

Oji Group Integrated Report 2024

Fiscal year ended March 2024



Editorial Policies

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

- The 10 principles in four areas found in the United Nations Global Compact
- International Integrated Reporting Framework (IFRS Foundation)
- 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, FY2023 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.

Boundaries of This Report

In general, this report covers Oji Holdings, 200 consolidated subsidiaries, and 20 equity-method affiliates (as of March 31, 2024). In cases where coverage differs, this is indicated. As a rule, the forest area includes Oji Uruguay Forest Company S.A.S., which acquired plantations in July 2024.

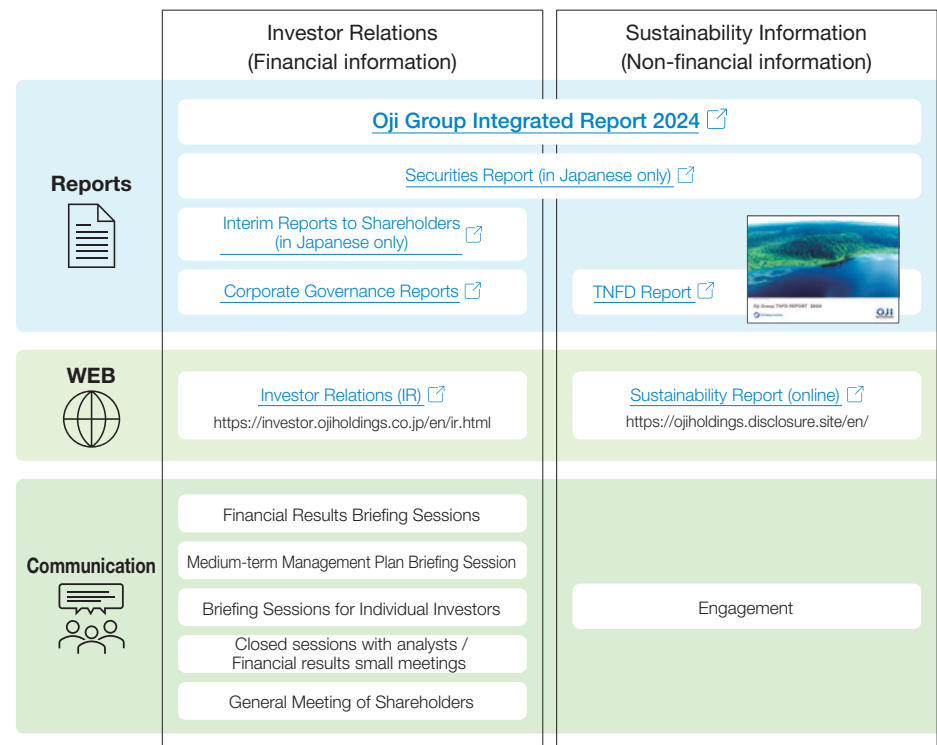
Reporting Period

The reporting period is from April 1, 2023, to March 31, 2024 (except for the lost time injury frequency rate and environmental data for certain overseas sites, for which the period is from January 1, 2023, to December 31, 2023). With the exception of numerical data, however, activities carried out from and after April 2024 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 might differ substantially due to various factors.

Communication Map



Cover Art: Nangoku no Umibe de (Tropical seaside)

Hiroo Isono (1945–2013)

We commissioned Hiroo Isono, a master painter who worked with a lifelong theme of "forests of life," to create 28 paintings using our Oji Forests in Japan and overseas as motifs. We used the paintings to publish the Oji no Mori no Nakamatachi Calendar [Calendar of Friends in Oji Forest] series for the period from FY1999 to FY2002. The setting of this report's cover art, titled Nangoku no Umibe de (Tropical seaside) is a company-owned forest in Meotoura, Miyazaki Prefecture. It depicts tropical flowers, including hibiscus, in bloom on the calm seashore prior to the rainy season, and birds in flight across the bright blue sky. A herd of grazing semi-wild horses play in the meadow, conveying the bustle of early summer flora and fauna.



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Regarding the Issuance of Integrated Report 2024 / CONTENTS

Regarding the Issuance of Integrated Report 2024

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 publishing this Report, we hope to provide stakeholders with a better understanding of the Group's value creation story, which entails maximizing our corporate value under our Long-term Vision for FY2030 while expanding our business operations rooted in forest resources, which has continued to evolve over our more than 150-year history.

At the same time, this Report is designed to deepen dialogue with stakeholders and build relationships of trust while conveying to readers the Group's efforts to progress toward further growth and evolution by looking beyond existing business boundaries and developing eco-friendly businesses as well as wood bio-businesses as next-generation core businesses.

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Management Philosophy, Purpose

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 above 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

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 reducing 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.

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

Purpose

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.

Oji Group at a Glance -Oji Forests in Japan-

Our forest
plantation started
over a century
ago.



Oji Forests in Japan

188,000 ha
(≒ Area of Osaka Prefecture)

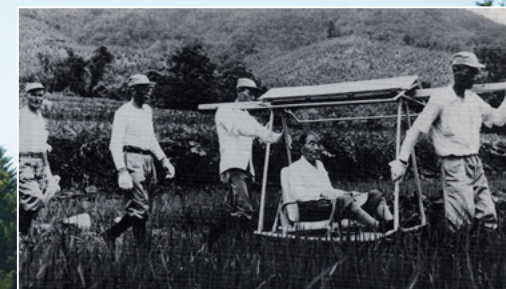
Economic value*

Approx.
¥550.0
billion/year

Trees are a renewable resource that can replace petroleum. The forests in which these trees grow nurture a wide variety of plants and animals, purify water, and help build soil. All kinds of trees absorb carbon dioxide while releasing oxygen through the process of photosynthesis.

The Oji Group's forest plantation business began around 1893 in the Tenryu River basin (Shizuoka Prefecture). By 1914, it owned approximately 1,700 ha of forests. In the 1930s, before global environmental issues became a focus of attention, then-President Ginjiro Fujiwara advocated that "those who use trees are responsible for planting them." Based on this unwavering business philosophy, the Oji Group has continued to grow and manage sustainable forests.

Today, Oji Forests in Japan have grown to approximately 190,000 ha.



Ginjiro Fujiwara, then 86 years old, inspecting a company-owned forest in Hokkaido in 1955.

* Calculation based on the methodology used in the Forestry Agency of Japan's 2000 Valuation of the Public Benefit Functions of Forests (calculated by multiplying the Forestry Agency's estimated national valuation by the ratio of Oji Holdings' forest area to the national forest area). Some calculation units and evaluation methods were updated where possible (water resource cultivation function, biodiversity conservation function (wildlife conservation function), and air quality conservation function).

Oji Group at a Glance

-Oji Forests Expanding across the Globe-

With the growing dependence on overseas woodchips during the 1960s, the need for forest plantation businesses outside Japan had been growing in a bid to secure resources for the long term. Beginning with the establishment of Pan Pac Forest Products Ltd. in New Zealand, a company engaged in the manufacture of lumber materials and pulp, in 1971, the Oji Group took steps to expand its overseas network with the establishment of such companies as Celulose Nipo-Brasileira S.A. (CENIBRA) in Brazil and Quy Nhon Plantation Forest Company of Vietnam Ltd. (QPFL) in Vietnam. Today, Oji Forests have expanded both in Japan and across the globe to 640,000 ha.

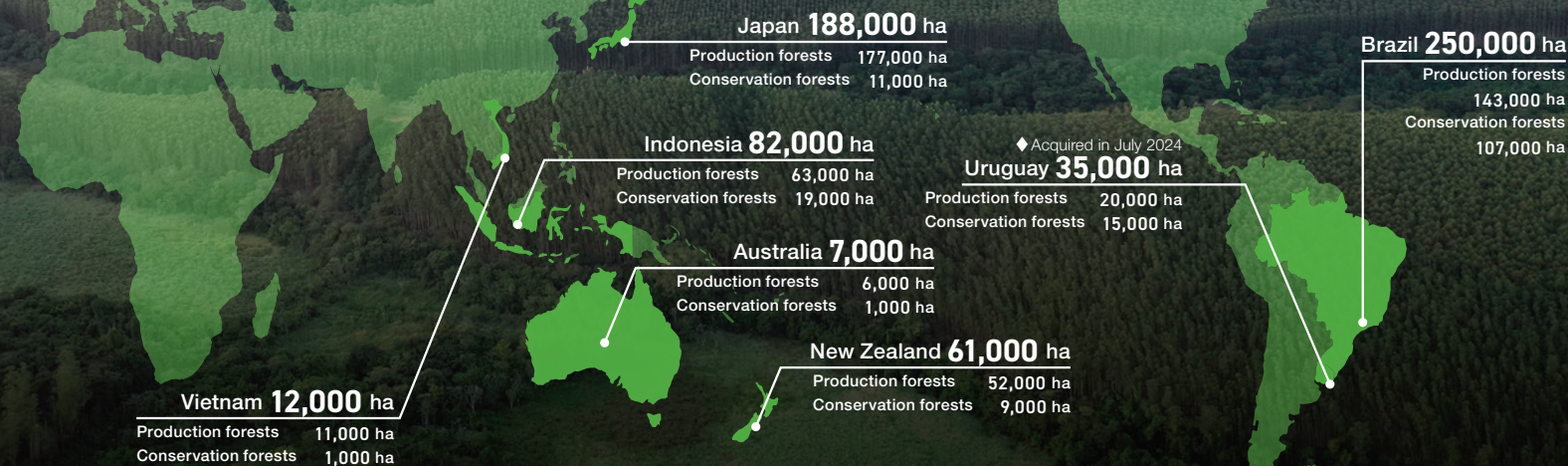
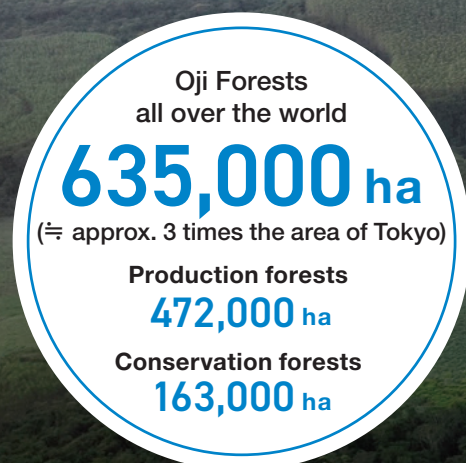
To make the most of the forest resources that have been carefully nurtured for more than a century, we will work to provide not only paper, our original business, but also new value through the supply of new products, including new materials derived from wood. At the same time, we will continue to cultivate healthy forests and put forward solutions to environmental and social issues.

Job creation of forest plantation business at overseas Group companies

Approx. **13,000**

Forest maintenance and management expenses in Japan and overseas

¥16.3 billion/year



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

Oji Group at a Glance -Paper and Paperboard Market Trends in Japan-

After peaking in 2000, domestic demand for paper and paperboard in Japan has continued to decline since the Lehman Shock. Domestic demand for newsprint, as well as printing and publication paper, which has been significantly impacted by the trend toward digitalization, has fallen to nearly half the peak level recorded in 2000. Going forward, the continued downturn in demand is inevitable. In contrast, trends in paperboard, including containerboard, remain firm owing to the stable demand for food and home electronics applications and the spread of e-commerce.

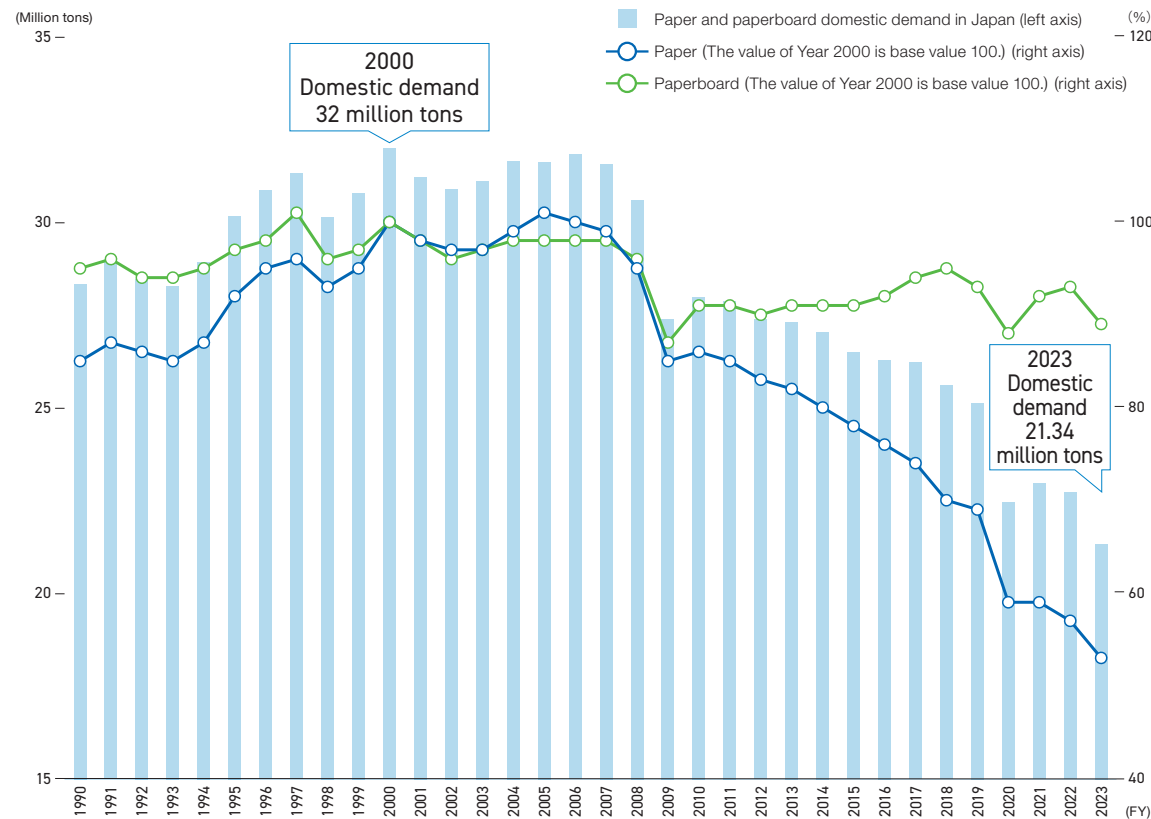
Recognized as the No. 1 paper and paperboard manufacturer in Japan in terms of total production volume, the Oji Group was quick to focus its attention on paperboard. Over an extended period, we have

worked to steadily expand this business and increase paperboard production volume through M&As and production system restructuring. The Group led the production volume of paperboard in Japan in 2022.

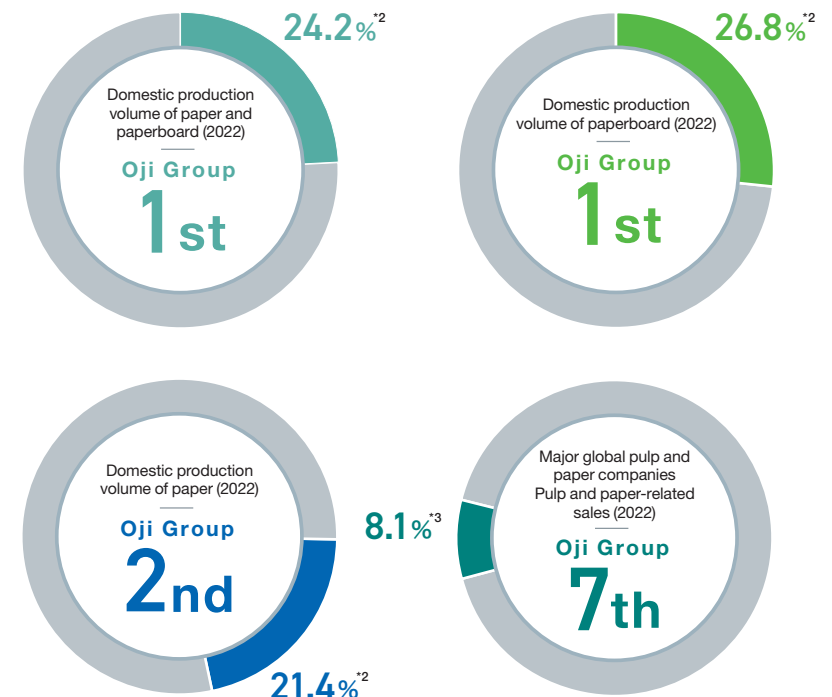
In recent years, sustainable materials have attracted increased interest with growing global awareness of the environment. Against this backdrop, demand for paper and paperboard is expected to expand especially in the packaging field.

Recognizing these changes in society as an opportunity for growth, the Oji Group will work to enter new fields through its carefully nurtured forest and human resources and innovation.

Paper and paperboard demand*¹ in Japan



Oji Group's share of domestic production volume and global sales



*¹ Domestic shipments + Imports

*² Percentage of the Company's production volume to total production volume

*³ Percentage out of top 10 companies

Source: Japan Paper Association, Paper360°

Oji Group at a Glance -Business Overview-

The Oji Group is building a business portfolio that is finely attuned to changes in the structure of demand.

We intend to strengthen our business foundation while continuing to improve our mainstay businesses. At the same time, we will work to expand into new domains and to appropriately transform our portfolio.

Others

Domestic **15**
companies

Overseas **2**
companies

- Trading, logistics, engineering, real estate, and liquid packaging carton businesses
- New business development

• Net sales	¥316.1 billion
• Operating profit	¥5.8 billion
• Capital investment	¥12.5 billion
• R&D expenses	¥6.3 billion
• Depreciation and amortization	¥4.4 billion

Printing and Communications Media

Domestic **7**
companies

Overseas **1**
company

- Newsprint business
- Printing and publication paper business
- Communications paper business

• Net sales	¥299.4 billion
• Operating profit	¥16.8 billion
• Capital investment	¥5.0 billion
• R&D expenses	¥0.7 billion
• Depreciation and amortization	¥7.6 billion

Forest Resources and Environment Marketing

Domestic **19**
companies

Overseas **30**
companies

- Pulp business
- Forest plantation business
- Energy business
- Lumber processing business
- Starch and saccharification business

• Net sales	¥359.6 billion
• Operating profit	¥19.6 billion
• Capital investment	¥54.8 billion
• R&D expenses	¥0.5 billion
• Depreciation and amortization	¥25.4 billion



Household and Industrial Materials

Industrial Materials

Domestic **43**
companies

Overseas **44**
companies

- Corrugated container business
- Folding carton business
- Paper bag business

• Net sales	¥798.7 billion
• Operating profit	¥21.2 billion
• Capital investment	¥36.6 billion
• R&D expenses	¥0.4 billion
• Depreciation and amortization	¥33.4 billion

Household and Consumer Products

Domestic **1**
company

Overseas **6**
companies

- Household paper business
- Disposable diaper business

Functional Materials

Domestic **10**
companies

Overseas **22**
companies

- Specialty papers business
- Imaging media business
- Adhesive products business
- Film business

• Net sales	¥227.5 billion
• Operating profit	¥9.1 billion
• Capital investment	¥10.5 billion
• R&D expenses	¥2.6 billion
• Depreciation and amortization	¥8.8 billion

Notes:

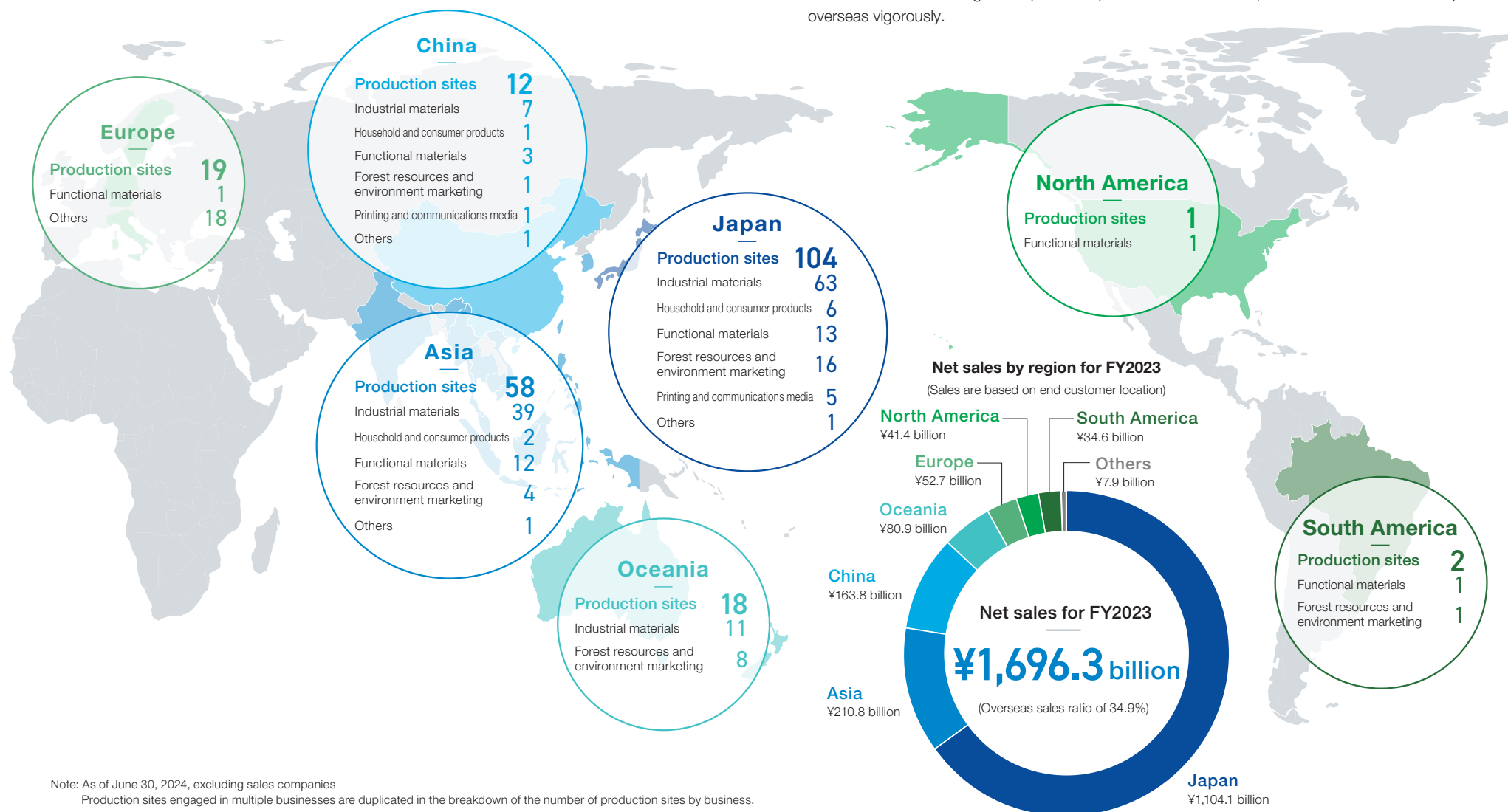
1. Business results and number of consolidated subsidiaries data as of March 31, 2024.

2. Total net sales 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).

Oji Group at a Glance

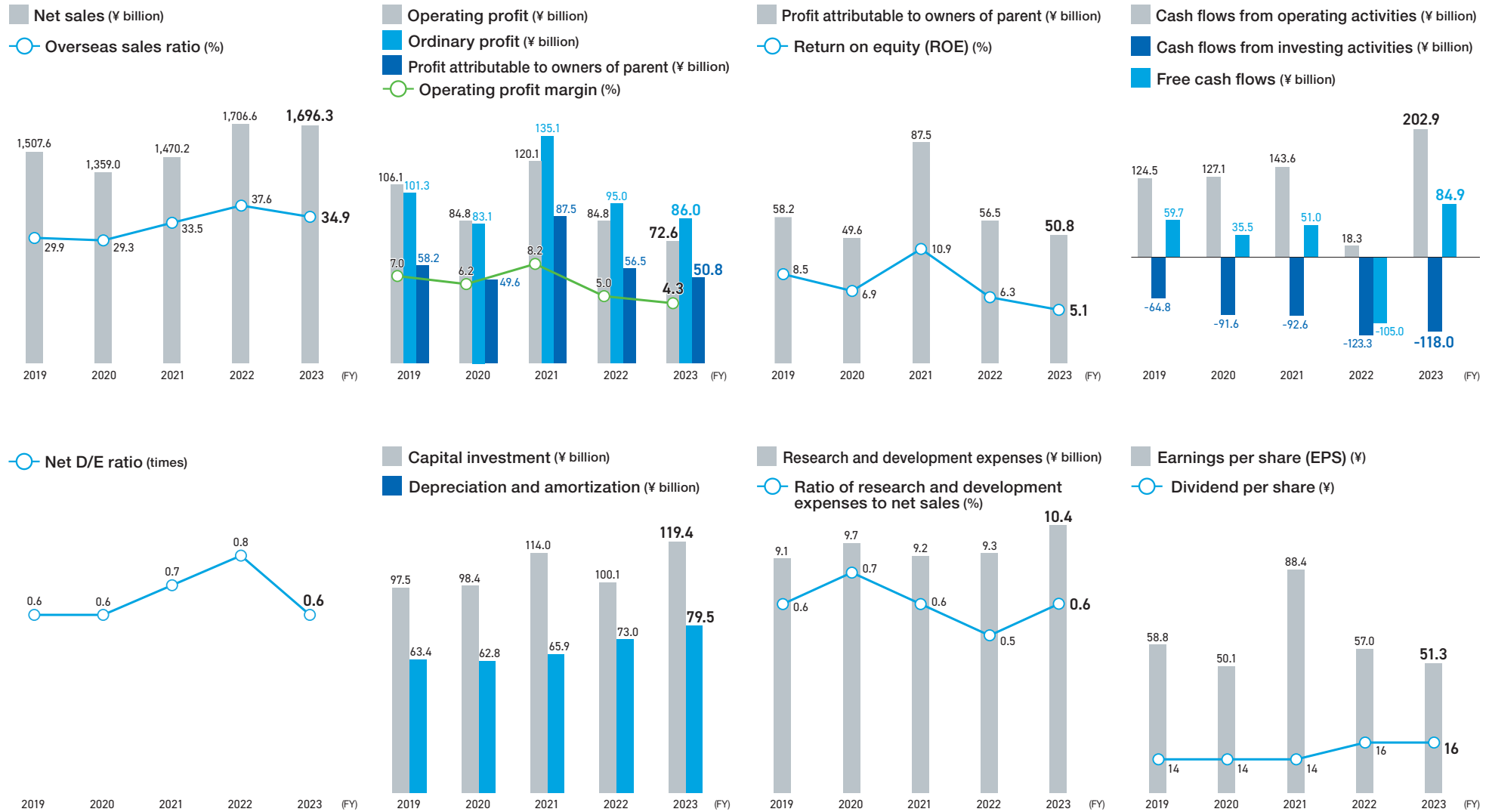
-Production Sites and Net Sales by Region-



Note: As of June 30, 2024, excluding sales companies

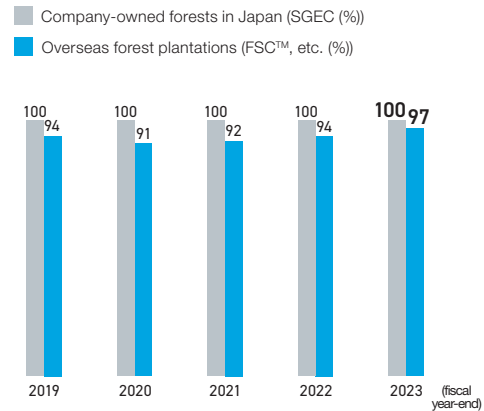
Production sites engaged in multiple businesses are duplicated in the breakdown of the number of production sites by business.

Oji Group at a Glance -Financial Highlights-

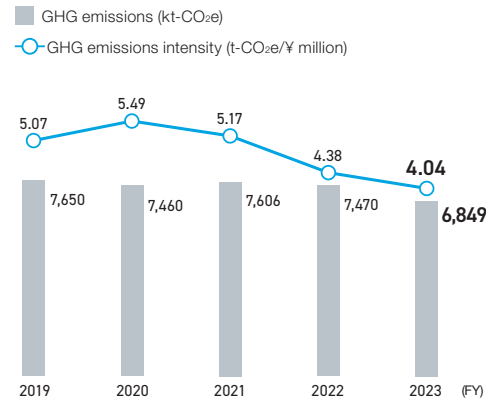


Oji Group at a Glance -Non-financial Highlights-

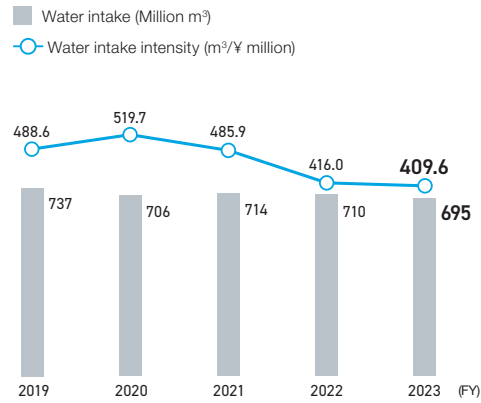
Forest certification acquisition rate*1



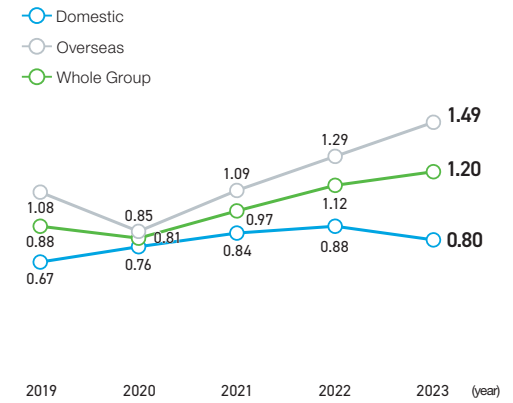
Greenhouse gas (GHG)



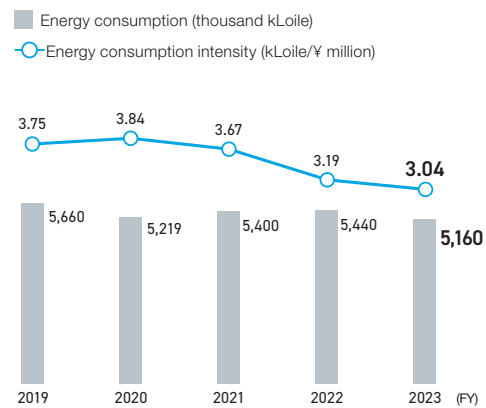
Water intake



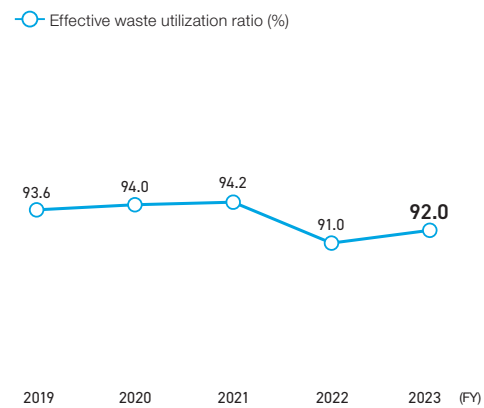
Lost time injury frequency rate (LTIFR)*2



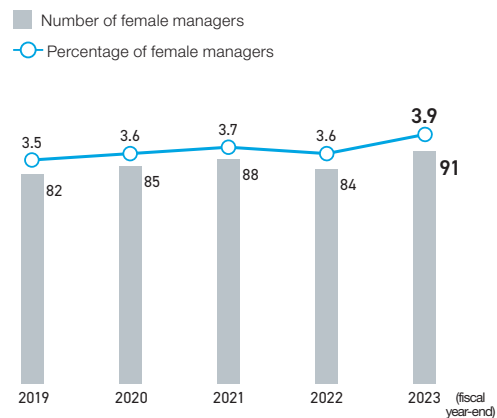
Energy consumption*2



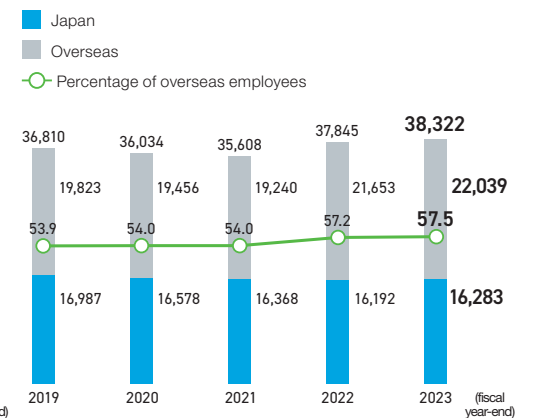
Effective waste utilization ratio*1



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



Number of employees (excluding temporary employees)



*1 For the calculation method (P.32 □)

*2 For the calculation method (P.98 □)

Message from the President



With Forest, For the Planet

What is forest? What are its functions? And what value do forests provide?

For a long time, we have been using wood from forests to manufacture paper for communication.

However, this role is diminishing with the growing shift to digital media.

Despite this headwind, paper remains an essential item in household products, such as toilet rolls.

In addition, the use of paper's wrapping function for packaging is becoming increasingly important due to the move toward environmentally friendly products.

Moreover, wood can be used to manufacture plastics and fuel.

The potential of wood is immeasurable.

Unlike fossil resources forests are renewable and sustainable.

Forests are harvested but replanted. And regenerated.

Papers are also recycled into paper.

All these actions are from so many years ago!

With Forest, For the Planet.

Business activities considering the global environment.

Up till now and from now on, Oji will continue.

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

Hiroyuki Isono

A History of Business Activities Rooted in Forest Resources

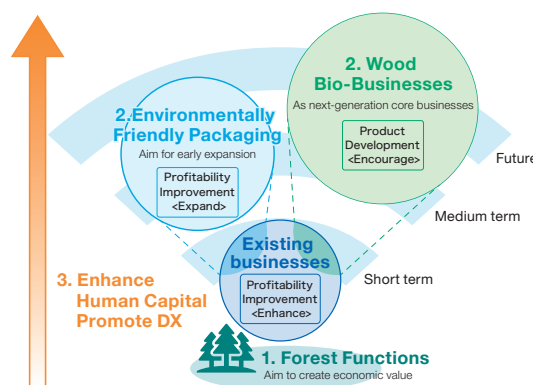
—A pioneer in resource recycling and sustainability management—

In 1873, the Group's predecessor, Shoshi Kaisha, was established. At the time, the raw materials used were the rags of used clothes collected in urban areas. Recycling valuable resources and delivering products to society is the wellspring from which the Oji Group was founded. Thereafter, the Group opened Keta Mill (1889) in the Tenryu River basin in Shizuoka Prefecture and Chubu Mill (1899) to manufacture paper from wood resources to meet growing demand. The Group's forest plantation business began around 1893 in the same basin, and by 1914 it owned approximately 1,700 ha of forests.

Ginjiro Fujiwara, who served as the company's president from 1920, advocated "those who use trees are responsible for planting them." Drawing its motivation from these words, the Oji Group has continued to strengthen its forest plantation business. The trees that we plant blossom into lush forests that nurture clean water and air, provide habitats for a variety of organisms, prevent landslides, and bring well-being to people.

Long before the word "sustainable" became mainstream,

The Oji Group's initiatives for sustainable growth



the Oji Group engaged in the development and maintenance of businesses deeply rooted in forest resources. I strongly believe that these business activities, grounded in "sustainable forest management" and the "circular use of renewable resources" are the mainstay strengths of today's Oji Group. I am convinced that in continuing to follow this path, we can make a significant contribution to the realization of carbon neutrality, nature positivity, and circular economy.

In 2022, we codified our Purpose, clarifying our commitment to "grow and manage the sustainable forest, develop and deliver the products from these renewable forests, and Oji will bring this world a brighter future filled with hope." Against this and the backdrop of an extensive history since our founding, I feel there is ample potential to bring extremely important value through coexistence with the environment and society going forward, and to solve environmental problems on a global scale, or simply put, to make a significant contribution to the earth and its future by continuing to do what is often taken for granted.

The question then is how to make the most of the potential of forests. Looking back on our history to date, I would therefore like to comment on the path to sustainable growth to which we aspire.

[1. Forest Functions]

Up Till Now and From Now On Nature Positive Management

An increasingly harsh global environment and shifting conditions that surround forests

In considering the future of our business, it would be imprudent to ignore that the burden humankind has imposed on the environment might have reached a saturation point. There is an undeniable concern that we are entering a crisis period during which we will exceed planetary boundaries* and have reached certain limits with respect to climate change and biodiversity loss. Against the backdrop of a world destabilized by social and ecological change, the concept of businesses as going concerns is in jeopardy. Here, the future of humanity is dependent on growth within a safe

functional environment (within the confines of critical threshold values).

Amid the increasingly severe global environment, the impact placed on forests by environmental change has accelerated over the past few years. As such, deliberations on forests are at an all-time global high. Triggered by the adoption of the Kunming-Montreal Global Biodiversity Framework at the 15th meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity held in December 2022, we are witnessing the full-fledged flow of nature positive-related funds. Growth within the confines of planetary boundaries does not limit our efforts to promote innovation. Rather, it is an opportunity to demonstrate the uniqueness and characteristics of our business.

Toward forest value demonstration and quantitative assessment of natural capital value

— Economic value of company-owned forests in Japan approximately ¥550 billion annually —

In addition to their economic contribution through the manufacture of timber and specialty forest products, forests serve multifaceted functions. Through the absorption and fixation of CO₂, forests contribute to carbon neutrality. As a habitat for a broad range of flora and fauna, this contribution extends beyond biodiversity conservation to play a major role in promoting the nature positive concept.

Those who believe that these represent the principal functions of forests are not insignificant in number. However, there are in fact additional important functions. These encompass the elements of "soil" and "water." Soil is formed over a long period of time by the activities of living organisms, which in turn helps to support and nourish these same organisms. Forest soil is rich in pore space. The forest floor itself is protected by fallen leaves, branches, and vegetation, ensuring that rainwater does not collect on the surface, but seeps into the ground. Tree roots also help to tie the surface layer of soil together. In this manner, forests serve an "erosion management function," which can be assessed in such individual terms as "soil conservation" and "landslide prevention." Forest soil therefore facilitates the flow

* Planetary boundaries: A concept that identifies the environmental thresholds for safe activities within which humanity can survive.

of rainwater into the ground as well as slow runoff, thereby mitigating the risk of floods while stabilizing river flows. Moreover, water that flows out of forests is less turbid, contains a moderate amount of minerals, and is close to neutral. Accordingly, water has a “water resource cultivation function” that alters the volume and quality of water in rivers, a role that is indispensable for humans and other living organisms.

Even with the aforementioned in mind, forests offer immeasurable potential, facilitating the circulation of substances through the decomposition of soil organisms. Taking all of these factors into consideration, the Oji Group will advance businesses that can maximize the value of forests, paying particular attention to the five key elements of CO₂, biodiversity, nutrition, soil, and water. In October 2022, we established the Oji Forest Value-Creation & Promotion Department to develop new businesses based on company-owned forests. In concert with academia and start-ups, we will quantitatively evaluate the value of our natural capital (capital formed by nature, such as forests, soil, water, atmosphere, and biological resources), and promote measures with a view to introducing natural capital accounting. To quantitatively evaluate the value of natural capital, we first calculated the economic value of the multifaceted functions of the 190,000 ha of forests owned by the Company in Japan using the Forestry Agency of Japan's methodology, which came to approximately ¥550 billion annually. Looking ahead, we will take up the challenge of reflecting regional characteristics, improving accuracy, and adding value from various new perspectives, not only for our forests in Japan but also those overseas. We will also tackle the issue of creating new natural capital credits following CO₂ and strive to influence the formulation of global standards.

Global collaboration aimed at solving global issues

Based on these initiatives, we recognize the importance of working with global partners to formulate standards for the introduction of natural capital accounting. In FY2023, Oji Holdings endorsed the statement on climate-related disclosure standards issued by the International Financial Reporting Standards (IFRS) Foundation

and the International Sustainability Standards Board (ISSB) in the lead-up to the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) in November 2023. Running in parallel, we joined the International Sustainable Forestry Coalition (ISFC) with other global forestry-related companies in September 2023. ISFC member companies manage more than 13.1 million ha of forest in 33 countries around the world. Working with global companies that share forest-related issues, we will endeavor to bring the ISFC's vision of to see forests and forestry become central to the global transition to a sustainable and growing circular bioeconomy.

Transcending industries and countries, coupled with lateral collaboration on a global scale, is critical to resolving global issues. I participated in several international forums during FY2023, which again brought home the importance of global collaboration. Entering 2024, I took part in a special meeting of the World Economic Forum in April and the UN Forum on Forests in May. Each was an opportunity to deepen discussions on worldwide issues surrounding forests from a global perspective. The Oji Group is also deepening personal exchanges with companies and organizations in various countries. In addition to the development of business, I believe that these initiatives provide a conduit for creating new value on a global scale. I would hope that by sending Group executives from Japan and overseas to international



Speech at COP28 (November 2023)

conferences, we will be better placed to grasp opportunities.

[2. Environmentally Friendly Packaging and Wood Bio-Businesses]

Working toward the Early Expansion of Environmentally Friendly Packaging and Nurturing the Wood Bio-Businesses into a Core Segment

Changes in the business environment and Long-term Vision

Looking at the Company's current operating environment, domestic demand for newsprint, as well as printing and publication paper, which have long served as the backbone of its business, continues to exhibit a sharp decline owing to the growing interest in digitalization. In FY2023, demand for newsprint was 60% lower than the peak in 2005. And in similar fashion, demand for printing and publication paper has declined 53% compared with the peak recorded in 2006. Amid the overall downturn in Japan's population, we recognize the need to accelerate the pace of overseas business expansion, while capturing the demand for industrial material application paper, including corrugated containers and packaging paper where interest remains relatively firm, as well as for such household applications as tissue and toilet paper.

Casting an eye outside Japan, in Southeast Asia, an area of particular focus, China has gained momentum over the past few years. Unlike in the past when we could capture a share simply by increasing investments and expanding facilities, the questions now are how to best secure profitability while maintaining a competitive advantage amid an increasingly competitive environment, how to carefully identify promising markets over the long term and make timely investment decisions, and how to deal with soaring raw material prices, fluctuations in foreign currency exchange rates, and geopolitical risks that could lead to disruptions in the supply chain. To expand our business in growing overseas markets, it is therefore vital that we become increasingly sensitive to shifts in global conditions.

Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

As a stepping stone toward achieving its Long-term Vision for FY2030, Oji Holdings formulated a medium-term management plan covering the period from FY2022 to FY2024. Currently, we are experiencing a succession of megatrends, including the shift to a recycling-oriented society, declining birth rates and aging populations in developed countries, and mounting international political and social risks. Against this backdrop, Oji Holdings, which maintains large facilities and operates in the equipment sector, requires two to three years from the strategic investment decision-making phase and restructuring of its production system to securing a return on its investment. Taking into consideration these features, we formulated a vision that looks further into the future and backcasted to identify specific measures for the medium-term management plan. Guided by this plan, we will move forward in earnest.

The overarching slogan of our Long-term Vision is “Toward Further Growth and Evolution.” All living organisms age after they stop growing, which one could argue is an analogy for the continuing decline in demand for newsprint and printing paper. As such, “Growth” alone in the same type of business will eventually reach its limit. Meanwhile, organisms adapt to their environment by “Evolution,” changing from one generation to the next to become a new species. Again, drawing from this analogy, companies must also change and enhance their capabilities while expanding into new areas. Rallying to the slogan “Toward Further Growth and Evolution,” we will carry out the three basic initiatives of profitability improvement, environmental issues, and product development in a bid to secure consolidated net sales of ¥2.5 trillion or more and achieve our “Environmental Action Program 2030.” Based on the forests that are the core of our business, we will enter new fields that transcend existing businesses, such as environmentally friendly packaging, and while looking even further into the future, steadily nurture next-generation core business through the development of new materials derived from wood. Environmentally friendly paper products and new materials such as ethanol and biomass plastics have the potential to replace fossil resource-derived materials and products. With this

in mind, we believe we can make a significant contribution to the transition to a sustainable society through our business.

Issues and measures aimed at achieving our vision

<Profitability improvement initiatives –Environmentally friendly packaging>
To improve profitability, we are increasing value by enhancing our operations through productivity improvements and cost reductions (“Enhance”). At the same time, we are undertaking strategic investments, including M&As, and expanding the scale of our operations (“Expand”). The effects of investments undertaken under our Medium-term Management Plan are beginning to emerge. In addition to the corrugated container business growth in Southeast Asia and India, positive steps are being taken to expand the Group’s business in Europe, where our profile has been historically low. This includes the acquisitions of IPI S.r.l. and Walki Holding Oy and the establishment of a regional headquarters in Europe.

Walki Holding Oy, in particular, plays a major role in the Group, serving as a foothold for the global expansion of environmentally friendly products. The Japanese market, where price remains an important factor in how packaging is perceived, trails the trends in Europe and other regions that focus on plastic- and fossil fuel-free packaging in the environmentally friendly domain. Under these circumstances, we will put forward environmentally friendly sustainable packaging solutions that combine the Group’s technologies with those of Walki Holding Oy, a leading packaging materials converter that stands at the forefront of efforts to address environmental regulations in Europe and work to expand global sales.

Furthermore, we will continue to refine our competitive advantage by putting in place an integrated materials and processing system for corrugated containers while also leveraging synergies between businesses and bases in the label printing and packaging businesses. In Japan, we will engage in concentrated investments to improve profitability. This includes expanding new machine capacity for the films used in EV capacitors.

Complementing these endeavors, we will undertake the

disposal of unnecessary assets while streamlining other assets. Meanwhile, we will provide appropriate and stable shareholder returns in line with our profitability.

<Product development initiatives – Wood bio-businesses>

The Oji Group is working to “Encourage” and develop new products in a bid to further enhance value. In specific terms, we are engaging in product development (green innovation). New materials derived from wood are taken from inedible, sustainable timber and as such are not directly related to food issues, and are manufactured using the existing process of making pulp from wood. We have developed the necessary technologies at the laboratory level and have a picture of how to employ existing assets, including plants and plant operators. The question now is how to undertake the capital investments needed to proceed to commercialization in the pursuit of scale economies. Plans are in place to commence operations at a pilot facility to manufacture sugar solutions and ethanol derived from wood within FY2024. Here, we will continue to focus on this initiative as a key step to entering a new area of business.

<Environmental issue initiatives>

The Oji Group recognizes that the need to “Execute” measures aimed at addressing environmental issues and further enhancing value is critical in efforts to contribute to a sustainable society. While previously detailing how the Oji Group is addressing environmental issues by strengthening and expanding the multifaceted functions of forests, we are also engaging in various supplementary activities. For example, we acquired a forest plantation in Uruguay in July 2024 with a view to expanding overseas forest plantations. With the 2023 extensive forest fires in Canada still very much in mind, our Group company based in Brazil, Celulose Nipo-Brasileira S.A. (CENIBRA), is taking all preparatory steps to mitigate the risk of forest fires associated with global warming by installing and operating a 24-hour monitoring system that can oversee entire forests.

[3. Enhancing Human Capital and Promoting DX]

Maximizing the Ability of Employees to Help Realize the Group's Purpose

Priority management issues

With offices in countries and regions around the world, the Oji Group is prioritizing compliance, safety, and the environment as its most important management issues rather than the pursuit of profit. Since assuming the position of president, I have consistently reiterated this importance to officers and employees. From a compliance perspective, an incident involving accounting irregularities by a Group company regrettably surfaced in 2023. As far as safety is concerned, the Group is yet to totally eradicate the occurrence of serious accidents, including fatalities, on an annual basis. Turning to the environment, we are also yet to reduce to zero the number of environmental accidents that exceed regulatory limits. Taking the aforementioned into consideration, the Oji Group has positioned efforts to establish a structure and systems and conduct training aimed at preventing a recurrence, as well as improvement initiatives, as its most important management priority.

