



Beyond the Boundaries

Oji Holdings Corporation Green Financing Framework

January 2023

1. Introduction

In September 2020, the Oji Group set out a goal of net-zero carbon. In order to achieve this in the year 2050, we formulated “Environmental Vision 2050,” as well as “Environmental Action Program 2030,” which functions as a milestone on the way to achieving this vision. We then put these plans into action in FY2021. These vision and goals specify our targets: (i) maximize CO₂ absorption and fixation capability through forest preservation and afforestation in the 573,000 ha Oji Forests we own and manage in Japan and overseas, (ii) implement thorough energy conservation and use of renewable energy in manufacturing and logistic service divisions in achieving net-zero greenhouse gas emissions by 2050, and (iii) reduce these emissions by 70% or more compared to FY2018 by 2030. The entire Group is committed to achieving these targets including maintaining and preserving biodiversity and reducing environmental burdens. To accelerate this effort, Oji Holdings Corporation (“Oji”) has established the Oji Holdings Corporation Green Finance Framework (the “Framework”). Oji will fund green projects through green bonds and green loans based on this Framework.

2. Desired Future Image, Environmental Policy and Efforts of the Oji Group

(1) About the Oji Group

Since its founding in 1873, the Oji Group has continued to grow in step with numerous corporate mergers and the expansion of its fields of business. Today, the Group focuses on not only the paper manufacturing business but also businesses that integrate materials and conversion, such as the packaging and pulp businesses, the electric power generation business, including renewable energy, hydroelectric and biomass power generation, and green innovation for the future, such as the development of biomass plastics and cellulose nanofibers. As both the business environment and the Oji Group itself experience substantial change, we are striving to enhance our corporate value over the medium to long term based on our management philosophy comprising “Creation of Innovative Values,” “Contribution to Future and the World” and “Harmony with Nature and Society.”

(2) Management Philosophy and Purpose

The Oji Group has grown into a global company group with diversified businesses and overseas sales ratio of over 30%, with the management philosophy of “Creation of Innovative Value,” “Contribution to the Future and the World,” and “Harmony with Nature and Society.” In May 2022, the Oji Group established our purpose as “Grow and manage the sustainable forest, develop and deliver the products from renewable forest and Oji will bring this world a brighter future filled with hope.” The core of our business is forests, the Oji Group’s cherished assets. The appropriate cultivation and management of forests not only produces renewable forest resources; it also helps to enhance the many functions of forests which are of public benefit, including absorbing and fixing CO₂, conserving biodiversity, cultivating water resources, and preserving soil. In addition, our principal business is offering a lineup of products utilizing forest resources with the aim of supporting and enriching the lives of people the world over. This same lineup can be used to replace fossil resource-derived

materials and products. In response to such environmental challenges as dealing with global warming and conserving biodiversity, we believe our purpose is to fully leverage these exceedingly unique characteristics and strengths in our business activities.

In the midst of the recent drastically and rapidly changing business environment, we reaffirm our commitment towards being a manufacturing company that meets the ever-changing needs of the times and supports our future. The Oji Group will continue advancing forward, aiming towards the development of a sustainable society.

Management Philosophy

Creation of Innovative Value

We will strive to offer “innovative value” that fulfill the society’s latent needs by swiftly grasping the change in values across broad fields of the society and promoting the “challenging manufacturing” with novel ideas.

Contribution to the Future and the World

We will continue to be a global company that provides “innovative value” for every country and region and works towards creating a new future.

Harmony with Nature and Society

We will actively address environmental problems and contribute towards the realization of a sustainable society for the sake of continual existence and flourishing with nature and the Earth.

Purpose

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

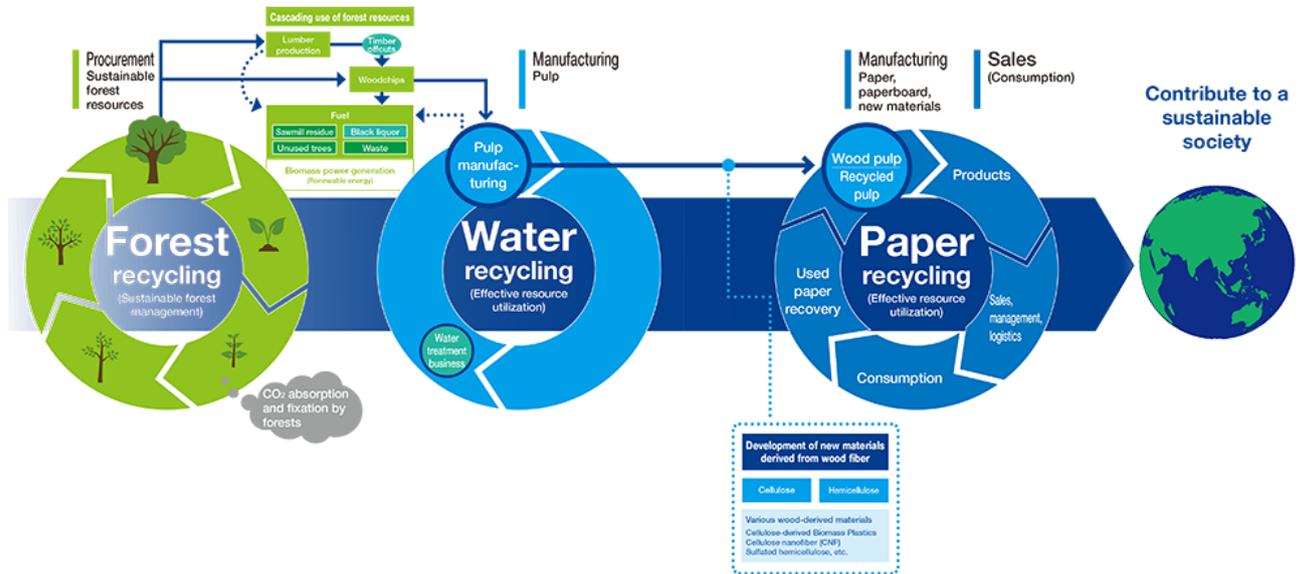
The forest grown and managed sustainably not only absorbs and fixes carbon dioxide, but also mitigates floods, cultivates water sources such as water purification and prevents natural disasters in addition to its contribution to biodiversity, healing and health enhancement of people.

