

# Core Competencies and Material Issues

## Core Competencies

The Oji Group possesses Oji Forests spanning 603,000 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. With these forest resources as our core competencies, we will aim to develop business and contribute to realizing a sustainable society.

### Sustainable Forest Management

Giving due consideration to environmental conservation, the Group possesses production forests primarily for producing wood spanning a total of 455,000 ha, with 176,000 ha domestically and 279,000 ha overseas, as well as conservation forests spanning 148,000 ha, with 12,000 ha domestically and 136,000 ha overseas. Implementing sustainable forest management, which is environmentally, socially, and economically conscious, is ingrained in our businesses.

### 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.

### Development of New Materials Derived from Wood

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.

### 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.

### Global Network and Sales

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.

## Material Issues










The Oji Group has continuously been working on enhancing corporate value in the medium- and long-term by accurately responding to ever-changing social trends and addressing the needs of customers and society. To develop the sustainable business model that forms the basis of these efforts, material issues were identified in the following processes in 2019.

Furthermore, in response to the increasing demand for disclosure of non-financial information and developments in the internal situation such as the formulation of Purpose, Long-term Vision, and Medium-term Management Plan, we reviewed our material issues in 2023 to identify new definitions and components, and revised KPIs for human capital enhancement.

### Process for Identifying Material Issues


































Step 1 Identification of core competencies	We identified five core competencies to support our business development centered on forest resources.
Step 2 Extraction of possible issues	We extracted issues comprehensively from SDGs, global risks, the assessment made by ESG assessment organizations, important matters recognized by the Group, our goals and dialogue with stakeholders.
Step 3 Assessment and analysis	We assessed each issue based on both social importance and business importance. The issues were narrowed down and sorted out in reference to opinions from external organizations.
Step 4 Validity assessment and approval	We verified the validity of the identified material issues and obtained approval at the Management Meeting. The necessity of reviewing material issues is discussed at the Sustainability Committee every year as we need to consider such issues as changes in the social environment and newly emerged issues.

### Material Issues and Definitions

Category	Material Issues	Definitions
E Environmental	 Mitigation and adaptation to climate change	Contribute to mitigation of climate change by reducing GHG emissions throughout the supply chain and promoting CO2 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.
	 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.
S Social	 Respect for human rights	Do not tolerate human rights violations in any of our business activities.
	 Enhancing human capital	Secure and foster 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.
G Governance	 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.
	 Supply of safe and secure products	Supply safe and secure products worldwide.