Promoting DX and developing human resources who can play an active role on the world stage

From a human resource perspective, labor shortages have become rapidly apparent in recent years. Securing skilled staff who match the Company's needs and can assume responsibility over plant operations is also becoming increasingly difficult. To address these issues, we are cognizant of the need to push forward initiatives designed to improve productivity, including the automation of operations using AI. Despite the integral role that paper plays and its value within our corporate culture, we are acutely aware of the urgency surrounding efforts to secure human resources to promote digitalization and DX. Over and above the streamlining of administrative operations through AI based on data obtained from DX promotion, we will look to link digitalization and DX to the automation of forward-looking

estimates of production equipment failure and the status of conditions at production sites.

Furthermore, we understand that an approach based solely on domestic considerations runs the risk of falling well behind global trends. In addition to keeping a keen eye on overseas markets and gathering global information, we will place considerable emphasis on developing human resources who can work together to resolve global issues and play an active role on the world stage.

Toward a corporate culture that encourages us to jump at opportunities

In today's environment of dramatic change, we recognize that the Group's self-transformation is directly linked to new business opportunities. "Opportunities, Jump at them Intentionally"—we are fostering a corporate culture in which each and every employee develops this kind of mindset. To further motivate employees, we recognize the importance of an open and positive corporate culture that places a premium on communication, in addition to creating a comfortable environment from every aspect including systems. As president, I have stressed that communication is not a "top-down" endeavor, but one that entails dialogue between equals. With a view to promoting increased employee peace-of-mind, I will work to actively interact with employees and create opportunities for dialogue both in Japan and overseas. Overseas employees have reacted positively to the Group's Purpose, which we codified two years ago. Drawing from a survey conducted this year, I am gratified by the degree to which Our Purpose has taken hold among employees across a broad range of positions in Japan. Of course, this is not to ignore areas of employee engagement improvement that we have identified. Because it is not easy for me alone to change a corporate group with a longstanding history and tradition comprising more than 38,000 employees in Japan and overseas, we will focus on dialogue to evolve our corporate culture, in which each employee takes the initiative to think, propose, and act.

To Our Stakeholders

With a heart filled with our founding spirit and deep sense of history

The origin of the Oji Group can be traced back to 1873, when Eiichi Shibusawa advocated that the domestic production of modern paper was necessary for the development of Japan's cultural progress, and established Shoshi Kaisha, which would eventually become the Company as it stands today, in what is now Oji, Kita-ku, Tokyo.

Memoirs of Eiichi Shibusawa document his struggles at the time operations commenced. Undeterred, he was determined not to fail for the sake of Japan's industrial development. I deeply respect this determination and his efforts to procure equipment from overseas, employ foreign engineers, and develop manufacturing technologies. Overcoming enormous difficulty, the Company successfully developed technologies to manufacture paper from wood resources. Over the more than 150 years that have followed, the Oji Group has continued to expand while accumulating tangible and intangible assets, including paper manufacturing technology, know-how, intellectual property, and human resources. We should always keep in mind the indescribable efforts of our predecessors such as Eiichi Shibusawa, the support and cooperation of stakeholders over many years, and the daily dedication of employees, all of which have made us what we are today.

A bright future full of hope for future generations

With a history of coexistence with such natural capital as forests and water, the Oji Group must never forget its reverence for nature. The Oji Group's mission is to nurture healthy forests as longstanding natural capital, utilize forest resources, create new value, put forward measures to help resolve social and environmental issues, and have a positive impact on nature. In fulfilling this mission, we will realize the Planet shining blue and covered in green, and leave behind a bright future full of hope for future generations. With stakeholders who empathize with this mission, we will work firmly to realize our goal. Progressing steadfastly forward, we humbly ask for your continued support and understanding.

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Risks and Opportunities

Having nurtured healthy forests for more than 100 years, the Oji Group recognizes that changes in its environment present both risks and significant opportunities. Against this backdrop, we will maximize our strengths to further enhance our corporate value. In 2019, we reviewed risks and opportunities in the process of identifying material issues (P.29☞).

Material issues	Related risks and opportunities (▲ Risks ○ Opportunities)	Major initiatives designed to mitigate risks and maximize opportunities	
Mitigation and adaptation to climate change Sustainable forest management and biodiversity conservation	▲ Greater natural disasters caused by extreme weather ▲ An increase in costs due to the strengthening and introduction of the carbon tax, introduction of an emissions trading system, etc. ▲ Impact on sales from changes in the evaluation of corporate activities and market values ○ An increase in the importance of nature positive ○ An increase in demand for low-carbon products ○ An increase in the value of company-owned forests through trading carbon credits associated with the carbon absorbed by the forests	● Reduce GHG emissions by improving production efficiency, saving energy, and utilizing renewable fuels and waste fuels ● Expand the use of non-fossil fuels and biomass fuels as alternatives to fossil fuels ● Employ sustainable forest management such as the promotion of forest plantation and conservation of company-owned forests ● Maintain and expand the multifaceted functions of forests, including conserving biodiversity, cultivating water resources, and preserving soil	● Absorb and fix CO ₂ through sustainable forest management ● Develop biomass power generation business ● Develop eco-friendly products ● Take advantage of the introduction of carbon pricing (especially emissions trading)
Circular use of resources	▲ Impact of resource depletion on core businesses ○ Deployment of water treatment technology	● Use wood resources based on sustainable forest management ● Paper recycling (improve the recovered paper utilization ratio) ● Reduce consumption by reusing water resources	● Expand the water treatment business overseas
Responsible raw materials procurement	▲ Occurrence of cases lacking consideration for the environment and society in the supply chain ○ An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions	● Work to upgrade and expand CSR procurement, taking into consideration the environment and society following the Oji Group Sustainability Action Guidelines for Supply Chains and the Wood Raw Material Procurement Guidelines ● Apply central management for appropriate procurement of major raw materials	● Manage the supply chain thoroughly (e.g., appropriate procurement through supplier monitoring, risk assessment, securing various suppliers) ● Supply FSC™-certified products (e.g., FSC™ C014119)
Reduction of environmental burdens	▲ Adverse effects on society due to pollution and the resulting decline in the trust of stakeholders ○ An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions	● 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 environmentally friendly products and biodegradable materials (from fossil resource-derived to wood-derived)
Respect for human rights	▲ A decline in the trust of stakeholders due to the lack of consideration for human rights ○ An improvement in engagement	● Formulate and implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy ● Perform internal audits ● Implement the whistleblowing system	● Raise awareness of compliance and human rights through in-house training ● Assess risks associated with suppliers' respect for human rights
Enhancing human capital	▲ Occurrence of non-compliance ○ Securing outstanding human resources	● Thoroughly conduct compliance training ● Promote work-style reforms	● Promote diversity
Ensuring workplace safety and health	▲ Occupational accidents ▲ Health of employees hindered by the spread of infectious diseases ○ An increase in the trust of stakeholders resulting from the prompt response to disasters and infectious diseases	● 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 (e.g., introduce VR risk experience education)	● Promote physical and mental well-being of employees ● Create comfortable work environments ● Respond to infectious diseases
Supply of safe and secure products	▲ A decline in the trust of stakeholders due to the spread of negative rumors ○ Contribution to society through the stable supply of safe and secure products, and the resulting increase in corporate value	● 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 the safety of raw materials (chemicals, materials) ● Supply hygiene products such as masks and gowns to prevent the spread of infectious diseases

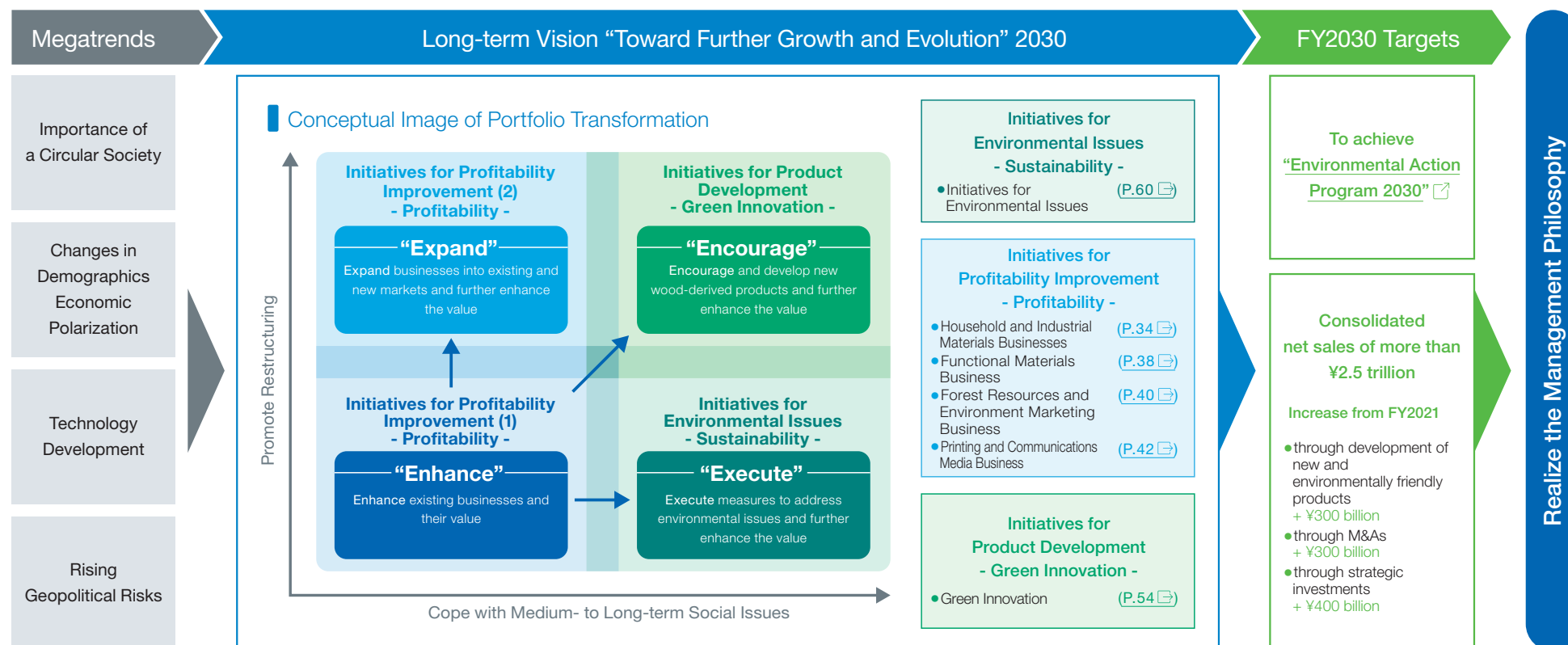
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The Oji Group has been developing business operations rooted in forest resources for more than 150 years. Amid the growing severity of such environmental issues as global warming, the need to halt the loss of ecosystems and pursue recovery is becoming increasingly important. The appropriate cultivation and management of forests not only produces renewable forest resources but also helps to enhance the multifunctional role of forests.

In addition, through products that utilize forest resources, we are able to replace fossil resource-derived materials and products, while supporting and enriching the lives of people around the world. In this manner, solving environmental problems based on nature is our *raison d'être*. We will continue to strengthen our business foundation while advancing Green Transformation (GX). Moreover, certain printing paper and other markets have been shrinking due to the rapid progress of digitization and the

shift to a paperless society. Rather than merely pursue growth through the same business model, we recognize the critical need to enter new business fields that are in tune with the times and to transform the portfolio to better reflect changes in the demand structure in order to enhance corporate value.

We have identified “Toward Further Growth and Evolution” as the Group’s basic policy under our Long-term Vision for 2030. Guided by this policy, we will work to secure the sustained improvement of our mainstay businesses, expand into new areas in a bid to increase our corporate value, secure sustainable growth, and realize our Management Philosophy. In addition, we have set targets to achieve “Environmental Action Program 2030” and consolidated net sales of more than ¥2.5 trillion by 2030.

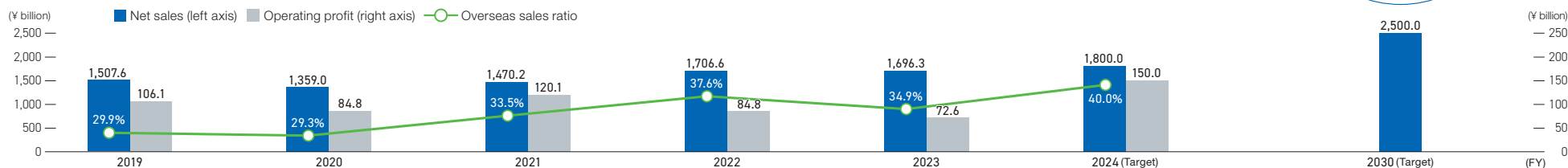
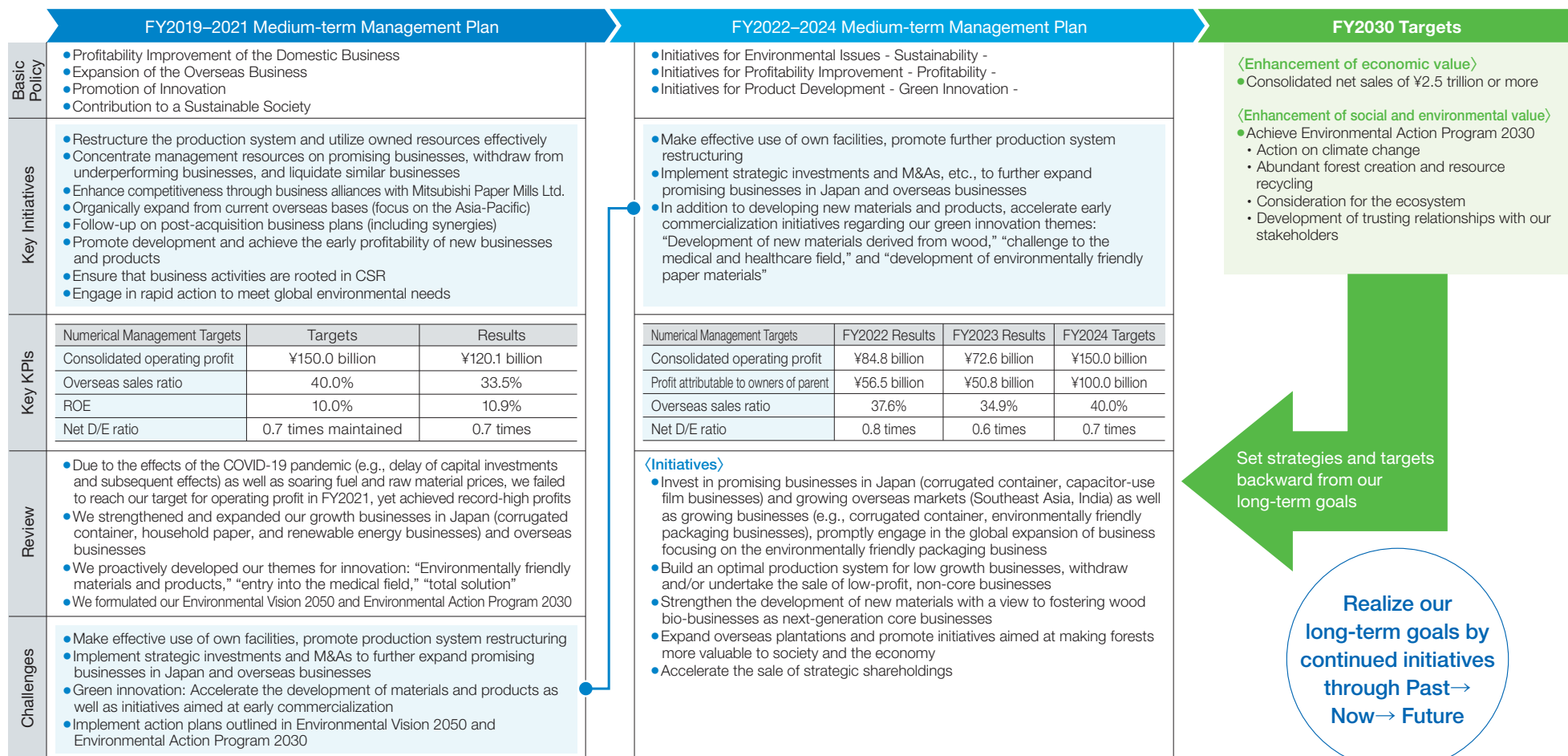


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FY2022–2024 Medium-term Management Plan and Progress

Overview of the FY2022–2024 Medium-term Management Plan

In the FY2022–2024 Medium-term Management Plan, we have set numerical management targets to serve as milestones on the way to achieving our Long-term Vision for 2030. Taking into consideration recent changes in the market environment and other factors, we set forecasts for FY2024 operating profit and profit attributable to owners of parent below the targets identified under the Medium-term Management Plan. Nevertheless, we will continue to implement initiatives aimed at increasing corporate value as we work toward our Long-term Vision. [\(P.20\)](#)

Numerical management targets	Numerical management targets for FY2024	FY2024 forecasts*
Consolidated operating profit	¥150.0 billion or more	¥95.0 billion
Profit attributable to owners of parent	¥100.0 billion or more (Continue stable profit of ¥100.0 billion or more)	¥75.0 billion
Overseas sales ratio	40% (With a target of 50% in the future)	41.6%
Net D/E ratio	0.7 times maintained (End of March 2022: 0.7 times)	0.7 times

* Announced on May 14, 2024

Key Initiatives

Initiatives for Environmental Issues - Sustainability -

- In response to the increasing importance of addressing environmental issues, implement action plans outlined in Environmental Vision 2050 and Environmental Action Program 2030

Initiatives for Profitability Improvement - Profitability -

- Make effective use of own facilities, promote further production system restructuring
- Implement strategic investments and M&As, etc. to further expand promising businesses in Japan and overseas businesses

Initiatives for Product Development - Green Innovation -

- In addition to developing new materials and products, accelerate rapid commercialization initiatives regarding our green innovation themes: "Development of new materials derived from wood," "challenge to the medical and healthcare field," and "development of environmentally friendly paper materials"

FY2022–2024 Investment Plan

- Strategic investments: ¥400 billion
- Upkeep CAPEX: ¥150 billion

Examples of Expanded Investments to Growing Segments

- Build corrugated container plants in Japan/overseas
- Install adult disposable diaper machines
- Install film facilities for next-generation automobiles
- Install biomass power plants
- Construction to improve pulp business profitability
- Acquire packaging business, etc.

	Initiatives for Environmental Issues - Sustainability -	Initiatives for Profitability Improvement - Profitability -	Initiatives for Product Development - Green Innovation -
Main FY2023 Results	August Acquire forest plantation (Embetsu, Hokkaido) September Acquire forest plantation (Mohaka Bridge, New Zealand) September Participate in the International Sustainable Forestry Coalition (ISFC) as a founding member February Acquire forest plantation (Brain and Oldham, Australia) February Jointly establish a recycling system for liquid paper packages to corrugated container	May Acquire IPI, a company that operates a liquid packaging carton business in Italy July Start operation of the third ultrathin OPP film machine at Oji F-Tex Shiga Mill October Start operation of the seventh corrugated container plant in Vietnam January Expand thermal paper production facilities in Germany	May Invest in a venture capital fund specializing in the materials and chemical fields October Invest additionally in ReqMed Company, Ltd., in a bid to pursue wood-derived pharmaceutical R&D January Start operation of a bench plant for the polymerization of wood-derived lactic acid inside the Edogawa Mill March Develop "polymer electrolyte membrane" for fuel cells using cellulose nanofiber
Main FY2024 Priority Measures	May Start joint studies into domestic e-methane production July Acquire forest plantation (Tacuarembó and Rivera, Uruguay)	April Acquire Walki, a packaging materials converter in Europe May Invest jointly in a folding carton packaging company in Vietnam June Invest in a molded pulp packaging company in Taiwan July Complete construction of a new warehouse in Funabashi, Chiba October Start operation at the fourth corrugated container plant in India November Start operation at the fourth ultrathin OPP film machine at Oji F-Tex Shiga Mill	May Successfully synthesize "wood-derived polylactic acid" on a bench plant scale May Develop wood-based biomass photoresists for cutting-edge semiconductors May Introduce equipment for the mass production prototype of cellulose nanofiber and natural rubber composites May Invest in a start-up that engages in the development of inedible biomass-derived chemical product technology Second half Start operation at a wood-derived ethanol and sugar solution pilot plant

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**We will work to improve ROE
and capital efficiency while
valuing dialogue
with stakeholders.**

Kazuhiko Kamada

Oji Holdings Corporation
Director of the Board, Senior Executive Officer

Basic Approach Toward the Group's Financial and Capital Policy

At the root of all the Oji Group's business activities lies its Purpose. Although it has only been two years since our Purpose was established, its essential principles have been continued without interruption for 150 years and are firmly ingrained throughout the entire Group. In addition to monitoring progress against financial indicators so that the Oji Group realizes its Purpose and increases its corporate value. As the director in charge of finance, it is my duty to responsibly manage the financial situation, including aspects such as funds. The Oji Group is currently working to transform its business portfolio and increase profitability, and one of the financial disciplines that will support this is a net D/E ratio of 0.7 times. While maintaining this level will be our basic stance—for example, when new business developments, investments, or acquisitions arise that will lead to the future growth of our Group in line with our Purpose—I believe it is acceptable to make strategic investments while keeping this financial discipline in mind.

Our financing policy is to obtain the minimum amount of funds necessary as and when required, with the best possible terms and means. We have been strengthening our funds management to prevent an increase in interest-bearing debt not only net but also gross. Particularly as our overseas businesses have expanded in recent years, I have been seeking to improve capital efficiency by implementing financing arrangements between regional Group companies and paying dividends to the parent company as necessary to prevent excess funds from remaining overseas. Engaging in thorough dialogue with overseas companies, I receive monthly reports on their financial status and plans. Based on these reports, we have been building a proven track record in quickly expediting the allocation of funds. Through these efforts, I have been able to foster strong relationships of trust with our Group companies, which number approximately 200 on a consolidated basis. I believe that careful advance preparation and relationships of trust based on a proven track

record are of the utmost importance in implementing the Group's financial and capital policies.

Review of FY2023

Looking back at FY2023, the mid-point of the current Medium-term Management Plan, domestically, we made up for the decline in sales volume caused by consumption restraints due to rising prices by means of our sales price adjustments and cost reductions. Overseas, however, we were impacted by the slump in demand associated with the slow economic recovery, a worsening pulp market, and the effects of the cyclone that hit Pan Pac Forest Products Ltd. in New Zealand, so consolidated operating profit was ¥72.6 billion, down from the previous year. The operating cash flow generated by business activities was actively allocated to promising businesses, such as overseas packaging businesses and environmentally friendly products, as well as to research and development activities. In continuing to reduce costs and making efforts to reconstruct an optimal production system, thereby strengthening profitability, the net D/E ratio was 0.6 times.

In FY2024, the final year of the plan, we will continue to focus investments on businesses with high profitability and growth potential, while thoroughly conducting cash flow management in low-growth businesses by curbing investment and cutting costs. In light of the growing global geopolitical risks, the delay in economic recovery, and the increases in costs due to interest rate hikes, we would like to strengthen the reviews of, for example, the profitability of our capital investments and M&As while continuing to deepen discussions with our Outside Directors and make appropriate decisions.

Operating profit is expected to reach ¥95 billion in FY2024. Looking at the performance figures alone, we have not achieved our initial plan (P.19), but we have made advances in the development of our overseas businesses and forward-looking investments, and, viewed from a broader, Purpose-driven perspective, these are progressing according to plan. Excluding

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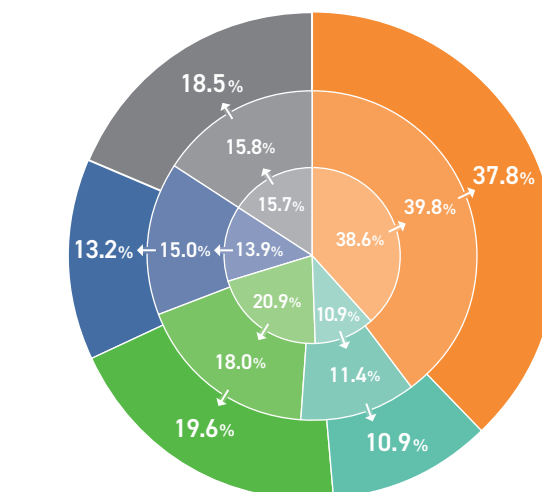
the temporary factors caused by the external environment mentioned above, I believe that there will be no deviation from our progress toward our Long-term Vision for the future, including 2030 and 2050.

Capital Allocation

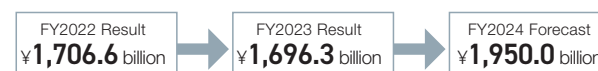
As far as capital allocation is concerned, our current Medium-term Management Plan calls for us to make strategic investments of ¥400 billion over the three-year period from FY2022 to FY2024 while maintaining financial discipline with a net D/E ratio of 0.7 times. Focusing investments on businesses with high profitability and growth potential, we will thoroughly focus on cash flow management to secure funds for low-growth businesses, thereby shifting to a business portfolio with future potential. First, in FY2024 we acquired Walki Holding Oy, a packaging materials processing company in Finland, with the aim of building the foundation for an environmentally friendly packaging business in Europe, where advances in environmental regulations are being made. In FY2024, we will focus on Walki's post-merger integration and work to strengthen the foundation of our de-plasticization business in Europe. At the same time, in addition to environmental investments aimed at achieving our Environmental Action Program 2030, we will also invest in promising businesses, such as building new facilities and factories, and strengthen and expand existing businesses through M&As, as investments necessary for growth, and invest in creating core businesses through the development of new materials and products. To secure cash, we will proceed with withdrawals from or sales of low-profit and non-core businesses as well as the reduction of cross-shareholdings.

When considering investments in countries that we have yet to enter or new acquisitions in countries where we already maintain an operational presence, we will make decisions after careful consideration and discussion as to whether they will dovetail with the Oji Group's culture not only from financial, tax,

Net sales by business segment FY2022 → FY2024



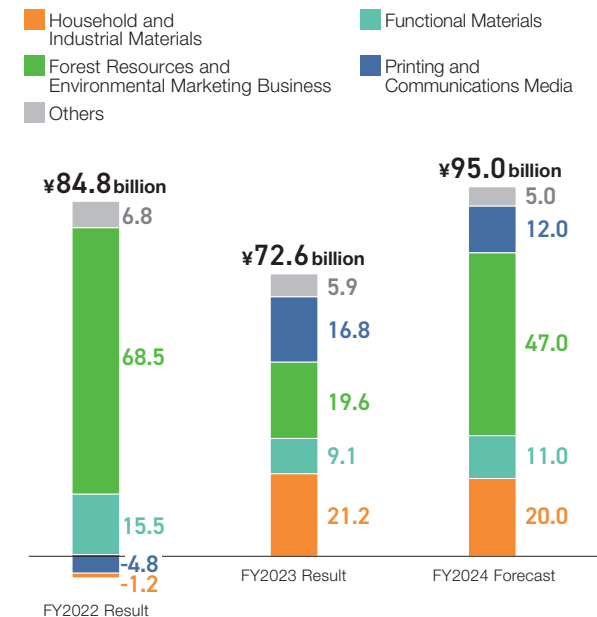
Note: The composition of sales by segment data does not include adjustments (primarily those for internal transactions).



and legal perspectives but also from safety, environmental, and compliance standpoints. In Southeast Asia, where the Oji Group conducts a wide range of business operations, we started to assign human resources dedicated to internal audits in FY2023 to strengthen internal controls.

The Group's capital investment and loan plans are discussed and deliberated twice a year at an Oji Holdings' Group Management Meeting, which is attended by executives not only from the relevant divisions but also from a wide range of other divisions. From a strategic investment perspective, we verify the effectiveness of the investment after a certain period of time and impose reporting obligations on any project where delayed progress is obvious. To reduce the risks of investing overseas,

Operating profit by business segment FY2022 → FY2024



we have established a regional headquarters in each region and are endeavoring to collect information on political, economic, and social conditions. In addition to our existing bases in China and Southeast Asia (Malaysia), we established new management companies in Europe (Italy) and India in 2023. Although activities in Europe and India have only just begun, the management companies will also be responsible for creating synergies among the Group companies under their jurisdiction, sharing information and human resources, and developing new business, including M&As. In certain cases, we have also formed joint ventures with leading local companies to expand our business and are working to further improve our information-gathering capabilities while diversifying our investment risks. For example, in Indonesia

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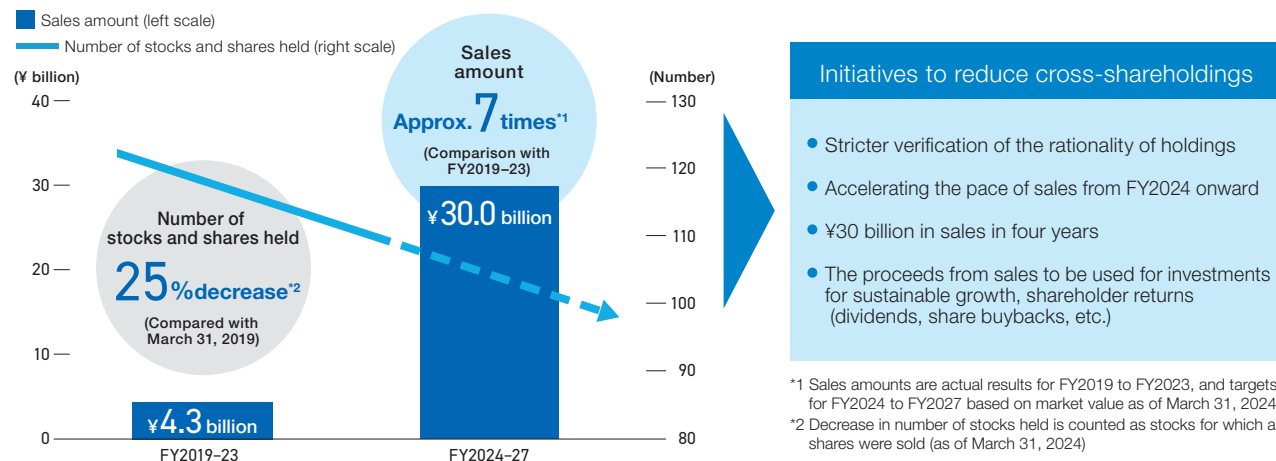
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we are conducting joint venture businesses with leading local companies in the areas of household paper and corrugated containers and, having achieved a certain level of success, are now jointly making additional capital investments.

On the subject of capital investment, in addition to our environmentally friendly packaging business, new materials for which wood resources are utilized—such as wood-derived sugar solution, bioethanol, biomass plastics, and cellulose nanofiber (CNF)—are increasing in importance amid the increasingly serious nature of global environmental issues. We will therefore actively invest in business development. In the case of forest plantations, which form the core of our business, we will also invest in expanding plantations and improving breeding and cultivation techniques to ensure a stable supply of wood resources while also creating economic value for natural capital. Turning to expanding plantations in particular, we have set a target of 400,000 ha of overseas production forest by FY2030, which we expect to be worth hundreds of billions of yen.

Sales amount of cross-shareholdings and number of stocks and shares held



Toward Improved Profitability/ Enhanced Corporate Value

In December 2023, we announced our Initiatives to Enhance Corporate Value. To improve PBR, which remains at a low level, we will work to improve return on capital and achieve sustainable growth. Regarding ROE, we aim to achieve a stable ROE of 8% or more, with a goal of 10% or more in the future. To achieve this, we will accelerate the transformation of our business portfolio to concentrate funds in the businesses and regions where we as a Group would like to grow. In terms of regional expansion, we aim to achieve an overseas sales ratio of 50% as soon as possible. We will make decisions after conducting thorough investigations for cases of additional investment in businesses with declining demand. In the meantime, we will shift financial and human resources to the environmentally friendly packaging and wood biomass businesses, which are key focus areas.

Aiming to expand our environmentally friendly packaging business in the short to medium term, we acquired Italian

company IPI S.r.l. in May 2023 and Walki Holding Oy in April 2024 to expand and upgrade our portfolio of sustainable packaging solutions. By combining Walki's customer proposal capabilities, which cover Europe, the world leader in terms of environmental regulations, with our product development capabilities, we plan to establish a solid position in the de-plasticization markets in Europe and Japan and then expand our business to such areas as Southeast Asia, India, and Oceania. To secure funds for these businesses, we need to thoroughly manage cash flow in low-growth businesses and sell or withdraw from low-profit and non-core businesses. Rather than injecting capital into low-growth businesses and proceeding with restructuring, we will keep investment to a minimum by restructuring the production system to match demand trends and secure cash through cost reductions.

As mentioned above, we are streamlining our assets while also transforming our business portfolio. Although we have not set quantitative targets for the reuse and sale of idle assets, we are proceeding in a way that will leave no stone unturned. For

example, amid a continuing shrinking market due to Japan's declining birth rate, we decided to withdraw from the domestic disposable baby diaper business, which had been experiencing a loss for a long time. We will also give added impetus to the reduction of cross-shareholdings. I sense that the tide of public opinion has clearly turned with regard to cross-shareholdings, and sales proposals from both our side and the other parties concerned are now starting to proceed smoothly. As of the end of FY2023, we had reduced the number of stocks held by 25% compared with the end of FY2018, selling the equivalent of ¥4.3 billion, and we will accelerate this from FY2024 onward, selling ¥30 billion worth of stocks over the next four years. The intention is to utilize the funds obtained from the assets left to us by our predecessors for growth investments that will lead to the transformation of our business portfolio and shareholder returns, including the purchase of treasury shares.

As far as shareholder returns are concerned, we have set 30% as the new dividend payout ratio target, which had previously remained in the 20% range, so that we can continue to provide stable returns while also providing returns commensurate with our profitability. Through these efforts, we are targeting stable ROE of 8% or more and aim to achieve 10% or more in the future.

While maintaining communications with investors both in Japan and overseas, in the years to come I would like us to ensure that the Group's efforts are understood. This is precisely the area in which I would like to draw on the experience I gained in my previous position at a trading company.

Harmony with Nature and Society

For the Oji Group, which has been growing its business together with forests over its 150-year history, harmony with the environment is indispensable. In recent years, legislation requiring disclosure of sustainability information has been progressing

globally. In the United States, a roadmap for incorporating natural capital into the national balance sheet was announced in January 2023, while in the United Kingdom, net biodiversity gain was introduced in January 2024, requiring that biodiversity be increased by 10% or more after development compared with the level prior to construction. The advancement of regulations aimed at realizing a sustainable society represents an opportunity for the Oji Group, which has been coexisting with the environment on an ongoing basis for more than 150 years.

In contrast, when it comes to our efforts in the field of sustainability and the value those efforts represent, I feel there are still many areas in which we have not been able to fully communicate to external investors and other stakeholders. I feel that this can also be seen when looking at the changes in the Company's PBR. So that our corporate value can be fully understood from both financial and non-financial perspectives, I would like to explain how our response to natural capital, including biodiversity conservation, leads to business opportunities and the creation of economic value for the Oji Group even as we take on the challenge of maximizing the use of natural capital through our businesses.

As one of our financial initiatives to demonstrate symbiosis with the environment, we formulated the Green Finance Framework in January 2023. Green bonds do not necessarily offer advantages in terms of costs and labor hours compared to regular corporate bonds, but these projects are important in terms of realizing the social and economic value of forests through the promotion of natural capital management. If these efforts are recognized by external organizations, I believe that this will also have an effect that goes beyond being merely a means of fundraising. In March 2024, we also raised funds through positive impact finance. Although there seems to be a backlash, with anti-ESG sentiment growing especially in the United States, the Oji Group's policy of steadily realizing our Purpose relative to forests will remain unchanged.

Providing Greater Value to Stakeholders

Moving toward the targets adopted under the current Medium-term Management Plan, we will steadily promote the initiatives, announced in December 2023, geared toward improving return on capital and achieving sustainable growth, which will lead to the formulation and implementation of our next Medium-term Management Plan. I place great importance on opportunities to communicate with shareholders and investors. Through repeated meetings and dialogue both in Japan and overseas, I have been receiving frank opinions about the Oji Group's initiatives. I always share the content of my discussions with everyone, as well as opinions and comments, with other members of the management team. Looking ahead, I would like to carefully provide an explanation of how the Oji Group's business is based on a long-term perspective. As we continue to pursue the further improvement of the Group's financial and capital policies, I gratefully and humbly ask for your continued support.

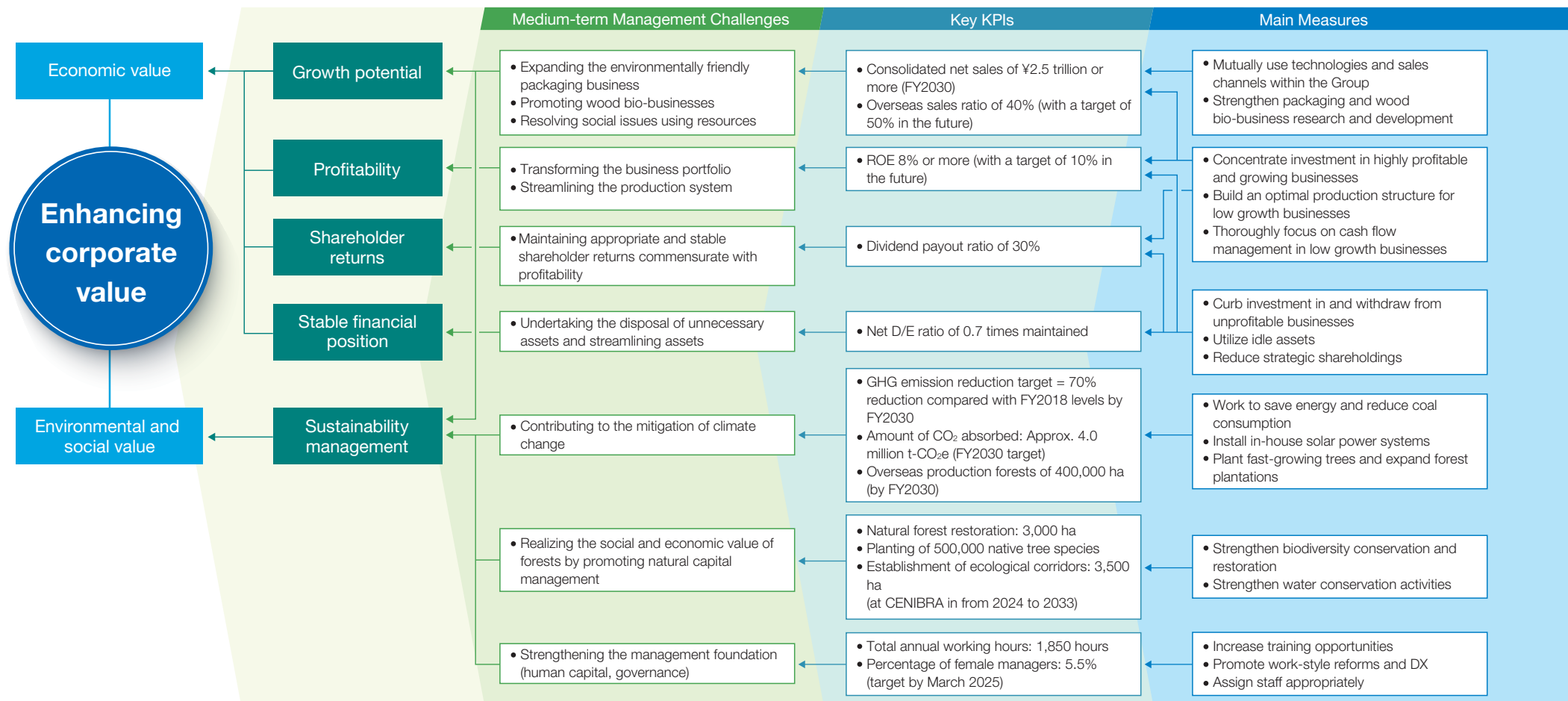


Oji Group's Logic Tree

The Oji Group's logic tree is a schematic representation of how the Group's management issues and strategies are linked to increases in corporate value.

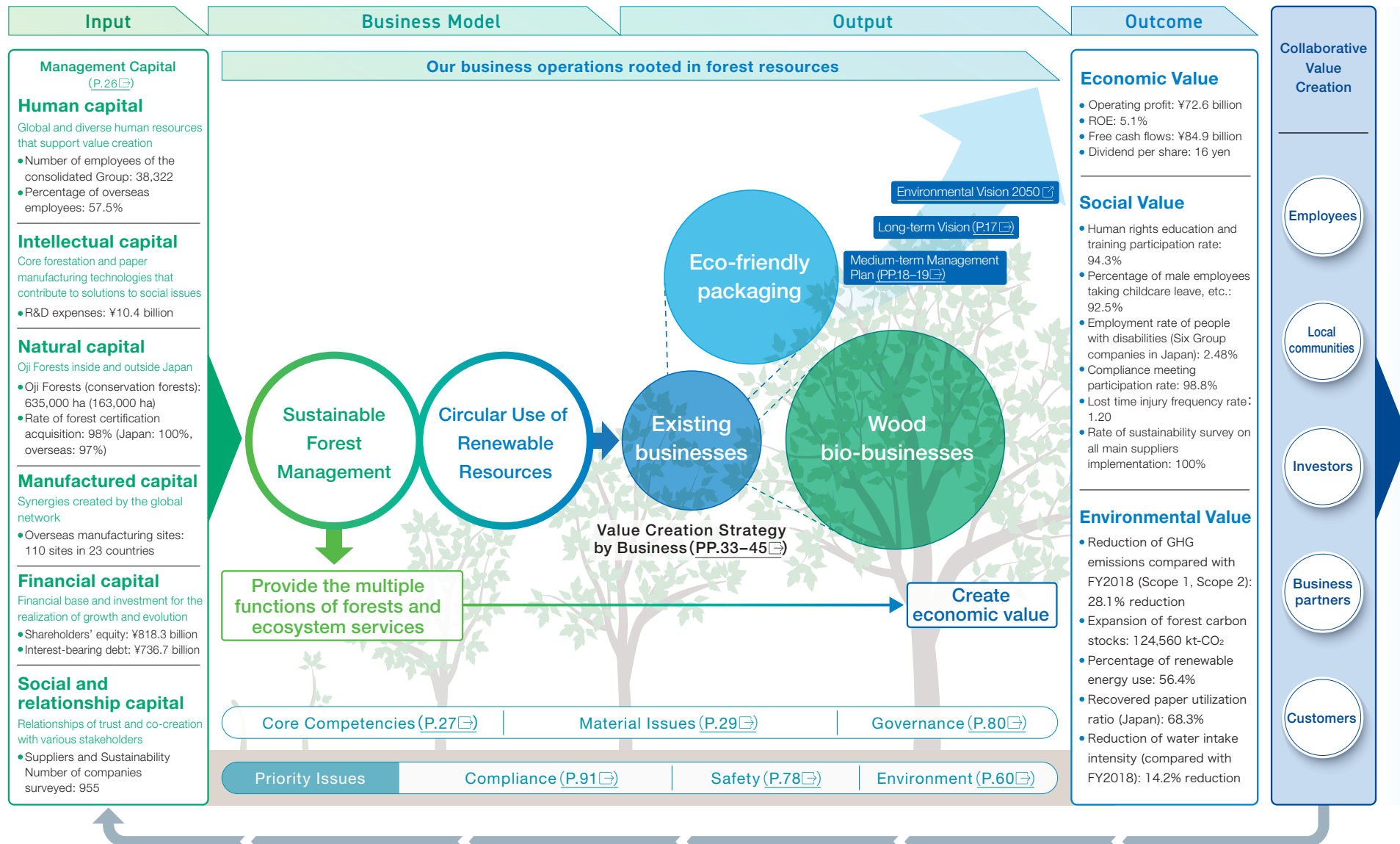
We believe that the Oji Group's corporate value is primarily derived from the economic value geared toward shareholders, customers, and business partners, as well as the environmental and social value for all stakeholders and the society as a whole.

We will work to increase economic value by expanding new businesses and transforming our business portfolio in a bid to enhance our growth potential and profitability, reducing capital costs by maintaining a stable financial position, and promoting shareholder returns based on an appropriate and stable dividend policy. At the same time, we will endeavor to increase both environmental and social value by engaging in sustainable management. This includes contributing to the mitigation of climate change, promoting natural capital management, and strengthening human capital and governance.



Value Creation Process

Drawing on its natural and other management capital, the Oji Group has engaged in its business operations rooted in forest resources for more than 150 years. We have developed a business model that nurtures renewable forest resources and uses them in a cyclical manner. We will continue to develop our business model and operations, work to resolve social and environmental issues while creating new value, and contribute to the realization of a brighter future filled with hope.



Management Capital and Our Strengths/Challenges

The Oji Group will work to create value by maximizing its inherent strength with the management capital that it has nurtured over a span of more than 150 years.

In addition, we will accurately identify the challenges that we need to address in each type of management capital and work to further pursue our strengths while putting forward solutions.

Oji Group's Management Capital	Human Capital Global and diverse human resources that support value creation	Intellectual Capital Core technologies in forest plantation and paper manufacturing that contribute to solutions to social issues	Natural Capital Oji Forests inside and outside Japan	Manufactured Capital Synergies created by the global network	Financial Capital Financial base and investment for the realization of growth and evolution	Social and Relationship Capital Relationships of trust and co-creation with various stakeholders
INPUT	<ul style="list-style-type: none"> Number of employees of the consolidated Group: 38,322 Percentage of overseas employees: 57.5% 	<ul style="list-style-type: none"> R&D expenses: ¥10.4 billion (top rank in the pulp and paper industry in Japan: Survey by WDB Co., Ltd.) Number of patents, utility models, and design patents/trademarks held Japan: 2,772/970 Overseas: 978/1,007 	<ul style="list-style-type: none"> Oji Forests (conservation forests): 635,000 ha (163,000 ha) Rate of forest certification acquisition: 98% (Japan: 100%, overseas: 97%) 	<ul style="list-style-type: none"> Overseas manufacturing sites: 110 sites in 23 countries (P.8) Capital investment: ¥119.4 billion 	<ul style="list-style-type: none"> Shareholders' equity: ¥818.3 billion Interest-bearing debt: ¥736.7 billion 	<ul style="list-style-type: none"> Formulation and implementation of the Oji Group Sustainability Action Guidelines for Supply Chains (Number of companies covered by supplier sustainability surveys: 955) Oji Group companies: 357 in the world Brand power targeting general consumers typified by "nepia"
Strengths	<ul style="list-style-type: none"> On-site capabilities at all sites, including procurement, manufacturing, and sales Diverse human resources, including global bases (inclusion and diversity), consideration for human rights A corporate culture that respects, fosters and accepts other cultures and attributes Human resources with high ethical standards based on the Company's founding spirit and the relevant training system Depth of technical human resources engaged in R&D and training systems that lead to new businesses 	<ul style="list-style-type: none"> Number of patents, utility models, and design patent applications Japan: 404 Overseas: 147 Number of published patents in Japan in 2023: 364 (top rank in the pulp and paper industry: Survey by Patent Result Co., Ltd.) Robust R&D system and facilities located at the mills of Group companies in Japan Ability to develop new materials, including biomanufacturing, CNF, and wood-derived pharmaceutical products through innovation using forest resources (P.54) More than 150 years of knowledge and a wide variety of core technologies 	<ul style="list-style-type: none"> Sustainable forest management (P.64) Biodiversity conservation (P.67) Water source cultivation Soil conservation CO₂ absorption and subsequent contribution to climate change mitigation (P.60) Ability to supply wood resources on a sustainable basis 	<ul style="list-style-type: none"> Pulp and paper-related sales: Ranked 7th globally and 1st in Japan (2022) Synergy effects with companies joining the Group in Japan and overseas Water treatment technologies born from the Group's know-how in paper manufacturing technologies, development technologies for water infrastructure in general through the application of water treatment technologies Facilities that enable the mass development of new technologies triggered by innovation Expanding production capacity overseas 	<ul style="list-style-type: none"> Net D/E ratio 0.7 times maintained Stable dividend policy 	<ul style="list-style-type: none"> Inclusion in various domestic and international indices such as FTSE, S&P, etc. Various social contribution activities outside and inside Japan Detailed communication response to product safety inquiries, including the provision of survey reports and product information sheets Number of countries where our products are sold: 125
Challenges	<ul style="list-style-type: none"> Level of awareness toward the Group's Management Philosophy and Purpose / Thoroughgoing compliance and safety training Passing on of technical/technological capabilities Hiring and development of young human resources 	<ul style="list-style-type: none"> Passing on the Group's wide-ranging accumulated know-how Developing breakthrough technologies that are vital for new business areas Selecting partners for external collaboration Resources that address changes in the market while meeting customers' needs 	<ul style="list-style-type: none"> Utilizing company-owned forests in Japan 	<ul style="list-style-type: none"> Incidence of occupational accidents Aging facilities, equipment renewal costs Reduction in fossil fuel consumption 	<ul style="list-style-type: none"> Impact of foreign currency exchange rates as well as energy, pulp, and paper market conditions on earnings Transformation from a mature paper business 	<ul style="list-style-type: none"> Information disclosure
Initiatives Aimed at Enhancing Our Strengths and Addressing Challenges	<ul style="list-style-type: none"> Ensuring workplace safety and health (P.78) Enhancing human capital (P.46), various human resource development training programs and systems, diverse working styles, and health management 	<ul style="list-style-type: none"> Various training programs and systems 	<ul style="list-style-type: none"> Quantitatively evaluate natural capital, introduce natural capital accounting for use in financial statements Quantification of biodiversity Expanding overseas production forests to 400,000 ha (Environmental Action Program 2030) 	<ul style="list-style-type: none"> Utilizing excess production capacity and optimizing production systems Transition to the biorefinery business Promotion of DX 	<ul style="list-style-type: none"> Concentrated investments in business with high profitability and growth potential 	<ul style="list-style-type: none"> Initiatives with external consortiums, including industry, government, and academia, in the new wood-derived materials business Foundation of ISFC Developing environmental training programs using forest space

Core Competencies

The Oji Group has identified five core competencies that it has cultivated over its more than 150-year history and that underpin its business operations rooted in forest resources.

