



The Oji Group Integrated Report 2020

Fiscal year ended March 2020



Management Philosophy

**Creation of
Innovative Value**

**Contribution to
the Future and
the World**

**Harmony with
Nature and
Society**

Untiring self-transformation, challenging manufacturing,
strategic business model creation, and innovation.
In a world that is constantly changing, the Oji Group aims
to create innovative value in the global arena.

OJI

Beyond the Boundaries

Slogan

“Beyond the Boundaries”

This slogan expresses the Oji Group’s commitment to actively go beyond the “boundaries” of business domains, countries, and the respective capabilities of individual employees with the aim of contributing to the future, society, and the world as well as the determination of all Group members to maximize corporate value as a truly global company.

Creation of Innovative Value

Innovation is essential for the Oji Group to make a big leap forward. Changes must take place in the research and technological development leading up to revolutionary new products. At the same time, our organizational systems and the behaviors of each and every employee need to be transformed. We will promote “challenging manufacturing” based on novel ideas and fulfill society’s latent needs.



Contribution to the Future and the World

The Oji Group comprises a diverse range of businesses. We have grown into a global corporate group, with an overseas sales ratio of around 30%. The Group will continue to provide innovative value to all countries, regions and societies and create a new future through proactive global expansion in Asian and other countries.



Harmony with Nature and Society

Sustainable resource circulation based on forest resources is the foundation of the Oji Group. We will advance our initiatives such that the business activities themselves contribute to a sustainable society. The initiatives include using vast areas of company-owned forest in and outside Japan for multiple purposes, and seeking measures to reduce the environmental burden at manufacturing sites.



We publish the Oji Group Integrated Report. This report presents both financial and non-financial information in an easy-to-understand manner so as to deepen investors' and other stakeholders' understanding of the Group. This fiscal year's report was compiled in such a way that provides narratives and makes it easier to understand. We have also established a "Sustainability Report (online)" section on our website. The web page and the Integrated Report complement each other.

The society and the global environment surrounding us now stand at a crossroads due to a combination of existing issues, such as climate change and marine plastic litter, and the impact of COVID-19 that emerged this fiscal year. Under these

circumstances, Oji Holdings, operating a sustainable paper manufacturing business since our foundation, with forest resources as the core of our business, has held numerous discussions by obtaining internal and external cooperation to sincerely and carefully communicate what new values can be created, and how we can contribute to social safety and security and the global environment.

We hope that the Oji Group Integrated Report will help you understand more about the Oji Group and our initiative to fulfill our mission to continue innovating to implement our business activities that contribute to advancing our society, with a view toward the future, through deeper communication with stakeholders.

Editorial Policies

When preparing this Report, and reference was made to the following. Additionally, the report is structured in relation to the 10 principles in four areas found in the United Nations Global Compact.

- International Integrated Reporting Framework
(International Integrated Reporting Council)
- GRI Standard (Global Reporting Initiative)
- Guidance for Collaborative Value Creation
(Ministry of Economy, Trade and Industry)

Ensuring Reliability

To ensure the reliability of this report, FY2019 figures marked with a star (★) have been assured in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and ISAE 3410 by KPMG AZSA Sustainability Co., Ltd.

Scope of Coverage of this Report

In general, this report covers Oji Holdings, 189 consolidated subsidiaries, and 24 equity-method affiliates (as of March 31, 2020). In cases where coverage differs, this is indicated.

Reporting Period

The reporting period is from April 1, 2019 to March 31, 2020. With the exception of numerical data, however, activities carried out from and after April 2020 are also referenced.

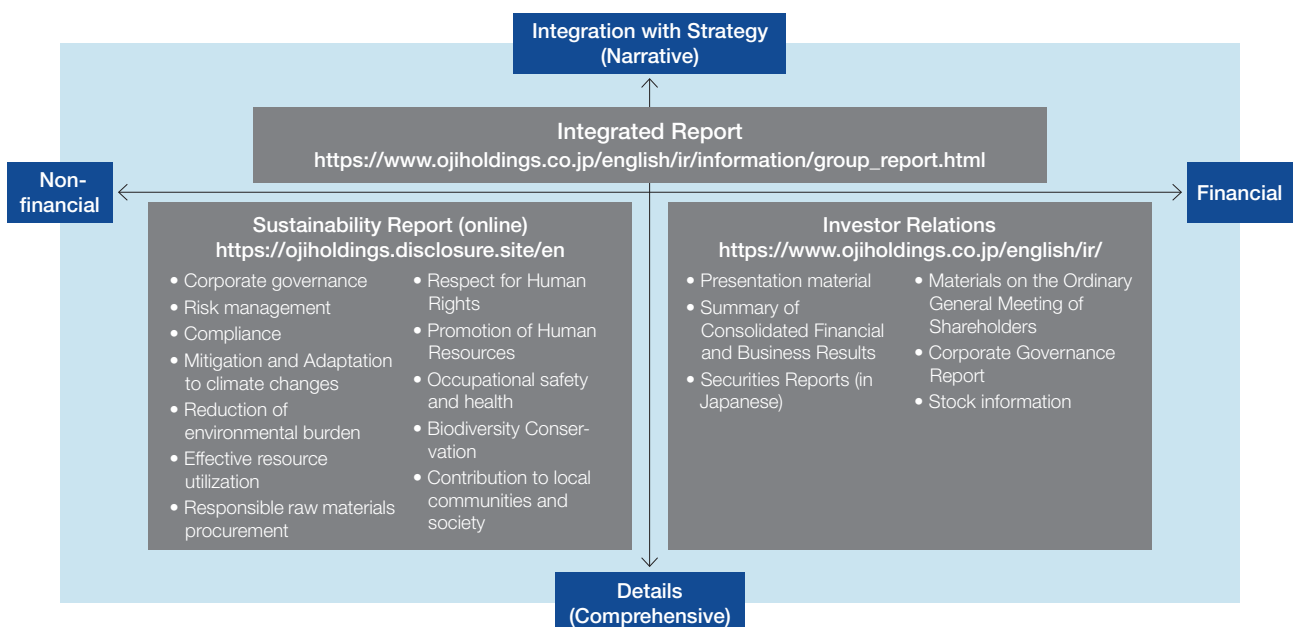
Disclaimer Regarding Forecasts and Other Forward-looking Statements

Forecasts and other forward-looking statements in this report represent projections by Oji Holdings based on information available at the time of publication and reasonable judgments and therefore contain uncertainties. Actual results may differ substantially due to various factors.

This Report is Printed on Forest Certified Paper

This report uses OK Top Kote Matt N EF paper (cover: 157.0 g/m²; text: 104.7g/m²) manufactured by Oji Paper, an Oji Group company. The report is printed on FSC™ forest certified paper made from resources harvested from responsibly-managed forests (FSC™ C014119).

Communication Map





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Photos on the Cover

	<ul style="list-style-type: none"> ① Yubari mountain forest (Hokkaido) ② Kaweka mountain forest (New Zealand) ③ Rubeshibe mountain forest (Hokkaido) ④ A fairy pitta ⑤ Tomakomai mountain forest (Hokkaido)
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Evaluation from Society



FTSE Blossom Japan Index

Oji was selected for FTSE Blossom Japan Index, one of the ESG indexes selected by Government Pension Investment Fund (GPIF), in September 2019. (Scope: Oji Holdings)

FTSE4Good Index Series

Oji was selected for FTSE4Good Index Series, an ESG index established by FTSE Russell, in September 2019. (Scope: Oji Holdings)

SOMPO Sustainability Index

Oji was selected in June 2019 for SOMPO Sustainability Index, which is used for SOMPO Sustainable Investment, an investment product of Sompo Asset Management Co., Ltd. (Scope: Oji Holdings)

S&P/JPX Carbon Efficient Index

Oji has been selected for S&P/JPX Carbon Efficient Index in September 2018. Constituents of the index are selected with a focus on companies' disclosure of environmental information and carbon emissions per sales. (Scope: Oji Holdings)

SUSTAINA ESG AWARDS 2020

Oji won the gold award in the Pulp and Paper category of the SUSTAINA ESG AWARDS 2020 in September 2020. The award program honors companies that are actively engaged in ESG initiatives. (Scope: Oji Holdings)

MSCI Japan Empowering Women (WIN) Index

Oji has been selected since June 2017 for MSCI Japan Empowering Women (WIN) Index, an ESG index established by MSCI Inc. (Scope: Oji Holdings)

“Eruboshi” certification received pursuant to the Act on Promotion of Women’s Participation and Advancement in the Worksite

On December 21, 2017, Oji Holdings was granted “Eruboshi” (Grade 3, the top grade) company certification by the Minister of Health, Labour and Welfare in recognition of its efforts to promote women’s participation and career advancement. (Scope: Oji Holdings)

FY2017 “Nadeshiko Brand”

On March 22, 2018, Oji was designated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as “Nadeshiko Brand” companies as enterprises that are outstanding in terms of encouraging the empowerment of women in the worksite. (Scope: Oji Holdings and Oji Management Office)

JPX Nikkei Index 400

Oji has been selected for JPX Nikkei Index 400 since August 2014. The stock price index comprises stocks that meet the requirements of global investment standards and are attractive to investors. (Scope: Oji Holdings)

Since its founding in 1873, the Oji Group has been growing through the expansion of business fields. While keeping abreast of the trends of the times, we have tackled changing social needs and evolved our business structure. In recent years, aiming for contribution to a sustainable society, we have been actively rolling out the technologies cultivated in our domestic business to the global market.

1873

Birth of the Modern Paper Manufacturing Industry

The origin of the Oji Group dates back to the establishment of Shoshi Kaisha, a paper manufacturing company by Eiichi Shibusawa, the founder of the modern Japanese economy.