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.

(3) Sustainable Business Model “Resource Circulation throughout the Value Chain”

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



- i. Forest Recycling: Under the concept of “those who use trees have the responsibility to plant trees,” we are working on sustainable forest management by planting, cultivating and utilizing trees and planting them again while giving due consideration to the local ecosystem in Japan and overseas to create abundant forests.
- ii. Water Recycling: Paper and pulp manufacturing requires a large amount of water. We reduce water intake by treating used water and reusing it in the manufacturing process. We also work on purification of wastewater and reduction of environment impact.
- iii. Paper Recycling: About 60% of the raw material of the paper is recovered paper and about 40% is wood. We are working on the promotion of use of recovered paper by collecting and utilizing various types of recovered paper while maintaining its recycling system.

(4) Core Competencies and Material Issues

■ Core Competencies

The Oji Group possesses Oji Forests spanning 573,000 ha domestically and overseas. As the Group engages in a cycle of cultivating forest resources, utilizing them, and cultivating them again, we are developing a wide range of businesses without regard for business domain. Rooted in our core competencies centered on forest resources, we will aim to develop business and contribute to realizing a sustainable society.

Core Competencies Centered on Sustainable Forest Resources

- i. Global Expansion of Manufacturing that Supports Lives and Industry: We are proactively developing our businesses on a global level, including our packaging business, which engages in the integrated manufacturing of folding cartons and corrugated containers from base paper; as well as our household paper, thermal paper, pulp, and other businesses. We are expanding our businesses in response to continuously growing overseas market needs.
- ii. Sustainable Forest Management: Giving due consideration to environmental conservation, the Group possesses production forests primarily for producing wood spanning a total of 432,000 ha, with 176,000 ha domestically and 256,000 ha overseas, as well as conservation forests spanning 141,000 ha, with 12,000 ha domestically and 129,000 ha overseas. Implementing sustainable forest management, which is environmentally, socially, and economically conscious, forms the basis of our businesses.
- iii. Utilization of Renewable Resources: We promote recovered paper recycling. The recovered paper makes up about 60% the raw material of the paper. We also thoroughly circulate and reuse the water that is essential to paper manufacturing in our production processes, and create systems for reducing the amount of water used and purifying wastewater in a sophisticated manner.
- iv. Development of New Materials Derived from Wood Fiber: Aiming to create new value, we are developing new materials, including cellulose nanofiber (CNF), a promising material for numerous fields; wood-derived biomass plastics; and wood-derived pharmaceutical products using hemicellulose.
- v. Application of Fundamental Paper Manufacturing Technologies: Utilizing the fundamental technologies we have cultivated in our paper manufacturing business, we aim to expand our businesses in various fields which will help reduce our environmental impact. This includes developing our renewable energy business with a focus on hydroelectric power generation and wood biomass power generation, industrial water production and industrial wastewater treatment businesses.

■ Material Issues

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

Process for Identifying Material Issues



Material Issues and Reason for Identification

Material Issues	Reason for Identification
 Mitigation and adaptation to climate change	As responding to the progression of climate change becomes an urgent issue, it is essential to reduce GHG emissions in the production and logistics processes, and extensively ramp up CO ₂ absorption via the expansion of company-owned forests and development of fast-growing trees.
 Sustainable forest management (forest recycling)	To secure a stable supply of raw materials and, at the same time, maintain forests' functions in areas such as conservation of biodiversity and CO ₂ absorption, it is necessary that we engage in the sustainable management of the vast forests we own in Japan and overseas.
 Responsible raw materials procurement	The Oji Group's procurement of raw materials is supported by numerous suppliers in Japan and overseas. Working to improve human rights, labor, environmental, and other issues at all of our suppliers, and fulfilling our social responsibilities are essential to the continuation of our business activities.
 Stable supply of safe and secure products	As a manufacturer, the core of our business involves strengthening relationships of trust while building a system which provides services and quality which customers in a variety of fields can use with peace of mind.
 Reduction of environmental burdens	We have a responsibility to promote the prevention of environmental pollution, and to contribute to the conservation of local environments, we establish voluntary management standards which are even stricter than existing laws and regulations regarding wastewater and emissions.
 Effective resource utilization (paper and water recycling)	It is important that we work to protect resources and reduce waste by maintaining our recovered paper recycling systems through the procurement of recovered paper at fair prices, promoting the use of recovered paper, and promoting the effective use of waste and water resources in our manufacturing processes.
 Respect for human rights	To achieve an even greater level of globalization going forward, it is necessary that not only our employees but all of our suppliers share our beliefs regarding respect for human rights, and implement concrete initiatives which will help prevent human rights issues.
 Ensuring workplace safety and health	Ensuring employee safety and building a work environment where people can work with a sense of security is the cornerstone of our continued existence as a corporation. Also, responding rapidly to disasters, infectious diseases, and other risks is essential to ensuring safety and health.
 Inclusion & diversity	As a global enterprise, it is essential to have a diverse array of human resources that flourishes regardless of gender, age, disability, or nationality, and to be receptive to a variety of values and ideas to enhance corporate competitiveness and further development.