Sustainable Forest Management (PP.64–70)

The Oji Group owns and manages extensive forests in Japan and overseas, amounting to 635,000 ha. In addition to cultivating renewable resources, we are working to take full advantage of the multifunctionality of forests while providing society with ecological services by practicing sustainable forest management that is conscious of environmental, social, and economic concerns.

Circular Use of Renewable Resources (P.65, PP.71–73)

The Oji Group is actively engaged in the cultivation, procurement, and cascading use of renewable forest resources. We also promote the recycling of paper that is used repeatedly as recovered paper to make effective use of valuable resources generated in the market. At the same time, we are putting in place a system to reduce the amount of water used by circulating and reusing water that is essential to paper manufacturing.

Development of New Materials Derived from Wood (PP.54–59)

The Oji Group is working to resolve a variety of social issues through the creation of new value. To this end, we are engaging in the research and development of cellulose nanofibers (CNF), where we are in turn undertaking the search for new applications while promoting practical use; wood-derived sugar solutions and ethanol, which are key substances in biomanufacturing; and pharmaceuticals that use sulfated hemicellulose, a by-product of pulp manufacturing.

Application of Fundamental Paper Manufacturing Technologies (PP.33–45)

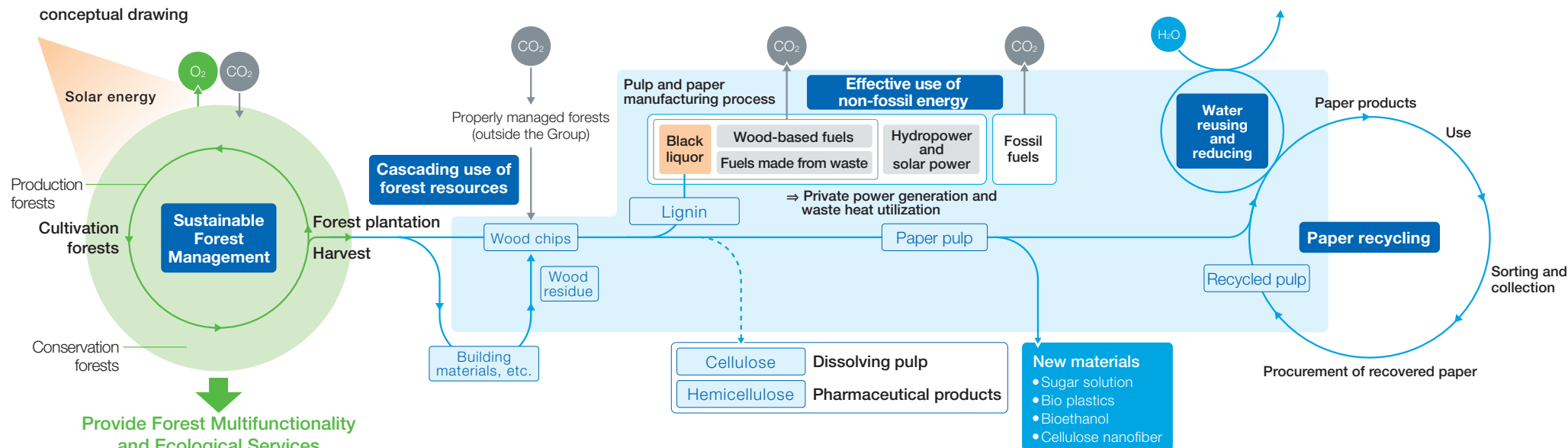
Utilizing the fundamental technologies we have cultivated in our paper manufacturing business, we aim to expand our businesses in various fields that will help reduce our environmental impact. This includes developing our renewable energy business with a focus on hydroelectric power generation and wood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

power generation, industrial water production, and industrial wastewater treatment businesses.

Global Network and Sales (P.8)


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.

Circular use of renewable resources conceptual drawing



Collaborative Value Creation with Various Stakeholders

We are engaging in a variety of measures in a bid to enhance our corporate value. Drawing on our dialogue with stakeholders (shareholders, investors, customers, suppliers, employees, and local communities), we are also working to meet expectations while fulfilling our required roles.

	Shareholders and investors	Customers	Suppliers	Employees	Local communities
Expectations and Interests of Stakeholders	<ul style="list-style-type: none"> Enhance corporate value Engage in timely, appropriate, and fair information disclosure Engage in constructive dialogue 	<ul style="list-style-type: none"> Offer safe and reassuring products and services Offer reliable information on products and services 	<ul style="list-style-type: none"> Fair and equitable transactions Promote environmentally and socially friendly procurement 	<ul style="list-style-type: none"> Respect human rights Promote diversity including work styles Secure, assign, develop, and ensure the active participation of human resources Ensure occupational safety and health 	<ul style="list-style-type: none"> Conserve the local environment Contribute to the development of local communities
Roles of the Oji Group	<ul style="list-style-type: none"> Enhance corporate value Engage in timely, appropriate, and fair information disclosure Strengthen engagement 	<ul style="list-style-type: none"> Offer safe and reliable products and services Build relationships of trust with customers by offering various forms of information and respond appropriately to inquiries 	<ul style="list-style-type: none"> Promote responsible procurement of raw materials Expand environmentally and socially friendly sustainability procurement 	<ul style="list-style-type: none"> Place the utmost importance on compliance, safety, and the environment Respect human rights, promote inclusion and diversity Leverage human resources (treat employees fairly based on merit and enhance engagement) Improve work-life management (diverse work styles and health and productivity management) 	<ul style="list-style-type: none"> Conserve the local environment Create jobs Provide medical and education support Conduct environmental education for the next generation Promote cultural exchange
Initiatives of the Oji Group	<ul style="list-style-type: none"> General Meeting of Shareholders Financial results briefing sessions Medium-term Management Plan briefing session IR presentation/briefing sessions Domestic and overseas mill/plant tours Presentation/briefing sessions for individual investors Financial results small meetings Closed sessions with analysts/investors, engagement sessions Overseas investors road show Corporate Governance Reports Integrated Report Information disclosure on the Investor Relations website Assessments by external organizations Response to inquiries <p>Investor Relations website</p>	<ul style="list-style-type: none"> Day-to-day operating activities Monitor surveys Brand awareness surveys Exhibitions Seminars Active dissemination of information through various means, including websites, social media, TVCM, etc. Respond to inquiries to customer service offices of Group companies Respond to inquiries regarding product safety to each Group company and the Oji Holdings corporate website <p>Oji Holdings corporate website</p>	<ul style="list-style-type: none"> Formulate the Oji Group Sustainability Action Guidelines for Supply Chains and Wood Raw Material Procurement Guidelines and ensure that suppliers are fully apprised Conduct supplier sustainability surveys Achieve traceability at wood raw material suppliers Respond to inquiries from suppliers to each Group company and the Oji Holdings corporate website <p>Oji Group Sustainability Action Guidelines for Supply Chains</p> <p>Wood Raw Material Procurement Guidelines</p>	<ul style="list-style-type: none"> Formulate and promote the Oji Group's Occupational Safety and Health Promotion Plan Formulate the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and ensure that employees are fully apprised Formulate the Oji Group Human Rights Policy and ensure that employees are fully apprised Promote inclusion and diversity Properly operate a role-based personnel grading system Implement a certified researcher system and a creative personnel development system Implement an open recruitment system within the Group Upgrade and expand training in line with the Oji Group Human Resource Philosophy and develop global human resources Conduct town hall meetings with the management team including the CEO Initiatives for health and productivity management <p>Oji Group Corporate Code of Conduct</p> <p>Oji Group Behavior Standard</p> <p>Oji Group Human Rights Policy</p>	<ul style="list-style-type: none"> Engage in cleaning/beautification activities in the areas around mills and plants Promote the creation of jobs by Group companies, engage in social contribution activities in such areas as community medical care Operate the Nepia SODATERASU nursery Conduct the Oji Forest Nature School Conduct environmental classes Engage in cultural and sporting activities (Oji Hall, Oji Baseball Team, etc.)  <p>Nursery Nepia SODATERASU</p> <p>Sustainability Report</p>

Material Issues -Initiatives and Governance Structure-

Basic Policy on Sustainability Initiatives

Since its foundation in 1873, the Oji Group has achieved continuous growth through the expansion of its business fields over 150 years. Our Management Philosophy is “Creation of Innovative Value,” “Contribution to the Future and the World,” and “Harmony with Nature and Society.” By promoting sustainable initiatives based on this philosophy, we aim to become a corporate group that continues to grow, while responding to change and creating sustainable value for the future.

We aim to build a sustainable society through our business activities

The sustainable business model which serves as the foundation of the Oji Group is supported by sustainable forest management (growing, harvesting, and planting more trees), paper recycling (utilization of recovered paper as a raw material), the utilization of wood waste such as black liquor and scrap wood for energy, reducing the amount of water usage, and the purification of wastewater. By deploying this sustainable business model globally, we aim to build a sustainable society.

We aim to solve environmental and social issues

As a corporate group with global business operation, the Oji Group aims to contribute to the resolution of environmental and social issues in Japan and abroad. In particular, we consider “addressing climate change issues,” “conservation of biodiversity,” and “responsibility to respect human rights” to be important global standards of conduct. We will share the Oji Group’s policies not only with our employees but also throughout our supply chain to ensure that they are fully understood.

We create new sustainable value

Sustainability initiatives are also an opportunity for the Oji Group to grow. In response to growing awareness of environmental issues, the Oji Group will create new value and functions from wood resources by utilizing a range of core technologies accumulated from paper manufacturing and forestation, which are the roots of the Oji Group’s founding, in order to provide products with the sustainable value demanded by society.

The Oji Group will promote sustainability initiatives through its business activities, create social and economic value, and contribute to the realization of the genuine enriched society.

Governance Structures

We discuss matters that are material to fulfilling our commitment to sustainability through the Sustainability Committee (Chairperson: Group CEO, Members: All COMPANY Presidents and others) and monitored and supervised by our Board of Directors.

Chaired by the Representative Director of the Board, President of Oji Holdings Corporation (Group CEO), who is responsible for sustainability, and consisting of Directors of Oji Holdings Corporation (including Presidents of all COMPANIES and female outside directors), the Sustainability Committee meets biannually. Depending on their importance, the sustainability-related risks, opportunities, and responses discussed at these Committee meetings are referred for discussion and reported to the Group Management Meeting.

The matters decided upon are actioned by the Corporate Sustainability Division, which integrates the Group’s sustainability management. Identifying Group-wide risks and opportunities and working toward their dissemination throughout the Group, this division reports monthly to the responsible division director and twice a year to the Group Management Meeting. Significant risks and opportunities are reported to the Board of Directors based on the judgment of the division director.

Matters Discussed at Sustainability Committee Meetings

- Climate-related risks, opportunities, and the response to them
- Nature-related dependences, impacts, risks, and opportunities in the Oji Group's operations and value chain, responses to them, and the restoration and enhancement of natural capital
- Promotion of a circular economy
- Sustainable forest management
- Reduction of plastic use and pollution in the Oji Group's operations and supply chain
- Water-related risks, opportunities, and the response to them
- Supply chain sustainability risks, and the response to them
- Environmental risks, and the response to them
- Human rights risks, and the response to them
- Anti-corruption
- Promotion of inclusion and diversity
- Other important matters related to sustainability, and the response to them

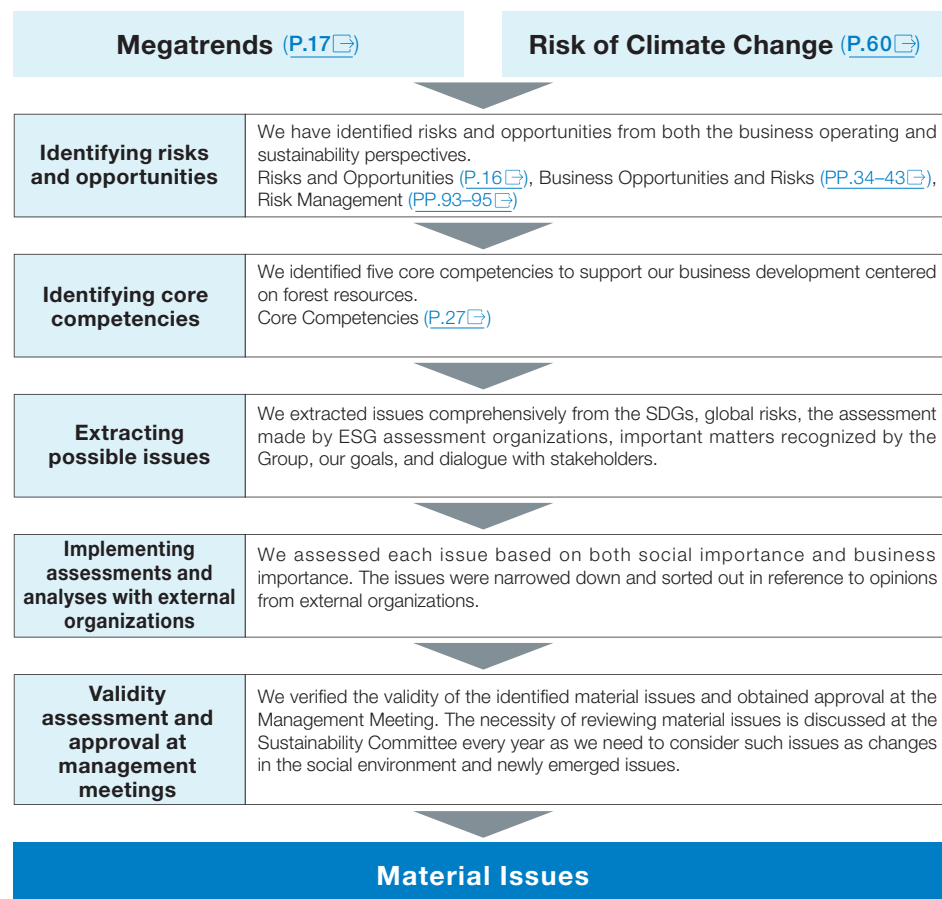


Material Issues -Specific Processes and Definitions-

Process for Identifying Material Issues

Taking into consideration ever-changing social trends, the Oji Group identified opportunities and risks associated with its business as well as material issues utilizing the following process in 2019.

In 2023, we took steps to renew our definition for and the components of material issues and revised the KPIs for enhancing human capital. More recently, in 2024, we added KPIs for biodiversity conservation.



Material Issues and Definitions

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

Oji Group's Logic Tree

Value Creation Process


























Management Capital and
Our Strengths/Challenges















Core Competencies

Collaborative Value Creation
with Various Stakeholders

Material Issues

Material Issues -KPIs-

Material issues	Components	Key performance indicators (KPIs) (Unless otherwise specified, for FY2030)	Current value*1	Major initiatives	Value provided to society	Corresponding SDGs
 Mitigation and adaptation to climate change (PP.60–63)	<ul style="list-style-type: none"> Reduce GHG emissions (Scope 1, Scope 2) Absorb and fix CO₂ by forests Reduce GHG emissions through collaboration with suppliers (e.g., Scope 3) Increase the usage of renewable energy Improve energy efficiency 	<ul style="list-style-type: none"> Reduce GHG emissions by at least 70% compared with FY2018 (Scope 1, Scope 2) <ul style="list-style-type: none"> GHG emission 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 Improve energy consumption intensity by at least 1% per year for the 5-year average 	<ul style="list-style-type: none"> 28.1% reduction <ul style="list-style-type: none"> 12.6% 15.5% 124,560 kt-CO₂ 56.4% 5.0% annual reduction (from FY2019 to FY2023) 	<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 Expand the use of non-fossil fuels and biomass fuels as alternatives to fossil fuel Develop the biomass power generation business Develop environmentally friendly products 	<ul style="list-style-type: none"> Mitigation of climate change Increase in the usage of renewable energy Improvement in energy efficiency Enhancement of environmentally friendly technologies 	  7.2,7.3,7.a 12.2   9.4,9.5 13.1,13.2, 13.3
 Sustainable forest management and biodiversity conservation (PP.64–70)	<ul style="list-style-type: none"> Properly manage and conserve forests Utilize forest resources Promote conservation of biodiversity and ecosystems Build relationships with local communities 	<ul style="list-style-type: none"> Increase the rate of overseas forest certification acquisition*3 (Maintain the domestic rate at 100%) Expand overseas forest plantations to 400,000 ha Area of natural forest restored by CENIBRA (Brazil) on its land*4 At least 3,000 ha from 2024 to 2033 Number of native tree species planted by CENIBRA on its land*5 At least 500,000 seedlings from 2024 to 2033 Area of ecological corridors formed by CENIBRA outside its land*6 At least 3,500 ha from 2024 to 2033 	<ul style="list-style-type: none"> Japan 100%, Overseas 97% 295,000 ha (Including Uruguay) Starting in 2024 Starting in 2024 Starting in 2024 	<ul style="list-style-type: none"> Forest management based on the “Sustainable Forest Management Policy” Maintain and expand the multifunctionality of forests Promote forest plantation Regenerate and restore nature 	<ul style="list-style-type: none"> Providing the multiple functions of forests and ecosystem services Conservation of biodiversity and ecosystems Job creation Employment, education, and medical support 	  6.6 14.2   8.7 15.1,15.2,15.3, 15.4,15.5,15.c
 Circular use of resources (PP.71–73)	<ul style="list-style-type: none"> Promote utilization of recovered paper Reduce water risks 	<ul style="list-style-type: none"> Recovered paper utilization ratio*7 (Japan): At least 70% Reduce water intake intensity by at least 6% compared with FY2018 	<ul style="list-style-type: none"> 68.3% 14.2% reduction 	<ul style="list-style-type: none"> Paper recycling (improve the recovered paper utilization ratio) Reduce water intake Expand the water treatment business inside and outside Japan 	<ul style="list-style-type: none"> Mitigation of climate change Prevention of resource depletion Reduction of waste Contribution to the solution of the water shortage issue Safe water supply 	  6.4,6.5 14.1   12.4,12.5, 12.6 15.1,15.2,15.3, 15.4,15.5,15.c
 Responsible raw materials procurement (PP.74–75)	<ul style="list-style-type: none"> Environmental consideration in the supply chain Human rights consideration in the supply chain Compliance with laws and social standards and fair trade 	<ul style="list-style-type: none"> Conduct sustainability surveys on all main suppliers*8 Achieve full traceability based on the Wood Raw Material Procurement Guidelines 	<ul style="list-style-type: none"> 100% (FY2023, follow-up surveys) 100% 	<ul style="list-style-type: none"> Promote CSR procurement, taking into consideration the environment and society following the Oji Group Sustainability Action Guidelines for Supply Chains 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 burden through the entire supply chain 	  8.7 15.1,15.2  12.1,12.4,12.6
 Reduction of environmental burdens (Sustainability Report)	<ul style="list-style-type: none"> Effective waste utilization Purify wastewater Purify exhaust gases 	<ul style="list-style-type: none"> Improve effective waste utilization ratios*9 Japan at least 99%, Overseas at least 95% Reduce emission intensity for substances of environmental concern in wastewater by 15% from FY2018 Reduce SOx emission intensity in exhaust gases by 15% from FY2018 	<ul style="list-style-type: none"> Japan 99.0%, Overseas 86.4% BOD: 40.7% reduction COD: 9.6% reduction SS: 29.4% reduction 27.8% reduction 	<ul style="list-style-type: none"> Reduce and effectively use waste Develop environmentally friendly products and biodegradable materials Set voluntary management values that are stricter than the environmental regulatory standards Purify wastewater and control emissions of chemical substances in exhaust gases 	<ul style="list-style-type: none"> Reduction of waste Safety and health Reduction of air and water pollution 	   3.9 11.6 17.7,17.8   6.1,6.3, 6.4 14.1,14.2, 14.3

Material issues	Components	Key performance indicators (KPIs) (Unless otherwise specified, for FY2030)	Current value*1	Major initiatives	Value provided to society	Corresponding SDGs
 Respect for Human Rights (PP.76-77)	<ul style="list-style-type: none"> Consider human rights in all business activities Consider human rights in the workplace 	<ul style="list-style-type: none"> Percentage of target people who get education and training in human rights: 100% 	<ul style="list-style-type: none"> 94.3% (2,547 participants from March to May 2024) 	<ul style="list-style-type: none"> Implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy Perform internal audits and implement the whistleblowing system Raise awareness of compliance and human rights through in-house training Assess risks associated with suppliers' respect for human rights Implement human rights due diligence 	<ul style="list-style-type: none"> Respect for human rights 	  5.1,5.4, 5.5,5.c 10.2,10.3, 10.4  8.5,8.7,8.8
 Enhancing Human Capital (PP.46-49)	<ul style="list-style-type: none"> Improve work-life management Enhance employees' skills Inclusion & diversity Foster greater compliance awareness 	<ul style="list-style-type: none"> Total working hours: less than 1,850 hours (26 companies in the Main Office region in Japan) Percentage of male employees taking childcare leave, etc.: 100% (16 companies in Japan*10) Percentage of female managers: at least 5.5% (16 companies in Japan*10, at the end of March 2025) Percentage of female new graduates hired for generalist-track positions*11: at least 30% Employment rate of people with disabilities: at least 2.5% (83 companies in Japan*10, June 2024) Participation in compliance meetings: 100% (Oji Holdings and all subsidiaries in Japan) 	<ul style="list-style-type: none"> 1,835 hours 92.5% 3.9% 40.6% (Joined the Company in 2024) Six applicable Group companies in Japan*10: 2.48%, 83 companies in Japan*10: 2.19% (June 2024) 98.8% (Second half of FY2023) 	<ul style="list-style-type: none"> Implement human resource strategies and develop human resources Promote work-style reforms Promote diversity 	<ul style="list-style-type: none"> Active participation of diverse human resources Realization of innovation Improvement in productivity 	   5.1,5.4,5.5,5.c 8.2,8.5,8.8 10.2,10.3
 Ensuring Workplace Safety and Health (PP.78-79)	<ul style="list-style-type: none"> Promote well-being of employees Prevent occupational accidents 	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents*12 (each fiscal year) Lost time injury frequency rate*10: 50% reduction compared with FY2018 (0.89) 	<ul style="list-style-type: none"> Two accidents (from January 1 to December 31, 2023) 1.20 (from January 1 to December 31, 2023) 	<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 	<ul style="list-style-type: none"> Safety and health 	 8.8
 Supply of safe and secure products (Sustainability Report)	<ul style="list-style-type: none"> Stably supply products Ensure product quality 	<ul style="list-style-type: none"> Zero product liability accidents (each fiscal year) 	<ul style="list-style-type: none"> Zero accidents 	<ul style="list-style-type: none"> Stably supply own products Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management values Provide customers with information on safety of raw materials (chemicals, materials) Supply of FSCTM certified products (FSCTM C014119, etc.) 	<ul style="list-style-type: none"> Supply of safe and secure products Reduction of environmental burdens Dissemination of environmentally friendly technologies to developing countries 	  9.4,9.b 17.7  12.4,12.6

*1 Aggregation period: Unless otherwise specified, from April 2023 to March 2024 or as of March 31, 2024. Boundary of data aggregation: Unless otherwise specified, Japanese and overseas consolidated companies

*2 The actual carbon stocks in living biomass (CO₂ tons)
 Production forest: Actual merchantable volume at the end of each fiscal year x Biomass expansion coefficient x (1 + underground / above-ground ratio) x Wood density x Carbon ratio x CO₂ conversion coefficient
 Conservation forest: Remaining area at the end of each fiscal year x above-ground biomass of natural forest x (1 + underground / above-ground ratio) x carbon ratio x CO₂ conversion coefficient

*3 Forest certification acquisition rate: [Overseas] Area ratio in company-owned production forests, [Japan] Area ratio in company-owned forests excluding shared forests

*4 The area where planting and other activities were carried out to restore natural forests lost due to windthrow, fire, etc.

*5 The number of trees planted within the natural forests owned.

*6 The area enclosed by fences to promote the revegetation of degraded lands between fragmented natural forests and to allow wildlife to move freely, in collaboration with landowners.

*7 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)

*8 Suppliers in top 75% of transaction amount

*9 Effective waste utilization ratio = (Amount of waste generated – Amount of landfill waste) ÷ Amount of waste generated x 100

*10 For the calculation method, see P.98.

*11 Percentage of female new graduates hired for generalist-track positions: Hired by Oji Management Office Inc. (excluding sports recruits)

*12 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.

Overview and Initiatives by Business

Segment	Subsegment	Segment overview (FY2023)	Net sales and operating profit	Company plan for FY2030																					
Household and Industrial Materials	Industrial Materials	<p>YoY: Increase in Sales and Profit 【Industrial Materials Business】</p> <ul style="list-style-type: none">● Japan: While sales volumes of such products as corrugated containers and boxboards decreased due to the restraint on consumption attributable to inflation, net sales increased due to price revisions.● Overseas: Despite an increase in sales volumes of containerboards in Southeast Asia, net sales decreased due to deteriorating market conditions. Despite price revisions in Oceania, net sales of corrugated containers declined owing to sluggish demand in Southeast Asia.	<table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>686.1</td><td>40.9</td></tr><tr><td>2020</td><td>647.5</td><td>38.1</td></tr><tr><td>2021</td><td>698.8</td><td>26.2</td></tr><tr><td>2022</td><td>780.5</td><td>-1.2</td></tr><tr><td>2023</td><td>798.7</td><td>21.2</td></tr><tr><td>2024 (FY Plans)</td><td>855.0</td><td>20.0</td></tr></tbody></table>	Year	Net sales (¥ billion)	Operating profit (¥ billion)	2019	686.1	40.9	2020	647.5	38.1	2021	698.8	26.2	2022	780.5	-1.2	2023	798.7	21.2	2024 (FY Plans)	855.0	20.0	<p>Sales target ¥1,250.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Further expand and enhance the packaging business in Southeast Asia and India and the corrugated container business in Japan● Enhance branding and expand sales of household paper products in Japan● Concentrate management resources of the disposable diaper business in Japan on adult use; expand sales and enhance the overseas disposable diaper business
	Year	Net sales (¥ billion)		Operating profit (¥ billion)																					
2019	686.1	40.9																							
2020	647.5	38.1																							
2021	698.8	26.2																							
2022	780.5	-1.2																							
2023	798.7	21.2																							
2024 (FY Plans)	855.0	20.0																							
Household and Consumer Products	<p>【Household and Consumer Products Business】</p> <ul style="list-style-type: none">● Japan: While sales volumes decreased due to the restraint on consumption, net sales of household paper increased as a result of price revisions. Although sales of disposable diapers for babies were essentially unchanged from the previous year, net sales of disposable diapers increased on the back of the upswing in sales volumes of disposable diapers for adult use as a result of acquisition of new customers.● Overseas: Net sales of disposable diapers increased owing to the upswing in sales volumes attributable to sales growth.																								
Functional Materials		<p>YoY: Increase in Sales and Decrease in Profit</p> <ul style="list-style-type: none">● Japan: Despite a decline in sales volumes of release paper and its base paper owing to sluggish demand for electronic devices, net sales of specialty paper increased due to the growth in sales of strategic products, including heat-sealable paper for major online retailers and non-fluorine oil-resistant paper, and price revisions. Net sales of thermal paper increased due to price revisions.● Overseas: Despite the downturn in sales volumes of thermal paper owing to efforts to reduce inventories caused by such factors as rising interest rates and sluggish demand, net sales increased due to price revisions.	<table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>214.7</td><td>15.4</td></tr><tr><td>2020</td><td>182.3</td><td>11.5</td></tr><tr><td>2021</td><td>184.7</td><td>15.3</td></tr><tr><td>2022</td><td>219.9</td><td>15.5</td></tr><tr><td>2023</td><td>227.5</td><td>9.1</td></tr><tr><td>2024 (FY Plans)</td><td>247.0</td><td>11.0</td></tr></tbody></table>	Year	Net sales (¥ billion)	Operating profit (¥ billion)	2019	214.7	15.4	2020	182.3	11.5	2021	184.7	15.3	2022	219.9	15.5	2023	227.5	9.1	2024 (FY Plans)	247.0	11.0	<p>Sales target ¥400.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Actively develop high-function and eco-friendly products● Expand global sales of the imaging media business and enhance competitiveness including printing and converting
Year	Net sales (¥ billion)	Operating profit (¥ billion)																							
2019	214.7	15.4																							
2020	182.3	11.5																							
2021	184.7	15.3																							
2022	219.9	15.5																							
2023	227.5	9.1																							
2024 (FY Plans)	247.0	11.0																							
Forest Resources and Environment Marketing		<p>YoY: Decrease in Sales and Profit</p> <ul style="list-style-type: none">● Japan: Against an increase in net sales owing to the steady performance of dissolving pulp and the start of operations at a biomass power plant in Tokushima from December 2022, results were essentially unchanged from the previous year owing to weak demand for construction and packaging in the lumber business.● Overseas: Net sales in the pulp and lumber businesses decreased due to the deterioration in pulp market conditions and restoration work under way at manufacturing facilities at Pan Pac Forest Products Ltd. in New Zealand following cyclone damage in February 2023.	<table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>285.6</td><td>28.8</td></tr><tr><td>2020</td><td>245.3</td><td>16.7</td></tr><tr><td>2021</td><td>320.6</td><td>55.2</td></tr><tr><td>2022</td><td>423.8</td><td>68.5</td></tr><tr><td>2023</td><td>359.6</td><td>19.6</td></tr><tr><td>2024 (FY Plans)</td><td>442.0</td><td>47.0</td></tr></tbody></table>	Year	Net sales (¥ billion)	Operating profit (¥ billion)	2019	285.6	28.8	2020	245.3	16.7	2021	320.6	55.2	2022	423.8	68.5	2023	359.6	19.6	2024 (FY Plans)	442.0	47.0	<p>Sales target ¥600.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Enhance and expand the pulp business● Promote the energy and lumber processing businesses
Year	Net sales (¥ billion)	Operating profit (¥ billion)																							
2019	285.6	28.8																							
2020	245.3	16.7																							
2021	320.6	55.2																							
2022	423.8	68.5																							
2023	359.6	19.6																							
2024 (FY Plans)	442.0	47.0																							
Printing and Communications Media		<p>YoY: Increase in Sales and Decrease in Profit</p> <ul style="list-style-type: none">● Japan: Despite the continued decline in demand, net sales of newsprint, printing, and communication paper increased owing to price revisions.● Overseas: Net sales at Jiangsu Oji Paper Co., Ltd. in China were essentially unchanged from the previous year due to the slow economic recovery following the end of the Zero-COVID policy.	<table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>292.7</td><td>11.3</td></tr><tr><td>2020</td><td>244.0</td><td>11.2</td></tr><tr><td>2021</td><td>244.5</td><td>17.8</td></tr><tr><td>2022</td><td>281.0</td><td>-4.8</td></tr><tr><td>2023</td><td>299.4</td><td>16.8</td></tr><tr><td>2024 (FY Plans)</td><td>298.0</td><td>12.0</td></tr></tbody></table>	Year	Net sales (¥ billion)	Operating profit (¥ billion)	2019	292.7	11.3	2020	244.0	11.2	2021	244.5	17.8	2022	281.0	-4.8	2023	299.4	16.8	2024 (FY Plans)	298.0	12.0	<p>Sales forecast ¥150.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Restructure the production system and enhance competitiveness through collaboration with other Group businesses
Year	Net sales (¥ billion)	Operating profit (¥ billion)																							
2019	292.7	11.3																							
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2023	299.4	16.8																							
2024 (FY Plans)	298.0	12.0																							

Household and Industrial Materials Businesses -Industrial Materials Business-

Through offering innovative proposals using sustainable paper packaging materials to protect the environment while increasing profits, we will respond to the trust of our stakeholders.

Oji Holdings Corporation
Executive Officer
President, Industrial Materials COMPANY

Akio Hasebe



Awareness of the Business Environment

- Increasing consumer awareness about environmental issues
- Growing interest in renewable materials with the trend toward de-plasticization
- Economic development in emerging markets such as Southeast Asia and India
- Expansion of the e-commerce market
- Soaring raw material and fuel prices and large fluctuations in exchange rates
- Changes in consumer behavior post-COVID-19

Our Strengths

- Stable supply and quality control system enabled by integrating base paper manufacturing and converting/processing
- Reduced environmental burdens through efficient base paper transportation, including at two integrated corrugated container plants in Japan
- Corrugated container processing bases at many locations in Southeast Asia and a strong base paper sales structure around these bases

Business Opportunities

- Expanding sales by proposing a switch to paper packaging materials
- Creating sales opportunities in collaboration with Oji Group companies in Japan and overseas
- Increasing market share through capital investment and M&A to meet rising demand
- Soaring raw material and fuel prices and passing the cost increase on to product prices
- Fluctuation of base paper market conditions in China and Southeast Asia

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Conflicts, political turmoil, and other geopolitical risks
⇒ ○ Engage in organic information sharing and cooperative framework building among Group companies
- ▲ Paradigm shift to IoT
⇒ ○ Use paper and packaging as a tool to appeal to customers and consumers
- ▲ Increasing environmental awareness
⇒ ○ Build energy-saving, high-efficiency production systems

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 outstanding base paper with applicable structural design and appealing graphics, thereby further enhancing the value of our customers' products.



Paper Bag Business

We handle a wide range of customer needs—such as heavy-duty sacks for packaging used for safe and secure transport of various products, paper bags that are used for packaging of retail products which also play a role in sales promotions, and bags for home delivery, which are used for online shopping.



Overview and Initiatives
by Business**Household and Industrial
Materials Businesses**Functional Materials
BusinessForest Resources and
Environment Marketing BusinessPrinting and Communications
Media BusinessFeature: New Business
Development Initiatives

Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

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

Challenges

- (Overseas) Build new plant, accelerate M&A
- (Japan) Expand business through our own plants in the Greater Tokyo area and enhance our market share through M&A in other regions
- Maximize the value of human capital

Measures

- (Overseas) Build a new plant in India
- (Overseas) Promote proactive capital investment
- (Japan) Plan M&A
- Promote headcount optimization and multi-skilling

Construction of a Corrugated Container Plant in Sri City in Southern India

We are building a new facility in Sri City Industrial Park located in Andhra Pradesh in southern India as the Group's fifth corrugated container plant, and plan to commence operation in 2024.

We will work to further expand the business in India given the outlook for continued growth.



Conceptual image of the corrugated container plant under construction in Sri City in southern India

Acquisition of a Folding Carton Company in Vietnam

In June 2024, in cooperation with IMURA & Co., Ltd., the Group completed the acquisition of a part of shares of SONGLAM TRADING AND PACKAGING PRODUCTION JOINT STOCK COMPANY. This company has more than 20 years of experience in manufacturing and selling folding cartons and other products in Vietnam.

Based on the business strategy of further expansion and enhancement of the packaging business as part of the Medium-term Management Plan, we will continue to further grow the packaging business.



Collaboration Products with IMURA & Co., Ltd.

- Paper file folders with a transparent-processed window into the envelope (awarded Award-winning at Sustainable category at STATIONERY OF THE YEAR 2024 in Japan) (left photo)
- Paper net envelope that protects packaged items with a paper net (right photo)

Initiatives to Enhance Corporate Value

As an Integrated Packaging Company

The trays to package large commercial-use air conditioners used to be assembled by manual due to their size and complex structure. In response, we have developed industry's a-first-of-its-kind auto-assemble structure in Japan together with tray design which enables to assemble automatically, eventually has been successful to increase lots of efficiency at customer end. This innovation was awarded the WorldStar Winner in the Worldstar Awards 2024 organized by the World Packaging Organisation (WPO).

We also provide branding services for customers. In the example of Farm Okoshi Co., Ltd., a strawberry farm located in Utsunomiya, Tochigi, Japan, we designed a package for gift strawberries and one for in-store displays as part of our branding by forming and embracing their sentiment to the strawberries.

The Oji Group has established a 'material to converting' integrated packaging production system such as from paper production to converting with package design, through which we deliver products to our customers.



The packaging tray and auto-assemble machinery for large commercial-use air conditioner developed together with Daikin Industries, Ltd.



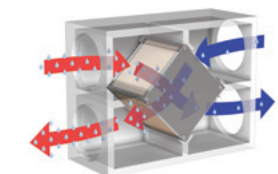
Packages for Farm Okoshi Co., Ltd.

Applying Paper Technology to Energy-saving Measures

Energy Recovery Ventilator (ERV) is a type of high-performance ventilation system which primarily is installed for air-conditioning in office and homes, and it is an energy-saving product by exchanging/collecting enthalpy (temperature and humid) from air-conditioning which is lost in ventilation. The performance of such system depends on the features of ERV element (mainly paper product) which is the core inside of ERV.

In addition to Nantong Oji Filter's plant in Jiangsu Province, China, we commenced operation at the Kadoma plant in Osaka in 2024 as a production facility for this element.

In Japan, Energy-Saving standard for housing will be required to comply with in 2025 and Net Zero Energy House (ZEH) will become the new standard in 2030. We will take initiative to respond to such growing environmental awareness.



Mechanism of ERV element
Energy-savings with the unique feature of paper by exchanging/collecting enthalpy (temperature and humidity) on the course of ventilation.



Kadoma Plant in Osaka commenced in January 2024

Household and Industrial Materials Businesses -Household and Consumer Products Business-

We will maximize the internal resources of the Oji Group to enhance the value of the “nepia” brand so that we can deliver products to our customers that respect people and the environment.

Oji Holdings Corporation
Executive Officer
President, Household and Consumer Products COMPANY

Takayuki Moridaira



Awareness of the Business Environment

- Low birth rate and super-aging society
- Economic development in emerging markets such as Southeast Asia
- Hygiene awareness established since the COVID-19 pandemic
- Increasing consumer awareness about environmental issues
- Soaring raw material and fuel prices and large fluctuations in exchange rates
- Change in consumer behavior due to successive price hikes of daily necessities

Our Strengths

- A wide range of environmentally friendly products, including FSC™-certified paper and filmless boxed tissues
- Stable supply and quality control system enabled by integrating base paper manufacturing and converting/processing
- Establishment of a finely woven product supply network with dedicated warehouses in the Greater Tokyo area

Business Opportunities

- Growing needs for environmentally friendly products
- Capturing firm demand mainly in the Greater Tokyo area in Japan by improving production and logistics systems and strengthening branding
- Improving competitiveness by optimizing the product lineup

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Soaring raw material and fuel prices and passing the cost increase on to product prices
⇒ ○ Reprice tissue paper, toilet rolls, and other household paper products (Because it has become difficult to absorb the rise in manufacturing costs through independent efforts)
- ▲ Addressing logistics issues
⇒ ○ Reduce truck waiting times and drivers' burden by introducing pallet shipping, adopting scheduling systems, etc.

Business Overview

Oji Nepia has developed the “nepia” brand of household paper and conducts its business activities while pursuing a new normal with the aim of being a brand that stands by people’s lives and the environment under the slogan “Kind to both humans and the earth.”

“Environmental quality” as in the adoption of FSC™-certified paper for forest conservation and a tie-up with the WWF. “Perceived quality for life” as in the seeking of good texture, comfort, and functionality. Oji Nepia pursues these two qualities by integrating the sales, marketing, and production functions. (FSC™ C018118)

▶ Oji Nepia official website (in Japanese) [“Kind to both humans and the earth”](#).

Household Paper Business

We manufacture and sell tissue paper, toilet rolls, kitchen towels, wet wipes, masks, and other products that are essential for everyday life.

And we pursue good texture and comfortable use by leveraging environmentally friendly materials.



Disposable Diaper Business

We manufacture and sell nursing care use, light incontinence care, and other types of disposable diapers for adults.

We provide disposable diapers designed specifically for hospitals and nursing care facilities, making them more convenient for those wearing them and for those providing care.



Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Enhance branding and expand sales of household paper products in Japan
- Concentrate management resources on the domestic disposable diaper business of adult products
- Expand sales and enhance the overseas disposable diaper business

Challenges

- Develop products that respond to domestic demand fluctuations and further enhance the value of the “nepia” brand
- Respond to changes in the overseas disposable diaper market environment
- Strengthen cost competitiveness and sales capabilities

Measures

- Strengthen advertisement communication and in-store sales promotion
- Domestic household paper: Expand products using FSC™-certified materials, implement events for the 20th anniversary of “Hana-Celeb,” and renew existing household paper products
- Domestic disposable diaper: Further enhance quality and service, and promote sales through stronger tie-ups with partners
- Overseas disposable diaper: Develop products that meet the needs of local consumers, reduce costs thoroughly, and expand sales

Broadcasting the New Nationwide TV Commercial “The Episode of Forest Nepia”

As the only manufacturer of general consumer goods in the Oji Group, Oji Nepia formulated the new tagline in April 2024 “Kind to both humans and the earth.” This is because we are responsible for communicating to society the efforts of Oji Holdings in planting trees, growing forests, and appropriately using these as resources.

At the same time, the Company began regularly broadcasting television commercials in April 2024 under the theme of “Forest Nepia” to ensure that as many consumers as possible have the image that nepia products are “Kind to both humans and the earth.” The commercials feature Naomi Trauden along with synchronized images of the abundant forests grown by the Oji Group and the comfort offered by products borne from these forests. The commercials also feature an original arrangement of “All Living Things,” a grand yet delicate song written by Naotaro Moriyama, to express our passion for creating products that consider the global environment. Leveraging YouTube and other forms of digital media, we will seek to enhance the value of the nepia brand and aspire to a brand that is chosen by countless consumers.

- ▶ New TV commercial “[The Episode of Forest Nepia](#)”
(Oji Holdings official YouTube channel, in Japanese)



Initiatives to Enhance Corporate Value

Updating Packages and Formulating the nepia Environmental Mark System

Based on the environmental value, which provides environmentally friendly products, and the perceived value for life, which provides good texture and comfortable use, Oji Nepia aspires to be a company that improves people’s lives and the environment, and a commercial enterprise that embodies the purpose of Oji Holdings.

To embody these two values, Oji Nepia updated the packaging used for its tissue paper, toilet rolls, and kitchen towels in October 2023, and revised the design to emphasize a high-quality feel and attractive appearance by using gradations and color tones. Moreover, environmental value relies on product development that considers the environment in terms of everything from raw materials and packaging materials to product standards. The Nepia Environmental Mark is displayed on packages for products that meet these conditions.



The Nepia Environmental Mark



Products with the Nepia Environmental Mark

Launching YOSOIKI Moisturizing Soft Pack Pocket Tissue

Under the concept of “carry quality with you,” YOSOIKI was designed as a compact moisturizing soft-pack pocket tissue that is convenient for everyday life. And we make it usable without stress when on the go. Since the redesignation of COVID-19 to a Class 5 infectious disease, we have addressed the growing demand for carry-type pocket tissues as people increasingly go out. Made of a three-ply structure, these tissues are thick, silky, and have a smooth texture.



Launching the New KARADAOMOI Body-friendly 4-ply Toilet Roll

Targeting concerns over sensitive skin due to menstruation, diarrhea, and hemorrhoids, this delicate-care toilet roll launched in July 2024 is committed to providing a pleasant feel against the body.

With a smooth, comforting texture and a silky finish that minimizes friction, the four-ply structure, a first for the Company, quickly and fully absorbs moisture, allowing users to wipe themselves without placing a burden on their skin.



The KARADAOMOI Body-friendly 4-ply Toilet Roll

Functional Materials Business

Anticipating market needs, we aim to expand the business by developing value-added proprietary products and strengthening interaction with customers.

Oji Holdings Corporation
Executive Officer
President, Functional Materials COMPANY

Shigeki Aoki



Awareness of the Business Environment

- Progress of global shift to a decarbonized society
- Growing interest in highly functional paper products with the trend toward de-plasticization
- Economic development in emerging markets such as South America and Southeast Asia
- Soaring raw material and fuel prices and large fluctuations in exchange rates

Our Strengths

- We have high levels of core technologies in “papermaking,” “converting (functional and adhesive coatings),” and “film forming”
- Organizational structure for agile development of high-function, high-value-added products including environmentally friendly products
- Top global market share in the imaging media business
- Integrated production from base paper manufacturing to converting

Business Opportunities

- Increasing demand for capacitor-use OPP films due to the rapid popularization of electric vehicles
- Increasing demand for functional paper materials due to growing needs for environmentally friendly products for de-plasticization or reduced plastic use
- Growing demand for thermal paper in South America and for high-performance labels in the Southeast Asian region

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Impact of fluctuations in foreign currency exchange rates and changes in domestic and overseas social and market conditions due to the diversity of production base locations
 - ⇒ ○ Expand operations in a wide range of countries
 - ⇒ ○ Establish regional headquarters and take proactive steps to address risks before they emerge

Business Overview

Functional Materials COMPANY handles specialty and functional paper that is distinguished by its wide range of added value. Utilizing the Oji Group’s core sheet development and coating technologies cultivated in the paper production industry, the COMPANY also manufactures a variety of films. We will lead the Oji Group’s efforts to become an “innovative value-creating company” by strengthening our comprehensive proposal capabilities through the integration of the research and development, manufacturing, and marketing functions and promoting the development of high-value-added products.

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.

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, boasting a top-class global market share.

Adhesive Products Business

Using proprietary adhesive force control technology, the Adhesive Products Business handles familiar products such as food/beverage labels, courier labels, adhesive tape for packaging, and wound dressings to less familiar, specialized applications such as aluminum tape for construction material and anti-tampering tape.

Film Business

The Film Business handles OPP films for film capacitors to be incorporated in the motor control PCUs of electric 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.



Glass paper (Oji F-TeX)



Thermal paper for tickets (Oji Imaging Media)



Biodegradable pressure-sensitive adhesive paper for labels (Oji Tac)



Optical double-sided adhesive films (OCA) (New Tac Kasei)

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Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

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

Challenges

- Accelerate the development of high-function, high-value-added, and environmentally friendly products
- Expand business in Japan and the Asian region through M&A

Measures

- Realize at an early stage the effects of investment in capacitor-use OPP film facilities (Japan) and thermal paper facilities (Overseas)
- Increase market share by adding more value to existing products, developing "Only One" products, and strengthen interaction with customers (Japan)
- Initiate collaboration with the Adampak Group (Overseas)
- Realize synergies from the inclusion of the Walki Group (Overseas)

Initiatives to Enhance Corporate Value

Actively Develop High-function and Environmentally friendly Products

In Japan, we have worked to develop high-function, high-value-added, eco-friendly products. In non-woven fabrics, we developed "kinarito LEAF," a biomass material, and in the field of thermal paper, we developed "Alcohol-resistant Thermal Paper" and "Semi-Through" translucent thermal paper. We have also developed "O-hajiki," a non-fluorine oil-resistant paper, in response to concerns surrounding per- and polyfluoroalkyl substances and regulations surrounding organic fluorine compounds (PFAS). (P.57)

Moreover, we have promoted the development of a wide range of new products, including "CALFRESH," an OPP fruit and vegetable packaging film that reduces industrial waste and food loss; "OJI Sustainable Mulching Sheet," an agricultural paper mulching sheet that biodegrades in the soil after agricultural use; and "HyBioth," a biodegradable, water soluble non-woven fabric made primarily from natural pulp.