From Shibusawa Memorial Museum Collection

Shibusawa advocated that "paper and printing businesses are the source of civilization." He held on to his great ambition to supply domestic paper.

1910

Establishment of Domestic Supply Structure

We established the Tomakomai Mill in a fishing village in Hokkaido, which had abundant resources such as forests and water as well as vast and flat land, which are required for paper manufacturing, and started producing newsprint.



We worked on unimaginably difficult construction such as building a latest hydroelectric power plant at Waterfall Nassou on the undeveloped shore of Lake Shikotsu.

1950s

Efforts toward New Technologies

With a view to producing high-quality paper quickly and in large quantities, we turned to a continuous digester, which was unproven at that time but highly productive. We introduced the equipment at the Kasugai Mill.

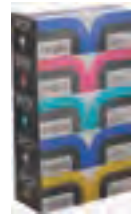


Tomakomai Mill for newsprint and Kasugai Mill for woodfree paper contributed to our growth. Kasugai Mill even became a pioneer of urban factories.

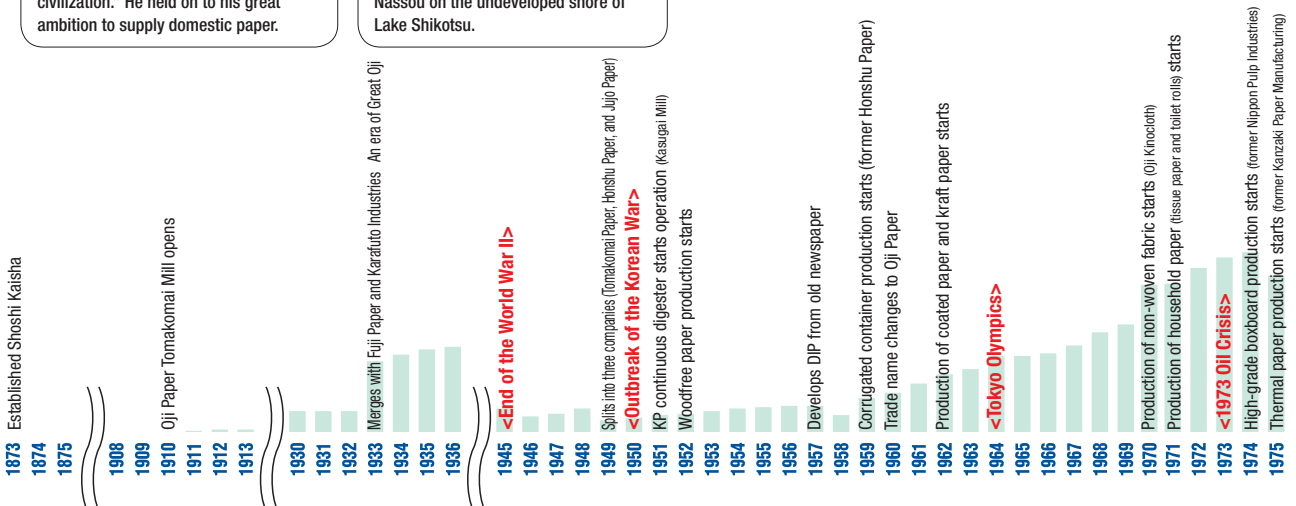
1970s

Changing Lifestyles and Diversification of Paper

Demand for paper was only growing, and people started to have high expectations for the material, which found its way into products other than newsprint and printing paper.



Paper materials such as boxboard, thermal paper, and household paper have come to play an active role in various situations that support daily life.



Further Global Deployment

2010s

We actively developed the overseas business with a focus on Southeast Asia. The overseas sales ratio reached approximately 30%.



We have newly established corrugated container and folding carton factories in Malaysia, Cambodia and India, among other countries, to meet vigorous local demand.

Shift in the Business Structure

2000s

Paper production volume has been declining since 2008. This unprecedented crisis created an opportunity for shifts in the business structure.



Demand for paperboard as a packaging material was strong. The production ratio of paper and paperboard gradually changed.

Response to Environmental Issues

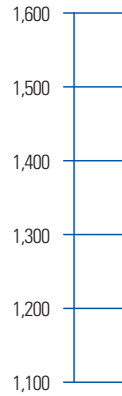
1990s

Attention was drawn to issues that are directly related to people's lives, such as resource saving, energy saving, and urban waste treatment.

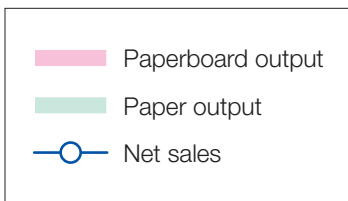
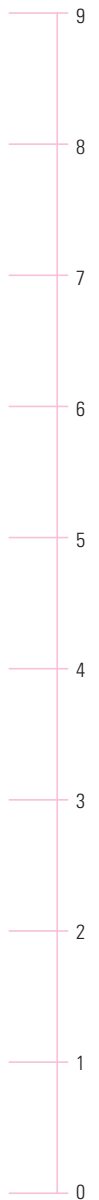


Light-weighted newsprint became common, and in the household paper field, we succeeded in volume reduction of tissue paper cartons. In addition, due to advances in recovered paper utilization technology, the recovered paper utilization ratio exceeded 50%.

Net sales (¥billion)



Domestic Output (million tons)



1976
1977
1978
1979 Merges with Nippon Pulp Industries
1980
1981 <First Flight of a Space Shuttle>
1982
1983
1984
1985
1986
1987 Disposable diaper production starts
1988
1989 <Fall of the Berlin Wall>
1990
1991
1992 Full-scale overseas forest plantation business starts
1993 New Oji Paper (merges with Kanzaki Paper Manufacturing)
1994
1995
1996 Oji Paper (merges with Honshu Paper)
1997 <Kyoto Protocol>
1998
1999
2000
2001 Oji Materina and Oji Container founded
2002
2003
2004 Oji F-Tex founded
2005 Morishigyo Group acquired
2006
2007 Jiangsu Oji Paper established (China)
2008 <Global Financial Crisis>
2009
2010 GSPP group acquired (Malaysia)
2011 Oji Papéis Especiais acquired (Brazil)
2012 Transitioned to a pure holding company structure Celulose Nipo-Brasileira acquired (Brazil)
2013
2014 Oji Fibre Solutions acquired (New Zealand and Australia)
2015 People & Grit acquired (Malaysia)
2016
2017
2018
2019 <Global Pandemic of COVID-19>

Industrial Materials COMPANY

P.38

Household and Consumer Products COMPANY

P.41

Functional Materials COMPANY

P.44

Forest Resources and Environment Marketing COMPANY

P.48

Printing and Communications Media COMPANY

P.52

Corporate Management Group and Shared Service Companies

P.54

Main businesses

Containerboard and corrugated containers business, Boxboard and folding cartons business, Packaging papers and paper bags business, Household paper business, Disposable diaper business

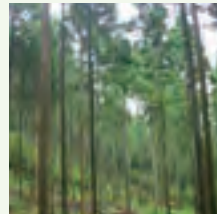


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Specialty paper business, Thermal paper business, Adhesive products business, Film business



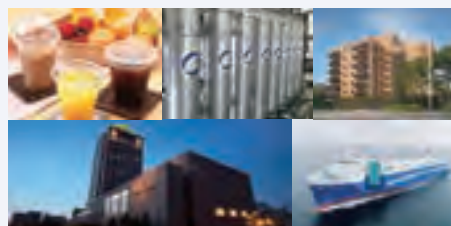
Pulp business, Energy business, Plantation and lumber processing businesses, Starch and Sweetener Products Business



Newsprint business, Printing, publication, communications paper business



Real estate, Engineering, Trading, Logistics, etc.



Affiliated companies

Domestic

43
companies

Overseas

44
companies

Domestic Overseas

1 **8**
companies companies

Domestic

10
companies

Overseas

13
companies

Domestic

15
companies

Overseas

16
companies

Domestic

7
companies

Overseas

1
companies

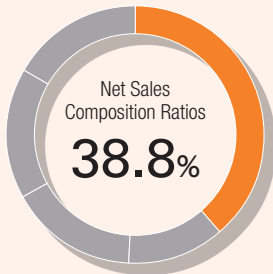
Domestic

15
companies

Overseas

16
companies

Earning structure



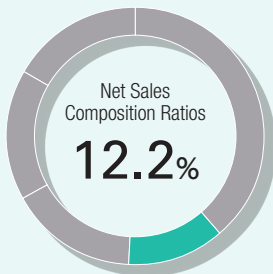
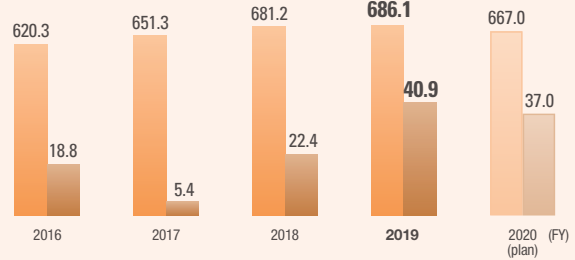
Net Sales

¥ 686.1 billion

Operating Profit

¥ 40.9 billion

Net Sales (¥ billion) Operating Profit (¥ billion)



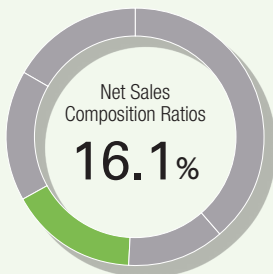
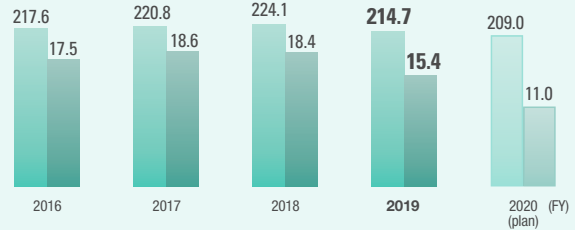
Net Sales

