of business feasibility → Consideration of acquisition, decision											
	Plant fast-growing trees			Continue forest tree breeding (breed improvement) and elite trees' plantation											
Total		5,485	70.0%												

FY2021 Net GHG Emissions Results
In FY2021, the net GHG emissions were reduced by 11.3% compared to the GHG emissions in the base year (FY2018).



History of the Oji Group's Value Creation
 What the Oji Group Aims For
 Initiatives for Environmental Issues — Sustainability —
 Initiatives for Product Development — Green Innovation —
 Initiatives for Profitability Improvement — Profitability —
 Governance Strategy
 Sustainability Strategy
 Financial and Non-financial Data

Initiatives toward Achieving Targets for FY2030

GHG Emissions Reduction

In Environmental Action Program 2030, we have set a target of reducing GHG emissions by 20% (1,567 kt-CO₂e) compared to the base year (FY2018). In order to achieve the target, we take continuous measures to improve energy efficiency (reducing energy consumption intensity by thorough energy conservation) and increase the renewable energy usage rate (such as reducing coal fuel consumption and installing private solar power systems).

Improve Energy Efficiency

Results

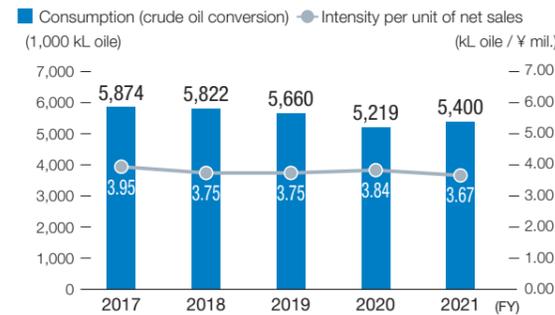
We set a target of reducing energy consumption intensity by 1% per year for the 5-year average, and the average energy consumption intensity for FY2017 to FY2021 reduced by 1.8%.

In FY2021, domestic business companies whose energy consumption accounts for approximately 50% of the total energy consumption across the Oji Group made energy conservation investments of 1.3 billion yen, thereby reducing energy consumption corresponding to approximately 1% of the total energy consumption across the Group (crude oil conversion 47 thousand kL).

Future initiatives

The Oji Group has positioned energy conservation as a crucial topic and takes continuous measures to address it. For example, our mills/plants regularly hold energy conservation meetings, attended by personnel from energy management and manufacturing divisions. Various ideas including equipment update and change in equipment operation method are discussed. Although a lower production volume leads to the

Energy Consumption* and Intensity



* A star mark indicates that FY2021 figure for energy consumption has been assured by KPMG AZSA Sustainability Co., Ltd. For the calculation method, see page 107.

In order to address the increase of energy consumption intensity, we will take continuous measures to address energy conservation by suspending surplus equipment and ensuring consistent power and steam saving.

Increase the Percentage of Renewable Energy Use

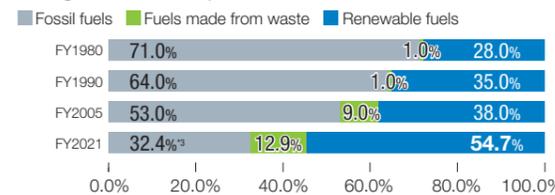
Results

The Oji Group has been encouraging to reduce fossil fuel ratio by using renewable fuels*1 such as black liquor*2, wood residue and bark. Renewable fuels accounted for 54.7% in FY2021.

*1 **Renewable fuels:** Organic energy and resources derived from renewable biological sources (such as wood) except for fossil resources.

*2 **Black liquor (black vegetative waste fluid):** Black vegetative waste fluid that remains after removing wood fibers in woodchips in the process of making pulp from woodchips (kraft pulping process). Its components include lignin and hemicellulose.

Changes in Fuel Composition Ratio



*3 Breakdown: Coal 13.0%, gas 7.6%, oil 5.9%, and purchased energy 5.9%

Investment in connection with coal reduction
Approx. **100 billion yen** (by 2030)

Future initiatives

Status of examining ways to reduce coal consumption

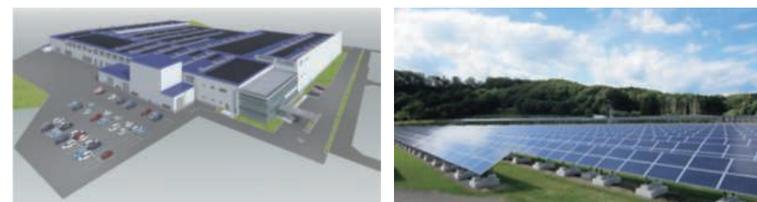
We own 15 coal-fired boilers in Japan (actual number at the end of FY2021) and are examining the possibility of fuel conversion for 12 of these, not including backup boilers, etc. We implemented equipment and technological research in connection with fuel conversion on 3 coal-only-fired boilers, and expect the fuel conversion will help achieve approximately 1,000 kt-CO₂ reduction.

New installation of solar power

Installation of private solar power systems (Installation at Oji Container / Tochigi Plant, Oji Materia / Kushiro, Sofue and Saga Mills are under consideration.)

Overview of Solar Power at Tochigi Plant, Oji Container

Panel capacity	1,850 kW
Scheduled commencement of operation	March 2023
100% of the electricity used at the plant during the daytime will be supplied by solar power.	
GHG reduction	(630 t-CO ₂ /year)



Expansion of Net Increment in Carbon Stocks by Forests

In Environmental Action Program 2030, we have set a target of absorbing and fixing the equivalent of 50% (3,918 kt-CO₂e) of GHG emissions in the base year (FY2018). Accordingly, we are aiming to expand our overseas forest plantations to 400,000 ha by FY2030.

Invest in Forest Conservation and Plantation

Results

The Oji Group owns a total of 573,000 ha of forests, comprising production forests totaling 432,000 ha in Japan and overseas and conservation forests of 141,000 ha, and practices sustainable forest management taking into consideration the environment, society and economy. The annual average net increment in carbon stocks by forests (our production forests and conservation forests) between FY2018 and FY2021 was 653 kt-CO₂, while the actual carbon stocks in living biomass reached 109,000 kt-CO₂ at the end of FY2021.

*1 The CO₂ stocks in Oji Forests

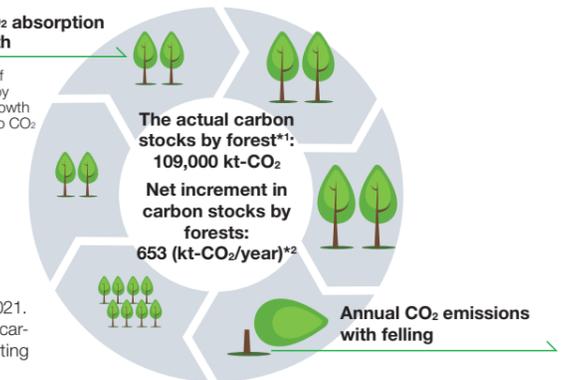
*2 The annual average net increment in carbon stocks by forests between FY2018 and FY2021.

We have applied the gain-loss method as a method of calculating net increment in carbon stocks by forests (and the stock difference method for CENIBRA, Brazil, starting from FY2021).

CENIBRA has obtained assurance of the net increment in carbon stocks by forests in FY2021 from a third party organization.

Annual CO₂ absorption with growth

The amount of carbon fixed by annual tree growth is converted to CO₂ (tons).

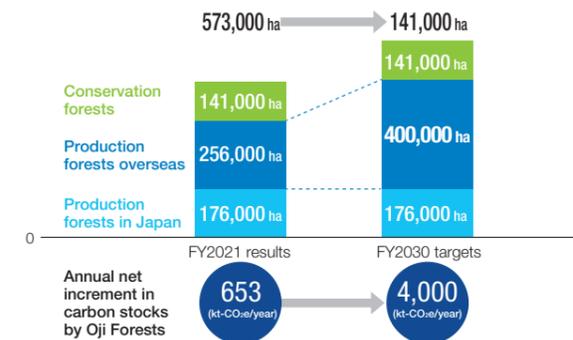


Future initiatives

In order to expand the net CO₂ absorption, we will move forward to further acquire forest plantations in South America, Oceania, Southeast Asia, etc. where we are already operating, and facilitate CO₂ absorption by developing better fast-growing trees while planting and cultivating fast-growing trees suitable for the regions where we operate the forest plantation business.

Expand forest plantations

As of March 2021, preliminary calculations suggest that the expenses associated with expanding our overseas forest plantations to 400,000 ha by FY2030 will amount to approximately 100.0 billion yen. As a result of this expansion, the total area of Oji Forests (production forests and conservation forests) will be 717,000 ha in FY2030.



Target area of overseas production forests
400,000 ha by FY2030

Investment in connection with acquisition
Approx. **100 billion yen**

Plant fast-growing trees

The Oji Group's overseas forest plantation business is planting fast-growing trees, including hardwoods such as eucalyptus and acacia as well as softwoods such as radiata pine. We harvest and replant trees in a shorter cycle than general forestry practices, for example, in a 6-to-10-year cycle for eucalyptus and acacia and in an approximately 30-year cycle for radiata pine.

In addition, CENIBRA, Brazil, has long been breeding forest trees. Approximately 15 types of high-quality varieties with high growth rate and pulp productivity were selected from among more than 20 thousand trees obtained through artificial pollination efforts. KTH, Indonesia and other companies also continue to breed forest trees. We are aiming to improve



Artificial pollination of eucalyptus Tree nursery, CENIBRA

growth rate of forest trees and facilitate CO₂ absorption by planting high-quality tree species developed by each business.

Action on Climate Change

TCFD

The Oji Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD*) in December 2020, and is working on climate-related information disclosure recommended by the TCFD.



* TCFD: Task Force on Climate-related Financial Disclosures
The TCFD is a task force established by the Financial Stability Board (FSB) at the request of G20 Finance Ministers and Central Bank Governors Meeting. In June 2017, the TCFD released its recommendations that encourage companies to disclose the financial implications of climate-related risks and opportunities to help investors make appropriate investment decisions.

Governance

The Oji Group recognizes initiatives for sustainability including climate change issues as one of the important management challenges. In FY2021, the following were deliberated on and approved by the Board of Directors.

- Establish the “Sustainability Committee,” which is chaired by the Representative Director of the Board, President and consists of Directors of Oji Holdings Corporation and Presidents of all Companies, and the “Corporate Sustainability Division,” which implements decisions made by the Committee in order to enhance initiatives for sustainability in general including climate change
- Strengthen initiatives for environment and society including climate change issues and make necessary investments to ensure sustainable growth and enhance corporate resilience

Sustainability Promotion Structure



Strategy

With assistance from external experts, the Secretariat of the Sustainability Committee examines what impacts of climate-related risks and opportunities have on our business on a group wide basis in the medium term (2030) and in the long

term (2050), and the Sustainability Committee deliberates on the priority and importance of them.

Impacts of climate-related issues on our business, strategy and finances are assessed quantitatively and qualitatively,

TCFD-related Risks, Opportunities, Strategies and Responses

Type	Driver (Factor causing an impact on our business)	Awareness of business environment	Impact on our business			
			1.5°C (2°C) scenario		4°C scenario	
			2030	2050	2030	2050
Transition risks	Policies, laws and regulations	Fluctuation of fossil fuel-derived energy prices	Small	Small	Small	Small
		Tightened CO ₂ emissions regulations	Medium*	Small*	Medium*	Small*
	Markets	Increasing stakeholders' interest in low-carbon products and services	Small	Small	Small	Small
Physical risks	Reputation	Negative feedback from stakeholders	Medium	Medium	Small	Small
		Acute	Increasing severity of extreme weather events	Small	Small	Small
Opportunities	Resource efficiency	Changes in precipitation and weather patterns, and rising average temperatures	Small	Small	Large	Large
		Effective resource utilization Reduction in water use and consumption	Small	Small	Medium	Medium
	Energy sources	Use of low emission sources of energy	Small	Medium	Small	Small
	Products and services	• Changes in consumer preferences • Development of new products and service through R&D and innovation	Large*	Large*	Large*	Large*
Markets	Use of incentives	• Expansion of support for forest preservation activities under the forest usage and forestry promotion policy • Possibility that carbon credit trading associated with forest absorption after 2050 will increase the value of company-owned forests, and that requests for forest management/assistance in management (providing know how) may increase	Small	Medium	Small	Small

* Impact amount Small: less than 10.0 billion yen Medium: not less than 10.0 billion yen but less than 50.0 billion yen Large: not less than 50.0 billion yen Impact levels without asterisk mark (*) represent qualitative assessment.

using several scenarios for 1.5°C (2°C) and 4°C. We recognize transition risks based on the 1.5°C (2°C) scenario (policy and regulatory risks including carbon tax) and physical risks based on the 4°C scenario (changes in precipitation and weather patterns, etc.) as important.

In order to address a shift toward a decarbonized society, the Oji Group formulated our Environmental Vision 2050 with our goal of “net-zero carbon,” and our Environmental Action Program 2030, which function as a milestone to reduce GHG emissions by 70% in FY2030 compared to FY2018. Toward achieving the goal, we are working to reduce coal

Risk Management

With assistance from external experts, the Secretariat of the Sustainability Committee examines the importance, priority and impact of climate-related risks on our business on a group wide basis, and the Sustainability Committee held on a semi-annual basis manages progress and deliberates on

Indicators and Targets

Based on the 1.5°C target in the Paris Agreement, Environmental Vision 2050 and Environmental Action Program 2030, we have set the following targets and are committed to achieving them. We have also established internal carbon pricing (ICP) with reference to the Net Zero Emission (NZE)

SCOPE 1 + 2	A 70% reduction by FY2030 and net zero by FY2050*		11.3% down (compared to FY2018)	GHG emissions reduction	3.0%
SCOPE 3	Reduction of GHG emissions through collaboration with suppliers	FY2021 results		We conducted a fact-finding survey of GHG emissions in a supplier sustainability survey	Net increment in carbon stocks by forests 8.3%
Coal consumption	FY2050 Zero coal consumption			We shut down the 3B boiler at the Nayoro Mill due to the restructuring of production systems	

* Including the net increment in carbon stocks by forests (see page 26)

Strategies and countermeasures
<ul style="list-style-type: none"> • Optimize fossil fuel consumption and purchased electricity to reduce overall energy costs by working on energy conservation and optimal operation of in-house power generation facilities • Enhance the operation of renewable energy sources such as hydro and biomass energy toward net zero carbon emissions in FY2050
<ul style="list-style-type: none"> • Convert to renewable energy and other fuels that emit less CO₂, and enhance energy conservation measures • Further promote resource-circulation, environmentally friendly business initiatives such as forest recycling and recovered paper recycling
<ul style="list-style-type: none"> • Continuously disseminate information on the status of sustainable forest management initiatives to stakeholders • Promote the acquisition of forest certification such as FSC, etc., announcement of procurement policies, such as no illegal logging, and ensuring traceability of suppliers • Implement environmental education to communicate environmental friendly business activities in collaboration with environmental NPOs, etc. • Be registered as Type I or Type II Registered Wood-related Business Entity as defined in the Clean Wood Act • (Plan to) conduct due diligence to prove the legality and verify the legality in connection with the procurement of wood raw materials and biomass fuels
<ul style="list-style-type: none"> • Formulate and regularly review a BCP, and enhance BCM • Keep abreast of and monitor the status of key raw materials • Enhance our relationship with suppliers, and stabilize procurement by diversifying suppliers
<ul style="list-style-type: none"> • Enhance stable procurement through procurement from multiple sources in North America, South America, Oceania, etc. • Expand and promote effective utilization of, company-owned forests • Conduct survey and research on impacts of temperature and precipitation on growth of trees, and select tree species suitable to the area
<ul style="list-style-type: none"> • Further expand the water treatment business primarily by promoting the expanded service for the production of water for daily use • Propose innovative technology leading to the effective utilization of water resources
<ul style="list-style-type: none"> • Promote the power generation business such as wind power generation and micro hydroelectric power generation
<ul style="list-style-type: none"> • Enhance the alternate use of biomass plastics made from biomass and the development of paper materials as an alternative to plastic packaging, and expand sales opportunities
<ul style="list-style-type: none"> • Plan and implement the management of company-owned forests in line with national and local governments policies • Maintain and improve productivity of planted trees by conducting research and technology development tailored to the relevant areas

Investment toward Decarbonization

Investment in connection with coal reduction
Approx. 100 billion yen

Investment in connection with acquisition of forest plantations
Approx. 100 billion yen

Financial Impact of Climate-related Risks and Opportunities (2030)

Example of opportunities
Green innovation
Increase in sales from the environmentally friendly business
300 billion yen

Example of risks
Burden of carbon tax
39.7 billion yen*

* Established with reference to the Net Zero Emission (NZE) scenario by the International Energy Agency (IEA)

Abundant Forests Creation and Resource Recycling

Forests produce wood, store abundant water, prevent landslide and other natural disasters, and nurture wild animals. They also absorb carbon dioxide and their various functions to prevent global warming are being reevaluated.

While the world is rapidly moving toward the realization of a carbon neutral society by 2050, we have more roles and responsibilities to fulfill. Practicing sustainable forest management with a direct connection to our business, we will continue to take steps toward realizing a decarbonized society, increasing the value of forest resources, and aiming to expand Oji Forests further.

Sustainable Forest Management Policy (established on April 1, 2022; full text)

The Oji Group owns and manages vast forests and practices sustainable forest management in harmony with the environment and local communities based on our Management Philosophy, Harmony with Nature and Society. Our business activities and local communities rely on ecosystem services such as water, climate control and forest products, while our forestry activities impact ecosystems, natural landscapes, and biodiversity. Therefore, we understand our responsibility of managing the forests we own and manage in an environmentally, socially, and economically sustainable way. Complying with the relevant local, national and regional laws and all relevant international conventions and agreements regarding forest management and based on the applicable internationally recognized principles, we will:

1. be complicit in neither deforestation nor illegal logging.
2. safeguard ecological health and functionality and promote sustainable forest and land management practices that aid the conservation of biodiversity, soil, and water resources.
3. respect the human rights of all people, not discriminate or act with prejudice, and never engage in the utilization of child labor or forced labor.
4. respect the unique economic and cultural rights and the legitimate rights of indigenous peoples, including traditional lands and land use.
5. contribute to maintaining or enhancing local communities' social and economic well-being.
6. monitor the condition of forests and the results of management activities, and verify sustainable forest management using tools such as forest certifications.

Overview of the Oji Group's Forests (Oji Forests)

The Oji Group owns and manages extensive forests in Japan and overseas, amounting to 573,000 ha. The portfolio comprises 432,000 ha of production forests primarily for producing forest products in consideration of environment, and about 141,000 ha of conservation forests principally for preserving biodiversity and basins.

Wood from production forests is expected to be used as raw materials for paper manufacturing and fuels for biomass power generation, and for new materials derived from wood components under development. In order to maintain stable supply of these materials, the Oji Group spends approximately 11.2 billion yen annually for ongoing sustainable forest management. In addition, our Environmental Action Program 2030 states a goal of "expanding overseas production forest area from 250,000 ha to 400,000 ha."

Country	Company	Established	Production forests (1,000 ha)	Conservation forests (1,000 ha)	Total (1,000 ha)
Brazil	CENIBRA	1973	144	106	250
New Zealand	Pan Pac	1971	35	5	40
	SPFL	1992	10	3	13
	Oji FS	2014	6	0	6
Indonesia	KTH	1998	39	12	51
Vietnam	QPFL	1995	9	1	10
Other (4 companies in Vietnam, Australia and China)		—	13	2	15
Overseas subtotal			256	129	385
Company-owned forests in Japan	—	—	176	12	188
Group total			432	141	573

Production forests: forests primarily for producing forest products in consideration of environmental conservation.
 Conservation forests: forests primarily for environmental conservation, including protecting biodiversity and basins.



Rubeshibe company-owned forest in Hokkaido, Japan



Pan Pac, New Zealand



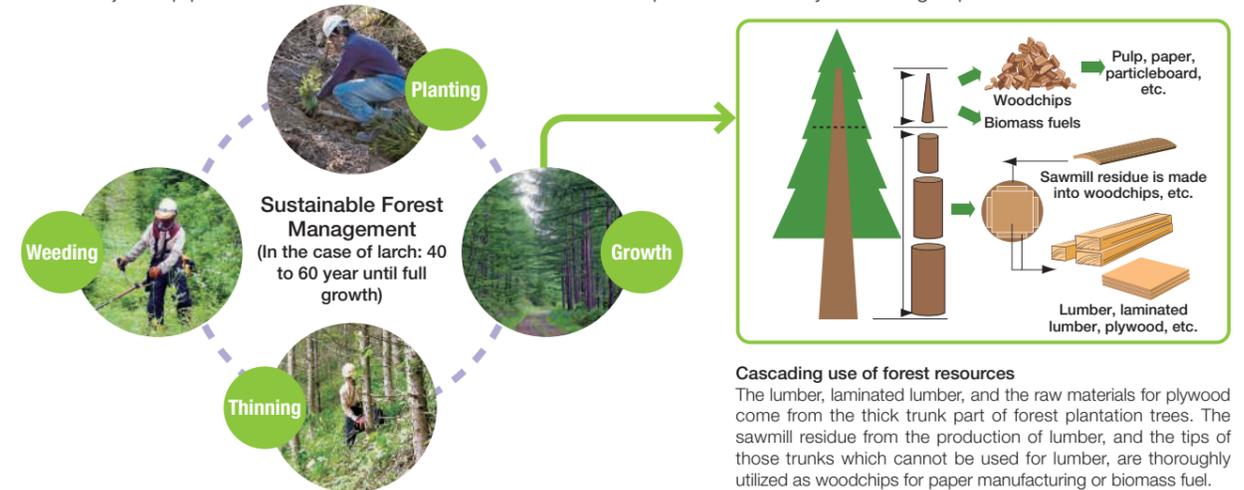
CENIBRA in Brazil: Production forest (left) and conservation forest (right)



Renewable Forest Resources

Forests are a renewable resource that can be planted, grown, harvested, and re-planted. To make thorough use of the trees, the Oji Group utilizes the harvested wood for lumber, plywood, woodchips for paper manufacture, wood biomass fuel, etc.

The Oji Group promotes the effective utilization of wood as a comprehensive forestry business group.



Cascading use of forest resources

The lumber, laminated lumber, and the raw materials for plywood come from the thick trunk part of forest plantation trees. The sawmill residue from the production of lumber, and the tips of those trunks which cannot be used for lumber, are thoroughly utilized as woodchips for paper manufacturing or biomass fuel.

Social Contributions that are Environmentally and Economically Friendly to Local Communities

Sustainable forest management requires a mutual understanding between forest plantation companies and the local communities. Also indispensable is their sharing of environmental, social, and economic benefits. To give an example of economic benefits, our overseas forest plantation companies have created approximately 15,000 jobs locally. Another such example is our technical training primarily on planting and forest management provided to owners of small-scale forests. Further, we cooperate with local governments, NGOs, and civic groups in each region to create and share environmental and social benefits. Their activities include biodiversity conservation programs in environmentally protected forests, vocational and educational support in local communities, and assistance in areas that have poor access to medical services.



Local staff in an eucalyptus nursery at CENIBRA



Supporting beekeeping in conservation forests at CENIBRA



Supporting health education on how to care for teeth and mouth at CENIBRA

Active Utilization of Forest Certification Programs

In Oji Forests of 573,000 ha, we actively utilize forest certification programs* to implement appropriate forest management that considers the environment, society, and the economy, including conservation forests. The forest certification acquisition rates in FY2021 were 92% for overseas forest plantations and 100% for company-owned forests in Japan. The Oji Group aims to achieve 100% forest certification acquisition rate by 2030.

* In pursuit of sustainable forest management, a third-party organization certifies forests after examining whether they are managed in good condition according to the standard. The certification covers all types of forest, including production forests and conservation forests. e.g. : FSC™, PEFC, etc.

Consideration for Ecosystem

Foster nurtures Water, and Water nurtures Forests. Forests and Water nurture our Lives. The Oji Group protects and nurtures Forests and Water to pass them on to the Next Generation.

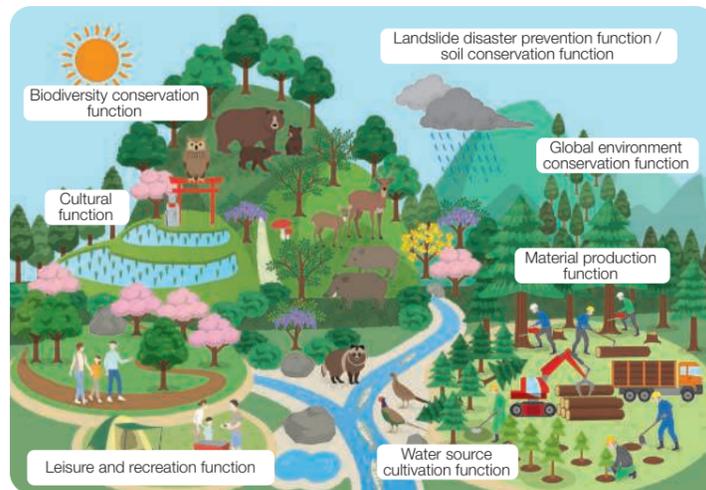
The capital (stock) formed by nature such as forests, soil, water, air and biological resources is called natural capital. Furthermore, the flows generated by the natural capital can be considered as ecological services (benefits). Take forests as an example. Forests are natural capital, and our society benefits in many ways including wood they produce, carbon dioxide absorption and fixation and landslide disaster prevention.

Forests' Multi-functionality and Ecological Services

While leveraging forests' various functions, the Oji Group has been conducting various activities to protect and nurture forests and water in the 573,000 ha Oji Forests we own and manage in Japan and overseas.

Forests, which have a significant number of multifaceted functions such as biodiversity conservation, landslide disaster prevention, water source cultivation and provision of leisure and recreation places, are deeply related to our life.

- Biodiversity conservation
- Landslide disaster prevention function / soil conservation function
- Cultural function (aesthetic scenery)
- Global environment conservation function (carbon dioxide absorption and fossil fuel alternative energy)
- Water source cultivation function
- Material production function (such as wood and mushrooms)
- Leisure and recreation function



List of Conservation Forests in Japan by Function

When acquiring forest certification (SGEC) in 2008, we selected conservation forests to address biodiversity. Later we identified 44 forests of 11,551 ha as conservation forests by adding forests for land and water maintenance purposes, academically valuable forests and other aesthetic forests. We believe it our corporate social responsibility to maintain conservation forests, and will ensure appropriate forest management.

Conservation forest category	Number of forests	Conservation area (ha)
Land conservation forests	16	817
Water conservation forests	4	274
Biodiversity conservation forests	13	9,742
Academic conservation forests	1	8
Conservation forests for forest utilization	10	710
Total	44	11,551

Conservation Biodiversity Program—Joining the 30by30 Alliance for Biodiversity

We have joined the 30by30 Alliance for Biodiversity, which was voluntarily launched by companies, local governments and organizations under the initiative of the Ministry of the Environment in Japan. This Alliance aims to “protect at least 30% of land and sea by 2030,” which was launched at the G7 Summit in June 2021. The Alliance members certify their owned or controlled lands as international OECM*, and expand and support protected areas.

* OECM: Other Effective area-based Conservation Measures

We will work on biodiversity preservation activities, under the collaboration with the Ecosystem Trust Society since 2016, aiming to acquire OECM certification for the Koyagauchi company-owned forest (in Kochi Prefecture) where measures to protect fairy pitta's growing environment are being taken.



Fairy pitta seen in the Koyagauchi company-owned forest. Listed as an Endangered IB on the Red List of the Ministry of the Environment Red List. Photo provided by the Ecosystem Trust Society

Example of Efforts of Water Resource and Basin Management by CENIBRA, Brazil

CENIBRA (founded in 1973) is located in Minas Gerais in southeast Brazil, and implements integrated production from planting, felling, chipping of raw material eucalyptus to pulp manufacturing. CENIBRA's owned and managed 250,000 ha forests (144,000 ha production forests and 106,000 ha conservation forests) and pulp mill (1,200 kt/year) use water resources in the Doce River Basin.

In recent years, the areas around the Doce River have been experiencing lower rainfalls, causing a region wide concern about draught. CENIBRA conducted periodic survey on water volume and water quality at each water intake point, and identified the most seriously affected tributary area. In cooperation with public authorities, CENIBRA is conducting various conservation activities to cultivate water sources in the Doce Basin (see page 89 for “River Basin Management by CENIBRA, Brazil”).

In addition, to ensure the effective use of water taken from the Doce River, CENIBRA collects and recycles water and heat energy in production processes, thereby manufacturing pulp with minimum water consumption. All used water (excluding evaporated portion) is sent to a water treatment facility, processed to meet water quality standards required by applicable laws and regulations while its quality being monitored in an appropriate manner, and returned to the Doce River.



CENIBRA's Pulp Mill



Monitoring of each process



Pulp manufacturing



Monitoring of water quality



Pulp shipment

CENIBRA's Monitoring of Biodiversity Indicators

CENIBRA fosters a variety of lives by protecting the valuable ecosystem of the Atlantic Forest known as reservoir of biodiversity. In collaboration with external research institutions, universities, NGOs and other organizations, CENIBRA also monitors plants and animals and water resources, and conducts various ecosystem protection and conservation activities, thereby enhancing multi-functionality of forests.

Monitoring results up until 2021 confirm that endangered 31 species of birds and 17 species of mammals are inhabited in CENIBRA's conservation forest.

In addition, CENIBRA is engaged in activities for breeding mutum (crax blumembachii), an endangered bird species, and several other species, and returning them to nature, and is implementing a Green Corridor Program to link separated habitat areas. Sustainability Report (online) <https://ojiholdings.disclosure.site/en/themes/182/>

* IUCN Red List Categories: Least Concern (LC), Vulnerable (VU), Critically Endangered (CR)



New Value Creation through Green Innovation



Our Role Is to Effectively Utilize Forest Resources to Solve Social Challenges

General Manager, Innovation Promotion Division, Corporate Officer, Oji Holdings Corporation **Muraji Nishi**

Under the Group basic policy of “Initiatives for Product Development –Green Innovation–”, the role of our Innovation Promotion Division is to solve social challenges through “the creation of new value through the effective use of forest resources.” On a foundation of diverse core technologies cultivated through paper manufacturing and forestry spanning the 150 years since our founding, we will be promoting innovation with a focus on the following three themes.

The first theme is “development of new materials derived from wood fiber.” We are developing a variety of new materials to realize a recycling-oriented society by effectively utilizing the abundant forest resources we own in Japan and overseas. Specifically, wood-derived biomass plastics utilizing enzyme reaction and fermentation technologies, and biomass plastic films utilizing film forming technology. We are promoting development utilizing core Group technologies, such as cellulose nanofibers using nano-fibrillation technology, cellulose mats applying non-woven fabric manufacturing technology, and cellulose composites leveraging mixing technology.

The second theme is “challenge to the medical and healthcare field.” With an eye on the medical care of the future, we are taking on the challenge of entering a new field that goes beyond the Oji Group’s traditional businesses through our efforts to utilize our forest resources and proprietary technologies in the medical and healthcare field. Specifically, we are working on developing

pharmaceutical products using hemicellulose, a main component of wood, as a raw material; and large-scale cultivation of medicinal plants utilizing our forest tree-breeding technology. In addition, utilizing proprietary technology, we are promoting the development of cell culture substrates for controlled cell orientation, which are expected to contribute to regenerative medicine.

The third theme is “development of eco-friendly paper products.” Utilizing various paper products to achieve things such as CO₂ emissions reductions and reduce plastic usage is something that can only be accomplished by a company as knowledgeable about paper as we are. In order to meet a broad array of needs for environmental friendliness, we are promoting a variety of innovations. Examples include the development of plastic-free solutions utilizing paper materials, and laminated paper which can be recycled leveraging our paper production technology.

People around the world are holding great expectations for sustainable forest resources. We believe there are innovations which can only be achieved by a company like us which has long and dedicated experience in dealing with forest resources. By going back to the basics once again and reexamining the “Purpose” of the Oji Group, we will promote value creation to achieve our future goals.