In response to the rapid popularization of electric vehicles, new production equipment for capacitor-use OPP films used in motor drive controllers begins operation at the Oji F-Tex Shiga Mill in FY2024 to increase production capacity.



Biomass slipper "kinarito LEAF"



Non-fluorine oil-resistant paper "O-hajiki"



Agricultural paper mulching sheet "OJI Sustainable Mulching Sheet"

SILBIO Series

The SILBIO series is a paper packaging material that we developed as an alternative to plastic packaging. The series lineup is well-suited to packaging applications across a variety of fields, and includes products with high barrier and light-shielding properties comparable to aluminum deposited film, products with both transparency and barrier properties, and products that do not require sealant processing such as PE^{*1}.

In the "SILBIO EZ SEAL" lineup, we offer four products. "SILBIO BARRIER," which has oxygen barrier properties comparable to EVOH^{*2} and moisture barrier properties equivalent to LDPE^{*3}, prevents the diffusion of moisture and odor from contents. "SILBIO ALBA" aluminum deposited paper material boasts high oxygen barrier, moisture barrier, light-shielding, and heat-sealing properties. In addition to barrier and heat-sealing properties, "SILBIO CLEAR" offers transparency. Despite the lack of barrier properties, "SILBIO EZ SEAL" specializes in heat-sealing functions and is ideal for secondary and delivery packaging for food, and industrial material packaging. The SILBIO series of products can bear a paper identification mark and is used in a variety of packaging materials for food, daily necessities, and industrial applications.

^{*1} Polyethylene, ^{*2} Ethylene vinyl alcohol copolymer, ^{*3} Low-density polyethylene



Sustainable packaging "SILBIO" Series

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

Overseas, in 2021, we completed construction to expand facilities in Brazil, practically doubling production capacity, to address strong demand for thermal paper in South America, and completed construction work to increase capacity at thermal paper production facilities in Europe in January 2024. In September 2022, the Adampak Group, a high-performance label printing and converting company with business bases in Southeast Asia and China, became a member of the Oji Group. This addition of the high-performance label business for electric 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. In the Asian market, which is also expected to experience growth going forward, we will propose a wide range of timely and optimal label products and increase customer value by capturing a broad range of customer needs and feeding them back to upstream businesses.

In April 2024, Walki Holding Oy, a packaging materials converter with operations in Europe, joined the Oji Group. We will now initiate steps to expand business portfolios and markets.



Aident Corporation in Malaysia, a subsidiary of the Adampak Group

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Forest Resources and Environment Marketing Business

We are enhancing our business by making comprehensive use of forest resources, including pulp, forest plantations, lumber processing, and renewable energy.

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

Yuji Onuki



Awareness of the Business Environment

- Growing demand for pulp due to economic development in newly industrialized countries and the trend toward de-plasticization
- New, large-scale pulp facilities are coming online, but in contrast pulp manufacturers are going out of business due to difficulties in procuring raw material chips and the burden of high costs
- Normalization of cost inflation, encompassing raw material and fuel prices as well as labor, transportation, and other costs
- Intensifying competition in the acquisition of forest resources

Our Strengths

- Abundant and sustainable forest resources and know-how in forest management
- Integrated production from forest management to lumber processing and pulp
- Organization for production and sale of diverse types of pulp
- Accumulated operational techniques for pulp-related equipment
- Procurement and sales capabilities that leverage the Group's domestic and overseas bases

Business Opportunities

- Expanding and strengthening overseas business
- Business expansion and enhanced competitiveness through M&A and strategic investments
- Securing forest resources by expanding plantations
- Development of markets for highly functional, high-value-added pulp

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Market fluctuation and cost increases
⇒ ○ Strengthen our competitiveness base, develop high-value-added products
- ▲ Competition for procurement of forest resources
⇒ ○ Promote more site acquisitions for forest plantations, improve growth rates for forest trees
- ▲ Natural disasters and geopolitical risks
⇒ ○ Implement production site disaster prevention measures, ensure diverse procurement sources/logistics

Business Overview

Starting with the forest plantation business, which aims to nurture healthy forests as well as produce sustainable forest resources, we are developing comprehensive businesses that utilize those resources, which include pulp manufacturing, lumber processing, and biomass power generation. We meet the needs of our customers with our domestic and international procurement, production, and sales networks and a diverse product lineup.

Pulp Business

We produce a diverse lineup of pulp grades, including hardwood and softwood kraft pulp, and dissolving pulp. With an annual production capacity of market pulp of 2.5 million tons, we sell our products globally, including in Asia, Europe, and North America.

Forest Plantation Business

In company-owned forests in Japan and overseas, we grow and manage sustainable forests. Harvested woods are supplied for pulp raw materials, as well as for a range of applications such as lumber, plywood materials, and biomass fuels.



KTH forest plantation (Indonesia)

Lumber Processing Business

We are expanding production capacity and strengthening the purchasing and selling of wood products, primarily in Asia and Oceania. In Japan, we are moving into the lumber production business and seeking to strengthen profitability through sales expansion into the building materials field.

Energy Business

We are promoting the electric power generation business by using renewable energy, including wood biomass, hydroelectric power, and solar power. Leveraging our sites in Japan and overseas, we are also working to strengthen the purchasing and market supply of biomass fuels.



Oji Green Energy Tokushima

Starch and Saccharification Business

We have been developing technologies for starch and saccharification products, primarily of corn, to provide products that meet the needs of our customers.

Fuels/Chemicals and Other Material Procurement Business

Centrally managing purchasing for the Oji Group as a whole, this business gives consideration to environmental and social aspects while promoting advantageous and stable procurement.

Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Enhance and expand the pulp business as a “comprehensive pulp manufacturer”
- Propel the renewable energy and other energy businesses
- Expand the lumber processing business

Challenges

Pulp Business

- Strengthening of our competitiveness base to enable better responses to market fluctuations

Energy Business

- Strengthening of cost competitiveness, renewable energy business expansion

Lumber Processing Business

- Strengthening of sales capabilities for lumber products, lumber production business expansion

Measures

- Ensure stable operation on the back of pulp facility modernization, promote cost reductions, and consider increases in production capacities
- Promote stable power plant operations and energy conservation, strengthen procurement capabilities for fuels, and conduct studies of wind power generation projects on company-owned sites
- Promote integrated business that utilizes domestic lumber from materials to processing, and expand sales into the building materials field

Enhancement and Expansion of the Pulp Business

To reinforce business foundations that are resilient to fluctuations in pulp markets, we are continuing to implement strategic profit measures at key business sites while working to strengthen sales.

CENIBRA (Brazil)

- Further enhancement of cost competitiveness through installation of most advanced/labor-saving manufacturing facilities
- Consideration of increases in production capacities
- Building of global direct sales system, promotion of customer service improvements



CENIBRA Mill

Dissolving pulp

- Increasing production and sales of dissolving pulp in light of increasing demand for apparel
- Promotion of development/sales of high-value-added products

Pan Pac (New Zealand)

- Investment in recovery from cyclone damage, response to disaster risks
- Early recovery of sales volumes as production resumes

Oji Fibre Solutions (New Zealand)

- Implementation of measures to stabilize operations, improve yields, and conserve energy by introduction of the Oji Group's operational techniques and management methods

Initiatives to Enhance Corporate Value

Addressing Improvements in Forestry Operations through Mechanization

Whereas forestry operations are still largely done by hand, the Oji Group is working to mechanize operations in its forests both in Japan and overseas to reduce costs, improve safety, and alleviate labor shortages.

One recent initiative by CENIBRA of Brazil has been the successful development, in collaboration with a heavy machinery manufacturer, of an automatic planting machine that performs six tasks, such as planting and fertilizing, that had previously been done by hand. This machine was custom-made for CENIBRA's operations, making it a cutting-edge initiative on a global scale. The operators who would perform tasks with the new machine were recruited from among the Company's employees, including those who had previously performed the tasks manually, which also contributed to improving employee engagement.



Automatic planting machine during plowing-in operations

Pan Pac (New Zealand)'s Recovery Project – PHOENIX Project –

On February 14, 2023, Pan Pac's entire factory sustained damaged from cyclone Gabrielle, causing operations to halt for more than a year. Under the PHOENIX Project, which aimed to restore operations, all Pan Pac employees, as well as the head office management and related departments, came together to work toward restoration so that products could be delivered to customers as quickly as possible.

They aimed to use repaired and updated equipment to improve productivity beyond what it had been before the disaster. Also, by working in cooperation with the local government on a project to reinforce and extend levees, taking measures to prevent flooding on the factory premises, and building a multistory main office, they strove to improve the site's resilience against disaster risks.



Pan Pac Mill the day after the cyclone hit



Pulp mill facilities immediately after the start of post-recovery operations



Managing Director Tony Clifford (right) and Deputy Managing Director Josh Hanayama (left) in front of the plaque commemorating reconstruction

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Printing and Communications Media Business

We will strengthen cooperation within the Oji Group and thoroughly manage cash flow by promoting the building of an optimal production system.

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

Takayuki Moridaira



Awareness of the Business Environment

- Increasing consumer awareness about environmental issues such as the green transformation (GX) concept
- Structural decline in demand associated with the progress of digital transformation (DX) and the declining birth rate
- Large fluctuations in raw material prices and exchange rates

Our Strengths

- Ownership of large-scale infrastructure, including pulp production and biomass power generation facilities
- The Group's collective strengths (e.g., procurement, capabilities, the sharing of know-how on cost reductions, the development of new products through collaboration within the Group),
- Full lineup of environmentally friendly products, including FSC™-certified paper
- Capabilities to develop products meeting market needs

Business Opportunities

- Advantages of paper as an information medium (e.g., visibility, readability, reliability, preservability, texture unique to paper, reproducibility of photographs)
- Growing demand for environmentally friendly paper products due to growing environmental awareness
- Reassessment of the value of paper due to de-plasticization or reduced plastic use
- Strengthening competitiveness through cooperation within the Group that transcends the boundaries of businesses

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Greater than expected decrease in demand for graphic paper
⇒ ○ Restructure the production system by utilizing the Group's collective strengths and assets owned, strengthen exports, and focus on China/sales for processing applications and a wide range of environmentally friendly products, including FSC™-certified paper
- ▲ Soaring raw material and fuel prices and large fluctuations in exchange rates
⇒ ○ Revise product prices
- ▲ Recruitment difficulties due to labor shortages throughout society
⇒ ○ Secure and retain personnel by improving employee engagement
- ▲ Increase in equipment malfunctions due to aging of equipment, etc.
⇒ ○ Renovate facilities and implement DX-based automation of operations/facility management

Business Overview

We handle a range of paper products used as information transmission media, including newsprint, as well as printing and communications paper. In addition to meeting the quality demanded by our customers, we strive to develop new products and technologies that will create newer value and enrich society.

Newsprint Business

One of the world's leading newsprint mills, Tomakomai Mill produces high-quality newsprint with features requested by customers, such as lighter weight and improved print reproducibility, making full use of a wide variety of pulp. We hold an approximately 30% share of the Japanese market with a stable supply to customers throughout the country, including the Greater Tokyo area. Newsprint production using a large amount of recovered paper also contributes to paper recycling.



Printing and Publication Paper Business

We offer a wide range of printing papers to meet various needs, including art paper used for photo albums and high-end catalogs, coated paper used for magazines and flyers, and wood-free paper used for books, each of which play a role in the day-to-day communication of information. We also offer a full lineup of environmentally friendly printing paper, including FSC™-certified paper and products compliant with the Green Purchase Act.



Communication Paper Business

We provide various output media to support information processing systems, including copying paper and continuous paper. Produced with our carefully built quality design and quality control system, they can be used on printers with different printing methods and models. We offer high-quality products not only superior in printability and workability in converting but also capable of meeting the needs for printing at ever-higher speeds for productivity improvement.



Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Production system restructuring and enhancement of competitiveness through collaboration with other Group segments by maximizing the use of assets owned

Challenges

- Utilizing owned resources effectively
- Implementing thorough cash flow management

Measures

- Continue with thorough cost reduction
- Maintain reproducible product selling prices
- Strengthen cooperation with other segments

Production System Restructuring and Enhancement of Competitiveness

We are working to deepen cooperation within the Oji Group and utilize pulp manufacturing facilities, biomass boilers, and other assets to the maximum extent while improving profitability and competitiveness. At the Tomakomai Mill, we converted a newsprint machine to a machine for manufacturing containerboard in October 2021 and started operation of a special liner and special paperboard machine relocated from the Nayoro Mill of Oji Materia in April 2022. One machine producing newsprint and printing paper was shut down in 2024. Overseas, utilizing existing pulp manufacturing facilities and biomass boilers, etc., we built a new household base paper machine at Jiangsu Oji Paper in China and started operations in 2020. Taking into account structural changes in the environment and trends in demand, we will advance the building of an optimal production system, implement thorough cash flow management, reduce fixed costs, and improve production efficiency.

Building of a production system for 2020 onward

- In July 2020, started operation of household base paper machine in Jiangsu Oji Paper in China.
- In October 2021, we converted a newsprint machine to a containerboard machine at Tomakomai Mill.
- In April 2022, we started operation of a special liner and special paperboard machine relocated from Nayoro Mill of Oji Materia at the same mill.
- In February 2024, we shut down a newsprint and printing paper machine at Tomakomai Mill.



The #L-1 machine (converted from the #N-5 machine) at Tomakomai Mill



Jiangsu Oji Paper Household base paper machine (TM1)

Initiatives to Enhance Corporate Value

While working to strengthen the profitability and competitiveness of our existing businesses, we are also actively advancing our GX strategies. As part of our GX strategies, we are utilizing clean energy that is renewable and emits no greenhouse gas from power generation, produced by the Tomakomai Mill-owned industrial hydroelectric power plant that is the oldest in Japan. We have also begun joint studies with the Tokyo Gas Group on the production and use of e-methane, which utilizes green hydrogen produced using this renewable energy-derived electricity and carbon-neutral fuel-derived CO₂. (P.61) Usable as an alternative fuel to natural gas, e-methane will make a significant contribution to improving Japan's energy self-sufficiency because it is entirely domestically produced. We are looking ahead to full-scale capital investment for commercialization from 2030 onward. We will accelerate our efforts to realize a decarbonized society through sustainable energy solutions.



Tomakomai Mill-owned
Chitose No. 1 Hydroelectric Power Plant

VOICE

Message from a young employee —Valuable experience gained from a production system restructuring project—

As part of a production system restructuring project, a special liner and special paperboard machine (#12 machine) was relocated from Oji Materia Nayoro Mill to the Tomakomai Mill in 2022. As a project member, I was involved in modifying the DCS (Distributed Control System) and adjusting various chemicals, but what made the biggest impression on me was the paper strengthening agent addition equipment. Because some of the equipment could not be relocated, it became necessary to review the dosing and control methods. To enable the chemicals to be added at stable concentrations and flow rates, the dilution method was changed and the dosing equipment modified. Also, because the machine and additive equipment were located far apart due to differences in building structure, we worked to automate the chemical additive and shutdown procedures and to implement remote operations via DCS to reduce the workload. Although there were some unfamiliar aspects to this new operation, we worked closely with the relevant parties and went through a process of trial and error. Accordingly, operations have been trouble-free since it began in April 2022.

Gaining knowledge about the board machine-related equipment through this project and deepening communication with the on-site operators and other related parties was a valuable experience. I would like to draw on this experience as I work toward cost reductions and facility improvements.



Tomakomai Mill Papermaking
Department (Joined in 2018):
Qu Tianrui



#12 machine prior to its relocation

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Feature: New Business Development Initiatives

**Driving innovation and creating technologies
for a sustainable, circular future.**

Director of the Board, General Manager,
Corporate Business Development Division
Oji Management Office Inc.

Toshiya Hirose



The Corporate Business Development Division underwent a reorganization in April 2024. As part of the structural reforms toward achieving the Long-term Vision goals, we are developing businesses that will contribute to building a sustainable society and growing those businesses into future earnings pillars. We will put in place a structure to promote new businesses from multiple perspectives in a bid to roll out and expand new businesses. This includes the Packaging Businesses Development Department that contributes to the reduction of plastic use, the Liquid Packaging Carton Department as part of our environmental response business, the Oji Forest Value-Creation & Promotion Department to maximize the value of company-owned forests, and the New Business Development Department to drive open innovation.

Acquisition of Walki Based in Finland

In April 2024, Oji Holdings acquired Walki Holding Oy, a packaging materials converter based in Finland, to solidify the Group's platform in the packaging business. Walki is a converter that specializes in sustainable packaging materials. Its core products comprise a range of paper-based environmentally friendly packaging materials that combine recyclability and barrier properties. The company is distinguished by its high profitability in the European market, where environmental regulations are becoming increasingly stringent. This acquisition will further strengthen the Group's business foundation as a global supplier to meet the worldwide demand for conversion to sustainable packaging materials.

With the PPWR* about to take effect, demand for recyclable, reusable, and compostable packaging materials is rising sharply in Europe. Walki is particularly strong in sustainable material conversion technologies and leading manufacturing know-how in packaging materials that comply with EU packaging regulations.

Walki Holding Oy Overview	
Established	1930
Annual Sales	€705 million (¥1111.4 billion FY2022)
Business Activities	Manufacturing and sales of coating on paper, lamination, printing and other processing
Location	Espoo city, Finland
Manufacturing Sites	17 plants in 8 countries mainly in Europe
Number of Employees	Approx. 1,700

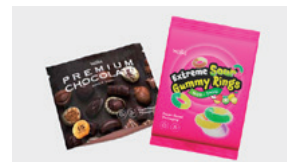
* Packaging and Packaging Waste Regulations (PPWR): EU regulation for a 50% recycling rate for packaging materials by 2025. Binding targets are proposed for the recycling rate for each material (85% by the end of 2030 for paper and cardboard).

▶ [Sustainable packaging / Packaging and Packaging Waste Regulation \(in Japanese only\)](#)

Walki's Three Businesses Areas

Consumer packaging

Recyclable paper packaging materials
with barrier properties for food and
FMCG*¹ products



Industrial packaging

Environmentally friendly paper packaging
for industrial products (e.g., functional
corrugated container)



Engineered materials

High-performance heat insulators for the
construction industry, automotive skin,
etc.



Walki has a competitive advantage in barrier paper packaging for direct food contact, applying a special coating to form an ultra-thin barrier layer on the paper. This ensures the necessary product protection while allowing brand owners to achieve fully recyclable paper packaging. Paper products processed with Walki's technologies are used by many leading European brand owners in a wide range of applications, mainly for food products. The Company is steadily increasing its share in the European environmentally friendly packaging material market.

The combination of Oji's barrier technologies and Walki's advanced technical lamination will accelerate the development of environmentally friendly fiber-based solutions.

*¹ FMCG: Fast Moving Consumer Goods

Business Promotion for Environmentally Friendly Paper Packaging

The implementation of packaging material regulations, which first took effect in Europe, is expected to reach Asia, India, and Oceania, where the Group's principal business bases are located, in earnest by 2030.

In anticipation of growing demand for reducing plastic use for container packaging, Oji Holdings invested in Deluxe Technology Group Co., Ltd., a high-end molded pulp packaging equipment and product manufacturer in Taiwan, in June 2024, and acquired global sales rights for Deluxe's products and equipment. The Oji Group will leverage Deluxe's manufacturing technology to produce premium quality sustainable packaging for a wide range of applications as an alternative to plastic molded products, particularly for electronics, cosmetics packaging, and food containers, which require rigid quality standards.

We will incorporate the industry-leading expertise of various companies into our packaging business. This includes the base paper conversion technologies of Walki that comply with the relevant EU regulations and the production technology capabilities of Deluxe that have earned the support of numerous global brand owners. In putting in place a business structure that spans a broad upstream (raw materials) to downstream (packaging materials conversion) range, we will lead the global market as a total packaging provider of sustainable materials.

Liquid Packaging Carton Business

Chilled Business

In the field of chilled cartons the establishment of a joint venture, Ishizuka-Oji Paper Packaging Co., Ltd., has enabled the Oji Group to achieve a fully integrated production system within the Group, covering the entire process from manufacturing base paper to carton conversion. We consistently supply high-quality products to customers in Japan and overseas.



Chilled cartons manufactured using base paper by the Oji Group

Aseptic Business

In 2023, Oji Holdings acquired IPI S.r.l. (Italy) in the field of aseptic packaging cartons, which can be stored for an extended period at room temperature. IPI S.r.l. manufactures and sells converted paper and filling machines for aseptic packaging and has customers mainly in Europe, Africa, and the Middle East.

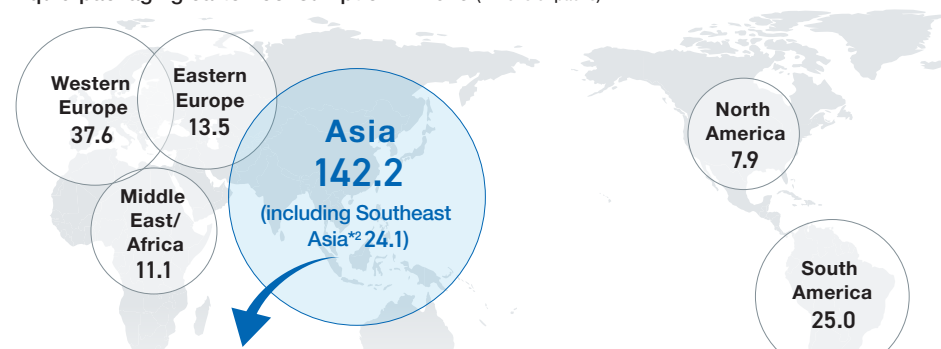


IPI S.r.l.'s filling machine

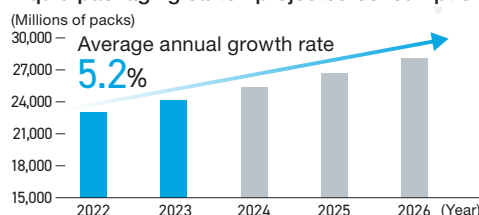


IPI S.r.l.'s aseptic product lineup

Liquid packaging carton consumption in 2023 (Billions of packs)*1



Liquid packaging carton projected consumption*3 in Southeast Asia*2



*1 Company aggregate value

*2 Scope of countries covered: Indonesia, Malaysia, Vietnam, Thailand, the Philippines, and Singapore; includes total consumption by major users in these countries.

*3 Actual data up to 2023; forecasts from 2024 onward

Expanding into Southeast Asia

Against the backdrop of growing global demand for liquid packaging carton, we are aiming to establish a production system, including setting up a new base, and strengthen sales activities in Southeast Asia. We anticipate substantial market growth in the region and are committed to expanding the chilled and aseptic businesses.

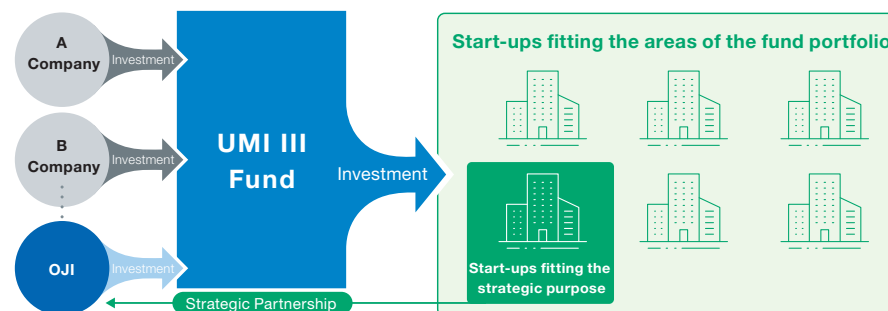
Product Development That Anticipates Needs

As for the aseptic business, we will develop and propose products that align with global environmental regulatory trends. Leveraging the Group's technological capabilities, this includes high-performance filling systems and environmentally friendly aluminum-less cartons that are easy to recycle. Through these efforts, we aim to contribute to the realization of a sustainable society.

Creating New Businesses through Start-up Collaborations

Oji Holdings is targeting net sales of more than ¥2.5 trillion under its Long-term Vision. To achieve this target, we are working to develop new materials and products from forest resources and to evolve our business through the structural transformation of our portfolio. We are also promoting the creation of an open innovation mechanism in collaboration with start-ups in Japan and overseas and are striving to create new businesses. By combining Oji's technologies, equipment, and resources with start-up companies' development technologies, we will acquire technologies in new areas and speed up the timeline from development to commercialization.

In kicking off these endeavors, we invested ¥500 million in the UMI III Fund, a venture capital fund specializing in the materials and chemical industries. Our goal is to create new businesses that leverage the resources of the Group through collaboration with start-ups and academia. Moreover, we will promote the development of human resources who are capable of promoting this activity by utilizing the secondment acceptance program provided by UMI.



Message from the General Manager, Human Resources Division

Working to Carry Out the Group's Management Strategy by Enhancing the Value of and Leveraging Human Capital

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

Kazuya Asatani



The Oji Group has conducted its business activities under the philosophy that enhancing and creating corporate value begins with human resources (human capital). We recognize that enhancing the value of human capital and leveraging it will grow increasingly important in the future. This is particularly true in an environment where securing, retaining, and utilizing diverse human resources is essential in the pivot toward an industrial structure and business operations that create and provide value for a global, sustainable, and digital society.

Our ever-strengthening foundation for enhancing corporate value and sustaining growth is based on the fundamental premise of respect (value and recognize) for human resources as individuals and the promotion of inclusion and diversity. In doing so, we aim to fully leverage each person's diverse capabilities and encourage mutual growth. Building on this momentum, we are advancing the following initiatives as part of our human resource strategy, which focuses on enhancing the value of and leveraging human capital through appropriate recruitment, assignment, development, and engagement.

First, to secure diverse human resources that will drive the transformation of our business toward further growth and evolution, we have been focusing on recruiting external specialists (seven in FY2021, 18 in FY2022, 54 in FY2023, and 62 planned for FY2024). For internal human resources, we have been reassigning employees with skills, experience, and enthusiasm to strategically important divisions through the open recruitment system within the Group (19 in FY2022, 17 in FY2023). Going forward, we will more precisely analyze (clarify skill requirements), understand (database management), and utilize (allocation and development) the skills and abilities of our human resources (talent). This will lead to the optimal allocation of personnel, facilitating career and skill development for individuals, and promoting the growth and evolution of both individuals and the organization.

Next, in terms of human resource development, we are concentrating on the following three areas, with the aim of creating an organization that continuously learns, grows, and evolves while focusing not only on the growth and self-fulfillment of individual employees but also on the growth of the organization as a whole.

(1) Reskilling: Last fiscal year, we conducted e-learning for 7,000 employees to raise the baseline of DX literacy. We are now introducing new reskilling programs to support the autonomous growth and evolution of human resources who can adapt to new technologies and market needs.

(2) Global human resource development: With the expansion of overseas businesses in mind, we are conducting training programs to develop global talent. These programs focus on improving

cross-cultural and international business understanding as well as honing proactive communication skills for candidates selected for overseas assignments.

(3) Marketing personnel development: We are shifting from traditional sales approaches focused on existing products and customers to sales based on value propositions, and we intend to develop human resources capable of offering new value to the market.

In addition, to enhance employee engagement and encourage maximum performance, we will hold many town hall meetings led by senior management starting this fiscal year. These meetings will provide opportunities for direct dialogue between management and employees, helping to foster a corporate culture where the Management Philosophy, Purpose, management strategy, and the roles and challenges expected of each individual are well understood. Furthermore, we aim to create a more open and free-spirited environment where diverse opinions and ideas can be expressed and acted upon. We will also work to improve work-life management through the accommodation of diverse working styles, such as the introduction of a location-limited employment system.

Finally, Oji Holdings and its human resources will strive to provide diverse value that meets the demands of society including a variety of our stakeholders. We will continue to enhance corporate value by sincere compliance with the expectations and demands of society.

Oji Group Human Resource Philosophy

Sustainable enhancement of corporate value by practicing the Management Philosophy, Purpose, and management strategies (including the Long-term Vision)

Our goal in enhancing human capital: Securing and fostering human resources who embody the Oji Group Human Resource Philosophy

Oji Group Human Resource Philosophy

Integrity | Understanding and practicing of the Management Philosophy, Purpose, and management strategies | Awareness of and efforts for transformation | Self-training and contribution to the organization's growth and evolution | Actions with global awareness

Active participation and demonstration of the full potential of every employee

Achieving innovation based on diverse values and creative ideas

Development of abilities and careers of diverse human resources

Improvement in work-life management (work-style reforms and health and productivity management)

Change in the mindset and behavior of each employee, and managers' management style that facilitates subordinates' growth and evolution

Three fundamental elements

Leveraging human resources (treating employees fairly based on merit and enhancing engagement)
Respecting human rights and promoting inclusion & diversity
Observing all the rules of compliance, safety, and environment

Human Resource Strategies

Oji Group Human Resource Philosophy

As a global organization, the Oji Group aims to go “Beyond the Boundaries,” while at the same time putting into practice its Management Philosophy, Purpose, and management strategies (including the Long-term Vision) through “Growth to Evolution.”

To put these into practice and to continue to exist as a corporation that is sought after and indispensable to the world, we believe that the most important element is “people.” Based on the fundamental principle that “the source of a company’s strength is its people (human capital),” we are working to secure and foster human resources in accordance with the Oji Group Human Resource Philosophy.

The Oji Group Human Resource Philosophy requires, first, that each and every employee possess integrity. On top of that, we expect them to understand and practice our Management Philosophy, Purpose, and management strategies; have an awareness of and make efforts for transformation; engage in self-training and contribute to the organization’s growth and progress; and take actions with global awareness.

Our goal in enhancing human capital is to secure and foster human resources who embody the Oji Group Human Resource Philosophy, the basic premise of which is “ensuring compliance, safety while protecting the environment,” “respect for human rights,” “inclusion and diversity,” and the “utilization of human resources (fair treatment based on meritocracy and improvement of engagement).” These three elements form the foundation of our human resource development and internal environment improvement policies.

With these three foundations firmly in place, we will promote the development of the abilities and the careers of diverse human resources and improvement in work-life management by advocating a change in the mindset (behavior) of every employee as well as management in which management-level employees encourage the growth and evolution of their subordinates.

These efforts will lead to the securing and fostering of human resources who embody the Oji Group Human Resource Philosophy by enabling the active participation and demonstration of the full potential of every employee, who is the source of value creation, as well as by achieving innovation based on diverse values and creative ideas. Accordingly, every one of our human resources will work to continuously enhance corporate value by practicing our Management Philosophy, Purpose, and management strategies (including the Long-term Vision).

Inclusion & Diversity

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

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

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

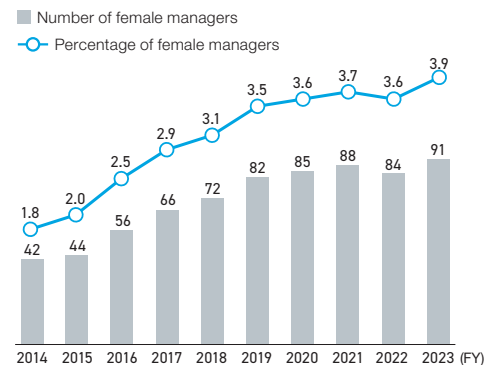
Women in Management Positions and Female New Graduates Hired for Career-Track Positions

To promote the active participation of women, we aim to increase the percentage of women in management positions to 5.5% by the end of March 2025. The target is applicable to the 16 consolidated subsidiaries in Japan with 301 or more employees. As of the end of March 2024, the percentage of women in management positions was 3.9%.

Since FY2018, new female graduates in career-track positions in major Oji Group companies have been recruited by Oji Management Office Inc. to secure talented human resources and improve operational efficiency. Our target is for females to be at least 30% of the new graduates in career-track positions, and we strive to secure candidates for future promotion to manager. In FY2024, we hired 28 new female graduates, which accounted for 40.6% of all new graduates in career-track positions. Aiming to eliminate gender gaps in employee development, we provide training such as career building training for employees on the generalist track to develop pre-management male and female employees. In addition, measures we have taken to help employees balance work and childcare include opening “Nepia Sodaterace,” a nursery in Edogawa-ku, Tokyo. Steps are also being taken to offer nursery subsidies for employees who return to work early from their childcare leave.

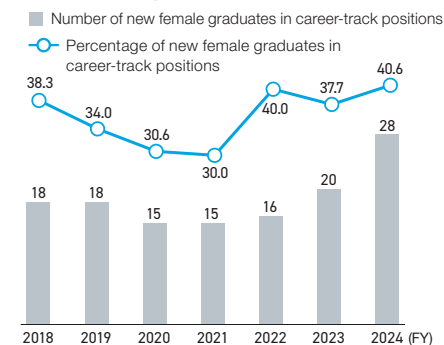
In addition to helping employees balance work and childcare, “Nepia Sodaterace” aims to address the issue of children on nursery waiting lists, thereby helping the Group fulfill its corporate social responsibility. Not only our Group employees but also local residents can use the nursery. (As of the end of March 2024, six children of employees and 14 children of local residents were using the nursery.)

Percentage of female managers*



* A star mark indicates that FY2023 data has been assured by KPMG AZSA Sustainability Co., Ltd. For the calculation method, see P.98.

Percentage of new female graduates in career-track positions



Percentage of Male Employees Taking Childcare Leave

The Oji Group's target for the percentage of male employees taking childcare leave is 100% for the 16 companies in Japan with 301 or more employees. We thus actively encourage men to engage in housework and childcare. In FY2023, the percentage was 92.5%, including manufacturing sites where employees work in three shifts.

Employment Rate of People with Disabilities

We have proactively promoted the recruitment of people with disabilities, including the July 2007 establishment of Oji Clean Mate (in charge of cleaning the headquarters building), a special-purpose subsidiary under the Act to Facilitate the Employment of Persons with Disabilities staffed primarily by people with mental disabilities. For the six major companies in the Group (including Oji Holdings) subject to special treatment for related companies, the employment of people with disabilities is 2.48%. To achieve the statutory employment rate (2.5%), we will further expand the employment of people with disabilities.

Employees of Non-Japanese Nationality

In achieving diversity, we position the development of global human resources as an important theme. All new graduates hired for career-track positions in major Oji Group companies in Japan are recruited by Oji Management Office Inc. to secure talented human resources. In FY2024, three career-track employees of non-Japanese nationality were hired as candidates for future managers in Group companies in Japan. We will continue to hire a certain number of non-Japanese employees and promote them to managerial positions. As of March 2024, there are 22 career-track employees of non-Japanese nationality. Nine of them are managers, whose jobs include the operation and management of local businesses of overseas Group companies.

Of the roughly 38,000 Oji Group employees, 57.5% (as of the end of March 2024) are employees of overseas Group companies. Corporate managers and employees in managerial positions of those companies mainly consist of locally hired personnel. In 2019, we appointed a non-Japanese employee as a Corporate Officer.

Mid-Career Recruitment

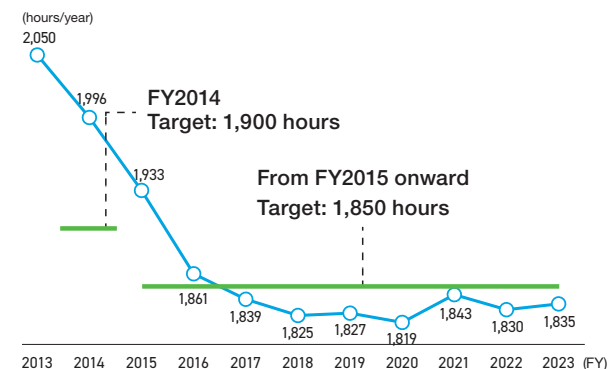
To secure human resources who can promptly realize the management strategies, we have been conducting mid-career recruitment. In FY2023, the Group hired 54 mid-career employees through Oji Management Office Inc., of which 28 are playing an active role as managers. We will continue to hire a certain number of mid-career employees and promote them to managerial positions.

In addition, we leverage alumni human resources (employees who rejoined the Group after leaving for reasons other than mandatory retirement) by promoting those who gained effective outside experience.

Total Working Hours

Since FY2014, we have been working on the reduction of total working hours as part of our efforts to promote work-style reform. Specifically, to improve productivity and implement working styles that pivot the focus away from how long employees work, we are improving operational efficiency, taking advantage of the flex-time system and remote work, and encouraging employees to take annual paid leave. Our current target for total annual working hours is 1,850 hours (for the 26 Oji Group companies in the Main Office region), and the actual working hours for FY2023 totaled 1,835.3 hours.

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



LGBTQ+

Based on the Oji Group Charter of Corporate Behavior and the Oji Group Code of Conduct, we created the Oji Group LGBTQ Handbook with the aim of fostering a workplace environment in which diverse human resources, including sexual minority parties, can play an active role within the Oji Group. In addition, an external consultation service for sexual minorities (for all Oji Group employees) was established on April 1, 2024.

Health and Productivity Management

We established the Oji Group Health Declaration in October 2020. We are working on ensuring the good health of employees under the leadership of our Chief Health Officer (Group CEO). Our activities for health and productivity management are promoted through cooperation among the companies, health insurance unions, and labor unions of the Oji Group, and the industrial physicians of each business site. These measures aim to create working environments where employees can actively work in a lively manner and with sound health. In March 2024, we were recognized under the 2024 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) for the fourth consecutive year since FY2021.

<Examples of health and productivity management activities>

- Implementation of health examinations and stress checks
- Establishment of the Health Consultation Office
- Flu vaccinations (workplace vaccinations, cost subsidized)
- Hourly use of accumulated annual leave to go to the hospital
- Reduction of long working hours

Message from the General Manager,
Human Resources Division

**Human Resource
Strategies**

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

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

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

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

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

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

Training

<Global human resource development>

To develop human resources in line with the Oji Group Human Resource Philosophy, we are enriching in-house training in accordance with career stages. In particular, we are actively developing global human resources to fully carry out our management strategies. In FY2023, we conducted the Global Intensive Program for 22 employees over a period of about six months with the aim of expanding the pool of candidates for expatriate positions.

In addition, steps were taken to conduct assessment training for 27 executive candidates in the Southeast Asia region at the Oji Group Fuji Training Center, a base for the exchange and development of human resources, designed to support the development of local human resources at overseas companies.



Members from Oji Asia Packaging at a training

<Digital literacy education>

The Group conducted e-learning for approximately 7,000 employees of 40 domestic companies in indirect divisions and expatriates. The goals were to provide all employees with the digital literacy (basic knowledge, skills, and mindset) necessary to effectively solve management issues, create new value, and ensure the Company's ongoing existence, growth, and evolution by integrating business activities (from strategy to operations) and digital systems, information, and data.

Main training content (Organized by the Oji Management Office)

Goals	Name of training	Eligible employees	Outline
Global human resource development	Global Intensive Program	Expatriate candidates	Town hall meetings with Oji Holdings Executives Interaction with expatriates Acquisition of skills as a global human resource
	Assessment training (Oji Asia Packaging)	Executive candidates for the Southeast Asia region	Invite foreign human resources from overseas business companies to Japan and support their development Town hall meetings with Oji Holdings Executives Interaction with employees of business companies in Japan Presentation of the Group's direction in the Southeast Asia region
Digital literacy education	Digital literacy education (e-learning)	Employees of 40 domestic companies in indirect divisions, expatriates	Develop DX literacy
Management training	New manager training	New managers	Manager duties, HR programs, and evaluator training
	New general manager training	General manager level	Town hall meeting with the CEO and acquisition of knowledge and skills required to achieve division strategies
Managerial personnel development	Career building training for employees on the generalist track	Pre-management employees on the generalist track	Understand the functions required of managers, and improve capabilities for setting and solving issues
Career design	Career design training for young employees on the generalist track	3rd-year employees on the generalist track	Assess their own abilities and establish goals for career self-reliance
Support for ability development	Personal-empowerment system	Qualified individuals	Support employees in their autonomous and continuing development of their abilities

Open Recruitment System within the Group

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

In FY2023, a total of 17 employees were transferred under the open recruitment system at three Oji Group companies and four divisions directly engaged in the cultivation and optimal application of forests. This effort promotes globalization in a bid to bring our Purpose and Long-term Vision to fruition.

Message from the Executive Vice President



Cultivating Future Core Businesses through Green Innovation

Representative Director of the Board
and Executive Vice President of
Oji Holdings

Fumio Shindo

Promotion of Green Innovation

With forests serving as the core of the Oji Group's businesses, it is our enduring mission to bring the world a brighter future filled with hope by creating products from these forest resources.

By fully leveraging the abundant forest resources owned by the Oji Group and the core technologies we have accumulated over the past 150 years, I believe we can predict future prospects and realize a circular society in a way that enhances corporate value and helps advance business.

Based on our forest resources, the Group engages in the development and manufacture of products that connect to commercialization using wood components. Yet our efforts go beyond the framework of our existing businesses and extend to the three fields of Environmentally Friendly Products, New Materials Derived from Wood, and Medical and Healthcare.

Environmentally Friendly Products

In particular, the Oji Group is aiming to expand the environmentally friendly packaging business at the earliest possible stage. As part of the field of packaging materials, one of our mainstay businesses, we are engaged in initiatives that help reduce plastic use throughout society by switching from fossil resource-derived plastic products to environmentally friendly paper products. In addition, we are helping to realize a circular society by constructing a material recycling system that produces new paper products from used polyethylene laminated paper cartons and cups designed for chilled foods, as well as from paper cartons containing a layer of aluminum. [\(P.59\)](#)

New Materials Derived from Wood

The Oji Group is developing new materials other than paper that will form future core businesses. Specifically, we are researching and developing sugar solutions, bioethanol, biomass plastics, and other new materials derived from wood taken from inedible timber.

Sugar solutions derived from wood are considered an important basic substance in the effort to transition from existing

petrochemical products (rubber, fibers, pharmaceuticals, etc.) to biomass products. The Group will therefore strengthen collaboration on the greater use of these biomass products in response to the many inquiries we have received regarding these solutions from manufacturers and research institutes.

In regard to bioethanol derived from wood, Oji Holdings is currently constructing a pilot plant with an annual production capacity of 1,000 kL at the Yonago Mill. Slated to be commissioned by the end of FY2024, this pilot plant will be able to produce sugar solutions, allowing us to verify production efficiency and quality, as well as estimate costs and CO₂ emissions, for each product. We also plan to identify problems and achieve higher efficiency with the goal of scaling up the facility to an annual commercial production capacity of 100,000 kL of bioethanol by FY2030.

One of the potential applications for this bioethanol is sustainable aviation fuel (SAF). In fact, the Japanese government has raised the target to substitute 10% of all aviation fuel with SAF by FY2030. By developing this pilot plant, we intend to first establish cost-competitive processes before evolving them into profitable businesses. Moreover, producing 100,000 kL of bioethanol will require the entire volume of pulp produced by a medium-sized paper mill. In other words, this effort will require a dedicated biorefinery* plant. Against the backdrop of manufacturing site consolidation coinciding with the declining demand for paper, the Group is working to optimize the production and supply system from a medium- to long-term perspective covering 2030 to 2040. In regard to bioethanol, this effort will also rely in part on switching from existing paper mills to biorefinery manufacturing plants while factoring in locations suited to biorefinery manufacturing and utility conditions, for example.

* Plants and technologies for manufacturing biofuels, resins, and other products from renewable biomass as the raw material

Message from the
Executive Vice President

Green Innovation

Examples of Recycling Materials
and Reducing Plastic Use

In addition to bioethanol, we are advancing initiatives involving wood-derived biomass plastic. The demand for biomass plastic in Japan is anticipated to reach approximately 2 million tons in 2030, which is why we are working to transition to these from conventional fossil resource-derived plastic products. In this regard, we intend to develop sugar solutions as a basic substance, bioethanol, and biomass plastics derived from wood into a business that, overall, will achieve sales of ¥10 billion by FY2030.

Medical and Healthcare

In the Medical and Healthcare field, the Oji Group is working to develop (drug discovery) arthritis drugs and anti-coagulant drugs based on hemicellulose, a component that can be extracted from wood. Heparin, which is used in anti-coagulant drugs for humans, is primarily made from animals, meaning infectious disease epidemics among animals present the risk of supply disruptions. Moreover, there are those who wish to avoid medications made from animals, which is another problem that switching to wood-derived medications will help solve. The global market for human-use pharmaceutical products (heparin) is estimated at roughly ¥1 trillion–¥2 trillion, while the global market for arthritis drugs for animal use is estimated at roughly ¥50 billion. We therefore aim to achieve sales on the scale of ¥10 billion by FY2030 through this approach to drug discovery.

Our approach to material development is more than just a means of improving profitability against declines in the amount of pulp used, however. Indeed, it is a sustainable initiative in terms of effectively using wood components other than cellulose (pulp).

In regard to cellulose nanofibers (CNF), we are currently advancing various trials from the stance of technology, which have already led to their use in cosmetics, paint applications, and table tennis rackets, for example. In addition, we are exploring new applications and advancing toward commercialization of CNF through the development of natural rubber and polycarbonate CNF composite materials, as well as the development of fuel cell components. We are well aware

of issues with CO₂ emissions and the costs involved in the manufacture of CNF, however, so we are advancing research and development that encompasses efficiency through demonstration manufacturing at the CNF R&D Center.

Elements Supporting Green Innovation

Green Innovation Promotion Structure

In July 2023, the Innovation Promotion Division, which plays a central role in promoting green innovation, underwent a significant organizational restructuring, with its research department divided into two units. Specifically, we broke this department up into the “Biorefinery Unit,” which helps convert new value from wood components into bio-businesses, and the “Sheet and Converting Unit,” which is centered on the environmentally friendly packaging business. By establishing a framework that more seamlessly shares information and verifies the direction of R&D, this move strengthened our capacity to create new products and materials that directly connect to profits. (P.54 )

Abundant Forest Resources and a Global Network

Perhaps the greatest strength for the Oji Group in advancing green innovation is our abundant forest resources. We own approximately 180,000 ha of production forests in Japan and approximately 290,000 ha overseas, which together produce some 7 million tons of wood per year. We have also raised the target of expanding our overseas production forests to 400,000 ha by FY2030.

If biomass comes to replace petroleum, the forests that we own can be considered oil fields that will never run dry. As our policy for acquiring forest plantations, we absolutely require that all potential locations have acquired FSC™, PEFC, or other certifications. We also remove any forest plantations from the candidate sites where problems have occurred with indigenous peoples, ethnic minorities, or local residents.

Another one of our strengths is our global network. The Oji Group has built a network that incorporates the latest technologies through efforts to expand overseas businesses

ahead of the rest of the industry, and through tie-ups with overseas research institutes and partner companies. I expect this network to afford us major advantages as we work to drive the green innovation that leverages our forest resources.

Optimizing Manufacturing Sites

The Group has had little choice but to consolidate manufacturing sites as the demand for paper has declined. Each of the plants operated by the Oji Group has unique characteristics, however, including the pulp and paper machines that they use. Against this backdrop, our challenge has been to optimize our manufacturing sites while maintaining the same level of paper quality and production efficiency. From the perspective of manufacturing biorefinery products, as I discussed earlier, we must also consider many other factors in addition to ways of pursuing paper quality and production efficiency. As we raise our antenna to capture trends in Japan and abroad to illustrate a picture of the Group from a medium- to long-term perspective, we must engage in careful, yet fast-past studies of this area.