Material Issues and KPI

Category	Material issues	Components	Key performance indicators (KPIs) (Unless otherwise specified, for FY2030)	Current value*1			Major initiatives	Value provided to society	Corresponding SDGs	Reference
E Environmental	 Mitigation and adaptation to climate change	<ul style="list-style-type: none"><li>● Reduce GHG emissions (Scope 1, Scope 2)</li><li>● Absorb and fix CO<sub>2</sub> by forests</li><li>● Reduce GHG emissions through collaboration with suppliers (Scope 3, etc.)</li><li>● Increase the usage of renewable energy</li><li>● Improve energy efficiency</li></ul>	● Reduce GHG emissions by at least 70% compared to FY2018 (Scope 1, Scope 2) ・GHG emissions reduction : 20% ・Net increment in carbon stocks by forests : 50%	● 16.5% reduction  ・4.7% ・11.8%			<ul style="list-style-type: none"><li>● Reduce GHG emissions through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel</li><li>● Absorb and fix CO<sub>2</sub> through sustainable forest management</li><li>● Expanded use of non-fossil fuels and biomass fuels as alternatives to fossil fuel</li><li>● Develop biomass power generation business</li><li>● Develop eco-friendly products</li></ul>	<ul style="list-style-type: none"><li>● Mitigation of climate change</li><li>● Increase in the usage of renewable energy</li><li>● Improve in energy efficiency</li><li>● Enhancement of eco-friendly technologies</li></ul>	    7.2,7.3 7.a9.4,9.512.213.1,13.2 13.3	P25-30
			● The actual carbon stocks in living biomass*2 expanded to at least 170,000 kt-CO <sub>2</sub> (calculated value)	● 122,450 kt-CO <sub>2</sub>						
			● Renewable energy usage rate of at least 60% through reduction of coal consumption	● 54.7%						
			● Improve energy consumption intensity by at least 1% per year for the 5-year average	● 3.8% reduction (from FY2018 to FY2022)						
	 Sustainable forest management and biodiversity conservation	<ul style="list-style-type: none"><li>● Properly manage and conserve forests</li><li>● Utilize forest resources</li><li>● Promote conservation of biodiversity and ecosystem</li><li>● Build relationships with local communities</li></ul>	● Increase the rate of overseas forest certification acquisition*3 (maintain the domestic rate at 100%)	● Japan 100%, Overseas 94%			<ul style="list-style-type: none"><li>● Forest management based on the "Sustainable Forest Management Policy"</li><li>● Maintain and expand the multi-functions of forests</li><li>● Sustainable forest management such as promotion of forest plantation and conservation of company-owned forests</li></ul>	<ul style="list-style-type: none"><li>● Conservation of biodiversity and ecosystem</li><li>● Job creation</li><li>● Employment, education, and medical support</li></ul>	    6.68.714.215.1,15.2 15.3,15.4 15.5,15.c	P31-34
			● Expand overseas forest plantations to 400,000 ha	● 279,000 ha (Conservation forests 136,000 ha)						
	 circular use of resources	<ul style="list-style-type: none"><li>● Promote utilization of recovered paper</li><li>● Reduce water risks (promote water recycling, etc.)</li></ul>	● Recovered paper utilization ratio*4 (Japan) : At least 70%	● 68.0%			<ul style="list-style-type: none"><li>● Paper recycling (improve the recovered paper utilization ratio)</li><li>● Reduce water intake and improve water recycling</li><li>● Expand the water treatment business overseas</li></ul>	<ul style="list-style-type: none"><li>● Mitigation of climate change</li><li>● Reduction of waste</li><li>● Contribution to the solution of the water shortage issue</li><li>● Safe water supply</li></ul>	    6.4,6.512.4,12.5 12.614.115.1,15.2 15.3,15.4 15.5,15.c	P89-92
			● Reduction of water intake intensity by at least 6% compared to FY2018	● 12.9% reduction						
S Social	 Respect for human rights	<ul style="list-style-type: none"><li>● Consider human rights in all business activities</li><li>● Consider human rights in the workplace</li></ul>	● Percentage of target people who get education and training in human rights : 100%	● 95.6% (2,566 participants from January to July 2023)			<ul style="list-style-type: none"><li>● Formulate and implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy</li><li>● Perform internal audits and implement the whistleblowing system</li><li>● Raise awareness of compliance and human rights through in-house training</li><li>● Assess risks associated with suppliers' respect for human rights</li><li>● Implement human rights due diligence</li></ul>	● Respect for human rights	   5.1,5.4 5.5,5.c8.5,8.7 8.810.2,10.3 10.4	P93-94