(5) Oji Group Environmental Governance

■ Oji Group Environmental Charter

The Oji Group believes that *those who use trees have the responsibility to plant trees*. Accordingly, the Group has been working since the Meiji Era to fulfill its corporate social responsibility to society and the environment by planting trees. In 1997, we established the Oji Paper Environmental Charter, which adopts as its fundamental principle helping to create a truly enriching and sustainable society by undertaking business activities that harmonize with the environment from a global perspective. We have continued to take measures centered on sustainable forest management and paper recycling in accordance with the Oji Group Environmental Charter.

Oji Group Environmental Charter

Basic Policy

The Oji Group Environmental Charter requires the Oji Group to help create a truly enriched and sustainable society by developing business activities that harmonize with the environment from a global perspective. The Charter calls for the Oji Group to make autonomous efforts to achieve further environmental improvement, and aggressively drive its forest recycling, paper recycling, and global warming countermeasures forward.

Action Guidelines

1. Promotion of Forest Recycling
2. Promotion of Paper Recycling
3. Promotion of Global Warming Countermeasures
4. Reinforcement of Environmental Improvement Measures and Environmental Management Systems
5. Development of Production Technologies and Products that Minimize Environmental Impact
6. Reduction and Effective Utilization of Waste
7. Transfer of Environmental Protection Technology to Other Countries
8. Building Relationships of Trust with Stakeholders

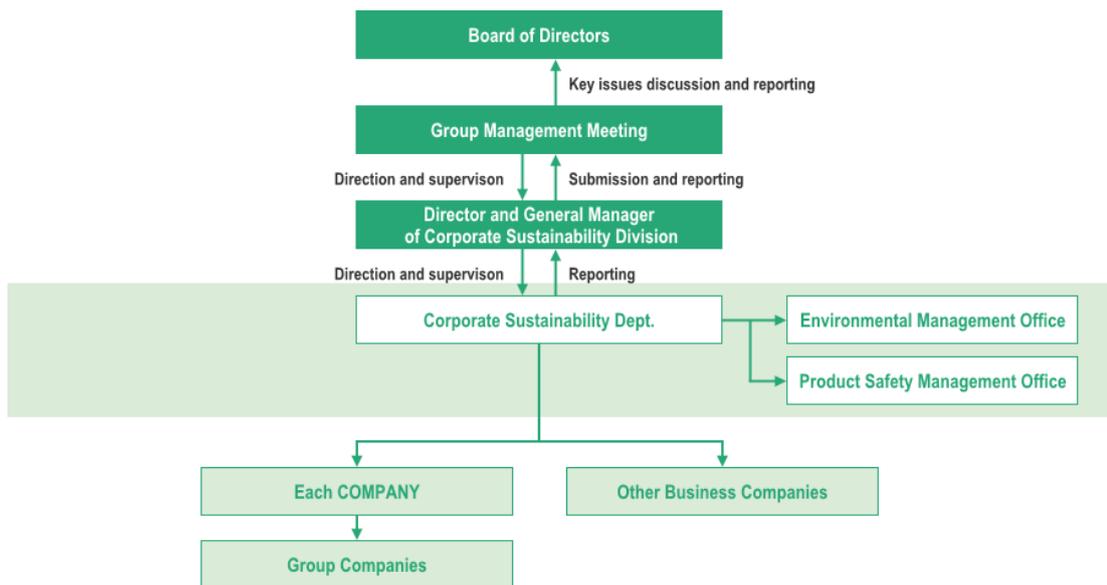
■ Environmental Management Implementation Structures (Sustainability Committee)

The Oji Holdings Corporate Sustainability Department oversees and manages Group environmental governance and carries out environmental management.

The two subsidiary organizations of the Corporate Sustainability Department identify Group-wide risks and opportunities in the areas of their responsibility. These organizations manage and mitigate risks by disseminating information to the Group via committees and other bodies for each risk affecting Each COMPANY, Group companies, and so on.

The Corporate Sustainability Department oversees and manages these risks, reports on a monthly basis to the Director and General Manager of Corporate Sustainability Division for environmental matters in general including climate change, biodiversity, and water resources, and submits and reports on issues to the Group Management Meeting twice a year. Additionally, risks that the Director and General Manager of Corporate Sustainability Division determines to be significant are reported to the Board of Directors.

Environment Management Implementation Structure Diagram



Sustainability Committee

On April 1, 2022, we established the “Sustainability Committee,” which is chaired by the Representative Director of the Board, President and consists of Directors of Oji Holdings Corporation and Presidents of all COMPANIES, to strengthen our efforts to fulfill its roles and responsibilities toward the realization of a sustainable society and to discuss the Group’s risks associated with sustainability and measures against those risks.

