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Basic Approach

The wood used for making paper is an excellent resource that can be reproduced through sustainable forest management. When managed and used appropriately, forest resources can contribute to the prevention of global warming (by absorbing and fixing carbon dioxide), the conservation of water resources, and the preservation of biodiversity.

In the management and use of forests, we have committed to no deforestation and no illegal logging. We maintain and elevate our forest-related environmental values and at the same time we are aware that we must also fulfill our other social responsibilities such as respecting human rights and protecting labor and traditional rights in our forest operations.

Based on this understanding, the Oji Group established its Wood Raw Material Procurement Guidelines as part of the Oji Group Sustainability Action Guidelines for Supply Chains to promote the responsible sourcing of wood raw materials from all wood chips and pulp suppliers who share our commitment to the guidelines.

Procurement Guidelines

We will:

(1) Source more from certified forests

The Oji Group will strive to acquire certifications for all of the forests in its tree plantation operations. When procuring materials from third-party sources, we will prioritize wood from certified forests and actively encourage suppliers of non-certified wood to acquire certification.

(2) Use more plantation trees

The Oji Group will increase the percentage of plantation trees in raw materials by sourcing more from our expanded overseas plantations and external plantations.

(3) Make full use of unused wood

The Oji Group will seek to use sawmill residue, thinned wood, low-grade wood, and other unused wood to ensure that it fully use resources.

(4) Verify that procurement is in compliance with laws and is environmentally friendly and socially responsible

1. Monitor suppliers

The Oji Group will conduct on-site and off-site audits guided by the Oji Group Sustainability Action Guidelines for Supply Chains to verify that its wood raw materials suppliers fulfill the following requirements.

- a) Comply with laws and social standards, and engage in fair trade
- b) Consider the environment
- c) Demonstrate consideration of society
- d) Communicate with society

2. Ensure raw material traceability and implement responsible procurement

We will implement responsible procurement by surveying wood raw materials from all suppliers to ensure traceability and only purchasing materials from properly managed forests. If the source or forest management status of the purchased wood is unknown or the wood does not conform to the following, we will engage in dialogue with the supplier and request improvements. We will not source from suppliers who do not make improvements.

- a) Raw materials production area (logging area, forest ownership form, differentiation between plantation wood and natural forests)
- b) Forest management method (applicable forestry laws, forest management regulations)

- c) Acquisition status for forest certification
- d) Avoidance of illegal logging
(verification of forest certification, harvest permits, records of round logs received.)
- e) Avoidance of wood from natural forests being converted to plantations or non-forest land use
- f) Avoidance of genetically modified (GMO) wood
- g) Avoidance of logging in High Conservation Value (HCV) Forests
- h) Avoidance of raw materials associated with major social conflicts
- i) Ensuring the protection of human rights and labor rights

We will also utilize, among others, the internationally recognized forest certification systems FSC™ (License: FSC™-C014119 etc.) or PEFC for verification.

We will conduct the survey for imported wood chips on a per-ship basis. Domestic woodchips and pulp, which purchasing volume is smaller, will be surveyed once a year.

(5) Disclose information

Through third-party audits, we ensure that the Oji Group is following these guidelines. We will retain relevant documents for five years. We will disclose the audit results and the guidelines implementation status on our website and in our integrated report.

Supplemental Information

Sustainable forest management refers to the management of forests in an environmentally, socially and economically sustainable way.

The Oji Group established its Sustainable Forest Management Policy for the sustainable management of the forests we own and manage.

Respect for human rights and protection of labor and traditional rights means respect for the human rights of all people, the protection of traditional rights in forest operations, and compliance with international labor rights norms such as the ILO Declaration on Fundamental Principles and Rights at Work. The Oji Group understands that respecting human rights is a global standard of conduct and established the Oji Group Human Rights Policy to set out its basic stance on human rights.

Biodiversity was defined at the 1992 United Nations Conference on Environment and Development (Earth Summit) in Rio de Janeiro as follows:

“the variability among living organisms from all sources, including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part: this includes diversity within species, between species, and of ecosystems.”

Forest certification systems such as FSC™ stipulate that rare and endangered species and the high-value forests be protected from the perspective of biodiversity. Sustainable forest management practices that utilize forest certifications contribute to the conservation of biodiversity.

Forest certification is a system in which an independent third-party organization certifies that proper and sustainable forest management is conducted based on criteria. Internationally known schemes include FSC™ (Forest Stewardship Council™) and PEFC (Program for the Endorsement of Forest Certification Scheme). In Japan, there is SGEN (Sustainable Green Ecosystem Council), which is mutually certified with PEFC.