¥ 214.7 billion

Operating Profit

¥ 15.4 billion

Net Sales (¥ billion) Operating Profit (¥ billion)



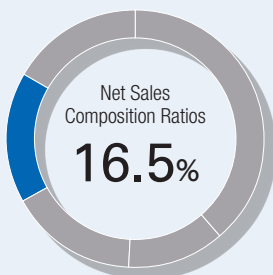
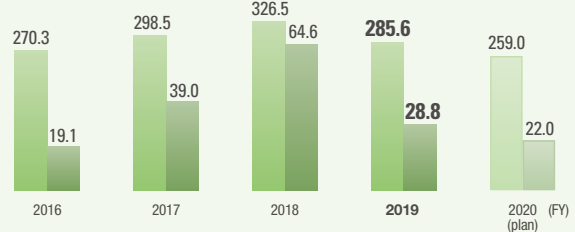
Net Sales

¥ 285.6 billion

Operating Profit

¥ 28.8 billion

Net Sales (¥ billion) Operating Profit (¥ billion)



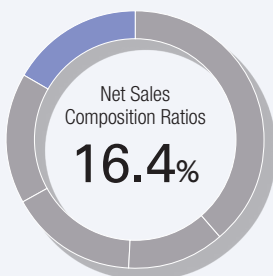
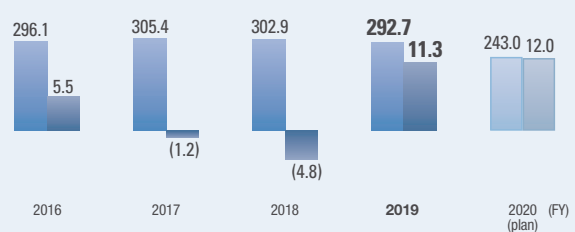
Net Sales

¥ 292.7 billion

Operating Profit

¥ 11.3 billion

Net Sales (¥ billion) Operating Profit (¥ billion)



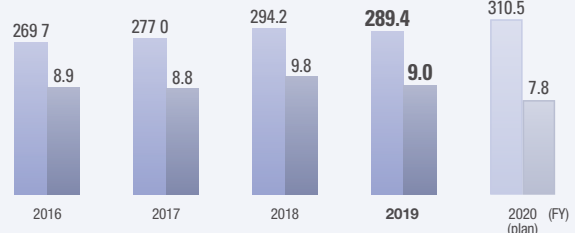
Net Sales

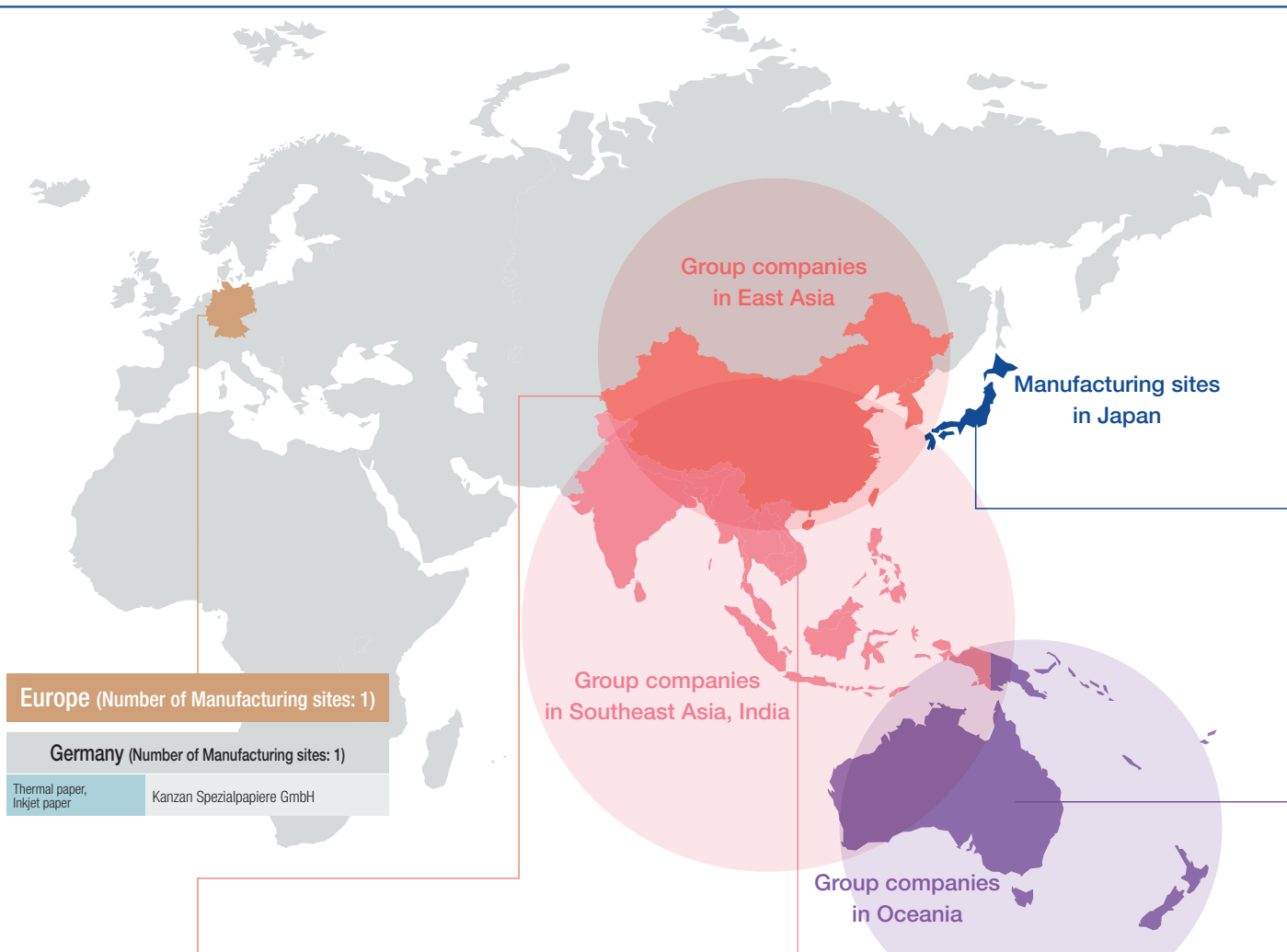
¥ 289.4 billion

Operating Profit

¥ 9.0 billion

Net Sales (¥ billion) Operating Profit (¥ billion)





Europe (Number of Manufacturing sites: 1)

Germany (Number of Manufacturing sites: 1)	
Thermal paper, Inkjet paper	Kanzan Spezialpapiere GmbH

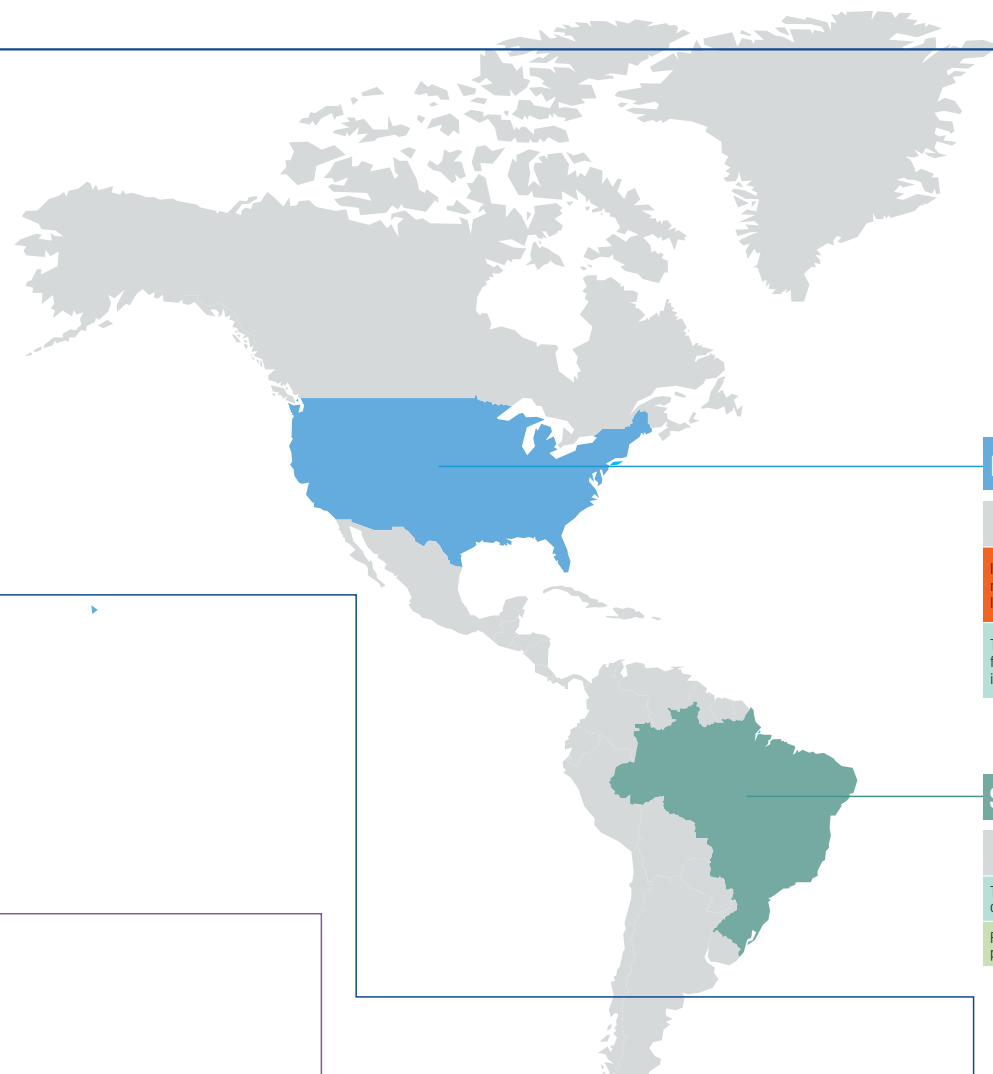
Group companies in East Asia (Number of Manufacturing sites: 10)