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

The purpose of the Sustainability Committee is to discuss the Oji Group’s risks associated with sustainability such as climate change risks, supply chain risks, and human rights risks, and countermeasures, and to promote the group-wide efforts for sustainability. The Committee holds its meetings twice a year, and develops a policy to work against each risk and an implementation plan, monitor the progress status, and assess the achievement status. Details deliberated at the Committee are discussed and reported to the Group Management Meeting and the Board of Directors, depending on the importance.



3. Aiming for Net-Zero Carbon by 2050

(1) “Environmental Vision 2050” and “Environmental Action Program 2030”

For the Oji Group that utilizes a range of renewable resources, including wood as raw materials, the conservation of the natural environment is essential from the perspective of business continuity. We also believe that it will be able to enhance the sustainability of its business activities through proactive measures to address the issue of climate change. In order to clearly lay out course of action, our Group formulated our “Environmental Vision 2050,” which declares our aims for 2050 and centers around our goal of **net-zero carbon**, and our “Environmental Action Program 2030,” which function as a milestone on the way to this Vision, in September 2020.

Environmental Vision 2050

Net-Zero Carbon

Reduce greenhouse gas (GHG) emissions to virtually zero

- Implement "Sustainable Forest Management" through the promotion of forest plantation overseas and forest conservation and achieve CO₂ absorption and fixation that outweighs GHG emissions from our production activities
- Reduce GHG emissions from our production activities by improving the efficiency of energy consumption and increasing the use of renewable energy
- Reduce GHG emissions from the value chain by collaborating with our stakeholders

Aim for a recycling-oriented society

- Promote "Paper Recycling" through increasing recovered paper usage
- Promote "Water Recycling" in manufacturing processes

Harmony with Nature and Society

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

- Guarantee ecosystem functioning for the future by creating abundant forests and ensuring that rare plants and animals are protected and nurtured
- Promote the development and production of biodegradable and biomass materials to help maintain ecosystems
- Promote the purification of wastewater and exhaust gas and the effective use of waste

Environmental Action Program 2030

1. Action on Climate Change

We aim for net-zero carbon emissions by FY2050, approaching the CO₂ absorption and fixation by forests through forest conservation and plantation, a business transformation, thoroughgoing energy savings on manufacturing and transportation operations, and increasing usage of renewable energy.

Targets

- | |
|--|
| 1) Greenhouse gas (GHG) emissions |
| At least 70% reduction by FY2030 compared to FY2018* |

(At least 75% reduction by FY2030 compared to FY1990*)

* Including CO₂ absorption and fixation by forests

1. Increasing the CO₂ absorption and fixation by forests through investment in forest conservation and plantation,
 - Expansion overseas forest plantation area of 400,000 ha (Achieved 250,000 ha in FY2019).
 - CO₂ absorption and fixation of at least 170 million tons (Achieved 121 million tons in FY2019).
2. Improving in energy efficiency
 - Energy consumption intensity at least 1% per year for the 5-year average.
3. Increasing in the usage of renewable energy
 - Renewable energy usage rate of at least 60% through reduction of coal consumption.
- 2) Reduction of GHG emissions by collaboration with suppliers and other business partners
 - Promotion of reduction of GHG emissions through introducing vessel transportation with energy-saving function

2. Abundant Forests Creation and Resource Recycling

We will promote sustainable forest management and resource recycling and seek to maintain and conserve the multifaceted functions of forests and sustainably use resources.

Targets

- 1) Abundant forests creation
 1. Sustainable Forest Management
 - 100% forest certification acquisition rate and expansion of certified products
- 2) Resource recycling
 1. Improving an effective waste utilization rate
 - Japan: At least 99%, Overseas: At least 95%
 2. Increasing a recovered paper utilization ratio
 - Japan: At least 70%
 3. Reduction of water intake intensity
 - Reduction of at least 6% compared to FY2018
 4. Expansion of water treatment infrastructure and technology services

3. Consideration for Ecosystem

We will endlessly challenge ourselves to achieve zero environmental impact and will seek to conserve and protect biodiversity.

Targets

- 1) Challenge for zero environmental impact
 1. Purification of wastewater and exhaust gas
 - Wastewater: BOD, COD, SS intensities
15% reduction compared to FY2018
 - Exhaust gas: SO_x emission intensity
15% reduction compared to FY2018
 - Reduction of volatile organic compounds (VOCs)
Maintenance of VOC emission intensity at half FY2010 level or lower
(FY2010 result 0.61kg/million yen)
- 2) Biodiversity conservation
 - Promotion of forestry management consideration of the ecosystem and the protection and nurture of rare plants and animals
 - Promotion of the research and development of biodegradable and biomass materials

considering ecosystem conservation

4. Development of Trusting Relationships with Our Stakeholders

We will expand procurement that considers the environment and society, manufacture products that contribute to decarbonized society, and conduct business activities in compliance with environmental laws and regulations.

