



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

**Yoshiki Koseki**  
 President, Industrial Materials COMPANY  
 President, Household and Consumer Products COMPANY

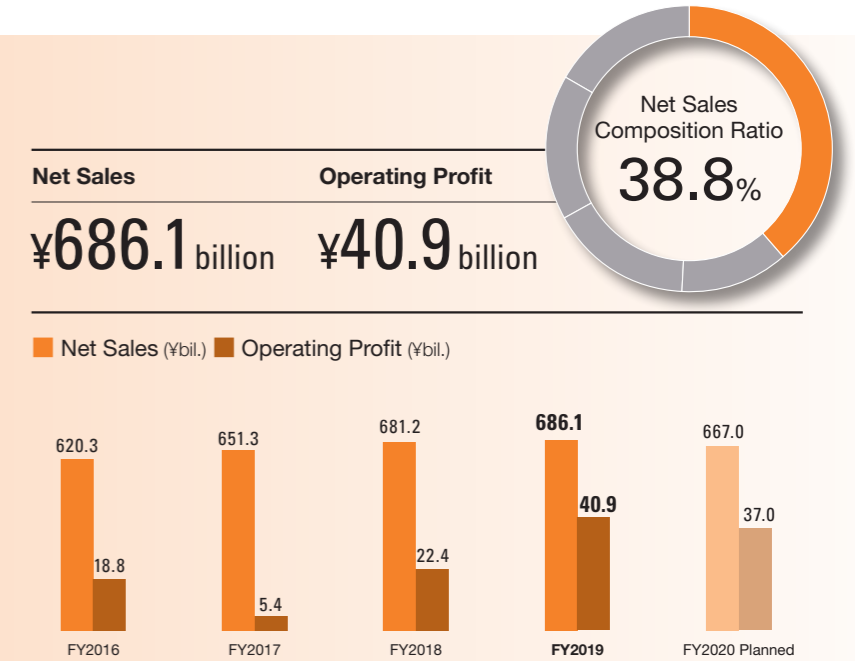
**Changes in Net Sales and Operating Profit**

In FY2019, the Household and Industrial Materials Businesses had net sales of 686.1 billion yen (up 4.9 billion yen from FY2018) and operating profit of 40.9 billion yen (up 18.5 billion yen from FY2018). The Industrial Materials Business reported that profit increased year-on-year due to product price revisions and progress in cost reductions. The Household and Consumer Products Business reported higher net sales as a result of an overall increase in household paper sales.

In FY2020, net sales of 667.0 billion yen (down 19.1 billion yen from FY2019) and operating profit of 37.0 billion yen (down 3.9 billion yen from FY2019) are planned.

**Impact of COVID-19**

A decrease in net sales is forecast, due mainly to a decrease in demand from customers.



**Industrial Materials Business**



**Business Overview**

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

**Business Strategy**

**Profitability Improvement of Domestic Business**

The new corrugated container plant in Funabashi City, Chiba Prefecture, has started commercial production in July 2020, to meet the growth in demand for corrugated containers in the Kanto region. The Industrial Materials COMPANY will enhance its competitive strength in the corrugated container business in the Kanto region, by aggressively capturing new demand for corrugated containers, and expanding its supply volume.

At the same time, as part of its initiatives to restructure manufacturing in response to structural changes in domestic demand, we will shut down the manufacturing facilities at the Oji Materia Nayoro Mill and transfer other facilities to Oji Paper Tomakomai Mill, and production facilities for newsprint at the Tomakomai Mill are now in the midst of modification for containerboard and kraft paper.

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



The new corrugated container plant in Funabashi City, Chiba Prefecture

**Expansion of Overseas Business**

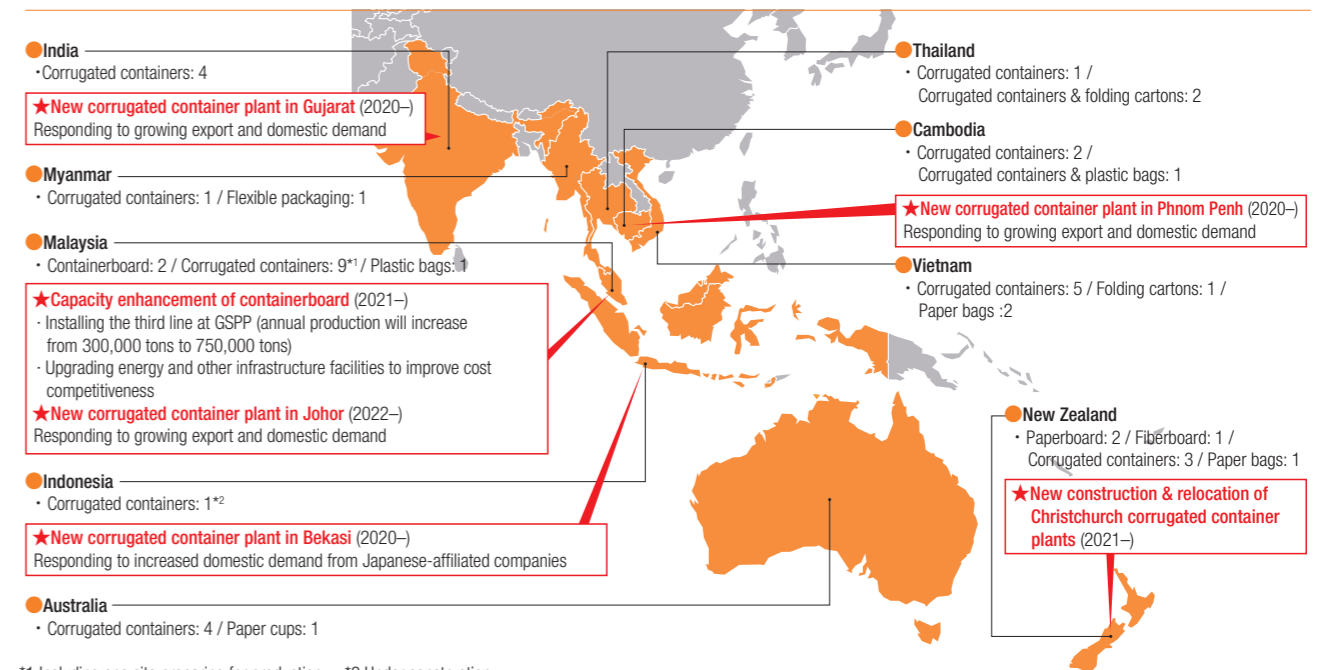
The Industrial Materials COMPANY conducts business at 45 sites in nine countries in Southeast Asia, India, and Oceania. We have been focusing mainly on expanding converting sites to respond to growing packaging demand, and now, we will install new containerboard production facilities in Malaysia, which is scheduled to start commercial operation in 2021. Through these efforts, we will further progress the development of overseas businesses by integrating material and converting.

Regarding new corrugated container plants, we are preparing for operations in Cambodia and India, those are scheduled to start in 2020, and constructions are now in progress in Indonesia (the first entry into this country), Malaysia, and New Zealand. With monitoring risk and return carefully in each region/market, we will expand our business further by way of new plant starting-up from greenfield and/or M&A activities.