China (Number of Manufacturing sites: 8)	
Regional headquarters	Oji Paper Management (Shanghai) Co., Ltd.
Heavy-duty corrugated containers	Suzhou Oji Packaging Co., Ltd.
Corrugated containers	Dalian Mori Mitsui Packaging Co., Ltd.
Heavy-duty corrugated containers	Cheng Yuang Paper Business Co., Ltd.
Paper bags	Oji Packaging (Shanghai) Co., Ltd.
Filter	Kunshan Oji Filter Co., Ltd.
Cut and processed products of dry pulp non-woven fabric, thermal paper, and specialty paper	Oji Kinocloth (Shanghai) Co., Ltd.
Decorative paper	Sunshine Oji (Shouguang) Specialty Paper Ltd.
Sales	Oji Paper International Trading (Shanghai) Co., Ltd.
Household paper, disposable diapers	
Pulp	Jiangsu Oji Paper Co., Ltd.
Coated paper, wood-free paper	
Korea (Number of Manufacturing sites: 2)	
Heavy-duty corrugated containers	Oji Interpack Korea Ltd.

Group companies in East Asia (Number of Manufacturing sites: 41)

Malaysia (Number of Manufacturing sites: 16)	
Regional headquarters	Oji Asia Packaging Sdn. Bhd.
Regional headquarters	Oji Asia Management Sdn. Bhd.
Containerboard, corrugated containers	GSPP Group
Containerboard, corrugated containers, plastic bags	Harta Packaging Group
Corrugated containers	United Kotak Bhd.
Disposable diapers	People & Grit (M) Sdn. Bhd.
Disposable diapers	Oji Asia Household Product Sdn. Bhd.
Label printing & converting	Hyper-Region Labels Sdn. Bhd.
Thermal paper & carbonless paper printing & converting	Tele-Paper (M) Sdn. Bhd.
Cambodia (Number of Manufacturing sites: 3)	
Corrugated containers, plastic bags	Harta Packaging Group
Myanmar (Number of Manufacturing sites: 2)	
Corrugated containers	Oji GS Packaging (Yangon) Co., Ltd.
Packaging materials	Oji Myanmar Packaging Co., Ltd.
India (Number of Manufacturing sites: 4)	
Corrugated containers	Oji India Packaging Pvt. Ltd.
Heavy-duty corrugated containers	Oji Interpack India Pvt. Ltd.
Thailand (Number of Manufacturing sites: 5)	
Corrugated containers, folding cartons	S.Pack & Print Public Co., Ltd.
Heavy-duty corrugated containers	Union and Oji Interpack Co., Ltd.
Carbonless paper, thermal paper	Oji Paper (Thailand) Ltd.
Adhesive paper, release paper	Oji Label (Thailand) Ltd.
Vietnam (Number of Manufacturing sites: 9)	
Corrugated containers	Ojitex (Vietnam) Co., Ltd.
Corrugated containers	Ojitex Haiphong Co., Ltd.
Paper bags	Japan Paper Technology (VN) Co., Ltd.
Paper bags	Japan Paper Technology Dong Nai (VN) Co., Ltd.
Folding cartons	United Packaging Co., Ltd.
Forest plantation	Quy Nhon Plantation Forest Co. of Vietnam Ltd.
Sales	Oji Forest Products Vietnam Co., Ltd.
Indonesia (Number of Manufacturing sites: 2)	
Disposable diapers	PT Oji Indo Makmur Perkasa
Sales	PT Indo Oji Sukses Pratama
Forest plantation, woodchips, woodpellets	PT Korintiga Hutani

① Listed only for major affiliated companies (As of March 31, 2020)
 ② Production bases do not include sales companies and tree planting
 List of Affiliated Companies pp.104-105



North America (Number of Manufacturing sites: 2)

America (Number of Manufacturing sites: 2)

Interior automotive material, laminating	Oji Intertech, Inc.
Thermal paper, film, inkjet paper	Kanzaki Specialty Papers, Inc.

South America (Number of Manufacturing sites: 2)

Brazil (Number of Manufacturing sites: 2)

Thermal paper, carbonless paper	Oji Papéis Especiais Ltda.
Forest plantation, pulp	Celulose Nipo-Brasileira S.A.

Group companies in Oceania (Number of Manufacturing sites: 16)

Australia (Number of Manufacturing sites: 6)

Corrugated containers, paper cups	Oji Fibre Solutions
Forest plantation	Green Triangle Plantation Forest Co. of Australia Pty. Ltd.
Forest plantation	Albany Plantation Forest Co. of Australia Pty. Ltd.
Woodchips	Albany Plantation Export Co., Pty. Ltd.

New Zealand (Number of Manufacturing sites: 10)

Containerboard, corrugated containers, paper bags	Oji Fibre Solutions
Pulp	
Forest plantation, pulp, lumber business	Pan Pac Forest Products Ltd.
Lumber business	Pan Pac Forest Products (Otago) Ltd.
Forest plantation	Southland Plantation Forest Co. of New Zealand Ltd.

Manufacturing sites in Japan (Number of Manufacturing sites: 102)

Company management	Oji industrial Materials Management Co., Ltd.	Company management	Oji Green Resources Co., Ltd.
Containerboard, boxboard, packaging papers	Oji Materia Co., Ltd.	Woodchips, lumber business etc.	Oji Forest & Products Co., Ltd.
		Energy	Oji Green Energy Shiranuka Co., Ltd.
Corrugated containers	Oji Container Co., Ltd. Morishigo Co., Ltd.	Energy	Oji Green Energy Ebetsu Co., Ltd.
		Energy	Oji Green Energy Nichinan Co., Ltd.
Folding cartons	Oji Packaging Co., Ltd.	Energy	MPM Oji Eco-Energy Co., Ltd.
Paper bags	Oji Seitai Co., Ltd.	Newsprint, printing and publication paper, communications paper	Oji Paper Co., Ltd.
Household papers, disposable diapers	Oji Nepia Co., Ltd.		
Company management	Oji Functional Materials Progressing Center Inc.		
Specialty paper, films	Oji F-Tex Co., Ltd.		
Thermal paper	Oji Imaging Media Co., Ltd.		
Adhesive products	Oji Tac Co., Ltd.		
Adhesive products, medical	New Tac Kasei Co., Ltd.		
Non-woven fabric	Oji Kinocloth Co., Ltd.		
Printing, processing, packaging materials	Chuetsu Co., Ltd.		

- Industrial Materials Business
- Household and Consumer Products Business
- Functional Materials Business
- Forest Resources and Environment Marketing Business
- Printing and Communication Media Business
- Other Businesses (Company management, Regional headquarters, Sales)

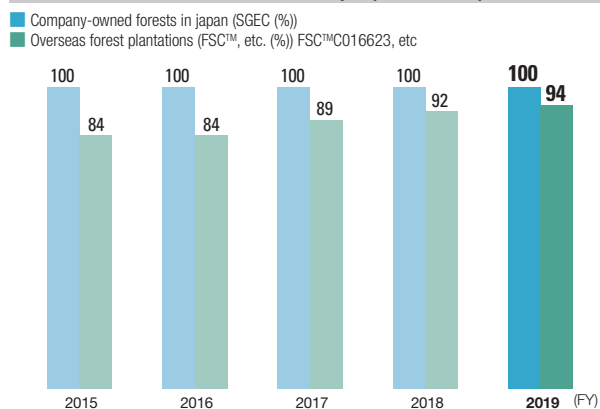
Financial Highlights

Segment		FY2009	FY2010	FY2011	FY2012
Overseas sales ratio	(%)	7.8	9.7	10.6	16.7
Operating profit	(¥billion)	73.7	65.4	53.8	43.5
Profit per share	(¥)	25.18	24.92	22.46	21.91
Free cash flows	(¥billion)	89.4	25.7	38.3	29.2
Net D/E ratio	(times)	1.6	1.7	1.6	1.4
Return on equity (ROE)	(%)	5.8	5.6	5.0	4.6
Capital investment, etc.	(¥billion)	83.0	77.1	54.7	70.1
Dividend per share	(¥)	10.0	10.0	10.0	10.0