Targets
1) Responsible raw material procurement and manufacturing <ul style="list-style-type: none">• Procurement and manufacturing that consider an environment and society under compliance with laws and regulations through independent audits and supplier risk assessments
2) Expansion of products that contribute to a decarbonized society <ul style="list-style-type: none">• Development and expansion of lightweight packaging materials and plastic alternatives
3) Zero environment accidents and zero product liability accidents

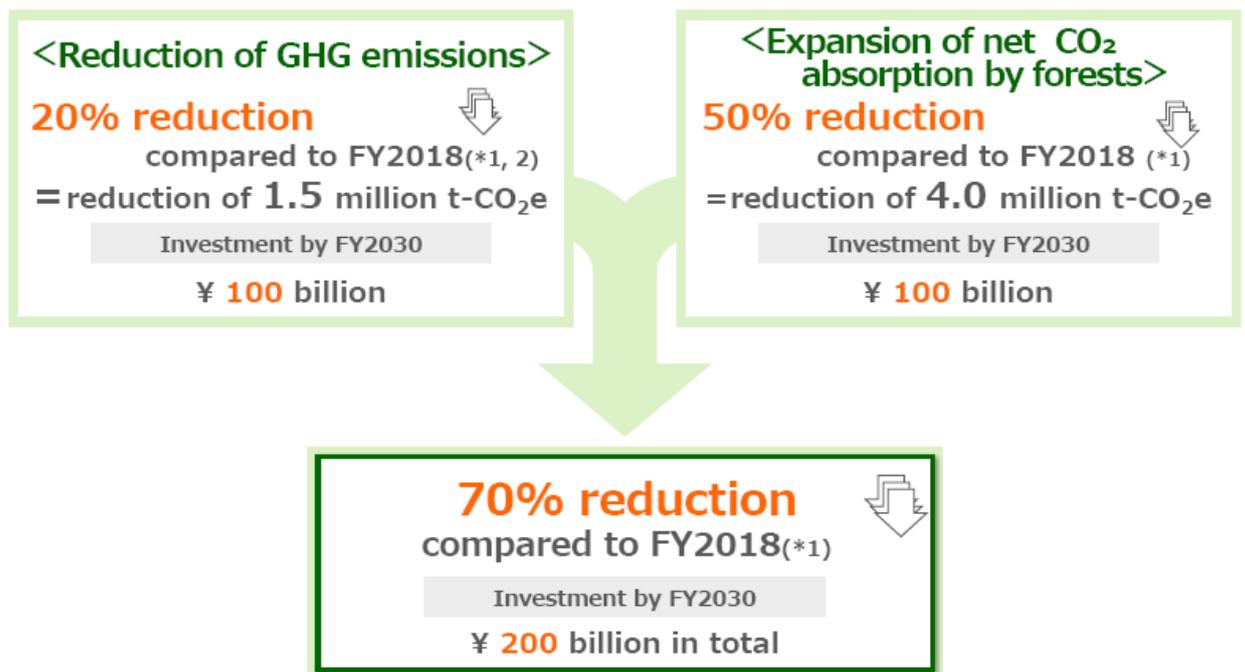
(2) Initiatives toward Achieving Targets for FY2030

The FY2030 reduction target comprises the GHG emissions*1 reductions and the expansion of the Net increment in carbon stocks by forests*2 owned by the Oji Group and to achieve the target, we are planning investments of 100 billion yen each, totaling 200 billion yen by 2030.

*1 Scope 1 (direct emissions from fuel combustion) + Scope 2 (indirect emissions from the purchase of electricity and heat)

*2 The net increment in carbon stocks by forests = CO₂ absorbed per year with the growth of trees - CO₂ emissions per year with felling

FY2030 GHG Reduction Targets and Investments



*1: Includes CO₂, CH₄, N₂O from renewable fuels and fuels made from waste.

*2: 41% reduction in domestic CO₂ emissions from fossil fuels and purchased energy (compared to FY2013).

We have organized a project team to both draw up a roadmap toward this goal and increase the likelihood of achieving our target.

We believe that these efforts are in line with the path toward achieving carbon neutrality in 2050 set out in the "Technology Roadmap for Transition Finance in Pulp and Paper Sector," published by the Ministry of Economy, Trade and Industry in March 2022, which refers to domestic policies and international scenarios and is consistent with the Paris Agreement.

Roadmap toward Achieving Reduction Targets for FY2030

	Category	Sub-category	GHG reduction (kt-CO ₂ e)	GHG reduction		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GHG emissions reduction	Improve energy efficiency	Maintain energy conservation	200	2.6%		Continue to reduce energy consumption by 1.0% or more per year, averaged over five years									
	Increase the percentage of renewable energy use	Reduce coal consumption	1,007	12.9%		Technological research		Development		Investment decisions		Installations			
		Install private solar power systems, etc.	360	4.5%		Installation planning		Investment decisions		Installations					
Subtotal			1,567	20.0%											
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 → 400,000 ha									
		Plant fast-growing trees				Search for sites, land surveys → Assessment of business feasibility → Consideration of acquisition, decision									
Total			5,485	70.0%		Continue forest tree breeding (breed improvement) and elite trees' plantation									

<GHG Emissions Reduction>

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

i. Improve Energy Efficiency

The Oji Group has positioned energy conservation as a crucial topic and takes continuous measures to address it. For example, our mills/plants regularly hold energy conservation meetings, attended by personnel from energy management and manufacturing divisions. Various ideas including equipment update and change in equipment operation method are discussed. Although a lower production volume leads to the increase of energy consumption intensity, we will take continuous measures to address energy conservation by suspending surplus equipment and ensuring consistent power and steam saving.

ii. Increase the Percentage of Renewable Energy Use

- Status of examining ways to reduce coal consumption

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

- New installation of solar power

Installation of private solar power systems

(Installation at Oji Container / Tochigi Plant, Oji Materia / Kushiro, Sobue and Saga Mills are under consideration.)