Message from the
Executive Vice President

Green Innovation

Examples of Recycling Materials
and Reducing Plastic Use

Human Resource Development

Against the backdrop of growing difficulties in securing human resources in step with the decline of the working-age population, the Oji Group now faces challenges with developing human resources at its production sites. Moreover, as the veteran operators who have supported production at our plants for many years retire, their expertise and deep knowledge of operations are becoming lost. As they also trained younger employees, it has become difficult to pass on, in the same manner as before, those skills and expertise acquired over the years. Although we have addressed this issue in the short term by using e-learning programs, for example, as part of Group-wide courses, from a medium- to long-term perspective, we must work to automate and optimize production using AI and other tools.

The reason the Oji Group has survived for the past 150 years is because, in addition to our abundant forest resources and infrastructure, those who came before us responded flexibility to each era, passed on their skills and knowledge, and made improvements. But I feel another major reason is that we have passed down our philosophy, symbolized by our Purpose, as part of our DNA. Regardless of the times, it is people that generate value in line with the needs of their respective eras. Human resource development will therefore remain, as always, the core for supporting the management foundation.

Promoting Sustainability

Another area that the Oji Group is focused on promoting in parallel with green innovation is sustainability. We have raised carbon neutral and nature positive as the vision for which we aim over the long term. In part through the activities of the International Sustainable Forestry Coalition (ISFC), established by 10 global forest-related companies, including the Group, we share the common challenge of helping to solve climate change, biodiversity, deforestation, and other global-scale problems. In February 2024, we revised part of the Environmental Action Program 2030 to clarify our stance of contributing to

nature positive on a global basis through sustainable forest management, as well as through initiatives targeting ecosystem conservation and restoration.

Carbon Neutrality Initiatives

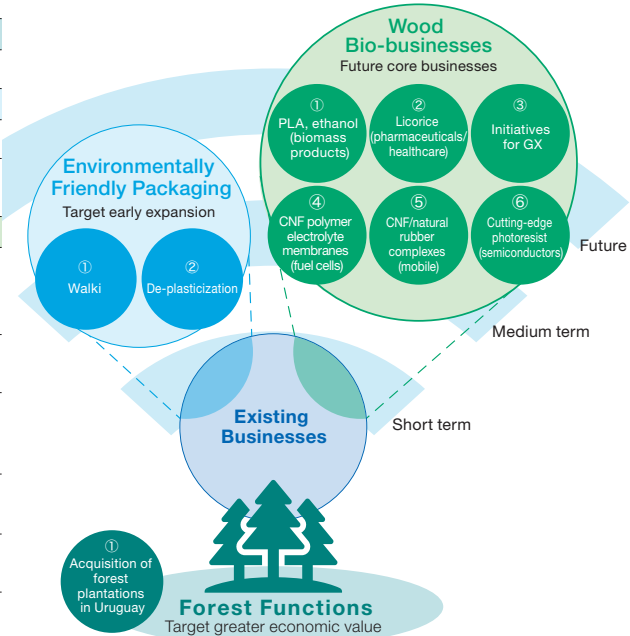
Having laid out a long-term vision for decarbonization that presents the goal of achieving net-zero carbon by FY2050, the Oji Group is targeting the milestone of 70% fewer greenhouse gas (GHG) emissions by FY2030 compared with FY2018. Of this 70%, we achieve our reduction target by eliminating 20% in terms of actual emissions and by expanding the net increment of carbon stocks accounted for by forests to manage the remaining 50%.

Initiatives for sustainable growth

Forest Functions	
①	▶ Acquire forest plantations in Uruguay
Environmentally Friendly Packaging	
①	▶ Acquire a leading environmentally friendly packaging company in Europe
②	▶ Transition 5,000 tons of plastic to paper products every year ▶ Recycle 100% of waste plastic
Wood Bio-businesses	
①	▶ Successfully polymerize polylactic acid at a bench plant scale facility for the first time in the world ▶ Operate a sugar solution and ethanol pilot facility (proceeding as planned)
②	▶ Perfect large-scale licorice cultivation technology ▶ Study further expansion of cultivation areas using idle land
③	▶ Enter alliances in the e-methane production business ▶ Shut down all coal-only-fired boilers by FY2030 (currently under way) ▶ Participate in the GX Acceleration Agency as a government-industry jointly-funded project
④	▶ Successfully develop high-performance, fluorine-free fuel cell materials (joint research with Yamagata University)
⑤	▶ Introduce mass-production and prototyping facilities for composite materials with excellent size stability, high strength, and heat stability
⑥	▶ Successfully develop fluorine-free semiconductor materials suited to cutting-edge micro-lithography

Shuttering All Coal-fired Boilers by 2030 to Reduce Actual Emissions

The Oji Group’s core approach to reducing actual emissions is to shift away from using coal-only-fired boilers in Japan. We will therefore invest roughly ¥100 billion to shut down all coal-only-fired boilers in Japan by FY2030 in an effort that will reduce GHG emissions by about 1,000 kt-CO₂e. In fact, we have already shut down two coal-fired boilers, one at the Oji Materia Nayoro Mill in FY2021 and one at the Oji F-Tex Ebetsu Mill in FY2023. Moreover, we are currently preparing to shut down two more coal-fired boilers and expect to complete this work by FY2027. We are also accelerating plans to shut down other coal-fired boilers in an attempt to complete the process as soon as possible ahead of the 2030 target year.



Summary of Financial Business Results

**Message from the
Executive Vice President**

Green Innovation

Examples of Recycling Materials
and Reducing Plastic Use

As a substitute fuel for coal-fired boiler shut-down during the transition stage, we plan to switch from coal to LNG and other gases in light of their practical nature and lower CO₂ emission intensity. We will also expand the use of renewable energy, including black liquor, a biomass fuel by-product from pulp production, and hydroelectric power, which we have used for many years. We will expand solar power generation facilities as an effective way to use the land and buildings that we own, and are studying the use of wind power. Similarly, we are advancing efforts to switch to hydrogen, ammonia, e-methane, and other fuels to achieve net-zero carbon while identifying their respective advantages and disadvantages along with global trends. Moreover, we are not simply waiting for someone else to begin supplying green fuels, but are working with TOKYO GAS CO., LTD., on a joint study regarding e-methane production in Japan.

In addition, the Group is making energy-saving investments that will be essential for achieving carbon neutrality and has made steady progress on reducing energy consumption intensity per unit of net sales. In fact, we have already achieved an average

5.0% reduction over the most recent five-year period, exceeding our target of 1% for year.

Expanding the Net Increment of Carbon Stocks Accounted for by Forests

To increase the net increment of carbon stocks accounted for by forests, the Oji Group had acquired approximately 280,000 ha of production forests overseas by the end of FY2023 compared to the target of 400,000 ha for FY2030. This move reduced net GHG emissions for FY2023 by 28.1% compared with FY2018. Humanity is highly dependent on water, forests, and other forms of natural capital, which is why I believe we have a role to play in a sustainable society, primarily through efforts to grow healthy forests and use them appropriately for the purpose of conserving and restoring natural capital.

Nature Positive Initiatives

Forest resources play a wide range of roles, from water resource cultivation to preventing landslide disasters and absorbing CO₂, and therefore function as an extremely important public service in terms of the environment and society. For this reason, the Group engages in business activities that factor in ecosystems and works to protect and nurture rare plants and animals in the approximately 640,000 ha of forests that we own and manage in Japan and abroad. Our efforts also serve to conserve and restore the biodiversity of life that exists within our forest resources. In addition to planting and growing trees in production forests for the purpose of producing forest products, as well as re-planting and maintaining forests after felling, we have set aside 25% of the total land area, or approximately 160,000 ha, as conservation forests for the purpose of conserving biodiversity and basins.

With 43% of its land accounted for by conservation forests, CENIBRA in Brazil monitors the plant and animal life that live there. Moreover, we scored the abundance of biodiversity in roughly 650 company-owned forests in Japan during FY2023 and surveyed the amount of cultivated water. In FY2024, we

will select several forests that received particularly high scores during the biodiversity survey and conduct field surveys using drones, AI analysis, and other cutting-edge technologies. In a leading initiative for Japan's paper-making industry, in FY2024 we will begin gradually disclosing information in line with the TNFD recommendations as an early adopter. At the same time, we will continue to engage in initiatives that help maximize the value of forests in a way that goes beyond simply producing forestry products. As part of these efforts, we will work with local communities to protect rare species, restore nature, protect aquatic environments, and promote carbon fixation.

To Our Stakeholders

The Oji Group will appropriately administer the forests we own and manage in Japan and abroad, and will contribute to achieving a sustainable society by enhancing their multifunctional role. At the same time, we will reflect biodiversity, climate change, human rights, and other sustainability-related risks and opportunities in our management strategies in an effort to enhance corporate value.

And through green innovation, we will accelerate the shift toward developing wood-derived materials and solutions on a global basis in the fields of sugar solutions, bioethanol, biomass plastics, films, CNF, and pharmaceutical products. As indicated by the Purpose, forests are the core of the Oji Group's businesses, and it is our mission to bring this world a brighter future filled with hope by creating products from these forest resources.

I therefore humbly ask for your continued support as we seek out, from among the various possibilities and directions, the types of forests that we can grow in the future, as well as the types of value that we can deliver to society from materials conceived from these forests, with the intention of connecting these efforts to future generations.

Green Innovation

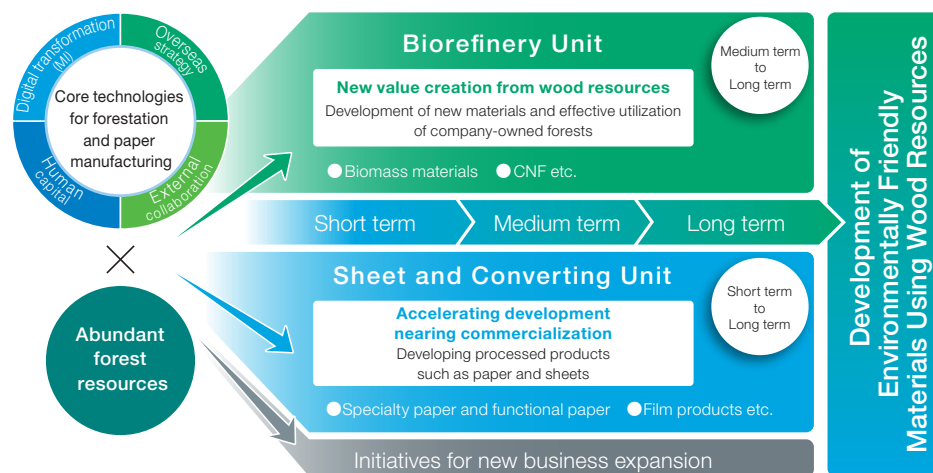
Our Vision for the Innovation Promotion Division

Our role is to fully utilize wood resources effectively to solve social challenges

The Oji Group is committed to green innovation, leveraging its abundant renewable forest resources to address global environmental challenges such as reducing CO₂ emissions and plastic usage. The Innovation Promotion Division focuses on creating unique new materials that are specific to the Oji Group, contributing to the creation of innovative value and expanding business domains.

Research and Development Policy to Achieve the Oji Group's Growth and Deepening

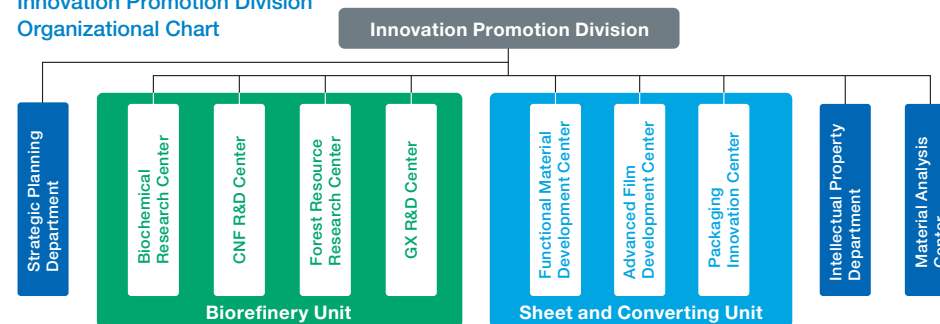
Based on the core technologies cultivated through more than 150 years of “forestation” and “papermaking,” the Innovation Promotion Division accumulates expertise from newly acquired overseas companies and deepens research and development. In addition, we are accelerating material development by introducing “Materials Informatics (MI)” as part of our DX promotion. Furthermore, we, with two units, are enhancing our research and development system through collaboration with universities, external research institutions, and start-ups. With such a robust system, we aim to develop environmentally friendly materials utilizing wood resources.



Research and Development Structure

To respond to the ever-changing needs of society, the Innovation Promotion Division has divided its research and development department into two units, and has established a system that facilitates the smooth information exchange and confirmation of research and development direction. In the “Biorefinery Unit,” research and development activities are conducted to cultivate the core of medium- to long-term businesses, which is the woody biomass business, and create new value related to woody components. In addition, in the “Sheet and Converting Unit,” development related to de-plasticization and environmentally friendly materials that are directly linked to business is being pursued as short- to medium-term initiatives closer to the market. Furthermore, turning to projects with greater urgency and development with significant future potential, the Strategic Planning Department takes the lead in driving new commercialization efforts and has even split off companies to deploy new businesses in some cases. The Intellectual Property Department and the Material Analysis Center support research and development across the entire the Oji Group while contributing to the business.

Innovation Promotion Division Organizational Chart



Launch of New Departments

In the organizational changes carried out in 2023, in addition to the existing organization, the GX R&D Center and Forest Resource Research Center were established. The GX R&D Center focuses on technological innovation utilizing wood components and reducing CO₂ emissions. The Forest Resource Research Center conducts research on the effective utilization of forest resources and the utilization of forest functions such as CO₂ absorption, water source cultivation, and biodiversity conservation.



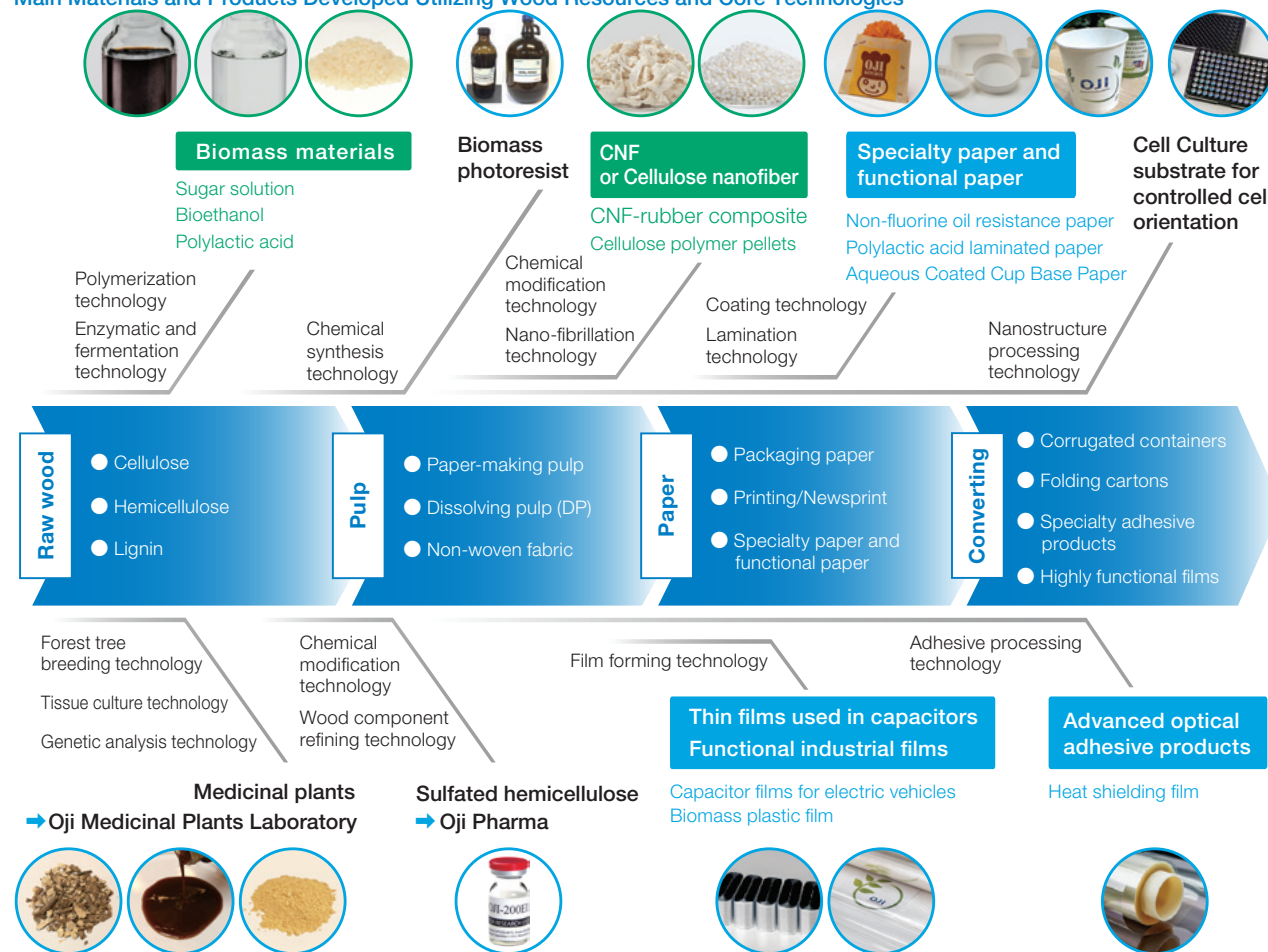
► [Innovation Promotion Division Website](#)

Introducing in detail the activities and developed products of the Innovation Promotion Division. (in Japanese)

Green Innovation That Utilizes Forest Resources Fully to Address Social Issues

The Oji Group combines forest resources with various technologies to develop unique products that meet the needs of customers and society.

Main Materials and Products Developed Utilizing Wood Resources and Core Technologies



Innovation and Intellectual Property

The Oji Group Innovation and Intellectual Property Management

Intellectual property is the culmination of the various innovations the Oji Group has developed over the years. By proposing strategies for effectively leveraging intellectual property in executing innovation-driven management strategies that drive innovation, and by properly managing the resulting outcomes and know-how, the Group aims to commercialize and create products from the generated corporate value, thereby solving various challenges faced by customers and society.

● Basic Policy

The Oji Group considers patents, utility models, designs, trademarks, know-how, and other forms of intellectual property as important management resources and aims to actively utilize these as a source of business competitiveness. Moreover, we will actively employ these resources in the formation of new businesses.

● Intellectual Property Management

The intellectual property rights owned by the Oji Group are centrally managed and held by Oji Holdings, which acquires and exercises these rights based on the Group's policy. In addition, Oji Holdings strives to effectively utilize these rights throughout the Group by granting licenses to companies within the Oji Group.

● Intellectual Property Strategies

The Oji Group engages in intellectual property-related activities in alignment with the management policies, and strengthens the acquisition and use of green innovation-related intellectual property rights to achieve a decarbonized society, thereby promoting the creation of corporate value and sustainable growth.

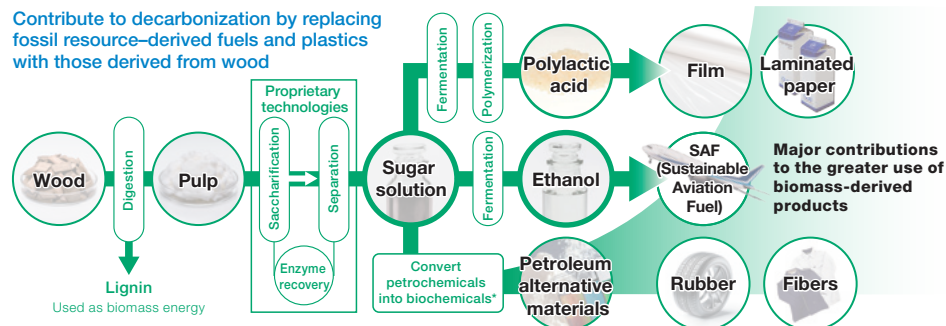
Message from the
Executive Vice President

Green Innovation

Examples of Recycling Materials
and Reducing Plastic Use

Development of Biomanufacturing Technology with Wood Resources as Raw Materials

Contribute to decarbonization by replacing fossil resource-derived fuels and plastics with those derived from wood



* Companies engaged in biochemical manufacturing combine fermentation and other technologies for application in manufacturing petroleum alternative materials. Poly(lactic acid) and ethanol are typical examples of biochemical products made by the Oji Group.

We are pursuing the development of new materials derived from the wood that is obtained from sustainable forest management. In particular, we focus on sugar solutions, which are a key substance for various types of biomanufacturing^{*1}; ethanol, which can be used in the manufacture of SAF^{*2} and other chemicals; and poly(lactic acid), which is a representative form of biomass plastic. To refine these manufacturing technologies, we will accelerate initiatives targeting social implementation, including the installation of pilot plant for wood-derived sugar solution and ethanol.

^{*1} Production of plastics, rubber, fibers, fuels, and other products using smart cells (micro-organisms that raise the productivity of beneficial substances), with biomass-derived sugars as raw materials

^{*2} Sustainable aviation fuel: Fuel seen as the trump card in the decarbonization of the aviation industry



Poly(lactic acid) bench plant

After being selected for the Ministry of the Environment's Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society, we established technology for the manufacture of wood-derived poly(lactic acid).



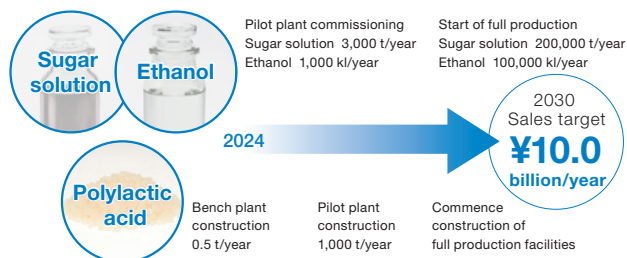
Pilot plant for sugar solution and ethanol

In addition to providing sugar solution and ethanol, we will continue to improve our technologies and accelerate our initiatives for commercialization. (Inside Oji Paper Yonago Mill)

Scheduled for completion during the second half of FY2024

Scale of the Target Markets

- ① Sustainable aviation fuel
Forecast demand (Japan)
2030 1,710,000 kl
2050 23,000,000 kl
- ② Biomass plastics
Forecast demand (Japan)
2030 Approx. 2.0 million t



Use of Cellulose That Accommodates Social Changes

To accommodate changes in society and customers' requirements, we are promoting development for the effective use of cellulose materials in products beyond paper, from CNF (cellulose nanofiber) to pulp.

Development for the Expansion of CNF Market - CNF-Natural Rubber Composite



We are advancing sample work toward commercialization of these composites as a new type of rubber material in which the carbon black, the existing fossil resource-derived reinforcing material, has been replaced with biomass. In anticipation of adoption for various applications, including tires and other rubber products used in automobiles, we will introduce mass-production and prototyping facilities for the composites and accelerate demonstration tests for real-world application.

Introducing ToughCel: Cellulose Resin Composite Materials for Various Applications

With high rigidity and resistance to breaking when molded into various products, we have advanced the development and commercialization of innovative resin composite materials known as ToughCel. These composite materials contain reinforcing fibers made of cellulose (pulp), contributing to the reduction of plastic usage and promoting de-plasticization. We are actively exploring the potential application of ToughCel in various sectors, including automotive components, and enhancing the quality and workability required for these products.

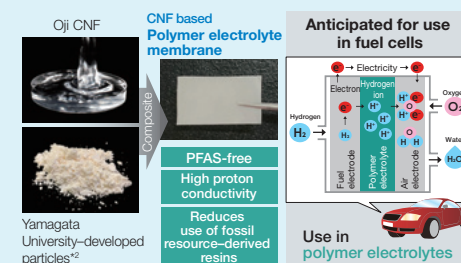


Development of polyelectrolyte membrane using CNF for fuel cells

The polymer electrolyte membranes used in existing fuel cells are derived from fossil resources and contain fluorine, which poses safety and environmental concerns. Our newly developed polymer electrolyte membrane is PFAS-free^{*1} and has high proton conductivity.

^{*1} The general term for organic fluorine compounds. PFAS-free indicates that a material does not contain any organic fluorine compounds.

^{*2} Proton conductive materials under development at Yamagata University (Professor Akito Masuhara)



Environmentally Friendly Paper Products

Non-fluorine Oil-resistant Paper O-hajiki®



As countries around the world increasingly tighten PFAS-related regulations, we developed the PFAS-free oil-resistant paper O-hajiki®. Available in bleached and non-bleached grades, these two types of O-hajiki® have been adopted by foreign fast food and coffee shop chains operating in Japan, while many domestic fast food and convenience store chains have also shown interest. Moreover, we are advancing new developments to expand the available grades in accordance with different applications and quality requirements.

Laminated Paper Using Plant-derived Polylactic Acid



The incineration of ordinary laminated paper as combustible waste results in the emission of fossil resource-derived CO₂. Because the plastic layers of the laminated paper that we developed use plant-derived polylactic acid, the combustion of the paper does not increase CO₂ in the atmosphere. In addition, this paper is biodegradable under compost conditions.

Recyclable Aqueous Coated Cup and Tray Base



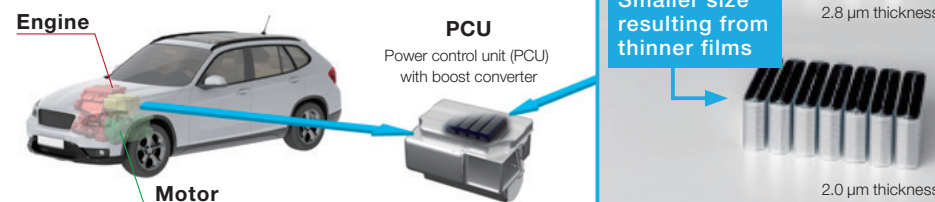
Conventional plastic laminated paper cups and paper trays are generally treated as combustible waste. However, by leveraging our technology to apply special aqueous resin to the cup base in a thin and even manner, we successfully developed a paper cup and tray base that still has the functions required for paper cups and trays, while being recyclable as paper material.

Developing Film Products That Respond to the Needs of Society

Thin Capacitor Films for Electric Vehicles

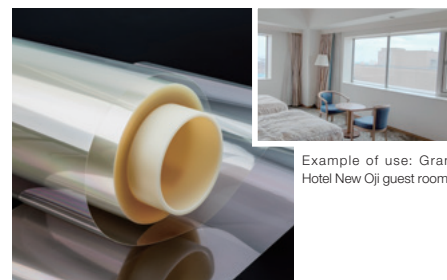
Our ultra-thin films for HEV and EV* capacitors maintain not only the thinnest property but also the highest level of heat and voltage resistance in the world. We are also advancing research and development that involves engineering plastics for next-generation EV models.

* HEV: Hybrid vehicles, EV: Electric vehicles



Heat Shielding Film

Heat shielding film is designed to be applied to the window glass used in automobiles and buildings, and offers both high heat shielding performance and transparency. We have added a new product with a release film made from recycled materials to our lineup. It is currently available as a film for automotive windshields, and we are considering its application for building windows.



Example of use: Grand
Hotel New Oji guest room

Film Made from Biomass Plastics

Amid the growing demand for environmentally friendly materials, we recently developed a film made entirely from biomass plastic (polylactic acid). Based on the technology used to manufacture our ultra-thin films for capacitors, this biomass film is expected to find use in a broad range of fields, including industrial- and food-related applications. In addition, we are working to develop films made from several other types of biomass plastics.



New Businesses That Split Off as New Companies

Oji Medicinal Plants Laboratory Co., Ltd.

Stable Supply of Medicinal Plant “Licorice” Based on Large-scale Cultivation

Medicinal plant licorice is an indispensable plant resource for daily life and is used in pharmaceuticals (primarily Chinese herbal medicine), cosmetics, and food products. The Oji Group has successfully established large-scale cultivation techniques leveraging our forest tree breeding technology. In 2021, we established Oji Medicinal Plants Laboratory.

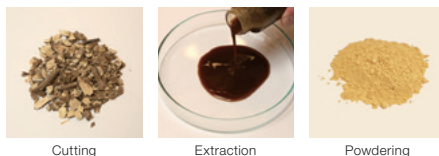


Large-scale cultivation of licorice (Hokkaido)

Much of the licorice consumed in Japan is dependent on imports, leading to problems with resource depletion and environmental conservation associated with the harvesting of wild plants. In addition, there are risks associated with export restrictions, therefore domestic production is required. By cultivating licorice in Japan, we can guarantee a high level of traceability and support safe and secure “sustainable businesses.”

Going forward, we will process licorice into the arrangements desired by our customers and deploy its use in pharmaceuticals, cosmetics, and food products, thereby enabling us to provide licorice to a wider range of consumers.

Licorice provided in various arrangements tailored to customers' requirements



Cutting

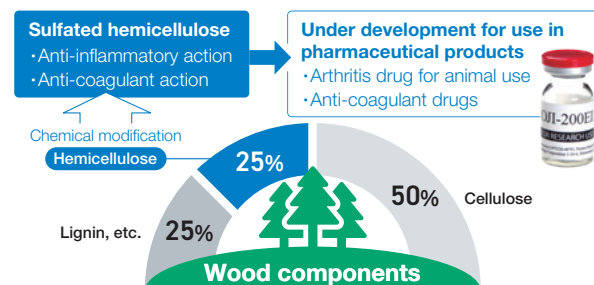
Extraction

Powdering

Oji Pharma Co., Ltd.

Drug Discovery from Wood Resources Leveraging Pulp By-products

Oji Pharma was established to research, develop, and commercialize pharmaceutical products made from sulfated hemicellulose, a substance obtained from the hemicellulose by-product of pulp production.



In addition to its anti-inflammatory and anti-coagulant actions, the Company's sulfated hemicellulose is unique in that it is derived from wood. Possessing the benefits of safety, reliability, and stable supply that are unique to wood-derived products, it offers the potential to replace animal-derived pharmaceutical products such as heparin.

We are currently acquiring approval for an arthritis drug for animal use in parallel with research and development efforts of a drug for human use. Moreover, we are working to market pharmaceutical products that take advantage of these properties in an effort to launch a pharmaceutical products business.

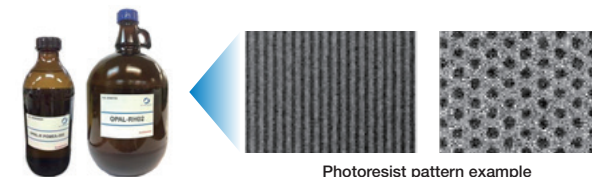
Scale of the Target Markets

- Oji Medicinal Plants Laboratory
Licorice: domestic market approx. ¥15 billion
- Oji Pharma
Arthritis drug for animal use: global market approx. ¥50 billion
Human-use pharmaceutical products (heparin): global market approx. ¥1 trillion–¥2 trillion

Featured Products under Development

Advanced Semiconductor Photoresist Made from Biomass

The United States and Europe are planning to tighten regulations related to PFAS, which is a substance that negatively affects the environment. Because PFAS is used in many types of semiconductors, the semiconductor industry is starting to shift to PFAS-free. Our photoresist is made from biomass, is PFAS-free compliant, and is environmentally friendly. Having already verified its basic performance, we are proceeding with optimization for customers of semiconductor device manufacturers.



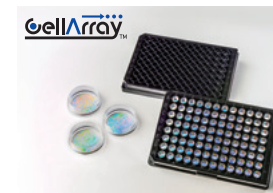
Photoresist pattern example

Cell Culture Substrate Made Using Nanostructuring Technology

Cell Culture Substrate for Controlled Cell Orientation, CellArray-Heart™

Given that the cellular functions of human cardiomyocytes fail to develop into those of in vivo cardiomyocytes, there is a growing need for maturation of these cells. Focusing on the condition of in vivo cardiomyocytes, we developed CellArray-Heart™. This product is a cell culture substrate in which the nanodot regions and planar regions are oriented in stripes using a proprietary technology held by the Oji Group.

It has been confirmed that culturing human iPS cell-derived cardiomyocytes using CellArray-Heart™ reproduce the same oriented condition as seen with in vivo cells, thereby facilitating their maturation. Accordingly, it is hoped that this method will help avoid animal testing and have applications in regenerative medicine.



Examples of Recycling Materials and Reducing Plastic Use

Establishing a New Business Model by Proposing Recycling Systems

We are working to build a sustainable material recycling system toward achieving a circular economy.

A Joint Initiative with Nihon Tetra Pak K.K.

In collaboration with Nihon Tetra Pak, we have launched the first domestic recycling system to collect aseptic carton packages and recycle those into corrugated containers.

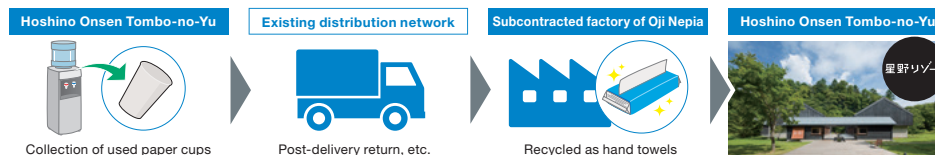
Currently, the majority of aseptic carton packages in Japan are disposed of through incineration (thermal recycling) as combustible waste, with a low level of 3.4% recycled into paper products (material recycling). Building on this first domestic initiative to separate the paper fiber and polyethylene-aluminum layer of used aseptic carton packages, we will expand this system to recycle the paper fiber into corrugated containers through material recycling on a national scale. Aiming for the recycled corrugated containers to be utilized as not only collection boxes for carton packages but also in the food and beverage industry, this initiative will support efforts to achieve zero emissions at food and beverage company factories.



A Joint Initiative with Hoshino Resorts Inc.

We have started an initiative to recycle the paper cups used at Hoshino Onsen Tombo-no-Yu, operated by Hoshino Resorts Inc., into the nepia hand towels produced by Oji Nepia. Paper cups are generally laminated with plastic to enhance their water resistance and are handled as prohibited materials in the current recycling system. As such, paper cups cannot normally be included in the collection of used paper and must be incinerated as combustible waste.

Under this initiative, used paper cups are collected and recycled as fiber (pulp) into hand towels.



Sustainable Packaging Designed to Minimize Plastic Use

We provide environmentally friendly packaging materials to meet the needs of customers with the aim of reducing CO₂ emissions and plastic consumption.

Case Studies

■ Packaging for the replacement wiper rubber used in N-BOX vehicles manufactured by Honda Motor Co., Ltd.

We are working to switch from conventional plastic packaging to paper packaging while continuing to use existing packaging machinery. The goal is to promote environmentally friendly packaging that is pleasant to the touch, easy to open, and fully harnesses the unique features of paper materials.



■ Seasoned seaweed from the Sumapura brand of Shirako Corporation

While seaweed products are typically packed entirely in plastic to prevent moisture, one such product has been switched to paper-based packaging, achieving a 92% reduction in plastic usage. The new package design has also doubled the shelf life compared to the previous plastic bottle version.



■ fufumu Inc.

“Paqupa”

We are adopting environmentally friendly paper materials in new concept baby food packaging.



■ Famidge Co., Ltd.

Rice cracker shop's dog snack

Our paper packaging for “gibier” snacks highlights our contributions to the local economy and environmental conservation.

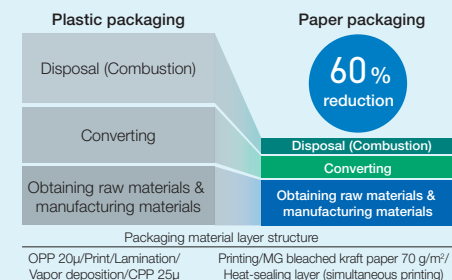


Topics

Reduction of CO₂ emissions by the introduction of paper packaging

The calculation and comparison of the life-cycle CO₂ emissions of petroleum-based plastic packaging and sustainable paper packaging show 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. (in Japanese)

([Sustainable packaging /CO₂ reduction effect](#))



Mitigation and Adaptation to Climate Change

Basic Approach

In 2020, the Oji Group formulated its Environmental Vision 2050 centered on the goal of net-zero carbon, while also positioning the Environmental Action Program 2030 as a stepping stone toward achieving its medium-term targets. In a bid to achieve our target of reducing greenhouse gas (GHG) emissions by 70% compared with FY2018 levels, we are working to reduce actual emissions by reducing coal consumption and other emission sources, and increasing the net increment in carbon stocks by forests.

Business Model Targeting Decarbonization

The Oji Group engages in a wide array of business activities, including the manufacture of pulp and paper. In light of the substantial amounts of heat (steam) and electricity consumed, these activities accordingly lead to the emission of GHGs commensurate with this energy use. By working to reduce GHG emissions from energy use and promoting CO₂ absorption by forests, we are contributing to climate change mitigation.

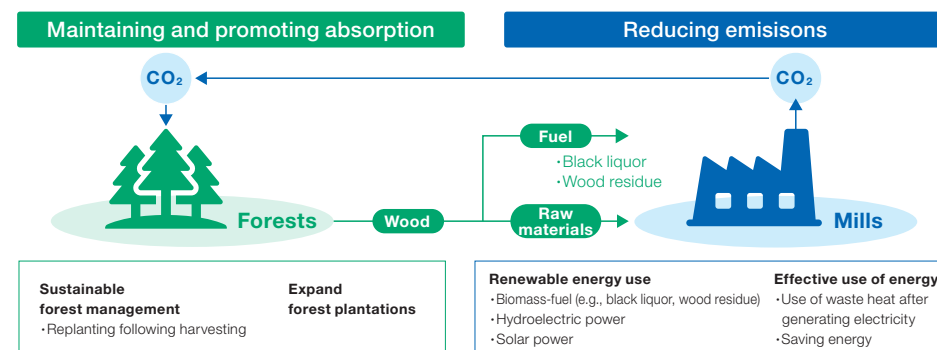
Pulp and paper mills generate steam and electricity from black liquor produced in the wood pulp manufacturing process and waste wood unsuitable for use in pulp raw materials. The CO₂ emitted during combustion is offset by the CO₂ absorbed by trees during growth. In addition, the waste heat (steam) after generating electricity is reused in the manufacturing process in an effort to promote the effective use of energy. Moreover, we have been using the electricity generated by the Chitose No. 1 Hydroelectric Power Plant in Hokkaido since 1910 and, in recent years, solar power systems on factory roofs. Over and above in-house consumption at mills, we also expand the renewable energy generation business using biomass, hydroelectric, and solar power, and are considering wind power generation projects on company-owned sites.

In addition to practicing sustainable forest management through replanting following harvesting, as well as the planting of elite trees with high growth rates, every effort is made to maintain and promote the CO₂ absorption functions of forests.

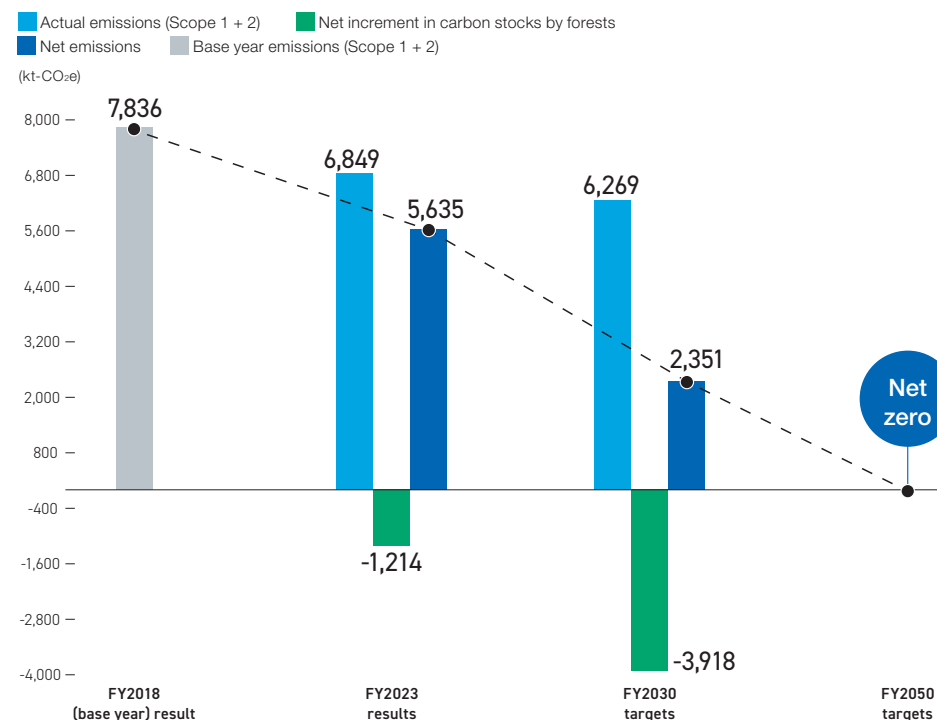
GHG Emissions Reduction Target and Emissions Results

Our target is to reduce net emissions (actual emissions minus the net increment in carbon stocks) by at least 70% compared with FY2018 levels by FY2030. Of this, 20% will be achieved through reductions in actual emissions (total of Scope 1 and Scope 2) and the remaining 50% by increasing the net increment in carbon stocks by forests.

In FY2023, net GHG emissions were reduced by 28.1% compared with FY2018 levels, to 5,635 kt-CO₂e.



GHG emissions



**Mitigation and Adaptation
to Climate Change**Climate-related Information Disclosure
Based on the TCFD RecommendationsSustainable Forest
ManagementNature-related Information Disclosure
Based on the TNFD RecommendationsCircular Use of
ResourcesResponsible Raw
Materials ProcurementRespect for
Human RightsEnsuring Workplace
Safety and Health

Roadmap for GHG Emissions Reduction

To achieve the FY2030 target for emissions reduction, we are focused on reducing actual emissions and increasing the net increment in carbon stocks by forests.

Of the 16 boilers in Japan that were burning coal as of FY2018, we will terminate operations at all eight coal-only-fired boilers by FY2030, excluding backup boilers, and switch to gas fuels in a transition phase toward decarbonization. Operations were discontinued at two boilers by FY2023. Plans are in place to discontinue the use of two additional boilers, one each at the Sobue Mill and the Saga Mill of Oji Materia by FY2027. We are also considering reducing coal consumption by changing the composition of fuels at coal co-fired boilers.

Further reducing the use of fossil fuels including gas is essential to achieving net-zero carbon emissions from FY2030. To this end, we are considering the use of alternative fuels, including hydrogen, ammonia, and e-methane (synthetic methane).

Moreover, to increase the net increment of carbon stocks, we are advancing efforts to acquire overseas forest plantations. Making the most of the tree breeding and forest plantation technologies nurtured over our considerable history, we are engaging in the cultivation of elite fast-growing trees best suited to each region. Moving forward, we are promoting CO₂ absorption while expanding forests with a high net increment of carbon stocks.

Topics

Commenced a joint study on the manufacture of e-methane

In conjunction with TOKYO GAS CO., LTD., and Tokyo Gas Engineering Solutions Corporation, we launched a joint study on the manufacture of e-methane at the Oji Paper Tomakomai Mill.

This joint study will examine the domestic production and use of e-methane by investigating the reaction of green hydrogen, produced using electricity from existing hydroelectric facilities and future solar power generation facilities, with CO₂ derived from carbon neutral fuel generated and recovered in the pulp manufacturing process.

Roadmap for GHG Emissions Reduction toward FY2030

	Category	Sub-category	GHG reduction (kt-CO ₂ e)	GHG reduction rate	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Reduction in Actual emissions	Improve energy efficiency	Maintain energy conservation	200	2.6%	Reduce energy consumption intensity 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%	Reduced 5.0% on average from FY2019 to FY2023										
		Install private solar power systems, etc.	360	4.5%	●Shut down one coal-only-fired boiler	●Shut down one boiler	●To shut down 2 boilers								To shut down 4 boilers
					Technical research and testing to change the fuel composition				Studies and decisions on facilities		Implementation				
					Installation planning				Investment decisions			Installation			
Subtotal				1,567	20.0%	Reduction of 988 kt-CO ₂ e (12.6%)									
Expansion of net increment in carbon stocks by forests	Invest in forest conservation and plantation	Expand forest plantations	3,918	50.0%	Overseas production forests 256,000 ha → 275,000 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										
					Net increment in carbon stocks by forests: 1,214 kt-CO ₂ e (15.5%)										
Total				5,485	70.0%										

* Area as of the end of FY2023. This does not include the 20,000 ha of production forest acquired in Uruguay in FY2024.

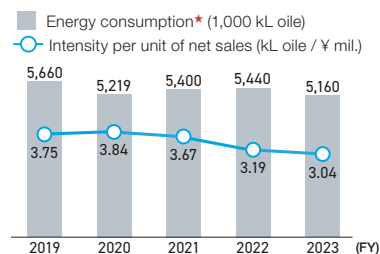
Mitigation and Adaptation
to Climate ChangeClimate-related Information Disclosure
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ManagementNature-related Information Disclosure
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ResourcesResponsible Raw
Materials ProcurementRespect for
Human RightsEnsuring Workplace
Safety and Health

Reducing Actual Emissions

We are working to improve energy efficiency and increase the percentage of renewable energy use to reduce GHG emissions through our business activities. In FY2023, the actual GHG emissions (Scope 1 + 2) were reduced by 12.6% compared with FY2018 levels, to 6,849 kt-CO₂e.

Improve Energy Efficiency

In FY2023, our major domestic companies made energy conservation investments of ¥0.93 billion, thereby reducing energy consumption by 47 thousand kL (in crude oil equivalent). Across the entire Group, energy consumption intensity was reduced by 5.0% per year on average from FY2019 to FY2023.

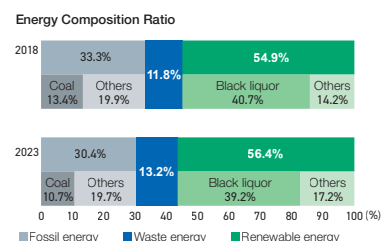


★ A star mark indicates that the FY2023 figure for energy consumption has been assured by KPMG AZSA Sustainability Co., Ltd. For the calculation method, see [P.98](#).

Increase the Percentage of Renewable Energy Use

Utilizing black liquor, a by-product of the pulp production process, and other biomass fuels, the Oji Group has increased the percentage of renewable energy use. To further improve energy efficiency, we are using private hydroelectric power plants while promoting the introduction of solar power generation systems.

In FY2023, the percentage of renewable energy use was 56.4%.



Reduce Coal Consumption

We shut down coal boilers at the Oji Materia Nayoro Mill and the Oji F-Tex Ebetsu Mill in FY2021 and FY2023, respectively. As a result, coal consumption decreased by 25.6% in FY2023 compared with FY2018 levels. We will continue to promote reductions, and through capital investments of approximately ¥100 billion, we project a downturn in GHG emissions of roughly 1,000 kt-CO₂e.

Topics

Indirect reduction of GHG emissions by the Renewable Energy Power Generation Business

In FY2023, we sold 1,631 GWh of electricity generated by biomass, hydropower, and solar power through the feed-in tariff (FIT) system for renewable energy. This is equivalent to a reduction of 714 kt-CO₂e in electricity consumer emissions*.

* Calculation method ([P.98](#))

Expansion of Net Increment in Carbon Stocks by Forests

We are expanding the net increment in carbon stocks by forests by expanding plantations and planting fast-growing trees. In the 600,000 ha^{*1} of forests owned and managed by the Oji Group in Japan and overseas, actual carbon stocks reached 124,560 kt-CO₂ at the end of FY2023, and the annual average net increment in carbon stocks by forests from FY2019 to FY2023 was 1,214 kt-CO₂^{*2}. The amount of O₂ released during the same period averaged 883 kt per year^{*3}.

*1 This does not include the 35,000 ha of forest acquired in Uruguay in FY2024.

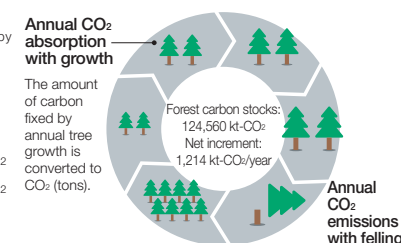
*2 The figures of carbon stocks and net increment in carbon stocks exclude those by CENIBRA's forests planted by third parties and forests less than two years after plantation.