Non-financial Highlights

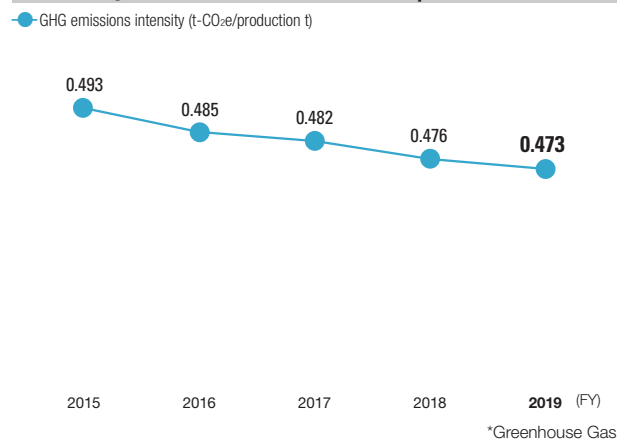
Forest certification acquisition rate

Japan: 100%, Overseas: 94%
Change from FY2018 **+2 pt (overseas)**



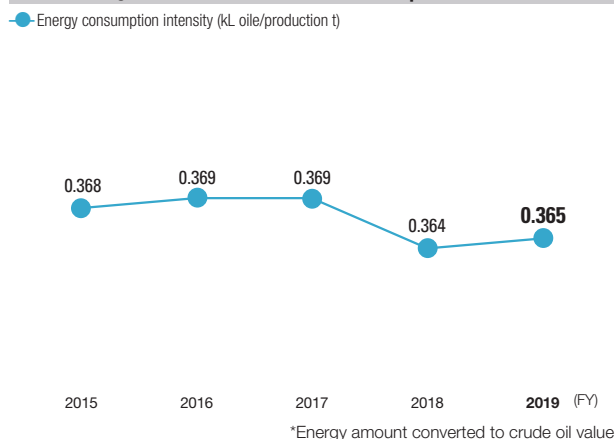
GHG* emissions intensity

0.473 t-CO₂e/production t
Change from FY2018 **▲0.003 t-CO₂e/production t**



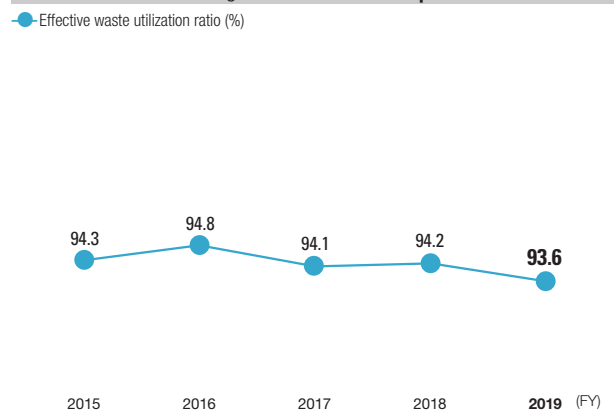
Energy consumption intensity

0.365 kL oil*/production t
Change from FY2018 **+0.001 kL oil*/production t**



Effective waste utilization ratio

93.6%
Change from FY2018 **▲0.6pt**



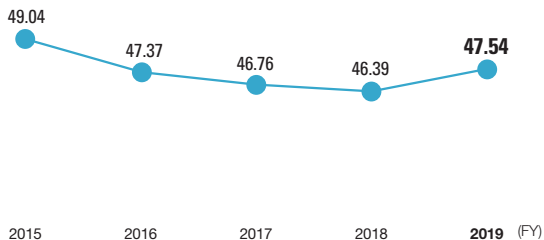
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
20.3	22.8	27.8	28.2	31.0	32.0	29.9
57.3	43.9	72.0	70.2	70.8	110.2	106.1
32.01	15.71	12.86	40.74	36.64	52.52	58.78
42.1	(74.6)	84.8	117.2	49.2	74.0	59.7
1.1	1.0	1.0	0.8	0.7	0.7	0.6
5.9	2.6	2.1	6.7	5.6	7.7	8.5
76.7	80.1	57.4	57.9	69.3	62.1	97.5
10.0	10.0	10.0	10.0	10.0	12.0	14.0

Water intake intensity

47.54 m³/production t

Change from FY2018 **+1.15 m³/production t**

● Water intake intensity (m³/production t)

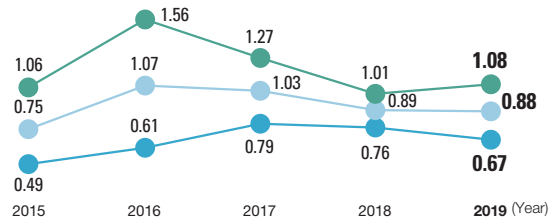


Lost Time Injury Frequency Rate* (LTIFR)

0.88

Change from FY2018 **▲0.01pt**

● Japan ● Overseas ● Whole Group



- * (1) Covered period: January 1 to December 31
(2) The frequency rate is an indicator of the frequency of occupational accidents as the number of fatalities and injuries (fatal accidents and accidents resulting in at least one day of lost work) caused by occupational accidents per one million working hours.

$$\text{Lost time injury frequency rate (LTIFR)} = \frac{\text{Number of occupational accident casualties} \div \text{Total working hours} \times 1,000,000}{\text{Total working hours} \times 1,000,000}$$

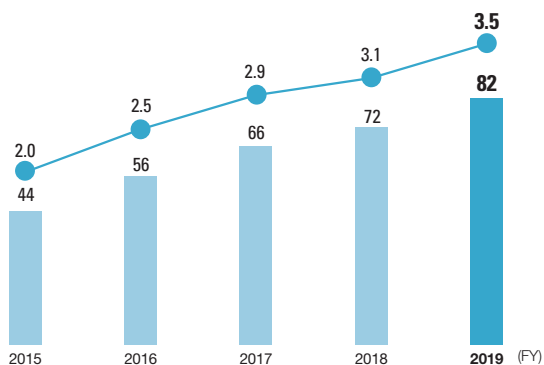
(3) Total working hours are calculated based on the number of group company employees (regular employees and temporary/non-regular employees) as of the end of September every year, assuming the annual working hours per person is 2,000 hours.
(4) Unlike the figures in previous years, the frequency rate calculation of each year shown in the graph above is adjusted retroactively to also include accidents at overseas group companies that are not determined to be at the level of accidents accompanied by injuries with lost work days in Japan.

Percentage of female managers (16 Oji Group companies in Japan)

3.5%

Change from FY2018 **+0.4pt**

■ Number of women in management positions ● Percentage of female managers

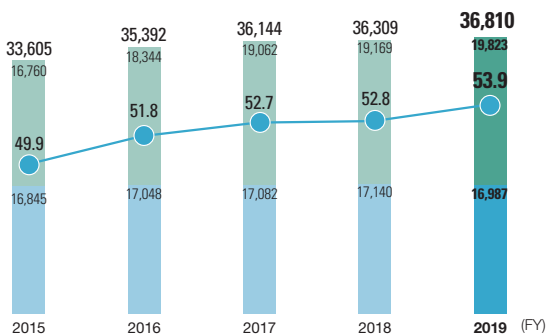


Number of employees (excluding temporary employees)

36,810

Change from FY2018 **+501 (overseas +654)**

■ Japan ■ Overseas ● Percentage of overseas employees



As we face a challenging year, amid dramatic changes in the world around us, I would like to look back on the path the Oji Group has taken to get where we are today, and present my opinion on our path into the future.

The Oji Group will continue to progress, with the commitment to contributing to the building of a sustainable society through the enhancement of corporate value.

I. Introduction

I would like to begin by expressing my deepest condolences for those who have lost their lives as a result of COVID-19 and their bereaved families, and my earnest sympathies for those currently battling the disease. I would also like to express my respect for the officials and health-care workers who are making every effort to prevent the spread of the infection.

The Oji Group's Vision for a Sustainable Society

Masatoshi Kaku

Representative Director of the Board,
President and Group CEO



These hardships have helped all of us realize how precious our normal lives, which we used to take for granted, are and that a company is an entity that lives in harmony with society. At the Oji Group, we will do our utmost to fulfill our role, doing our part to bring this pandemic under control as soon as possible. We are utilizing our expertise, and have decided to increase production of masks and non-woven fabric used in isolation gowns. We also sell many products that play a vital part in maintaining everyday life, such as health and sanitary products including tissue paper and toilet paper, the corrugated containers and folding carton products that support logistic services, and newsprint to convey information. We will ensure the continuation of production activities, while thoroughly implementing measures to prevent infection, and strive to provide society with a little peace of mind.

II. Sustainable Growth as a Corporate Group Required by Society

The Oji Group's DNA passed down since our founding while responding to social change

The origins of the Oji Group can be found in 1873, when Eiichi Shibusawa established Shoshi Kaisha with the aim of developing the domestic paper manufacturing industry. He was committed to supporting social and economic development in Meiji Era Japan through the proliferation of books and newspapers to raise the level of knowledge of the public. Today, we engage in a wide range of businesses, including printing and communications paper and newsprint in the Printing and Communications Media Business that draws upon the roots, as well as packaging materials such as corrugated containers, household paper, and disposable diapers in the Household and Industrial Materials Businesses, specialty paper, thermal paper, adhesive paper, and film products in the Functional Materials Business, plantation forest maintenance and management, the manufacture and sale of pulp, and the supply of electricity utilizing renewable energy in the Forest Resources and Environment Marketing Business. Besides, our businesses have expanded globally. During our long history, spanning 150 years, we have greatly expanded our business domains and geographical spread. There is one way of thinking, however, that we have always emphasized in our management and business operations: our founding spirit.

We are the successors to the philosophy of “unity of economy and morality” advocated by Eiichi Shibusawa, who is our founder and deemed the father of the modern Japanese economy. Even as the business world is going global and approaches to work styles and management are diversifying, we value our corporate social responsibility based on the philosophy.

Enhancing corporate value and contributing to a sustainable society through the three facets of our management philosophy

Our **management philosophy** upholds the “**Creation of Innovative Value,**” “**Contribution to the Future and the World,**” and “**Harmony with Nature and Society.**” Just keeping the tradition alive will not lead us to increase corporate value in a constantly changing society. We believe that by realizing the concept of “challenging manufacturing” to fulfill both present and future needs, our technology and experience cultivated over the years can keep supporting people’s lives into the future in various forms. In order to continue to bring “innovative value” to society in anticipation of changing needs of society, we will embrace change (transformation) and demonstrate our ability to tackle hardships inherited from the forerunners who have overcome the economic turmoil throughout history.