Further, we will continue our efforts to contribute to lowering third-party GHG emissions by providing renewable energy through biomass power generation, hydroelectric power generation, and other forms of production from renewable sources.

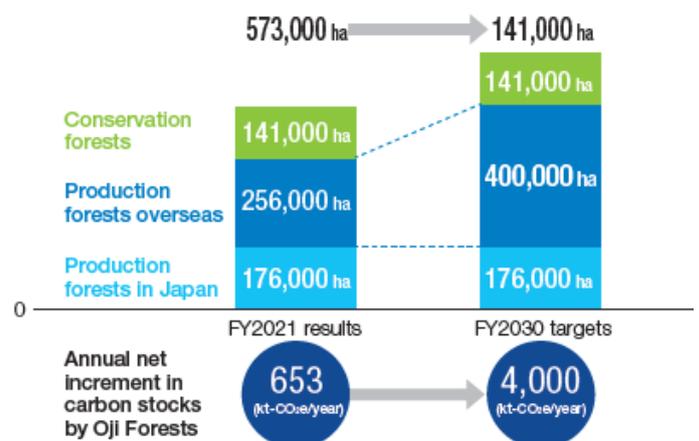
<Expansion of Net Increment in Carbon Stocks by Forests>

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

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

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

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



(3) Participation in External Initiatives and Evaluation from Society

- i. United Nations Global Compact: The Oji Group has been a member of the United Nations Global Compact, supporting the 10 principles related to “human rights, labor, environment, and anti-corruption”, and striving to put them into practice in its daily business activities.
- ii. The Task Force on Climate-related Financial Disclosures (TCFD): TCFD is a task force established by the Financial Stability Board at the request of the G20 to reduce the risk of financial market instability related to climate change. The Oji Group announced its endorsement of the TCFD in December 2020 and is working to enhance disclosure based on the TCFD recommendations. 
- iii. CDP: In December 2022, Oji was recognized with an ‘A’ score in CDP “Forests (Timber)” for its sustainable forest management, and a leadership-level score of ‘A-’ in the two categories of “Climate Change” and “Water Security”. 
- iv. 30by30 Alliance for Biodiversity: In April 2022, Oji joined the 30by30 Alliance for Biodiversity, which was voluntarily started by companies, local governments, and organizations to promote initiatives aimed at reaching the 30by30 target (goal of protecting 30% of land and sea by 2030) across Japan. 
- v. Dow Jones Sustainability Asia Pacific Index: In December 2022, Oji was selected as member of the Dow Jones Sustainability Asia Pacific Index, a globally representative ESG investment index, which is part of the Dow Jones Sustainability Index (“DJSI”) for three years in a row. 
- vi. FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index: In April 2022, Oji has been selected for inclusion in the FTSE Blossom Japan Sector Relative Index. In July 2022, Oji has also been selected for inclusion in the FTSE4Good Index Series and the FTSE Blossom Japan Index for the fourth consecutive year. 
- vii. SOMPO Sustainability Index: In June 2022, Oji was selected for the fourth consecutive year as a member of the SOMPO Sustainability Index, which comprises approximately 300 companies with outstanding ESG-related initiatives. 
- viii. SUSTAINA ESG AWARDS: Since September 2021, Oji has been awarded Gold in the Pulp and Paper category of the SUSTAINA ESG AWARDS, an annual award program that honors companies actively involved in ESG. 

4. Rationale for Green Financing

With a view to realizing the desired future image of the Group, we established the target of achieving "net-zero carbon" by 2050, and in its Environmental Action Program 2030 established the target of reducing GHG emissions by 70% (compared to 7,836 thousand tons in FY2018). With this target in mind, we position the following two actions as key initiatives: "GHG Emission Reduction" through continuous measures to improve energy efficiency and increase the renewable energy usage, and "Expansion of Net Increment in Carbon Stocks by Forests" through expansion of forest

plantations, etc. Further, we will continue our efforts to contribute to lowering third-party GHG emissions by providing renewable energy through biomass power generation, hydroelectric power generation, and other forms of production from renewable sources.

The proceeds raised via green bonds and green loans will be used to promote these initiatives aimed at achieving the targets. By promoting our efforts through green financing, we believe this will serve as an opportunity to share again the Group’s environmental management initiatives toward a decarbonized society and deepen dialogues with our stakeholders including investors, business partners, local communities, and employees.

5. Green Financing Framework

The Framework has been developed to address the four key pillars in line with the principles and guidelines listed below:

- “Green Bond Principles 2021” by the International Capital Market Association (ICMA)
- “Green Loan Principles 2021” by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)
- “Green Bond and Sustainability Linked Bond Guidelines 2022” by Ministry of Environment Japan
- “Green Loan and Sustainability Linked Loan Guidelines 2022” by Ministry of Environment Japan

Oji will raise funds through green bonds and green loans based on the Framework.

(1) Use of Proceeds

The net proceeds raised via green bonds and green loans will be used to finance and/or refinance, in part or in full, new or existing green projects (“Eligible Green Projects”) below. The look-back period for refinancing will be 36 months prior to the date of financing.