Green Innovation Oji Is Aiming for

Effective Use of Forest Resources to Contribute to a Recycling-oriented Society

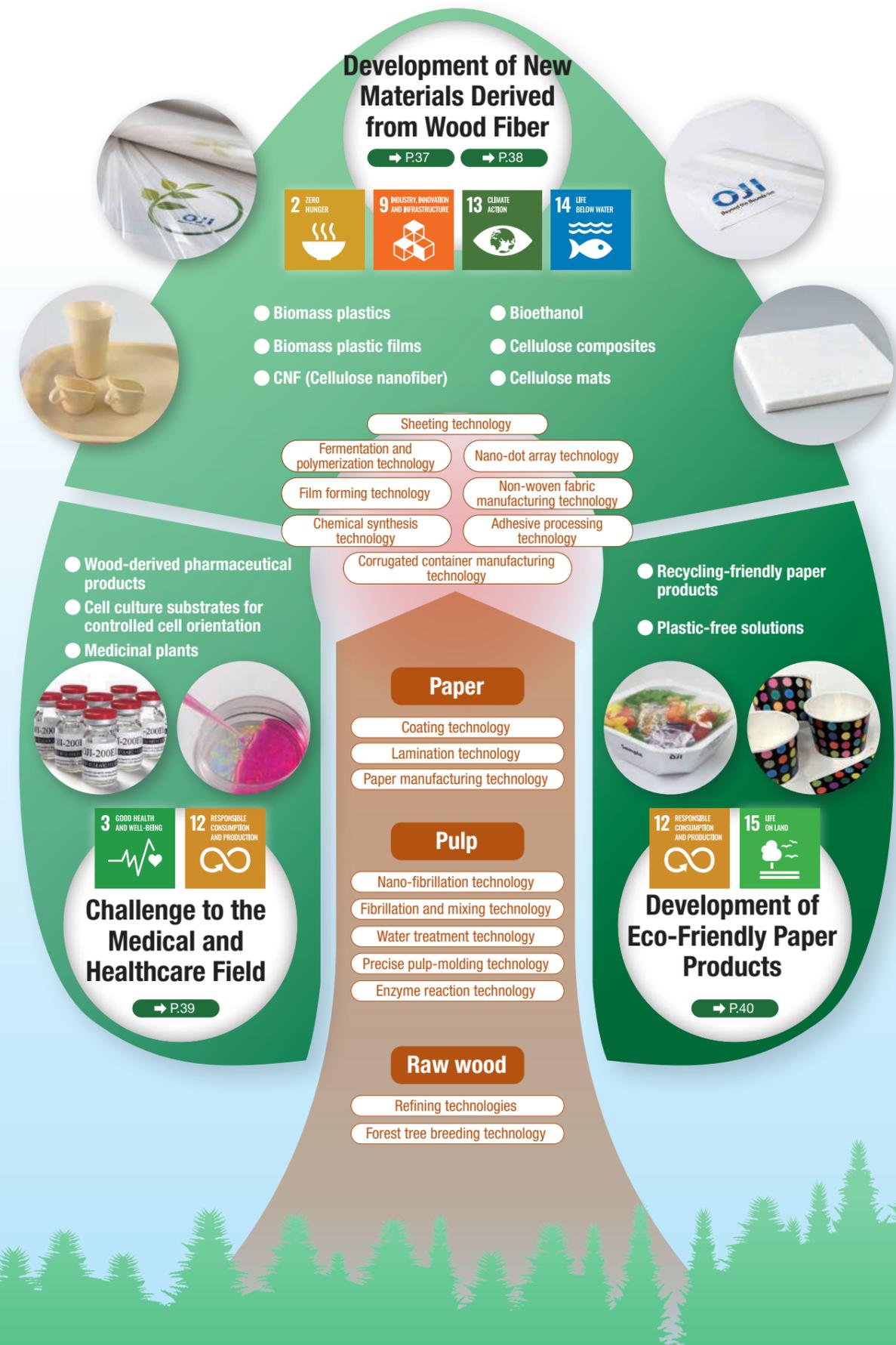
Challenge to a New Field in Light of the Future of Medicine and Healthcare

Using a Variety of Paper Products to Solve Various Environmental Issues

Development of New Materials Derived from Wood Fiber

Challenge to the Medical and Healthcare Field

Development of Eco-Friendly Paper Products



Development of New Materials Derived from Wood Fiber

Effective Use of Forest Resources to Contribute to a Recycling-oriented Society

Toward solving climate change issues caused by increased greenhouse gas emissions, the Oji Group promotes the development of new materials derived from renewable wood and aim to realize a recycling-oriented society.

Producing Wood-derived Biomass Plastics to Move Away from Petroleum-derived Plastics

Wood-derived biomass plastics

While the global need for biomass plastics is growing to reduce CO₂ emissions from fossil fuels, the diversification of raw materials for biomass plastics is required. We are exploring the manufacturing of biomass plastics by using inedible biomass derived from wood less susceptible to price fluctuations and tight supply-demand conditions due to the food situation. Before the end of FY2021, we succeeded in producing wood-derived polylactic acid and polyethylene through the commissioned project of the Ministry of the Environment*.

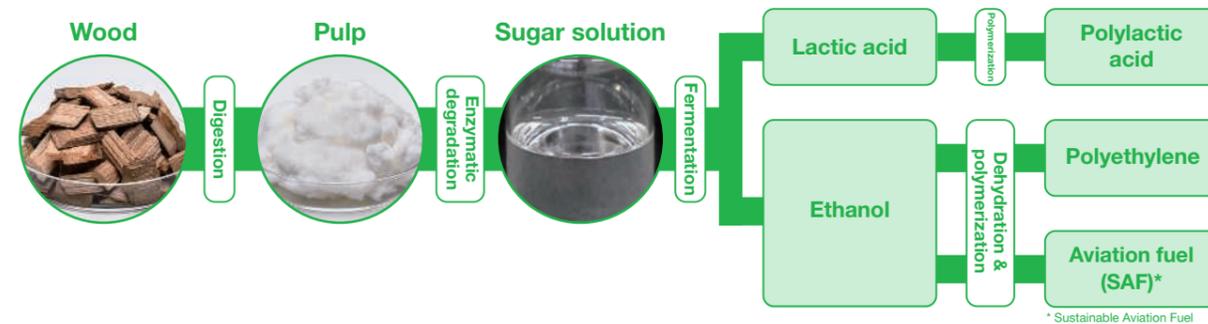
Going forward, aiming to popularize these wood-derived biomass plastics, we will work to establish a mass synthesis method and develop applications.

Furthermore, since the knowledge of producing polyethylene from ethanol may be applicable to the production of Sustainable Aviation Fuel (SAF) from ethanol, we will examine the possibility of providing wood-derived ethanol as raw materials for SAFs. Although there is an established method of producing SAFs from waste edible oil, the method of producing SAFs from ethanol is awaited with great expectations for their popularization and expansion.



Testing plant for enzymatic degradation and fermentation

* FY2019 to FY2021 Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society



Emission reductions of CO₂ from fossil fuels by the development of biomass plastic films

Biomass plastic film, Alphan G

We have been developing plastic films containing a plant-based plastic, polylactic acid. In response to a greater need for packaging films with low environmental impact to reduce CO₂ emissions from fossil fuels, we aim to contribute to this social need. Our new product Alphan G, a polypropylene film containing polylactic acid, was certified as a Biomass mark product* and has been commercialized and launched.

We will work on the development of heat-sealing biomass plastic films going forward, aiming to utilize them as pillow-type packaging films widely used for the food and pharmaceutical industries, and will continue to develop a wide variety of products that contribute to SDGs.

* Biomass mark certified by the Japan Organics Recycling Association



Wood-derived Cellulose Nanofiber to Reduce Material Weight and Environmental Burdens

CNF (Cellulose nanofiber)

Cellulose nanofiber (CNF) is produced by nanofibrillation of pulp to a nanometer order (1nm = 0.000001mm), and is expected to contribute to the reduction of environmental burdens by replacing conventional functional materials derived from petroleum and mineral. We aim to apply CNF in a wide variety of fields, leveraging its functions and characteristics such as transparency, lightweight, durability, high resistance to deformation, and high viscosity.

There are increasing applications of our CNF in sports products, cosmetics, and on construction sites. In order to accommodate a wider variety of needs, we will work on the development aiming to promote further practical applications.

Development of cellulose nanofiber and natural rubber composites

Natural rubber is a bio material derived from extract of tress such as *hevea brasiliensis*. Due to recent efforts to realize a decarbonized society, it is expected to replace petroleum-based synthetic rubbers.

Normally, natural rubber is reinforced by adding fillers such as carbon black. Although these existing fillers can increase strength of rubber materials, there are some issues namely



loss of ductility and resilience (ability to return to their original shape after being deformed for a long time). When using our CNF as a new reinforcing filler for natural rubber, we found it has the potential to solve these issues.

Going forward, we will explore the possibility of deploying this new composite to the market, and establishing the mass production technology.

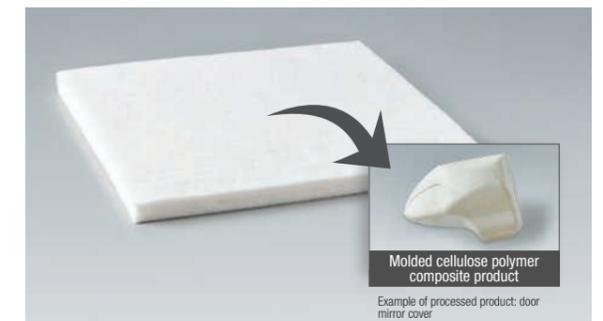


Light and Strong Less-Plastic Materials Using Cellulose as Reinforcing Fiber

Wood-derived cellulose mats

Mats using wood-derived cellulose fiber (pulp) as reinforcing fiber (cellulose mats) help reduce the consumption of petroleum-derived plastic by up to 70%. We have found that a molded product using cellulose mats shows much higher rigidity (flexural modulus) and impact strength than conventional plastics. We have now started providing cellulose mat samples.

We will continue the product development toward practical automotive applications.



Biodegradable Plastic-Cellulose Composites to Reduce Environmental Burdens

Cellulose composites, Resoil-Green

We are developing resin materials that are composites of biodegradable plastics and wood-derived cellulose (pulp). Since the product uses pulp, it can achieve high degree of biomass as well as high biodegradation rate. In addition, the product improves various properties of resin such as strength and stiffness. Since all raw materials of the products are biodegradable in soil, the products can contribute to reducing environmental burdens. Even if unaware discharges to the environment occur, those will be decomposed in the natural environment.

Currently, the product is well accepted by many customers, and we are working so that it will be adopted for a wide variety of applications.



Challenge to the Medical and Healthcare Field

Challenge to a New Field in Light of the Future of Medicine and Healthcare

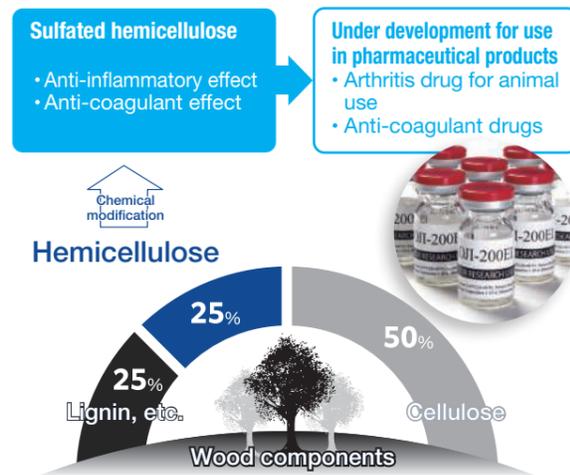
As the super-aging society progresses and interest in extending healthy life expectancy grows, there is a need for new and different form of medicine and healthcare. The Oji Group is challenging a new field beyond our traditional businesses through our efforts to utilize forest resources for medical and healthcare field.

Drug Discovery from Forest Resources

Wood-derived pharmaceutical products

The Oji Group aims to contribute to human and animal health through the development of “sulfated hemicellulose.” Sulfated hemicellulose is a compound obtained by chemically modifying “hemicellulose,” one of the major components of wood. Our joint research with companies and universities in and outside Japan confirms that it has anti-inflammatory and anti-coagulant effects. In addition, this compound is similar, in terms of chemical structure and pharmacological effect, to heparin, an animal-derived pharmaceutical product used all over the world. By replacing this animal-derived pharmaceutical product with wood-derived one, it is expected to accommodate a wide range of needs.

While we are currently filing a prior application for arthritis drug for animal use, we will develop into a drug for human use and work on the building of the pharmaceutical business, leveraging the property of being derived from wood.



Nanostructure Technology for Regenerative Medicine and Drug Discovery

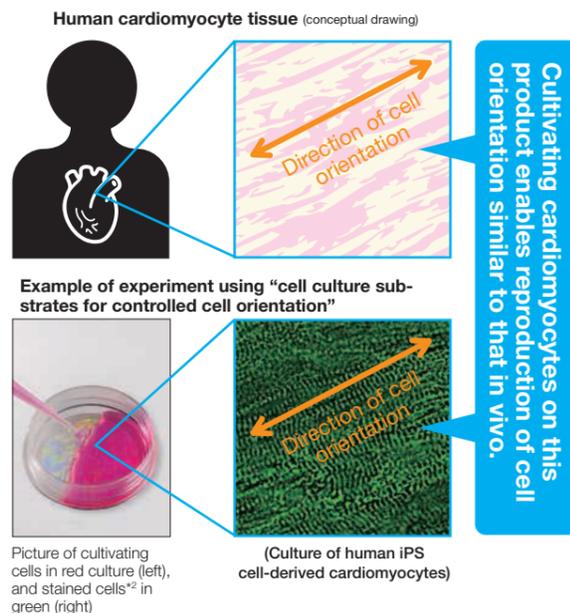
Cell culture substrates for controlled cell orientation

The Oji Group is developing cell culture substrates with a fine structure, by applying one of the semiconductor manufacturing process. While research on regenerative medicine and drug discovery using “iPS cells,” which can develop into any cell, is actively carried out, there is an issue that immature iPS cells must be matured in order to be used for regenerative medical purposes^{*1}. Focusing on the fact that human cardiomyocytes are “oriented” in vivo, we have developed culture substrates that induce cell orientation. This product is a cell culture substrate fabricated by our original technology, that has nanodot regions with a pitch of several hundred nm and planar regions interleaved in parallel stripes. It is confirmed that iPS cardiomyocytes cultured on this substrate enables reproduction of cell orientation similar to that in vivo, activating genes work like mature cells. We are currently conducting joint research with Juntendo University, etc.

We will continue to promote use of this product toward regenerative medicine and drug discovery applications.

^{*1} Since cardiomyocytes generated from iPS cells are inferior to those in vivo in terms of motility and physiological activity, it is required to make them closer (mature) to those in vivo.

^{*2} α-Actinin (protein)



Stable Supply of High Quality, Domestically Grown Raw Materials for Chinese Herbal Medicines

Large-scale cultivation of medicinal plants

Licorice, which is used in many Chinese herbal medicines, is imported from abroad (China), and domestic production is required due to fears of resource depletion in exporting countries and export restrictions. The Oji Group is applying its forest tree breeding technology to develop cultivation techniques within Japan, and has succeeded in conducting a demonstration test at our farm. In order to expand our business scale, we are now exploring the possibility of mechanized large-scale cultivation.



Development of Eco-Friendly Paper Products

Using a Variety of Paper Products to Solve Various Environmental Issues

Toward solving environmental issues, such as reduction of CO₂ emission and plastic consumption, the Oji Group establishes new business models using various eco-friendly paper products to provide solutions to accommodate a wide variety of needs.

Recycling-friendly Paper Products

Laminated paper using plant-derived polylactic acid

When disposing of ordinary laminated paper as combustible waste, combustion of petroleum-derived plastic layers results in CO₂ emissions from fossil fuels. Since plastic layers of the laminated paper we developed use plant-derived polylactic acid, combustion of the paper does not increase CO₂ in the atmosphere. In addition, this laminated paper is biodegradable under compost conditions.



Aqueous coated paper cup base

Traditional paper cups, made of plastic laminated paper, are not suitable for recycling and are generally treated as combustible waste. We have leveraged the technology cultivated in our paper manufacturing and successfully developed paper cup base which has water and oil resistance and heat sealability required for paper cups and is recyclable under the existing paper recycling system, by applying special aqueous resin to the cup base in a thin and even manner.



Sustainable Solutions (Paper Products which Accommodate a Wide Variety of Eco-friendly Needs)

Food trays that lead to both plastic reduction and food loss reduction



– Tapered paper tray with MAP capabilities –

This is a paperboard-based tray with a resin film that covers the surface. MAP* can extend food shelf life.

Cardboard that enables prolonged shelf life and attractive presentation of fresh foods



– FlatSkin® –

This is a package that is separable into cardboard and film. The vacuum packaging of meat and fish can suppress drip, and printing on the cardboard offers attractive presentation of foods.

Sustainable, heat-sealable package



– All paper-made blister pack –

This is composed of three pieces; paperboard-made top, tray and divider. Without the use of plastic films, it will secure and protect products inside. Printing on and window holes of this product offer effective presentation of daily goods inside.

Topics – Sustainability –

Reduction of CO₂ emissions by introduction of paper packaging

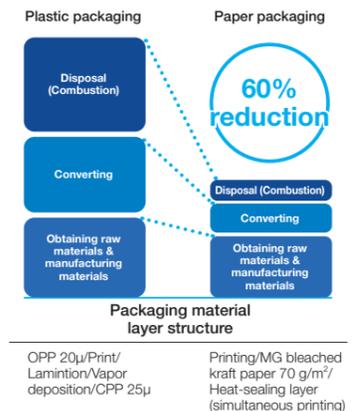
A comparison of the life cycle CO₂ emissions of petroleum-based plastic packaging and sustainable paper packaging shows that paper packaging emits less CO₂ than plastic packaging. Therefore, the introduction of paper packaging can contribute to CO₂ emission reduction. For more details, please see our website.

^{*1} CO₂ emissions are calculated by converting greenhouse gas (GHG) emissions such as carbon dioxide (CO₂), methane (CH₄), and dinitrogen monoxide (N₂O) into CO₂. The calculation is made based on LCA (Life Cycle Assessment) methodology.

^{*2} Calculation results of reduction rate change, depending on packaging material and layer structure. (It is assumed that the paper packaging material is MG bleached kraft paper 70 g/m² and that the type of printing is gravure printing.)

Sustainable packaging | CO₂ reduction effect

➔ <https://solution.ojiholdings.co.jp/ojipaperpackage/sustainability/> (available in Japanese only)



Plastic packaging: OPP 20μ/Print/Lamination/Vapor deposition/CPP 25μ
Paper packaging: Printing/MG bleached kraft paper 70 g/m²/Heat-sealing layer (simultaneous printing)

Business Overview

Oji Holdings Corporation

Net Sales **¥1,470.2 billion** Operating Profit **¥120.1 billion**

Changes in Net Sales and Operating Profit
 ■ Net Sales (¥ billion)
 ■ Operating Profit (¥ billion)



Industrial Materials COMPANY



→ P43

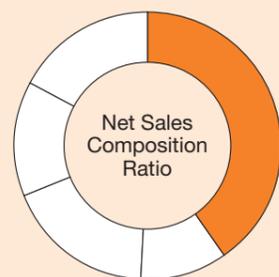
Main businesses

Containerboard/corrugated containers, Boxboard/ folding cartons, Packaging materials/paper bags

Affiliated companies

Domestic	Overseas
43 companies	44 companies

Earnings structure



40.3%

Net Sales **¥700.7 billion**

Operating Profit **¥26.1 billion**

Household and Consumer Products COMPANY



→ P47

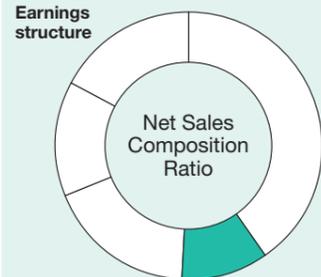
Main businesses

Household papers, Disposable diapers

Affiliated companies

Domestic	Overseas
1 company	6 companies

Earnings structure



10.6%

Net Sales **¥184.7 billion**

Operating Profit **¥15.3 billion**

Functional Materials COMPANY



→ P49

Main businesses

Specialty paper, Thermal paper, Adhesive products, Film

Affiliated companies

Domestic	Overseas
9 companies	12 companies

Earnings structure

Forest Resources and Environment Marketing COMPANY



→ P53

Main businesses

Pulp, Energy, Plantation services, Lumber processing

Affiliated companies

Domestic	Overseas
15 companies	15 companies

Earnings structure



18.1%

Net Sales **¥314.5 billion**

Operating Profit **¥55.5 billion**

Printing and Communications Media COMPANY



→ P57

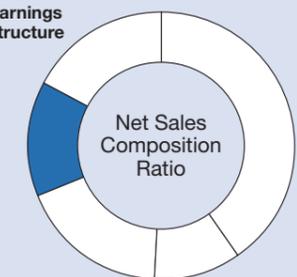
Main businesses

Newsprint, Printing and Publication paper, Communications paper

Affiliated companies

Domestic	Overseas
7 companies	1 company

Earnings structure



14.0%

Net Sales **¥244.5 billion**

Operating Profit **¥17.8 billion**

Corporate Management Group and Shared Service Companies



→ P59

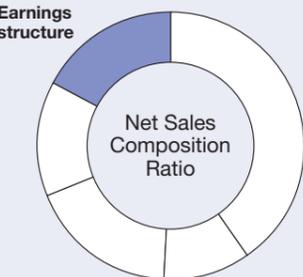
Main businesses

Real estate, Engineering, Trading business, Logistics, etc.

Affiliated companies

Domestic	Overseas
17 companies	16 companies

Earnings structure



17.0%

Net Sales **¥296.5 billion**

Operating Profit **¥7.0 billion**

* Net sales and operating profit of Oji Holdings Corporation include adjustments (primarily those for internal transactions). Non-consolidated net sales, net sales composition ratio and operating profit do not include adjustments (primarily those for internal transactions).

Household and Industrial Materials Businesses



We aim to be a “lifestyle and social support enterprise” that contributes to the prosperity of society by providing materials and technologies that are closely tied to people’s day-to-day lives.

Takayuki Moridaira
 President, Household and Consumer Products COMPANY
 President, Industrial Materials COMPANY
 Executive Officer
 Oji Holdings Corporation

Industrial Materials Business



Business Overview

The Industrial Materials Business has production and sales structures that integrate material and converting from base paper manufacturing to product processing and packaging design for the packaging materials that are essential to industry such as corrugated containers, folding cartons, and paper bags and responds in a timely manner to customer needs.

● Corrugated container business

As well as corrugated containers used in foodstuffs, daily products, electronics, and other areas, we also offer heavy-duty packaging materials used for transporting mainly industrial parts. We also provide automatic packaging systems adjusting the packaging dimension in order to fit each product size inside.

● Folding carton business

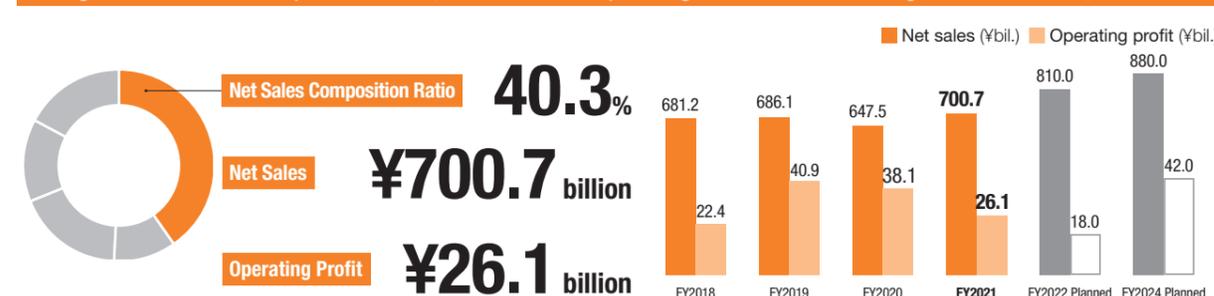
For folding cartons used in a range of fields including confectioneries, cosmetics, and pharmaceuticals, we are combining aesthetically pleasing base paper with structural design tailored to the application and appealing graphics, thereby further enhancing the value of our customers’ products.

● Paper bag business

We handle a wide range of customer needs—from heavy-duty sacks for packaging used for safe and secure transport of various products, through to paper bags that are used for packaging of retail products and also play a role in sales promotions, and bags for home delivery, which are seeing increased demand given the growth in online shopping.



Changes in Net Sales Composition Ratio, Net Sales and Operating Profit Sales target for FY2030: ¥1,250.0 billion



Segment Overview

In FY2021, the Household and Industrial Materials Businesses had net sales of 700.7 billion yen (up 53.2 billion yen from FY2020) and operating profit of 26.1 billion yen (down 12.0 billion yen from FY2020). Domestic business saw increased sales due to continued steady sales of corrugated containers for e-commerce use as well as of kitchen towels, wet wipes and other products for healthcare purposes, in addition to the overall recovery in demand for many products. In the overseas business, despite weak sales of disposable diapers, sales increased owing to robust sales of corrugated containers, coupled with price increases becoming widely accepted.

In FY2022, net sales of 810.0 billion yen (up 109.3 billion yen from FY2021) and operating profit of 18.0 billion yen (down 8.1 billion yen from FY2021) are planned.

Expansion & Enhancement of Corrugated Container Business in Greater Tokyo Area, Japan

To further strengthen our business base in the Kanto region where the demand for corrugated containers is expected to markedly increase, we are constructing an integrated plant for manufacturing the base paper and processing it for making corrugated containers in Utsunomiya City, Tochigi Prefecture (scheduled to complete construction in January 2023). We intend to enhance our competitive strength by having an integrated plant.

At the same time, as part of its initiatives to restructure the manufacturing system for base paper, we completed the modifications of the Oji Paper Tomakomai Mill newsprint production facilities for the production of containerboard and kraft paper (started operation in October, 2021), followed by the relocation of a special liner and special paperboard machine from Nayoro Mill of Oji Materia to the same mill (started operation in April 2022).

To further reinforce earnings bases through the integration of material and converting, a range of investments will be made for the optimization of the domestic business structure.



Integrated plant for corrugated containers in Tochigi Prefecture (under construction)

“OJI FLEX PACK’AGE,” automated packaging system

We sell “OJI FLEX PACK’AGE,” automatic packaging system, which helps packaging adjust flexibly to the product size, and fanfold corrugated sheets “Rakudan,” its packaging material. The introduction of these products helps save packaging labor, reduce packaging materials, and reduce CO₂ due to reduction of delivery burden. This initiative received recognition for its eco-friendliness and improvement and rationalization of packaging, winning four awards including the Logistics Grand Prize, “SDGs Social Contribution Award.”

Going forward, accelerating market deployment of the automated packaging system and ensuring a stable supply system by increasing our supply bases for “Rakudan,” we will continue new development including collaboration with partner companies so that the system can be a solution that our customers use with more confidence.



“OJI FLEX PACK’AGE,” automated packaging system

Liquid Packaging Carton Business

In September 2020, we established a joint company with ISHIZUKA GLASS Co., Ltd. and entered the liquid packaging carton business. To move away from our former dependence on overseas sources of base paper, Oji Materia started production of milk carton base paper for the first time in Japan in August 2021. This enables an integrated production in Japan from raw material pulp manufacturing to printing and converting, as well as a stable supply of safe and secure Japan-made milk carton. Going forward, we will aim to expand this business outside in Japan where demand is expected.



Further Expansion & Enhancement of Packaging Business in Southeast Asia, India and Oceania

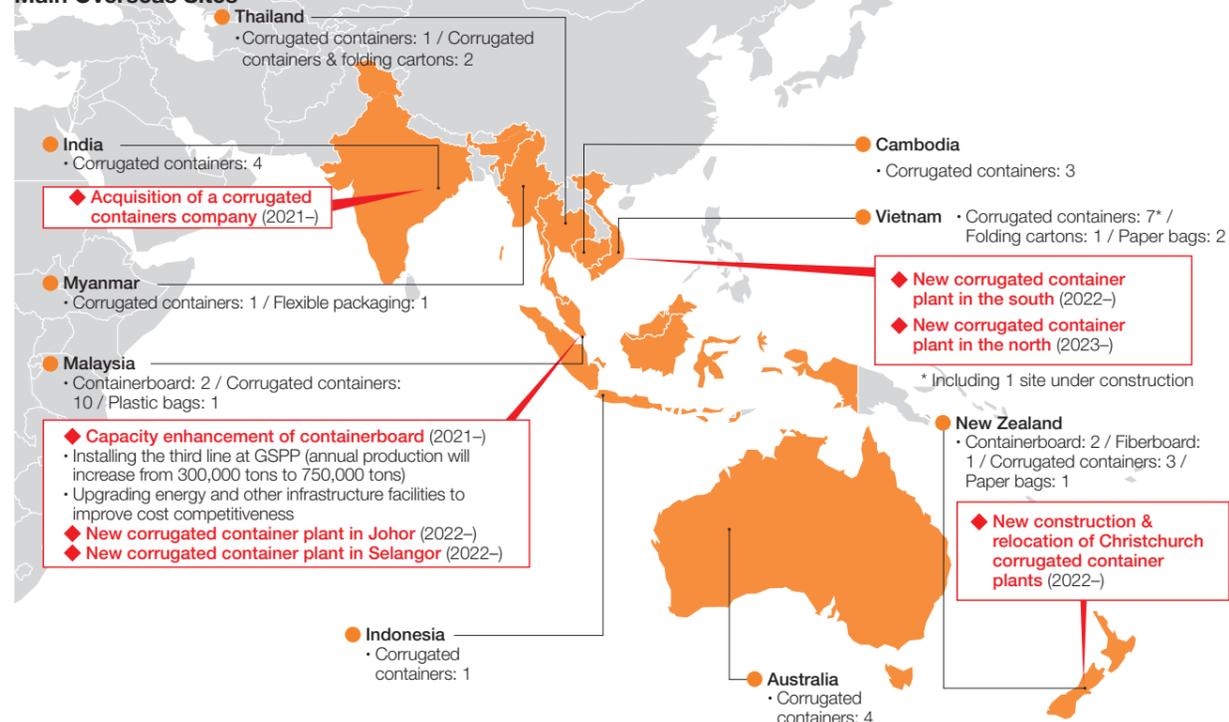
To meet the increasing demand for packaging in various regions, we own a total of 47 manufacturing bases in 9 countries throughout Southeast Asia, India, and Oceania, and we are developing our business in the countries.

In Southeast Asia and India, we further enhanced and expanded our business base for containerboard and corrugated containers in an integrated manner by starting operation of a new containerboard machine in Malaysia, starting operation of new corrugated container plants—two in Malaysia and one in Vietnam, and acquiring a corrugated containers company in India, all of which were conducted from 2021 to 2022. In addition, we are constructing a new corrugated container plant in Vietnam to start operation in 2023. In Oceania, in addition to a new plant in Christchurch which was relocated and started operation in 2022, we will explore the possibility of further expanding the corrugated container business. We will also work on the development of plastic alternative products to respond to the expected growing demand.



4th Plant, Ojtex Haiphong in the north of Vietnam (rendering of completed plant)

Main Overseas Sites



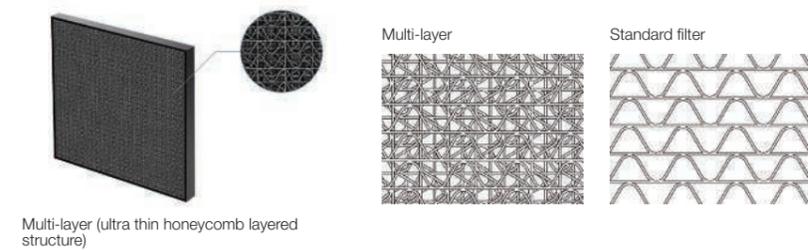
Filter Business

Due to the spread of COVID-19, the demand for ventilators and air purifiers is increasing. In our filter business, we manufacture and sell “Energy recovery ventilators element” which is the core parts of a ventilators and “Coated deodorizing filter” for air purifiers, and continue to steadily expand the business with the start of operation of the second filter factory in China in November 2020.