New corrugated container plant in Ahmedabad, Gujarat, India

**Main Overseas Sites**



\*1 Including one site preparing for production \*2 Under construction

## Industrial Materials Business

# Voice



Tran Dac Nguyen Khang  
Director  
Ojtex (Vietnam)

**With 20 years of operation as a corrugated container production site in Vietnam, we aim to further expand the business.**

Ojtex (Vietnam) commenced the production and sales of corrugated containers in 2000, as the Oji Group's first manufacturing site in Vietnam. This year we celebrate our 20th anniversary.

Over the past 20 years, the Oji Group's corrugated container production sites in Vietnam have grown, and there are now five such sites, all of which continue to operate smoothly. I joined Ojtex (Vietnam) when it was first established, and have been working here for 20 years. I was appointed

the company's first Vietnamese Director, and I am working hard every day. There are now several Vietnamese Directors. I feel that this is an embodiment of "sustainable business growth" and the Oji Group's slogan "Beyond the Boundaries" in the form of overseas business expansion and human resource philosophy. Vietnam is a high-growth but competitive market, and I will strive to continue to expand the business.

### Business Strategy

#### Promotion of Innovation

In coordination with Oji Holdings' Innovation Promotion Division, the Industrial Materials COMPANY has launched OJI FLEX PACK'AGE, a next-generation packaging solution for the mail-order sector, where demand for corrugated containers is expected to grow significantly (p.37). This solution features a system that can carry out automatic or semi-automatic packaging using special "Rakudan" continuous corrugated sheets, and a height-adjustable automatic sealing system using standard-sized corrugated sheets, whereby not only providing customers with saving of resource and cost but also facilitating sales expansion of the Industrial Materials COMPANY's products.



"Rakudan" in the corrugated sheets feed of the automatic packaging system

### News



Drink cartons made using base paper manufactured by the Oji Group

#### Entering the Liquid Paper Packaging Business

Amid increasing attention on paper materials in the context of a worldwide heightening of environmental awareness, the Industrial Materials COMPANY has invested in the liquid paper packaging business that was split from ISHIZUKA GLASS CO., LTD., and launched a joint venture in September 2020. The raw material for the joint venture, namely laminated base paper, will be provided by the Group rather than by other companies. Through this shift, we will build a integrated production system in Japan. In the future, the Industrial Materials COMPANY plans to utilize the Oji Group's international network to expand the business overseas.

## Household and Consumer Products Business

### Business Overview



In the household paper and disposable diaper business fields, Oji Nepia integrates sales, marketing, and production in the pursuit of three types of quality: quality of life as in the seeking of good texture, comfort, and functionality; environmental quality as in forest conservation such as the adoption of FSC™ certified paper; and social quality such as taking CSR initiatives that contribute to society and that are in line with customers' hopes. (FSC™ C018118)

\* FSC™ is the world's most widely recognized forest certification program. Examinations are performed on issues such as whether forests and lumber are properly managed and whether new trees are planted to replace trees cut in order to protect precious nature. Selecting products with the FSC™ certification mark is a sign of support for forest conservation activities worldwide, and is conducive to sustainable forests in the future.



### Business Strategy

#### Profitability Improvement of Domestic Business

In the household paper business, the market for toilet rolls is expected to grow, and we are launching high value-added products, including longer toilet rolls and printed toilet rolls.

In fall 2020, using base paper produced by the new machine at Jiangsu Oji Paper factory which began operation in July 2020, production and sales of such toilet rolls will commence by employing the newly-installed toilet roll converting equipment in the Oji Materia Edogawa Mill. In addition to enhancing replenishment to the metropolitan area, we will proceed to streamline the supply chain.

To capture market share in the disposable diaper business, we expand sales of nepia Genki! baby diapers. Furthermore, we will engage in product development for adult diapers, aimed at solving issues faced at nursing homes.



Oji Nepia Edogawa Mill (in Oji Materia Edogawa Mill)

#### Expansion of Overseas Business

The Household and Consumer Products COMPANY will promote business expansion in Southeast Asia and China, where consumption of baby diapers is expected to grow, and work to enhance both production and sales.

In Malaysia, we will increase capacity through manufacturing system restructuring and improve efficiency through manufacturing site integration. In Indonesia, which has the largest population in the region, we will respond to growing demand through production at the own factory, which began operation in January 2020, and continue to strengthen manufacturing.

In addition to the export of products made in Malaysia, we will also expand supply of high-quality "made in Japan" products such as Genki! and Whito to other Southeast Asian countries, whereby actively exploring new target countries.

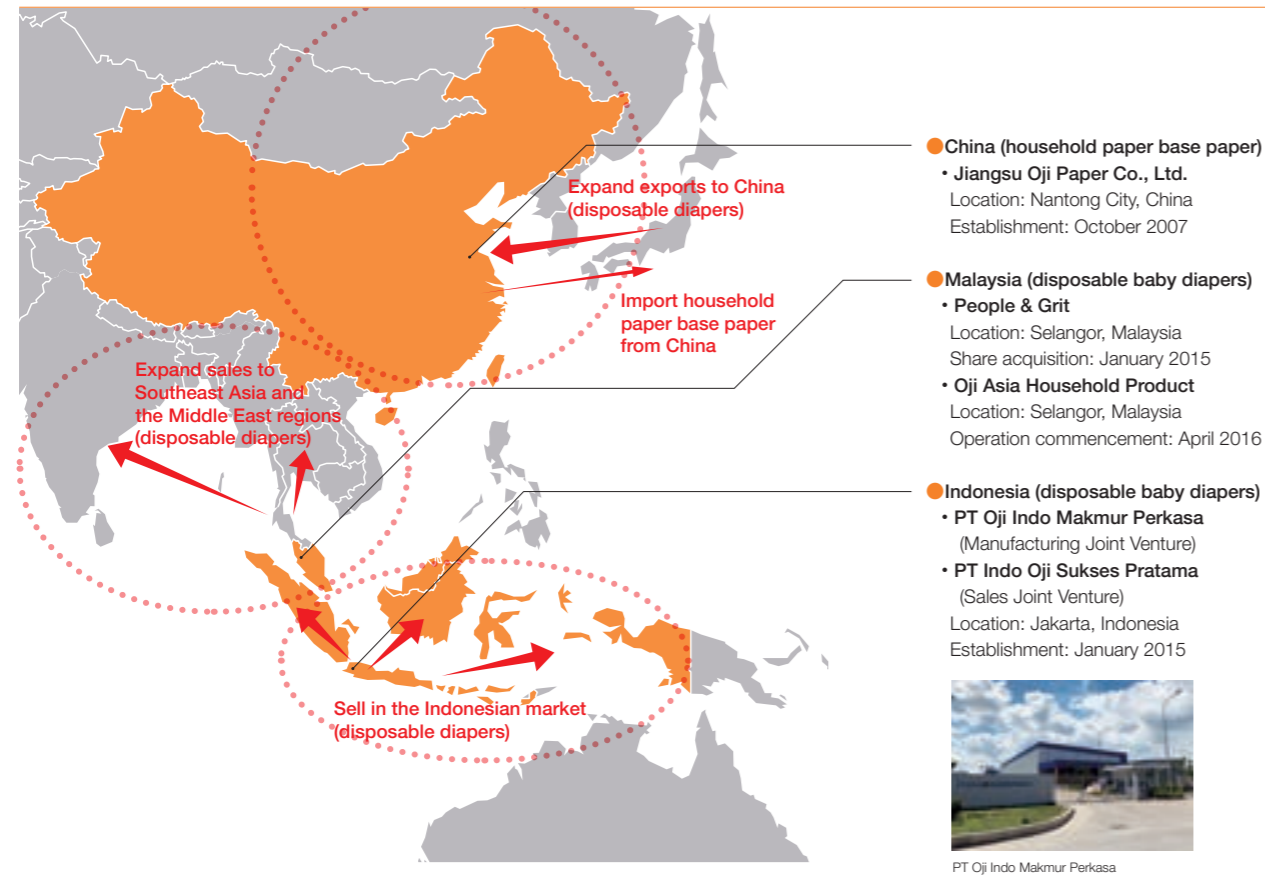
In China, we have launched Doraemon package and actively promote e-commerce to explore new customers, whereby continuing to expand sales through the export of "made in Japan" products.