Management Philosophy

“Creation of Innovative Value”

Promptly detect changes in values across broad fields of society and strive to offer “innovative value” that fulfill society’s latent needs by promoting “challenging manufacturing” based on novel ideas.

“Contribution to the Future and the World”

Continue to be a global enterprise that provides “innovative value” to all countries, regions, and creating a new future.

“Harmony with Nature and Society”

Actively address environmental problems and contribute to the realization of a sustainable society for the sake of continual existence and flourishing with nature and the Earth.



The corporate group image expressed by the slogan “Beyond the Boundaries”

With its history spanning 150 years, the Oji Group is often regarded as a “long-established, traditional paper company.” In reality, “transformation” has always been a key part of our history. I would like to take this opportunity to look back on one of the great transformations we have undergone in recent years: our transition to a pure holding company structure in 2012.

From the early 2000s, the business environment gradually began to change due to factors such as Japan’s aging population and declining birth rate, the development of information and communications technology, and the rise of imported paper. It was transformed dramatically through the global financial crisis in 2008. In particular, the supply-demand structure in paper manufacturing, one of our main businesses, underwent profound change, which forced us to reconsider the structure of our organization on the premise that the market would shrink. In 2012, we transitioned to a holding company structure, with the aim of clearly demonstrating, both within and outside the Oji Group, our strategy and policy of pushing forward strongly with business restructuring. Our **new slogan “Beyond the Boundaries”** was created in tandem with the transition. It expresses our determination to move forward into the future as a truly global company by actively going beyond various “boundaries” including business domains, national territories, and the individual abilities of our employees, to contribute broadly to society and the world. The Oji Group has made a fresh start, sharing with its employees and other stakeholders the positive attitude that it is willing to take on the challenge of overcoming old customs and mindsets to confront the changes in the business environment.

III. Changes in the Oji Group’s Environment, Medium- to Long-Term Outlook and Challenges

Management direction from the transition to a holding company structure through the FY2016–2018 Medium-term Management Plan

The transition to a holding company structure prompted us to launch full-fledged efforts to break away from the

■ Performance Indicator Targets Under the FY2019–2021 Medium-term Management Plan

- Consolidated operating profit: At least **150** billion yen
(maintain stable operating profit of more than 100 billion yen)
- Overseas sales ratio: **40%** (with a target of more than 50% in the short term)
- ROE: **10.0%**
- Net D/E ratio: **Maintain current status** * FY2018 result: 0.7 times
- Market capitalization: At least **1** trillion yen

business structure that was overdependent on domestic demand of papermaking and other businesses. In response to the shrinking market of the domestic Printing and Communications Media Business, we have pursued the optimal manufacturing system, generated cash flows and management resources, and reallocated them to other promising businesses and growth areas overseas. These initiatives have finally started to bear fruit. In FY2018, the final year of the previous medium-term management plan, we not only achieved our long sought-after target of consolidated operating profit of 100 billion yen, but also firmly established a structure to bring in profit from overseas, raising the overseas sales ratio, which had been less than 10.0% in FY2010, to as high as 32.0%. We also achieved our targets for reducing interest-bearing debts with room to spare, building a financial foundation for our next growth strategy.

Goals of the FY2019–2021 Medium-term Management Plan

The Oji Group ended the previous medium-term management plan in FY2018 with consolidated operating profit of over 100 billion yen. On the other hand, we identified three issues as challenges for continued growth. Firstly, greater-than-expected shrinkage of the Japanese market deteriorated the utilization ratio of manufacturing facilities, and reduced our domestic business' earnings capacity. Secondly, we should expand the overseas business, especially in the growing Southeast Asian and Indian markets. Specifically, we need to strengthen vertical integration from upstream raw materials to downstream conversion in the corrugated container business, and reinforce the local production systems in the disposable diaper

business. Thirdly, in response to the shrinking paper market, we need to develop the third core material that will lead to the building of a sustainable society, and swiftly commercialize it. Doing so requires that we further hone our core technology cultivated through papermaking.

Under the current medium-term management plan spanning the three years from FY2019 to FY2021 launched last year, we set forth three pillars of the fundamental policy - **“1. Profitability Improvement of Domestic Business,” “2. Expansion of Overseas Business,”** and **“3. Promotion of Innovation,”** - to aim for **“Contribution to a Sustainable Society.”**

Regarding **“1. Profitability Improvement of Domestic Business,”** we positioned the rebuilding of our domestic business as a top priority. At a time when the overseas business faces a slowdown, albeit temporarily, it is not enough for the domestic business to simply secure cash flow through thorough cost reduction measures taken in the past. To generate cash flow more actively, we will take the efforts one step further. Concretely, we will (1) rebuild the manufacturing system in a fundamental way, (2) streamline the business by partnering with Mitsubishi Paper Mills and other companies, and (3) focus management resources on promising businesses whose demand is expected to stay firm. The recovery and improvement of the earnings capacity of the domestic business has become an urgent task.

With respect to **“2. Expansion of Overseas Business,”** there can be no doubt that it is overseas markets that are growing. Our policy is to target growth regions and growth fields in particular, and continue to expand our investment mainly in Asia and Oceania. More precisely, we seek organic business expansion from existing bases primarily in (1) the packaging business in Southeast Asia, India and Oceania, (2) the disposable diaper business in Southeast Asia and China, (3) the thermal paper business

worldwide, and (4) the pulp business worldwide. At the same time, we will pursue synergy not only within a business but also across different businesses and bases, to improve profitability.

With regard to **“3. Promotion of Innovation,”** we will further sharpen the technologies cultivated through the paper manufacturing business. This initiative is aimed at accelerating the development of innovative new materials and products that potentially support the sustained growth of the Oji Group and become a source of revenue in the next generation. In addition to (1) cellulose nano-fiber and (2) medical products made from wood hemicellulose, which we expect to have an enormous potential, we will accurately address the needs of the times and seek business opportunities in (3) biomass plastic, (4) paper alternatives to plastic, and (5) next-generation packaging solutions, areas that are drawing attention as countermeasures to environmental and other social issues.

During the three-year period of the plan, the Oji Group will offer society a variety of value through business operations based on the above three fundamental policies in management, thereby contributing to achieving the Sustainable Development Goals (SDGs). The Group will also lay the firm foundation for the businesses to become a corporate group that constantly earns annual consolidated operating profit of over 100 billion yen.



Anticipated opportunities and risks from the spread of COVID-19, and our social responsibility

In this way, the FY2019–2021 Medium-term Management Plan was launched. Over the past year, we have seen signs of transformation in the business environment that could be comparable to, or perhaps far greater than, the drastic changes that occurred in the wake of the global financial crisis in 2008. The global COVID-19 pandemic

has altered people’s lifestyles. This transformation is not simply a temporary aberration, but is becoming the norm. This trend can be both a threat and an opportunity for us, and holds key to our future business operations. We will respond swiftly and appropriately to such changes.

The domestic business has witnessed a dramatic decline in demand for newsprint and printing and communications paper, due to changes in modes of consumption such as growth in stay-at-home demand and a sharp drop in inbound demand. The demand had been declining before the pandemic due to changes in communication methods, and in the context of so-called “new lifestyle,” we cannot expect the demand to recover. Meanwhile, the corrugated containers business, household paper business, and some other businesses is growing in importance, and they are forecast to remain strong into the future. For better or worse, the COVID-19 pandemic has highlighted the direction of “selection and concentration” that we should take. It goes without saying that we must respond more promptly and accurately than ever before.

In the overseas business as well, we cannot deny the possibility of experiencing unanticipated hardship amid increasing uncertainty over global situations. While expanding the business fields and geographical spread through the business restructuring, we have built up a structure that allows bases to complement one another to generate stable profits for the Oji Group as a whole. We now feel the necessity to devote even more energy to accelerating these efforts.

Many of the Oji Group’s products find application in our daily life. We will continue to ensure stable supply of these products.

IV. Current Progress on Management Strategy, Future Outlook and Response

I would now like to review our performance in FY2019, the first year of the FY2019–2021 Medium-term Management Plan, and present an overview of the outlook for the second year, FY2020.

**1st Year of the 3-Year Medium-term Management Plan
Review of FY2019**

Consolidated net sales in FY2019 decreased 2.8% year-on-year to 1,507.6 billion yen. Operating profit decreased

3.7% year-on-year to 106.1 billion yen. The domestic business more than doubled its profit year-on-year, due to successful profit measures such as product price adjustments and cost reductions, but the overseas business suffered the weakening of the pulp market, which had been buoyant in the previous fiscal year. Ordinary profit declined 14.4% year-on-year to 101.3 billion yen. Profit attributable to owners of parent increased 11.9% year-on-year to 58.2 billion yen due to the recognition of a large-scale asset impairment in the previous fiscal year, hitting a record for a second consecutive year. The overseas sales ratio decreased 2.1 percentage points to 29.9%, ROE increased 0.8 percentage points to 8.5%, and the net D/E ratio decreased 0.1 points to 0.6 times.