“Deodorizing filter by application” we newly developed in 2021 was adopted for air purifier 2022 model manufactured by Daikin Industries. Deodorizing filter by application has unique “multi-layer” structure where a thin filter is layered while changing directions, which helps

dramatically increase the efficiency of contact with air, bringing an advantage that the strong deodorizing continues for a long period of time. The filter works well at places or situations with smells, such as entrance, nursing care facilities, life with pets and bathrooms.

We will continue to work on the expansion of the filter business and the development of various filter products which meet customers’ needs.



Sustainable growth through business expansion

S.Pack & Print Public Co., Ltd. has many years of business experience in the south of Thailand, with strong reputation in the market. Our market share in the area ranks first for the folding carton business, and second for the corrugated container business.

To respond to customers’ growing needs particularly for rubber gloves and maintain our status in the market, we undertook investment in key equipment in 2022 to introduce new two offset printing machines.

We strongly believe that this investment will contribute to the double digit growth of sales in our folding carton business, in line with which, it will also contribute to the corrugated container business.

While steadily capturing business opportunities and overcoming challenges and issues, we will fully devote ourselves to playing a part in the Oji Group’s growth strategy in Southeast Asia.

Voice



Wuthichart Anansuthivara
S.Pack & Print Public Company Limited
Chief Executive Officer

Topics – Sustainability –

A new plant in Utsunomiya City, Tochigi Prefecture, which is an integrated plant for manufacturing the base paper and processing it for making corrugated containers and will install solar power equipment (scheduled to be completed in March 2023), can reduce GHG emissions associated with delivery of base paper. Therefore, the plant is positioned as a model plant toward the realization of our initiatives for GHG emissions reduction.

We are also working to install solar power equipment in existing plants if their weight does not exceed the allowable roof load or when the roof is repaired, and examining the possibility of fuel conversion for coal-fired boilers.

We will work on initiatives for environmental issues along with business expansion.



Solar power equipment at a corrugated container plant of GSPP, Malaysia

Household and Consumer Products Business



Business Overview

We own the household paper brand “nepia.” “Quality of Life” as in the seeking of good texture, comfort, and functionality. “Environmental Quality” as in forest conservation such as the adoption of FSC™ certified paper. “Social Quality” as in aligning with customers’ hope and contributing to society through actions such as taking CSR initiatives. In the pursuit of these three quality domains, Oji Nepia is producing tissue paper, toilet rolls, disposable diapers, and other products indispensable in our daily lives. (FSC™ C018118)



nepia Premium Soft Toilet Rolls



nepia Premium Soft Tissues



nepia Hana Celeb Hana Celeb Tissue Three Packs



nepia Genki! Pants



©Yanase/F-T-N

Enhancement of Branding and Expansion of Sales of Household Paper Products in Japan

In our household paper business, we obtained the first FSC™ certificate in the industry, and aim to develop items such as eco-friendly products that use biomass ink and paper instead of plastic film, and high-quality products exemplified by “Hana Celeb,” resulting in further improvements in value for the “nepia” brand. We are responding to market trends such as by producing extra-long toilet rolls at the Edogawa Mill, which started commercial production in the fall of 2020 and built a new warehouse within the mill in August 2022. By integrating the household paper processing and distribution bases, we intend to enhance our competitive strength in the household paper and disposable diapers market in the Kanto region.

For the disposable baby diaper business, we are developing products both in Japan and overseas under the unified brand name “Genki!,” which was renewed in April 2021. By that, we strive to enhance the value of the “nepia” brand and expand sales. In Malaysia, we have increased production capacity by restructuring the production system, including the introduction of a new disposable diaper processing machine. In Indonesia, we are working to secure cost competitiveness and strengthen our business base by manufacturing and selling disposable diapers at a local disposable diaper factory of a joint venture company, thereby further expanding our business, including in neighboring countries. In China, we are also incorporating local consumer needs and expanding sales of thin products. We have also been expanding the exports from Japan, mainly by strengthening Vietnamese sales with the scaling up of local retail business.

In the field of disposable diapers for adults, we installed a new processing machine in Fukushima Mill aiming to start commercial production in the fall of 2022 in

response to the expected growth in the population requiring nursing care and support. We will continue to develop products that address the issues faced by Japan’s aging population in the field of nursing care.

Based on the development of products that emphasize environmental friendliness and quality, we aim to further enhance recognition of “nepia,” develop new products and create value, while adapting to customer needs and changing times.



Regular size



Small size

nepia Long Lasting Best Fit Face Mask Block Filter Plus Surgical

Since the outbreak of COVID-19, we have continued to produce mask products. Among them, “nepia Long Lasting Best Fit Face Mask” conforms to Class III, the highest class in medical mask standards. We deliver safety and security to our customers by offering the highest class of medical masks as commercial products.

nepia Hana Celeb Pocket Mask

In April 2022, we developed “nepia Hana Celeb Pocket Mask,” adopting the idea proposed by a student in a “Product Development Class” at “TITAN’s College,” a communication college administered by TITAN. Due to COVID-19, wearing masks has become a daily routine. While more and more people were bringing spare masks when they hang out, they faces the pain point that mask

packages were usually too big to fit in a small bag or pouch. This product has innovatively adopted the packaging of pocket tissue paper and eliminated the pain point.

President Mitsuyo Ota, who is a big fan of nepia Hana Celeb Tissue, proposed a collaboration with Oji Nepia leveraging the Hana Celeb brand for the first time and it was realized.



Regular size



Small size

Disposable diapers for adults

We are offering “nepia Tender” series for medical and welfare facilities. To realize “co-creating nursing care,” more comfortable nursing care for both the providers and

the receivers, we are providing new solutions, products and services through working together with them. In August 2021, we launched “nepia Tender, tape-type, smaller L size,” which delicately responds to changing body forms of users to fit them better. In March 2022, we also launched “Wet towel,” “Buttocks wiper,” “Buttocks cleaning liquid; Tsurunto-san,” and “Nursing care towel; oshibori-no-moto,” now offering a lineup of products designed to reduce the burden of nursing care.



Topics – Sustainability –

nepia krafco mini

In January 2022, we launched a mini size of eco-friendly product “krafco,” which, by packaging tissue papers with paper-derived kraft paper and paper string only. It saves the trouble of separating waste and further contributes to plastic-free (film-free) initiatives and reduction of waste.



nepi-eco series (masks, kitchen towels and tissue papers)

nepi-eco is a series mainly designed to switch packaging materials from petroleum-derived plastic film or ink to biological paper or biomass ink. Including the products manufactured of FSC™ certified paper we have been using, whose specifications help reduce chemical substances in the emissions associated with transportation by increasing each item in volume as much as possible, this series can contribute to the realization of a sustainable society. In the spring of 2022, three new products were added to the series.

We have biomass masks in which 80% of the non-woven fabric materials are derived from plants such as

sugar cane and corn. There is also a kitchen towel that uses paper materials to replace plastic packaging. In the series, we also have boxed tissue in which the plastic opening is replaced by paper alternatives so waste separation is no longer required. It is also engineered for easy folding to further save trouble when dispose of.

Furthermore, in the 2021 survey on brands of companies that, from ordinary citizen’s perspectives, contribute to SDGs*, Oji Nepia ranked 11th. In the ranking by industry, it ranked second in the “Cosmetics and Toiletries Category.” We believe that this result shows Oji Nepia’s initiatives for SDGs and to realize a low-carbon society are well-evaluated by ordinary citizens.

* Survey by Sustainable Brands Japan (15,000 samples nationwide, Internet questionnaire, male and female aged 18-79, more than 300 companies)

Oji Nepia continues to work on various initiatives, through production using eco-friendly materials, so that we can contribute to a sustainable society.



nepi-eco Biomass Mask



nepi-eco Kitchen Towel



nepi-eco Tissue 5 packs of 200 pairs

Functional Materials Business



Shigeki Aoki

President, Functional Materials COMPANY
Executive Officer
Oji Holdings Corporation



Glass paper (Oji F-Text)

Specialty Papers Business

The Specialty Papers Business has a lineup of products with advanced special functions such as electrical material paper including insulation materials, dry pulp non-woven fabric excellent in bulkiness and liquid retention, and glass paper excellent in size stability and heat resistance.



Slot tickets (Kanzaki Specialty Papers)

Imaging Media Business

The Imaging Media Business at the Oji Group develops thermal recoding media that meet customer needs for household, industrial, logistic, medical and other various uses, leveraging diverse coating technologies such as thermal and inkjet technologies, boasting a top class global market share.



Eco Marine Tac™ (Oji Tac)

Adhesive Products Business

Using proprietary adhesive force control technology, the Adhesive Products Business handles from familiar products like food/beverage labels, courier labels, adhesive tape for packaging, and wound dressings to less familiar, special applications like aluminum tape for construction material and forgery prevention tape.



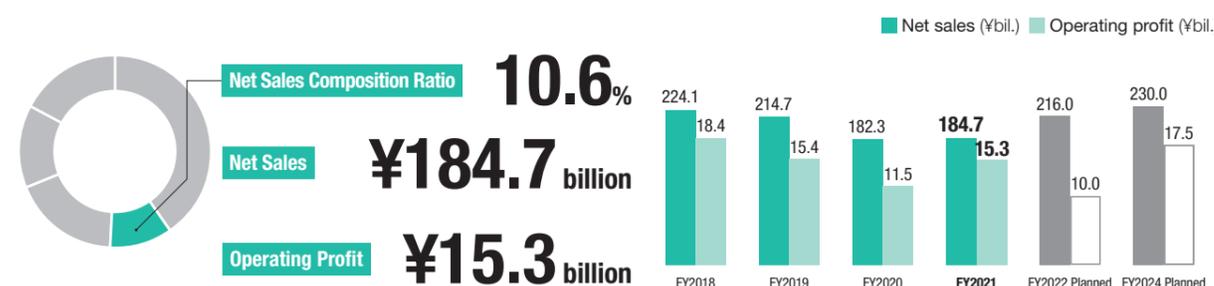
Film used in capacitors (Oji F-Text)

Film Business

The Film Business handles films for capacitors, essential materials in the power supply units of eco-friendly vehicles, developed based on its thin film technology that produces the world's thinnest films, and optical double-sided adhesive films and hard-coated films that are adopted for smartphones and other precision devices.

Changes in Net Sales Composition Ratio, Net Sales and Operating Profit

Sales target for FY2030: ¥400.0 billion



Segment Overview

In FY2021, the Functional Materials Business had net sales of 184.7 billion yen (up 2.4 billion yen from FY2020) and operating profit of 15.3 billion yen (up 3.8 billion yen from FY2020). In the midst of the ongoing impact of the COVID-19 pandemic, in the domestic business, sales of films for capacitors for next-generation vehicles with growing social expectation from the perspective of climate change measures and energy conservation, in particular, and films for general industrial use, and packaging films for foodstuffs and sundries remained strong. In the overseas business, sales and profits increased due to a recovery trend in demand, mainly, for thermal papers.

In FY2022, net sales of 216.0 billion yen (up 31.3 billion yen from FY2021) and operating profit of 10.0 billion yen (down 5.3 billion yen from FY2021) are planned.

Actively Develop High-function and Eco-friendly Products

In Japan, we are strengthening the foundation of our existing business by continuously reviewing our production system in response to changes in the demand structure of the functional materials market, thereby enhancing competitiveness and profitability. We have continued to work on the rapid development of high-performance, high-value added products, and developed an automotive window film that combines high heat shielding properties and light transmittance, both of which had been difficult to achieve in the past, "MEGURISH (cotton)," a recyclable resource mixed papermaking that combines conventionally discarded fibers, scraps, and recovered clothing as paper raw materials, and "kinarito," a biodegradable nonwoven fabric material made mainly from plant-derived cellulose and polylactic acid.

In addition, in response to the global shift to a decarbonized society and the rapid spread of electric vehicles, we have decided to add two production facilities in the Shiga Mill for polypropylene film used in capacitors for motor drive controllers of electric vehicles (scheduled to start operation in 2023 and 2024, respectively). As a result, the production capacity is expected to double from the February 2022 level.

SILBIO series

In the midst of the growing needs for paper products as replacement for plastic packaging, "SILBIO series" has a lineup well-suited for light packaging applications in various fields, including a product that not only provides barrier property to paper packing materials but also has barrier and light-shielding properties as high as aluminum deposited film, a product that has transparency and barrier properties, a product that requires no sealant such as PE. The lineup consists of the following.

"SILBIO BARRIER" which has oxygen barrier property as high as EVOH, and moisture barrier property as high as LDPE, preventing contents from diffusing moisture or scent.

"SILBIO ALBA," aluminum deposited paper material which has oxygen barrier, moisture barrier, light-shielding and heat sealing properties, and is most suitable for applications requiring high barrier and concealability.

"SILBIO CLEAR" which has a transparent feature in addition to barrier and heat sealing properties, and is most suitable for packaging for items whose contents you want to show such as food and daily products.

"SILBIO EZ SEAL" which has no barrier property, but is specialized in its easy heat sealing feature without using sealant, and is most suitable for secondary and delivery packaging for food, and industrial material packaging. SILBIO series products can bear a paper identification mark.

Currently, the SILBIO series, whose features are well accepted, is adopted as packaging materials for food and soap.



History of the Oji Group's Value Creation
What the Oji Group Aims For
Initiatives for Environmental Issues – Sustainability –
Initiatives for Product Development – Green Innovation –
Initiatives for Profitability Improvement – Profitability –
Governance Strategy
Sustainability Strategy
Financial and Non-financial Data

Functional Materials Business

“MEGURISH (cotton)”

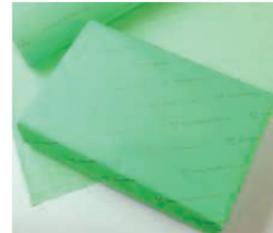
In the growing momentum to reduce waste from an environmentally friendly perspective, the clothing industry had an issue with disposing of fibers not used in end products and collected products. Oji F-Tex developed “MEGURISH (cotton),” a recyclable resource mixed papermaking that combines conventionally discarded fibers, scraps, and collected clothing as paper raw materials.

In collaboration with KUSUBASHI MONORI Co., Ltd., an established towel manufacturer in Imabari City, Ehime Prefecture, which is famous for its towel industry, we worked on processing residual towel yarn and scraps generated in its manufacturing process into raw materials for paper, and succeeded in the development of this product by leveraging the Oji Group’s paper and pulp manufacturing technology. The product is adopted for gift boxes and packaging paper for its high-end towel brand.

“MEGURISH (cotton)” serves as an effort to create new value through reusing (upcycling) fibers for raw materials for paper instead of disposing of them. In addition, since different fibers are blended for each production, the color and texture vary a little, depending on production lots. We are proposing this randomness as new value.



Producing packaging paper, etc. using pulp obtained from residual yarn



Recycling residual yarn generated in the towel manufacturing process for paper materials

Expanding Global Sales of Imaging Media Business and Enhancing Competitiveness Including Printing and Converting

Overseas, we have completed to enhance and expand facilities to practically double production capacity and started full operation in Brazil in order to meet strong demand for thermal paper in South America. In Europe, we have decided to expand thermal paper facilities (scheduled to start operation in January 2024). In addition, in September 2022, Adampak Group, a high performance label printing and converting company with its business bases in Southeast Asia and China, became a member of the Oji Group. This addition of the high performance label business for electric products and healthcare products to the thermal paper and adhesive paper business already operating in Thailand and the high performance label printing/converting and cutting/converting business in Malaysia has enabled the integrated production from base paper manufacturing to converting. We are continuing to respond to the demand expected to grow in the Asian area.

We are working to expand our business in line with the economic development in the emerging markets such as Southeast Asia, South America, the Middle East and Africa, and aiming to strengthen competitiveness at existing locations. Based on the Group’s core technologies which are strengths we have cultivated to date in “papermaking,” “converting (functional and adhesive coatings),” and “film forming,” we are advancing our development of eco-friendly materials and products in anticipation of market needs and proactively working to expand into new business areas so as to promptly provide products and services that exceed expectations.

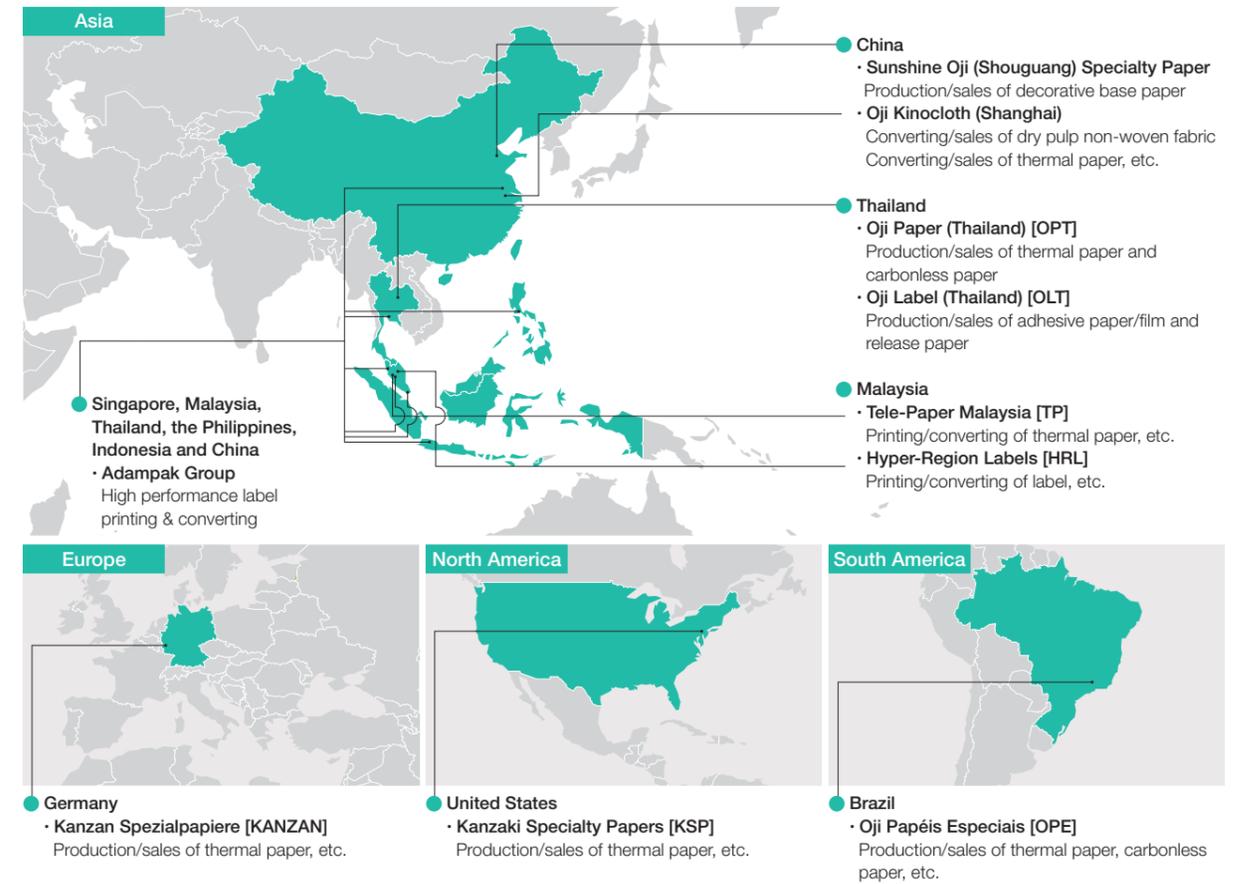


Oji Papéis Especiais



Coater newly installed at Oji Papéis Especiais

Main Overseas Sites



Bright future of thermal paper business

I have been working for paper converting companies for more than 20 years. In early 2018, I started working for Tele-Paper in Malaysia, and then in 2020, I was appointed as Mill Manager of Oji Paper (Thailand).

Seeing a gradual growth in consumption of label-grade thermal paper used for logistics carton, in addition to POS receipt in the thermal paper market in Southeast Asia, we strongly believe the thermal paper business has a bright future.

Thermal paper enables printing of variable information, and the preserving quality of the printed information is being advanced. Thermal paper is now indispensable to our life. I, as Mill Manager, am committed to ensure stable supply of high quality products to our customers.

We will continue to show our presence as a leading company in the thermal paper and non-carbon paper business.

Voice



Huang Chun Wei (James)
Oji Paper (Thailand) Ltd.
Deputy Managing Director,
Mill Manager

Forest Resources and Environment Marketing Business



We are comprehensively leveraging assets owned by the Group, including pulp, renewable energy, afforestation, and lumber processing to promote enhancement of the business.

Yuji Onuki
 President, Forest Resources and Environment Marketing COMPANY
 Executive Officer
 Oji Holdings Corporation



Dissolving pulp (for general rayon and special items)



CENIBRA's pulp products warehouse



Nursery where eucalyptus varieties are selected and raised (CENIBRA in Brazil)

Pulp Business

We produce a diverse lineup of pulp grades including hardwood kraft pulp, softwood kraft pulp, and dissolving pulp. With 2.5 million tons per year market pulp supply capacity, we are boosting sales globally including in Asia, Europe and North America.

Energy Business

We are promoting the electric power generation business by establishing and expanding electricity generation facilities using renewable energy, including wood biomass, hydroelectric power, and solar power. Leveraging our sites in Japan and overseas, we are also working to strengthen purchase and market supply of biomass fuels in line with the energy business expansion.

Lumber Processing Business

We are expanding production capacity, and are purchasing and selling lumber and processed lumber products, primarily in Asia and Oceania. In Japan, we are also seeking to strengthen profitability through sales expansion in the building materials field and other measures. We're expanding sales at offices we established in China and Southeast Asia.

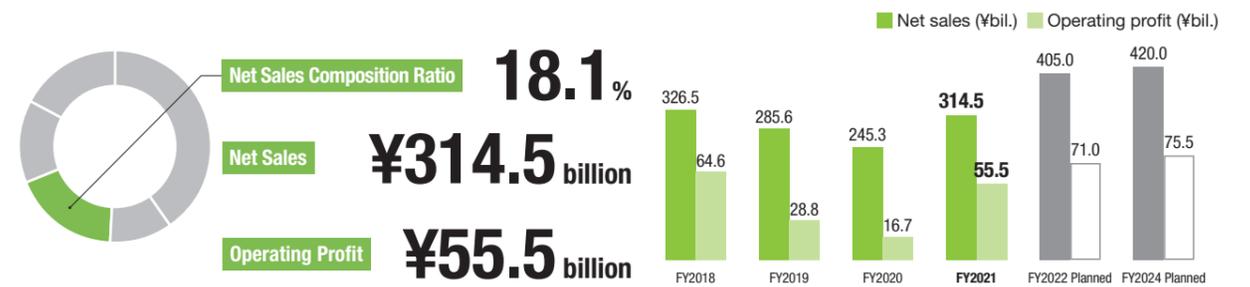
Forest Plantation Business

We grow and manage company-owned forests in Japan and overseas. Harvested wood are supplied for pulp raw materials, as well as for a range of applications such as lumber, plywood materials, and biomass fuels. With the goal of 400,000 ha of overseas forest plantations, we are also acquiring lands and expanding forest plantations.

Fuels/Chemicals and Other Material Procurement Business

Our centralized purchasing team buys a variety of chemicals and raw materials that are competitive and sustainable. We are committed to environmentally sustainable and socially responsible procurement in complying with Oji Group Partnership Procurement Policy.

Changes in Net Sales Composition Ratio, Net Sales and Operating Profit



Segment Overview

In FY2021, we had net sales of 314.5 billion yen (up 69.2 billion yen from FY2020) and operating profit of 55.5 billion yen (up 38.8 billion yen from FY2020). In the pulp business, we worked to enhance our competitiveness through acquisition of our overseas sites as wholly-owned subsidiaries and other measures. Sales and profits increased due to an increase in the selling price of pulp and a recovery in demand for dissolving pulp. In the energy business, while strengthening the biomass generation business aiming to expand the use of renewable energy, electricity sales decreased due to an increase in in-house electricity consumption as a result of higher capacity utilization at plants.

In FY2022, net sales of 405.0 billion yen (up 90.5 billion yen from FY2021) and operating profit of 71.0 billion yen (up 15.5 billion yen from FY2021) are planned.

Expanding Renewable Energy and Other Energy Businesses

<Business expansion by leveraging fuel procurement advantages>

In the energy business, we are expanding the business with the aim of expanding the use of renewable energy. A biomass power generation facility in Tokushima Prefecture being built as part of a joint venture with ITOCHU ENEX CO., LTD. is preparing for operations to begin in 2022. Additionally, we are reinforcing the biomass fuel business in conjunction with expansion of the energy

business. In Japan, we are increasing production of fuel woodchips by making use of unused wood resources. Overseas, efforts to increase procurement of palm kernel shells for use as fuel continue in Indonesia and Malaysia, while ensuring lawfulness and maintaining sustainability.

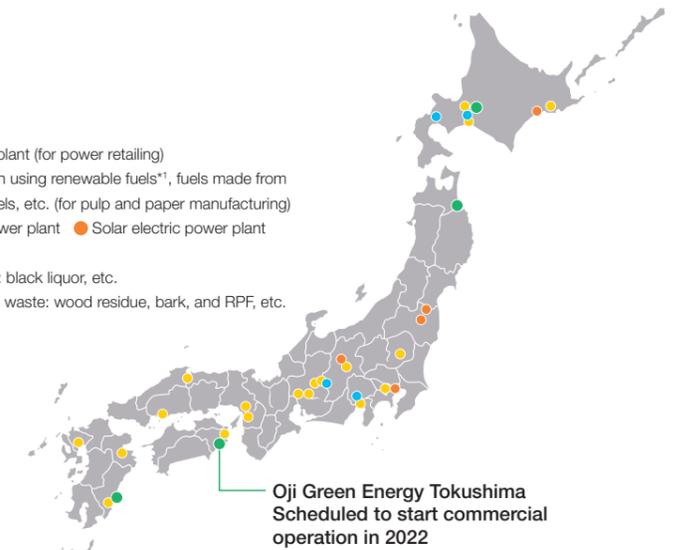
Oji Group's Power Generation Sites

Oji Green Energy Tokushima
 Operation to commence in 2022 (within the Oji Paper Tomioka Mill)
 Generating capacity: 74,950 kW
 Joint venture with ITOCHU ENEX

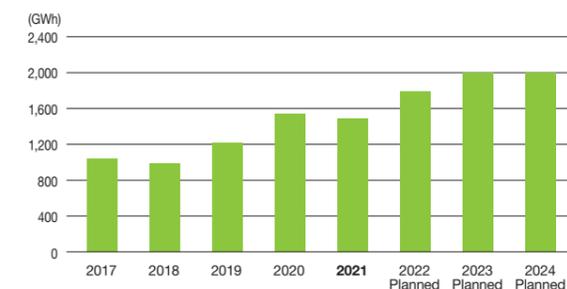
Others
 Initiatives that seek to contribute to the development of a low-carbon society including the fuel procurement business for biomass power generation, hydroelectric power business, and other businesses

- Biomass power plant (for power retailing)
- Power generation using renewable fuels^{*1}, fuels made from waste^{*2}, fossil fuels, etc. (for pulp and paper manufacturing)
- Hydroelectric power plant ● Solar electric power plant

^{*1} Renewable fuels: black liquor, etc.
^{*2} Fuels made from waste: wood residue, bark, and RPF, etc.



Changes in Electricity Sales



Biomass fuels (wood-based fuels)

Enhancement and Expansion of Pulp Business

In the pulp business, we continue to implement strategic profit measures at key business sites to reinforce business foundations that are resilient to fluctuations in pulp markets.

CENIBRA (Brazil)

- Enhance cost competitiveness and sales capabilities, and consider production increase, upon holding all voting rights of the company in May 2021
- Install most advanced & work saving manufacturing facilities

Pan Pac (New Zealand)

- Consider production increase to meet growing demand for folding cartons

Oji Fibre Solutions (New Zealand)

- Made the company a wholly-owned subsidiary in March 2022
- Implement measures to stabilize operations, improve yields, and conserve energy by introducing Oji Group's know-how and operational management methods

Dissolving pulp

- Consider production and sales increase of dissolving pulp with growth potential in light of increasing demand for apparel



Products are loaded onto a ship (CENIBRA)

Main Overseas Sites (Pulp Production Sites)



CENIBRA Mill (Minas Gerais, Brazil)



Pan Pac Mill (North Island, New Zealand)

Expanding Lumber Processing Business

<Utilization and expansion of company-owned forests in Japan>

The Oji Group owns and manages 188,000 ha of forests in Japan. This is the largest of all forests owned by private corporate entities in Japan. The Group initially owned forests for producing raw materials for paper. However, later, we have been enhancing the multiple values of forests, including growing raw wood for lumber production and environmental contribution through forest management.

- Promote effective utilization of existing company-owned forests through forest road development and promote acquisition of new forests
- Promote value added utilization of raw wood in our company-owned forests through integration with the



Company-owned forest (Engaru, Hokkaido)



Oji Yoshimoto Seizai's lumber mill

lumber production business, including strengthening synergies with Oji Yoshimoto Ringyo and Oji Yoshimoto Seizai acquired in August 2021

- Collect and utilize unused trees (branches, leaves, tree-tops and other tree parts generated during the felling) for biomass fuels
- Promote efficiency of planting work by utilizing drones to transport seedlings

Topics – Sustainability –

Forestry Activities that Contribute to Achieving the Sustainable Development Goals (SDGs)

The UN Strategic Plan for Forests 2017-2030 indicates that forestry activities contribute to achieving SDGs goals, and establishes six goals for international society to achieve by the year 2030. This section introduces the Oji Group's initiatives towards the second Global Forest Goal, as an example.

Promote the Employment of Local Residents

The forest plantation business (KTH) in Central Kalimantan, Indonesia, creates approximately 5,000 jobs for its planting, harvesting, converting and shipment services, thereby contributing to the local economy.

Social Contribution Activities

In August 2021, the south of Central Kalimantan was hit by torrential rain, resulting in above floor flooding in 12 villages in South Arut and North Arut which are located near KTH's place of business.

KTH provided relief goods (such as approximately 3 tons of rice, 7 thousand packages of rehydratable noodles and 200 boxes of water) to these villages through the Regent of Kobar. (Right picture)

In response to this, Regent Nurhidayah stated, "I do appreciate KTH's sincerity and involvement in the local community, and would like to expect similar assistance from other companies."

We will continue to assist local residents in cooperation with local governments.

Global Forest Goal 2

Enhance forest-based economic, social and environmental benefits



The Global Forest Goal 2 includes 9 goals for SDGs.



Working in the way of Team Spirit to achieve 1 million tons of pulp sales in 2022

As the trading arm of Oji Group, Oji Paper International Trading (Shanghai) Co Ltd (OPIT) is dedicated to marketing pulp and forest-related products to customers in Asia. We have tried to increase pulp sales as much as possible since OPIT's establishment in 2010. We finally have the chance to reach a milestone-1 million tons of pulp sales in 2022.

One million tons is not an easy target to fulfill. We are facing a bunch of challenges and uncertainties: the cooling down of the Chinese economy, global logistic constraints, cost inflation and margin deterioration pressures for suppliers and customers, and unpredictable financial markets.

We, however, have a strong sales team, experienced, energetic but more importantly have a strong team spirit. Also, the market diversification we have been exploring in recent years enables us to minimize the ups and downs risk and to materialize stable sales in today's turbulent market environment.

Voice



James Li
General Manager, Business Unit,
Oji Paper International Trading
(Shanghai)

Printing and Communications Media Business

We are increasing profitability and competitiveness by implementing the production system restructuring, etc. in light of demand structure trends through cooperation across group segments.



Fumio Shindo

President, Printing and Communications Media COMPANY
Senior Executive Officer
Oji Holdings Corporation



Newsprint Business

We hold approximately 30% share of the Japanese market for newsprint, and provide newspaper companies throughout the country with a stable supply of high-quality newsprint.