<Eligible Green Projects>

Project Category	Eligible Projects	Alignment with UN SDGs	
Renewable Energy	<p>Capital and operating expenditures relating to the following renewable energy projects.</p> <ul style="list-style-type: none"> ● Biomass (power generation, heat supply) <ul style="list-style-type: none"> ➢ In case of non-waste fuel, non-waste materials are restricted to sustainable feedstock not competing with food production with lifecycle GHG emissions of less than 100g-CO₂e/kWh ✓ For the projects that use wood and wood pellets, the feedstock will be limited to: <ul style="list-style-type: none"> - Domestic materials: Certified materials or materials provided by wood suppliers 		
			

	<p>certified in line with Japanese woody biomass guidelines such as the Forestry Agency's "Certification Guideline of Woody Biomass for Electric Use"</p> <ul style="list-style-type: none"> - Imported materials: Certified materials or materials provided by wood suppliers that have obtained sustainability certification such as Forest Stewardship Council (FSC) ➤ For the projects that use palm kernel shell (PKS), PKS are restricted to waste from palm oil suppliers that have obtained sustainability certification such as Green Gold Label (GGL). <ul style="list-style-type: none"> ● Solar energy ● Hydropower energy ● Onshore Wind energy 	
<p>Sustainable Forest Management</p>	<ul style="list-style-type: none"> ● Capital and operating expenditures relating to acquisition and conservation of production forests and conservation forests <ul style="list-style-type: none"> ➤ Target forest resources are limited to those that have obtained or are planning to obtain forest certification such as FSC, PEFC. ➤ Includes expenditures for conservation and restoration of natural landscapes, including non-forestry land, and biodiversity conservation in the target areas. ➤ In the case of investment in shares, share acquisition or business acquisition, the appropriate value of the eligible projects in the target entity (company, division or similar) shall be evaluated at the time of allocation of the proceeds, and the amount of proceeds allocated shall be limited to such value. 	 <p>The icons represent Sustainable Development Goals 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 13 (Climate Action), 14 (Life Below Water), and 15 (Life on Land).</p>

(2) Process for Project Evaluation and Selection

The Corporate Financial Division of Oji Management Office Inc. which is involved in management support of the Oji Group selects eligible projects after evaluating their eligibility*, in cooperation with the Group companies that manage the projects and the Oji Holdings Corporate Sustainability Division that oversees and manages Group environmental governance, and the Group CEO makes the final decision.

Based on the environmental management implementation structure described in 2 (5), the Oji

Group is working to reduce environmental and social risks in its business through the following initiatives. Through these efforts, we will strive to reduce environmental and social risks in eligible projects. If a project is expected to have a serious adverse effect on the environment or society, it will be excluded from the eligible projects.

- * In developing the process for project evaluation and selection, the checking process was established with reference to widely recognized standards and evaluation processes, such as Climate Bonds Standard Version 3.0 by Climate Bonds Initiative.

■ Promotion of Environmental Compliance

The Environmental Management Office, a part of the Oji Holdings Corporate Sustainability Department, oversees the environmental audits specified in the Group Environmental Management Regulations. We identify and reduce environmental group-wide risks to prevent environmental accidents from occurring and recurring by environmental audits.

Environmental Management System (EMS)

In a drive to encourage each worksite and company to reduce environmental risks on their own, we introduced the Environmental Management System. And we utilized a unique EMS “O-EMS” as same as third-party certifications such as ISO14001.

Reduction of Environmental Risk

Each worksite prepares an environmental hazard map to identify potential environmental risks. By rolling out outlines, causes, and measures of environmental accidents and other incidents that occurred within one worksite to other worksites, similar environmental risks are sure to be extracted and reduced.

Environmental Audits

We conduct annual environmental audits of all production sites in Japan and overseas to evaluate environmental risks from various perspectives and to confirm compliance with environmental laws and regulations and efforts to reduce environmental risks.

Environmental audit consists of the following:

1. Primary audit in which each worksite investigates and corrects problems in environmental management on its own using a check sheet.
2. Secondary audit in which a company that supervises worksites (or a third-party*) verifies the result of the primary audit. There are two types of audits: on-site audit which the auditor visits the worksite and mainly checks the site, and document audit which the auditor checks only documents. The audit type for each worksite depends on the environmental risk level and management status.
3. Tertiary audit in which each group company verifies the result of the primary and secondary audits. The Environmental Management Office validates the results of the tertiary audit.

- * We must understand and comply with different laws and regulations in each country or region. Therefore, we utilize a local staff of global third-party organizations which become well-informed on various laws and regulations.

■ Oji Group Sustainable Forest Management Policy

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

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

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

The Oji Group owns and manages vast forests and practices sustainable forest management in harmony with the environment and local communities based on our Management Philosophy, Harmony with Nature and Society.

Our business activities and local communities rely on ecosystem services such as water, climate control and forest products, while our forestry activities impact ecosystems, natural landscapes, and biodiversity. Therefore, we understand our responsibility of managing the forests we own and manage in an environmentally, socially, and economically sustainable way.

Complying with the relevant local, national and regional laws and all relevant international conventions and agreements regarding forest management and based on the applicable internationally recognized principles, we will:

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

■ Oji Group Partnership Procurement Policy

In April 2007, the Oji Group established the "Oji Group Partnership Procurement Policy" to implement CSR procurement with the cooperation of suppliers and other business partners when procuring raw materials and to confirm legal compliance and environmental and social impacts associated with the procurement of raw materials. We are committed to complying with laws and regulations and to checking the environmental and social impact of our raw material procurement.