"Genki! (Doraemon package)" for Chinese market

## Household and Consumer Products Business

### Main Overseas Manufacturing Sites



## Voice



Irene Wong  
General Manager  
People & Grit (M) Sdn. Bhd.

**Our employees will strive together united to establish a secure revenue base, for the further growth of the disposable diaper industry here and overseas.**

People & Grit (M) Sdn Bhd was incorporated in 2002 and became a 100% owned subsidiary of Oji Holdings in 2017.

The company is one of Malaysia's leading manufacturers of baby diaper which offers a wide range of sizes and various brands of baby diapers and our products are marketed and distributed throughout Southeast Asian, China and African countries. We have come a long way since our incorporation. Today, we have a track record of delivering high quality products to both local and international clients. We are also recognized for our excellent customer service and reliable delivery performance. Over the span of 18 years, we have grown phenomenally while enhancing our capabilities and production volume.

With our expanding capabilities we are confident of further growth in the diaper industry both locally and internationally. The recent COVID-19 outbreak has resulted in an unprecedented level of business challenges.

People & Grit will monitor its current business environment closely and respond appropriately to the development in order to navigate the pandemic.

We aim to deliver on our 2020 strategic target: strengthening our product portfolio management to better utilize our facilities, securing broader and deeper sales channels, and keep a tight rein on costs and expenses.

We are certain that we will ride through this turbulent time and emerge stronger once the market recovered.

### Business Strategy

### Promotion of Innovation

In China, which is witnessing significant growth in high-end (high value-added, high-price range) baby diapers, the new "nepia Whito Premium" lineup will be launched in fall 2020. The new lineup uses thicker non-woven fabric on the inside of diaper, and features enhanced softness and rewet prevention, in line with consumer needs. Moreover, a non-woven fabric, luxurious to the touch, is used for the outside of diaper. In Japan, the package design of Genki! Pants will be changed, aiming to refresh the product image at stores.



### ESG and SDG Topics

### Now producing masks and isolation gowns in response to COVID-19

#### Nepia Long Lasting Best Fit Face Mask

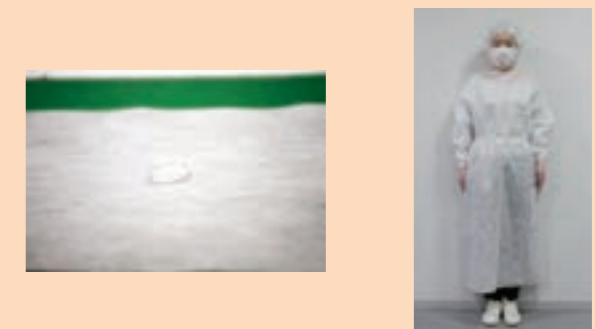
In New Tac Kasei Yamamoto Mill, there is a cleanroom used to manufacture stickers and labels for medical use. We have remodeled this cleanroom and installed a new mask production line. The base material is non-woven fabric manufactured by Oji Nepia Nagoya Mill. These masks are "All Made in Japan," from materials procurement to processing, and from the wire around the nose to the ear straps.

In response to requests from medical and nursing sites, the masks have been designed with a longer wire fitting around the nose, allowing them to be worn for a longer time.



#### Isolation Gown

We have strengthened production systems for highly-water repellent non-woven fabric, usually used as base material for disposable diapers, at Oji Nepia Nagoya Mill, and have commenced the manufacture of isolation gowns. These gowns are "All Made in Japan," featuring materials produced in Japan, and processed by garment manufacturers in Japan. Based on the opinions put forward by infectious disease specialists, the gowns are close-fitting with ribbed cuffs to prevent them from rising with movement, hemmed below the knees, and easily removed.





We aim to be a company chosen by customers in today's rapidly-changing society, anticipating market needs, strengthening dialogue, and always working with speed to provide products and services that exceed customer expectations.

**Shigeki Aoki**  
President, Functional Materials COMPANY

**Changes in Net Sales and Operating Profit**

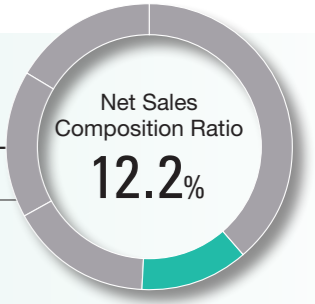
In FY2019, the Functional Materials Business had net sales of 214.7 billion yen (down 9.4 billion yen from FY2018) and operating profit of 15.4 billion yen (down 3.0 billion yen from FY2018).

Net sales declined compared to FY2018, due to subdued sales for electronic and industrial components in the domestic business, and a decrease in export sales following the impact of a slowdown in the Chinese and South Korean economies. Operating profit decreased, primarily due to the impact of a decrease in sales volumes for some products.

In FY2020, net sales of 209.0 billion yen (down 5.7 billion yen from FY2019) and operating profit of 11.0 billion yen (down 4.4 billion yen from FY2019) are planned.

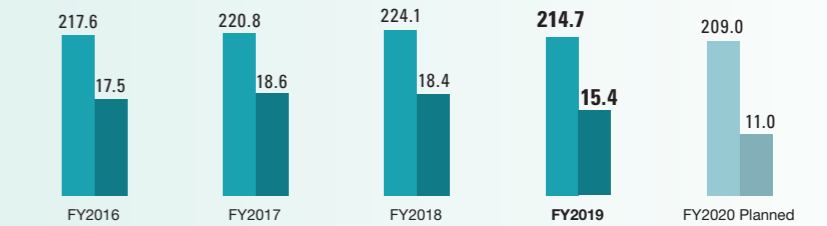
**Impact of COVID-19**

A decline in sales volumes is forecast for release sheets for automobiles and magnetic recording paper (bullet train tickets, express train tickets, etc.). New mask manufacturing equipment has been installed in New Tac Kasei Yamamoto Mill, to contribute to bringing the pandemic under control.