Printing and Publication Paper Business

We have various types of printing paper used for different applications including books, magazines, and catalogs, etc.



Communications Paper Business

We provide various output media for information processing systems, including copying paper and forms.

Collaboration with Other Group Segments by Maximizing the Use of Assets Owned

We are working to improve profitability and competitiveness, including building optimized production systems for the entire group through collaboration with other group segments by determining future demand trends, and maximizing effective use of pulp manufacturing facilities, biomass boilers, and other assets. In October 2021, we converted a newsprint machine to a machine for manufacturing containerboard at Tomakomai Mill. In April 2022, we also started operation of a special liner and special paperboard machine relocated from Nayoro Mill of Oji Materia at the same mill. Other than this, we are producing high-quality dissolving pulp by introducing most advanced continuous industry processes for existing kraft pulp manufacturing facilities at Yonago Mill.

Overseas, utilizing existing pulp manufacturing facilities and biomass boilers, etc., we built a new household base paper machine at Jiangsu Oji Paper (China) (started operation in 2020).

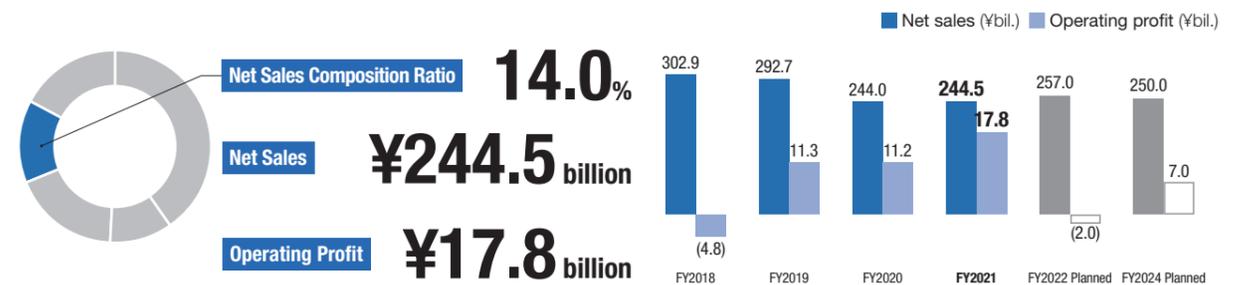


The #L-1 machine (retrofit of the #N-5 machine) at Tomakomai Mill



The #12 machine at the Tomakomai Mill (relocated from Nayoro Mill)

Changes in Net Sales Composition Ratio, Net Sales and Operating Profit Sales forecast for FY2030: ¥150.0 billion



Segment Overview

In FY2021, we had net sales of 244.5 billion yen (up 0.5 billion yen from FY2020) and operating profit of 17.8 billion yen (up 6.6 billion yen from FY2020). While demand for communications paper declined due to the growth of teleworking and the trend of digitization of office documents in addition to continued decline in demand for newsprint and printing paper for publication use, sales volume of printing paper for commercial printing use recovered due in part to the rebound from the stagnation of economic activity. In addition, since the effect of higher raw materials and fuel prices was offset in part by thorough cost savings at each production process, sales and profits increased.

In FY2022, net sales of 257.0 billion yen (up 12.5 billion yen from FY2021) and operating loss of 2.0 billion yen (down 19.8 billion yen from FY2021) are planned.

Enhancement of Competitiveness through Product Development

In these days, in connection with GX (green transformation) strategy on which importance is placed in business activities, products and services which contribute to the reduction of environmental burden are required to realize a decarbonized and sustainable society. Oji Paper meets our customers' green procurement policy requirements, including by developing light weight printing paper which helps reduce greenhouse gases from production and transport of publications and expanding a lineup of FSC certified PPC paper products based on the principle of sustainable forest management. Working together with a publishers, we have also developed common-use pocketbook paper by integrating the qualities of paper products, each of which was used exclusively for each of the publisher's labels. This contributes to the GX strategy in terms of increased logistics efficiency.

In the meanwhile, we are working on the review of our range of products and consolidation of paper products for offset printing in order to enhance efficiency and energy conservation in the manufacturing process. We also renewed paper products compatible with high-speed ink jet printers for business forms, with respect to which



"Oji Common-Use Pocketbook Paper" we developed

multi-product, small-lot printing will expectedly produce the effect of shorter delivery periods and stock reduction, and these renewed products are well received. As explained above, we capture market needs accurately and work on the product development which contributes to the reduction of environmental burden.

Topics – Sustainability –

To reduce greenhouse gas (GHG) emissions to address climate change issues, we are proactively working to achieve Environmental Action Program 2030 including by improving production efficiency, continuing to reduce energy consumption, and utilizing renewable fuels and waste fuels. A key area for the reduction is the expanded use of non-fossil fuels and biomass fuels as alternatives to coal. We will make specific considerations on the conversion of these fuels, through "Tomakomai Mill #6 Boiler Fuel Conversion Experiment Project," which was adopted by the Ministry of Economy, Trade and Industry for its "Subsidy for Design and Experiment Project toward Facilitation of Investment in Low-carbonization in Base Material Industry."

In addition, in connection with the effective use of resources (paper/water recycling), we are working to protect resources and reduce waste by promoting the use of recovered paper, and promoting the effective use of waste and water resources in our manufacturing processes. Furthermore, we are offering a wide range of environmentally friendly products such as FSC-certified paper, eco mark certified products, products compliant with the Green Purchase Act, thereby addressing environmental issues and contributing to the realization of a sustainable society.

Corporate Management Group and Shared Service Companies



Environmentally-friendly paper food containers proposed by Kyokuyo

Kyokuyo

Kyokuyo Co., Ltd. is a trading company that proposes and develops solutions to customers' problems from users' perspective. It purchases and sells various products of the Oji Group and other companies mainly in paper and packaging fields. These products include synthetic resin materials and products, packaging materials, chemicals, and machinery, from upstream (raw and other materials) to downstream (finished products). Leveraging its proposing ability, development ability and comprehensive ability to accommodate diversifying needs in the changing social environment, it is working to evolve paper and packaging, pursuing to create a more enriched society.



Environmentally-friendly containers using biomass plastic

Ginpo Pack

Ginpo Pack Co., Ltd. is a manufacturer which conducts integrated planning, production, and sales of plastic containers for food packing. It offers high-quality packages with unique packaging materials, using its many patents and state-of-art technologies. The new material "Pulfine" in which a high foaming ratio is realized with a single material, is more resistant to heat and more durable than ever and can reproduce steaming hot home cooking when using a microwave oven. Ginpo is also committed to the development of environmentally-friendly containers using plant-derived biomass plastic.



Industrial water production system

Oji Engineering

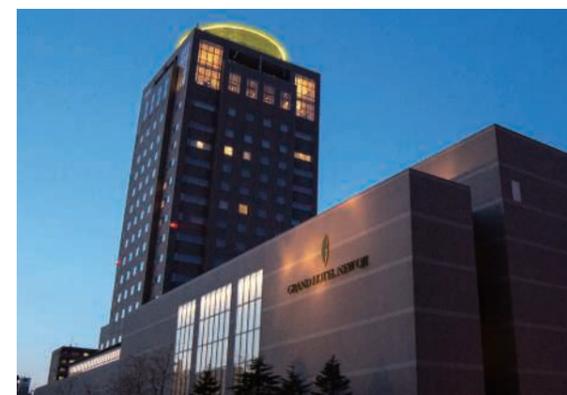
Oji Engineering Co., Ltd. leverages its technologies accumulated through paper manufacturing to offer one-stop engineering services ranging from facility design to operations. It actively pursues new services, including those relating to waste water treatment in the water environment business, and fuel handling facilities in the biomass power generation business. In addition, it is also promoting technical support for digital transformation (DX), such as enhanced safety education utilizing VR-simulated disaster experience, remote maintenance using drones equipped with thermographic cameras, as well as realization of working style reforms through improved operational efficiency using IoT technology.



A roll-on roll-off (RORO) ship that can transport vehicles carrying goods

Oji Logistics

As a shared service company, Oji Logistics Co., Ltd. operates mainly domestic and international logistics services for Oji Group products. In addition to the existing operations, this year it made full-scale entry to 3PL (third party logistics) services, using Urayasu Branch as its base. It is now changed into a warehouse, operating 24 hours a day and 365 days a year as a hub for consumer goods and e-commerce whose demand is growing mainly in the Greater Tokyo area. It is also accommodating a change in the operating environment surrounding the logistics industry such as "Logistics 2024 Issue," to earn trust from customers of the Oji Group and other companies.



The Grand Hotel New Oji

Hotel New Oji

Hotel New Oji Co., Ltd. is engaged in the hotel and flight catering businesses. Grand Hotel New Oji, a 16-story city hotel which is located in the center of Tomakomai City, Hokkaido and has a banquet hall with a maximum capacity of 1,000 guests, three restaurants (Japanese, Western and Chinese), bar and shops, is a landmark in Tomakomai. In addition to this hotel business, we prepare a wide variety of high quality inflight meals for domestic and overseas airlines in the catering building at the New Chitose Airport and also load the meals onto aircraft using large, specialized vehicles.



Oji General Hospital

Oji General Hospital

Oji General Hospital has 440 beds (of which 8 are in the ICU) and 24 departments, providing advanced and quality medical care as a key hospital in the Higashi-iburi and Hidaka medical area. It is designated as disaster base hospital, regional cancer treatment collaboration hospital, and regional perinatal maternal and child medical center, and also provides guidance and training for residents as a designated clinical training hospital. In addition, it has the nursing care facility for the elderly, "Care Life Oji," in-house nursing care supporting office Oji, and the central regional comprehensive support center entrusted by Tomakomai City, working to provide secure and safe medical service.



Oji Homes Aoyama (Minamiaoyama, Minato-ku, Tokyo)

Oji Real Estate

Oji Real Estate Co., Ltd. is a general developer active nationwide in the management and effective utilization of the Oji Group's owned land and the development and sales of quality-oriented condominiums, single-family homes and developed residential land, as well as lease and management of office buildings, condominiums, and commercial facilities, and the renovation business. It also has a construction and design division (first-class registered architect office) with good reputation for its technical capability, and conducts design, supervision, and consultation in a wide range of areas including factories and plants as well as public and private facilities.



Drink cartons made using base paper manufactured by the Oji Group

Ishizuka-Oji Paper Packaging

Ishizuka-Oji Paper Packaging Co., Ltd. operates the paper beverage container business by combining the Oji Group's expertise in manufacturing and processing paper with ISHIZUKA GLASS Co., Ltd.'s expertise in processing and filling paper containers for a diverse range of contents. By having in place a domestic integrated production system covering papermaking of base papers through to laminate processing and beverage packaging, and selling superior filling equipment from both Japan and overseas, as well as providing service and maintenance, it is working to ensure the stable supply of high-quality, safe, and dependable products to dairy and beverage manufacturers throughout Japan.

Message from the Chairman

Managing the Board of Directors to Achieve Sustainability

Representative Director and Chairman of the Board,
Oji Holdings Corporation

Masatoshi Kaku



My Mission as Chairman of the Board

- **The best Board of Directors configuration and governance for the Oji Group in an extremely uncertain business environment**
- **Stepping away from the standpoint of a Corporate Officer and determining from what perspective to observe management and operations**

In April 2022, I stepped down as CEO of the Oji Group and assumed my new position as Representative Director and Chairman of the Board. As Chairman of the Board, I will endeavor to ensure the Board of Directors fulfills its functions, and support new Group CEO Hiroyuki Isono and all of the officers in charge of Group management.

Today, the world is becoming an increasingly uncertain environment. Companies around the world are experiencing intense demand from international society to tackle global environmental problems such as climate change and marine plastic waste, among other sustainability issues. In addition, our lives and economic activity have been heavily affected by the COVID-19 pandemic, and it seems as if the demand structure and people's lifestyles,

which have changed since the pandemic, will not return to what they were before COVID-19 even after the pandemic is over. Further, uncertainty in such international situations as the invasion of Ukraine pose major operational risks to the Oji Group in, among other forms, soaring raw material prices. Against this backdrop, the Oji Group must aim for sustainable growth as a corporate group active on a global level.

In a business environment where challenges are piling up, it is necessary, within the context of appropriate risk management, for management to lead the Group through its decision-making. In order to support that decision-making, supervision of the business operation by the Board of Directors will also be increasingly important from the perspective of corporate governance. Until last year, I served concurrently as one of the Corporate Officers in charge of business execution. From this year, I will be taking part in the Oji Group's management as Chairman of the Board by stepping away from the standpoint of a Corporate Officer and ensuring the Board of Directors fulfills its functions.

Strengthening Governance and Transforming the Board of Directors in Accordance with the Move to the Prime Market

- **Meeting the level of governance required by the Prime Market and working on our internal structure**
- **What kind of initiatives will be required of the Board of Directors?**

In April of this year, the Tokyo Stock Exchange restructured and created three new markets. Subsequently, we were listed on the Prime Market. While the Corporate Governance Code, revised in June of last year, made clear the level of governance required of a company listed on the Prime Market, we have long been working on our internal structure, including but not limited to the composition of the Board of Directors. Moving forward, we will not only be satisfied with formal structural development, but also will continue to make improvements while listening to the opinions of Independent Outside Directors and Audit & Supervisory Board Members so that we may demonstrate governance capabilities on a level that also high in terms of substance.

As I touched on a moment ago, in an uncertain business environment, it is no easy task to show leadership and engage in appropriate management, and providing supervision and support from diverse perspectives is a key duty of the Board of Directors. At the present time, we have four Independent Outside Directors. All of them possess views and extensive expertise in industries differing from those of the Oji Group. They are always unsparing in providing comments, concerns, and cautions during meetings of the Board of Directors, the Nomination Committee, and the Compensation Committee, and at briefings for Outside Officers. In engaging in appropriate management decisions which meet the expectations of the world, receiving a diverse array of opinions from a variety of perspectives is of extreme value. I am looking forward to continuing to receive their unreserved opinions.

Sustainability Strategy Implementation and Risk Reduction Monitoring

- **Complying with the TCFD recommendations and monitoring initiatives based on our Environmental Vision 2050 and Environmental Action Program 2030**
- **Monitoring the environment, human rights, and occupational safety based on the Oji Group Partnership Procurement Policy and Oji Group Human Rights Policy**
- **Inclusion & diversity, and measures related to human resources**

The origins of the Oji Group lie in the paper industry. Paper production starts with trees, and we have inherited a belief that "those who use trees are responsible for planting them." Since long before the current focus on environmental issues, we have aimed to create a resource recycling-oriented business through forest recycling, water recycling, and paper recycling. In this day and age, a company which sacrifices the environment and society cannot survive. The Oji Group will continue to promote sustainable management in harmony with the environment and society.

The Oji Group positions its decarbonization initiative, a countermeasure against climate change, as one of its top priorities. In 2020, we formulated our Environmental Vision 2050 with the aim of achieving net-zero carbon by 2050, as well as our Environmental Action Program 2030 to serve as a milestone in realizing that vision. In the same year, we also endorsed the TCFD recommendations. As we also explained our decarbonization initiatives in detail elsewhere in this Integrated Report, we will steadily achieve decarbonization by taking a two-pronged approach, implementing measures to reduce GHG emissions at our manufacturing sites, and increasing absorption of CO₂ by expanding and conserving forests. In addition, as a corporate group which makes use of forest resources, the conservation of biodiversity is also a priority issue to us.

Approximately 140,000 ha of Oji's company-owned forests in Japan and overseas are "conservation forests." These forests are also habitats for rare plants and animals, and their conservation is just one of the measures we are implementing to preserve biodiversity.

In order to implement sustainable business management, it is necessary for raw materials procurement to also be sustainable. Based on the Oji Group Partnership Procurement Policy, the Oji Group engages in responsible raw materials procurement which takes into consideration the environment and society through local monitoring and risk assessments conducted in cooperation with our suppliers in Japan and overseas. Further, in 2020, we formulated the Oji Group Human Rights Policy. This policy ensures that our entire supply chain shares our beliefs regarding human rights, and we will implement initiatives to protect human rights in collaboration with our suppliers.

In implementing its management strategies and realizing healthy growth and evolution, it is essential for Oji Group to cultivate and invest in the human resources which are the wellspring of a company's strength. In order to expand our overseas businesses, we are placing particular importance on the cultivation of human resources capable of flourishing globally. Of the Group's approximately 36,000 employees (consolidated), the percentage of those who are of nationalities other than Japanese reaches 54%. Moving forward, our human resources will need to work and cooperate in a variety of countries with people of diverse nationalities, ideologies, cultures, and career histories. Inclusion and diversity are now a prerequisite in a healthy workplace environment, and we are promoting these concepts as such. I want our employees to not just accept but enjoy diversity and to grow into truly global, capable people.

The Commitments I Want to Convey to Our Stakeholders

- **Starting our new Medium-term Management Plan, checkpoints and key items for management observation going forward**
- **Board of Directors management which meets shareholders' expectations**

The Oji Group started a new Medium-term Management Plan in this fiscal year. We will be promoting initiatives aimed at environmental issues and sustainability challenges as top priority items necessary for business survival. Our paper business is itself sustainable, and we will be transforming our business structure by focusing on growth fields and markets. Further, we will be promoting the development of wood-derived, next-generation materials and cultivating them as replacements for petrochemical products to create businesses which will serve as a future pillar of the Oji Group. Through these initiatives, our aim is to evolve Oji into a globally active corporate group with strength in green innovation. The Board of Directors will support Oji's executive team through monitoring focusing on the following questions: Is Oji steadily resolving

sustainability-related challenges? Is Oji engaging in appropriate risk assessments in difficult business environments? And is Oji making resolute decisions with regard to its investments in order to not just maintain the status quo but achieve long-term growth?

Lastly, next year, in 2023, the Oji Group will be celebrating its 150th anniversary. Since *Shoshi Kaisha* (Paper Manufacturing Company) was founded on the proposal of Eiichi Shibusawa in 1873, we have continued to foster a spirit of "unity of economy and morality," and continued to reform our business and management structures in order to meet the changing expectations of the times and society. We will continue to co-exist with the world and society, and aim to be a corporate group which continues to grow. I would like to ask all of our stakeholders to continue to grant us their 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 2015 Outside Audit & Supervisory Board Member, Chori Co., Ltd.
June 2016 Outside Director (Audit & Supervisory Committee Member), Seiko Epson Corporation
June 2016 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

Director of the Board
Senior Executive Officer
General Manager, Corporate Sustainability Division
President, Printing and Communications Media COMPANY
In charge of Innovation Promotion Division
President, 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 (to the present)



Kazuhiko Kamada

Director of the Board
Senior Executive Officer
President, Celulose Nipo-Brasileira S.A.

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, Nichiyu 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.

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
General Manager, Corporate Governance Division
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.

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)



Nobuko Otsuka

Audit & Supervisory Board Member

January 2016 Joined Oji Management Office Inc.
Group Manager, Internal Audit Department, Corporate Governance Division, the Company
April 2018 General Manager, Internal Audit Department and Corporate Compliance Department, Corporate Governance Division, the Company
April 2019 General Manager attached to General Manager of Corporate Governance Division, the Company
June 2019 Audit & Supervisory Board Member, the Company (to the present)



Takayuki Moridaira

Director of the Board
Executive Officer
President, Industrial Materials COMPANY
President, Household and Consumer Products COMPANY
President, Oji Industrial Materials Management Co., Ltd.
President, Oji Materia Co., Ltd.

April 1985 Joined the Company
June 2013 Corporate Officer, Oji Paper Co., Ltd.
June 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.
President, OCM Fiber Trading 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 COMPANY Auditor, ROHM Co., Ltd.
Outside Director, Member of the Board, Audit and Supervisory Committee Member, ROHM Co., Ltd. (to the present)
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. (to the present)
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 Corporation (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)

History of the Oji Group's Value Creation
What the Oji Group Aims For
Initiatives for Environmental Issues Sustainability
Initiatives for Product Development Green Innovation
Initiatives for Profitability Improvement Profitability
Governance Strategy
Sustainability Strategy
Financial and Non-financial Data

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. Going forward, in order to increase corporate value and become a company that is trusted by society, we will work to ensure management efficiency, soundness, and transparency, while positioning the enhancement of corporate governance as a priority management issue and building trusting relationships with diverse 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

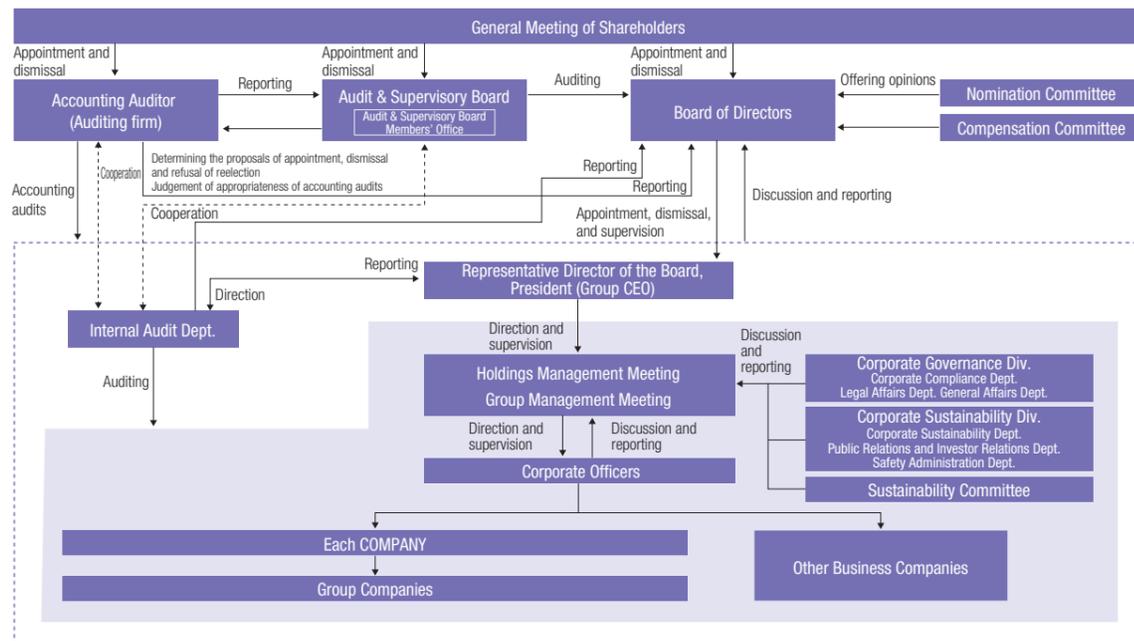
Corporate Governance Structures

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 twelve 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. In FY2021, attendance of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at the Board of Directors meetings (14 meetings held) was 97.7% and attendance of Independent Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings (13 meetings held) was 100%.

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 enhance objectivity and transparency in their decision making, 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, with the Independent Outside Directors representing more than half of the Committee members.

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 FY2021

Position	Name	Nomination Committee	Attendance	Compensation Committee	Attendance
Representative Director and Chairman of the Board	Susumu Yajima		1/1		2/2
Representative Director of the Board, President	Masatoshi Kaku	Committee Chair	1/1	Committee Chair	2/2
Independent Outside Director	Michihiro Nara		1/1		2/2
Independent Outside Director	Toshihisa Takata		1/1		2/2
Independent Outside Director	Sachiko Ai		1/1		2/2
Independent Outside Director	Seiko Nagai		1/1		1/1

* Positions during FY2021.

* Concerning Independent Outside Director Seiko Nagai's attendance at meetings of each Committee, the scope of the total number of meetings includes only those meetings held after her appointment on June 29, 2021.

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 specifics of the Director 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.

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	Total	
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%
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 (FY2021)

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)	512	213	157	141	9
Audit & Supervisory Board Members (excluding Independent Outside Audit & Supervisory Board Members)	51	51	—	—	2
Independent Outside Directors and Independent Outside Audit & Supervisory Board Members	92	92	—	—	8

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

Policy

At Oji Holdings, the Fundamental Policies on Corporate Governance stipulate as a Director nomination policy that the Board of Directors shall comprise Directors who take notices on a balance between diverse knowledge and expertise concerning the business operated by the Group, and 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. The Fundamental Policies also stipulates 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 consultation with 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 to realize the Group's management strategies, as described below. We place value on capabilities in the fields of "manufacturing and technologies," "research and development," "purchase and procurement," and "ESG," etc. which help promote sustainability and innovation, in addition to general management skills. 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 Group CEO	●	●						●	●
Fumio Shindo	Director of the Board Senior Executive Officer	●		●	●					●
Kazuhiko Kamada	Director of the Board Senior Executive Officer	●				●		●	●	
Shigeki Aoki	Director of the Board Executive Officer	●				●	●			
Akio Hasebe (newly appointed)	Director of the Board Executive Officer	●	●				●			
Takayuki Moridaira (newly appointed)	Director of the Board Executive Officer	●				●	●			
Yuji Onuki (newly appointed)	Director of the Board Executive Officer	●						●		●
Michihiro Nara	Director of the Board (Independent Outside)									●
Sachiko Ai	Director of the Board (Independent Outside)	●								●
Seiko Nagai	Director of the Board (Independent Outside)								●	●
Hirofumi Ogawa (newly appointed)	Director of the Board (Independent Outside)	●								●

* ● marks indicate the abilities that each Director possesses, but the abilities in which each Director can demonstrate greater strength and expertise are listed below according to his or her position in the Company. The following 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

We have appointed four Outside Directors and three Outside Audit & Supervisory Board Members, each of whom is designated as an Independent Officer. All of them attend Board of Directors meetings, and the briefings that are held twice each month in principle and are conducted by the officer responsible for the Corporate Governance Division regarding matters submitted to the Management Meeting and matters planned to be submitted to the Board of Directors. In addition, the four 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.

Main Activities of Independent Outside Directors in FY2021

Name	Attendance at Board of Directors meetings	Summary of statements made and duties performed with respect to expected role
Michihiro Nara	Attended 14 of 14 meetings (100%)	Fulfilled the role expected of him by making comments concerning the Company's management from an independent standpoint, from a legal perspective as an attorney-at-law, and based on his extensive experience, high level of expertise, and wide-ranging insight
Toshihisa Takata	Attended 14 of 14 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 an international viewpoint as a former diplomat, and based on his extensive experience, high level of expertise, and wide range of insight
Sachiko Ai	Attended 14 of 14 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 wide range of insight
Seiko Nagai	Attended 10 of 10 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 activities, and based on her extensive experience, high level of expertise, and wide range of insight

* Concerning Ms. Seiko Nagai'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 her appointment on June 29, 2021.

Main Activities of Independent Outside Audit & Supervisory Board Members in FY2021

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements at meetings
Mikinao Kitada	Attended 13 of 14 meetings (92.9%)	Attended 13 of 13 meetings (100%)	Made statements based on his extensive experience, high-level expertise and wide-ranging knowledge as a public prosecutor and attorney-at-law
Hidero Chimori	Attended 10 of 10 meetings (100%)	Attended 9 of 9 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 9 of 10 meetings (90%)	Attended 9 of 9 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

* Concerning Mr. Hidero Chimori and Ms. Noriko Sekiguchi'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 their appointments on June 29, 2021.

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 for all Directors and Audit & Supervisory Board Members. The evaluation findings will be 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 FY2021 conducted in and after April 2022,

it was confirmed our Board of Directors and its subordinate meetings have continued to function well. In particular, the view was shared that the provision of management information and explanations regarding agendas to Independent Outside Officers have been improved, and that the suggestions and proposals made by Independent Outside Officers have been appropriately reflected in deliberations and resolutions. On the other hand, we identified issues that still need to be addressed, such as formulating management strategies, providing directions, etc., and decided to continue implementing the improvement measures. We will consider and take required measures to continually work on functional improvements of the Board of Directors.

Policy for Strategic Shareholding

The Oji Group strategically holds shares that are expected to contribute to the sustainable growth of the Group 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 specifically 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 cost of capital to verify the appropriateness of the holding. We sell shares properly and appropriately if the rationality for holding them has diminished to reduce strategic shareholding.

Compliance

Corporate Code of Conduct and Behavior Standard

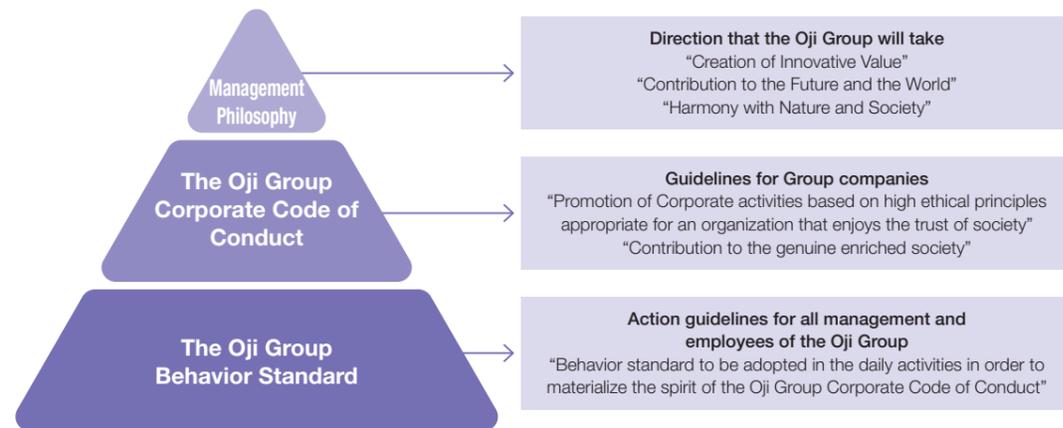
The Oji Group incorporated the principles on human rights, labor, the environment, and anticorruption of the United Nations Global Compact and established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, action guidelines for the Code, in 2004. They were revised in FY2020 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 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

I. We, the management and employees of the Oji Group, hereby adopt the Oji Group Corporate Code of Conduct, as detailed below, as guiding principles for 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.
 II. We, the management and employees of the Oji Group, will always strive to implement this Code and to contribute to realization of the genuine enriched society.

- | | |
|--|--|
| 1 Compliance with Laws and Regulations and Fair Business Activities | 5 Contribution to the Realization of a Sustainable Society |
| 2 Developing a Rewarding Work Environment with Consideration for Safety and Health | 6 Respect for Human Rights |
| 3 Supply of Safe, Useful Products and Services | 7 Communication with Society and Participation in Social Contribution Activities |
| 4 Addressing Environmental Issues | 8 Coexistence with International Society |
| | 9 Promotion of Crisis Management |



The Oji Group Behavior Standard

Toward the materialization of the spirit of the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard consisting of 29 items is adopted as a standard to be followed in the daily activities of all management and employees as a member of international society.

The Oji Group Behavior Standard
 → 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 distributed the booklet 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 have separately prepared teaching and explanatory materials, and translated the education materials into 12 languages in order for and distributed them to, overseas employees, to utilize them at a compliance meeting held at each worksite of Group companies. Moreover, the Corporate Compliance Department includes the contents of the education materials in the Compliance News periodically published for Japan and overseas, in order to disseminate the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and encourage them to practice the Standard.

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.

Measures for Promoting Compliance

Activities for Raising Compliance Awareness

Numerous opportunities are created 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 whistleblowing system.

In addition, while we have conventionally provided training to newly appointed officers of the Oji Holdings to acquire compliance knowledge, etc. required to fulfill their respective roles and responsibilities pursuant to the Fundamental Policies on Corporate Governance, we decided



In April 2022, we provided senior management training to newly appointed officers (including corporate officers) of Oji Group companies in person or remotely. The training was made available for officers already in office to view for a certain period of time to confirm their knowledge.

to provide the same training to officers of each Group company starting from FY2021.