2nd Year of the 3-Year Medium-term Management Plan

Outlook for FY2020

For FY2020, we anticipate net sales of 1,400 billion yen, down 7.1% year-on-year, and operating profit of 90 billion yen, down 15.2% year-on-year. Maintaining a stable consolidated operating profit of 100 billion yen is one of the targets of the medium-term management plan, and I deeply regret having to present this outlook, which falls below the target. The outlook is based on the assumption that the COVID-19 pandemic will cause net sales and operating profit to decrease by 67 billion yen (43 billion yen in Japan, 24 billion yen overseas) and 22 billion yen (13 billion yen in Japan, 9 billion yen overseas), respectively. In the domestic business, demand is expected to decline primarily for printing and communications paper, newsprint, specialty paper, and boxboard. In the overseas business, sales is forecast to fall due to the impact of temporary shutdowns mainly in China, Southeast Asia and New Zealand. With regard to other metrics, we forecast ordinary profit of 80 billion yen, a decrease of 21.0% year-on-year, and profit attributable to owners of parent of 50 billion yen, down 14.1% year-on-year. The overseas sales ratio and ROE are projected to drop 1.5 percentage points each to 28.4% and 7.0%, respectively. The net D/E ratio is predicted to remain unchanged at 0.6 times.



Medium-term management plan: Progress and future outlook of each fundamental policy

The above-mentioned impact of the COVID-19 crisis has manifested itself in the outlook for FY2020. Without the impact, operating profit for FY2020 would be higher year-on-year. This shows that our efforts are steadily producing results. We cannot leave ourselves at the mercy of outside events. The Oji Group will move forward step by step with initiatives in the management strategy, to make the best out of this situation.

The policy of **“1. Profitability Improvement of Domestic Business”** comprises (1) establishment of the optimal manufacturing system, (2) partnership with Mitsubishi Paper Mills, and (3) concentration of management resources on promising businesses. And there is more to come in each of these three initiatives. Regarding (1) establishment of the optimal manufacturing system, we have reached the stage of implementing specific plans formulated in FY2019. We will shut down, convert and transfer the manufacturing equipment at Oji Paper, Oji Materia and Oji F-TEX, with a view to strengthening cost competitiveness over the medium to long term and increasing cash flows. Under the initiative of (2) partnership with Mitsubishi Paper Mills, a joint venture of household paper and biomass power generation businesses commenced operation in FY2019. In July 2020, we completed the transfer of carbonless paper manufacturing and sale to Mitsubishi Paper Mills. We will continue to seek the ideal form of a comprehensive partnership in pursuit of mutual interests of both parties to maximize the synergy. The initiative of (3) concentration of management resources on promising businesses, has already presented tangible progress: a new corrugated container plant in Funabashi City, Chiba Prefecture, one of the largest in Japan, and a new household paper (toilet roll) converter at the Edogawa Mill, Tokyo, were put into operation in FY2020. Both facilities have reinforced the supply system that covers the Kanto region, a major consumption area. We will continue to grow our businesses including the packaging business, household paper business, and renewable energy business.

“2. Expansion of Overseas Business” is also progressing apace. Regarding (1) the packaging business in Southeast Asia, India and Oceania, a new containerboard facility in Malaysia will come on line in 2021. In addition to strengthening the manufacturing of cost competitive base paper, we are building corrugated container converting

base one after another in each country. FY2019 saw the commencement of operation at the fifth facility in Vietnam, the third in Cambodia, and the fourth in India. In FY2020, our first facility in Indonesia will begin operation. In FY2021, our fourth facility in New Zealand is set to relocate and start running with state-of-the-art machines. We will seek to steadily capture the growing demand for corrugated containers, and increase our market share. Regarding (2) the disposable diaper business in Southeast Asia and China, a proprietary plant in Indonesia went into operation in FY2019. In FY2020 we will endeavor to expand production by adding converters and integrating manufacturing bases in Malaysia. In China, we have been strengthening e-commerce sales of “Made in Japan” products. In (3) the thermal paper business, the Oji Group has decided to expand and reinforce its facilities in Brazil to double the production capacity, in response to vigorous demand seen in South America. While maintaining the 85% market share in Brazil, we aim to expand our share in Latin America as a whole. Furthermore, we will develop the thermal paper business globally in the U.S., Germany, Thailand and Japan. For (4) the pulp business, we are striving to build a business foundation to keep securing stable profits, even as the business environment becomes increasingly harsh. We are working on profitability improvement. Such efforts include active investment in Brazil to update the manufacturing facilities, and in New Zealand to convert production varieties.

“3. Promotion of Innovation” is progressing as follows: we are advancing initiatives on (1) cellulose nano-fiber by leveraging our proprietary technologies to develop the use of the material and commercialize it, in collaboration with over 100 clients in and outside Japan. For example, cellulose nano-fiber has already found use in cosmetics and table tennis rackets. We aim to expand its utilization in materials for construction and civil engineering. Going forward, the Oji Group will continue to explore new applications. We will also further accelerate the development of (2) medical products made from wood hemicellulose, (3) biomass plastic, (4) paper alternatives to plastic, and (5) next-generation packaging solutions.

V. Fulfilling the “Contribution to a Sustainable Society”

So far, I have discussed the Oji Group’s DNA, management philosophy, slogan, and management strategy. Collectively, these are a roadmap for enhancing corporate value and contributing to building a sustainable society. On the other hand, we must not forget the Oji Group’s



“safety, environment and compliance” and “human resources” initiatives, which form the basis for all of the efforts mentioned above.

The “safety, environment and compliance” is the cornerstone for corporate survival, as one small misstep in this realm could ruin the relationship of trust with society that the Oji Group has built up until now. With regard to “safety,” we are working to raise employees’ awareness that their safety, health and happiness are a prerequisite for maintaining the Group’s manufacturing activities. I have always kept in mind the mission of ensuring that “employees who come to work healthy in the morning go back home healthy at the end of the day,” and inculcated the importance of proactively undertaking safety activities and protecting precious lives. In terms of the “environment,” we continue focusing our energy on maintaining zero environmental incidents and zero product liability incidents. At the same time, we will protect and make good use of the Oji Forests in Japan and overseas, thereby offering solutions to environmental problems that draw global attention. The Oji Group’s definition of “compliance” goes beyond the narrow sense of conformity with laws and regulations; the term also encompasses social norms, corporate ethics, and other general rules in society to abide by. Based on this idea, we are encouraging all officers and employees to be fully aware of “sound common sense,” “sensitivity to immorality” and “courage to take action” and engage in business activities that cater to stakeholders’ trust. Positioning the “safety, environment and compliance”

as the most critical matter that prevails over all of our businesses, we will work on this matter attentively.

A company is its people, as the saying goes. At the Oji Group, it is not only a company itself but people within it, or its employees, that produce changes and execute the management strategies. Our business is premised on employees’ insight into social changes, willpower and flexibility to embrace change, diversity and creativity to generate outside-the-box ideas, expertise needed to execute strategy and capability to play an active role globally. Human resources are the most indispensable factor in corporate management. We need to help the employees hone their abilities, and foster a culture that enables them to demonstrate their potential to the fullest. To this end, the Oji Group will focus on human resources initiatives including human resources development, working style reforms and promotion of diversity.

VI. Building Relationships with Stakeholders

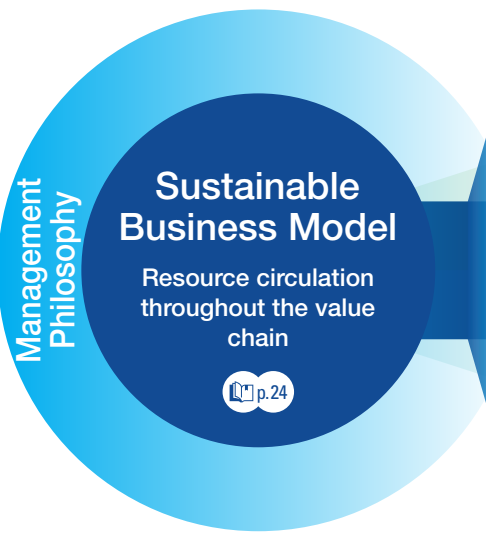
Last but not least, I would like to send a message to all our stakeholders.

Oji Holdings intends to develop into a truly global enterprise, so as to continue co-existing with society and pioneering a future of the society. To do so, we will constantly take the challenges of transformation. We will make every effort to meet your needs and expectations. I look forward to your continued understanding and support.

The **sustainable business model** (resource circulation throughout the value chain) forms the foundation of the Oji Group. The Group will identify **material issues** through the **core competencies** that underpin the foundation, create social and economic value through business activities based on the risks and opportunities recognized in these issues, and contribute to a sustainable society.