Net Sales	Operating Profit
¥214.7 billion	¥15.4 billion

■ Net Sales (¥bil.) ■ Operating Profit (¥bil.)



Business Overview

**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, and glass paper. The production of pressboards (except for heat resistant pressboards) will be consolidated from October 2021, as a result of the business transfer from Mitsubishi Paper Mills.



Glass paper (Oji F-Tex)

**Adhesive Products Business**

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



PP Clean stickers (Oji Tac)

**Imaging Media Business**

With diverse coating technologies such as thermal and inkjet technologies, the Imaging Media Business boasts a top class global market share, developing products that meet diverse industries' customer needs. The transfer of production and sales operations for carbonless paper to Mitsubishi Paper Mills commenced in July 2020.



Thermal papers (Oji Imaging Media)

**Film Business**

Films for capacitors are used as an essential material in the power supply units of hybrid and full electric vehicles, and the Oji Group offers films of various thicknesses including the world's thinnest. The Film Business also offers optical double-sided adhesive films and hard-coated films that are seeing rapid growth due to their use in smartphones and other precision devices.



Film used in capacitors (Oji F-Tex)

Business Strategy

**Profitability Improvement of Domestic Business**

The Functional Materials Business provides a variety of different products to the automotive industry, as well as electronics materials, environmental and medical domains, based on core technologies such as papermaking, converting (functional and adhesive coatings), film forming and non-woven fabric. In addition, competitive strength and profitability are both improving, through the continuing review of manufacturing systems. We will work to further enhance corporate value, realizing synergies from its business alliance with Mitsubishi Paper Mills.

In addition, we are engaged in proposing materials for use in paper trays, containers, straws, etc., in response to the shift away from plastics, and developing and promoting new products to meet the needs of users in a broad range of fields. The Functional Materials Business will continue to engage in the swift development of high-function and high-value-added products, fusing core technologies and new materials.



The Oji F-Tex Shiga Mill (film manufacture)



Oji Kinocloth (fireproof cloth manufacture)

ESG and SDG Topics

**Developing Products Friendly to the Global Environment**

The Oji Group participates in the Plastics Smart Campaign implemented by the Ministry of the Environment since January 2019.

At present, three products are registered under the campaign: Oji F-Tex's SILBIO BARRIER, and Oji Tac's environmentally-friendly adhesive film and paper net envelope.

The Functional Materials Business will continue to contribute to reducing plastic waste, developing products that are friendly to the global environment.



## Expansion of Overseas Business

The Functional Materials COMPANY is striving to expand its business that integrate material and converting across the world, pivoting on the thermal paper business, which boasts a share of around 20% of the global market.

In Southeast Asia, COMPANY is implementing M&A targeting downstream operating companies in Malaysia that convert, print, and sell thermal paper and adhesive paper, in order to further strengthen and reinforce the upstream businesses that primarily manufacture and sell thermal paper and adhesive paper.

In Central and South America, demand is rising for thermal paper, due to the spread and expansion of POS systems and logistics systems. Through increased manufacturing capacity at Oji Papéis Especiais in Brazil, COMPANY aims to improve quality and cost competitiveness, maintain an 85% share of Brazil's thermal paper market, and expand its share of the thermal paper market across Central and South America.

The Functional Materials COMPANY will continue to leverage its current core technologies to expand into new business areas, responding to increasing demand in Southeast Asia, South America, the Middle East, Africa and elsewhere.

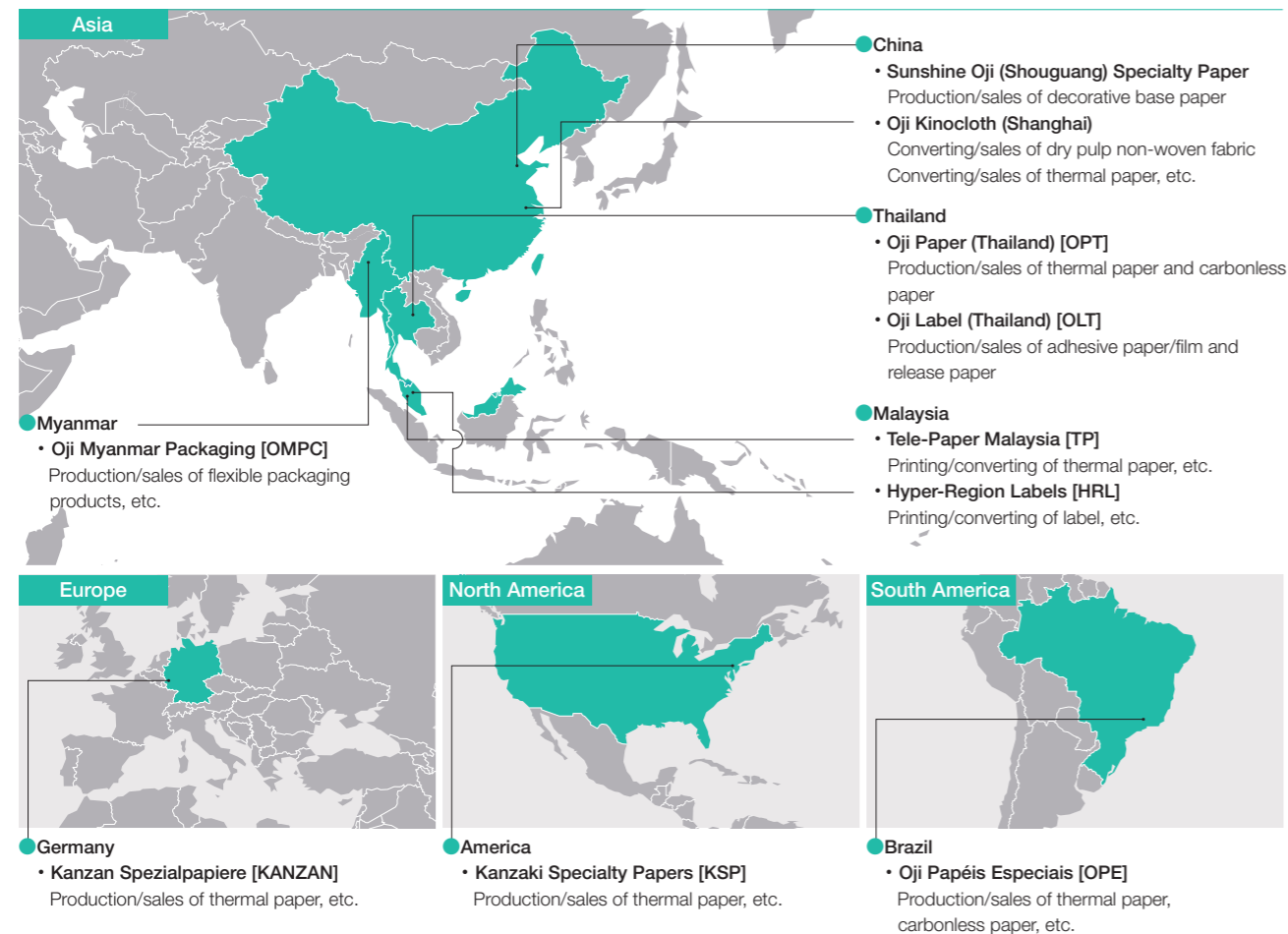


Oji Paper (Thailand)



Oji Papéis Especiais (Brazil)

## Main Overseas Sites



## Voice



Matthias Simon  
President  
KANZAN

We will respond to the diverse needs of the European market, and contribute to the development of the Oji Group.