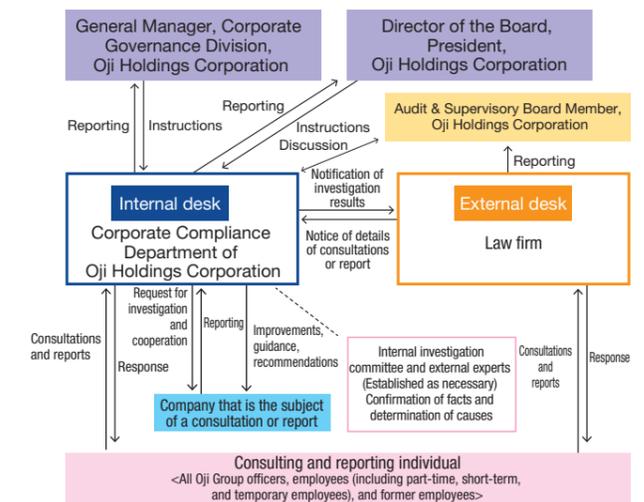
Anti-Corruption Initiatives

Pursuant to the Principle 10 of the United Nations Global Compact “the anti-corruption initiatives,” we have expressly provided for “wholesome relationship with politics and government” and “maintenance of an honest, wholesome relationship with business partners” in the Oji Group Behavior Standard, and further established Group Anti-Bribery and Anti-Corruption Regulations, to ensure transparency of political contributions, prohibit illegal contributions or donations, and prohibit bribery and other corrupt acts and practices.

Whistleblowing System

The Oji Group operates the Business Ethics Helpline (illustrated in the diagram on the right) based on the Group Whistleblowing Regulations 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. Whistleblowing desks are established both internally (in the Oji Holdings Corporate Compliance Department) and externally (a law firm) to discover early and correct violations of laws and regulations, human rights abuses such as harassment and discrimination, corrupt practices including bribery, and other misconduct. We also work to solve employees’ daily concerns related to compliance.

Since the amended Whistle-Blower Protection Act took effect in June 2022, we adapted our Regulations to the amended Act, and held a briefing for compliance promotion leaders of Group companies to ensure they have thorough knowledge of the details of the Regulations (such as confidentiality and how to conduct an appropriate investigation).



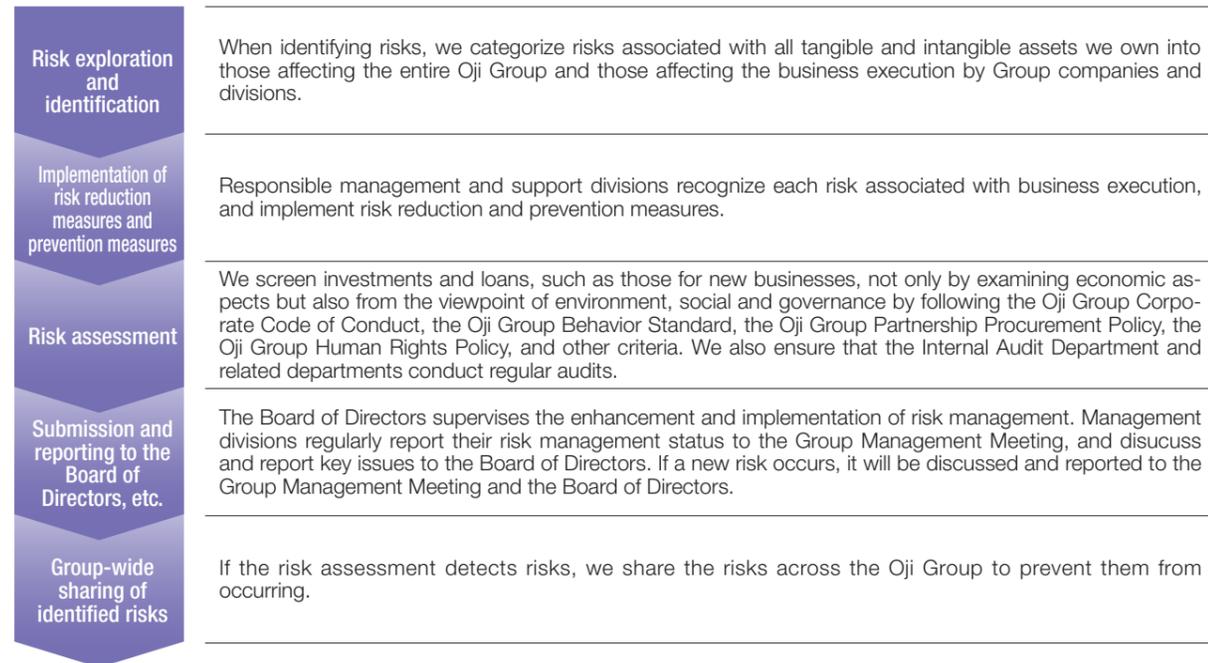
History of the Oji Group's Value Creation | What the Oji Group Aims For | Initiatives for Environmental Issues Sustainability | Initiatives for Product Development Green Innovation | Initiatives for Profitability Improvement Profitability | Governance Strategy | Sustainability Strategy | Financial and Non-financial Data

Risk Management

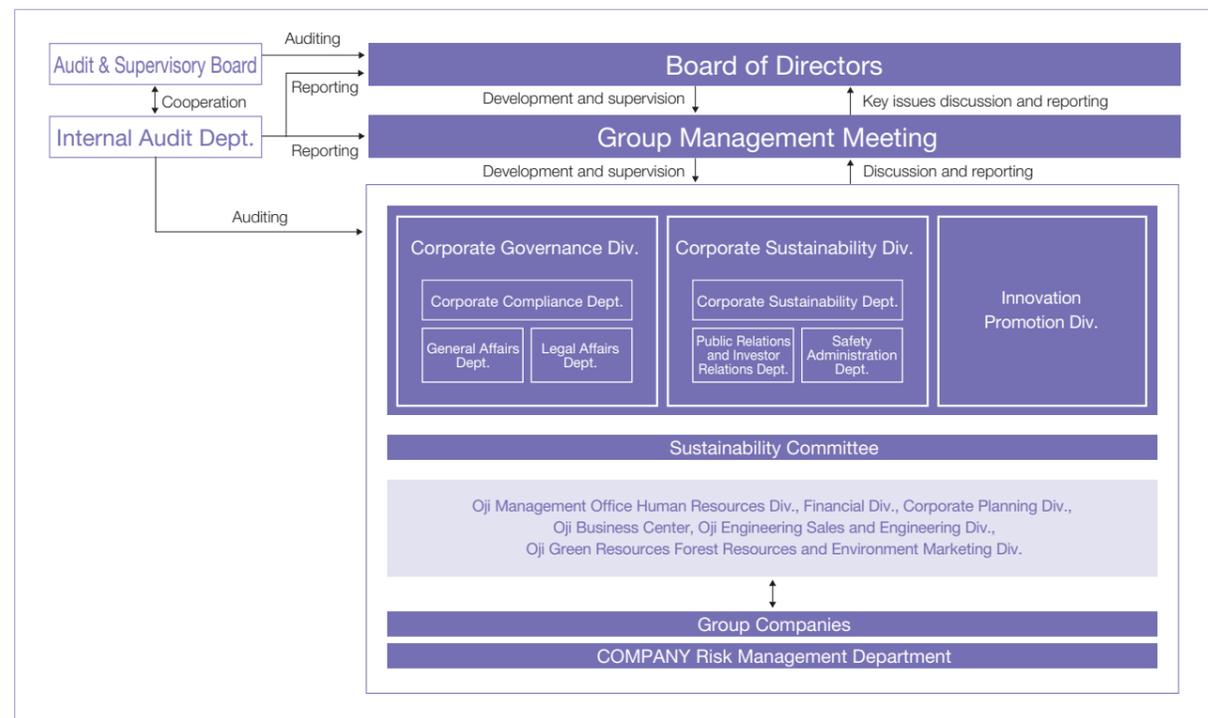
The Oji Group undertakes business activities with a strong sense of ethics set forth in the Oji Group Corporate Code of Conduct and implements appropriate risk management practices. In response to the rapid expansion of the areas where we operate businesses, we will reinforce our risk management structure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

Flow of Risk Management

Under the risk management structure developed and supervised by the Board of Directors, the Oji Group has established Group Risk Management Regulations. It works to manage risks in the flow described below.



Risk Management Structure



New Establishment of Sustainability Committee

On April 1, 2022, we established the "Sustainability Committee," which is chaired by the Representative Director of the Board, President and consists of Directors of Oji Holdings Corporation and Presidents of all COMPANIES, to strengthen our efforts to fulfill its roles and responsibilities toward the realization of a sustainable society and to

discuss the Group's risks associated with sustainability and measures against those risks.

We also established the Corporate Sustainability Division at Oji Holdings as a division which oversees and manages Group companies' efforts for sustainability.

Purpose of Sustainability Committee

The purpose of the Sustainability Committee is to discuss the Oji Group's risks associated with sustainability such as climate change risks, supply chain risks, and human rights risks, and countermeasures, and to promote the group-wide efforts for sustainability. The Committee holds its meetings twice a year, and develops a policy to work

against each risk and an implementation plan, monitor the progress status, and assess the achievement status. Details deliberated at the Committee are discussed and reported to the Group Management Meeting and the Board of Directors, depending on the importance.



Measures for Information Security

The Oji Group positions information obtained through its business activities as important assets. We have enacted Information Systems Usage and Risk Management Regulations to respond promptly to changes in the ever-sophisticating IT environment, and have established all group system to prepare for cyber threats such as unauthorized access prevention and disasters. The Oji Business Center, as a department that oversees our information system risk management, inspects the information system risks across the Group, and maintains, manages and improves IT security. In addition, it regularly provides educational activities and information on the latest risk trends it has captured to employees using company newsletters, and conducts targeted email training for employees to deal with phishing e-mails that are becoming more sophisticated every day. In FY2021, we revised regulations to respond to changes in work styles, such as the spread of cloud computing and teleworking

in times of COVID-19. We will work to make sure that these measures will take hold and further strengthen our efforts to improve IT security from a global perspective.

Information Security Structural Diagram



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
Risks of long-term issues		
Climate change 		The Task Force on Climate-related Financial Disclosures (TCFD), see P29-30
Pandemic 	Risk of health damage to employees or temporary suspension of operations being caused by the global spread of COVID-19	<ul style="list-style-type: none"> ● 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. ● 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. ● While COVID-19 is still prevalent, we continue production with great caution to prevent the infection of COVID-19 in order to maintain the supply of products essential to people's lives.
Risks associated with our management strategies		
Structural changes in demand arising from development of innovation 	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"> ● 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 capital investment. 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 appropriating it for the development of new material products, etc. ● 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.
Fluctuations in demand 	Risk of decline in demand for products arising from domestic business fluctuations and a continuing decline in population	<ul style="list-style-type: none"> ● We work to strengthen our business foundation that can tolerate market fluctuations through thorough cost reduction, etc. ● 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. ● In other business fields, as well, we work on the development of new products such as paper products that support the shift to non-plastic materials and functional paper with new properties in order to improve profitability.
Fluctuations in global market conditions 	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"> ● We monitor markets in relation to the procurement of raw materials and fuels and strive to maintain a variety of suppliers, and have established a department in charge of the Group-wide procurement strategy to promote advantageous procurement. ● 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. ● 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.
Overseas business 	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"> ● We have established regional headquarters to gather 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. ● To reduce risks, we enhance our ability to collect information and reduce the amount of investments through joint ventures operated with local leading companies. ● 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.

Icons to the right represent materiality (for details, see P84).



Type of Risk	Content of Risk	Main Countermeasures against Risks
Risks arising from execution of business		
Occurrence of disasters, etc. 	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"> ● 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. ● In connection with environmental accidents, we have set voluntary management values that are stricter than the environmental regulatory standards to prevent them. ● 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.
Laws, regulations and other rules 	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"> ● 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.
Litigations and other actions 	Risk of being a party to litigations, disputes or other legal proceedings in the course of business	<ul style="list-style-type: none"> ● 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 a law firm. ● 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.
Product liability 	Risk of damages based on product liability being claimed	<ul style="list-style-type: none"> ● 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. ● 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.
Exchange rate fluctuations 	Risk of fluctuations in exchange rates in product sales, raw material purchases and other transactions using various currencies	<ul style="list-style-type: none"> ● 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. ● 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.
Information leakage 	Risk of confidential information being leaked due to willful conduct including external cyber attacks or negligence	<ul style="list-style-type: none"> ● 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. ● 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.

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

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. Reviewing it as necessary, we also engage in 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 of Business Continuity Plan. Business Continuity Plan for emergencies such as disasters and pandemics.

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

Building a Group Disaster Control System

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. 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.

BCP Initiatives — an Essential Products Supplier that Supports Daily Life

Locating production bases to diversify risks and flexible raw material procurement

Oji Group companies have production bases nationwide ranging from Hokkaido to Kyushu. While proceeding with consolidating production bases to enhance competitiveness, we consider risk diversification to continue business. In addition, to continue production, we procure raw materials from several companies in principle and ensure flexible procurements such as diversified sources.

Exploration of infrastructure risks and implementation of measures

Production bases of the Oji Group in Japan explore risks of earthquakes, heavy rain, typhoon and other natural disasters, and implement measures against them, using local hazard maps to simulate the occurrence of disasters such as floods and landslides. For example, we have strengthened waterproofing measures for electric rooms to avoid stoppage of plant/mill operation over a long period of time. We also actively roll out useful measures to other companies in the Group.

Local preparedness for natural disasters and support

In recent years, we strengthen not only measures within the Group but also collaboration with locals to prepare for increasing natural disasters. Currently we have concluded a total of 152 disaster prevention agreements with local governments across Japan. In the occurrence of a disaster, we provide corrugated beds and other various types of corrugated products, and also jointly conduct a drill of setting up an evacuation center. We provide a wide variety of support including infection prevention measures.

The Oji Group carries on production activities to maintain social life worldwide by supplying corrugated containers and folding carton products that support logistics services, hygiene materials such as tissue paper, toilet rolls and face masks as well as printing and communication paper that conveys information.



Corrugated bed



Drills for setting up evacuation centers with local governments

Independent Outside Directors' Roundtable Discussion

The Roles of Independent Outside Directors in Nomination Functions and Plan Formulation

Over the past year, the Board of Directors has continued to experience great changes, including launching a new management structure and formulating a Long-term Vision and new Medium-term Management Plan. In this section, our four Independent Outside Directors, including a newly appointed member, discuss the Oji Group's changes and prospects from an outside perspective.



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 the 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.

Assessing Qualitative Improvements to the Board of Directors

Nara In the past few years, the composition of our Board of Directors has changed dramatically. When I was appointed eight years ago, there were only two Independent Outside Directors. Today, that number has increased to four, resulting in one-third of the total of 12 Directors being Independent Outside Directors. We have always been free to express our opinions. However, from the perspective of an Independent Outside Director, the environment feels like it has become even easier to express ourselves.

In terms of diversity, as well, not only does our group of Independent Outside Directors include two women—Ms. Ai and Ms. Nagai—but it also consists of people of diverse backgrounds, in our areas of expertise, skills, and experiences. The result is an increased breadth of ideologies and views and deepened discussions during meetings of the Board of Directors. Being able to come in contact with multilateral and macroscopic ways of looking at things through these discussions has been highly educational. I also believe something which has contributed to the improvement of Oji's corporate value.

Ogawa I began serving as an Independent Outside Director this fiscal year. My most recent experience in corporate management involved serving as chairman at a food processing company, where I focused on strengthening corporate governance and BCP implementation amid the COVID-19 pandemic. At that company, as well, an increase in the number of women serving as outside

directors greatly changed the atmosphere of the board of directors.

Following the trend in recent years toward stakeholder capitalism, what is expected of boards of directors and the roles outside directors ought to fulfill are steadily changing. What I personally would like to particularly concentrate on is closely observing whether the Board of Directors is engaging in a healthy discussion based on due process. Corporations are like living things, requiring that their board of directors maintain an accurate awareness of the business environment both within and outside the company and make decisions from a practical point of view. I intend to leverage my management experience to provide advice as an Independent Outside Director which contributes to increasing Oji's corporate value.

Ai The addition of Mr. Ogawa has expanded the breadth of the Board of Directors' skills and further improved the balance of the composition of its members. We have different opinions on a single theme, reflecting our points of view and ways of thinking, and making discussions even deeper and higher in quality.

Nagai Having experienced my first year as an Independent Outside Director among this gathering of specialists in diverse fields, I have always felt free to express my opinions. Oji has a fully developed follow-up structure, for example, providing information through briefings for Outside Officers. Participating as an observer in company leader study sessions, accounting audit report briefings, and Group Management Meetings is also a beneficial opportunity. The Board of Directors has maintained the flexibility to steadily incorporate outside opinions into its

Independent Outside Directors' Roundtable Discussion

operations, which I believe has led to more active discussions.

Ai Hearing directly from COMPANY Presidents and leaders about their businesses and participating in meetings with outside auditors is also beneficial to Board of Directors discussions. In addition, although we will discuss this in a moment, in the formulation of the new Medium-term Management Plan, a separate, special session outside of the normal briefings for Outside Officers was established, which was extremely valuable and enabled us to discuss it from a medium- to long-term perspective.

Nara We have continued to face restrictions over the past two years due to the COVID-19 pandemic, but Oji has resumed visits to manufacturing sites in Japan such as the Tomakomai Mill and Kasugai Mill. As an Independent Outside Director, I'm looking forward to visits to overseas sites resuming in the future. Seeing a location with your own eyes really is a prerequisite to management discussions.

The Nomination Functions the Oji Group Needs

Nara Oji has established a Nomination Committee and a Compensation Committee to serve as advisory bodies to the Board of Directors. For both committees, the Chairman, President, and Independent Outside Directors are all members, with the President serving as Committee Chair. To ensure transparency in appointment processes, discussions regarding appointment are conducted by the Nomination Committee, with a majority of its members being Independent Outside Directors.

Ai In the most recent appointment process, our participation involved providing opinions from an outside



perspective on proposals from the executive side, and summarizing the findings as the final recommendations by the Nomination Committee. We approved of the recommended human resources, including new President Isono without dissension, thus playing our part in Oji's appointments.

Nara I believe it is actually very difficult to take the lead in selecting corporate managers from an outside perspective, as we Independent Outside Directors normally have less contact with candidates during our regular affairs. At the same time, when a new Director is nominated, they are naturally presented to us as a potential future candidate for President. From that point forward, we monitor this candidate from the perspective of whether they have the qualities and character required of a corporate manager and use this as a basis for our decision at the time of appointment, while keeping a close eye on the candidate's comments and actions.

To improve this process further, we have sought more opportunities for Independent Outside Directors to contact the Corporate Officers who are future Director candidates, as well as the management members who are candidates for becoming Corporate Officers. Regarding this point, in recent years, Oji has created opportunities for communication in a variety of forms. For example, we have engaged in discussions directly with Corporate Officers and management members at briefings for Outside Officers. It has also become possible for us to attend meetings of the Audit & Supervisory Board, and to connect with Group companies' the management and executive teams. It is impossible to select personnel without knowing and understanding their capabilities and character, which is why I think this kind of internal communication is also an important role of Nomination Committee members.

Ogawa Even in the best of circumstances, the amount of information available to an Independent Outside Director is limited. Against this backdrop, taking responsibility and making a fair decision is extremely difficult. I served as committee chair in my previous position on a nomination advisory committee. The majority of the committee was comprised of outside directors, and I went to great pains to share as much relevant information as possible with the members who were outside directors. In the Oji Group, I am now in the opposite position, so I would like to see a variety of measures taken to make it possible for us to obtain appropriate materials for decision-making in terms of quality and quantity.

Nagai In the company that I was involved in, director candidates were interviewed by outside directors and asked about management issues and how they would solve them. In this way, outside directors could understand each candidate's views and opinions as well as their management perspective. The feedback was provided to top management and served as a part of the materials used to make appointment decisions. In Oji's case, the Group's scale is large and it also possesses a vast amount of human resources, making doing the same kind of thing difficult. However, I think we should proactively engage in dialogue with the next generation of the executive team going forward.

Ai As an Independent Outside Director, I believe that one can effectively contribute to appointment selections even in large-scale companies if the axes of evaluation have been made clear and if one is aware of the accomplishments of the human resources who will rise to the executive level as well as the process through which they were cultivated.

Leveraging human capital is extremely important to increase corporate value and grow sustainably. Based on this, in addition to the nomination of the executive ranks, I also think it is necessary to engage in wide-ranging discussion regarding the composition of the entire company's human resources portfolio in the medium- to long term; the cultivation of human resources, including the transmission of skills; and the consequent human resources system, compensation structure, evaluation system, and training system.

The New Medium-term Management Plan from an Outside Perspective

Nara As Ms. Ai mentioned a moment ago, a special session outside the normal briefings for Outside Officers was held in the formulation of the new Medium-term Management Plan. At the session, we Independent Outside Directors also spoke extensively of our opinions from our own individual perspectives.

Ai Unlike in the past, in the new Medium-term Management Plan, in place of compiling a list of numerical targets provided by each COMPANY and department, Oji set long-term goals for 2030 in the form of its Long-term Vision, then backcast from there to formulate the plan. Accordingly, a good deal of time was necessary for investigation and consideration. The fact that Oji could engage in sufficient discussion right up until the plan's publication is praiseworthy.

Nagai Discussion of the new Medium-term Management Plan had to be predicated on evaluating of the previous three-year Medium-term Management Plan. I was only involved as an Independent Outside Director for the final fiscal year of the previous plan's three years. However, I believe that the Oji Group's achievement of record-high profits amid such unprecedented external changes as the COVID-19 pandemic, Russia's invasion of Ukraine, and soaring raw materials prices was nothing less than a result of the efforts of all of the Group's employees combining their strength to work toward the same goals.

Ai Although a portion of the numerical management targets for the previous Medium-term Management Plan were not achieved, the Oji Group recorded satisfactory results, with consolidated operating profit being a record-high 120.0 billion yen. Progress was seen in each of the "profitability improvement of domestic business," "expansion of overseas business," and "promotion of innovation" raised by our Basic Policies. There remain ongoing challenges, however, and these policies will be "evolved" in the new Medium-term Management Plan.

Nara In part due to the effects of the COVID-19 pandemic, it is difficult to say that sufficient progress was made



with regard to the "expansion of overseas business" and "promotion of innovation." We, Independent Outside Directors, recommended that we look back on the past three years of activities about each theme and reflect the insights thus gleaned in the next plan's new policies.

Accordingly, "green innovation" was clearly added to the new Medium-term Management Plan, and I feel an enthusiasm for a new Oji Group in this action.

Ai Definitely. The Group's Basic Policy in the new Medium-term Management Plan is "Growth and Evolution," and under this, "Initiatives for Environmental Issues" is a new and explicit addition. During discussions when formulating the plan, we indicated that, while continuing to expand initiatives to contribute to the environment, proactively sharing this information with stakeholders could potentially deepen their understanding of Oji.

Alongside the announcement of Oji's Long-term Vision and the new Medium-term Management Plan, "Grow and manage the sustainable forest, develop and deliver the products from renewable forest and Oji will bring this world a brighter future filled with hope" was explicitly stated as Oji's Purpose. I perceived this as a reflection of the opinions of us Independent Outside Directors.

Nagai At the company I worked at previously, I experienced rebuilding after a business failure. Through this process, I came to recognize the importance of changing employee awareness, and learned hands-on that making sure everyone has the same goal leads to business growth. What I would like to see with Oji's new Purpose is that it be made even easier to understand so that it reaches every employee and becomes something which unites the hearts of all of Oji's members.

The path forward will not be smooth in a business environment in which the future continues to be opaque. Against this backdrop, as a first step to achieving the



aggressive goal of consolidated net sales of 2.5 trillion yen or more by 2030 over the next three years, I intend to continue to seek to secure the safety that is a condition of stable business operation. At the same time, I will focus on the permeation of Oji's Purpose in real workplaces and be monitoring Oji's administration.

Ai In addition to net sales of 2.5 trillion yen or more by 2030, Oji has also set various goals and targets as part of its Environmental Action Program 2030. The next three years will be an important period in establishing a foundation for their achievement. As an Independent Outside Director, I intend to keep a firm awareness of their progress and, about recognized challenges, monitor for issues that are difficult to detect from within the company as well as for both excess and insufficient analysis of their execution, and provide effective recommendations.

A Company Advancing Together with Its Stakeholders

Ogawa The concept of stakeholder capitalism I mentioned at the beginning is starting to permeate the general consciousness, but I believe the Oji Group could be said to be part of the vanguard of this trend. Oji's Founding Spirit of "unity of economy and morality" is a sublime precept that aligns with the modern-day SDGs, and Oji has inherited a company attitude of aiming for harmony and mutual prosperity with all of its stakeholders.

I perceive the new Medium-term Management Plan, as well, to be a strategy of firmly focusing on the long-term goals of Oji's Long-term Vision while at the same time carefully balancing economic, environmental, and societal value under the Group's Basic Policy of "Growth and Evolution." I hope that all of Oji's stakeholders will appreciate the value of this Group's Basic Policy.

Nagai The Oji Group is one of the greatest holders of forest resources in Japan. Aiming for net-zero carbon in 2050, the Group established its Environmental Action Program 2030 to serve as a milestone toward that target. The entire strength of the Group will be marshaled to expand net sales to 2.5 trillion yen and, at the same time, contribute to the resolution of environmental issues. As a member of the Oji Group, I too, am going to do my part, and in turn I ask all of our stakeholders for their continued support.

Ai Under the slogan "Beyond the Boundaries," the next three years will be a period in which the Oji Group aims to continue the growth achieved in the previous Medium-term Management Plan while at the same time aiming for further evolution. The environmental challenges we are facing, such as climate change, are wide-ranging, and the need for a recycling-oriented society is growing ever stronger. Against this backdrop, the Oji Group will contribute even further to society while also expanding its own corporate value by leveraging and developing, in many directions, the expertise in forest resources it has cultivated throughout its business history.

Nara Oji possesses an abundance of forest and water resources and is equipped with the conditions necessary for it to survive as a company. It creates sustainable value for the future based on its Management Philosophy of "Harmony with Nature and Society." Oji recognizes that these forest and water resources are not just part of its own corporate value but also public resources which form the basis of society and nations. With "green innovation" as a Basic Policy of the new Medium-term Management Plan, I encourage you to watch Oji's developments going forward.



Message from an Independent Outside Audit & Supervisory Board Member

Evolving Governance Structure and Audit & Supervisory Board Members (from the Perspective of an Independent Outside Audit & Supervisory Board Member)

Independent Outside Audit & Supervisory Board Member
Hidero Chimori



More Diverse Board of Directors Members and More Vigorous Discussion

I was appointed as an Independent Outside Audit & Supervisory Board Member at the General Meeting of Shareholders in June last year. At the same time, one woman each was appointed as an Independent Outside Audit & Supervisory Board Member and as an Independent Outside Director. The result was that there were now 12 Directors who made up the membership of Oji Holdings Corporation's Board of Directors, four of whom are Independent Outside Directors. We now have four female officers including Audit & Supervisory Board Members, thus making the membership of the Board of Directors even more diverse.

The increase in the number of Outside Officers and female members was not simply a matter of filling out the numbers following the revision to the Corporate Governance Code. Rather, each member vigorously expresses his or her opinion, backed by their own individual career histories, specialties, and values, among other attributes. Without a doubt, discussions at meetings of the Board of Directors have become spaces for diverse opinions, meeting the expectations set forth in the Corporate Governance Code. These discussions can also be seen to have been outfitted with a structure which contributes to increased corporate value and the effectiveness of management supervision. To give an example, in the previous fiscal year, the Medium-term Management Plan starting in the current fiscal year was discussed as one of the most important themes at meetings of the Board of Directors, and the fact that opinions of Outside Officers were also reflected in the plan is praiseworthy.

The Oji Group's Audit Structure and Audits by Audit & Supervisory Board Members

Amid these changes to the management environment, as concerns Audit & Supervisory Board Members fulfilling their duties, it came into question whether the three-pronged auditing system of audits by accounting auditors, audits by internal audit divisions, and audits by Audit & Supervisory Board Members was functioning properly. There is a particular issue with the difference in the thoroughness of audits by the internal auditing divisions depending on the company, and its intra-group coordination is of utmost concern. The Oji Group, however, has been proactively working to fortify this area. Confirmation is being conducted with internal auditing divisions primarily through periodic exchanges of opinions regarding developing an internal control system for accounting, audits of operations, business audits of extensive Group companies, and compliance. Concerning audits by Audit & Supervisory Board Members, the system will now focus more on the important business and governance audits of Group companies, and emphasis will be placed on the supervision of the management of Oji Holdings Corporation, most important of all.

Challenges to Further Improving Corporate Value and the Initiatives as Independent Outside Audit & Supervisory Board Members

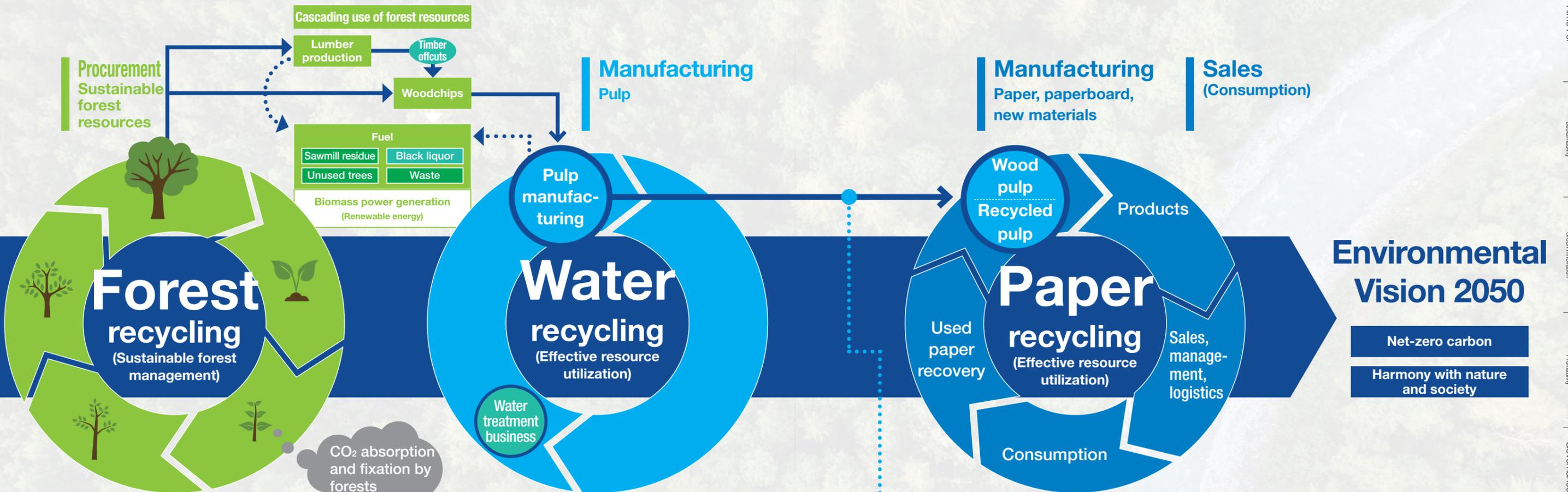
As I stated in the beginning, the Board of Directors of Oji Holdings Corporation has become much more diverse. It will still be some time before that diversity of opinion is reflected in Oji Holding's management and leads to improved corporate value. In that sense, this can be seen as there being even greater room for the Oji Group's corporate governance to evolve and for its corporate value to improve in the medium- to long term.

As an Independent Outside Audit & Supervisory Board Member, I will leverage my expertise as an attorney-at-law from an outside perspective, strive to monitor in particular governance functions and actively state my opinion at Board of Directors and other meetings whenever I have insights from viewpoints such as risk management and compliance. Speaking of governance, as I discussed above, the Medium-term Management Plan starting in this fiscal year was an important discussion point during meetings of the Board of Directors in the previous fiscal year. Moving forward, I intend to continue to focus on whether meetings of the Board of Directors are spaces for the appropriate discussion, from a medium- to long-term perspective, of such matters as structural reform, capital investment planning, and R&D; and whether these discussions are leading to appropriate action.

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 fiber	
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 573,000 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. Rooted in our core competencies centered on forest resources, we will aim to develop business and contribute to realizing a sustainable society.