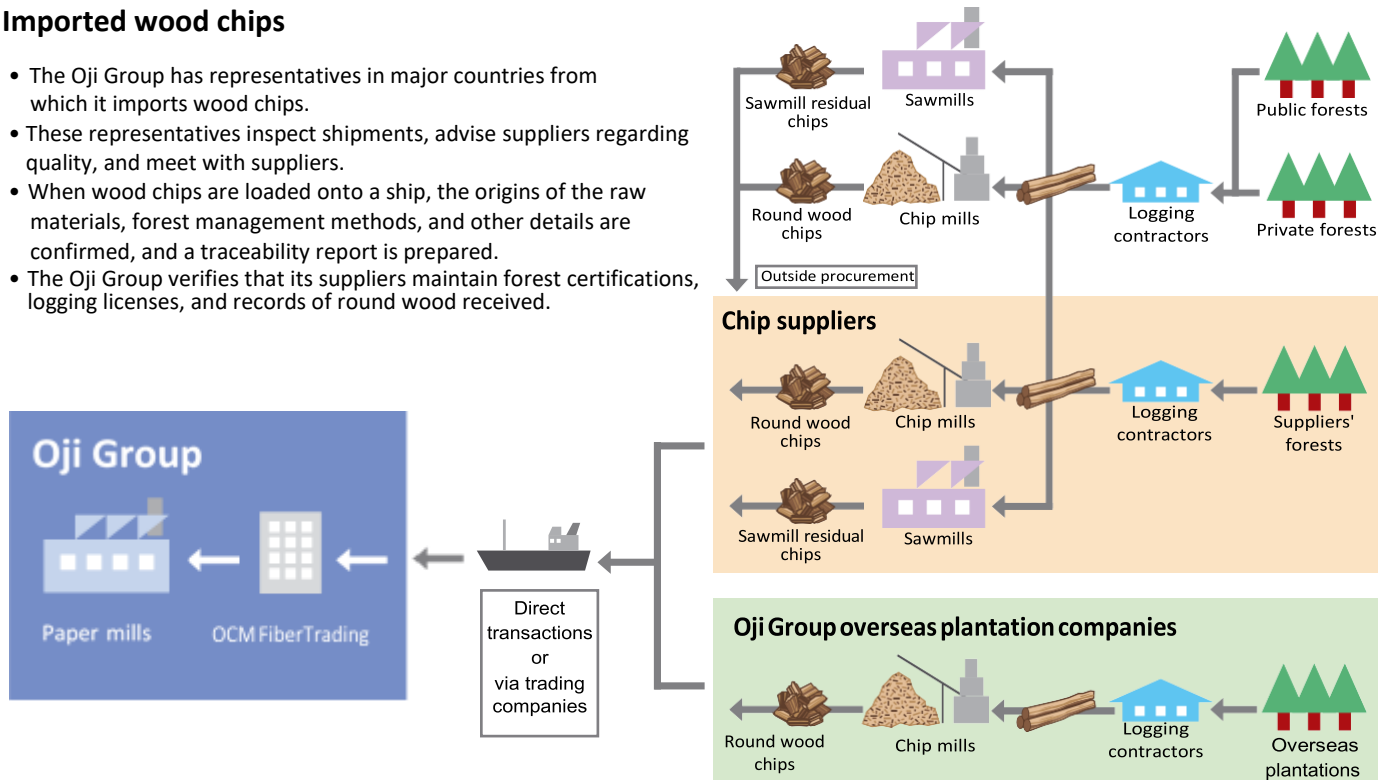
The conversion of natural forests is defined as "The permanent loss of surrounding ecosystem services due to the conversion of natural forests to other land uses." Minimal conversion for the sake of social and environmental benefits is generally excluded. Deforestation indicates the conversion of natural forests, and the natural forests include primary forests, regenerated (second-growth) forests, managed natural forests and forests that have been partially degraded.

Low-quality wood refers to wood unsuitable for use as lumber or plywood. It includes trees that are too slender or bent or with internal wood rot.

OCM FiberTrading Co., Ltd. and Oji Forest & Products handle imported and domestic wood chips.

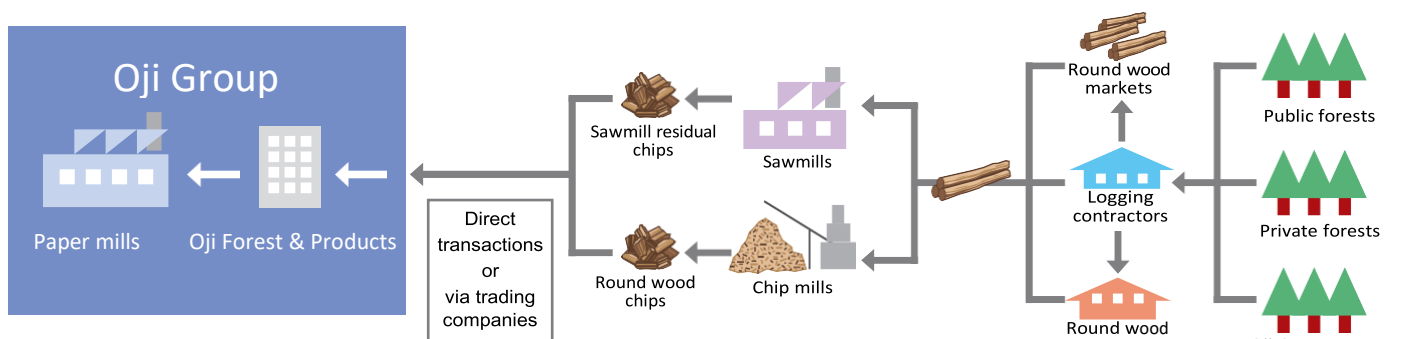
Imported wood chips

- The Oji Group has representatives in major countries from which it imports wood chips.
- These representatives inspect shipments, advise suppliers regarding quality, and meet with suppliers.
- When wood chips are loaded onto a ship, the origins of the raw materials, forest management methods, and other details are confirmed, and a traceability report is prepared.
- The Oji Group verifies that its suppliers maintain forest certifications, logging licenses, and records of round wood received.



Domestic wood chips

- Oji Forest & Products has representatives in major cities across Japan who meet with suppliers.
- The origins of raw materials, forest management methods, and other details are confirmed, and traceability reports are prepared regularly.



* The trade contracts between the Oji Group and its suppliers state that wood from illegal logging shall not be purchased.