KANZAN was established in 1991 as an equal joint venture of Kanzaki Paper and the German paper manufacturer Zanders. Its name is a combination of “Kanzaki” and “Zanders”. KANZAN’s purpose has always been the production and sale of thermal paper. After a decade as a joint venture company, KANZAN’s stock was purchased by Oji Paper at the time, and we have been part of the Oji Group ever since. We sell products compatible with diverse market requirements to around 500 customers, primarily European converters, printing companies, and adhesive converters.

In 2019, the thermal paper business suffered from a downturn in demand on European markets. On the other hand, the supply side showed startup of competitors’ new machines, resulting in a significant impact on prices and profit. This situation is forecast to continue in 2020, but we will strive with high aspirations to promote even greater efficiency and improve profit, strengthening coordination in Europe with Mitsubishi HiTec Paper Europe, whereby actively contributing to the development of the Oji Group.

## Business Strategy

### Promotion of Innovation

Oji Tac has developed Eco Marine Tac™, environmentally friendly adhesive film, in response to the issues of marine pollution and microplastics. Eco Marine Tac™ was launched in October 2019.

The surface base material of Eco Marine Tac™ is made of biomass materials that suppresses the emission of CO<sub>2</sub> when incinerated, and is easily broken down (biodegradable, etc.) in the soil or ocean due to the use of biomass plastic. Eco Marine Tac™ is suitable for printing in the same way as PET or OPP labels, and are more water resistant than adhesive paper. A special and unique adhesive is used, that does not tend to inhibit the degradability of the biomass plastic used on the surface base material. Proprietary decomposition test were carried in sea water and soil. After six months in sea water, the weight of the adhesive film had decreased by 85%.

Eco Marine Tac™ is registered under Plastics Smart, a campaign by the Ministry of the Environment to address marine plastic waste problems. The Functional Materials COMPANY will continue to engage in the development of environmentally-friendly products.



Eco Marine Tac™



The Forest Resources and Environment Marketing Business supports the Group's business through the stable supply of raw materials and other materials and comprehensively leverages Group assets including renewable resources of the likes of forests and water as well as facilities, real estate, and technologies to reinforce business.

**Fumio Shindo**  
President, Forest Resources and Environment Marketing COMPANY

**Changes in Net Sales and Operating Profit**

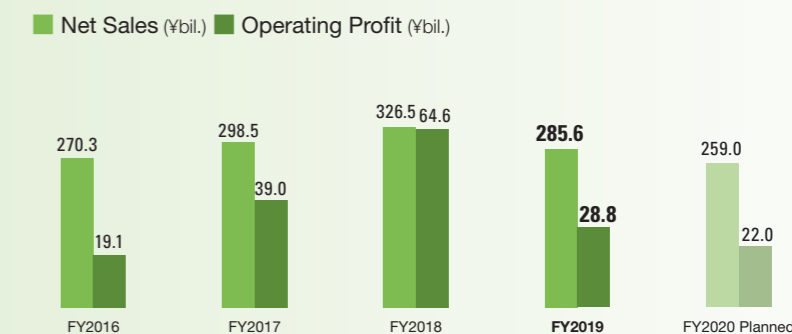
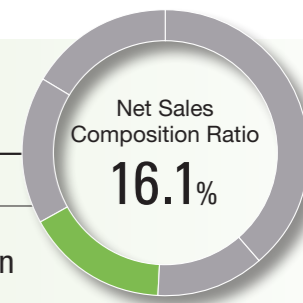
In FY2019, the Forest Resources and Environment Marketing Business had net sales of 285.6 billion yen (down 40.9 billion yen from FY2018) and operating profit of 28.8 billion yen (down 35.8 billion yen from FY2018). Net sales and operating profit decreased substantially, mainly due to the impact of a weakening pulp market. In the energy business, electric power sales increased compared to the previous year, due to the commencing of operation of a new biomass power generation facility by MPM Oji Eco-Energy.

In FY2020, net sales of 259.0 billion yen (down 26.6 billion yen from FY2019) and operating profit of 22.0 billion yen (down 6.8 billion yen from FY2019) are planned.

**Impact of COVID-19**

A decline in sales volumes is forecast, with the weakening trend in global pulp markets expected to persist, despite positive effects anticipated from foreign exchange rate movements at overseas manufacturing sites.

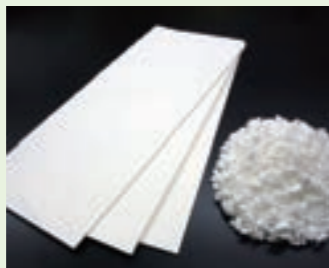
Net Sales	Operating Profit
¥285.6 billion	¥28.8 billion



**Business Overview**

**Pulp Business**

Market pulp supply capacity is 2.5 million tons per year, and the Forest Resources and Environment Marketing Business has a diverse lineup of pulp grades including hardwood kraft pulp, softwood kraft pulp, and dissolving pulp. The broad product lineup and the Group's sales channels are used to boost sales in Asia and other growth regions. Moving forward, we will continue to carry out strategic financial measures to secure our competitiveness.



Dissolving pulp

**Energy Business**

The electric power generation business has strengthened by expanding and fortifying electricity generation facilities and entering the electricity retailing business. With regard to biomass electric power generation, the Energy Business brought two new boilers online in FY2015 and, in March 2016, established a joint venture biomass power generation company together with Mitsubishi Paper Mills, which started operation in 2019. As for hydroelectric power plants, the energy business continues to renovate existing facilities. Additionally, a joint electricity retailing business was launched with ITOCHU ENEX.

**Lumber Processing Business**

The Forest Resources and Environment Marketing Business purchases and sells lumber products and processed lumber



Pan Pac lumber

products, primarily in Asia and Oceania, and is taking measures to expand production capacity. Efforts to expand sales at sales bases established in China and Southeast Asia are ongoing.

**Forest Plantation Business**

The Group has engaged in forest management for many years and has 190,000 hectares forests in Japan and 250,000 hectares of forest plantations overseas. In addition to paper manufacturing raw materials, forests are used for processed products including lumber and plywood, as well as diverse resources including biomass fuel, to develop an integrated forestry industry that generates maximum value from forest resources.

**Fuels/Chemicals and Other Material Procurement Business**

As prices for raw materials, fuels, and materials increase in conjunction with economic development of emerging countries, centralized management procurement and advantageous procurement are conducted for the group as a whole. CSR procurement is conducted while taking into consideration the environment and society in accordance with the Oji Group Partnership Procurement Policy.

**Starch and Sweetener Products Business**

The Forest Resources and Environment Marketing Business is working to enhance manufacturing technology for starch and sweetener products, etc., primarily corn, while developing and providing products to meet customer needs.