1 Global Expansion of Manufacturing that Supports Lives and Industry

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.

2 Sustainable Forest Management

Giving due consideration to environmental conservation, the Group possesses production forests primarily for producing wood spanning a total of 432,000 ha, with 176,000 ha domestically and 256,000 ha overseas, as well as conservation forests spanning 141,000 ha, with 12,000 ha domestically and 129,000 ha overseas. Implementing sustainable forest management, which is environmentally, socially and economically conscious, forms the basis of our businesses.

3 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.

4 Development of New Materials Derived from Wood Fiber

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.

5 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.

The Oji Group's Sustainable Forest Resources

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 have been identified in the following processes.

We have also set qualitative targets and KPIs for each material issue (P85-86).

Process for Identifying Material Issues



Material Issues and Reason for Identification

Material Issues	Reason for Identification
Mitigation and adaptation to climate change	As responding to the progression of climate change becomes an urgent issue, it is essential to reduce GHG emissions in the production and logistics processes, and extensively ramp up CO ₂ absorption via the expansion of company-owned forests and development of fast-growing trees.
Sustainable forest management (forest recycling)	To secure a stable supply of raw materials and, at the same time, maintain forests' functions in areas such as conservation of biodiversity and CO ₂ absorption, it is necessary that we engage in the sustainable management of the vast forests we own in Japan and overseas.
Responsible raw materials procurement	The Oji Group's procurement of raw materials is supported by numerous suppliers in Japan and overseas. Working to improve human rights, labor, environmental, and other issues at all of our suppliers, and fulfilling our social responsibilities are essential to the continuation of our business activities.
Stable supply of safe and secure products	As a manufacturer, the core of our business involves strengthening relationships of trust while building a system which provides services and quality which customers in a variety of fields can use with peace of mind.
Reduction of environmental burdens	We have a responsibility to promote the prevention of environmental pollution, and to contribute to the conservation of local environments, we establish voluntary management standards which are even stricter than existing laws and regulations regarding wastewater and emissions.
Effective resource utilization (paper and water recycling)	It is important that we work to protect resources and reduce waste by maintaining our recovered paper recycling systems through the procurement of recovered paper at fair prices, promoting the use of recovered paper, and promoting the effective use of waste and water resources in our manufacturing processes.
Respect for human rights	To achieve an even greater level of globalization going forward, it is necessary that 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.
Ensuring workplace safety and health	Ensuring employee safety and building a work environment where people can work with a sense of security is the cornerstone of our continued existence as a corporation. Also, responding rapidly to disasters, infectious diseases, and other risks is essential to ensuring safety and health.
Inclusion & diversity	As a global enterprise, it is essential to have a diverse array of human resources that flourishes regardless of gender, age, disability, or nationality, and to be receptive to a variety of values and ideas to enhance corporate competitiveness and further development.

Material Issues and KPI

Material issues	Qualitative targets	Key performance indicators (KPIs) <small>(Unless otherwise specified, for FY2030)</small>	Current value*1	Major initiatives	Value provided to society	Corresponding SDGs	Reference
Mitigation and adaptation to climate change	<ul style="list-style-type: none"> Reduce GHG emissions Maintain and expand CO₂ absorption and fixation through forest conservation 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 <ul style="list-style-type: none"> GHG emissions reduction: 20% Net increment in carbon stocks by forests: 50% The actual carbon stocks in living biomass*2 expanded to at least 170,000 kt-CO₂ (calculated value) Renewable energy usage rate of at least 60% through reduction of coal consumption Energy consumption intensity at least 1% per year for the 5-year average 	<ul style="list-style-type: none"> 11.3% reduction <ul style="list-style-type: none"> 3.0% 8.3% 109,000 kt-CO₂ 54.7% 1.8% reduction (Five-year average from 2017 to 2021) 	<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 coal 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 	<p>7.2,7.3, 7.a 9.4,9.5 12.2 13.1,13.2, 13.3</p>	P25-30
Sustainable forest management (forest recycling)	<ul style="list-style-type: none"> Increase forest certification acquisition rate Maintain and expand overseas forest plantation 	<ul style="list-style-type: none"> Increase the rate of overseas forest certification acquisition*3 (maintain the domestic rate at 100%) 400,000 ha of overseas forest plantations 	<ul style="list-style-type: none"> Japan 100%, Overseas 92% 256,000 ha (Conservation forests 129,000 ha) 	<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 	<p>6.6 8.7 14.2 15.1,15.2, 15.3,15.4, 15.5,15.c</p>	P31-34
Responsible raw materials procurement	<ul style="list-style-type: none"> Manage the supply chain thoroughly 	<ul style="list-style-type: none"> Conduct sustainability surveys on all main suppliers*4 Achieve full traceability based on the Wood Raw Material Procurement Guidelines 	<ul style="list-style-type: none"> (Survey period: FY2020 - FY2022. Follow-up surveys to be conducted later.) 100% 	<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 	<p>8.7 12.1,12.4, 12.6 15.1,15.2</p>	P87-88
Reduction of environmental burdens (air, water and waste)	<ul style="list-style-type: none"> Promote purification of wastewater and exhaust gases Increase effective waste utilization ratios 	<ul style="list-style-type: none"> Reduce emission intensity for substances of environmental concern in wastewater by 15% from FY2018 Reduce SOx emissions intensity in exhaust gases by 15% from FY2018 Improve effective waste utilization ratios*5 Japan at least 99%, Overseas at least 95% 	<ul style="list-style-type: none"> BOD: 5.9% reduction, COD: +8.3%, SS: 12.9% reduction 10.5% reduction Japan 99.1%, Overseas 89.1% 	<ul style="list-style-type: none"> Set voluntary management values that are stricter than the environmental regulatory standards Purify wastewater and save emissions of chemical substances in exhaust gases Reduce and effectively use waste Develop eco-friendly products and biodegradable materials 	<ul style="list-style-type: none"> Safety and health Reduction of air and water pollution 	<p>3.9 6.1,6.3,6.4 11.6 14.1,14.2, 14.3 17.7,17.8</p>	Refer to the website
Effective resource utilization (paper and water recycling)	<ul style="list-style-type: none"> Improve the recovered paper utilization ratio Reduce water intake intensity 	<ul style="list-style-type: none"> Recovered paper utilization ratio*6 (Japan): At least 70% Water intake intensity Reduction of at least 6% compared to FY2018 	<ul style="list-style-type: none"> 67.1% +1.8% 	<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 	<p>6.4,6.5 12.4,12.5, 12.6 14.1 15.1,15.2, 15.3,15.4, 15.5,15.c</p>	P89-92
Stable supply of safe and secure products	<ul style="list-style-type: none"> Continue zero product liability accidents 	<ul style="list-style-type: none"> Zero product liability accidents (each fiscal year) 	<ul style="list-style-type: none"> Zero accidents (continued since 1998) 	<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 	<p>9.4,9.b 12.4,12.6 17.7</p>	P88
Respect for human rights	<ul style="list-style-type: none"> Provide education and training in human rights 	<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"> Attendance for education and training in human rights as part of target training: 97.9% (2,640 participants) 	<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 whistle-blowing 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 	<p>5.1,5.4, 5.5,5.c 8.5,8.7, 8.8 10.2,10.3, 10.4</p>	P93
Ensuring workplace safety and health	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents Reduce lost time injury frequency rate Reinforce safety management systems, safety risk management systems, and safety education 	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents** (each fiscal year) Lost time injury frequency rate*8: 50% reduction compared to FY2018 (0.89) 	<ul style="list-style-type: none"> Zero accidents (from January 1 to December 31, 2021) 0.97 (from January 1 to December 31, 2021) 	<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 	<p>8.8</p>	P97-98
Inclusion & diversity	<ul style="list-style-type: none"> Raise the percentage of female managers Raise the employment rate of people with disabilities 	<ul style="list-style-type: none"> Percentage of female managers*9: 5.5% (Japan, end of March 2025) Employment rate of people with disabilities*9: 2.3% (Japan, June 2023) 	<ul style="list-style-type: none"> 3.7% (16 companies in Japan) Six applicable Group companies in Japan*9: 2.35% Group companies in Japan*9: 2.10% (June 2022) 	<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 	<p>5.1,5.4, 5.5,5.c 8.2,8.5, 8.8 10.2,10.3</p>	P94-96

*1 Aggregation period: Unless otherwise specified, from April 2021 to March 2022 or as of March 31, 2022. 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 FY2021 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 FY2021 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 Suppliers in top 75% of transaction amount

*5 Effective waste utilization ratio = (Amount of waste generated - Amount of landfill waste) ÷ Amount of waste generated × 100
 *6 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)
 *7 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.
 *8 For the calculation method, see P107.

History of the Oji Group's Value Creation
 What the Oji Group Aims For
 Environmental Issues
 Initiatives for Sustainability
 Initiatives for Product Development
 Initiatives for Profitability Improvement
 Governance Strategy
 Sustainability Strategy
 Financial and Non-financial Data

Responsible Raw Materials Procurement



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. The Group also informs all existing suppliers of revised content at the time of revision of the policy to fulfill its social responsibilities along the entire supply chain.

The Oji Group Partnership Procurement Policy (revised in 2018*)

➔ <https://ojiholdings.disclosure.site/en/themes/187/>

* We revised the Policy provisions relating to reducing GHG emissions, as well as climate change, management of water resources, protection of labor rights, etc., and requested our suppliers to adhere to the revised Policy.

The number of overseas suppliers has rapidly increased as we have expanded our businesses overseas. Under such circumstances, we have confirmed the status of operation of the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines. We have also conducted sustainability surveys for main suppliers since FY2020.

Targets	(1) Conduct sustainability surveys for main suppliers (2) Achieve traceability based on the Wood Raw Material Procurement Guidelines
Results	(1) Conducted sustainability surveys of recovered paper, pulp, base paper, woodchips, chemicals and fuels (PKS, RPF and others) (2) Achieved traceability at wood raw material suppliers

Results of Supplier Sustainability Surveys (FY2020 and FY2021)

The results of surveys for 682 suppliers in Japan and overseas of recovered paper, pulp, base paper, woodchips, chemicals, PKS (palm kernel shells for use as fuel) and others in FY2020 and FY2021 are as follows. Number of suppliers that responded to the surveys: 428 (rate of response: approx. 63%).

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 479 (out of 800), which is about 60%. The item with a high average score was "Labor" at 67 while the one with a low average score was "Corporate governance" at 53. We also focused on human rights, which has drawn global attention as a material issue, and extracted issues (see P88).

We will provide feedback of the response results to suppliers (with radar charts) so that the suppliers can understand their strengths and weaknesses in ESG to reduce risks in the entire supply chain.

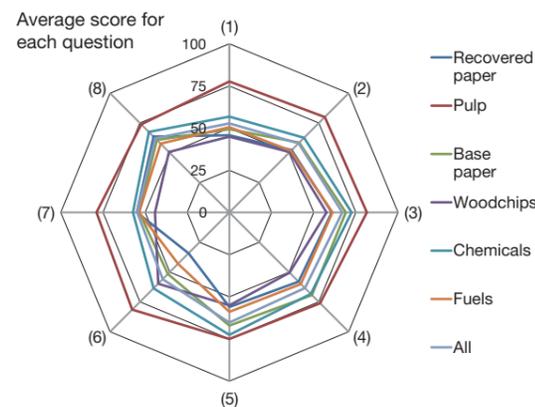
We will also continuously conduct monitoring surveys to suppliers with a score significantly lower than the average score.

Future initiatives

We will conduct surveys for the target main suppliers of fuels and subsidiary materials in FY2022 (to complete surveys of all the main suppliers). We will also conduct additional or follow-up surveys to suppliers who have not responded to the survey yet or who have a low score.

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 stance for the supply chain
- (7) Coexistence with local communities
- (8) Information security/protection and fair corporate activities



Human Rights-Related Issues

We extracted the following (1) to (3) for issues related to human rights.

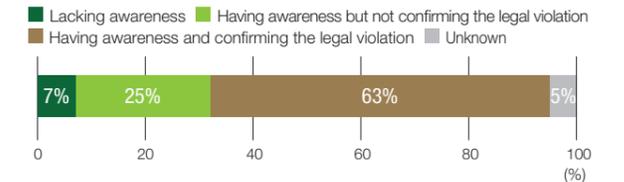
(1) Lack of awareness of basic stances and principles advocated globally, Japanese and foreign human rights-related laws and regulations, social and industrial norms, etc.

(2) Lack of human rights-related policies or guidelines.

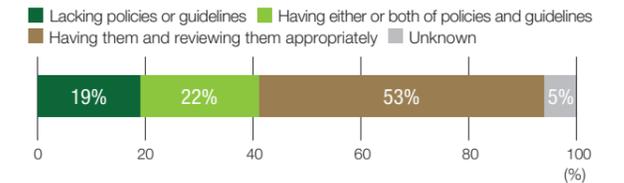
(3) Lack of human rights-related initiatives.

We will request suppliers that fall under (1) to (3) to take into active consideration (take actions for) the protection of human rights, the rights of laborers, etc. based on the Oji Group Partnership Procurement Policy through feedback of the survey results. We will also implement Human Rights Due Diligence step by step for main suppliers.

Awareness of laws



Policies and guidelines



Achieved Traceability at Wood Raw Material Suppliers (FY2021)

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 162 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 2015)

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

Utilization of Forest Certification Programs

The Group also manufactures FSC™ certified products (FSC™ C014119, etc.), the use of which indirectly contributes to preserving forests.

These products use woodchips that meet FSC™ requirements. The Group has acquired FSC™-FM certification*1 for its overseas forest plantations and FSC™-CoC certification*2 for its manufacturing, processing, and distribution operations. Acquiring integrated certification from forests, converting plants to distribution enables the Group to offer a wide range of FSC™ certified products, from intermediate products to end products such as photocopying paper and paper for household use.

*1 FM certification: Confirmation of forest management

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



Effective Resource Utilization (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. When developing businesses, 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.

Target Identify water risks in businesses

Results Of all 291 business sites, water intake and production at 13 sites with high water risks accounted for less than 1% and about 2%, respectively.

The analysis of water risk assessment of all 291 business sites (including those added in FY2021) based on the WRI's water risk assessment tool AQUEDUCT (3.0) showed that there were 13 sites that were located at areas with high water risk (High and Extremely high).

Water intake at the 13 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. However, we will continue to take on initiatives to avoid water risks regardless of the assessment results.

Water Risk Assessment*

Water risk	FY2021				
	Number of business sites	Water intake (thousand m ³)		Production (kilo ton)	
Low (<10%)	75	281,765	39%	6,571	44%
Low to medium (10-20%)	110	309,945	43%	5,567	37%
Medium to high (20-40%)	93	121,160	17%	2,660	18%
High (40-80%)	7	1,246	0%	143	1%
Extremely high (>80%)	6	165	0%	102	1%
Total	291	714,281	100%	15,043	100%

* 5-level assessment of Water Risk Atlas Baseline Water Stress in 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>

River Basin Management by CENIBRA, Brazil

CENIBRA's eucalyptus plantations and pulp production use water from the Doce River basin in Minas Gerais, Brazil. In recent years, there has been less rainfall than usual, and the risk of a water shortage has been a concern for the whole region, so CENIBRA identified the subbasins of major influence based on regular waterflow monitoring at each waterpoint, to focus on the water conservation activities for these subbasins in cooperation with public authorities as follows:

Construction of water reservoirs in the forest: CENIBRA constructed 51 reservoirs in its own forest from 2018 to 2020, enabling a total of more than 1 million m³ of water to be stored, enabling excess water during the rainy season to slowly filter into the soil, later into the river, maintaining the level of the water table in the basins. The location of these reservoirs was determined in consideration of the water supply also for residential use, increasing harmony with the local communities regarding the use of water resources.

Subsoiling: In recent years CENIBRA has developed subsoiling activities before planting seedlings, enhancing regular rainwater infiltration into soil that has been compacted by the activity of heavy machinery in its own forests. Now CENIBRA is transferring this technique and expertise to aid the surrounding lands, especially lands for grazing, to contribute to the recovery of underground water retention in compacted pasture lands, as well as the prevention of erosion resulting in better water quality in the basin.

Provision of septic tanks to third parties: As an initiative to improve the water quality in the streams and the overall health of local communities in the regions where it operates, CENIBRA donated 100 septic tanks in 2020. They are used to treat household effluent on the rural properties in the regions, including the participants in the Forest Incentive Program promoted by CENIBRA.



Effective Resource Utilization (Water)

—Water Intake and Wastewater



Water intake in 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, accounts for 93% of the entire Group with huge amount of water use. 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.

Target (1) Water intake intensity in FY2030: Reduction by 6% or more from FY2018 (0.48)
(2) Emission intensity for substances of environmental concern in wastewater: Reduction by 15% from FY2018

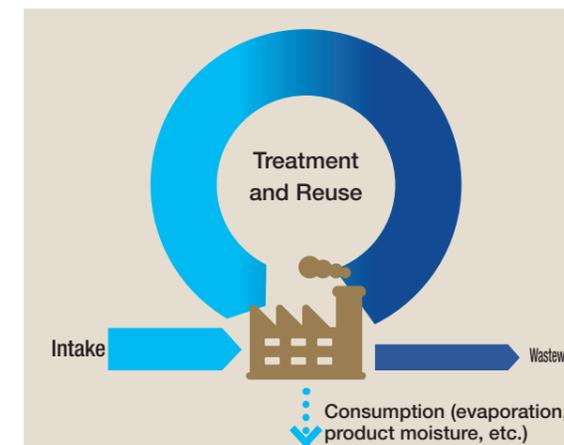
Results (1) Water intake intensity in FY2021: 0.49* (1.8% increase)
(2) BOD: 5.9% reduction, COD: 8.3% increase, SS: 12.9% reduction

* (thousand m³/¥ mil.)

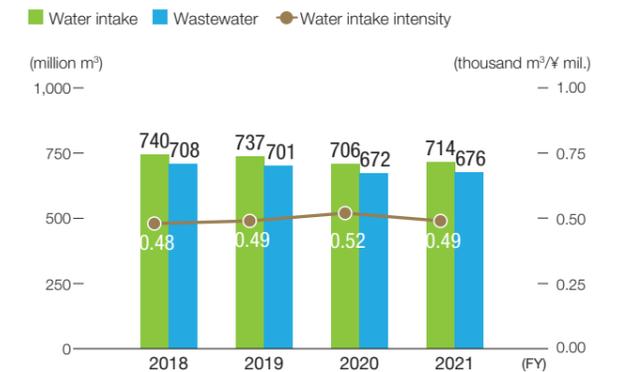
Water Intake Reduction

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.

Conceptual Drawing of Water Reuse



Water Intake*, Wastewater*, and Water Intake Intensity



* A star mark indicates that FY2021 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

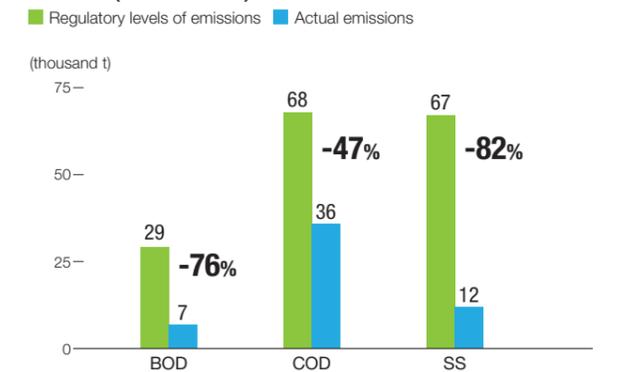
Purification of Wastewater

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 approximately 47% 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.

Release of Substances of Environmental Concern in FY2021 (Wastewater)



Effective Resource Utilization (Recovered Paper)



Around 60% of the raw materials for paper production comes from recovered paper. The recovered paper from household is mainly collected through “community collection” and “administrative collection by local authorities” and used in the paper production at the paper mills. The idea of sustainable paper recycling is becoming even more important with the growing demand for paper as an alternative “Plastic -Free” material. Supported by the paper recycling, which has become a regular part of our daily lives, the Oji Group is actively involved in the use of recovered paper and strives to maintain a sound paper recycling system by setting stable recovered paper procurement prices. In order to further improve our recovered paper utilization ratio, we are promoting the use of various types of recovered paper and working to expand the paper recycling from a broader perspective by participating in cross-industry activities.

Target To increase recovered paper utilization ratio: At least 70% in Japan

Results 67.1% in Japan

Present State and Activities in Japan

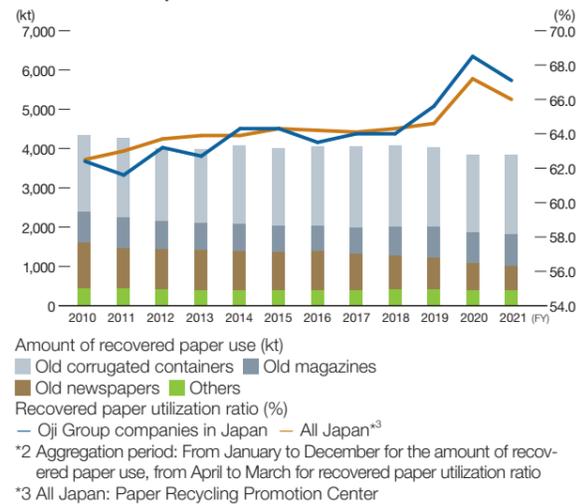
Current Recovered Paper Utilization Ratio

The Oji Group consumes 3.83 million tons of recovered paper for its production annually. This is equivalent to 24% of 16.03 million tons of the total recovered paper consumed in Japan. The breakdown of recovered paper use is as follows: 53% old corrugated containers, 21% old magazines, and 17% old newspaper. As the use of recovered paper expands, the recovered paper utilization ratio continues to increase slightly year on year. In recent years, the decline in printing paper production has been greater than the increase of paperboard, which has a higher recovered paper utilization ratio, and changes in the paper variety composition have pushed up the overall recovered paper utilization ratio^{*1}. In FY2020, the ratio became 68.5% because of significant decrease in the production of paper due to the spread of COVID-19 and other reasons. In FY2021, the ratio was 67.1% due to a recovery in paper production.

The Oji Group has maintained a high recovered paper utilization ratio by continuously working on the recycling of various types of recovered paper. From FY2021, we have been working to further expand 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)

Changes in the Amount of Recovered Paper Use and Recovered Paper Utilization Ratio^{*2}



Types of Recovered Paper and Examples of Main Paper Products



Initiatives for the Expanded Use of Recovered Paper

The Oji Group produces a diverse range of products, including newsprint, printing paper and paperboard, and uses various types of recovered paper, including old newspapers, old magazines and old corrugated containers. The relationship between the main types of recovered paper and the products that use recovered paper is shown in the diagram on the right. The Oji Group is also involved in recycling confidential documents that were previously often incinerated, difficult-to-process recovered paper that were unsuitable for paper recycling, such as plastic-laminated products, and paper that contains gold and silver.



Improvement in Quality of Recovered Paper

Foreign materials other than paper mixed in with recovered paper, or ink from specially printed or processed paper, can cause color spots and surface swelling of paper products, resulting in quality problems. These contaminants are collectively referred to as prohibited materials.

Prohibited materials

Paper products that cannot be used as raw materials of paper manufacturing	
Aromatic paper, perfumed paper	Wrapping paper and corrugated containers for detergents, soap and incense sticks, etc
Sublimation transfer printing paper, thermal expansion paper	Thermal paper, iron printing paper, 3D copying paper (such as the one for Braille)
Waxed corrugated containers	Corrugated containers that contained imported fruits and vegetables or processed marine products
Stained Paper	Food or oil stained paper
Materials other than paper	
Stone, glass, metal, earth and sand, woodchips, fabric, plastics, etc.	

^{*} Created based on the Paper Recycling Promotion Center's website

The Oji Group cooperates with recovered paper recyclers and the Paper Recycling Promotion Center to engage in awareness campaigns targeting local authorities, schools and businesses to prevent prohibited materials from commingling.



Lesson of paper recycling in collaboration with the Paper Recycling Promotion Center
 Prohibited materials sample book

Initiatives in Overseas Group Companies

Use of Recovered Paper in New Zealand

Oji Fibre Solutions (Oji FS) is the only containerboard manufacturer in New Zealand and the 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 FY2021, 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

Use of Recovered Paper in Malaysia

GSPP manufactures containerboard made of recovered paper, and significantly enhanced production capacity in 2021. In addition to approximately 240,000 tons of recovered paper collected primarily from partnering collecting and sorting sites in Malaysia, GSPP imports recovered paper from overseas including New Zealand and Japan. GSPP also examines the quality of recovered paper collected in Malaysia when receiving it to improve the quality of recovered paper.



Quality confirmation by GSPP when receiving recovered paper

Topics

Trend in Global Recovered Paper Recycling

In countries such as Southeast Asia and India, where economic growth is rapid, the spread of e-commerce has led to an increase in the production of corrugated board and a rise in demand for corrugated containers. Recovery rates are still low in these countries and recovered paper imports are increasing. The international supply and demand for recovered paper is changing dramatically as China, which was the main exporter until 2020, has banned the import of recovered paper.

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



Future Initiatives

The Oji Group has worked to maintain a domestic paper recycling system by building an integrated system that stably procures recovered paper domestically and manufactures paper products such as newsprint, printing paper and paperboard at production sites across Japan. In recent years, the development of new paper products for use in plastic-free applications and new products with various processing methods that utilize the characteristics of paper has created new challenges for the recycling of recovered paper. We will continue to work on stable procurement of recovered paper and expanding the use of recovered paper in consultation and cooperation with recovered paper recyclers, the Paper Recycling Promotion Center and local authorities.

Respect for Human Rights



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. From FY2022, we will implement Human Rights Due Diligence to conduct assessment surveys for consolidated companies in Japan and overseas. The details will be discussed twice a year at the Sustainability Committee chaired by the Group CEO with Directors as members to make use of the results in the policy for the following fiscal year.

Target	Percentage of target people who get education and training in human rights: 100%
Results	Attendance for education and training in human rights as part of target training: 97.9% (2,640 participants)

Oji Group Human Rights Policy

The Oji Group Human Rights Policy supports and respects international norms such as the International Bill of Human Rights based on the United Nations Guiding Principles on Business and Human Rights. The policy is applicable to all the officers and employees of the Oji Group and is reflected in all its business activities. All the stakeholders of the Oji Group are expected to understand and follow the policy. We will also create a system of Human Rights Due Diligence to identify, prevent, mitigate and remedy the negative effects on human rights related to business activities to take responsibility for respect for human rights.

Human Rights Due Diligence (based on the United Nations Guiding Principles on Business and Human Rights)

We will start the initiatives of Human Rights Due Diligence from FY2022. First, we will conduct the assessment of human rights risks and identify sustainability issues that we should focus on.

(1) Human rights risk assessment:

In FY2022, the surveys will be conducted for the consolidated and other companies in Japan and overseas to identify regions and sites whose human rights risk is considered to be high as top priorities.

(2) Integration with internal divisions and procedures and implementation of appropriate actions:

The responsible divisions will be clarified and a corrective plan will be made if there are matters that need improving.

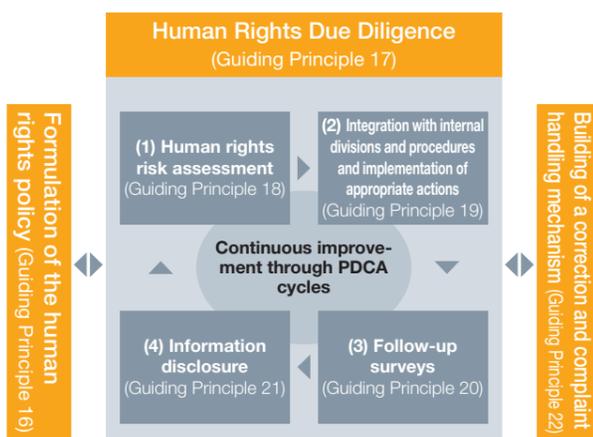
(3) Follow-up surveys:

Continuous follow-up surveys will be conducted based on appropriate indexes to determine whether effective responses are being made for the effects on human rights.

(4) Information disclosure:

Negative effects will be identified and activities conducted will be disclosed in the sustainability report, the company website, etc.

Flow for Human Rights-Related Initiatives



Significant expansion of target people who receive human rights education

The Oji Group provides human rights education to help people understand the policies and raise human rights awareness.

In FY2021, the Group significantly expanded the target people who receive human rights education by having the Group's managers receive Diversity Management Web Training, which covered "business and human rights" (with 2,479 participants), in addition to the new manager training and other conventional human rights education (with 161 participants).

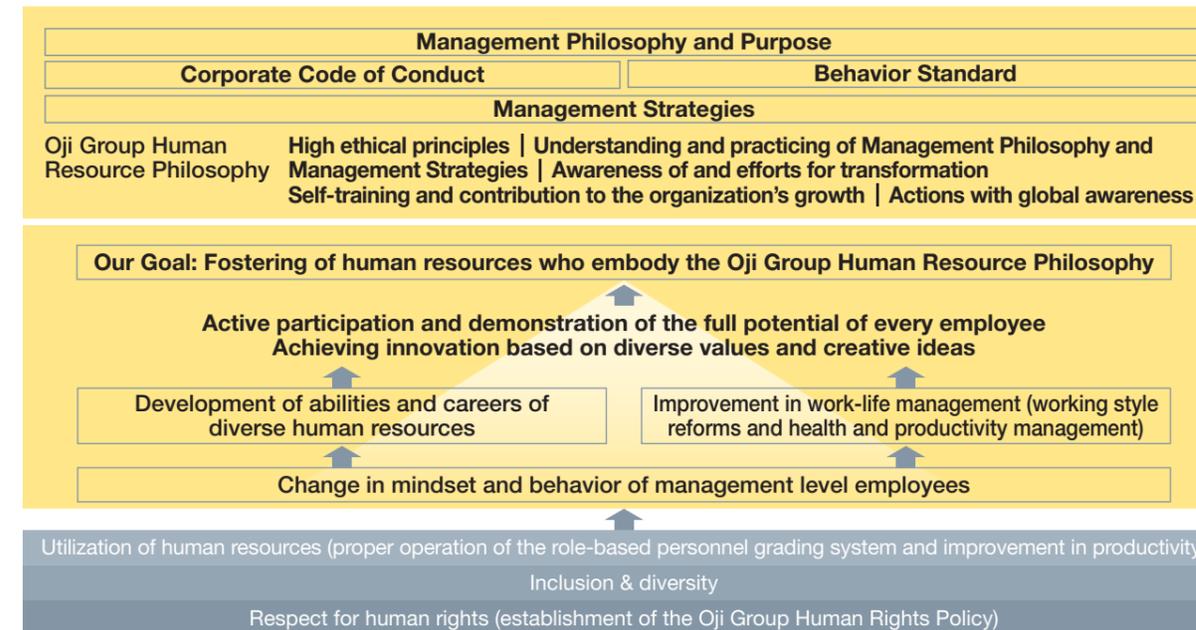
Besides, we also strived to raise awareness of human rights in the Group by translating the Oji Group Human Rights Policy into multiple languages (10 foreign languages) and posting a series of compliance news, among other initiatives.

Enhancing Human Capital



In order to continuously enhance corporate value, we believe it is important for every employee to embrace diversity of values and flexibility in thinking and to enhance his/her skills. For the Oji Group to grow as a global enterprise "beyond boundaries," we are fostering human resources based on the Oji Group Human Resource Philosophy, in accordance with our fundamental principle, "a company's strength originates from human resources."

Oji Group Human Resource Philosophy



Human Resources Education for the Practice of Management Strategies

We foster human resources who embody the Oji Group Human Resource Philosophy by providing various kinds of human resources education. In FY2021, we conducted web training for all management level employees for the purpose of acquiring feedback skills of assessment that are important to help their subordinates develop skills and grow so that we could not only actively foster global human resources but also change the mindset and behavior of management level employees.

Target	Training all eligible employees (excluding training provided to those selected or those who apply)
Results	Web training for all management level employees: 97.9% (2,640 participants)*1 Career design training: 97.6% (124 participants)*2

*1 The figure for management training refers to the one calculated by adding the figures for the new manager training, new general manager training and Diversity Management Web Training in the following table.