	 Enhancing human capital	<ul style="list-style-type: none"><li>● Improve work-life management</li><li>● Enhance employees' skills</li><li>● Inclusion &amp; diversity</li><li>● Foster greater compliance awareness</li></ul>	● Total working hours: less than 1,850 hours (26 companies in the Main Office region in Japan)	● 1,830 hours			<ul style="list-style-type: none"><li>● Implement human resource strategies and develop human resources</li><li>● Promote working style reforms</li><li>● Promote diversity</li></ul>	<ul style="list-style-type: none"><li>● Active participation of diverse human resources</li><li>● Realization of innovation</li><li>● Improvement in productivity</li></ul>	   5.1,5.4 5.5,5.c8.2,8.5 8.810.2,10.3	P95-98
			● Percentage of male employees taking childcare leave, etc.: 100% (16 companies in Japan*6)	● 98.8%						
			● Percentage of female managers: at least 5.5% (16companies in Japan*6, at the end of March 2025)	● 3.6%						
			● Percentage of female new graduates hired for generalist-track positions*7: at least 30%	● 37.7% (Joined the company on April 1, 2023)						
			● Employment rate of people with disabilities : at least 2.3% (81 companies in Japan*6, June 2023)	● Six applicable Group companies in Japan*6: 2.51%, 81 companies in Japan*6: 2.20% (June 2023)						
			● Participation in compliance meetings : 100% (Oji Holdings and all subsidiaries in Japan)	● 97.2% (Second half of FY2022)						
	 Ensuring work-place safety and health	<ul style="list-style-type: none"><li>● Promote well-being of employees</li><li>● Prevent occupational accidents</li></ul>	● Achieve zero fatal and serious work-related accidents*8 (each fiscal year)	● Three accidents (from January 1 to December 31, 2022)			<ul style="list-style-type: none"><li>● Establish safety and health management structures and promote activities aimed for safety and health</li><li>● Thoroughly ensure safety in the handling of machines and equipment and in other operations</li><li>● Promote safety education (introduce VR risk experience education, etc.)</li><li>● Promote physical and mental well-being of employees</li><li>● Create comfortable work environments</li><li>● Respond to infectious diseases including COVID-19</li></ul>	● Safety and health	 8.8	P99-100
			● Lost time injury frequency rate*6: 50% reduction compared to FY2018 (0.89)	● 1.11 (from January 1 to December 31, 2022)						
G Governance	 Responsible raw materials procurement	<ul style="list-style-type: none"><li>● Environmental consideration in the supply chain</li><li>● Human rights consideration in the supply chain</li><li>● Compliance with laws and social standards and fair trade</li></ul>	● Conduct sustainability surveys on all main suppliers*9	● 100% (Survey period : FY2020-FY2022. Follow-up surveys to be conducted later.)			<ul style="list-style-type: none"><li>● Promote CSR procurement, taking into consideration the environment and society following the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines</li></ul>	<ul style="list-style-type: none"><li>● Forms of responsible production and consumption</li><li>● Protection of the rights of workers and reduction of environmental impact throughout the entire supply chain</li></ul>	   8.712.1,12.4 12.615.1,15.2	P101-102
			● Achieve full traceability based on the Wood Raw Material Procurement Guidelines	● 100%						
	 Supply of safe and secure products	<ul style="list-style-type: none"><li>● Stably supply products</li><li>● Ensure product quality</li></ul>	● Zero product liability accidents (each fiscal year)	● Zero accidents			<ul style="list-style-type: none"><li>● Stably supply own products</li><li>● Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management values</li><li>● Provide customers with information on safety of raw materials (chemicals, materials)</li><li>● Supply of FSC™ certified products (FSC™ C014119, etc.)</li></ul>	<ul style="list-style-type: none"><li>● Supply of safe and secure products</li><li>● Reduction of environmental burdens</li><li>● Dissemination of eco-friendly technologies to developing countries</li></ul>	   9.4,9.b12.4,12.617.7	P102

\*1 Aggregation period : Unless otherwise specified, from April 2022 to March 2023 or as of March 31, 2023. Boundary of data aggregation: Unless otherwise specified, Japanese and overseas consolidated companies

\*2 The actual carbon stocks in living biomass (CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 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)

\*5 Effective waste utilization ratio = (Amount of waste generated – Amount of landfill waste) ÷ Amount of waste generated × 100

\*6 For the calculation method, see P111.

\*7 Percentage of female new graduates hired for generalist-track positions: Hired by Oji Management Office Inc. (excluding sports recruits)

\*8 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.

\*9 Suppliers in top 75% of transaction amount