**Business Strategy**

**Profitability Improvement of Domestic Business**

**Electric Power Generation Business: Expansion of the renewable energy business with a focus on establishing new biomass power plants**

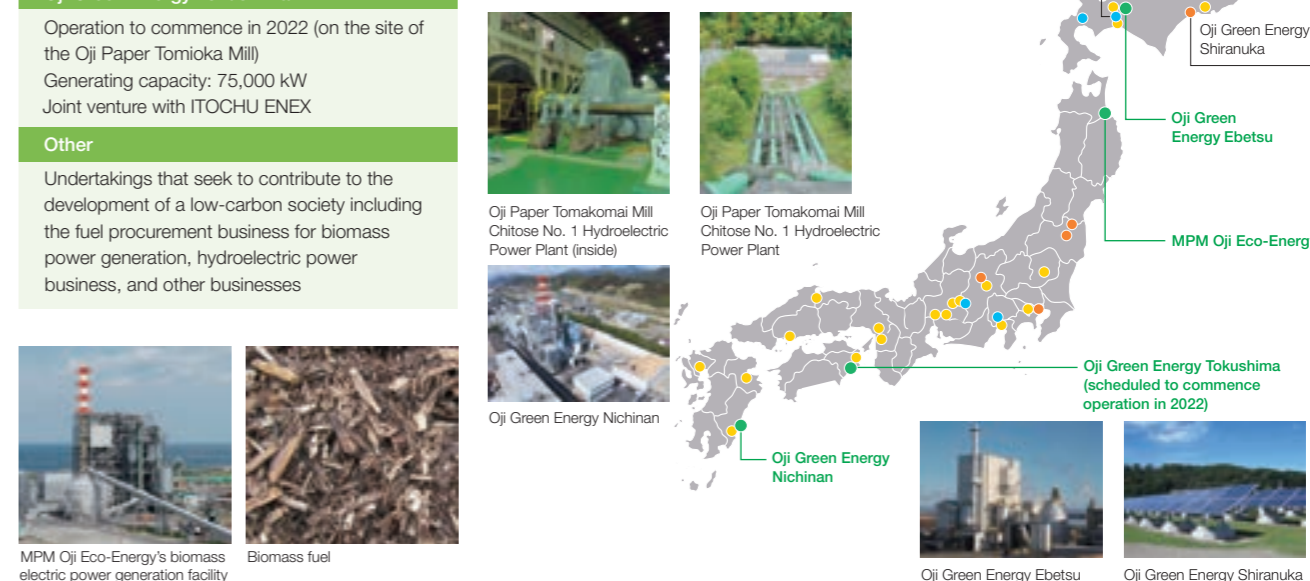
The Forest Resources and Environment Marketing Business is pursuing further expansion of the energy business, and a joint venture biomass power generation facility established with Mitsubishi Paper Mills commenced operation. Additionally, a decision was made to construct a biomass power generation facility in Tokushima Prefecture as a joint venture with ITOCHU ENEX, and preparations are underway for the start of operations in 2022.

To reinforce the biomass fuel business in conjunction with expansion of the energy business, a new fuel woodchip production company was established in Hokkaido in November 2018 to expand production of fuel woodchips by making use of unused domestic forest resources. Overseas, efforts to increase procurement of palm kernel shells (PKS) for use as fuel continue in Indonesia and Malaysia.

- MPM Oji Eco-Energy**  
Operation commenced in 2019 (on the site of Mitsubishi Paper Mills Hachinohe Mill)  
Generating capacity: 75,000 kW  
Joint venture with Mitsubishi Paper Mills
- Oji Green Energy Tokushima**  
Operation to commence in 2022 (on the site of the Oji Paper Tomioka Mill)  
Generating capacity: 75,000 kW  
Joint venture with ITOCHU ENEX
- Other**  
Undertakings that seek to contribute to the development of a low-carbon society including the fuel procurement business for biomass power generation, hydroelectric power business, and other businesses

**Oji Group's Power Generation Sites**

- Biomass power plant (for power retailing)
  - Power generation using renewable fuels<sup>\*1</sup>, fuels made from waste<sup>\*2</sup>, fossil fuels, etc. (for pulp and paper manufacturing)
  - Hydroelectric power plant ● Solar electric power plant
- <sup>\*1</sup> Renewable fuels: black liquor, etc.  
<sup>\*2</sup> Fuels made from waste: wood residue, bark, and RPF, etc.



## Expansion of Overseas Businesses

In the pulp business, the Forest Resources and Environment Marketing Business continues to implement strategic profit measures at key business sites to reinforce business foundations that are resilient to fluctuations in pulp markets.

Oji Group know-how and operational management methods have been introduced and used in New Zealand to stabilize operations and raise efficiency. In Brazil, profit measures are implemented on a continuous basis by updating production facilities and through other means.

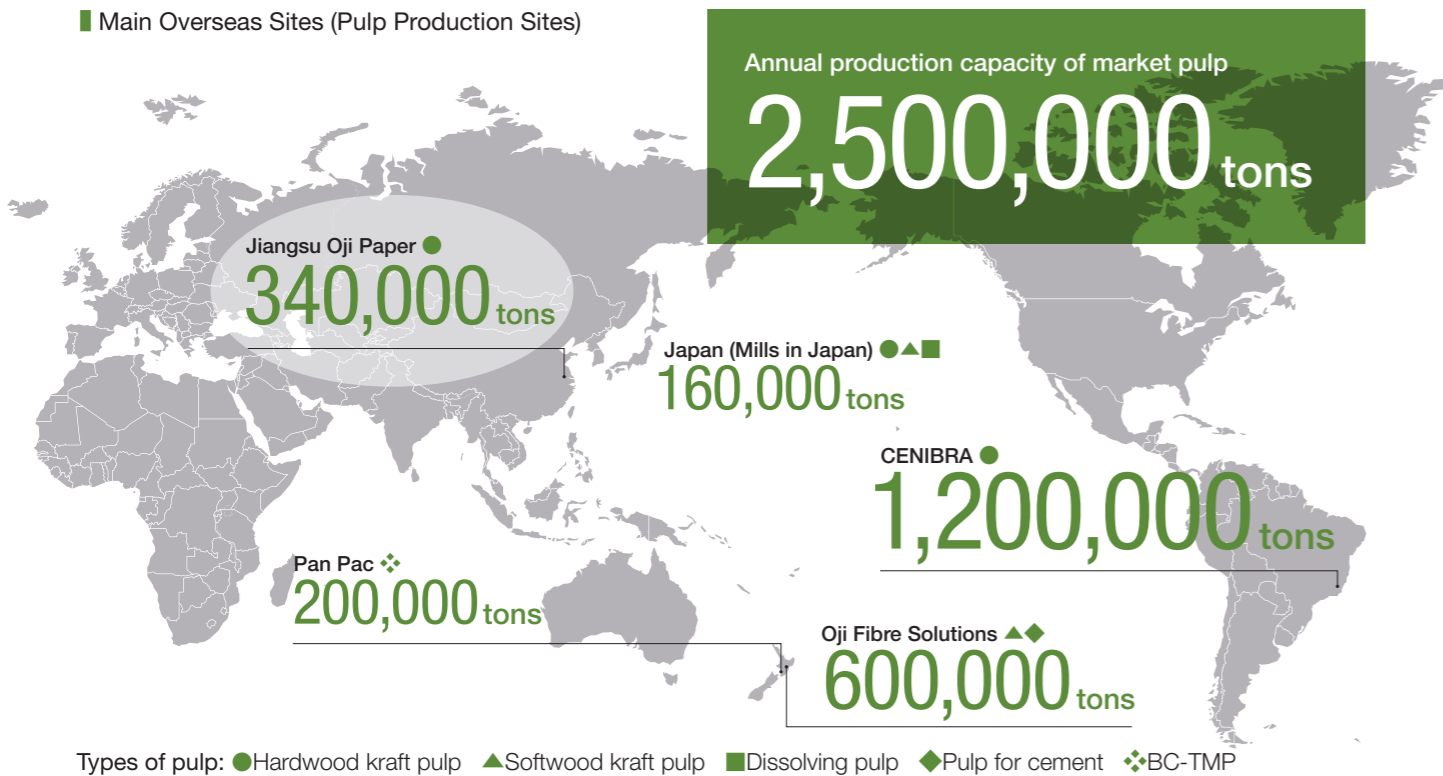
In Japan, the Forest Resources and Environment Marketing Business is expanding business and started production of high value added products: medical product materials and filter materials in addition to existing products for rayon applications.