*2 The figure for career design training refers to the one calculated by adding the figures for the career building training for employees on the generalist track and career design training for young employees on the generalist track in the following table.

Main training content (Organized by Oji Management Office)

Goals	Name of training	Eligible employees	Outline
Global human resource development	New employee global challenge	Employees in their first year	Selected new employees are sent to an overseas site for one week
	Overseas training for young employees (as trainees)	Employees in their fifth to tenth year	Three months of language training, followed by two years of practical experience at an overseas site
	Oji Global School	Employees at the age of 31 to 45	Six months of language training in Japan, followed by overseas assignment
	Online English conversation classes	All employees who apply	Increases overall English ability and develops cross-cultural communication capacity
Management training	New manager training	New managers	Manager duties, HR programs, and evaluator training
	New general manager training	General manager level	Improve practical communication skills such as diversity management and being assertive
	Diversity Management Web Training	Managers (in Group companies in Japan with 301 or more employees)	The outline is considered in the Sustainability Committee (feedback skills in FY2021 and diversity management skills in FY2020).
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

Enhancing Human Capital

In FY2022, we are constructing a training center in Fujinomiya City, Shizuoka Prefecture to foster human resources including those from overseas through the exchange and training of human resources, etc. We will aim to complete it within the fiscal year to provide better human resources education.



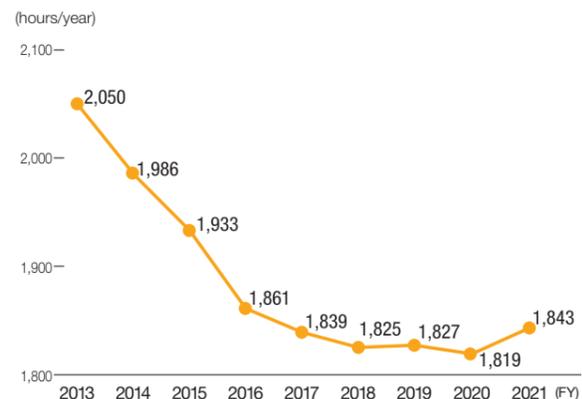
Rendering of the completed Oji Group Fuji Training Center (Fujinomiya City, Shizuoka Prefecture)

Working Style Reforms

Target	Total working hours: 1,850.0 hours (26 Oji Group companies in the Main Office region)
Results	Total working hours: 1,843.3 hours (26 Oji Group companies in the Main Office region)

In order to thoroughly pursue objectives in line with management strategies, we are taking steps to reduce total working hours and improve operational efficiency by utilizing the flex-time system and encouraging employees to take annual paid leave with a focus on properly operating the role-based personnel grading system and boosting productivity. Furthermore, with a view to the creation of innovative value, 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 introduced the "retirement at age 65" system in FY2017 to enable employees to demonstrate their knowledge, skills, and abilities to the fullest and work with enthusiasm. (Introduced at 18 Group companies)

Reduction of total working hours (26 Oji Group companies in the Main Office region)



Health and Productivity Management

Target	Certification in Health and Productivity Management Organization Recognition Program
Results	Recognized under the 2022 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) (for two consecutive years from FY2021)

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 with sound health.

Examples of health and productivity management activities

- Conduct health examinations and stress checks
- Installation of Health Consultation Office
- Workplace COVID-19 vaccinations
- Introduction of special leave for getting vaccinated
- Flu vaccinations (workplace vaccinations, cost subsidized)
- Hourly use of accumulated annual leave to go to the hospital

Inclusion & Diversity

Target	Percentage of female managers: 5.5% (16 companies in Japan, at the end of March 2025)	Results	3.7% (16 companies in Japan, at the end of March 2022)
Target	Employment rate of people with disabilities: 2.3% (Japan)	Results	Applied to 6 companies in the Group*: 2.35% (Japan) * See P107 Whole Group: 2.10% (Japan)

The Oji Group is promoting "inclusion & diversity" with a view to "vitalization of individuals and the organization," which enables every employee to play an active role regardless of attributes such as gender, age, disability, or nationality, ultimately strengthening the Group's competitiveness with their diverse values and ideas. We have set specific policies of the "development of abilities and careers of diverse human resources," "change in mindset and behavior of management level employees" and "improvement in work-life management (working style reforms and health and productivity management)," and conduct awareness surveys as indicators to assess activities.

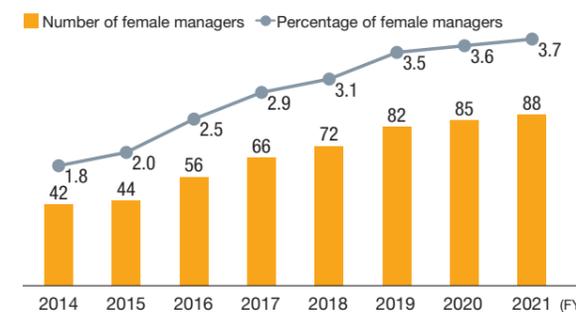
In April 2022, we integrated the Diversity Promotion Committee with the Sustainability Committee, which is chaired by the Group CEO with Directors as members due to its establishment to share diversity promotion policies and targets across the Group.

Development of abilities and careers of diverse human resources

Promoting the active participation of women

We are working on initiatives by setting a goal of raising the percentage of female managers to 5.5% by the end of March 2025. We provide training such as career building training for employees on the generalist track to pre-management male and female employees on the generalist track, aiming at fostering employees without gender gaps.

Percentage of female managers (16 Group companies in Japan)*



* A star mark indicates that FY2021 figure has been assured by KPMG AZSA Sustainability Co., Ltd. For the calculation method, see P107.

Recruitment of people with disabilities

We have proactively promoted the recruitment of people with disabilities, including the July 2007 establishment of Oji Clean Mate, a special-purpose subsidiary staffed primarily by people with mental disabilities. As of June 1, 2022, the employment rate of people with disabilities was 2.35% (2.31% a year earlier) for the six major companies in the Group (including Oji Holdings), satisfying the statutory employment rate. (The group-wide rate was 2.10% (2.04% a year earlier).)

Foreign technical interns

The Group recruits a large number of foreign technical interns (including employees hired by local companies outside Japan) from countries such as Vietnam and Thailand in its corrugated container and folding carton processing businesses, and has established a system so that they can work actively in the Group.

Change in mindset and behavior of management level employees

In FY2021, we provided Diversity Management Web Training with the themes of "feedback" and "human rights" to managers in the Group.

Improvement in work-life management Support for balancing work and childcare or nursing care

The Oji Group has introduced various systems that enable employees with childcare or nursing care responsibilities to continue to actively participate in their work, and has informed all employees of such systems.

Encouragement of male employees to engage in childcare

We encourage male employees to engage in childcare, and in FY2021, 84.7% of eligible male employees took paternity leave (83.5% a year earlier).

Main Initiatives

- Nursery subsidies for employees who return to work early from their childcare leave
- Paternity leave system for male employees (paid leave of five consecutive days)
- Hourly use of accumulated annual leave (for childcare/nursing care)
- Leave system for employees to accompany their spouses' overseas transfers

Occupational Safety

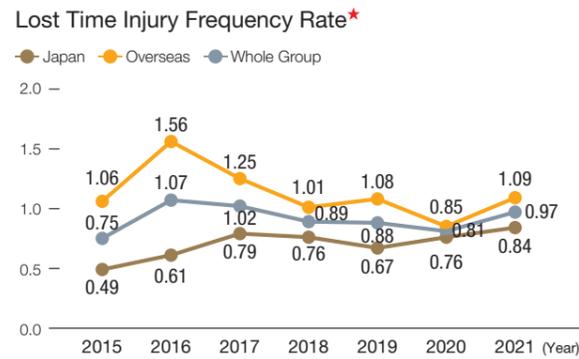


The Oji Group ensures the safety and health of workers under the policies of “observing all the rules of compliance, safety and environment is the core of business activities” and “basic principle with safety as its absolute top priority” by aiming to become a company in which every Group employee is aware of these rules and standards on occupational safety and health, practices them, and complies with them. At the same time, we promote the creation of comfortable workplace environments and strive to create a better workplace safety climate so that all workers in the Oji Group can work in a safe environment and with a sense of security.

Target	Achieve zero fatal and serious work-related accidents (each fiscal year)	Results	Zero fatal and serious work-related accidents
Target	Reduce lost time injury frequency rate Reduce by 50% compared to FY2018 (0.89) (in 2030)	Results	Lost time injury frequency rate: 0.97 (consolidated companies) (January 1 to December 31, 2021)

Lost Time Injury Frequency Rate (Safety Performance)

The lost time injury frequency rate* of the Oji Group (consolidated companies) has been on the decline since 2016, and was 0.81 in 2020. In 2021, the figure of the whole Group was up by 0.16 from the year earlier to 0.97 due to an increase in the number of accidents by 11 (2 in Japan and 9 in overseas). According to the Ministry of Health, Labour and Welfare’s Survey on Industrial Accidents (businesses with at least 100 employees), in 2021, the rate in manufacturing industries was 1.31 and the rate in the pulp, paper, and paper processing manufacturing industry was 1.85.



* A star mark indicates that 2021 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

* For the calculation method, see P107.

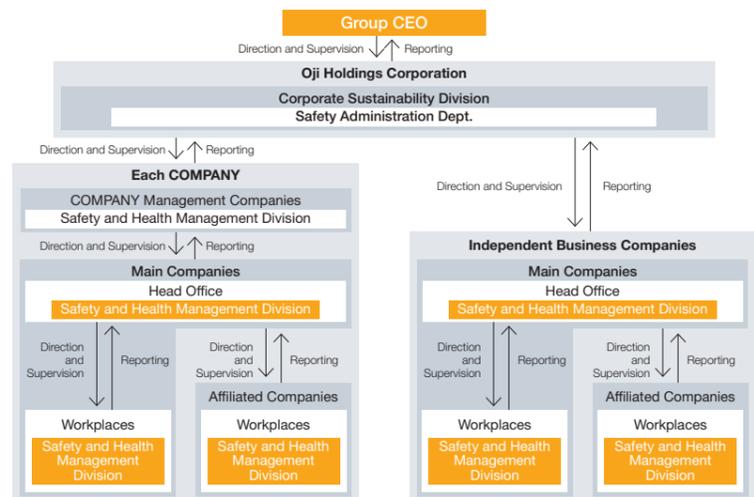
Oji Group’s 2022 Safety and Health Promotion Plan

One-third of accidents that occurred in 2021 involved workers being caught in machines. They occurred mainly because workers did not stop machinery/equipment. The main principles for safety of “make sure to stop the machinery/equipment” and other basic rules for safety were not observed. In 2022, the Oji Group employees will build a safety culture based on their own thinking as a key measure. We will work to prevent accidents at work by implementing education and training to ensure that rules are observed and improving the safety of machinery/equipment.

1. Basic policies: The Oji Group will promote activities with the target of zero work-related accidents across the entire Group under the basic principle of “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): Zero fatal and serious work-related accidents
4. Key Measures: The Oji Group employees (including contractors/contractors who enter facilities temporarily) will build a safety culture based on their own thinking, that is, initiatives to ensure safety based on their own thinking and from their own perspectives, while enhancing their sensitivity to hazards in their own actions and operations.

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.



Initiatives for Prevention of Occupational Accidents

Promotion of holding safety and health meetings joined by all employees

Oji Group workplaces in Japan hold safety and health meetings (occupational safety and health committees, workplace safety and health meetings, workplace discussions, etc.) to have opportunities to discuss the prevention of occupational accidents, health impairment, creation of comfortable working environments, and maintenance and promotion of good health every month, thereby promoting safety and health activities with a unified labor and management approach.

In addition, the Group workplaces in Japan work on safety and health activities with a unified approach of affiliates (contractors in the facilities) and all the employees. In order to create an open working environment, the employees and affiliates attend each other’s safety and health meetings or hold joint meetings, and hold safety and health meetings joined by non-regular employees and temporary employees. We also hold online meetings to prevent the spread of COVID-19.



Online workplace safety and health meeting

Hands-on Risk Training Using Virtual Reality (VR)

Installation of devices that simulate hazards and encouraging personnel to take external courses to simulate hazards give workers firsthand experience, contributing to improving employees’ sensitivity to risks and awareness of safety. Beginning in 2020, we are gradually conducting hands-on risk training sessions using VR at workplaces in Japan and overseas. Many participants remarked about the highly immersive VR video. One said, “In the scene where you experience an accident, I reflexively flinched or tried to run. The video let me experience accidents in a way not otherwise possible. I realized how scary accidents are and got a renewed sense of the importance of following rules.” We create original content which includes scenarios that have ever occurred in the Oji Group every year so that employees can learn in an environment that is similar to the operation sites where they work every day.



VR-based hands-on risk training

VR images (examples)

Initiatives for Prevention of Occupational Accident in Companies Overseas

Hazard prediction training (KYT)

The Oji Group conducts hazard prediction training (KYT)* using research on the example of accidents that occurred in the Group and the KY sheet so that every employee can improve sensitivity to risks and identify risk factors hidden in various states and situations for the purpose of considering measures to improve sensitivity to risks and prevent accidents. Participants said, “Risk factors are

hidden in daily operation,” “There are risk factors that I wasn’t aware of,” and “I would like to make use of the content in my future work.”

* The training was started in 2020 in Southeast Asia (headed by Industrial Materials COMPANY, Oji Asia Packaging) and in 2021 at Group companies in China (headed jointly by each COMPANY and Oji Paper Management (Shanghai)).



KY (hazard prediction) sheet (English)

KY (hazard prediction) sheet (Chinese)



Hazard prediction training (KYT)

Future Initiatives

The Oji Holdings Safety Administration Department and the safety divisions of COMPANIES and Lead Company will promote initiatives to prevent similar accidents by improving and revitalizing safety and health activities across the entire workplace. Such initiatives include actively going to operational sites and having discussions with management members at the sites and workplaces to confirm the structures for safety and health management, safety of machinery/equipment, and the status of education, as well as participation in workplace safety and health meetings to obtain the opinions of workers at the operational area.

Financial and Non-financial Highlights

Financial Highlights

Segment		FY2011	FY2012	FY2013	FY2014
Net sales	(¥billion)	1,212.9	1,241.5	1,332.5	1,347.3
Overseas sales ratio	(%)	10.6	16.7	20.3	22.8
Operating profit	(¥billion)	53.8	43.5	57.3	43.9
Profit attributable to owners of parent	(¥billion)	22.2	21.6	31.6	15.5
Free cash flows	(¥billion)	38.3	29.2	42.1	(74.6)
Net D/E ratio	(times)	1.6	1.4	1.1	1.0
Return on equity (ROE)	(%)	5.0	4.6	5.9	2.6
Capital investment, etc.	(¥billion)	54.7	70.1	76.7	80.1
Dividend per share	(¥)	10.0	10.0	10.0	10.0

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
	1,433.6	1,439.9	1,485.9	1,551.0	1,507.6	1,359.0	1,470.2
	27.8	28.2	31.0	32.0	29.9	29.3	33.5
	72.0	70.2	70.8	110.2	106.1	84.8	120.1
	12.7	40.3	36.2	52.0	58.2	49.6	87.5
	84.8	117.2	49.2	74.0	59.7	35.5	51.0
	1.0	0.8	0.7	0.7	0.6	0.6	0.7
	2.1	6.7	5.6	7.7	8.5	6.9	10.9
	57.4	57.9	69.3	62.1	97.5	98.4	114.0
	10.0	10.0	10.0	12.0	14.0	14.0	14.0

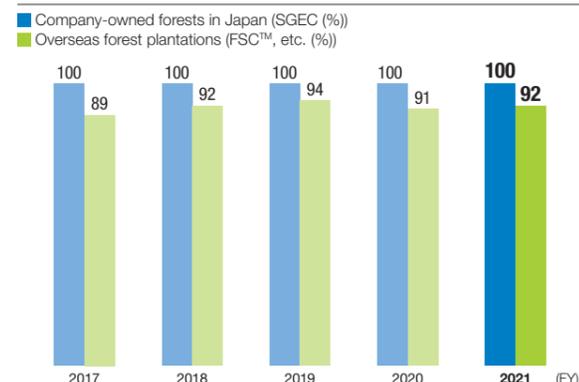
Non-financial Highlights

ESG data → <https://ojiholdings.disclosure.site/en/themes/116/>

Forest certification acquisition rate*1

Japan 100%, Overseas 92%

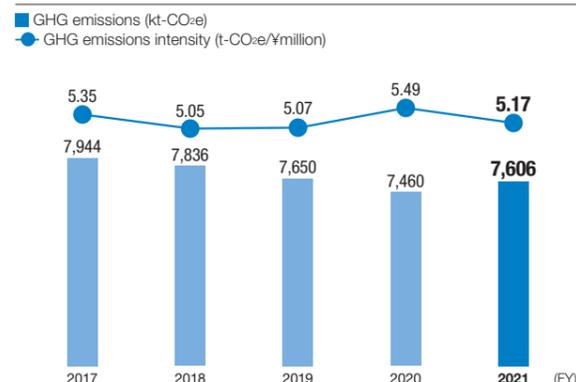
Change from FY2020 **+1%** (overseas)



Greenhouse gas (GHG) emissions*2

7,606 kt-CO₂e

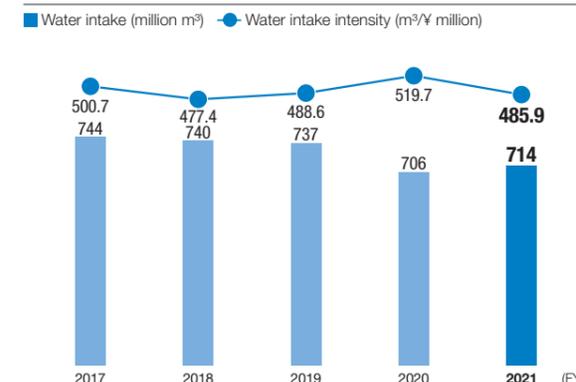
Change from FY2020 **+146 kt-CO₂e**



Water intake

714 million m³

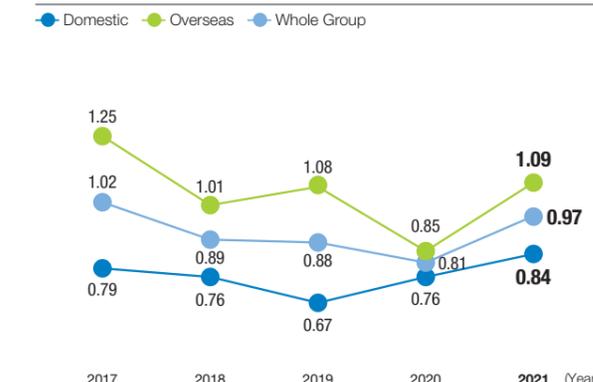
Change from FY2020 **+8 million m³**



Lost time injury frequency rate (LTIFR)*2

0.97

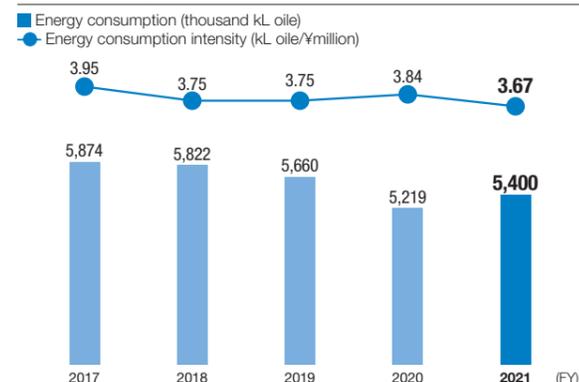
Change from FY2020 **+0.16**



Energy consumption*2

5,400 thousand kL oil

Change from FY2020 **+181 thousand kL oil**



Effective waste utilization ratio*1

94.2%

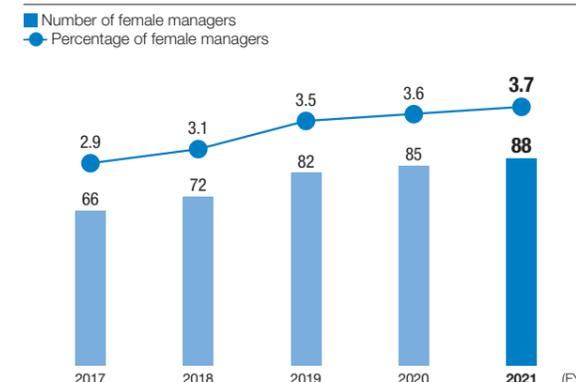
Change from FY2020 **+0.2%**



Percentage of female managers*2 (16 Group companies in Japan)

3.7%

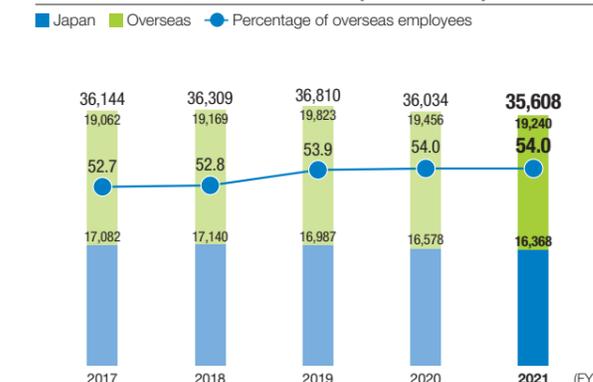
Change from FY2020 **+0.1%**



Number of employees (excluding temporary employees)

35,608

Change from FY2020 **-426** (overseas **-216**)



*1 See P85-86 for calculation method / *2 See P107 for calculation method

Analysis and Evaluation of Management Performance

FY2021 Business Performance

In FY2021, there was a gradual recovery in demand due to the reopening of economic activities that were stagnated by the spread of COVID-19, and the pulp sales prices increased. For these reasons, net sales were 1,470.2 billion yen, an increase of 111.2 billion yen (8.2%) year on year. The Group's overseas sales ratio was 33.5%, an increase of 4.2 points year on year.

Operating profit was 120.1 billion yen, an increase of 35.3 billion yen (41.7%) year on year, mainly due to increases in sales volume and pulp sales prices as well as group-wide initiatives for cost reduction, despite soaring prices of raw materials and fuels. Ordinary profit was 135.1 billion yen, an increase of 52.0 billion yen (62.7%) year on year, mainly due to an increase in operating profit and exchange gain caused by the revaluation of foreign currency-denominated receivables and payables. Profit before income taxes was 129.3 billion yen, an increase of 48.4 billion yen (59.8%) year on year, and profit attributable to owners of parent was 87.5 billion yen, an increase of 37.9 billion yen (76.3%) year on year.

Financial Position

Cash flows provided by operating activities increased by 16.5 billion yen year on year to 143.6 billion yen (cash flows provided by operating activities for FY2020 were 127.1 billion yen). The main increases in cash were 195.1 billion yen calculated by adding depreciation and amortization to profit before income taxes (143.6 billion yen for FY2020) and an increase in trade payables of 33.9 billion yen (a decrease of 11.9 billion yen for FY2020). The main decreases in cash were an increase in trade receivables of 21.0 billion yen (a decrease of 1.9 billion yen for FY2020), an increase in inventories of 26.0 billion yen (a decrease of 20.2 billion yen for FY2020) and income taxes paid of 22.3 billion yen (payment of 39.2 billion for FY2020).

Cash flows used in investing activities were 92.6 billion yen (cash flows used in investing activities for FY2020 were 91.6 billion yen) due in part to payment for acquisition of property, plant, equipment and intangible assets. The payment for acquisition of property, plant, equipment and intangible assets included capital investments necessary for reinforcing and renewing capacities, improving quality, saving labor, increasing productivity, ensuring safety, and conserving the environment.

Cash flows used in financing activities were 136.0 billion yen (cash flows provided by financing activities for FY2020 were 19.9 billion yen) mainly due to the purchase of treasury shares of subsidiaries and payment from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation.

Total assets at the end of FY2021 stood at 2,053.8 billion yen, an increase of 72.3 billion yen from the end of the previous fiscal year. The increase was primarily due to increases in accounts receivable-trade, inventories and property, plant and equipment, despite a decrease in cash and deposits. Liabilities totaled 1,178.3 billion yen, an increase of 62.5 billion yen from the end of the previous fiscal year, due in part to increases in notes and accounts payable-trade and income taxes payable. Net assets totaled 875.5 billion yen, an increase of 9.9 billion yen from the end of the previous fiscal year, mainly due to increases in retained earnings and foreign currency translation adjustment, etc., despite a decrease in non-controlling interests.

Consolidated Financial Forecasts for FY2022

For our consolidated financial forecasts for FY2022, the Oji Group anticipates net sales of 1,700.0 billion yen, operating profit of 105.0 billion yen, ordinary profit of 110.0 billion yen, and profit attributable to owners of parent of 70.0 billion yen.

In FY2022, we will launch the new Medium-term Management Plan ending in FY2024. Under the new Medium-term Management Plan, we will continue to enhance existing businesses, centering on the packaging business in Japan and overseas, and expand new businesses, aiming to increase the profitability and scale of our core businesses. At the same time, we will promote ESG management and address climate change issues through fuel conversion to zero use of coal, expansion of renewable energy, expansion of afforestation, sustainable forest management, and development of eco-friendly materials and products derived from wood fiber, to provide new sustainable value.

Net Sales and Overseas Sales Ratio

■ Net sales (¥billion)
● Overseas sales ratio (%)



Net Assets per Share, Profit per Share, and ROE

■ Net assets per share (¥)
■ Profit per share (¥)
● ROE (%)



Financial Data Highlights

Changes in Assets and Profit/Loss

Segment	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales (¥ million)	1,485,895	1,550,991	1,507,607	1,358,985	1,470,161
Operating profit (¥ million)	70,781	110,212	106,125	84,793	120,119
Ordinary profit (¥ million)	65,958	118,370	101,289	83,061	135,100
Profit attributable to owners of parent (¥ million)	36,222	51,977	58,181	49,635	87,509
Total assets (¥ million)	1,960,753	1,951,369	1,885,280	1,981,438	2,053,752
Net assets (¥ million)	810,011	815,406	831,657	865,606	875,470
Profit per share (¥)	36.64	52.52	58.78	50.13	88.35
Net assets per share (¥)	681.52	684.50	699.12	758.28	859.29

- Profit per share was calculated by dividing profit attributable to owners of parent by the average number of shares outstanding for the year under review upon subtracting from it the number of treasury stocks.
- Net assets per share were calculated by dividing net assets by the number of shares outstanding at the end of the year under review upon subtracting from it the number of treasury stocks.
- Numbers less than one million yen are rounded down to the nearest million.

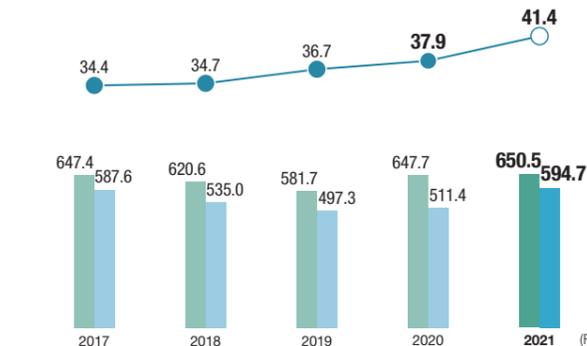
Operating Profit, Ordinary Profit, Profit Attributable to Owners of Parent, Operating Profit Margin

■ Operating profit (¥ billion)
■ Ordinary profit (¥ billion)
■ Profit attributable to owners of parent (¥ billion)
● Operating profit margin (%)



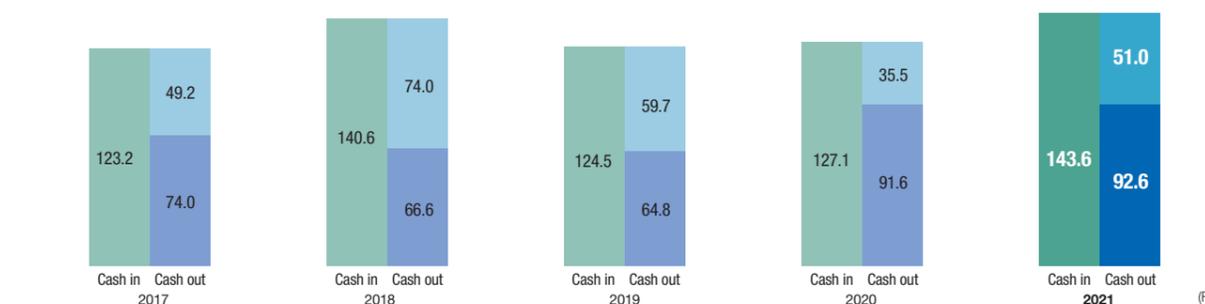
Interest-Bearing Debts, Net Interest-Bearing Debts, and Equity Ratio

■ Interest-bearing debt (¥ billion)
■ Net interest-bearing debt (¥ billion)
● Equity ratio (%)



Changes in Cash Flows

■ Cash flows from operating activities (¥ billion)
■ Cash flows from investing activities (¥ billion)
■ Free cash flows (¥ billion)



Financial Data Highlights

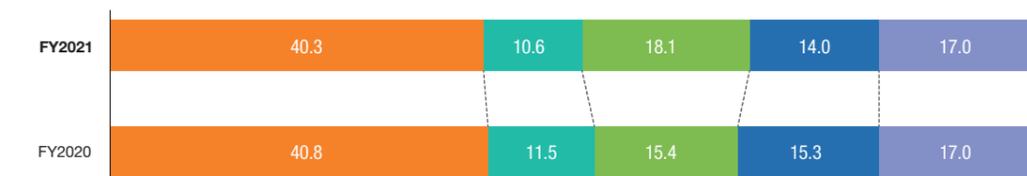
Status of Individual Segments (FY2021)

Segment		Net sales	Operating profit
Household and Industrial Materials	(¥ million)	700,742	26,127
Functional Materials	(¥ million)	184,722	15,264
Forest Resources and Environment Marketing Business	(¥ million)	314,489	55,473
Printing and Communications Media	(¥ million)	244,549	17,797
Other	(¥ million)	296,542	7,009
Subtotal	(¥ million)	1,741,046	121,672
Adjustments	(¥ million)	(270,885)	(1,552)
Total	(¥ million)	1,470,161	120,119

1. Adjustment amount is mainly the adjustment concerning internal transaction.
2. Numbers less than one million yen are rounded down to the nearest million.

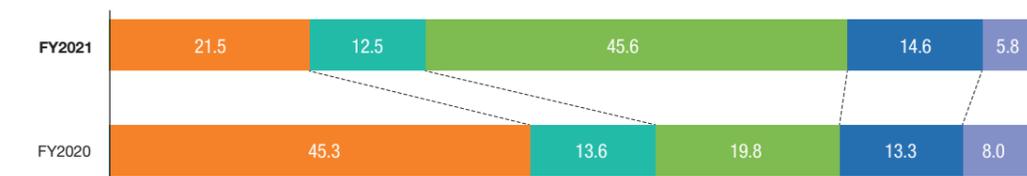
Net Sales Composition by Business Segment

Household and Industrial Materials Functional Materials Forest Resources and Environment Marketing Business Printing and Communications Media Other (%)



Operating Profit Composition by Business Segment

Household and Industrial Materials Functional Materials Forest Resources and Environment Marketing Business Printing and Communications Media Other (%)



*Net sales and operating profit composition by business segment were calculated excluding adjustments (adjustments for internal transactions, etc.)