*3 Calculation assuming that the same amount of O₂ as CO₂ absorbed (in moles) is released.

Source: [National Institute for Environmental Studies \(in Japanese only\)](#)

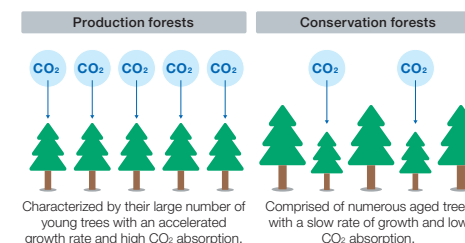
Forest carbon stocks: The CO₂ stocks in Oji Forests

Net increment in carbon stocks by forests: The amount of CO₂ absorbed by the trees in Oji Forests minus the amount of CO₂ stored in the trees felled which are subtracted as emissions.



Expand Forest Plantations

Recognizing that the amount of CO₂ absorbed by trees is proportional to the amount of growth, production forests with abundant trees in a growth phase absorb more CO₂ compared to conservation forests where trees have matured. The Oji Group is expanding its overseas production forests and increasing the number of trees in a growth phase in a bid to increase the net increment in carbon stocks.



We expanded the area of overseas production forests from 237,000 ha as of the end of FY2018 to 275,000 ha^{*4} as of the end of FY2023. We are considering acquiring more sites for forest plantation primarily in South America, Oceania, and Southeast Asia, where we have been operating our forest plantation business. Our target is to expand the area of our overseas production forests to 400,000 ha by FY2030, at an estimated acquisition cost of about ¥100 billion.

*4 This does not include the 20,000 ha of production forest acquired in Uruguay in FY2024.

Plant Fast-growing Trees

CENIBRA in Brazil and KTH in Indonesia have long been breeding forest trees. In selecting and planting high-quality varieties, distinguished by their high growth rate and pulp productivity obtained through artificial pollination, efforts are being made to increase the amount of forest growth while facilitating carbon absorption and fixation.

Climate-related Information Disclosure Based on the TCFD Recommendations

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

► [Sustainability Report](#)

Targets

We have set the following targets based on the 1.5°C target in the Paris Agreement. The carbon price of 140 USD/t-CO₂ (2030 level in developed countries) from the Net Zero Emissions (NZE) scenario of the International Energy Agency (IEA) is used as the internal carbon pricing (ICP) and taken into account in investment impact studies.

Targets		FY2023 results
Scope 1 + 2	70% reduction by FY2030 and net zero by FY2050	Net emissions down 28.1% (compared with FY2018)
Scope 3	Reduction of GHG emissions through collaboration with suppliers	Survey of supplier GHG emissions
Coal consumption	Zero coal consumption by FY2050	Coal consumption down 25.6% (compared with FY2018)

Governance and Risk Management

Climate-related issues and countermeasures are discussed by the Sustainability Committee and supervised by the Board of Directors (for details, see [P.29](#)).

The Corporate Sustainability Division examines risks and opportunities on a Group-wide basis, while the Sustainability Committee deliberates on their importance and priority. Impacts on our business, strategy, and finances are assessed quantitatively and qualitatively, using scenarios for 1.5°C (2°C) and 4°C for the medium term (2030) and the long term (2050).

The Corporate Sustainability Division is in charge of overall management based on the relevant strategies. Progress is reported to the Sustainability Committee. Specifically, we have organized a project team that is working to reduce GHG emissions. Furthermore, issues are referred for discussion to the Group Management Meeting depending on their importance, and integrated into Group-wide risk management.

Strategy

We recognize the importance of transition risks due to policies and regulations such as carbon taxes in the medium term toward 2030, physical risks such as changes in precipitation and weather patterns in the long term toward 2050, and opportunities for increased demand for low-carbon products in the medium to long term. Accordingly, we are engaging in a variety of measures, including the reduction of coal consumption and efforts to increase the net increment in carbon stocks by forests and develop wood-derived products as a plastic alternative. While recognizing that the transition to a decarbonized society will have limited impact on our business, we will continue to analyze risks and strengthen our resilience through these initiatives.

Investment toward decarbonization	
Investment in connection with coal consumption reduction	Approx. ¥100 billion
Investment in connection with the acquisition of forest plantations	Approx. ¥100 billion

Financial Impact of Climate-related Risks and Opportunities (2030)		
Example of risks	Cost increase attributable to carbon pricing	¥72.3 billion
Example of opportunities	Increase in sales from the environmentally friendly business (Green innovation)	¥300 billion

Climate-related Risks, Opportunities, Strategies, and Responses (Selection)

Type		Driver (Factor causing an impact on our business)	Awareness of business environment	Impact on our business				Strategies and countermeasures
				1.5°C (2°C) scenario		4°C scenario		
				2030	2050	2030	2050	
Transition risks	Policies, laws, and regulations	Tightened CO ₂ emissions regulations	Increase in energy consumption and credit operating costs due to the introduction of a carbon tax and tightening of regulations on emissions trading	Large*	Small*	Medium	Small*	<ul style="list-style-type: none">• Promote thoroughgoing energy conservation and efficient operation of in-house power generation facilities to reduce fossil fuel consumption and electricity purchases to optimize overall energy costs• Enhance the operation of renewable energy sources such as hydro and biomass energy toward net-zero carbon emissions in FY2050
Physical risks	Chronic	Changes in precipitation and weather patterns, and rising average temperatures	Increase in procurement costs primarily as a result of deterioration of growth conditions for trees, key raw materials for our products	Small	Small	Large	Large	<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 surveys and research on the impacts of temperature and precipitation on the growth of trees, and select tree species suitable to specific areas
Opportunities	Products and services	<ul style="list-style-type: none">• Changes in consumer preferences• Development of new products and services through R&D and innovation	Increase in demand for low-carbon and environmentally friendly products due to increased awareness of decarbonization and the environment	Large*	Large*	Large*	Large*	<ul style="list-style-type: none">• Enhance the alternate use of biomass plastics and the development of paper materials as an alternative to plastic packaging, and expand sales opportunities

* Impact amount Small: less than ¥10 billion, Medium: not less than ¥10 billion but less than ¥50 billion, Large: not less than ¥50 billion

Notes: Impact levels without an asterisk (*) represent qualitative assessment.

Sustainable Forest Management

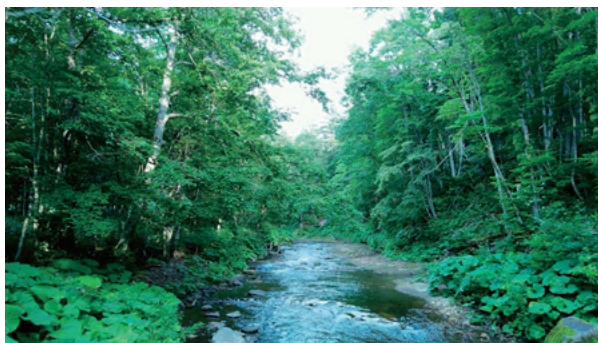
Basic Approach

For more than a century, the Oji Group has continued to engage in sustainable forest management guided by the teachings of Ginjiro Fujiwara, then president of the former Oji Paper, who advocated that “those who use trees are responsible for planting them.”

Forests that have been properly cultivated and managed, through the accumulation of forestation techniques and expertise both domestically and overseas, provide considerable returns and benefits through such multifaceted functions as biodiversity conservation, water resource cultivation, and recreation.

Making the most of the forests that it has inherited over the years, the Oji Group is developing businesses that deliver a host of products and services to society.

▶ [\(The Oji Group Sustainable Forest Management Policy\)](#) 



Biei company-owned forest

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

The Oji Group owns and manages extensive forests in Japan and overseas, amounting to 635,000 ha. The portfolio comprises 472,000 ha of production forests primarily for producing forest products that take into consideration the environment, and about 163,000 ha of conservation forests that principally serve a public utility function, including the conservation of biodiversity and watershed.

In addition to the use of wood from production forests as raw materials for paper manufacturing, materials for lumber and plywood, and fuels for biomass power generation, expectations surrounding use in the development of new materials derived from wood components continue to mount.

To maintain the stable supply of wood raw materials as a resource, the Oji Group spends approximately ¥16.3 billion annually for ongoing

sustainable forest management while maintaining the public utility function of forests.



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

Conservation Forests

Of the 635,000 ha of forests owned and managed by the Group, approximately 26%, or 163,000 ha, are conservation forests, which are managed while taking into consideration the environment and ecosystems. In Japan, approximately 11,000 ha out of 188,000 ha of company-owned forests are conservation forests designated for conserving biodiversity, maintaining landscapes around recreational facilities (conservation for forest utilization), preventing soil runoff and collapse (land conservation), serving a water source cultivation function such as storing water resources, mitigating floods, and water purification (water conservation), and other purposes. As one forest can have multiple functions, the cumulative total area of environmental conservation functions is 17,000 ha.

Oji Group's forests by country

(1,000 ha)

Country	Business Company	Established	Production Forest Area	Conservation Forest Area	Total Area
Brazil	CENIBRA	1973	143	107	250
Indonesia	KTH	1998	63	19	82
New Zealand	Pan Pac	1971	35	5	40
	SPFL	1992	10	3	13
	Oji FS	2014	7	1	8
Uruguay	OUFC	2024	20	15	35
2 companies in Vietnam			11	1	12
2 companies in Australia			6	1	7
Overseas subtotal			295	152	447
Japan			177	11	188
Group total			472	163	635

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

Conservation forests in Japan by function

(ha)

Conservation Forest Functions	Forest Area* ¹ (actual area)	Function Area* ² (cumulative total)
Biodiversity conservation	9,741	9,785
Conservation for forest utilization	710	4,357
Land conservation	818	2,735
Water conservation	275	532
Conservation for scientific research	8	8
Total	11,552	17,417

*1 Each conservation forest is categorized by its main function, and forest areas are aggregated by category.

*2 Each function area shows the cumulative total of the forest areas with that function regardless of the main function category.

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Renewable Forest Resources

Production Forests

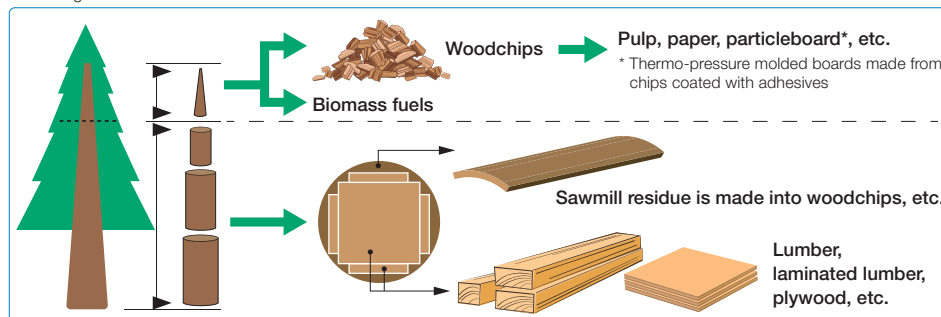
The Oji Group is engaged in the forest plantation business worldwide. We develop and select tree species that are suitable for the local climate and land conditions, and improve cultivation methods by formulating optimal plans for each region. Through these measures, we enhance forest productivity, produce high-quality timber and improve profitability through stable supply.

Through a cycle of planting, cultivating, harvesting, and replanting, forests are constantly growing and can be used for a variety of products, including lumber on a continuous basis. Moreover, we are maintaining economic efficiency while promoting the thoroughgoing cascading use of harvested wood for a variety of applications, including lumber, plywood, woodchips for the manufacture of paper, and wood biomass fuel.

Maintaining forests as production forests serves multiple purposes beyond just timber use. It offers various ecosystem benefits (ecosystem services), such as providing opportunities for residents to harvest and use forest products, and serving as migration routes for wildlife. In this way, the Oji Group practices forest management that considers the environment, society, and the economy. Through these efforts, the Oji Group, as a comprehensive forestry business group, promotes the sustainable use of lumber.



Cascading use of forest resources



Social Contributions Environmentally and Economically Friendly to Local Communities

Collaboration with local communities, including indigenous peoples, is a prerequisite for sustainable forest management. In this vein, cooperating with local stakeholders and communication are critical to serving the interests and meeting the needs of each region. Moreover, contributions to local employment and economic growth are important elements of sustainable forest management.

As an example of an economic contribution, our overseas forest plantation companies have created approximately 13,000 jobs locally. Another such example is our technical training primarily on planting and forest management provided to owners of small-scale forests. Furthermore, we cooperate with local governments, NGOs, and civic groups in each region to create and share environmental and social value. These activities include biodiversity conservation programs in environmental conservation forests, vocational and educational support in local communities, and assistance in areas that have poor access to medical services.



Donation of a pharmaceutical storage facility to the healthcare center of a local village by Quy Nhon Plantation Forest Company Vietnam Ltd. (QPFL)

Support for traditional land use and cultural activities of residents and indigenous peoples

The Oji Group respects the traditional use of land as well as the culture of local residents and indigenous peoples.

Based in Brazil, CENIBRA supports the traditional culture of making handicrafts from the leaves of the Indaiá palm, which grows wild in eucalyptus plantations. While this traditional technique of making hats was originally passed down from generation to generation among local residents, its value has remained relatively unknown for roughly 300 years.

In addition to recognizing the importance of the local culture, CENIBRA has designated this wild growth Indaiá land as a certified forest of high conservation value since 2005. Working together with various parties, including the Indaiá Cultural Association and local universities, the company has supported efforts to formulate a sustainable production management plan of Indaiá and to diversify the lineup of handicrafts beyond simply hats. As a result, handicrafts can now be purchased via the Internet from anywhere in the world. This is helping to increase the incomes of the artisans, which are mainly women, and to pass on this traditional culture while enhancing value.



Traditional artisans belonging to the Indaiá Cultural Association



Traditional crafts made from Indaiá palm

Nature-related Information Disclosure Based on the TNFD Recommendations

The Oji Group is committed to disclosing nature-related information as recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

► [TNFD Report](#)

Facing Challenges at Oji Forests Toward the Next 150 years

Looking at the global environment, climate change and biodiversity loss are currently major problems. There is a need for “nature-positive management,” by which our corporate business activities and capital flows move in a direction that enriches rather than exploits nature.

Nature-positive management requires first making the value of nature visible and then taking steps to increase that value. To make that value visible, we have begun developing technologies and methodologies with start-ups and academia with the aim of establishing the Oji Model in the future, a method for measuring and quantitatively evaluating natural value such as biodiversity and water of the Oji Forest. We will maximize the value of natural capital (capital formed by nature, such as forests, soil, water, atmosphere, and biological resources) and exert influence on the creation of global standards.

As climate change and changes in natural capital have mutual effects, the Oji Group aims to become both nature positive and carbon neutral by achieving its purpose through the above initiatives. For the next 150 years and beyond, we will take action to move toward an era of natural capital accounting that recognizes the economic value of natural capital.

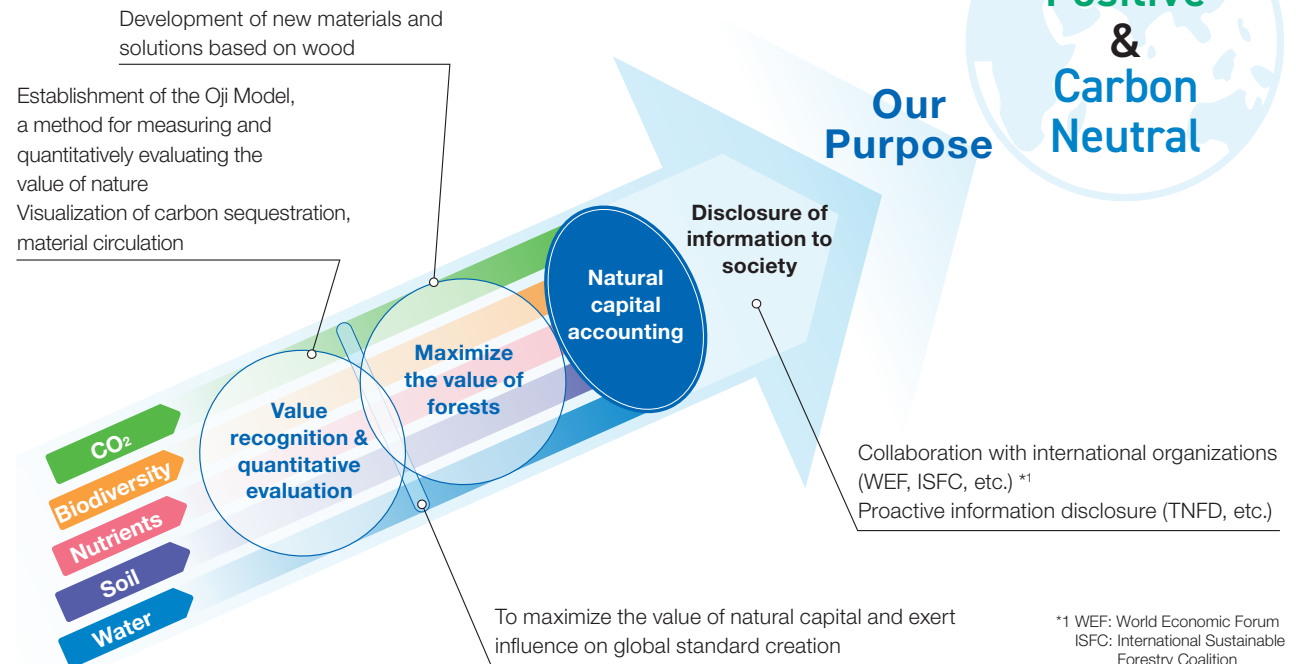
Governance

In the Oji Group, the Sustainability Committee deliberates nature-related dependencies, impacts, risks, and opportunities within its operations and value chain, and the responses to them, as well as its commitment to respecting the human rights of all stakeholders, including indigenous peoples, local communities, and affected stakeholders, and stakeholder engagement. These discussions are monitored and supervised by the Board of Directors.

► [P.29](#)

► [Oji Group Human Rights Policy](#)

Initiatives toward maximization of natural capital value



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Interface with Nature

The Oji Group recognizes the dependencies and impacts that its business activities have on nature and the responsibility we have to properly manage them. To achieve sustainable management and social life, we are promoting efforts to avoid and reduce negative impacts and restore and regenerate natural ecosystems.

Identifying Priority Sectors and Locations

We used the TNFD-recommended tool “ENCORE” to identify sectors that have a significant relationship with nature. The results showed that the dependencies and impacts on many ecosystem services are high in the forestry sector and that the water-related dependencies and impacts are high in the manufacturing sector.

For forestry bases, we conducted surveys of natural conditions using publicly available datasets (see table below) and identified forests at CENIBRA (Brazil) and forests in Japan as priority locations for evaluation. For manufacturing sites, we conducted water risk surveys using publicly available datasets and identified 21 business sites located in areas with high water risk as priority locations for evaluation.

Results of assessments on the state of nature in forestry base areas

Bases			State of Nature				
Company	Country	Area (thousands of ha)	Biodiversity impotance	Proximity to biodiversity significance area	Biodiversity intactness* ¹	Forest cover loss* ²	Water risk
CENIBRA	Brazil	250	High	High	High	Low	Low
KTH	Indonesia	82	Medium	Low	High	High	Low
APFL	Australia	5	High	Low	High	Medium	Low
GPFL	Australia	3	Medium	Low	High	Low	Medium
Pan Pac, Oji FS	New Zealand	48	Medium	Medium	High	Medium	Low
SPFL	New Zealand	13	Low	Medium	High	Low	Low
QPFL	Vietnam	10	Medium	Low	High	Medium	Medium
—	Japan	188	High	High	High	Low	Medium

*1 Biodiversity intactness indicates the extent to which species and populations are being maintained in the surrounding area. The higher the value, the less change there is, and the healthier their conditions.

*2 Forest cover loss indicates the change in forest cover in the surrounding area since 2000. The higher the value, the more forest cover has been lost.

Note: The forest of OUFC is not included in this assessment as it was newly acquired in July 2024

Economic Value Assessment of Oji Forests

The Oji Group has been creating its domestic forests for many years, dating back to the 1930s. One of our core competencies, sustainable forest management, involves not only maintaining a sustainable timber production cycle—forest planting → silviculture → harvest → forest planting—but also fulfilling other multifaceted roles, including absorbing and fixing CO₂, conserving biodiversity, cultivating water resources, and landslide disaster prevention.

We estimated the economic value of forest functions using the Forestry Agency evaluation method*³ and found that the annual economic impact was 550 billion yen. Maintaining a focus on the future introduction of natural capital accounting, in years ahead we will reflect regional characteristics, improve our accuracy, and add value from new perspectives by collaborating with academia and start-ups.

*3 Calculation based on the methodology used in the Forestry Agency of Japan's 2000 Valuation of the Public Benefit Functions of Forests (calculated by multiplying the Forestry Agency's estimated national valuation by the ratio of Oji Holdings' forest area to the national forest area). Some calculation units and evaluation methods were updated where possible (water resource cultivation function, biodiversity conservation function (wildlife conservation function) and air quality conservation function).

Economic value assessments of Oji Forests (Domestic Forest)

(¥ billion / year)

Public benefit functions of forests	Value	Function details
Water resource cultivation function	204	The soil in forests stores rainfall, equalizes the amount of water flowing into rivers, prevents floods and droughts, and through this process, purifies water quality.
Soil erosion prevention function	212	The understory vegetation and fallen leaves and branches in forests play a role in controlling soil erosion.
Landslide prevention function	63	Forests prevent landslides due to their expansive root systems.
Health and rest functions	17	Forests play a role in providing people with relaxation and leisure time.
Wildlife conservation function (biodiversity conservation)	43	Forests have a role as habitats for wild birds and animals.
Air quality conservation function (CO ₂ absorption)	11	Forests absorb CO ₂ and emit oxygen during the course of their growth. (The amount of CO ₂ absorbed is calculated by replacing it with the price of purchasing carbon credits.)
Total	550	

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CENIBRA (Minas Gerais, Brazil)

CENIBRA is mainly engaged in forestry and pulp production. CENIBRA manages approximately 250,000 ha of forest within an ecosystem known as the Atlantic Forest. Regarding CENIBRA's forestry activities, nature-related dependencies, impacts, risks, and opportunities were identified and assessed, and metrics and targets were set.

Identifying and Assessing Dependencies and Impacts

CENIBRA's forestry activities depend on many ecosystem services, such as timber and water supply, soil quality, and climate regulation. The activities also have impact drivers on nature, such as GHG emissions and absorption, and land use. We have assessed the magnitude of each dependency and impact.

Identifying and Assessing Risks and Opportunities

Based on our dependencies and impacts on nature and their extent as well as on the state of nature in the region, we identified and assessed risks and opportunities, as shown in the table on the right. Two exploratory scenarios were used to prepare for future uncertainties. Our response actions include preventing fire, establishing ecological corridors, and reintroducing endangered species.

Metrics and Targets

Based on the risk and opportunity assessment results, we organized future countermeasures and set the targets shown in the table on the right. These targets were considered and set in accordance with the LEAP approach, implemented by Oji Holdings with the assistance of KPMG AZSA LLC. Furthermore, following discussions by the Oji Group Board of Directors, these issues are incorporated into the KPIs for material issues and managed accordingly.

Risks and Opportunities (Excerpts)

				Magnitude		Likelihood			
				2025	Scenario 1 ^{*1}		Scenario 2 ^{*1}		
					2030	2050	2030	2050	
Physical	Higher temperatures and increasing number of extremely hot days	Increased costs and decreased sales caused by declining lumber productivity	Climate change mitigation	●	●●	●●	●●	●●●	
	Increased frequency of flooding	Operational restrictions due to submerged trees and soil runoff	Installing reservoirs, subsoiling	●●●	●●●	●●●	●●●	●●●	
	Increasing fire weather and frequency of forest fires	Increased reforestation and fire prevention costs	Climate change mitigation, fire prevention	●●●	●●●	●●●	●●●	●●●	
	Soil compaction and declining soil fertility	Increased costs and reduced sales due to declining lumber productivity, and increased fertilizer and pesticide costs	Appropriate fertilizer selection, subsoiling	●	●	●●	●●	●●●	
	Significant loss of biodiversity due to inappropriate land management	Reduced access to ecosystem services, liability for the loss of biodiversity	Avoiding deforestation, establishing conservation forests, preserving water sources	●	●●	●●	●●●	●●●	
Transition	Increasingly stringent reporting requirements for nature-related risks and impacts	Increased monitoring costs and fines for delayed responses	Acquisition of various certifications, development of monitoring technologies	●●●	●●●	●●●	●●	●●	
	The spread of negative perceptions regarding tree felling	Declining demand due to deteriorating reputation	Disclosure of monitoring with satellite imagery analysis of forest	●●	●●●	●●	●●	●●	

						Scenario 1 ^{*1}		Scenario 2 ^{*1}	
				2025	2030	2050	2030	2050	
More efficient use of wood and water resources	Reduces costs, improves resilience to resource scarcity, and reduces negative impacts from land and resource use	Developing applications for lumber, recycling resources		●●●	●●●	●●●	●●●	●●●	●●●
Ecosystem preservation and recovery activities	Improves quality and reputation of various ecosystem services	Establishing conservation forests, forest restoration, establishing ecological corridors, reintroducing endangered species		●●●	●●●	●●●	●●●	●●●	●●●
Water conservation activities, water quality and provision management	Reduces risk of potential water shortages and improves reputation	Water conservation		●●●	●●●	●●●	●●●	●●●	●●●
Increasing demand for renewable resources and certified products	Increases sales	Developing products, acquiring various certifications, responding to new regulations		●●●	●●●	●●●	●●●	●●●	●●●
Participation in initiatives, collaboration with stakeholders, and contributions to local communities	Enhances reputation, expands opportunities for collaborations	Promoting social contribution activities, implementing communications activities with local communities		●●	●●●	●●●	●●	●●	●●

^{*1} See the TNFD Report for details.

Metrics and Targets

Metrics	Targets
Area of natural forest restored on owned land ^{*2}	At least 3,000 ha between 2024–2033
Number of native tree species planted on owned land ^{*3}	At least 500,000 seedlings between 2024–2033
Area of ecological corridors formed outside owned land ^{*4}	At least 3,500 ha between 2024–2033

^{*2} The area where planting and other activities were carried out to restore natural forests lost due to windthrow, fire, etc.

^{*3} The number of trees planted within the natural forests owned.

^{*4} The area enclosed by fences to promote the revegetation of degraded lands between fragmented natural forests and to allow wildlife to move freely, in collaboration with landowners.

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Domestic

Having been working on forestation in Japan for many years, we own 188,000 ha of company forests encompassing approximately 650 locations, from Hokkaido to Kyushu.

Of those, plantations account for 41%, or 77,000 ha. While making use of forest resources (regeneration cutting and replanting to rejuvenate the forest), we are also continuously engaged in thinning and other cultivation work (to enhance resources for subsequent generations).

There is a forest management division in each region that undertakes sustainable forest management so that a balance can be achieved between enhancing and utilizing forest resources and the full utilization of diverse forest functions, such as biodiversity conservation and water resource cultivation.

Measuring the State of Nature

First Step: Quantifying Diverse Forest Functions

To fulfill its responsibilities as the owner of vast forests, the Oji Group is committed to taking the lead in maximizing the multifaceted contributory performance functions of those forests. The first step in that is to quantify forest functions.

With regard to biodiversity, the importance of biodiversity in each company-owned forest was scored based on the overlap with key biodiversity areas for conservation (KBAs), the number of vegetation types obtained from Ministry of the Environment vegetation data, the biota estimated by a species distribution model^{*1}, and the coverage rate of endangered species in each area.

With regard to water resource cultivation, we utilized the National Land Information Platform to evaluate the cultivation volume of each company-owned forest.

^{*1} KBA: An area of key importance for conservation of biodiversity. KBAs are selected worldwide based on the concept of "criticality" (habitat of globally threatened species) and "non-substitutability" (particular location where survival of a species depends).

Quantifying Biodiversity

(1) Map Showing Biodiversity Importance

The map below shows the results of a comprehensive assessment of the importance of biodiversity of all company-owned forests.

The closer the score is to 1.0 (red), the greater the importance of the forest. As there is a possibility that the dependencies and impacts on nature associated with their business activities will be high, including on areas surrounding company-owned forests, we plan to identify and analyze these as important areas.



Earthstar Geographics | Esri, TomTom, Garmin, FAO, NOAA, USGS

(2) Estimated Species Richness

It is estimated that there are more than 3,000 species of organisms inhabiting all domestic company-owned forests in total^{*2}, of which approximately 1,400 are endangered species. To estimate the latter, we used the endangered species in Class I and II (groups with the highest risk of extinction) from the Japanese Red List for each prefecture.

Taxon	Estimated species richness	Of which, endangered species
Amphibians	51	25
Birds	294	97
Seed plants	2,667	1,273
Total	3,012	1,395

^{*2} The types of organisms that inhabit an area were estimated based on a species distribution model (a method for estimating the spatial distribution of species using a dataset of environmental factors that influence distribution). This was applied to 3,776 native bird, amphibian, and seed plant species. The model has a spatial resolution of one kilometer and takes into account various environmental factors such as climatic variables, geology, vegetation, land cover, and topography. Environmental suitability, which indicates the suitability of each location for the habitation of a given species, is obtained as a value between 0 and 1. Values of 0.7 or higher were considered to indicate high probability of habitation.

Water Resource Cultivation Assessment

In forests, fallen leaves and other organic matter are decomposed by earthworms and microorganisms to form humus. The humus forms a sponge-like structure that stores water and allows clean water to slowly flow out. This is called the water resource cultivation function.

We calculated the daily cultivation volume and economic value of all company-owned forests, the results of which are shown below. In the Economic Value Assessment of Oji Forest on page 67, the water resource conservation function was evaluated based on the costs that would be required to replace it with facilities such as irrigation dams and flood control dams.

- (1) Cultivation volume^{*3} **Approximately 5.1 million m³ per day**
Equivalent to the amount of water used by approximately 16.9 million people per day^{*4}.
- (2) Economic value^{*5} **Approximately 204 billion yen per year**

^{*3} Storage volume (amount of water seeping down from the ground surface)

^{*4} Calculated as 300 L of water used per person per day in each household.

^{*5} Calculation based on methodology used in the Forestry Agency of Japan's 2000 Valuation of the Public Benefit Functions of Forests.

Future Initiatives

Aiming to Maximize the Value of Forests

Having started with Sarufutsu Forest in Hokkaido, which scored high in the biodiversity and water resource cultivation survey, we plan to select several important areas in Honshu and the south and proceed with quantification by utilizing the latest field monitoring technologies, such as AI, sensors, and drones, and partnerships with academia. In recent years, companies have been required to assess and disclose their impact on nature, as well as the dependencies, risks, and opportunities associated with their business activities. As a first step, the Oji Group will move forward with state of nature evaluations, and in the future, we will work to establish the Oji Model for assessing the value of nature with the aim of becoming a nature-positive company.

Manufacturing Operations in Water Risk Areas

Water Risk Assessment

The depletion of water resources and damage from floods 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 communities where businesses operate. To better understand the water risks involved in its business operations, the Oji Group refers to assessments made by the World Resources Institute (WRI), a global environmental research organization.

An analysis of water risk at all 308 business sites was carried out using the WRI's AQUEDUCT water risk assessment tool. The results showed that there were 21 sites located in areas with high water risk (Baseline Water Stress: High and Extremely High). Fact-finding surveys were conducted at these 21 high-risk business sites to investigate the actual water risks and their financial impacts.

Water Risk Fact-finding Survey

For those business sites evaluated as high risk, we conduct annual interviews to ascertain the impact of water shortages and flooding on operations, the frequency of their occurrence, and to hear examples of the countermeasures being implemented.

The results of the interviews conducted in fiscal 2023 showed that no issues with production or operations were identified at any business site, and no potential water risks were observed. However, business sites reported proactive environmental protection actions, such as implementing voluntary initiatives to reduce water usage, engaging with stakeholders to reduce water consumption, and participating in water resource conservation activities led by public institutions.

(High-risk business site initiatives)

- Monitoring water consumption and conducting educational activities on reducing water consumption and water pollution
- Engaging with industrial water suppliers to formulate water usage reduction plans

- Providing data on water consumption, wastewater volume, and water quality management to municipal governments and national government agencies
- Utilizing rainwater and Group-owned well water
- Upgrading boiler cooling tower equipment and installing reverse osmosis membrane treatment equipment
- Expanding the installation of drainage weir boards
- Participating in water resource conservation activities led by public institutions

Financial Impacts

In terms of total water intake and water consumption, these high-risk sites accounted for less than 1% and 2% of the Group, respectively, and for 2% of total production. To analyze the potential financial impact of water risks, we also considered scenarios in which these facilities were forced to suspend operations due to water shortages. However, as the sales and assets of these sites account for only about 4% of the Group's total, the financial impact was consequently estimated to be low.

Water Risk Assessment^{*1}

	FY2023										
	Number of business sites* ²	Water intake (Thousands of m ³)		Water consumption (Thousands of m ³) * ³		Production volume (Thousands of tons)		Sales (¥ billion)		Assets (¥ billion)	
Low (<10%) or No data	70	342,312	49%	7,908	35%	6,594	44%	71.6* ⁴	4%* ⁴	90.8* ⁴	4%* ⁴
Low to medium (10%~20%)	122	215,140	31%	4,529	20%	4,484	30%				
Medium to high (20%~40%)	95	135,898	20%	9,754	43%	3,607	24%				
High (40%~80%)	4	1,254	0%	266	1%	103	1%				
Extremely high (>80%)	17	217	0%	88	0%	209	1%				
Total	308	694,820	100%	22,545	100%	14,998	100%	1,696.3* ⁵	100%	2,442.5* ⁵	100%

^{*1} WRI's AQUEDUCT (4.0) Water Risk Atlas - Baseline Water Stress (5-level evaluation): Indicates the degree of potential competition with other users of water, with higher values indicating more intense competition and higher risk. ⇒ <https://www.wri.org/aqueduct>

^{*2} Excludes main offices, sales offices, and other business sites not involved in product manufacturing.

^{*3} Water consumption is the amount of water intake minus the amount of water discharged.

^{*4} Subtotals of sales and assets of companies that have business sites located in areas with high water risk (High and Extremely High), and the ratio of each against the total sales and assets of the entire Group.

^{*5} Total sales of 1,696.3 billion yen and total assets of 2,442.5 billion yen are for the entire Group, including companies excluded from the water risk assessment.

Publication of the TNFD Report

Following engagement with investors such as Nature Action 100 and other stakeholders on nature and biodiversity issues, and the publication of the TNFD recommendations in September 2023, Oji Holdings announced its intention to disclose nature-related Oji Group information in line with the TNFD recommendations and registered as an early adopter in January 2024.

Having proceeded with preparations for evaluation and disclosure in line with the TNFD recommendations, we published our first TNFD Report in September 2024. For more information on nature-related dependencies, impacts, risks, and opportunities, our responses to them as well as the TNFD-recommended disclosure indicators, please see the TNFD Report on our website.

▶ [TNFD Report](#)

Circular Use of Resources – Water –

Basic Approach

As a core business of the Oji Group, the Paper and Pulp Business generally consumes high volumes of water. Moreover, the water used during its production processes contains high amounts of dissolved organic compounds.

The Group recognizes that water is a limited resource, and places a priority on protecting aquatic life. Therefore, we see it as our mission to reduce water intake and significantly lower the pollution load in wastewater before returning it to water areas, and engage in such efforts under targets raised for each measure. Moreover, we engage with other water users as a valuable opportunity, and make every effort to build relationships of coexistence and co-prosperity.

Targets

Water Intake Reduction

Reduce water intake intensity for FY2030 by at least 6% compared with FY2018

Purify Wastewater

Reduce BOD, COD, and SS emission intensity for FY2030 by 15% compared with FY2018

Water Intake Reduction

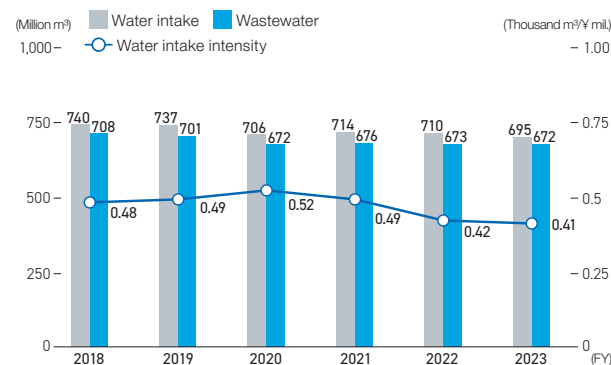
To achieve the target for the reduction of water intake intensity, Oji Paper, Oji Materia, Oji F-Text, and Oji Nepia, for which the water intake accounts for approximately 80% of that of the entire Group, have formulated specific reduction plans for 2030 and are working on the reduction. The Sustainability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

The Oji Group's total water intake for FY2023 stood at 695 million m³, total water drainage at 672 million m³, and water

consumption at 23 million m³. Moreover, at 0.41 thousand m³/¥ million, we achieved our target for water intake intensity*¹.

*¹ Target value for FY2023: 0.47 (thousand m³/¥ mil.)

Water Intake*, wastewater*, and water intake intensity



* A star mark indicates that FY2023 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Oji Materia Osaka Mill has adopted and implemented the “Best Available Techniques” recommended by the European Commission for environmental protection purposes. By doing so, the mill has reduced the water use intensity (m³/ton) during paperboard production to the single-digit range, achieving industry-leading high water usage efficiency.

Purify Wastewater

Each Group mill manages wastewater quality using voluntary management values that are stricter than the regulatory values stipulated by laws and ordinances, ensuring compliance with regulatory values. We are committed to purify the wastewater. For example, in FY2023, we reduced COD (chemical oxygen demand) in wastewater by at least 51% compared to the emissions that would have been allowed under the regulatory values.

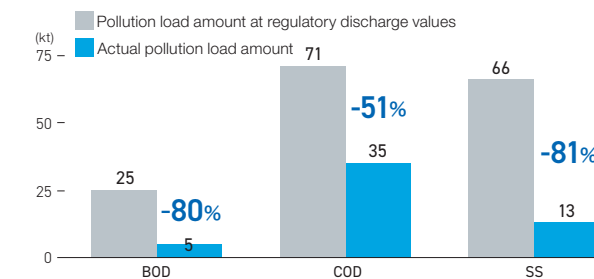
The BOD, COD, and SS emission intensities for the Oji Group in FY2023 stood at 3.0, 20.4, and 7.5 kg/¥ million, respectively,

thereby achieving the target values*² in each case.

Expenses and total investments involved in wastewater treatment and other water-related activities for the entire Group were 7,834 million yen and 797 million yen, respectively.

*² FY2023 target values: BOD 4.7, COD 21.0, SS 9.9 (kg/¥ million)

Pollution load amount in wastewater (BOD•COD•SS)



* A star mark indicates that FY2023 figure for actual pollution load amount of COD has been assured by KPMG AZSA Sustainability Co., Ltd.

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

Engagement with Other Water Users

Oji Paper's Tomioka Mill and Yonago Mill participate in the Irrigation Associations and other similar groups in their respective regions. For example, during times of water shortages in the summer, they cooperate in water intake restrictions based on the water level at dams to prioritize agricultural water use in their regions. In addition, Oji F-Text's Shibakawa Mill has signed a memorandum of understanding regarding water use with the local Fisheries Cooperative and cooperates in protecting the local environment and aquatic life.

Circular Use of Resources – Plastic –

Basic Approach

Contributing to the Transition to a Circular Economy

Although the Oji Group does not use large amounts of plastics in our manufacturing processes, these processes still generate a certain amount of waste plastic from contaminants contained in the recovered paper used as a raw material. The Group therefore promotes the recycling of waste plastic (including thermal recycling) in an effort to reduce the amount of waste plastic that is left unrecycled*1.

*1 Unrecycled: Disposed without being reused or recycled in some other way (e.g., landfill, incineration without energy recovery)

Moreover, the Group has raised the target of achieving “negative emissions of plastic” by selling more renewable eco-friendly paper products than the amount of waste plastic left unrecycled. Through this effort, we reduce the amount of plastic used in society as a whole, as well as contribute to the de-plasticization society and to the transition to a circular economy.

Expanding Sales of Renewable Eco-friendly Paper Products

As one of the Group’s core businesses, in the packaging materials field we are promoting expanded sales of renewable eco-friendly paper products through the shift from plastic to paper packaging, for example. By replacing plastic products with renewable eco-friendly paper products, the Oji Group reduces the amount of plastic used by our customers and throughout society as a whole. Moreover, by replacing plastic products derived from fossil fuels, which are subject to material, chemical, and thermal recycling, with renewable eco-friendly paper products that use paper made from biomass resources and have a high material recycling rate, we can contribute to the transition to a circular economy. In FY2023, the Oji Group sold 3,297 tons of renewable eco-friendly paper products. We aim to expand sales of renewable eco-friendly paper products to 5,000 tons by FY2030.

▶ For renewable eco-friendly paper product development examples [P.39](#)

▶ For renewable eco-friendly paper product adoption examples [P.57](#)

FY2023 results

Sales volume of
renewable eco-friendly
paper products

3,297 tons

Amount of
unrecycled waste
plastic*2

1,215 tons

Negative plastic
emissions

Achievement

FY2030 targets

At least 5,000 tons

0 tons

Achievement

*2 Total for 10 Oji Group companies in Japan (Oji Paper Co., Ltd., Oji Materia Co., Ltd., Oji F-Tex Co., Ltd., Oji Nepia Co., Ltd., Oji Imaging Media Co., Ltd., Oji Container Co., Ltd., Morishigyo Co., Ltd., Oji Tac Co., Ltd., Chuetsu Co., Ltd., and New Tac Kasei Co., Ltd.)

Waste Plastic Recycling Initiatives

More than 90% of the waste plastic generated by the Oji Group is derived from plastic mixed with recovered paper, the raw material for paper and paperboard. The Group therefore promotes the effective use of waste plastic at each of our manufacturing sites in Japan. In FY2023, we recycled 72,419 tons of waste plastic, while 1,215 tons of waste plastic remained unrecycled. The Oji Group has set a target for unrecycled waste plastic of 0 tons (100% recycling rate) by FY2030 in an effort to help achieve a circular economy.

▶ For data regarding waste plastic at major manufacturing sites in Japan [Waste Reduction](#)

Topics

In-house plastic reduction initiatives

Affiliated companies of the Oji Group use plastic, such as packaging, and are therefore working with packaging companies and materials manufacturers as part of initiatives to reduce the use of plastic. For example, Oji Nepia now sells kitchen towels and toilet rolls in paper packaging, replacing the previously used plastic packaging. Similarly, Grand Hotel New Oji has switched to offering the amenities provided to guests in biomass-based materials instead of plastic, and replaced the plastic cutlery provided to restaurant diners with wooden cutlery.

▶ For details of initiatives of Oji Nepia [Oji Nepia Web site \(in Japanese only\)](#)

▶ For details of initiatives of Grand Hotel New Oji [Grand Hotel New Oji Web site \(in Japanese only\)](#)

Circular Use of Resources – Recovered Paper –

Basic Approach

The Oji Group produces newsprint, printing paper, paperboard, and other products at mills across Japan, and for more than 60% of the raw material we use recovered paper. We promote the circular use of resources and contribute to maintaining a healthy paper recycling system by actively utilizing various types of recovered paper.



Mills Using Recovered Paper

- Paperboard mill
- Newsprint/Paper mill



Targets

Under the Environmental Action Program 2030, we aim to achieve a recovered paper utilization ratio of 70% or higher in Japan.

Initiatives for the Expanded Use of Recovered Paper

Domestic

To date, the Oji Group has actively worked to expand the use of recovered paper with a focus on recycling confidential documents. We have also newly established a recycling system to recycle used paper cups and liquid containers such as milk cartons that have conventionally been difficult to recycle, and are promoting their reuse at our mills.



Confidential document recycling facility
(Oji Materia Edogawa Mill)



Kneading pulper, dissolving equipment for
difficult-to-recycling paper
(Oji Materia Fuji Mill)

Overseas

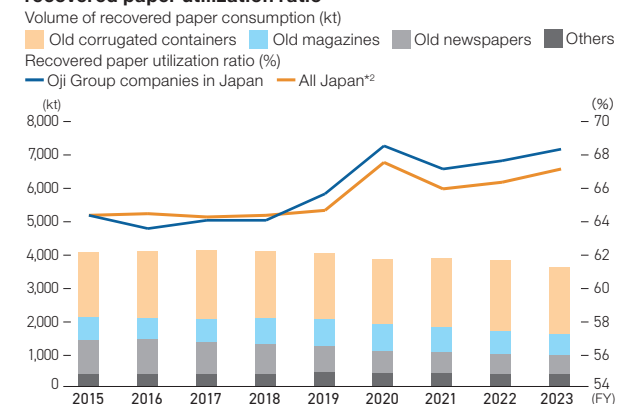
Oji's containerboard mills in New Zealand and Malaysia also recycle recovered paper to contribute to a recycling society.

Oji Fibre Solutions (Oji FS) is the only containerboard manufacturer in New Zealand, and in 2023, its total consumption of recovered paper reached 177,000 tons—that nation's largest amount. In Malaysia, GSPP manufactures containerboard made almost entirely from recovered paper. In 2023, it used 695,000 tons of recovered paper, of which it procured 46% locally in Malaysia and imported 54% from overseas.

Current Recovered Paper Utilization Ratio

The Oji Group's consumption of recovered paper is the largest in Japan, amounting to 3.58 million tons annually. This accounts for 24% of the 14.85 million tons of total recovered paper consumed in Japan. The Group uses various types of recovered paper in a wide range of products. The recovered paper utilization ratio has continued to increase year by year, achieving a record high of 68.3% in FY2023. The ratio for containerboard, in particular, is much higher, at 98.3%.

Volume of recovered paper used and recovered paper utilization ratio^{*1}



^{*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)

^{*2} Source for all Japan: Paper Recycling Promotion Center

Challenges

With the decline of sales of newspapers, magazines, and other forms of paper media, the generation of recovered paper has declined each year, even as the overseas demand for recovered paper remains strong. We therefore see it as our mission to improve paper utilization technology in a way that enables the stable consumption of recovered paper that was unable to be used previously, and that maintains a domestic circulation in which paper recovered in Japan is recycled in Japan. To fulfill this mission, we will work with recovered paper wholesalers and other recycling companies to promote the use of recovered paper as a domestic resource.

Responsible Raw Materials Procurement

Basic Approach

Compliance with laws and regulations as well as the fulfillment of its social responsibility are essential not only for the Company itself but also for the entire supply chain in order to enhance corporate value. Along with the rapid progress of globalization, attention is being paid to addressing social issues, and in particular, taking into consideration sustainability in the procurement of raw materials is required.

The Oji Group promotes responsible raw material procurement through ongoing dialogue with its suppliers, with the aim of contributing to a sustainable society.

Sustainability Promotion (Governance) Structure

Supply chain risks (environmental risks, human rights risks, etc.) and matters related to countermeasures are discussed by the Sustainability Promotion Committee and monitored and supervised by the Board of Directors.

▶ [P.29](#)

Oji Group Sustainability Action Guidelines for Supply Chains (Revised: February 26, 2024)

The Oji Group is upgrading and expanding its sustainability procurement activities that take into consideration environmental and social factors when procuring raw materials. We engage in activities in accordance with the following two policy guidelines.

- 1) [Oji Group Sustainability Action Guidelines for Supply Chains](#)
- 2) [Wood Raw Material Procurement Guidelines](#)

These guidelines are designed to help promote responsible and sustainable procurement by ensuring that new suppliers

are conversant with the Group's policies before entering into transactions. Moreover, we work to ensure that all suppliers are fully informed when guidelines are revised. These guidelines include such internationally important principles as (1) Compliance with laws and social norms, fair trade, and the prevention of corruption (anti-corruption); (2) Environmental considerations (e.g., coping with climate change, reducing environmental impact, conserving biodiversity); (3) Consideration for society (e.g., respect for human rights, ensuring an appropriate working environment); and (4) Communication with society.

Furthermore, in February 2024, we made some revisions to the content and requested suppliers to understand and practice the new guidelines, as we progress toward collaboration.