Oji Group Partnership Procurement Policy (Overview)	
<p>(1) Ensure stable supply</p> <ol style="list-style-type: none"> 1. Offer competitive prices 2. Ensure quality and delivery 	<p>(4) Demonstrate social concern</p> <ol style="list-style-type: none"> 1. Protect human rights (prohibit child labor, forced labor, discrimination, and harassment), 2. Protect labor rights (maintain good labor relations, avoid long working hours, ensure payment of above-minimum wage, and respect freedom of association as well as right to collective bargaining), 3. Ensure workplace safety and health, 4. Contribute to society and the local community,
<p>(2) Comply with laws and social standards,</p> <ol style="list-style-type: none"> 1. Comply with relevant laws and international conventions, 2. Maintain sincere and healthy relations with business partners 	
<p>(3) Consider the environment</p> <ol style="list-style-type: none"> 1. Reinforce environment managementsystems, 2. Reduce waste and effectively use resource, 3. Address climate change (reduce greenhouse gas emissions mainly through energy conservation, and promote carbon dioxide absorption as well as carbon fixation mainly through sustainable forest management, 4. Protect biodiversity, 5. Reduce environmental impact, 6. Manage chemical substances, 7. Manage water resources, 	<p>(5) Communicate with society</p> <ol style="list-style-type: none"> 1. Build relations of trust with stakeholders through communication, 2. Respect the culture and customs of other countries, 3. Appropriately disclose and protect information,
<p>Established : April 1, 2007 Revised :October 1, 2012 Revised : December 1, 2018</p>	

In April 2005, we announced our "Wood Raw Material Procurement Policy," which clearly states that we will use wood materials from sustainable forest management.

In April 2007, under the "Oji Group Partnership Procurement Policy", the Oji Group revised its "Wood Raw Material Procurement Policy" into "Wood Raw Material Procurement Guidelines", and strengthened the system to confirm that wood materials procured by the Oji Group are made from sustainable forest management resources. We will contribute to the prevention of global warming and the conservation of biodiversity through the appropriate management and use of forest resources through CSR procurement.

As the globalization of the business and supply chain of the Oji Group continues, it is necessary to place more importance than ever on CSR factors such as environmental consideration, labor environment and human rights, and to manage risks and to respond to improvement requests by understanding the actual situation, and to conduct procurement activities for this purpose. In addition, in consideration of the current social situation, the Environmental Action Goal 2030 includes the following statement: "We will conduct procurement in consideration of legal compliance, the environment, and society through risk assessment of suppliers in order to maintain corporate sustainability and the trust of stakeholders. In addition, as part of this initiative, we have started a sustainability survey of suppliers.

Supplier Sustainability Surveys

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

Targets

- (1) Conduct sustainability surveys for main suppliers
- (2) Achieve traceability based on the Wood Raw Material Procurement Guidelines

Results

- (1) Conducted sustainability surveys of recovered paper, pulp, base paper, woodchips, chemicals and fuels (PKS, RPF and others)
- (2) Achieved traceability at wood raw material suppliers

Achieved Traceability at Wood Raw Material Suppliers

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

In FY2021, the Group procured 4,429 kBDT (bone dry tons) of woodchips in Japan and overseas and 162 kADT (air dry tons) of market pulp, obtained traceability reports from all the suppliers and confirmed with a third-party organization that the procurement was in accordance with the Wood Raw Material Procurement Guidelines.

(3) Management of Proceeds

Until full allocation to Eligible Green Projects, the Corporate Financial Division of Oji Management Office Inc., which is involved in management support of the Oji Group, will continuously monitor the allocation of proceeds from green bonds and green loans using dedicated books, in cooperation with the group companies that manage the eligible projects. Unallocated funds will be managed as cash or cash equivalents until they are allocated to Eligible Green Projects.

(4) Reporting

■ Allocation Reporting

Until the proceeds are fully allocated, Oji will report the following items concerning the allocation of the proceeds on its website at least once a year. If a significant change occurs in the allocation status from the plan at the time of funding, Oji will disclose that on its website in a timely manner.

- Allocated amount for each eligible project (including amount or percentage of new financing and refinancing)
- Unallocated amount

■ Impact Reporting

As long as the proceeds are outstanding, Oji will report, where feasible and reasonably practicable, the following items related to the impact of the eligible projects on its website at least once a year.

Project Category	Eligible Projects	Impact Reporting Items and Metrics
Renewable Energy	<ul style="list-style-type: none"> ● Biomass (power generation, heat supply) ● Solar energy ● Hydropower energy ● Onshore Wind energy 	<ul style="list-style-type: none"> ● Brief description of projects ● Electricity generated (MWh) or capacity (MW) (In the case of heat supply, capacity of boilers) ● CO₂ emission reduction (estimated)
Sustainable Forest Management	<ul style="list-style-type: none"> ● Acquisition and conservation of production forest and conservation forests 	<ul style="list-style-type: none"> ● Brief description of projects ● Area of forests subject to sustainable forest management (ha) ● Amount of carbon fixed (t-CO₂) or net increment in carbon stocks by forests (t-CO₂)

(5) External Review

Oji has obtained a second party opinion from DNV Business Assurance Japan K. K., an independent external reviewer, that the Framework is aligned with the ICMA “Green Bond Principles 2021”, the LMA, APLMA and LSTA “Green Loan Principles 2021”, the Ministry of Environment Japan “Green Bond and Sustainability Linked Bond Guidelines 2022” and “Green Loan and Sustainability Linked Loan Guidelines 2022.”