Consolidated Financial Statements

Consolidated Balance Sheet

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
(¥ million)				
ASSETS			LIABILITIES	
Current assets			Current liabilities	
Cash and deposits	130,529	44,749	Notes and accounts payable-trade	197,950
Notes and accounts receivable-trade	297,718	-	Short-term loans payable	129,963
Notes receivable-trade	-	60,227	Accounts payable-other	20,741
Accounts receivable-trade	-	260,231	Accrued expenses	48,874
Contract assets	-	3,983	Income taxes payable	11,526
Short-term investments	5,725	11,074	Other	32,657
Merchandise and finished goods	86,440	98,616	Total current liabilities	441,713
Work in process	19,273	20,294	Non-current liabilities	
Raw materials and supplies	89,090	106,266	Bonds	155,000
Short-term loans receivable	4,324	4,764	Long-term loans payable	362,718
Accounts receivable-other	19,608	18,575	Deferred tax liabilities	59,892
Other	17,734	18,800	Deferred tax liabilities for land revaluation	7,739
Allowance for doubtful accounts	(1,675)	(1,790)	Net defined benefit liability	54,010
Total current assets	668,770	645,795	Long-term deposits	7,305
Non-current assets			Other	27,450
Property, plant and equipment			Total non-current liabilities	674,117
Buildings and structures	685,779	709,982	Total liabilities	1,115,831
Accumulated depreciation	(494,548)	(513,533)	NET ASSETS	
Buildings and structures (Net)	191,231	196,448	Shareholders' equity	
Machinery, equipment and vehicles	2,389,121	2,495,207	Common stock	103,880
Accumulated depreciation	(2,090,184)	(2,156,261)	Capital surplus	109,100
Machinery, equipment and vehicles (Net)	298,937	338,946	Retained earnings	493,224
Tools, furniture and fixtures	60,791	61,622	Treasury stock	(13,400)
Accumulated depreciation	(55,099)	(56,037)	Total shareholders' equity	692,805
Tools, furniture and fixtures (Net)	5,691	5,585	Accumulated other comprehensive income	
Land	239,052	240,765	Valuation difference on available-for-sale securities	31,654
Forests	105,560	116,490	Deferred gains and losses on hedges	2,721
Plantations	85,584	92,343	Revaluation reserve for land	5,684
Leased assets	55,844	65,356	Foreign currency translation adjustment	(6,418)
Accumulated depreciation	(19,767)	(22,713)	Remeasurements of defined benefit plans	24,533
Leased assets (Net)	36,077	42,643	Total accumulated other comprehensive income	58,176
Construction in progress	79,279	94,091	Share acquisition rights	199
Total property, plant and equipment	1,041,413	1,127,315	Non-controlling interests	114,426
Intangible assets			Total net assets	865,606
Goodwill	3,122	3,472	Total liabilities and net assets	1,981,438
Other	9,049	8,079		
Total intangible assets	12,171	11,552		
Investments and other assets				
Investment securities	163,961	168,545		
Long-term loans receivable	6,933	5,571		
Long-term prepaid expenses	3,692	3,497		
Net defined benefit asset	60,993	61,542		
Deferred tax assets	7,074	8,819		
Other	17,379	22,095		
Allowance for doubtful accounts	(952)	(982)		
Total investments and other assets	259,083	269,089		
Total non-current assets	1,312,668	1,407,956		
Total assets	1,981,438	2,053,752		

History of the Oji Group's Value Creation
What the Oji Group Aims For
Initiatives for Environmental Issues - Sustainability -
Initiatives for Product Development - Green Innovation -
Initiatives for Profitability Improvement - Profitability -
Governance Strategy
Sustainability Strategy
Financial and Non-financial Data

Consolidated Financial Statements

Consolidated Statement of Income

(¥ million)

	Previous consolidated fiscal year (From April 1, 2020 To March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 To March 31, 2022)
Net sales	1,358,985	1,470,161
Cost of sales	1,031,553	1,126,207
Gross profit	327,431	343,954
Selling, general and administrative expenses		
Freight expenses	131,590	112,417
Warehouse expenses	6,506	6,771
Salaries and wages	51,921	52,957
Retirement benefit expenses	853	(241)
Depreciation and amortization	6,343	5,624
Other	45,422	46,306
Total selling, general and administrative expenses	242,638	223,834
Operating income	84,793	120,119
Non-operating income		
Interest income	1,121	883
Dividends income	3,170	3,269
Exchange gain	4,616	15,404
Equity in earnings of affiliates	142	2,679
Other	5,524	8,145
Total non-operating income	14,576	30,381
Non-operating expenses		
Interest expenses	6,791	6,692
Other	9,516	8,708
Total non-operating expenses	16,308	15,401
Ordinary profit	83,061	135,100
Extraordinary income		
Gain on sale of non-current assets	398	1,955
Gain on return of assets from retirement benefits trust	–	1,049
Insurance claim income	2,866	904
Gain on sale of investment securities	292	651
Gain on sale of businesses	906	–
Profit on subsidiary status change from equity method affiliate to consolidated subsidiary	808	–
Other	473	345
Total extraordinary income	5,746	4,906
Extraordinary loss		
Impairment loss	497	2,968
Loss on disposal of non-current assets	1,459	2,283
Loss on disaster	2,065	2,007
Loss on business restructuring	1,977	1,869
Other	1,923	1,615
Total extraordinary losses	7,923	10,745
Profit before income taxes	80,883	129,262
Income taxes-current	28,830	37,476
Income taxes-deferred	354	(614)
Total income taxes	29,185	36,861
Profit	51,698	92,400
Profit attributable to non-controlling interests	2,062	4,890
Profit attributable to owners of parent	49,635	87,509

Consolidated Statement of Cash Flows

(¥ million)

	Previous consolidated fiscal year (From April 1, 2020 To March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 To March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	80,883	129,262
Depreciation and amortization	62,758	65,885
Impairment loss	497	2,968
Amortization of goodwill	1,099	804
Depletion of standing timber	6,958	6,995
Increase (decrease) in allowance for doubtful accounts	(52)	31
(Increase) decrease in net defined benefit asset	(2,913)	(3,498)
Increase (decrease) in net defined benefit liability	760	(60)
Interest and dividend income	(4,292)	(4,152)
Interest expenses	6,791	6,692
Exchange loss (gain)	(3,946)	(12,626)
Equity in (earnings) losses of affiliates	(142)	(2,679)
Loss (gain) on sale of investment securities	438	282
Loss (gain) on return of assets from retirement benefits trust	–	(1,049)
Loss on disposal of non-current assets	1,459	2,283
Loss (gain) on sale of non-current assets	(366)	(1,948)
Business structure improvement expenses	1,977	1,869
Loss (gain) on sale of businesses	(906)	–
Loss (gain) on subsidiary status change from equity method affiliate to consolidated subsidiary	(808)	–
(Increase) decrease in trade receivables	1,870	(20,960)
(Increase) decrease in inventories	20,163	(26,001)
Increase (decrease) in trade payables	(11,933)	33,937
Other	6,237	(11,262)
Subtotal	166,535	166,771
Interest and dividend income received	5,397	4,962
Interest paid	(5,623)	(5,805)
Income taxes paid	(39,202)	(22,341)
Net cash provided by operating activities	127,107	143,587
Cash flows from investing activities		
Payment for acquisition of property, plant, equipment and intangible assets	(94,674)	(98,659)
Proceeds from sales of property, plant, equipment and intangible assets	854	2,905
Payment for acquisition of investment securities	(1,916)	(1,308)
Proceeds from sales and redemption of investment securities	1,163	4,967
Payment for loans receivable	(1,066)	(546)
Proceeds from collection of loans receivable	1,396	1,640
Payment from changes in ownership interests in subsidiaries that result in change of scope of consolidation	–	(1,441)
Other	2,682	(125)
Net cash used in investing activities	(91,559)	(92,567)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,049)	(23,001)
Net increase (decrease) in commercial paper	(14,000)	–
Proceeds from long-term loans payable	71,279	26,003
Repayment of long-term loans payable	(43,250)	(5,218)
Proceeds from issuance of bonds	74,561	–
Payment for redemption of bonds	(20,000)	–
Purchase of treasury shares of subsidiaries	(24,162)	(77,000)
Repayments of lease obligations	(4,786)	(6,952)
Dividends paid	(13,888)	(13,889)
Payment from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation	(584)	(35,059)
Other	(1,186)	(883)
Net cash provided by (used in) financing activities	19,932	(136,002)
Effect of exchange rate change on cash and cash equivalents	(2,169)	4,691
Net increase (decrease) in cash and cash equivalents	53,310	(80,291)
Cash and cash equivalents at the beginning of the year	82,390	135,669
Increase in cash and cash equivalents resulting from mergers of subsidiaries	7	115
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(39)	(20)
Cash and cash equivalents at the end of the year	135,669	55,474

History of the Oji Group's Value Creation

What the Oji Group Aims For

Initiatives for Environmental Issues Sustainability

Initiatives for Product Development Green Innovation

Initiatives for Profitability Improvement Profitability

Governance Strategy

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Financial and Non-financial Data

Third-Party Independent Assurance Report

★ A star mark indicates that FY2021 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Environmental Data

Aggregation period: Japan: April 1 through March 31 of each fiscal year / overseas: January 1 through December 31 of each fiscal year (April 1 through March 31 for India and Myanmar)

Boundary of data aggregation: Consolidated subsidiaries in Japan and overseas, excluding nonproduction sites (see note for VOC emissions)

Greenhouse gas (GHG) / Energy consumption	FY2017	FY2018	FY2019	FY2020	FY2021
★ Greenhouse gas emissions (Scope 1+ Scope 2)*1 (kt-CO ₂ e)	7,944	7,836	7,650	7,460	7,606
★ Scope 1 (kt-CO ₂ e)	6,595	6,394	6,323	6,267	6,398
★ Scope 2 (kt-CO ₂ e)	1,349	1,442	1,327	1,193	1,208
★ Scope 3 Purchased goods and services*2 (kt-CO ₂ e)	3,836	3,923	3,766	3,430	3,663
★ Energy consumption (crude oil conversion)*3 (1,000 kL)	5,874	5,822	5,660	5,219	5,400

*1 Greenhouse gas (GHG)

Scope 1 calculation

Japan: Calculated in accordance with Act on Rationalizing Energy Use (Energy Conservation Act) and Act on Promotion of Global Warming Countermeasures (Global Warming Act)

Emissions relating to the electric power business (supply of electricity or heat to other companies) and transport by Group-owned vehicles are included.

CO₂ emissions from the use of purchased fuels made from waste are excluded.

Overseas: Calculated based on the Greenhouse Gas Protocol Initiative

Greenhouse gas (GHG) emissions from simply burning waste are excluded.

Greenhouse gas (GHG) emissions from waste disposal and wastewater treatment are excluded.

Non-energy greenhouse gas emissions (GHG) resulting from quicklime production (lime kiln) are excluded.

Scope 2 calculation

Japan: Basic emissions factors of individual electric power companies published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Overseas: IEA-published CO₂ emission factors by country in 2010

*2 Scope 3 Purchased goods and services: Emissions associated with activities up to the point when materials/components, materials related to purchased goods and sale, etc. are manufactured. For emission intensities, we have referred to the "Emission intensity database for calculation of GHG emissions by organizations throughout the supply chain (ver. 2.6)" and the "CO₂ equivalents common intensity database (ver. 4.0)."

*3 Energy consumption: Energy consumption in conjunction with the manufacture of products is calculated excluding the following energy use.

Consumption relating to the electric power business (supply of electricity or heat to other parties) and transport by Group-owned vehicles is excluded.

Energy relating to the supply of electric power or heat to other party is excluded from fossil fuel and non-fossil fuel derived energy.

Unit calorific values are calculated by using the following laws and international standards.

Japan: Act on Rationalizing Energy Use and Act on Promotion of Global Warming Countermeasures

Overseas: IPCC 2006 Guidelines for National Greenhouse Gas Inventories

Since unit calorific values for non-fossil fuels emphasize comparability to reduction targets, the factors set in the FY2018 report are used.

Environmental impacts	FY2017	FY2018	FY2019	FY2020	FY2021
★ Industrial waste generation*4 (kt)	2,782	2,875	2,757	2,733	2,772
★ VOC emissions*5 (t)	622	523	481	227	232

*4 Industrial waste generation

The volume of waste generated includes valuable materials (general waste is not included).

*5 VOC emissions

Domestic Group companies subject to Japanese pollutant release and transfer register (PRTR) law have been included.

Of the substances subject to PRTR law, those corresponding to the 100 types of VOC indicated by the Ministry of the Environment based on the Air Pollution Control Act have been included.

Water intake and wastewater	FY2017	FY2018	FY2019	FY2020	FY2021
★ Water intake (1,000 m ³)	744,056	740,398	736,684	706,298	714,281
★ Wastewater (1,000 m ³)	716,792	708,494	701,024	671,965	675,849

Social Data

Occupational safety / Diversity	FY2017	FY2018	FY2019	FY2020	FY2021	
★ Lost time injury frequency rate (LTIFR)*6	Whole Group	1.02	0.89	0.88	0.81	0.97
	Japan	0.79	0.76	0.67	0.76	0.84
	Overseas	1.25	1.01	1.08	0.85	1.09
★ Percentage of female managers*7	16 Group companies in Japan (%)	2.9	3.1	3.5	3.6	3.7
★ Employment rate of people with disabilities*8	Six applicable Group companies in Japan (%)	2.03	2.17	2.27	2.31	2.35
	Group companies in Japan (%)	1.83	1.91	2.01	2.04	2.10

*6 Aggregation period: From January 1 to December 31 / Boundary of data aggregation: Oji Holdings Corporation and its consolidated subsidiaries

LTIFR = (the number of lost time injuries ÷ total working hours) × 1,000,000

Total working hours are calculated based on the number of group company employees (regular employees and temporary/non-regular employees) as of the end of September every year, assuming the annual working hours per person is 2,000 hours.

FY2020 figures were updated as a 2020 incident in Japan was recognized as an industrial accident after the previous Integrated Report was published.

*7 Aggregation date: March 31 of each fiscal year / Boundary of data aggregation: 16 Group companies in Japan

Percentage of female managers = Number of female managers ÷ Number of all managers

*8 Aggregation date: June 1 after each fiscal year

Boundary of data aggregation:

• Six applicable Group companies in Japan: Oji Holdings, Oji Nepia, Oji Imaging Media, Oji Paper, Oji Management Office, and Oji Clean Mate

• Group companies in Japan: 82 Group companies in Japan, including the six applicable Group companies (at least 43.5 employees)

Employment rate of people with disabilities (actual employment rate) = Number of regular workers with physical or intellectual impairments or with mental illness ÷ Number of all regular workers

(Workers with short working hours are counted as 0.5 workers and persons with severe disabilities are counted as two persons)

ESG data → <https://ojiholdings.disclosure.site/en/themes/116/>

Independent Assurance Report

To the Representative Director of the Board, President and Group CEO of Oji Holdings Corporation

We were engaged by Oji Holdings Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ★ (the "Indicators") for the period from April 1, 2021 to March 31, 2022, except for the lost time injury frequency rate, which is for the period from January 1, 2021 to December 31, 2021, and for the employment rate of people with disabilities, which is as of June 1, 2022, included in its Oji Group Integrated Report 2022 (the "Report") for the fiscal year ended March 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Kushiro Mill of Oji Materia Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito

Kazuhiko Saito, Partner, Representative Director

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

December 9, 2022

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

List of Affiliated Companies

<p>Industrial Materials COMPANY</p>	<p>Oji Industrial Materials Management Co., Ltd.</p> <p>Oji Materia Co., Ltd.</p> <ul style="list-style-type: none"> Hokuyo Shiko Co., Ltd. Shin Nihon Feather Core Co., Ltd. Saga Itagami Co., Ltd. <p>Oji Container Co., Ltd.</p> <ul style="list-style-type: none"> Musashi Oji Container Co., Ltd. Kanto Pack Co., Ltd. Honshu Rheem Co., Ltd. Wakayama Oji Container Co., Ltd. Kansai Pack Co., Ltd. Chiyoda Meiwa Danboru Co., Ltd. Nihon Seika Hoso Co., Ltd. Kyodoshiko Corporation Kyodo Hinode Sangyo Co., Ltd. Kunshan Oji Filter Co., Ltd. Nantong Oji Filter Co., Ltd. <p>Morishigyo Co., Ltd.</p> <ul style="list-style-type: none"> Morikamihanbai Co., Ltd. Hokkaido Morishigyo Co., Ltd. Tohoku Morishigyo Co., Ltd. Sendai Morishigyo Co., Ltd. Hitachi Morishigyo Co., Ltd. Gunma Morishigyo Co., Ltd. Nagano Morishigyo Co., Ltd. Niigata Morishigyo Co., Ltd. Shizuoka Morishigyo Co., Ltd. Tokai Morishigyo Co., Ltd. Hokuriku Morishigyo Co., Ltd. Tottori Morishigyo Co., Ltd. Shikoku Morishigyo Co., Ltd. Kyushu Morishigyo Co., Ltd. Aipacks Co., Ltd. Fuji Co., Ltd. 	<p>Oji Asia Packaging Sdn. Bhd.</p> <p>GSPP Group</p> <ul style="list-style-type: none"> GS Paperboard & Packaging Sdn. Bhd. GS Paperboard & Packaging(Selangor) Sdn. Bhd. Oji GS Packaging (Yangon) Co., Ltd. <p>Harta Packaging Group</p> <ul style="list-style-type: none"> Harta Packaging Industries Sdn. Bhd. Harta Packaging Industries (Perak) Sdn. Bhd. Harta Packaging Industries (Selangor) Sdn. Bhd. Trio Paper Mills Sdn. Bhd. Chiga Light Industries Sdn. Bhd. Harta Fleksipak Sdn. Bhd. Harta Packaging Industries (Cambodia) Ltd. Ojitex Harta Packaging (Sihanoukville) Ltd. Oji Packaging (Cambodia) Co., Ltd. United Kotak Bhd. <ul style="list-style-type: none"> Ojitex (Vietnam) Co., Ltd. Ojitex Haiphong Co., Ltd. United Packaging Co., Ltd. S.Pack & Print Public Co., Ltd. — Sahakij Packaging Co., Ltd. PT Oji Sinar Mas Packaging Oji India Packaging Pvt. Ltd. Empire Packages Pvt.Ltd. <ul style="list-style-type: none"> Oji Interpack Co., Ltd. Oji Interpack Korea Ltd. Suzhou Oji Packaging Co., Ltd. — Oji Packaging Technology (Chongqing) Co., Ltd. Oji Interpack Singapore Pte. Ltd. Oji Interpack India Pvt. Ltd. Oji Interpack Vietnam Co., Ltd. <ul style="list-style-type: none"> O&C Paper Bag Holdings Co., Ltd. * <i>Intermediate holding company</i> Oji Seitai Co., Ltd. — Kusumiseitaijo Inc. Oji Packaging (Shanghai) Co., Ltd. Chubushiko Co., Ltd. — Japan Paper Technology Dong Nai (VN) Co., Ltd. Japan Paper Technology (VN) Co., Ltd. Chuetso Package Co., Ltd. — Chuo Shiko Co., Ltd. <ul style="list-style-type: none"> Oji Packaging Co., Ltd. Oji Adba Co., Ltd. Kyushu Package Co., Ltd.
<p>Household and Consumer Products COMPANY</p>	<p>Oji Nepia Co., Ltd.</p> <ul style="list-style-type: none"> Oji Paper Nepia (Suzhou) Co., Ltd. Oji Asia Household Product Sdn. Bhd. OAHP Marketing Sdn. Bhd. <ul style="list-style-type: none"> PT Indo Oji Sukses Pratama * <i>Equity-method affiliate</i> PT Oji Indo Makmur Perkasa * <i>Equity-method affiliate</i> 	
<p>Functional Materials COMPANY</p>	<p>Oji Functional Materials Progressing Center Inc.</p> <ul style="list-style-type: none"> Oji Tac Co., Ltd. New Tac Kasei Co., Ltd. Oji Kinocloth Co., Ltd. Oji Kinocloth (Shanghai) Co., Ltd. Chuetsu Co., Ltd. <p>Oji F-Tex Co., Ltd.</p> <ul style="list-style-type: none"> Ebetsu Oji Shigyo Co., Ltd. Sunshine Oji (Shouguang) Specialty Paper Co., Ltd. * <i>Equity-method affiliate</i> 	<p>Oji Imaging Media Co., Ltd.</p> <ul style="list-style-type: none"> Oji Scientific Instruments Co., Ltd. Kanzaki Specialty Papers, Inc. Kanzan Spezialpapiere GmbH Oji Paper (Thailand) Ltd. Oji Label (Thailand) Ltd. Oji Papéis Especiais Ltda. <ul style="list-style-type: none"> Hyper-Region Labels Sdn. Bhd. Tele-Paper (M) Sdn. Bhd. Sonofax Sdn. Bhd. Ge-Pap Sdn. Bhd. SRE-Marketing Sdn. Bhd. SPNL Print Sdn. Bhd.
<p>Forest Resources and Environment Marketing COMPANY</p>	<p>Oji Green Resources Co., Ltd.</p> <ul style="list-style-type: none"> Oji Paper International Trading (Shanghai) Co., Ltd. Japan Brazil Paper and Pulp Resources Development Co., Ltd. Celulose Nipo-Brasileira S.A. (CENIBRA) Cenibra Logística Ltda. Cenibra Internacional Serviços e Comércio (Sociedade Unipessoal) Lda Cenibra Trading Ltd. Cenibra, Inc. 	<p>Oji Imaging Media Co., Ltd.</p> <ul style="list-style-type: none"> Pan Pac Forest Products Ltd. (Pan Pac) — Pan Pac Forest Products (Otago) Ltd. Oji Forest & Products Co., Ltd. Oji Forestry Co., Ltd. Southland Plantation Forest Co. of New Zealand Ltd. (SPFL) Albany Plantation Forest Co. of Australia Pty. Ltd. (APFL) Green Triangle Plantation Forest Co. of Australia Pty. Ltd. (GPFL) Albany Plantation Export Co., Pty. Ltd. Panindo Investment Pte. Ltd. * <i>Intermediate holding company</i> PT Korintiga Hutani (KTH) * <i>Equity-method affiliate</i> Quy Nhon Plantation Company * <i>Intermediate holding company</i> Quy Nhon Plantation Forest Co. of Vietnam Ltd. (QPFL) BINH DINH CHIP CORPORATION Truong Thanh Oji Plantation Forest Co., Ltd. (TTO) * <i>Equity-method affiliate</i> <ul style="list-style-type: none"> Oji Green Energy Shiranuka Co., Ltd. Oji Green Energy Nichinan Co., Ltd. Oji Green Energy Ebetsu Co., Ltd. Oji Green Energy Tokushima Co., Ltd. MPM Oji Eco-Energy Co., Ltd. Oji-Itochu Enex power retailing Co., Ltd. * <i>Equity-method affiliate</i> <ul style="list-style-type: none"> Oji Ecomaterial Co., Ltd. Oji Cornstarch Co., Ltd. Kyokushin Recycling Resources Co., Ltd. Oji Saito Paper Recycle Co., Ltd. Oji Trading Co., Ltd.
<p>Printing and Communications Media COMPANY</p>	<p>Oji Paper Co., Ltd.</p> <ul style="list-style-type: none"> Tomakomai Oji Shigyo Co., Ltd. Tomakomai Kyowa Service Co., Ltd. Oji Shigyo Co., Ltd. Yonago Oji Shigyo Co., Ltd. Tomioka Oji Shigyo Co., Ltd. Nitinan Oji Shigyo Co., Ltd. <p>Jiangsu Oji Paper Co., Ltd.</p> <ul style="list-style-type: none"> O&C Ivory Board Co., Ltd. * <i>Equity-method affiliate</i> 	
<p>Corporate Management Group</p>	<p>Oji Management Office Inc.</p> <ul style="list-style-type: none"> Oji Real Estate Co., Ltd. Kyokuyo Co., Ltd. Fujikako Co., Ltd. Ginpo Pack Co., Ltd. Oji Hall Co., Ltd. Oji Paper Insurance Service Co., Ltd. Hotel New Oji Co., Ltd. Oji General Hospital <ul style="list-style-type: none"> Oji Pharma Co., Ltd. OCM Fiber Trading Co., Ltd. Oji Forest Products Vietnam Co., Ltd. Yupo Corporation * <i>Equity-method affiliate</i> Oji Asia Management Sdn. Bhd. Oji Myanmar Packaging Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd. 	<p>Oji Oceania Management Co., Ltd.</p> <p>Oji Fibre Solutions Group (Oji FS)</p> <ul style="list-style-type: none"> Oji Fibre Solutions (NZ) Ltd. Oji Fibre Solutions (AUS) Pty. Ltd. Oji Foodservice Packaging Solutions (AUS) Pty. Ltd. Oji Fibre Solutions (QLD) Pty. Ltd. Oji Cardboard Carton Solutions Pty. Ltd. <p>Chuetsu Pulp & Paper Co., Ltd. * <i>Equity-method affiliate</i></p> <p>Mitsubishi Paper Mills Limited * <i>Equity-method affiliate</i></p> <p>Ishizuka-Oji Paper Packaging Co., Ltd. * <i>Equity-method affiliate</i></p>
<p>Shared Service Companies</p>	<ul style="list-style-type: none"> Oji Logistics Co., Ltd. — Oji Rikuun Co., Ltd., Hirata Warehouse Co., Ltd. Oji Engineering Co., Ltd. — Oji Machinery Hokkaido Co., Ltd., Oji Machinery Chubu Co., Ltd. Oji Business Center Co., Ltd. Oji Human Support Co., Ltd. 	

Excerpts from consolidated subsidiaries, non-consolidated subsidiaries, and equity-method affiliates (as of March 31, 2022)

History of the Oji Group's Value Creation

What the Oji Group Aims For

Initiatives for Environmental Issues Sustainability

Initiatives for Product Development Green Innovation

Initiatives for Profitability Improvement Profitability

Governance Strategy

Sustainability Strategy

Financial and Non-financial Data

Corporate Data / Stock Information / Evaluation from Society

Company Profile (as of March 31, 2022)

Company name	Oji Holdings Corporation
Director of the Board, President	Hiroyuki Isono (appointed April 1, 2022)
Headquarters address	7-5, Ginza 4-chome, Chuo-ku, Tokyo 104-0061 Japan
Start of business	February 12, 1873
Corporate establishment	August 1, 1949
Capital	¥103,880 million
Total number of authorized shares	2,400,000,000 shares
Total number of issued shares (treasury stocks included in the total)	1,014,381,817 shares (22,159,699 shares)
Number of shareholders	76,830
Number of employees of the consolidated Group	35,608

Stock Information (as of March 31, 2022)

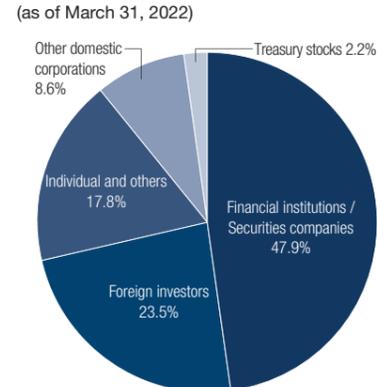
Listing stock exchange	Tokyo Stock Exchange
Securities Identification Code	3861
Share register manager and account administration authority for special accounts	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan
Mailing address	Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063 Japan
Toll-free telephone number	+81-120-782-031

Principal Shareholders (as of March 31, 2022)

Name of shareholder	Shares held (Thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	157,740	15.9
Custody Bank of Japan, Ltd. (Trust account)	66,684	6.7
Custody Bank of Japan, Ltd. (Trust account 4)	34,873	3.5
Sumitomo Mitsui Banking Corporation	31,668	3.2
Nippon Life Insurance Company	25,658	2.6
Mizuho Bank, Ltd.	21,636	2.2
Oji Group Employee Stock-holding Association	19,922	2.0
STATE STREET BANK AND TRUST COMPANY 505001	17,248	1.7
The Norinchukin Bank	16,654	1.7
STATE STREET BANK WEST CLIENT - TREATY 505234	15,299	1.5

1. The Company holds treasury stock of 22,159 thousand shares, which is excluded from the above list.
2. The percentage of total shares issued has been calculated after excluding the Company's treasury stock (22,159 thousand shares).
3. Numbers less than one thousand are rounded down to the nearest thousand.

Distribution of Shareholders (as of March 31, 2022)



Evaluation from Society



FTSE Blossom Japan Index

Oji has been selected for the FTSE Blossom Japan Index, one of the ESG indexes selected by the Government Pension Investment Fund (GPIF), since September 2019. (Scope: Oji Holdings)

FTSE4Good Index Series

Oji has been selected for the FTSE4Good Index Series, an ESG index established by FTSE Russell, since September 2019. (Scope: Oji Holdings)

FTSE Blossom Japan Sector Relative Index

Oji has been selected for the FTSE Blossom Japan Sector Relative Index, an ESG index established by FTSE Russell, since April 2022. (Scope: Oji Holdings)

SOMPO Sustainability Index

Oji has been selected since June 2019 for the SOMPO Sustainability Index, which is used for SOMPO Sustainable Investment, an investment product of SOMPO Asset Management Co., Ltd. (Scope: Oji Holdings)

S&P/JPX Carbon Efficient Index

Oji has been selected for S&P/JPX Carbon Efficient Index since September 2018. Constituents of the index are selected with a focus on companies' disclosure of environmental information and carbon emissions per net sales. (Scope: Oji Holdings)

Dow Jones Sustainability Asia Pacific Index

Oji has been selected since November 2020 as a constituent of the Dow Jones Sustainability Asia Pacific Index, one of the Dow Jones Sustainability Indices (DJSI) selecting companies based on their outstanding performance on sustainability issues.

MSCI Japan Empowering Women (WIN) Index

Oji has been selected since June 2017 for MSCI Japan Empowering Women (WIN) Index, an ESG index established by MSCI Inc. (Scope: Oji Holdings)

"Eruboshi" certification received under the Act on Promotion of Women's Participation and Advancement in the Workplace

On December 21, 2017, Oji was granted "Eruboshi" (Grade 3, the top grade) company certification by the Minister of Health, Labour and Welfare in recognition of its efforts to promote women's participation and career advancement. (Scope: Oji Holdings)

FY2021 "Nadeshiko Brand"

On March 22, 2022, Oji was selected for the third time and for the second consecutive year by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as "Nadeshiko Brand" companies as enterprises that are outstanding in terms of encouraging the empowerment of women in the worksite. (Scope: Oji Holdings and Oji Management Office)

2022 Certified Health and Productivity Management Organization Recognition Program

On March 9, 2022, Oji was recognized under the 2022 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category), administered jointly by the Ministry of Economy, Trade, and Industry (METI) and the Nippon Kenko Kaigi. (Scope: Oji Holdings and Oji Management Office)

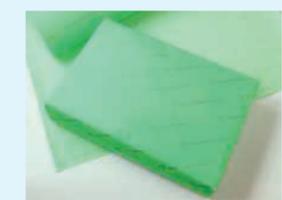
A Year at the Oji Group



Launched "nepia nepi-eco Biomass Mask 30 pcs" containing 80% plant-derived materials. (P48)



Developed "kinarito," a plant-derived nonwoven fabric material.



Developed "MEGURISH (cotton)," a recyclable resource mixed papermaking. (P52)



Oji Papéis Especiais (OPE) enhanced thermal paper production machines and started operation. (P51)



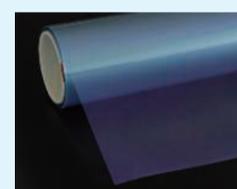
Oji Fibre Solutions established and relocated a corrugated container plant and started operation. (P45)



GSPP increased containerboard machines and started operation. (P45)



Succeeded in developing an eco-friendly biaxially stretched polypropylene film that contains polylactic acid. (P37)



Started experimental sales of an automotive windshield film with heat shielding properties.



Launched "nepia nepi-eco Toilet Paper Double-length 2-ply 4 Rolls."

Added three new products to the "SILBIO series," barrier paper materials. (P51)



Selected as a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index, which are ESG investment indexes.

Oji Asia Household Products increased disposable diaper processing machines, integrated sites and started operation.



"Optimized transport box by using automatic packing system 'Carton Wrap' awarded the FY2021 Logistics Grand Prize 'SDGs Social Contribution Award,' 45th Kinoshita Awards 'Improvement and Rationalization Category' and WorldStar Competition 2022 'WorldStar Award'." (P45)

2021



Beyond the Boundaries



Oji Holdings Corporation

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<https://www.ojiholdings.co.jp/english/>

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