The Forest Resources and Environment Marketing Business conducts forest plantation operations in nine locations in six overseas countries and is working to continuously secure sustainable resources.



Products are loaded onto a ship (Brazil)

### Main Overseas Sites (Pulp Production Sites)



CENIBRA Mill  
(Belo Oriente, Minas Gerais, Brazil)



Pan Pac Mill  
(North Island, New Zealand)

## Promotion of Innovation

The growth of planted trees is affected by a variety of factors, including natural factors such as the rainfall and soil in each area, and human factors such as the selection of species, care of the seedlings, and plantation management.

The trees planted by the Oji Group's Forest Plantation Business in plantations around the world take from a few years to more than 20 years to mature. The Forest Plantation Business is striving to research environmentally, economically and socially friendly resources in each area, in collaboration with local forestry researchers and forestry industry organizations.

**Improving the Quality of Trees to Make Forests More Productive** <https://ojiholdings.disclosure.site/en/themes/153/>

### ESG and SDG Topics

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

The UN Strategic Plan for Forests 2030, adopted by the UN Forum on Forests in 2017, indicates that forestry activities contribute to 14 of the 17 SDGs. The Plan establishes six Global Forest Goals for international society to achieve by the year 2030. This section introduces the Oji Group's initiatives towards the second Global Forest Goal, as an example.

#### Global Forest Goal 2

Enhance forest-based economic, social and environmental benefits



The 6 Global Forest Goals  
<https://www.un.org/esa/forests/wp-content/uploads/2019/04/Global-Forest-Goals-booklet-Apr-2019.pdf>

#### The Oji Group's Initiatives

##### Promote the Employment of Local Residents

Forest plantation activities overseas bring about a variety of ripple effects. The creation of local employment is one of these effects. Planting an acacia forest in Vietnam promotes the employment of local residents, contributing to enhanced living standards. Workers are also employed during the harvesting period. Today, planting takes place in the wet season, and harvesting in the dry, providing employment throughout the year.

##### Social Contribution Activities

QPFL (Vietnam) engages in harvesting and forest planting activities in various locations. In some places, the local villagers cannot easily travel to hospital because of distance and poor roads.

In February 2020, QPFL dispatched a medical team to villages without doctors, and 650 villagers received medical examinations (blood pressure measurement, dental treatment, ultrasound tests). Blood pressure measurement equipment, clinical thermometers, beds and second-hand clothes were also provided to village clinics.

## Voice



Tony Clifford  
Managing Director  
Pan Pac Forest Products

### Meeting the expectations of the community and Stakeholders

Pan Pac is a fully integrated forestry/timber products company with logging, pulp and lumber operations in Whirinaki, Hawke's Bay and in Milburn, Otago.

Pan Pac is one of the most historical and traditional companies in overseas business of Oji Group.

I see my role as MD as like the conductor of an orchestra.

It is my job to make sure we have the right mixture of instruments (functional skills) and each of the musicians must be capable of playing their instrument to the best of their ability (performance).

They all need to be reading from the same music score (strategy) and playing in time (aligned) with each other.

If the orchestra sounds good, then all the stakeholders will be pleased and buy tickets to our next concert (support and invest).

Paying attention to the company's sustainability and overall environmental footprint is another area I will maintain a focus on.

The expectations of the community and all other stakeholders is ever-increasing, and we need to be constantly managing and investing to keep ahead of compliance levels.



In response to the changing demand structure in Japan and integration with Asian markets, we are advancing with our business structure reforms while maximizing our cash flow.

**Fumio Shindo**  
President, Printing and Communications Media COMPANY

**Changes in Net Sales and Operating Profit**

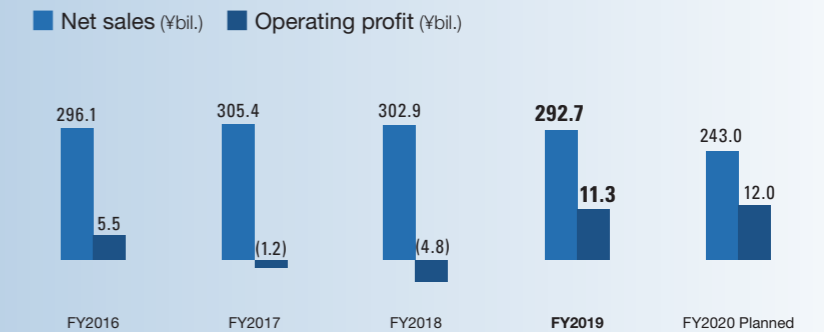
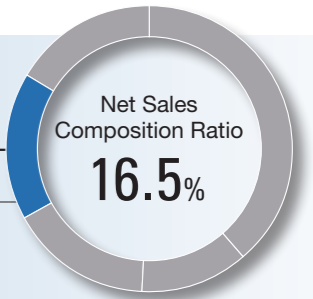
In FY2019, the Printing and Communications Media Business had net sales of 292.7 billion yen (down 10.2 billion yen from FY2018) and operating profit of 11.3 billion yen (up 16.1 billion yen from FY2018). Net sales decreased due to a decline in demand for newsprint, printing / publication paper, and communication paper in the domestic business and due to an impact of a softening of the market in the overseas business. Operating profit increased primarily owing to an effect of correction of product prices.

In FY2020, net sales of 243.0 billion yen (down 49.7 billion yen from FY2019) and operating profit of 12.0 billion yen (up 0.7 billion yen from FY2019) are planned.

**Impact of COVID-19**

A decrease in sales volume of newsprint, printing / publication paper, and communication paper is forecast due to restraint in holding events and cancellation of events.

Net Sales	Operating Profit
¥292.7 billion	¥11.3 billion



**Business Overview**

**Newsprint Business**

We hold approximately 30% share of the Japanese market for newsprint. We make ongoing efforts to enhance quality, such as strength and printability, in response to the needs of newspaper companies throughout the country.