Supplier Sustainability Surveys

Purpose and significance of the survey

Since fiscal 2020, the Oji Group has been conducting a sustainability survey of major suppliers selected on the basis of transaction value and product categories, with the aim of gaining a better understanding of the actual situation in the supply chain and strengthening risk management.

This survey complies with the guidelines of the United Nations Global Compact (UNGC), and is an important initiative for both the Oji Group and its suppliers to contribute to a sustainable society and fulfill their social responsibilities. The results of this survey will be used as a basis for making decisions when conducting supplier screening in the future.

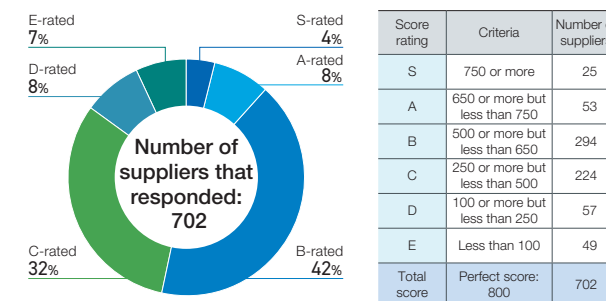
Summary of survey results (FY2020–2023)

The sustainability survey conducted by the Oji Group in FY2023 targeted 203 companies and responses were received from 150.

In total, 702 out of 955 companies responded from FY2020 to FY2023, for a response rate of approximately 74%. The overall average score for the eight ESG-related items was 475 (out of

a total score of 800), for a score ratio of 59%. The item with the highest average score was “Labor” with 67 points, and the item with the lowest average score was “Corporate Governance” with 53 points. In the FY2023 survey, 19 companies were ranked D and 16 were ranked E.

Breakdown of supplier ratings



Rating based on the total score of eight items

Eight items from an ESG perspective
 ① Corporate governance ② Human rights ③ Labor ④ Environment ⑤ Quality and safety
 ⑥ Basic attitude toward the supply chain ⑦ Harmonious coexistence with local communities ⑧ Information security/protection and fair corporate activities

Follow-up and future initiatives

Based on the response results of the Supplier Sustainability Survey, the Oji Group provides guidance (follow-up) to encourage compliance and implementation of the items listed in the Oji Group Supply Chain Sustainability Action Guidelines, and strives for continuous improvement.

We will continue to evaluate suppliers who significantly fall below the average score while aiming to improve the response rate. In addition, for preferred and key suppliers, we plan to gradually implement human rights due diligence/environmental due diligence as part of our assessment process.

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to Climate ChangeClimate-related Information Disclosure
Based on the TCFD RecommendationsSustainable Forest
ManagementNature-related Information Disclosure
Based on the TNFD RecommendationsCircular Use of
ResourcesResponsible Raw
Materials ProcurementRespect for
Human RightsEnsuring Workplace
Safety and Health

Other Initiatives

Conduct human rights due diligence

The Oji Group conducted a risk assessment of its suppliers in accordance with the “Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains” issued by the Ministry of Economy, Trade and Industry of Japan. In identifying human rights risks, the assessment was conducted from the following four perspectives.

- Sector and business area risks
- Risks associated with products and services
- Regional risks
- Company-specific risks

This assessment identified 62 suppliers as high risk, and we prioritized these companies for human rights due diligence.

For details of the implementation, please visit the following public information website of Oji Holdings.

▶ [Respect for Human Rights](#)

Sustainability survey on wood pulp contained in purchased base paper (procured from base paper manufacturers) (FY2022–2024)

In FY2022, we conducted a survey on the legality of wood pulp contained in purchased base paper (procured by base paper manufacturers), which had not previously been the subject of a survey. Of the 531 brands excluding customer-designated base paper, while the origin of materials was unknown for five brands, we have been promoting a switch from FY2023. By May 2024, all purchased base paper had been switched to base paper with 100% of the wood used verified as legal.

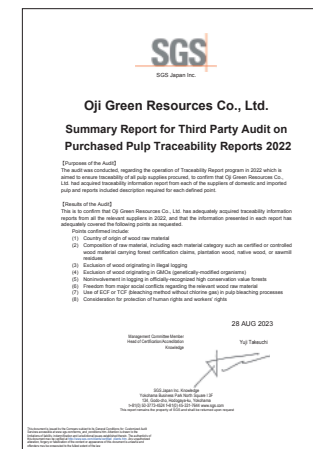
Survey target		Number of brands	Ratio	Notes
Base paper purchased		531	100%	Excluding customer-specified base paper
Breakdown	Base paper for which the legality of the wood used has been verified	531	100%	Forest certification, etc. acquired
	Base paper for which the origin of the wood used has not been identified	0	-	Switch completed
Other		39	-	Customer-specified base paper

Confirmation of traceability of wood raw materials

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 FY2022, the Group procured 4,622 kBDT (bone dry tons) of woodchips in Japan and overseas and 183 kADT (air dry tons) of market pulp, obtained traceability reports from all suppliers, and obtained confirmation by a third-party organization that the procurement was in accordance with the Wood Raw Material Procurement Guidelines.

▶ [Wood Raw Material Procurement Guidelines \(revised in 2023\)](#)

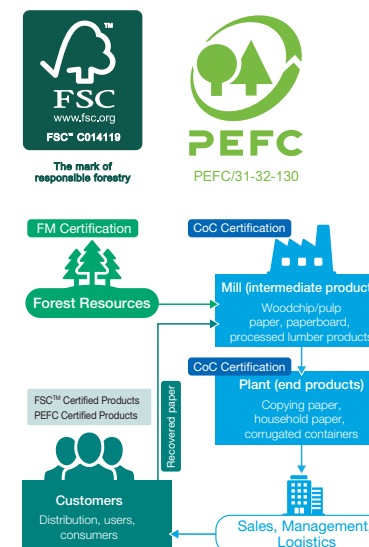


Making use of forest certification systems

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

These products use woodchips that conform to the requirements of the systems. We have obtained FM certification*1 for our overseas plantation forest operations and CoC certification*2 for our production, processing, and distribution operations within the Group. By acquiring certification throughout the entire process from forests to processing mills and distribution, we supply a wide range of forest-certified products, from intermediate to finished products such as copy paper and household paper.

In addition, we have the Forest Certification System Implementation Committee within the Group to ensure the proper operation and effective use of forest certification systems.



*1 FM certification: Confirmation of forest management

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

Respect for Human Rights

The Oji Group's Approach to Human Rights

The Oji Group recognizes respect for human rights as one of its key sustainability material issues.

At the same time, respect for human rights is positioned as a bedrock of the Oji Group Human Resource Philosophy. This Philosophy is shared not only by employees but also across the entire supply chain with specific initiatives implemented in a bid to prevent human rights issues.

As far as our supply chain is concerned, we call on business partners to respect human rights, protect workers' rights, ensure workplace safety and health, and take other necessary measures in accordance with the Oji Group Sustainability Action Guidelines for Supply Chains. In addition, supplier sustainability surveys are conducted regularly targeting suppliers in Japan and overseas.

Oji Group Human Rights Policy

In the belief that the responsibility to respect human rights is an important element of the global code of conduct, we formulated the Oji Group Human Rights Policy in order to further promote and implement initiatives that help ensure respect for human rights in 2020. The policy is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), and clearly stipulates the implementation of human rights due diligence, remedies, and dialogue.

In light of the recent emphasis on ensuring respect for human rights by corporations, as exemplified by the promotion of new human rights rules for global corporations in Europe and elsewhere, we have partially revised this policy in February 2024. In specific terms, we codified our support and respect for the international norms stipulated under the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the United Nations' Declaration on the Rights of Indigenous Peoples as well as international human rights, including indigenous peoples' right to "free, prior, and informed consent,"

and engage in dialogue and consultation with rights holders. In revising the policy, we received input from Nishimura & Asahi. Looking ahead, we will work to disseminate the content of the policy both within and outside the Group, deepen awareness of human rights, and reduce the risk of human rights violations throughout the entire value chain.

▶ [Oji Group Human Rights Policy](#)

▶ [Specific Initiatives on the Rights of Indigenous Peoples](#)

Promoting Respect for the Human Rights Structure

Matters that are material to fulfilling our commitment to respect human rights are deliberated by the Sustainability Committee and monitored and supervised by the Board of Directors.

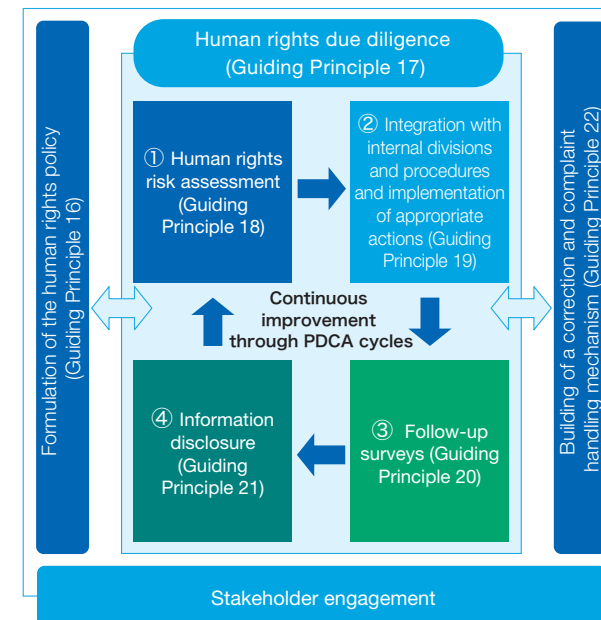
▶ [P.29](#)

Implementing Human Rights Due Diligence in Accordance with the UNGPs

The UNGPs call for companies not to infringe (have a negative impact on) human rights in the conduct of their business activities and to conduct human rights due diligence to identify, prevent, mitigate, address, and account for the potential for negative impacts (human rights risks).

Suppliers for the FY2023 assessment were determined by assuming the scope of high-risk operations and then screening them based on scores from METI data. The rationality and legitimacy of this selection method was confirmed by a third-party organization.

Cycle for human rights due diligence



Establishing a Grievance Mechanism

The Oji Group will put in place a grievance mechanism to provide remedies in accordance with the UNGPs. We already operate the Corporate Ethics Helpline for consultation and reporting that is open to all officers and employees of the Oji Group, and have established a reporting system through our website to handle reports from outside stakeholders. Throughout these consultation and reporting processes, we will ensure the anonymity of those seeking consultation or making reports, protect the confidentiality of the information shared, and take measures so that those involved are not subjected to disadvantageous treatment.

▶ [Respect for Human Rights](#)

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FY2023 Human Rights Due Diligence

Target

- 62 suppliers (response rate 80.6%)
- As a result of the discussions, the target industries for this fiscal year were determined to be wood chips, wood fuel, starch/corn, wood products, PKS, and hemp.
- The target companies were selected based on the scores of “Human Rights Risk by Product” and “Human Rights Risk by Region” from the “Practical Reference Materials for Respecting Human Rights in Responsible Supply Chains, etc.” by the Ministry of Economy, Trade and Industry of Japan.

Results

- No materialized serious human rights risks were identified.
- 3 suppliers that were found to be deficient in the following key human rights items were asked to make improvements, and we received a written confirmation of implementation.

<Improvement request items>

Dissemination of human rights policy, Clarification of human rights promotion system, Remedial measures, Prohibition of child labor and forced labor, Fair wages, Freedom of association, Workplace health and safety

Human rights assessment in conflict-affected areas

- We exchanged opinions with local management companies regarding the implementation of human rights assessments for suppliers in conflict-affected areas in Southeast Asia.
- With reference to opinions from a third-party organization, we conducted assessments through Group companies in the region in FY2023. We will continue to gather information and closely monitor developments in the region concerned.

▶ [2023 Human rights due diligence results](#)

▶ [2022 Human rights due diligence results](#)

Initiatives for FY2024

Interviews with regions and industries with low response rates

- We will exchange opinions with the departments in charge of

regions and industries with low assessment response rates, and employ this feedback as a reference for FY2024's human rights impact assessments.

Conducting human rights impact assessments

- While an exhaustive survey failed to identify any human rights risks of a significant nature, we will conduct human rights impact assessments taking into account such factors as severity and likelihood of occurrence across all of the Group business activities.

Interviews with migrant workers at overseas sites (Functional Materials COMPANY)

- In Malaysia, where the percentage of migrant workers is high and there is a significant number of production sites, the Functional Materials COMPANY confirmed the working environment of two Group companies in January 2024.
- There were no issues with respect to employment, wages, working hours, communication, and living conditions. As far as workplace safety is concerned, certain deficiencies were identified in the quality of native language operating manuals. As a result, we are promoting progressive improvements.
- In the future, we will consider a variety of initiatives, including the sharing of good practices and case studies throughout the Group as well as interviews with migrant workers by third-party organizations while promoting dialogue with related departments.

Understanding Working Environments of non-Japanese Workers in Japan

We verified the status of employment of non-Japanese workers (including technical interns and temporary employees) and compliance with relevant laws and regulations.

Target

- 3 companies (newly consolidated companies in Japan in FY2023; survey of 92 domestic consolidated companies in FY2022 already conducted)

Results

- We found no issues in terms of legal compliance and treatment.

Human Rights Education

Raising awareness of human rights among employees is essential to promoting initiatives that enhance respect for human rights. The Oji Group conducts education on human rights, including Diversity Management Web Training on a continuous basis in an effort to promote initiatives based on the United Nations Guiding Principles on Business and Human Rights.

In the leadup to implementing human rights assessments in FY2023, we conducted pre-training for procurement-related departments for the departments responsible for procurement that serve as points of contact for suppliers.

[Implemented Programs]

FY2023 (Number of participants: 2,547)

- Human rights initiatives directly related to corporate value
- The basics of business- and human rights-related risk management—What is required of the corporate sector today?

FY2022 (Number of participants: 2,566)

- Wishing happiness to all—Human Rights from an International Perspective
- Gray-area power harassment prevented through assertive countermeasures

Stakeholder Engagement

- We participated in the Human Rights Due Diligence Subcommittee and ESG Subcommittee of the Global Compact Network Japan (GCNJ) and exchanged information with experts from other companies and NPOs.
- In addition, one person in charge participated in and completed the first phase (October 2023–February 2024) of the “Program for the Development of In-house Experts for Respect for International Human Rights and Labor Standards,” jointly sponsored by the ILO Office in Japan and GCNJ.

▶ [Respect for Human Rights](#)

Ensuring Workplace Safety and Health

Basic Approach

Alongside compliance and the environment, safety forms the foundation of the Oji Group's corporate value and must be given absolute top priority. In accordance with the spirit of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, which set the criteria for the activities of all Oji Group executives and employees, we stipulate basic matters in the Group Safety and Health Management Regulations and work to ensure that personnel are familiarized with them. Having built safety and health management structures, we are also working to ensure that all employees in Japan and overseas can work in safe environments and with a sense of security.

▶ Oji Group Corporate Code of Conduct (Excerpt)

- Developing a Rewarding Work Environment with Consideration for Safety and Health

▶ Oji Group Behavior Standard (Excerpt)

- Ensuring Safety and Health in the Workplace
- Compliance with Company Rules
- Open Working Environment

Thoroughly instilled with sound common sense, the sensibilities to immorality, and the courage to take action, all our officers and employees are committed to compliance, safety, and the environment.

Oji Group Main Principles for Safety


- ① Do not touch a rotating object. Make sure to stop the machinery/equipment (turn off a source power supply/lockout and tagout).
- ② Do not stand beneath hoisted cargo.
- ③ Wear and use a safety belt during work at heights.
- ④ In places where cargo handling operations are conducted using forklifts and similar equipment, pause for a while in order to signal your presence to the operators.

Management Structure

▶ Oji Group Safety and Health Management Rules

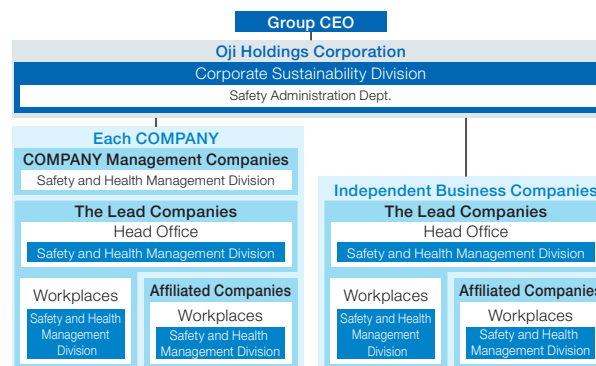
Having clarified the system of responsibilities relating to safety and health in the Oji Group, we stipulate fundamental matters in the Group Safety and Health Management Rules with the aim of preventing occupational workplace accidents and maintaining and promoting the good health not only of our employees but also affiliates and business operators who enter the Group's premises on a temporary basis.

Basic matters

Every year, we formulate a Group Safety and Health Promotion Plan (P.79 ) and Group employees, personnel from affiliates, and business operators who enter the Group's premises on a temporary basis work together to promote activities aimed at eliminating industrial accidents.

The Oji Group's safety and health management structure

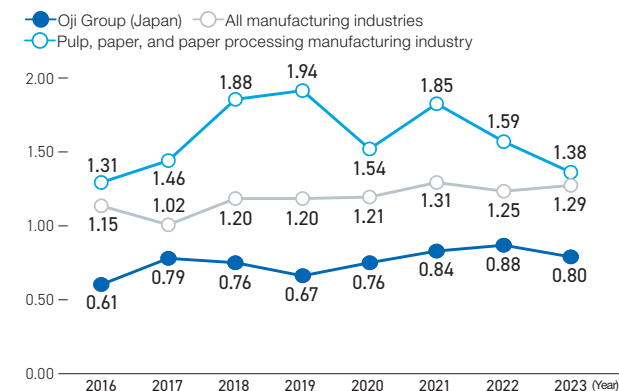
Having the responsibility and possessing the authority, the heads of workplaces in Japan and overseas serve as the safety and health managers, exercising the overall management of safety and health operations and establishing the safety and health management structure. Having put in place occupational safety and health management systems, we conduct appropriate risk assessments and safety audits. We are also developing activities aimed at safety and health, through which both management and labor work together as one.



FY2023 initiatives and occurrences of occupational accidents

Having adopted "Always Follow the Rules and Ensure that Others Follow the Rules to Prevent Fatal and Serious Accidents" as our fiscal 2023 slogan, we worked on key measures, such as full compliance with the main principles for safety and related rules, promoting improved machinery/equipment safety, and the revitalization of safety activities. Nevertheless, precious lives are being lost in accidents that should never have happened. A total of 68 accidents took place in 2023 (the same number as in 2022), including one fatal accident in Japan, two fatal accidents overseas, and one fatal to way to work accident overseas.

Lost time injury frequency rate (Safety performance)*



* A star mark indicates that 2023 figures for Oji Group (Japan) has been assured by a third party. There was an error in the figures for fiscal 2022, so they have been revised. See P.98 for the calculation method.

There were 34 accidents that resulted in lost work hours due to non-compliance with safety rules. The CEO issued a strong instruction to make "Always Follow the Rules and Ensure that Others Follow the Rules to Prevent Fatal and Serious Accidents" the most important measure.

- 27 cases of ignoring the main principles for safety and related rules (27 in 2022)
- Four fatal/serious work-related accidents/accidents that resulted in lost work hours, all involving forklifts (three in 2022)

Mitigation and Adaptation
to Climate ChangeClimate-related Information Disclosure
Based on the TCFD RecommendationsSustainable Forest
ManagementNature-related Information Disclosure
Based on the TNFD RecommendationsCircular Use of
ResourcesResponsible Raw
Materials ProcurementRespect for
Human RightsEnsuring Workplace
Safety and Health

Sustainability Material Issues and KPIs

Sustainability material issues	Components	Key performance indicators (KPIs)	Current value
Ensuring Workplace Safety and Health	<ul style="list-style-type: none"> Promote well-being of employees Prevent occupational accidents 	Zero fatal and serious work-related accidents (each fiscal year)	Two accidents (from January 1 to December 31, 2023)
		Lost time injury frequency rate*: 50% reduction compared with FY2018 (0.89)	1.20 (from January 1 to December 31, 2023)

* Whole Group (Japan/ Overseas)

Safety and Health Training Programs

Each Oji Group company has established job class-specific safety and health training programs that are appropriate for its conditions. Under the programs, Group companies provide safety and health training that is appropriate for each job class and job, not to mention training prescribed in the Occupational Safety and Health Act.

▶ [Safety and health education and training](#)

2024 Occupational Safety and Health Promotion Plan

We will continue to base our slogan on observing and making others observe the main principles for safety and safety rules while promoting improved machinery/equipment safety. Promoting measures to prevent accidents resulting from contact with forklifts and heavy machinery in particular, we will develop and deploy initiatives to reduce the number of accidents resulting in lost work hours to achieve our goal of zero fatal and serious work-related accidents.

1. Basic Policies: The Oji Group will promote activities with the target of zero work-related accidents across the entire Group with safety as its absolute top priority.
2. Slogan: Always Follow the Main Principles for Safety and the Safety Rules and Ensure that Others Follow Them to Prevent Fatal and Serious Accidents
3. Key Targets: Targets of the entire Oji Group: To achieve zero fatal and serious work-related accidents
4. Key Measures:
 - 1) Full compliance with the main principles for safety and related rules
 - 2) Improvement of safety of machinery/equipment (with a special focus on measures to prevent collisions with forklifts and heavy machinery)
 - 3) Promotion of measures to prevent lower back pain
 - 4) Management of physical and mental health, and improvement and maintenance of the workplace environment

Ensuring Safety and Health as Top Priorities That Underpin the Foundation of Corporate Value

Conducting safety patrols

In light of the frequent occurrence of industrial accidents during loading and unloading operations within the Oji Group, the Oji Holdings Group Technology Division and the Oji Holdings Safety Administration Department accompanied Oji Holdings management team members (the Chairman and Executive Vice President) on inspection patrols and began safety-focused inspections, starting with the Oji Container Group, to prevent similar accidents from occurring.



Hands-on risk training using hazard simulation VR devices

Since 2020, we have gradually been 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 disaster experience scene, 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." Having produced original, experience-based content, including case studies that have occurred in the Oji Group, we exercised ingenuity in using 14 content scenarios so that students can learn not only in environments that are close to their day-to-day operations but also from fresh perspectives.

The Group CEO Safety Award

In fiscal 2023, nine workplaces that met the Group CEO Safety Award criteria received an award for their excellent safety performance.

COMPANY	Award-winning workplaces (that have achieved zero accidents for five to 22 years, depending on the size of the workplace)
Industrial Materials COMPANY	<ul style="list-style-type: none"> ● Fukushima Processing Center, Hokuyo Shiko ● NIHON SEIKA HOSO Co., Ltd. ● Nagasaki Danboru CO., Ltd. ● HONSHU RHEEM CO., LTD. ● Kofu Office, Yamanashi Mori Shigyo Co., Ltd. ● Tokai Sales Office, Oji Interpack Co., Ltd. ● GS Paperboard & Packaging Sdn. Bhd. Packaging Plant 2 (Malaysia)
Functional Materials COMPANY	<ul style="list-style-type: none"> ● Shiga Plant, Chuetsu Co., Ltd. ● Oji Paper (Thailand) Ltd. (Thailand)

▶ [The Group CEO Safety Commendation Award Criteria \(in Japanese only\)](#)

Chairman × Independent Outside Directors' Roundtable Discussion



Outside Director
Michihiro Nara

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

Representative Director and
Chairman of the Board
Masatoshi Kaku

Masatoshi Kaku has served as Representative Director and Chairman of the Board at Oji Holdings since April 2022. After joining Nippon Pulp Industry Co., Ltd., and serving as President of Oji F-Tex, among other positions, he was appointed as Representative Director of the Board and President in 2019.

Outside Director
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.

Outside Director
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.

In June 2024, Oji Holdings held a roundtable discussion between Masatoshi Kaku, Representative Director and Chairman of the Board of Directors, and Outside Directors Michihiro Nara, Seiko Nagai, and Hiromichi Ogawa on the themes of the Group's governance structure and issues and solutions for enhancing corporate value over the medium to long term. This section provides the details of their discussion.

Assessment of and Issues with the Group's Approach to Governance

Nara I have served as a member of the Group's Board of Directors since 2014. Thanks to the efforts of the current chairman, the Board has nurtured an atmosphere that makes it easier to speak up than in the past, thereby creating a better environment. Despite having put in place a governance structure, however, the Group still faces issues in that its efforts to strengthen this structure have failed to show results, and it has yet to fully eliminate problems involving compliance, safety, and the environment. I feel that free discourse is also still lacking.

Ogawa Although there is no question that discussions by the Board of Directors in some regards are still insufficient, we are able to engage in lively debates at the Outside Officer briefings held in advance of the Board of Directors meetings. I attend the Group Management Meeting whenever possible, where I have been surprised by the energetic, constructive discussions. I also feel that the composition of the Board of Directors is balanced in terms of diversity and skills.

Nagai I also get a similar sense. I feel quite at ease in moving forward with discussions because the Outside Directors share their concerns at the Outside Officer briefings regarding discussion topics, while the Chairman replies to our questions at the Board of Directors meetings. I have also had the opportunity to serve as an observer at the Group Management Meeting, where each Director has actively discussed matters involving the acquisition of Walki, for example, in a way that goes beyond the bounds of their own companies. These discussions have led to active exchanges of opinions, which have also allowed me to listen to explanations during the Outside Officer briefings later on without worry.

Kaku As Chairman, I have made a conscious effort to improve the briefings for Outside Directors and to nurture an atmosphere that makes it easier to speak up. Although the Group Management Meeting now has energetic discussions, there are still problems in that internal Directors rarely make comments at the Board of Directors meetings. And I think we should have more heated debates. I also believe we need to do this because there will be issues in the future that will influence how the Company evolves.

Ogawa I feel that, given the situation, it is also difficult for the

Executive Directors to determine just how far they can offer opinions on business matters that fall outside their area of responsibility, even within the same company.

Nagai I also feel that the insufficient sharing of information and cooperation between COMPANIES is a problem.

Nara I believe there is plenty of room for discussions regarding the format of execution and supervision as part of a holdings company, and regarding how to sublimate the positives and negatives of the COMPANY system. It seems to me to be difficult in practice for the Directors involved in execution as COMPANY presidents at reasonably sized organizations to state their opinions regarding problems at other COMPANIES, or at times to present opposing opinions.

Kaku I fully understand this problem. We must also consider the status of Board members.

Assessment of and Issues with the Nomination Committee and Compensation Committee

Nara We always discuss the actions the Group should take after providing explanations based on examples at other companies at the Compensation Committee, where I feel the members are able to



hold discussions in a free and open manner.

Ogawa Following an external third-party assessment each year, the Group submits compensation levels that have been deemed appropriate to the Compensation Committee, which I feel is managed in a highly appropriate manner.

Nagai I feel the same way. On the other hand, in order for us to play our roles as members of the Nomination Committee, I think the Group should offer more opportunities for us to get to know the candidates.

Ogawa I agree. It is difficult for the Committee to explain to the Outside Directors the capabilities and performance of candidates with which we have no contact on a regular basis. Similarly, it is difficult for us as Outside Directors to make judgments based on limited information. So, without question, the Group must more regularly provide opportunities that offer us more contact with candidates.

Nara For these reasons, I have asked the Group to provide opportunities for us to meet face-to-face with the candidates. More recently, we have had an increasing number of opportunities to meet with the new and former Corporate Officers, and we now also receive explanations from the Corporate Officers at the Outside Officer briefings. I think this provides benefits to both sides. Moreover, during the nomination stage for new directors, the Group shares quite a bit more information than in the past regarding its thoughts on the next generation of president candidates.

Kaku Unlike the executive team, which gets to know the nominated candidates from the time they are young, the Outside Directors struggle to form a picture of the candidates, which I am aware makes it challenging to pass judgment. This is why I have worked to create settings, such as the Outside Officer briefings and officer lunch meetings, that provide contact with the Corporate Officers. On a similar note, I would also like to ask for your advice, as necessary, when appointing human resources from outside the Group.

Encouraging an Understanding of the Group Among Outside Directors

Nagai The Group has engaged in various initiatives to enhance communication with Outside Directors. I have felt the depth of



the Group's reach from its stance of revealing everything when I have had the opportunity to attend the Group Management Meeting. Moreover, the site tours of the Group's mills or plants, for example, have provided us with a deeper understanding of the Group than we would have gained from documents alone, and this understanding has become the foundation of our debates at the Board of Directors.

Ogawa The Group offers extensive educational programs for Outside Directors, so I feel it is important for us to take as many of these opportunities as possible to acquire knowledge that will be beneficial for our duties as Outside Officers. The executive team also fully understands this point, and I feel that they are strongly aware of the need to further enhance communication in both vertical and horizontal directions.

Nara It would be impossible for us to supervise management without an understanding of the business profile. Moreover, the Group has no internal factions, which I feel is wonderful in terms of communication. The tenure of the President and Chairman are also relatively short, and their appointments are free from any hereditary factors. So, I hope the Group continues to value the ability of all

members to hold discussions on an equal footing without factions or divisions in this way.

Kaku Indeed, the Group is free of internal blocs. Neither is it an owner-operator business, and the President and Chairman only serve four to six years. Although the Group has undergone repeated mergers in the past, these have never led to a situation where the surviving company gains increased influence. Presidents have even come from the absorbed side, as well. For example, I myself am originally from the former Nippon Pulp Industry, while the previous Chairman, Mr. Yajima, was originally from the former Honshu Paper. The path of deciding personnel affairs based on the experience and knowledge the Group requires at each particular time period, regardless of the company the candidate is originally from, is something we intend to maintain into the future.

Group Governance Encompassing Overseas Subsidiaries

Nara The Group has more than 100 member companies outside of Japan, so there are still many areas that are difficult for it to monitor despite dispatching overseas expatriates from Japan. I feel this situation can make it difficult for the Group to manage overseas companies. I constantly talk about the importance of human resource development outside of Japan. Specifically, the Group should go beyond dispatching employees from Japan, and must build a framework for granting responsibility to talented human resources hired locally. Although the Group does train talented human resources from overseas at its Fuji Training Center, it must also nurture local human resources that can take on responsibility for governance and compliance, not just practical skills.

Ogawa When expanding business overseas, where legal systems, cultures, and values differ, all global companies tend to face challenges with internal control and compliance related issues. In response, the Group has established regional headquarters in Asia and Europe to build mechanisms that mitigate the communication and cultural gaps between the head office and local companies. It is people, however, that operate these mechanisms, so I feel human resource development on a global basis is an urgent matter.

Nagai Over the three years I have served as an Outside Director,

I have experienced many M&As during which I have encountered difficulties with differences in the cultural, religious, and legal systems of the acquired companies. Although we debated and implemented global governance measures in an ongoing way that extends beyond the boundaries of Japan in FY2023, I feel that human resource education will take time. While traveling extensively in Japan and abroad, both the President and Chairman have expressed their thoughts. Long-term initiatives to fully convey the intentions of top management to those on the very edges are also required.

Kaku In part because I spent so much time on the front lines, I ask that you as Outside Directors make decisions regarding governance-related issues after touring manufacturing sites and acquired companies, including those overseas. I am aware that along with strengthening global governance, beginning with the overseas headquarters, we must also focus on developing human resources in each area.

Toward Enhancing Corporate Value and Sustainable Growth

Ogawa The assets that have supported corporate value for the Group include its forest resources as its origin, the production facilities that have led Japan's paper and pulp industries for so long, and the invaluable human resources that handle these. I feel that the Group's earnest approach to leveraging these three as it engages in the value creation process outlined in this Integrated Report is part of the Group's corporate value.

Nara Corporate value is more than just numbers, and must be considered more comprehensively in terms of the corporate philosophy, market assessment, and impact on society. In addition to the assets mentioned by Mr. Ogawa, I hope the Group protects its flexibility as an intangible form of corporate value. When I was appointed as an Outside Director 10 years ago, I had imagined that a company with such a long history would be fairly conservative, so was surprised at the Group's slogan of "NO LONGER a Paper Company." Ten years on, the Group has maintained its flexibility in attempting to create new worlds without persisting with its past form, corporate culture, or track record, and has grown through

various M&As while taking on risks. I feel that this flexibility itself is a major part of the Group's corporate value.

Nagai I agree. I feel the Group is flexible, free from internal factions, and takes action with an eye to the future. Yet I think the Group holds the potential to further enhance its corporate value if every employee more deeply understands the Group's initiatives, shares the same values, and strengthens their motivation. So, for this reason, I think a positive development has been the growing number of opportunities for employees to converse directly with directors, including at town hall meetings where they can listen to the thoughts of the management team.

Ogawa The Group is currently attempting overseas acquisition projects even as it focuses on structural reforms and is therefore faced with the challenging question of how to allocate management resources. Even so, the Group has no option but to further human resource development and must therefore prepare training programs that involve both on-the-job and off-the-job training.

Nagai I think that these efforts would be more effective if the human resource training also served as opportunities to strengthen the horizontal connections between each COMPANY.



Nara Just as people are considered the bedrock of every strategy, enhancing corporate value ultimately relies on people. So, I think everything comes down to training as many human resources as possible—from young employees to those in management positions—who share the Purpose and who work toward increasing corporate value.

Kaku Looking ahead 150 years from now, we must evolve into a company that is centered on the manufacturing technologies we have developed and that solves the challenges faced by society. The Group is now in a period of transition, where we are moving beyond the field of paper manufacturing and advancing on to the next stage. So, I will lead efforts so that every employee understands this. From the perspective of the global environment, we must continue to manage forests in a sustainable manner, even as the demand for paper declines. The Group will further expand our forest management as we leverage these resources to grow into a corporate group that solves the challenges faced by society.



Toward Enhancing PBR, ROE, and Other Management Indicators

Nara Amid the different forms of value generated by each company, I feel there is a limit to efforts that seek to judge corporate value in a uniform manner. On the other hand, while we recognize that the Group offers so much in the way of amazing qualities, we must acknowledge that the fact that the PBR and the stock price have stagnated is because the Group has not been appropriately valued in a market economy and must therefore strive more than ever to strengthen dialogue with the market.

Nagai I believe that business outcomes will follow as long as the Group works toward its vision through initiatives that take a long-term perspective.

Ogawa The stock price can become stressed due to the influence of the sector as a whole, despite the Group showing a relatively strong performance among the members of the Tokyo Stock Exchange Prime Market Pulp & Paper Sector Index, to which the Group belongs. Our dividend policy, included in "Initiatives to Enhance Corporate Value," announced in December of last year, received a positive assessment from the market. I feel that at present the Group has entered a stage where its ability to dispose of unnecessary assets, also included in these Initiatives, has come into focus.

Kaku We are aware that a PBR below one times is a problem. To increase corporate value over the medium to long term, it is important to achieve results while strengthening dialogue and seeking understanding of the Group stakeholders. In our business model, when we execute a capital investment, it takes several years for the investment to pay off, resulting in a temporary decline in ROE. And as profitability deteriorates in the future due to the execution of GX-related investments, including forest plantation investments, we recognize the question of how we ask our stakeholders for their understanding with regard to this issue. I therefore intend to fully demonstrate to the capital markets that we will not decline along with the demand in paper, but instead enjoy the advantages of a surviving company as we successfully grow in new business fields.

Message to Stakeholders

Nara As an attorney-at-law, I have actively offered proposals in my areas of expertise, namely governance, compliance, and safety and security. Leveraging my experience as an outside officer at other companies, I intend to continue contributing to the Group through opinions and recommendations that promote the Group's sustainable growth, even beyond my fields of expertise.

Ogawa The most important, yet challenging, theme for corporate governance is how to breathe life into the system once it has been designed. And for this reason, the goalposts are constantly in motion. Leveraging my experience striving and executing duties in my previous positions, I intend to offer support toward further advancing governance.

Nagai My advantage is the ability to naturally understand the current era and its different sensibilities through regular contact with young people. In response to the challenges the Group faces in retaining younger employees and dealing with worker shortages, I intend to propose solutions based on an understanding of their perspective. And based on my experience emphasizing safety as part of my previous position, I intend to contribute to the Group by actively offering opinions and suggestions regarding safety.

Kaku To avoid becoming a big fish in a small pond, we must not be swayed when people call us a leading company in the paper manufacturing industry. In particular, as we reorganize our business structure going forward, I intend to reference the diverse opinions and experiences of the Outside Directors in order to foster businesses that grow in a sustainable manner. In terms of safety, I recognize that we have failed to fully ensure compliance with the main principles for safety stipulated by the Group, and must therefore again raise the level of awareness within the Group regarding safety, including implementing measures on the equipment side. No matter what actions we take, the most important factor is the people who carry out the business. I fully intend to reflect the opinions and comments we have received from you, Outside Directors, and all our stakeholders in our management.

Chairman × Independent Outside
Directors' Roundtable Discussion

Corporate Officers

Corporate Governance

Compliance

Risk Management

Corporate Officers



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)

Term of office as a director*: 11 years
Number of the Company shares owned: 78 thousand shares



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)

Term of office as a director*: 9 years
Number of the Company shares owned: 78 thousand shares



Fumio Shindo

Representative Director of the Board
Executive Vice President
Division of duties:
Corporate Sustainability Division
Innovation Promotion Division
Group Technology Division
In charge of Oji Engineering Co., Ltd.

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

Term of office as a director*: 5 years
Number of the Company shares owned: 33 thousand shares



Kazuhiko Kamada

Director of the Board
Senior Executive Officer
Division of duties:
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 Logistics Co., Ltd.

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

Term of office as a director*: 9 years
Number of the Company shares owned: 62 thousand shares



Shigeki Aoki

Director of the Board
Executive Officer
President, Functional Materials COMPANY
President, Oji Functional Materials Progressing Center Inc.
President, Oji Imaging Media Co., Ltd.

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

Term of office as a director*: 4 years
Number of the Company shares owned: 66 thousand shares



Akio Hasebe

Director of the Board
Executive Officer
President, Industrial Materials COMPANY
President, Oji Industrial Materials Management Co., Ltd.
President & CEO, Oji Asia Packaging Sdn. Bhd.
President, Oji Asia Management Sdn. Bhd.

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)

Term of office as a director*: 2 years
Number of the Company shares owned: 75 thousand shares



Takayuki Moridaira

Director of the Board
Executive Officer
President, Household and Consumer Products COMPANY
President, Printing and Communications Media COMPANY
President, Oji Nepia Co., Ltd.

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

Term of office as a director*: 2 years
Number of the Company shares owned: 24 thousand shares



Yuji Onuki

Director of the Board
Executive Officer
President, Forest Resources and Environment Marketing COMPANY
President, Oji Green Resources Co., Ltd.
President, Oji Forest & Products Co., Ltd.

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

Term of office as a director*: 2 years
Number of the Company shares owned: 27 thousand shares

* The term of office as a director indicates the number of years as of the end of the Ordinary General Meeting of Shareholders held in June 2024.

Chairman × Independent Outside
Directors' Roundtable Discussion

Corporate Officers

Corporate Governance

Compliance

Risk Management



Michihiro Nara

Independent Outside Director of the Board

April 1974
June 2004
June 2013
June 2014
June 2015
June 2016

Registered as an attorney-at-law
Outside Audit & Supervisory Board Member, Nihon
Tokushu Toriy Co., Ltd.
Outside Audit & Supervisory Board Member, Seiko
Epson Corporation
Independent Outside Director of the Board, the
Company
(to the present)
Outside Director, Nihon Tokushu Toriy Co., Ltd.
(to the present)
Outside Audit & Supervisory Board Member, Chori
Co., Ltd.
Outside Director (Audit & Supervisory Committee
Member), Seiko Epson Corporation
Outside Director (Audit & Supervisory Committee
Member), Chori Co., Ltd.

Term of office as a director*: 10 years
Number of the Company shares
owned: 9 thousand shares



Seiko Nagai

Independent Outside Director of the Board

April 1983
April 2008
April 2012
October 2014
April 2015
June 2019
June 2021

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

Term of office as a director*: 3 years
Number of the Company shares
owned: 5 thousand shares



Hiromichi Ogawa

Independent Outside Director of the Board

April 1981
June 1998
April 2004
September 2004
November 2005
April 2006
April 2014
April 2017
June 2017
June 2022

Joined Mitsubishi Corporation
Director, Nichiryō Baking Co., LTD.
Senior Vice President, Lawson, Inc.
Executive Managing Officer, Lawson, Inc.
Unit Manager of Lawson Business, Mitsubishi
Corporation
Unit Manager of Retail Business, Mitsubishi Corporation
Senior Vice President ("riji") and General Manager of
Life Industry Group CEO Office, Mitsubishi Corporation
Advisor, Itoham Yonekyu Holdings Inc.
Director Chairman of the Board, Itoham Yonekyu
Holdings Inc.
Independent Outside Director of the Board, the
Company
(to the present)

Term of office as a director*: 2 years
Number of the Company shares
owned: 2 thousand shares



Sachiko Fukuda

Independent Outside Director of the Board

April 1987
March 1990
October 2001
April 2024
June 2024

Joined Minato Audit Corporation (currently
KPMG AZSA LLC)
Registered as a certified public accountant
Registered again as a certified public
accountant
Outside Director, Audit and Supervisory
Committee Member, Ryoyo Ryosan
Holdings, Inc. (to the present)
Independent Outside Director of the Board,
the Company
(to the present)

Term of office as a director*:
Newly appointed
Number of the Company shares
owned: 0 thousand shares



Tomihiro Yamashita

Audit & Supervisory Board Member

April 1982
October 2012
April 2014
April 2016
June 2017

Joined the Company
General Manager, Internal Audit Department,
Corporate Governance Division, the
Company
Audit & Supervisory Board Member, Oji
Container Co., Ltd.
Corporate Officer and Deputy General
Manager, Technology Division, Oji Container
Co., Ltd.
Audit & Supervisory Board Member, the
Company
(to the present)

Term of office as an Audit &
Supervisory Board Member*: 7 years
Number of the Company shares
owned: 48 thousand shares



Teruo Yamazaki

Audit & Supervisory Board Member

April 1982
February 2016
April 2019
April 2023
June 2023

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

Term of office as an Audit &
Supervisory Board Member*: 1 year
Number of the Company shares
owned: 24 thousand shares



Hidero Chimori

Independent Outside Audit & Supervisory Board
Member

April 1983
January 2002
June 2006
June 2016
June 2019
June 2021

Registered as an attorney-at-law
Outside Audit & Supervisory Board Member,
OMRON Corporation
Outside Audit & Supervisory Board Member,
DUSKIN CO., LTD.
Independent Director, Audit & Supervisory
Committee Member, Kobe Steel, Ltd.
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)

Term of office as an Audit &
Supervisory Board Member*: 3 years
Number of the Company shares
owned: 1 thousand shares



Noriko Sekiguchi

Independent Outside Audit & Supervisory Board
Member

March 1994
January 2002
November 2010
July 2012
June 2015
January 2019
June 2021
June 2022
July 2022
March 2023

Registered as certified public accountant
Re-registered as certified public accountant
Representative of Sekiguchi CPA Office (currently
Sekiguchi Noriko CPA Office) (to the present)
Registered as certified tax accountant
Outside Director, TOKYO OHKA KOGYO CO., LTD.
Executive Officer, Chifure Holdings Corporation
Independent Outside Audit & Supervisory Board
Member, the Company (to the present)
Outside Audit & Supervisory Board Member, Ryoden Shoji K.K.
(currently RYODEN CORPORATION) (to the present)
Auditor, Japan International Cooperation Agency
(to the present)
Outside Director, Audit and Supervisory Committee
Member, TOKYO OHKA KOGYO CO., LTD.
(to the present)

Term of office as an Audit &
Supervisory Board Member*: 3 years
Number of the Company shares
owned: 1 thousand shares



Takashi Nonoue

Independent Outside Audit & Supervisory Board
Member

April 1982
January 2015
September 2016
February 2018
April 2018
March 2021
June 2021
June 2022

Appointed as public prosecutor
Director-General of the Public Security
Intelligence Agency
Superintendent Public Prosecutor of the
Fukuoka High District Public Prosecutors Office
Retired from Superintendent Public
Prosecutor
Inspector General of Legal Compliance of
the Ministry of Defense
Retired from Inspector General of Legal
Compliance of the Ministry of Defense
Registered as an attorney-at-law
Independent Outside Audit & Supervisory
Board Member, the Company
(to the present)

Term of office as an Audit &
Supervisory Board Member*: 2 years
Number of the Company shares
owned: 3 thousand shares

* The term of office as a director and Audit & Supervisory Board Member indicates the number of years as of the end of the Ordinary General Meeting of Shareholders held in June 2024.

Corporate Governance

Basic Approach

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. Having positioned the enhancement of corporate governance as one of the highest priority issues for management, the Group will continue its efforts to ensure the efficiency, soundness, and transparency of management, while building relationships of trust with its diverse stakeholders. In doing so, the Group aims to increase its corporate value and become a company that is trusted by society.

► Fundamental Policies on Corporate Governance [🔗](#)

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

► Corporate Governance Report [🔗](#)

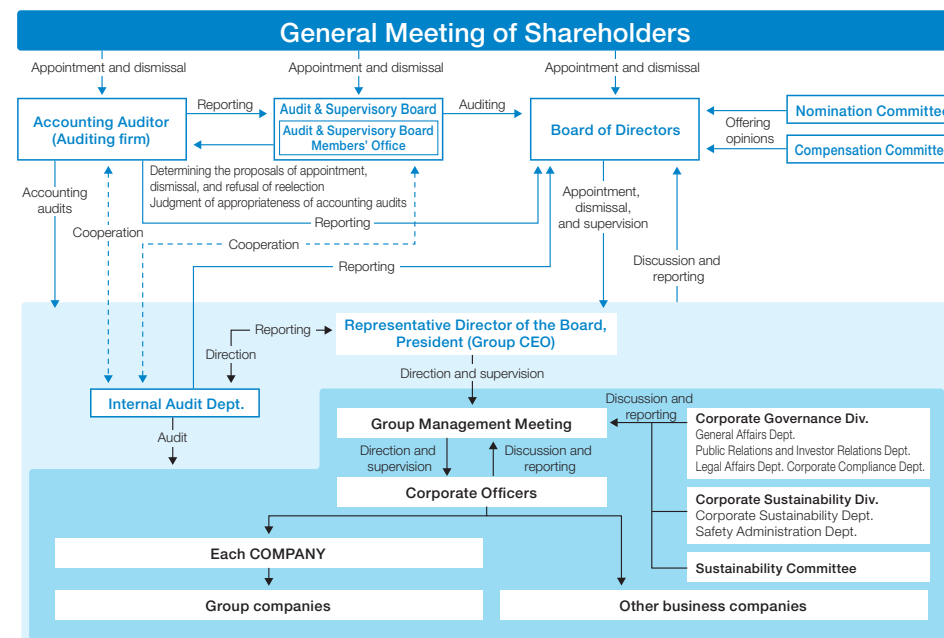
The Oji Group posts its Corporate Governance Report, which it submits to Tokyo Stock Exchange, on its official website.

Corporate Governance Structures

The Group has adopted a COMPANY system under which Oji Holdings undertakes the formulation of Group management strategies as well as the supervision of Group governance, while each COMPANY comprised of closely associated businesses forms the center of the Group's business operations. This structure accelerates decision-making by each business unit and clarifies management responsibilities.

As a company with an Audit & Supervisory Board, the Company strives to strengthen the governance of the entire Group through audits of the execution of duties by Directors by Audit & Supervisory Board Members and the Audit & Supervisory Board. The Board of Directors consists of 12 Directors (including four independent Outside Directors) and the Audit & Supervisory Board consists of five Audit & Supervisory Board Members (including three Independent Outside Audit & Supervisory Board Members), and Representative Director and Chairman of the Board chairs the Board of Directors.

Corporate Governance Structural Diagram



Sustainability Governance

In 2022, we established the Sustainability Committee, with the Group CEO as chair, to discuss the risks of and measures for sustainability. [\(P.29\) 📄](#)

Oji Group Tax Policy

The Group understands that by ensuring proper tax payment in compliance with the tax laws and regulations of each country where we operate, we can enhance corporate value and become a socially trusted company. We established the "Oji Group Tax Policy" based on this awareness for the purpose of clarifying our basic policy.

► Oji Group Tax Policy [🔗](#)

Views on Director Compensation Disclosure

Nomination Committee and Compensation Committee

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

Roles of the 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 report to the Board of Directors.

Roles of the 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 report to the Board of Directors.

Members of the Nomination Committee and the Compensation Committee and Their Meetings Held in FY2023

Position	Name	Nomination Committee	Attendance	Compensation Committee	Attendance
Representative Director and Chairman of the Board	Masatoshi Kaku		2/2		2/2
Representative Director of the Board, President	Hiroyuki Isono	Committee Chair	2/2	Committee Chair	2/2
Independent Outside Director	Michihiro Nara		2/2		2/2
Independent Outside Director	Sachiko Ai*		0/2		1/2
Independent Outside Director	Seiko Nagai		2/2		2/2
Independent Outside Director	Hiromichi Ogawa		2/2		2/2

* Retired as of the General Meeting of Shareholders held on June 27, 2024.

Policy on Determination of Director Compensation and Total Compensation Amount

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 the medium- to long-term corporate value of the Company and pursues enhanced profitability and capital efficiency. The compensation program and determination policies are set forth in the Fundamental Policies on Corporate Governance. Director compensation comprises base compensation that is fixed compensation, bonuses that reflect short-term performance, and stock-based compensation that reflects medium- to long-term improvement in corporate value. Determinations are made by the Board of Directors based on reports by the Compensation Committee. Evaluation for bonuses takes into consideration the overall status of achievement of evaluation items concerning ESG.

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

► [Securities Report \(in Japanese only\)](#) 

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

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

Note: 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 (FY2023)

Officer category	Total amount of compensation (¥ million)	Total amount of compensation, etc., by type (¥ million)			Number of eligible officers (persons)
		Fixed compensation	Bonuses	Stock-based compensation	
Directors (excluding Independent Outside Directors)	468	215	137	115	8
Audit & Supervisory Board Members (excluding Independent Outside Audit & Supervisory Board Members)	54	54	—	—	3
Independent Outside Directors and Independent Outside Audit & Supervisory Board Members	99	99	—	—	7

Independence of the Board of Directors

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

The Fundamental Policies on Corporate Governance of Oji Holdings stipulate as a Director nomination policy that the Board of Directors shall comprise Directors with diverse knowledge and expertise concerning the business operated by the Group in a well-balanced manner. The Fundamental Policies also stipulate that candidates be nominated for Directors who possess excellent character and insight and who can contribute to the sustainable growth as well as the increase of the medium- to long-term corporate value of the Group, and that candidates be nominated 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 expertise and rich experience.

Process

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

Directors' Skill Map

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

Skills That Members of the Board of Directors Should Possess

Category	Expected skills	Relevance to Long-term Vision		
		Environmental issues	Profitability improvement	Product development
Corporate management	Essential management skills necessary for the achievement of a sustainable business corporation and management strategies	●	●	●
Finance and accounting	Skills necessary for contributing to the sustainability and growth of a corporation through finance as well as for oversight of management		●	
Innovation, manufacturing, and technologies	Skills essential for building an organizational structure for sustainable product supply, achieving higher productivity, addressing environmental issues, and making innovation out of the core technologies that have been built up	●	●	●
Sales, purchase, and marketing	Skills necessary to achieve the sustainable growth of a corporation through understanding the needs of society and earning appropriate income Skills concerning stable procurement of raw materials as the foundation of production activities and the management of forests as sustainable sources of wood raw materials	●	●	
Personnel and human resource strategy	Skills concerning the development and utilization of diverse human resources essential for the sustainable growth and evolution of a corporation and achievement of management strategies	●	●	●
Global	Skills for managing international business activities essential for the Oji Group's global business activities		●	
ESG	Skills concerning environmental, social, and governance aspects of corporate activities that are the foundation of corporate management and essential for sustainability	●	●	●
Legal affairs and risk management	Skills in planning and executing the legal aspects of corporate activities and anticipating and responding to risks	●	●	●
DX	Skills for digitalizing corporate activities and creating new products, services, and business models		●	

Note: Items marked with "●" have particularly high relevance.

Capabilities of Each Director

Name	Positions in the Company	Nomination/ Compensation Committee	Corporate management	Finance and accounting	Innovation, manufacturing, and technologies	Sales, purchase, and marketing	Personnel and human resource strategy	Global	ESG	Legal affairs and risk management	DX
Masatoshi Kaku	Representative Director and Chairman of the Board	○	●		●	●			●		●
Hiroyuki Isono	Representative Director of the Board, President and Group CEO	○ (Committee Chair)	●	●			●	●	●		
Fumio Shindo	Representative Director of the Board and Executive Vice President		●		●	●	●		●		
Kazuhiko Kamada	Director of the Board and Senior Executive Officer		●					●	●	●	●
Shigeki Aoki	Director of the Board and Executive Officer		●		●	●					
Akio Hasebe	Director of the Board and Executive Officer		●	●				●			
Takayuki Moridaira	Director of the Board and Executive Officer		●			●	●				
Yuji Onuki	Director of the Board and Executive Officer		●			●			●		
Michihiro Nara	Outside Director (Independent Director)	○							●	●	
Seiko Nagai	Outside Director (Independent Director)	○						●	●		
Hiromichi Ogawa	Outside Director (Independent Director)	○	●						●		
Sachiko Fukuda	Outside Director (Independent Director)	○		●						●	

Notes: 1. ○ marks indicate members of the Nomination and Compensation Committee.

2. ● marks indicate the abilities in which each director can demonstrate greater strength and expertise according to his or her position in the Company. This list is based on their positions in the Company and does not represent all of the abilities possessed by each director.

Representative Director of the Board, and Director of the Board and Senior Executive Officer: Up to five (5) Director of the Board and Executive Officer: Up to three (3) Outside Director: Up to two (2)

Executive Officer Appointment and Succession Plans

Succession Plan Implementation

With the aims of accelerating the decision-making and clarifying the management responsibilities of each business, the Oji Group has adopted a COMPANY system under which the businesses of the Group are consolidated into closely related business groups for management purposes. When appointing the Group CEO and other chief officers, the Group seeks out individuals who, in addition to exceptional ethics and character, possess advanced expertise regarding the Oji Group's businesses and strong leadership skills that enable them to manifest the Group's management and growth strategies. Through an appointment process that involves strict personnel reviews, the Group selects management personnel candidates at the level of each COMPANY for the purpose of improving the capabilities and knowledge required for managing individual companies within the scope of the businesses for which they are responsible. This approach also serves to develop and promote future generations of management personnel candidates for the Group on a global basis while charting personnel reassignments between each COMPANY. The Nomination Committee, most members of which are Independent Outside Directors, discusses these succession plans and selects executive candidates.

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

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

Persons with a high level of expertise and broad insight 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, high expertise, and rich experience are selected as Independent Outside Audit & Supervisory Board Member candidates.

In FY2023, the attendance of the total of seven Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at the Board of Directors meetings (16 meetings held) averaged 93.8%, and the attendance of Independent Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings (13 meetings held) was 100%.

Main Activities of Independent Outside Directors in FY2023

Name	Attendance at Board of Directors meetings	Summary of comments made and duties performed with respect to expected role
Michihiro Nara	Attended 14 of 16 meetings (87.5%)	Fulfilled the role expected of him by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including legal viewpoints as an attorney-at-law, and based on his extensive experience, high level of expertise, and wide-ranging insight
Sachiko Ai*	Attended 13 of 16 meetings (81.3%)	Fulfilled the role expected of her by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective from the business world, including the financial area, and based on her high level of expertise and abundance of insight
Seiko Nagai	Attended 16 of 16 meetings (100%)	Fulfilled the role expected of her by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including professional viewpoints developed through customer service and university teaching, and based on her extensive experience, high level of expertise, and wide range of insight
Hiromichi Ogawa	Attended 16 of 16 meetings (100%)	Fulfilled the role expected of him by making comments concerning the Company's management from an independent standpoint, from a multifaceted perspective, including professional viewpoints developed through management of retail business and food manufacturing companies, and based on his extensive experience, high level of expertise, and wide range of insight

* Retired as of the General Meeting of Shareholders held on June 27, 2024.

Main Activities of Independent Outside Audit & Supervisory Board Members in FY2023

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements at meetings
Hidero Chimori	Attended 16 of 16 meetings (100%)	Attended 13 of 13 meetings (100%)	Provided expert opinions based on his extensive experience, high-level expertise and wide-ranging knowledge, in particular, in the corporate legal affairs and corporate governance field, as an attorney-at-law
Noriko Sekiguchi	Attended 14 of 16 meetings (87.5%)	Attended 13 of 13 meetings (100%)	Provided expert opinions based on her abundant practical experience at companies in addition to her extensive experience, high-level expertise, and wide-ranging knowledge on financial accounting as a certified public accountant
Takashi Nonoue	Attended 16 of 16 meetings (100%)	Attended 13 of 13 meetings (100%)	Provided expert opinions based on his extensive experience, high-level expertise, and wide-ranging knowledge as a public prosecutor and attorney-at-law

Effectiveness Evaluation of the Board of Directors

The Company stipulates in its “Fundamental Policies on Corporate Governance” that the Board of Directors conducts analysis and evaluation of its effectiveness every year and takes required measures to ensure the effectiveness as a whole as well as discloses an overview of the findings.

To evaluate the effectiveness of the Board of Directors in FY2023, we conducted a survey on the roles, organization, and management of the Board of Directors for all of the Directors and Audit & Supervisory Board Members from April to May 2024. The evaluation results were analyzed by the Compensation Committee in which Independent Outside Directors participated, and deliberated by the Board of Directors based on the analysis results.

As a result, we confirmed that the Company's Board of Directors, including its accompanying meeting bodies, has been effective. Regarding the role of the board of directors, many respondents answered that the board was able to present strategies in line with the medium-term management plan, and that the board was able to clearly present the direction of the Group through discussions on the improvement of PBR and large-scale acquisitions at board meetings. To the question of whether the Company has established an internal control and risk management system and supervised its operation, some respondents said that although the management system and its operation have been improved, the actual violation of rules and the occurrence of labor accidents have not been eradicated, and therefore the Company needs to continue strengthening its system. To the question of whether the Company has promoted constructive dialogue with stakeholders, while many appreciated the current efforts made in investor relations, others said that the board of directors has not engaged in sufficient dialogue. As for the composition of the board, while rating the current composition, which is the same as the previous year, as well-balanced, there was a shared recognition that the appointment of women and overseas personnel to internal board positions is an issue to be addressed.

In keeping with the findings, the Company will consider and take required measures to continually work on functional improvements of the Board of Directors.

Procedure for the Effectiveness Evaluation of the Board of Directors

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

Survey Questions

Respondents evaluate effectiveness regarding the following 10 questions on a 5-point scale and comment on the reasons.

Any comments outside the 10 questions can be entered freely in the comment section.

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

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

Strategic Shareholding

Policy for Strategic Shareholding

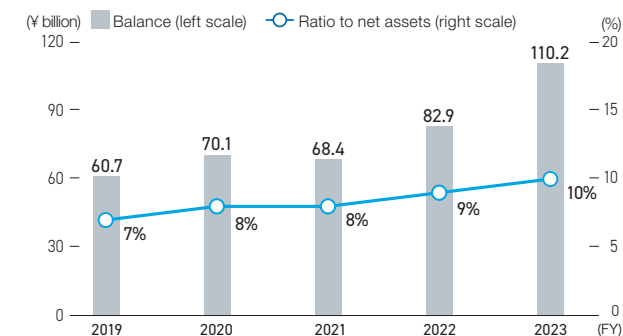
The Company strategically holds shares that are expected to contribute to the sustainable growth of its business and the improvement of corporate value over the medium to long term as part of its management strategies for the purpose of business alliances and strengthening and maintenance of long-term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

In FY2023, we reduced the number of companies held for strategic shareholding, but the balance of our holding increased due to rising stock prices. Moreover, we have set a target of reducing our strategic shareholdings by ¥30 billion on a market value basis as of the end of March 2024 over the four years from FY2024 to FY2027.

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

► [Securities Reports \(in Japanese only\)](#) 

Strategic Shareholding



Compliance

The Oji Group Corporate Code of Conduct and Behavior Standard

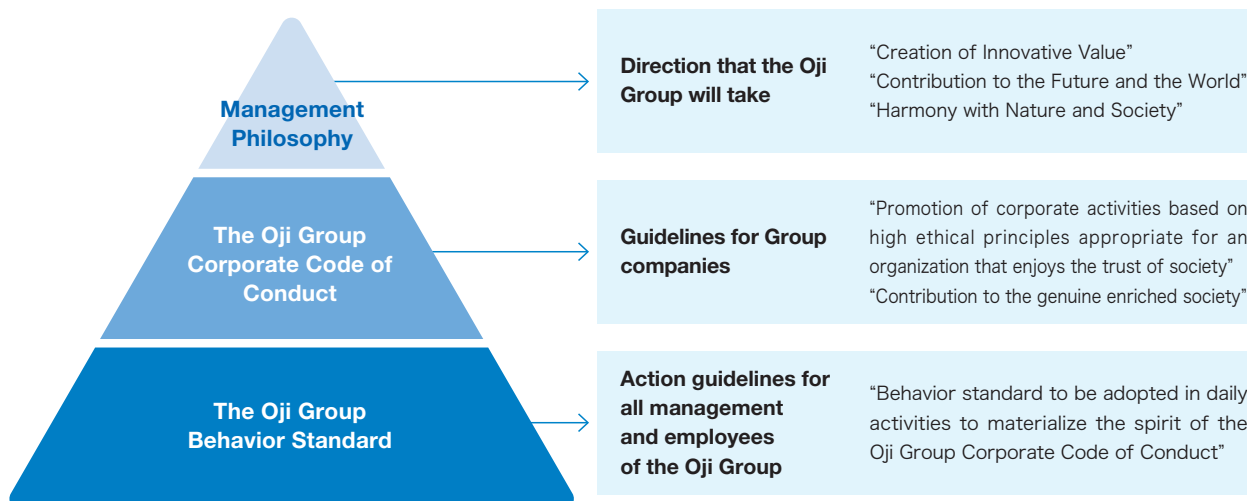
The Oji Group incorporated the principles on human rights, labor, the environment, and anticorruption of the United Nations Global Compact and established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, action guidelines for the Code, in 2004. They were revised in FY2020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

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

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

▶ [The Oji Group Corporate Code of Conduct](#)

▶ [The Oji Group Behavior Standard](#)



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

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

Languages in Which the Multilingual Version of "Compliance News" Is Distributed

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

Since 2023

Italian	Tagalog
Khmer	

To be added in 2024

Finnish	Swedish
Bengali	French
Spanish	Polish

Measures for Promoting Compliance

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

Activities for Raising Compliance Awareness

The Corporate Compliance Department provides many opportunities 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 e-learning-based training and 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 a quiz format, explain the Oji Group Corporate Code of Conduct and Oji Group Behavior Standard, and inform officers and employees of the internal whistleblowing system. Moreover, as part of daily compliance activities, compliance promotion leaders at respective workplaces and companies organize regular workplace compliance meetings to raise awareness among all officers and employees.

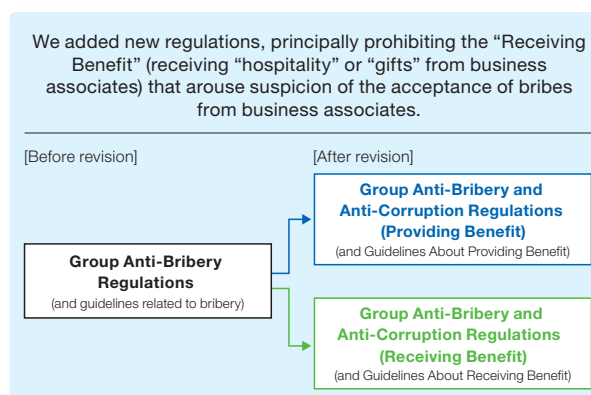


◆ Participation in workplace compliance meetings at Group companies in Japan in the second half of FY2023: 98.8% of all officers and employees

We provided senior management training to newly appointed officers (including corporate officers) of Oji Group companies. The video of the training program was available on our portal site for officers already in office as well to view for a certain period of time to confirm their knowledge. (Senior management training conducted in April 2024)

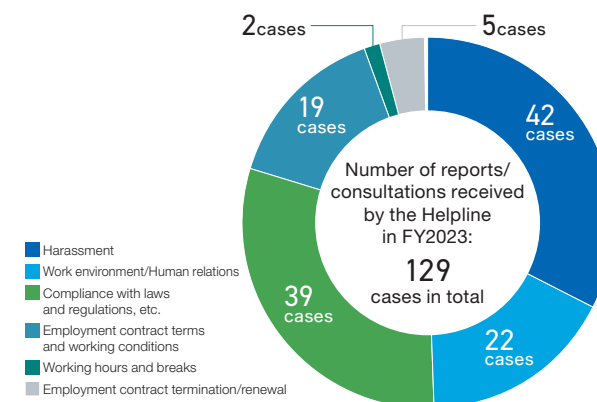
Anti-Corruption Initiatives

In accordance with Principle 10 (the anti-corruption initiatives) of the UN Global Compact, we clearly state that a “wholesome relationship with politics and government” and the “maintenance of an honest, wholesome relationship with our business partners” are important to us in the Oji Group Corporate Code of Conduct. We established Group Anti-Bribery and Anti-Corruption Regulations and guidelines to ensure transparency of political contributions, prohibit illegal contributions or donations, and prohibit bribery and other corrupt acts and practices. To establish good, wholesome relationships with business partners, in April 2020, we established new rules and guidelines prohibiting in principle “receipt of benefits,” in addition to “provision of benefits,” which might raise suspicion of bribery in addition to preexisting rules.



Internal Whistleblowing System

The Oji Group established the Corporate Ethics Helpline to provide all officers and employees (including part-time and short-term employees) the opportunity to consult and make reports with the aim of prevention or remediation through early discovery of violations of laws and regulations and misconduct, and operates this Helpline based on the Group Internal Whistleblowing Regulations in accordance with the amended Whistle-Blower Protection Act of June 2022. Whistleblowing desks are established both internally (in the Oji Holdings Corporate Compliance Department) and externally (a law firm), which serve to identify and remedy any acts of misconduct, including legal violations, harassment, discrimination and other human rights violations, and bribery and other acts of corruption, as early as possible. Moreover, these desks carefully address the concerns, dissatisfactions, and questions regarding compliance experienced by employees on a daily basis to resolve any uncertainties.



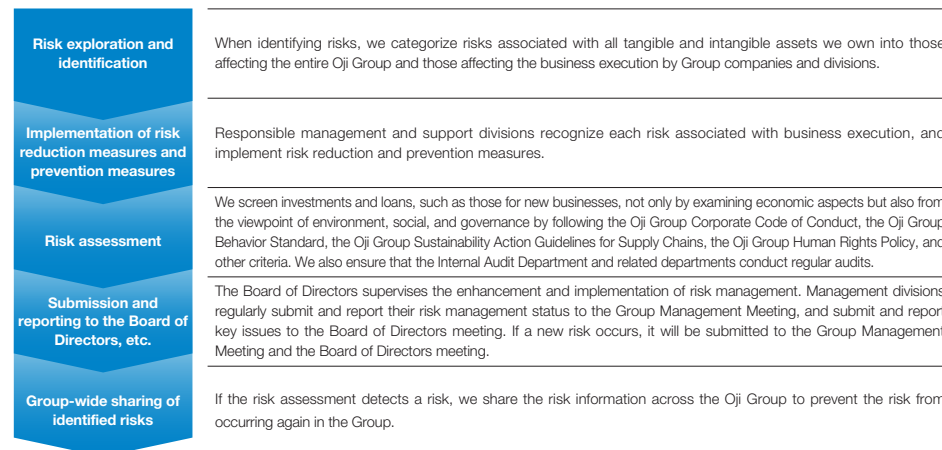
This graphic shows the breakdown of reports and consultations received by the internal and external whistleblowing desks of the Corporate Ethics Helpline in FY2023. Reports or consultations concerning “harassment” and “work environment/human relations” accounted for around half, including consultations on misunderstandings with a supervisor or coworker in the workplace in daily work.

Risk Management

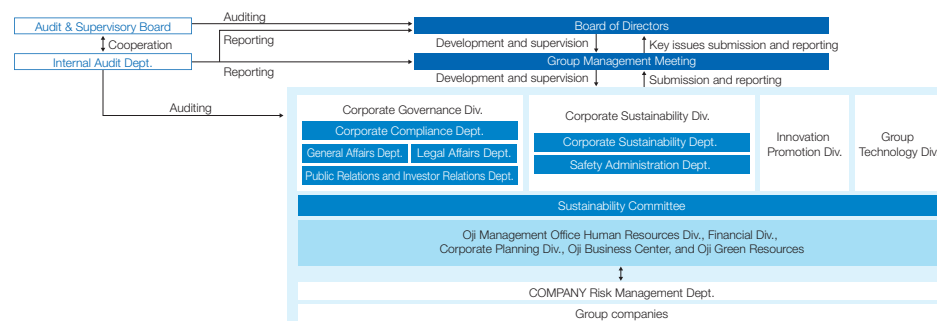
The Oji Group undertakes business activities with a strong sense of ethics set forth in the Oji Group Corporate Code of Conduct and implements appropriate risk management practices. In response to the rapid expansion of the areas where we operate businesses, we will reinforce our risk management structure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

Flow of Risk Management

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



Risk Management Structure

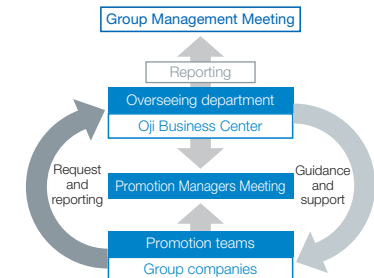


Measures for Information Security

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

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

Information Security Structural Diagram



The Oji Group's BCP

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

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

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

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











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 have occurred within the Group promptly to work on recurrence prevention measures.
Enhancing disaster control 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.

The Oji Group categorizes major risks that might have a material effect on its financial position, etc., into three groups: risks of long-term issues, risks associated with its management strategies, and risks arising from the execution of business. At the same time, the Group takes the following measures to address each risk group.

Icons below represent material issues. (for details, see P.31-32 [📄](#))



	Type of risk	Content of risk	Main countermeasures against risks
Risks of long-term issues	Climate change 		<p>The Task Force on Climate-related Financial Disclosures (TCFD), see P.62 📄</p>
	Pandemic 	Risk of health damage to employees or temporary suspension of operations being caused by the global spread of infection similar to COVID-19	<ul style="list-style-type: none"> ● 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.
Risks associated with our management strategies	Structural changes in demand arising from development of innovation 	Risk of structural changes in demand arising from the movement toward digital transformation (DX), which brings significant changes to people's lifestyles and business activities.	<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 CAPEX. We expand our portfolio by investing the cash thus obtained in domestic businesses where growth in demand is expected, and overseas markets where economic development is expected, and allocating it for the development of new material products, etc. ● To enhance our medium- and long-term corporate value and achieve sustainable development, we work to promote work-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 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 plastic-free 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 that 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 have established a department in charge of the Group-wide procurement strategy in order to monitor markets in relation to the procurement of raw materials and fuels and strive to maintain a variety of suppliers, and promote advantageous procurement. ● Having established the Oji Group Sustainability Action Guidelines for Supply Chains, we confirm with all of our suppliers the safety and legality of raw materials. We work to ensure stable procurement through more environmentally and socially friendly procurement practices and enhanced relationships 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 	Geopolitical risks, including 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 that specialize in gathering information on the political, economic, and social conditions of neighboring countries to prepare for and respond to all relevant risks before they emerge. We also diversify risks by having operations in a wide range of countries. ● 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.

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) taking into consideration the risk of an interruption in our business 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. ● With regard to the environment, we have set voluntary management values that are stricter than the environmental regulatory standards, thereby striving to prevent environmental accidents. ● 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 the 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 each of the overseas bases where we operate to ensure that personnel in and outside Japan are familiar with their content as well as their adherence. We also ensure that responsible divisions take the lead in providing training on relevant laws, regulations, and other rules to prevent any violation. ● We have put in place the Oji Group Tax Policy and are working to enhance our corporate value and become a social trusted company by ensuring the proper payment of taxes in compliance with the tax laws and regulations of each country in which we operate.
	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 contract terms. We also have in place a system to deal with any litigation and other actions filed against us in collaboration with law firms. ● If an event that might have a negative impact on our 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 departments in charge of overseeing quality management across the Group provide assistance in and conduct audit on the safety product management implemented by the 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 their impact 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 buying and selling within Group companies foreign currency obtained from operating activities.
	Information leakage 	Risk of confidential information being leaked due to willful conduct including external cyberattacks 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 e-mail, and the like.

Financial Data

(¥ billion)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Profit and Loss (Fiscal Year)											
Net sales	1,332.5	1,347.3	1,433.6	1,439.9	1,485.9	1,551.0	1,507.6	1,359.0	1,470.2	1,706.6	1,696.3
Operating profit	57.3	43.9	72.0	70.2	70.8	110.2	106.1	84.8	120.1	84.8	72.6
Ordinary profit	65.2	49.4	60.5	52.9	66.0	118.4	101.3	83.1	135.1	95.0	86.0
Profit attributable to owners of parent	31.6	15.5	12.7	40.3	36.2	52.0	58.2	49.6	87.5	56.5	50.8
Research and development expenses	10.9	10.5	9.7	9.3	9.0	8.8	9.1	9.7	9.2	9.3	10.4
Capital investment	76.7	80.1	57.4	57.9	69.3	62.1	97.5	98.4	114.0	100.1	119.4
Depreciation and amortization	73.3	70.8	78.6	74.9	71.9	69.5	63.4	62.8	65.9	73.0	79.5
Cash flows from operating activities	109.3	90.9	128.1	157.4	123.2	140.6	124.5	127.1	143.6	18.3	202.9
Cash flows from investing activities	(67.2)	(165.5)	(43.3)	(40.2)	(74.0)	(66.6)	(64.8)	(91.6)	(92.6)	(123.3)	(118.0)
Free cash flows	42.1	(74.6)	84.8	117.2	49.2	74.0	59.7	35.5	51.0	(105.0)	84.9
Cash flows from financing activities	(52.0)	77.4	(89.8)	(114.5)	(41.8)	(45.5)	(58.1)	19.9	(136.0)	101.8	(84.9)
Financial Condition (Fiscal Year-end)											
Total assets	1,898.2	2,140.6	1,909.5	1,901.0	1,960.8	1,951.4	1,885.3	1,981.4	2,053.8	2,296.0	2,442.5
Net assets	657.6	784.4	711.2	759.2	810.0	815.4	831.7	865.6	875.5	964.6	1,095.5
Interest-bearing debt	798.5	862.6	777.7	677.3	647.4	620.6	581.7	647.7	650.5	788.3	736.7
Net interest-bearing debt	745.6	804.8	728.6	625.4	587.6	535.0	497.3	511.4	594.7	731.3	673.9
Per-share data, Others											
Earnings per share (¥)	32.01	15.71	12.86	40.74	36.64	52.52	58.78	50.13	88.35	57.00	51.31
Net assets per share (¥)	574.08	656.03	587.62	635.95	681.52	684.50	699.12	758.28	859.29	945.27	1,083.06
Dividend per share (¥)	10.00	10.00	10.00	10.00	10.00	12.00	14.00	14.00	14.00	16.00	16.00
Equity ratio (%)	29.9	30.3	30.4	33.1	34.4	34.7	36.7	37.9	41.4	40.8	43.7
Return on equity (%)	5.9	2.6	2.1	6.7	5.6	7.7	8.5	6.9	10.9	6.3	5.1
Net D/E ratio (times)	1.1	1.0	1.0	0.8	0.7	0.7	0.6	0.6	0.7	0.8	0.6

Financial Data

Non-financial Data

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Financial Data by Segment

(¥ billion)

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales					
Household and Industrial Materials	686.1	647.5	698.8	780.5	798.7
Functional Materials	214.7	182.3	184.7	219.9	227.5
Forest Resources and Environment Marketing	285.6	245.3	320.6	423.8	359.6
Printing and Communications Media	292.7	244.0	244.5	281.0	299.4
Others	289.4	270.2	291.1	318.1	316.1
Adjustments	(260.7)	(230.3)	(269.6)	(316.7)	(305.0)
Total	1,507.6	1,359.0	1,470.2	1,706.6	1,696.3
Operating profit/loss					
Household and Industrial Materials	40.9	38.1	26.2	(1.2)	21.2
Functional Materials	15.4	11.5	15.3	15.5	9.1
Forest Resources and Environment Marketing	28.8	16.7	55.2	68.5	19.6
Printing and Communications Media	11.3	11.2	17.8	(4.8)	16.8
Others	9.0	6.8	7.2	8.4	5.8
Adjustments	0.7	0.7	(1.6)	(1.6)	0.1
Total	106.1	84.8	120.1	84.8	72.6
Research and development expenses					
Household and Industrial Materials	0.4	0.4	0.4	0.5	0.4
Functional Materials	2.3	2.1	2.3	2.2	2.6
Forest Resources and Environment Marketing	0.4	0.3	0.4	0.6	0.5
Printing and Communications Media	1.0	1.0	1.0	0.9	0.7
Others	4.9	5.9	5.1	5.1	6.3
Total	9.1	9.7	9.2	9.3	10.4
Capital investment					
Household and Industrial Materials	38.8	52.5	63.5	43.7	36.6
Functional Materials	5.1	7.4	14.7	15.6	10.5
Forest Resources and Environment Marketing	38.1	21.3	30.3	33.8	54.8
Printing and Communications Media	9.1	9.8	2.1	1.8	5.0
Others	6.3	7.5	3.5	5.1	12.5
Total	97.5	98.4	114.0	100.1	119.4
Depreciation and amortization					
Household and Industrial Materials	25.8	26.3	28.4	32.6	33.4
Functional Materials	6.3	5.9	5.7	6.6	8.8
Forest Resources and Environment Marketing	16.5	16.3	18.9	22.0	25.4
Printing and Communications Media	9.7	8.7	8.7	7.8	7.6
Others	5.1	5.6	4.2	4.1	4.4
Total	63.4	62.8	65.9	73.0	79.5

Non-financial Data

★ A star mark indicates that FY2023 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

		FY2019	FY2020	FY2021	FY2022	FY2023
E Environmental						
Oji Group forest area	Japan and overseas (ha)	562,501	569,144	572,700	602,833	600,043
Forest certification acquisition rate	Japan (%)	100	100	100	100	100
	Overseas (%)	94	91	92	94	97
★ GHG emissions (Scope 1 + 2)* ¹	(kt-CO ₂ e)	7,650	7,460	7,606	7,470	6,849
★ Scope 1	(kt-CO ₂ e)	6,323	6,267	6,398	6,399	5,890
★ Scope 2	(kt-CO ₂ e)	1,327	1,193	1,208	1,071	959
★ Scope 3 Purchased goods and services* ²	(kt-CO ₂ e)	3,766	3,430	3,663	3,670	3,158
★ Implied reduction in greenhouse gas emissions by FIT electric power sales* ³	(kt-CO ₂ e)	-	-	-	480	714
★ Energy consumption (crude oil equivalent)* ⁴	(1,000 kL)	5,660	5,219	5,400	5,440	5,160
★ Industrial waste generation* ⁵	(kt)	2,757	2,733	2,772	2,989	3,017
★ VOC emissions* ⁶	(t)	481	227	232	182	159
★ COD pollution load amount* ⁷	(t)	35,038	32,897	35,862	34,610	34,519
★ Water intake	(1,000 m ³)	736,684	706,298	714,281	709,966	694,820
★ Wastewater	(1,000 m ³)	701,024	671,965	675,849	672,780	672,275
S Social						
Number of employees (excluding temporary employees)		36,810	36,034	35,608	37,845	38,322
Percentage of overseas employees	(%)	53.9	54.0	54.0	57.2	57.5
Total working hours	26 companies in the Main Office region in Japan (hours/year)	1,827	1,819	1,843	1,830	1,835
Average years of service* ¹¹	(Years)	17.3	17.4	19.7	19.3	21.3
★ Lost time injury frequency rate* ⁸	Whole Group	0.88	0.81	0.97	1.12	1.20
	Japan	0.67	0.76	0.84	0.88	0.80
	Overseas	1.08	0.85	1.09	1.29	1.49
Number of participants in the safety and health education and training programs (Japan)	(Cumulative total)	55,338	54,348	53,498	52,486	61,380
★ Percentage of female managers* ⁹	16 companies in Japan (%)	3.5	3.6	3.7	3.6	3.9
★ Employment rate of people with disabilities* ¹⁰	Six applicable Group companies in Japan (%)	2.27	2.31	2.35	2.51	2.48
	83 companies in Japan (%)	2.01	2.04	2.10	2.20	2.19
G Governance						
Number of Board of Directors meetings held		15	14	14	15	16
Rate of Independent Outside Director attendance	(%)	96	95	100	100	92
Number of women on the Board of Directors		0	1	2	2	2
Group patents, utility model rights, and design rights		2,777	3,067	2,980	3,245	3,750
Total number of owned trademark rights		1,745	1,842	1,906	1,952	1,977

*1~*10 Please refer to next page *11 FY2019~2022: Oji Holdings, Oji Management Office, FY2023: 10 companies in Japan

Notes on Non-financial Data

Environmental Data

Aggregation period: Japan: April 1 to March 31 of each fiscal year /

Overseas: January 1 to December 31 of each fiscal year (April 1 to March 31 for certain overseas sites)

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

*1 GHG (Greenhouse gas)

Scope 1 calculation

Japan: Calculated based on the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (Energy Conservation Act) and the Act on Promotion of Global Warming Countermeasures (Global Warming Act)

- Emissions relating to the electric power business (supply of electricity to other companies) and transport by Group-owned vehicles are included.
- CO₂ emissions from the use of waste tires and waste plastics purchased as fuel have been accounted for since FY2023. The relevant emissions in FY2023 are 560 kt-CO₂e.

Overseas: Calculated based on the Greenhouse Gas Protocol Standard

- GHG emissions from simply burning waste are excluded.
- GHG emissions from waste disposal and wastewater treatment are excluded.
- Non-energy GHG emissions resulting from quicklime production (at 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 from activities up to the production of purchased raw materials, components, goods, and materials related to sales. For emission intensities, we referred to the "Emission intensity database for calculation of GHG emissions by organizations throughout the supply chain (ver. 3.4)" and the "CO₂ equivalents common intensity database (ver. 4.01)."

Emissions related to vessel transportation from overseas to Japan were included until FY2022. To ensure the use of a uniform calculation method across the Group, these emissions have been excluded and accounted for as upstream transportation and distribution emissions since FY2023. This change resulted in a 362 kt-CO₂e decrease in emissions compared to the previous aggregation method. Emissions related to upstream transportation and distribution are disclosed on the webpage ([ESG Data](#) .

*3 Implied reduction in greenhouse gas emissions by FIT electric power sales

The amount of reduction is estimated based on the premise that electric power sale under the Feed-in Tariff (FIT) scheme for renewable energy indirectly reduces the CO₂ emissions associated with electric power users.

Implied reduction = amount of FIT electric power sales × national average emission factor

- Amount of FIT electric power sales: The amount of electricity from biomass, hydroelectric, and solar power generation sold under the FIT scheme by Group companies in Japan
- National average emission factor: An emission factor used in the calculation of the equivalent amount of CO₂ reduced by using non-fossil electric power under the Greenhouse Gas Emissions Calculation, Reporting, and Disclosure System

*4 Energy consumption

Energy consumption in conjunction with the manufacture of products is calculated.

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

Energy relating to the supply of electric power or heat to other parties is excluded from fossil fuel and non-fossil fuel derived energy. The sources of unit calorific values are the following laws and international standards.

Japan: Act on Rationalizing Energy Use and Shifting to Non-fossil Energy and Act on Promotion of Global Warming Countermeasures

Overseas: IPCC 2006 Guidelines for National Greenhouse Gas Inventories

*5 Industrial waste generation

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

*6 VOC emissions

Boundary of aggregation: Domestic Group companies subject to the Japanese Pollutant Release and Transfer Register (PRTR) law.

Of the substances subject to the 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.

*7 COD pollution load amount

Boundary of data aggregation: Business sites where emissions are regulated by laws, ordinances, and local agreements.

Social Data

*8 Aggregation period: From January 1 to December 31

Boundary of data aggregation: Oji Holdings and its consolidated subsidiaries

The collation of data was previously limited to plants and other business sites currently in operation. Indirect business site, including headquarters and sales office, data has been included since FY2023. The impact of this change on LTIFR is immaterial.

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

Until 2021, total working hours were calculated based on the number of Group company employees (regular employees and temporary/non-regular employees) as of the end of September, assuming the annual working hours per person is 2,000 hours. Beginning in 2022, actual total working hours until the end of December as reported by the companies have been used.

Due to an error in FY2022 data, previous fiscal data has been revised.

*9 Aggregation date: March 31 of each fiscal year

Boundary of data aggregation: 16 companies in Japan (with 301 or more employees at the beginning of aggregation in September 2015)

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

*10 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

Eighty-three companies in Japan: Eighty-three companies in Japan that have at least 40 employees and are required to hire at least one person with disabilities under the FY2024 statutory employment rate of 2.5% (including the six applicable Group companies)

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.)

Third-party Independent Assurance Report

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, 2023 to March 31, 2024 except for the lost time injury frequency rate, which is for the period from January 1, 2023 to December 31, 2023, and for the employment rate of people with disabilities, which is as of June 1, 2024, included in its Oji Group Integrated Report 2024 (the “Report”) for the fiscal year ended March 31, 2024.

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 Yonago Mill of Oji Paper 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 Management

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 Management 1, we design, implement and operate a system of quality management including policies or 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
October 18, 2024

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.

History of the Oji Group's Value Creation

Since its establishment in 1873, the Oji Group has continued to grow through the expansion of business fields for more than 150 years. While keeping abreast of the trends of the times, we have tackled changing social needs and evolved our business structure. 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.

Period of Foundation 1873–1909

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. Shoshi Kaisha was established in 1873, based on Shibusawa's belief that the "paper and printing businesses are the source of civilization." This company would eventually become Oji Paper and would underpin the growth of industry throughout the whole of Japan.



Main gate of Oji Paper Oji Mill (from the collection of the Paper Museum)



Eiichi Shibusawa (from the collection of the Shibusawa Memorial Museum)

Events in the Oji Group

- Shoshi Kaisha is established (1873)

Events in Society

- Japan's Westernization era (1868–)

Period of Establishment 1910–1945

Establishment of a Domestic Supply Structure

To meet burgeoning demand for paper, we ventured to Hokkaido in search of the forests, water, and the vast land resources needed for paper manufacturing. We brought together the very best of technologies and opened the Tomakomai Mill. In doing so, we established a domestic supply structure for newsprint, breaking free from reliance on imports.



Tomakomai Mill (from the collection of the Paper Museum)



Hydroelectric power plant built at Waterfall Nassou on the shore of Lake Shikotsu

- Oji Paper Tomakomai Mill opens (1910)
- Merges with Fuji Paper and Karafuto Industries. An era of Great Oji (1933)

- End of World War II (1945)

Period of Development 1946–1972

Efforts toward New Technologies

Amid Japan's postwar reconstruction, 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. We also developed technology for removing ink from old newspaper, opening up major paths for the use of recovered paper.



Kasugai Mill in the 1960s



#1 machine at Kasugai Mill

- Splits into three companies (Tomakomai Paper, Honshu Paper, and Jujo Paper) (1949)
- KP continuous digester starts operation (Kasugai Mill) (1951)
- Woodfree paper production starts (1952)
- Develops DIP from old newspaper (1957)
- Corrugated container production starts (former Honshu Paper) (1959)
- Trade name changes to Oji Paper (1960)
- Production of coated paper and kraft paper starts (1962)
- Production of non-woven fabric starts (Oji Kinocloth) (1970)
- Production of household paper (tissue paper and toilet rolls) starts (1971)

- Korean War (1950–1953)
- Postwar economic reconstruction (1955)
- Tokyo Olympics (1964)

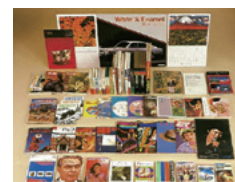
Period of Great Change 1973–1999

Paper Diversification and Response to Environment

The growing abundance of people's lives brought major changes in their lifestyles. Expectations of paper grew, and we developed new products, such as boxboard, thermal paper, and household paper, one after the other. We also began expanding globally in search of raw materials for paper manufacturing and new markets. On the other hand, we also placed efforts into countermeasures against pollution at our paper mills.



Sales of toilet rolls, tissue paper, and paper towels began in the 1970s



High-grade boxboard

- High-grade boxboard production starts (former Nippon Pulp Industries)
- Thermal paper production starts (former Kanzaki Paper Manufacturing) (1975)
- Merges with Nippon Pulp Industries (1979)
- Disposable diaper production starts (1987)
- Full-scale overseas forest plantation business starts (1992)
- New Oji Paper (merges with Kanzaki Paper Manufacturing) (1993)
- Oji Paper (merges with Honshu Paper) (1996)

- 1973 Oil Crisis (1973–1974)
- 1978 Oil Crisis (1978–1982)
- Kyoto Protocol (1997)

Period of Reform

2000-

Shift in the Business Structure and Further Global Deployment

Paper production volume has exhibited a downward trend since 2008. Amid the contraction of the domestic market, we are pressing ahead strongly with our overseas expansion, focusing on Southeast Asia. Buoyed by these endeavors, our overseas sales ratio reached 34.9% (FY2023).

In recent years, issues of a global scale, including global warming countermeasures and marine plastics, have emerged, and "transition away from fossil materials" and "sustainability" have become key themes. In response to the growing need for environmentally friendly packaging materials, we acquired all of the shares of Walki Holding Oy based in Europe, where plastic packaging regulations are progressing ahead of the rest of the world.

In addition, we will enhance the functions of forests that comprise the core of our business, take full advantage of our paper manufacturing technologies cultivated over our long history, and focus on the development of new materials derived from wood to foster wood bio-businesses that will become next-generation core businesses.



GSPP PM3



Walki Holding Oy (Share acquisition completed in April 2024)



Bioethanol



Cellulose nanofiber

Events in the Oji Group

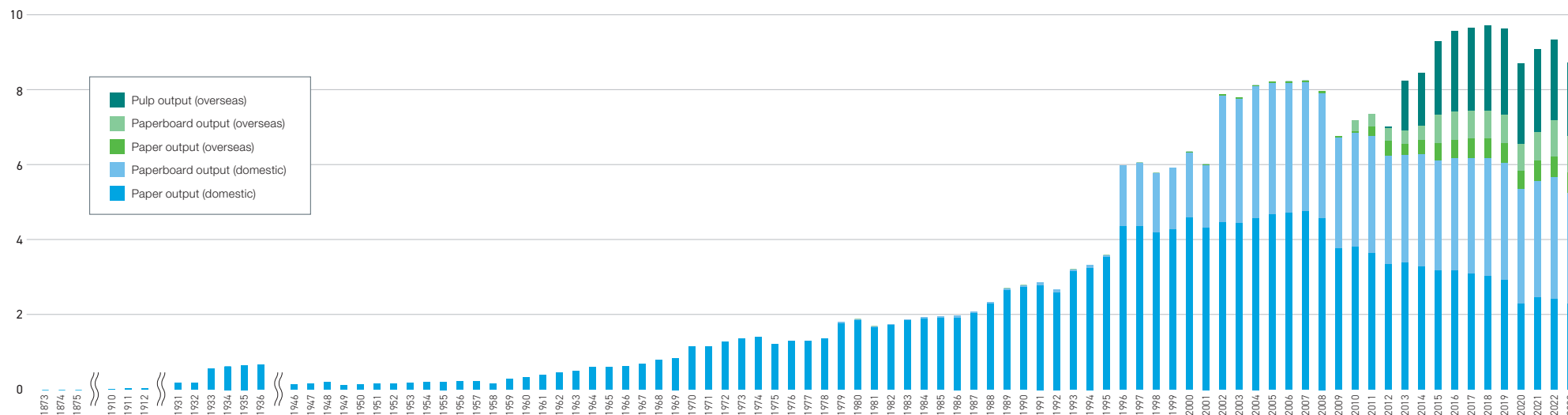
- Oji Materia and Oji Container are founded (2001)
- Oji F-Tex is founded (2004)
- Acquires Morishigyo Group (2005)
- Jiangsu Oji Paper is established (China) (2007)
- Acquires GSPP Group (Malaysia) (2010)
- Acquires Oji Papéis Especiais (Brazil) (2011)
- Transitions to a pure holding company structure. Acquires Celulose Nipo-Brasileira (Brazil) (2012)
- Acquires Oji Fibre Solutions (New Zealand and Australia) (2014)
- Oji Pharma is established (2020)
- Acquires Adampak Group (2022)
- Acquires IPI Group (2023)

Events in Society

- Global Financial Crisis (2008)
- Global COVID-19 pandemic (2020–2023)
- Tokyo 2020 Olympics (2021)

Trends in Oji Group paper, paperboard, and pulp output in Japan and overseas

Output (Million tons)



Corporate Data / Stock Information / External Evaluation

Company Profile (as of March 31, 2024)

Company name	Oji Holdings Corporation
Director of the Board, President	Hiroyuki Isono
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 (28,028,474 shares)
Number of shareholders	96,282
Number of employees of the consolidated Group	38,322

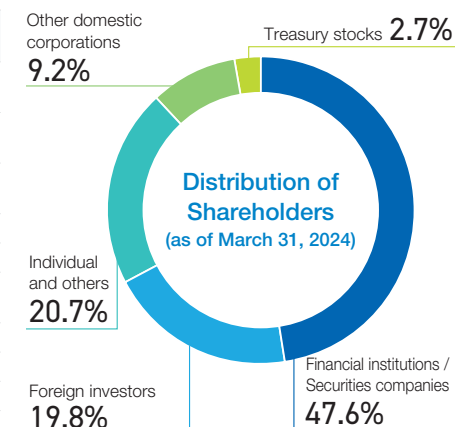
Stock Information (as of March 31, 2024)

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, 2024)

Name of shareholder	Shares held (Thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	140,483	14.2
Custody Bank of Japan, Ltd. (Trust account)	92,626	9.4
Custody Bank of Japan, Ltd. (Trust account 4)	34,249	3.5
Nippon Life Insurance Company	25,658	2.6
Sumitomo Mitsui Banking Corporation	23,751	2.4
Oji Group Employee Stock-holding Association	21,055	2.1
Mizuho Bank, Ltd.	18,030	1.8
Chieko Fujisada	15,000	1.5
The Norinchukin Bank	14,156	1.4
Taiju Life Insurance Company Limited	13,442	1.4

Distribution of Shareholders (as of March 31, 2024)



1. The Company holds treasury stock of 28,028 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 (28,028 thousand shares).
3. Numbers less than one thousand are rounded down to the nearest thousand.

External Evaluation

FTSE Blossom
Japan

FTSE Blossom Japan Index*

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



FTSE4Good

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

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)



2024

Sompo Sustainability Index

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 the 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)

2024 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)2024 CONSTITUENT MSCI日本株
ESGセレクト・リーダーズ指数2024
健康経営優良法人
Health and productivityCDP
A LIST
2023
FORESTS

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. (Scope: Oji Holdings)

MSCI Japan Empowering Women (WIN) Index*

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

MSCI Nihonkabu ESG Select Leaders Index*

Oji was selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index, an ESG index established by MSCI Inc. in December 2023. (Scope: Oji Holdings)

2024 Certified Health and Productivity Management Organization Recognition Program

On March 11, 2024, Oji was recognized under the 2024 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)

CDP

In February 2024, Oji was recognized for its sustainable forest management by the global environmental nonprofit CDP, earning an "A" score in Forest (Timber). (Scope: Oji Holdings)

*An ESG index selected by the Government Pension Investment Fund (GPIF)

Issued in October 2024



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<https://www.ojiholdings.co.jp/english/>