**Printing and Publication Paper Business**

We have various types of printing paper used for books, magazines, catalogs, leaflets, etc. We constantly meet the needs of the times and continue to supply high-quality products.



**Communications Paper Business**

In addition to forms and copier paper (PPC), we have various output media for information processing system, including printing paper for print on-demand.



**Expansion of Overseas Business**

At Jiangsu Oji Paper Co., Ltd., a newly installed household paper base paper machine started operation in July 2020. By adding the household paper business to the existing printing paper and pulp businesses to achieve considerable synergy among these businesses, the Printing and Communications Media Business will further enhance our overall competitiveness and flexibly respond to the increasingly severe business environment due to the advancement in information and communications technologies in recent years as well as the impact of COVID-19.



Household paper base paper machine (TM2)

**Promotion of Innovation**

In the Japanese markets for newsprint and printing paper, a shift has been made over the past several years from gravure printing suitable for large-lot printing to general offset printing in conjunction with declines in the numbers of copies of newspapers, books, and magazines issued, and it is expected that the introduction of inkjet printing suitable for extremely small lots will also be explored. To flexibly respond to these emerging needs, the Printing and Communications Media Business is developing papers with unique characteristics such as offset printing paper that has strong gloss approaching that of gravure printing and paper suitable for inkjet printing.

**Business Strategy**

**Profitability Improvement of Domestic Business**

Printing and Communications Media COMPANY is taking various measures including concentration of production facilities through shutdown and transfer of operations in order to improve profitability and increase international competitiveness, thereby eliminating urgent issues.

**Overview of Equipment Shutdown and Retrofitting**

- [Tomioka Mill]  
Shutdown of the #9 machine and the #9 coater (FY2019)
- [Tomakomai Mill]  
• Shutdown of the #N-1 machine (FY2020)  
• Retrofitting of the #N-5 machine (Manufacture of containerboard and kraft paper will start in FY2021.)  
• Relocation of the #2 machine at the Oji Materia Nayoro Mill (Manufacture of specialty linerboard and specialty paperboard will start in FY2022.)

**Production and sales cooperation with Mitsubishi Paper Mills**

- Cost cutting by eliminating mixed transportation
- Improvement of production efficiency and reduction of cost through sharing of operating technologies
- Reciprocal use of sales channels



The #N-5 machine at the Tomakomai Mill

**Voice**



**Chen WeiBing**  
General Manager  
Jiangsu Oji Paper Co., Ltd.

**Meeting new challenges of entering the household paper field**

In January 2020, Jiangsu Oji Paper undertook the household paper product business in China consisting of nepia tissue paper and disposable diapers as a result of the business consolidation within the Group and started selling household paper products. In addition, in July 2020, a newly installed household paper base paper machine started operation and we began selling household paper base paper. We are confident that the business foundation of Jiangsu Oji Paper will be further reinforced through the

entry to the household paper field, which is expected to continue to grow in the future, in addition to the existing coated paper and pulp businesses. The first challenge we are to face is stabilizing the output of the household paper base paper machine at an early stage. With top priorities given to safety, environment, and compliance, all employees will work together to meet this challenge.

“A time will come to ride the wind and cleave the waves; I'll set my cloud-white sail and cross the sea which raves.”



### Kyokuyo and Ginpo Pack

Kyokuyo Co., Ltd. is a specialized trading company that buys and sells products of Oji Group and other companies. These products include pulp and paper, synthetic resin materials and products, packaging materials, chemicals, and machinery. With the change of its name in January 2018, Kyokuyo has been expanding its business activities to a more diverse range of fields and has responded to customer needs in the most suitable and optimal ways.

Ginpo Pack Co., Ltd, a subsidiary of Kyokuyo, conducts planning, production, and sales of plastic containers for food packing with focus on “Pulfine,” heat-resistant polypropylene foam containers.



Plastic cups made from used PET bottles (CO<sub>2</sub> reduction)



“Pulfine,” highly-expanded polypropylene containers that feature excellent heat resistance and heat retention properties

### Oji Engineering

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



Waste water treatment system

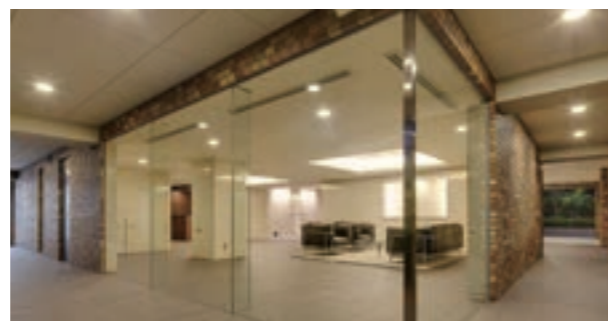
### Oji Real Estate

Oji Real Estate Co., Ltd. is as a general developer active nationwide in the development and sales of condominiums and single-family homes, lease and management of office buildings, condominiums, and commercial facilities, and the renovation business.

It also has a construction division that conducts design, supervision, and consultation in a wide range of areas including factories and plants as well as public and private facilities.



Oji Homes Aoyama (located in Minamiaoyama, Minato-ku, Tokyo) is a vintage condominium that provides support for fulfilling lifestyles through a highly-detailed concierge service.



### Hotel New Oji

Hotel New Oji Co., Ltd. engages in the hotel and flight catering businesses. In addition to the hotel business at the Grand Hotel New Oji, a 16-story city hotel located in Tomakomai City, Hokkaido, it prepares inflight meals for domestic and overseas airlines in the catering building at the New Chitose Airport and loads the meals onto aircraft using large, specialized vehicles.



The Grand Hotel New Oji



A food loader supplies meals to an aircraft

### Oji Logistics

Oji Logistics Co., Ltd. offers a variety of services, mainly to Oji Group companies to transport paper products to be shipped out of mills and consumption area warehouses. These services include warehousing, land transportation, marine transportation, port logistics, international logistics, etc. It offers total logistics service solutions, along with incorporating eco-friendliness into its operations such as implementing a modal shift toward railroads and ships rather than trucks.



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

### ESG and SDG Topics



Green Management Certification issued for the purpose of reduction of environmental burdens in the transportation industry

#### Environmentally friendly efforts (Oji Logistics)

Oji Logistics is proceeding with a shift (modal shift) from truck transportation to marine transportation and rail transportation.

In September 2019, we issued Declaration of Voluntary Actions in support of the White Logistics Movement aimed at increasing the productivity of truck transportation, improving the efficiency of logistics, realizing a working environment where female drivers and drivers in their 60s and older can work comfortably, etc.

In addition, Green Management Certification has been obtained at all business offices of an Oji Logistics' subsidiary (Oji Rikuun) in charge of the truck transportation division (p. 81).

Through these efforts, we are striving for clean logistics and working with the Oji Group to become an environmentally friendly company.



#### Oji Group Declaration of Voluntary Actions

<https://white-logistics-movement.jp/wp-content/themes/white-logistics/docs/declarations/00539.pdf> (available only in Japanese)