Social Issues, Megatrends and Global Goals

- Climate change
- Natural disasters
- Resource depletion
- A sense of crisis in safety, security and health
- Environmental pollution (issues such as marine plastic litter)
- Increase in health-consciousness with greater longevity



Core Competencies

p.24

Five Core Competencies Centered on Sustainable Forest Resources

- Global expansion of manufacturing that supports lives and industry
- Sustainable forest management
- Utilization of renewable resources
- Development of new materials derived from wood fiber
- Application of fundamental paper manufacturing technologies

Material Issues

p.28

ESG Perspective

- Mitigation and adaptation to climate change
- Sustainable forest management
- Responsible raw materials procurement
- Stable supply of safe and secure products
- Reduction of environmental burdens
- Effective resource utilization
- Respect for human rights
- Ensuring worksite safety and health
- Inclusion & diversity

Business Perspective

- Profitability improvement of domestic business
- Expansion of overseas business
- Promotion of innovation

Risks and Opportunities

p.28

Appropriate Utilization of Management Resources

Human capital	Human Resource Measures (pp. 92–94)
Intellectual capital	Promotion of Innovation (pp. 32–37)
Natural capital	Sustainable Forest Resources (pp. 26–27)
Manufactured capital	List of Affiliated Companies (pp. 104–105)
Financial capital	Financial Data Highlights (pp. 98–99)
Social & relationship capital	Responsible Raw Materials Procurement (p. 86)



Solve social issues

Social impact

Products



Provide value to society

- Mitigate climate change
- Reduce environmental burden
- Provide products vital to everyday life
- Realize a society with healthy longevity

FY2019–2021 Medium-term Management Plan

p.30

Business Strategy

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- Household and Industrial Materials Businesses
- Functional Materials Business
- Forest Resources and Environment Marketing Business
- Printing and Communications Media Business
- Other businesses

Contribute to a sustainable society

Enhance corporate value

FY2019-2021 Medium-term Management Plan Performance Indicator Targets

Consolidated operating profit

150 billion yen or more

(maintain stable operating profit of more than 100 billion yen)

Overseas sales ratio

40%

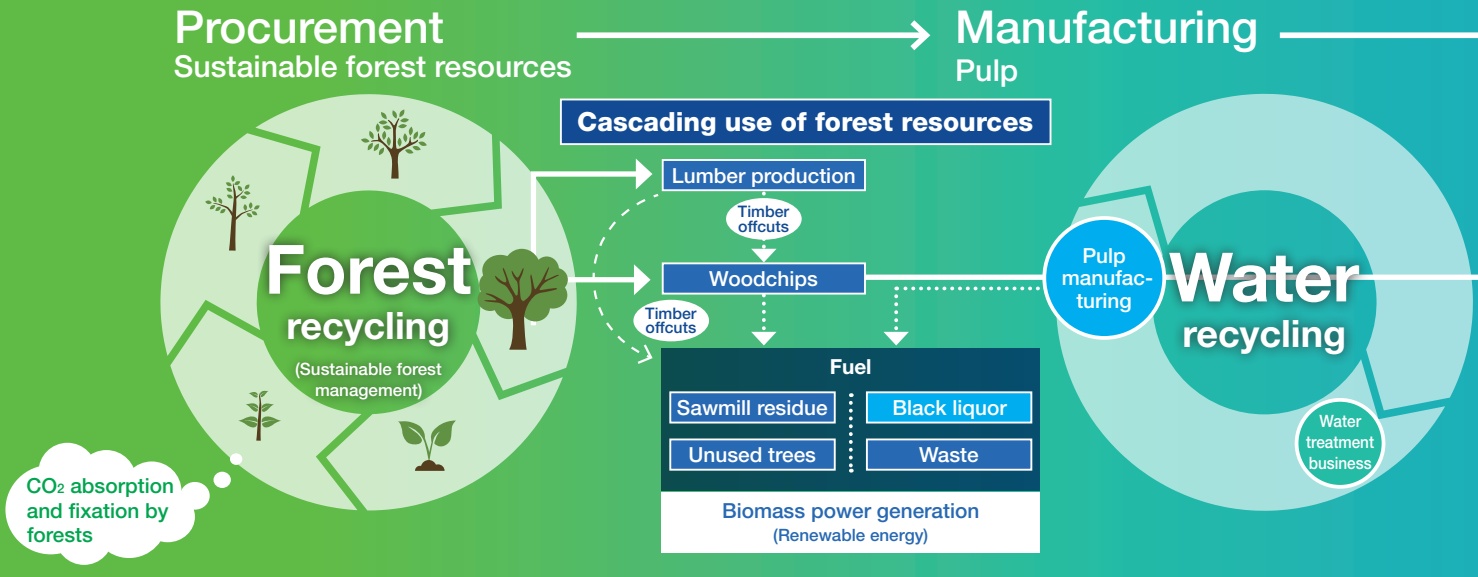
(with a target of more than 50% in the short term)

Impact on the Oji Group

Increase capital

Sustainable business model “Resource circulation throughout the value chain”

The Oji Group is working to ensure that its businesses contribute to a sustainable society, through the global expansion of its sustainable business model: “resource circulation throughout the value chain.” This sustainable business model is supported by five core competencies centered on sustainable forest resources.



Core Competencies Five core competencies centered on sustainable forest resources

- 1** Global Expansion of Manufacturing that Supports Lives and Industry

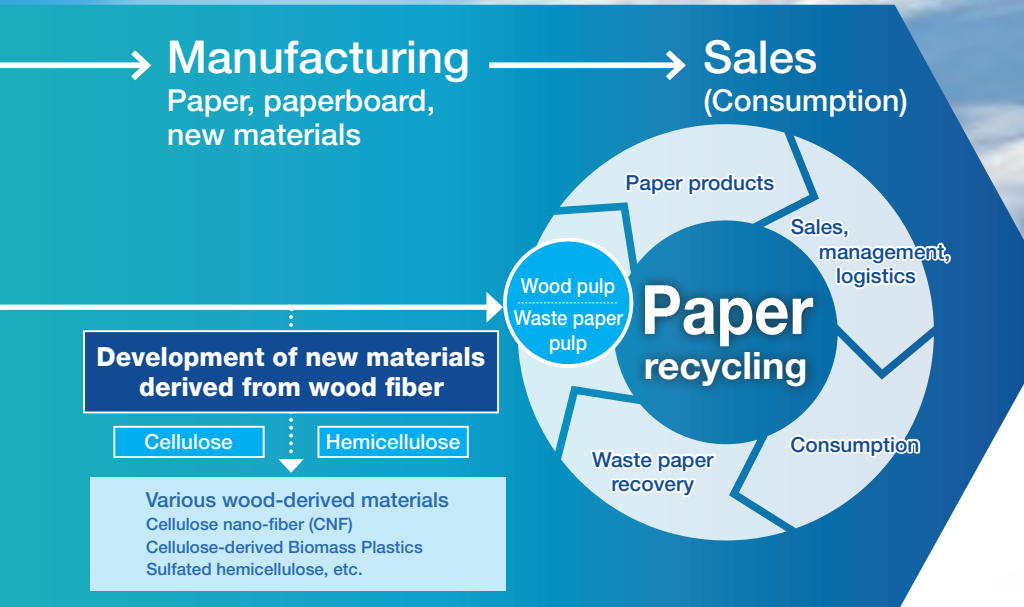
Global expansion of the packaging business, primarily corrugated containers, the household paper business, the disposable diaper business, the thermal paper business, and the pulp business
- 2** Sustainable Forest Management

Practicing environmentally, economically and socially friendly sustainable forest management, through maintaining and managing 190,000 hectares of company-owned forests, the largest private holding in Japan, and developing the forest plantation business that handles 250,000 hectares of forest plantations in six countries overseas
- 3** Utilization of Renewable Resources

Paper recycling, which accounts for around 60 percent of paper-making raw materials; water recycling by reusing water taken in through the pulp, paper and paperboard manufacturing processes
- 4** Development of New Materials Derived from Wood Fiber

Cellulose nano-fiber (CNF), cellulose-derived biomass plastic, medical products made from wood hemicellulose
- 5** Application of Fundamental Paper Manufacturing Technologies

Developing the biomass power generation business and the broader renewable energy business; the water treatment business such as industrial water production and industrial wastewater treatment



Contribute to a sustainable society

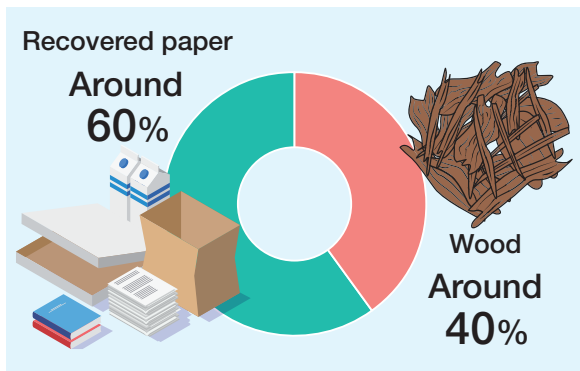
A Sustainable Business Model that Creates and Circulates Resources

Approximately 60 percent of the raw material used in paper is recovered paper, and the remaining 40 percent comes from woods. Both recovered paper and trees are renewable resources, coming from forest resources.

We use resources carefully, and ensure thorough resource circulation throughout the value chain so that our business development itself will contribute to building a sustainable society.

Specifically, we are engaged in three forms of recycling: “forest recycling” in which we practice sustainable forest management through growing, harvesting and planting trees; “water recycling” in which we reduce water consumption by circulating and reusing water in manufacturing processes and purify wastewater; and “paper recycling” in which we collect and recycle paper products.

We are also actively promoting the biomass power generation business and developing cellulose nano-fiber (CNF), biomass plastic and other new materials derived from wood fiber, so as to expand the sustainable business model.



Sustainable Forest Management

The Oji Group has valued the sustainability of forest resources since the 1910s. We positioned forest resources at the core of our sustainable business model and has put sustainable forest management into practice (pp. 24–25). We now own and manage forest plantations not only in Japan but also in nine regions of six countries outside Japan. Such forest plantations total 570,000 hectares. The portfolio comprises about 440,000 hectares of production forests primarily for producing forest products in consideration of environmental conservation, and about 130,000 hectares of conservation forests principally for preserving biodiversity and basins. In addition, we use the forest certification program to implement appropriate forest management in consideration of the environment, society and economy. The forest certification acquisition rates in FY2019 were 94% for overseas forest plantations and 100% for company-owned forests in Japan (pp. 72–73).

*In pursuit of sustainable forest management, a third-party organization certifies forests after examining whether they are managed in good condition according to the standard. The certification covers all types of forest, including production forests and environmentally protected forests. e.g.: FSC™ (FSC™C016623, etc.) and PEFC, etc.

Initiatives for Sustainable Forest Management

Country	Company	Established	Production forests (1,000 ha)	Conservation forests (1,000 ha)	Total (1,000 ha)
Brazil	CENIBRA	1973	146	123	269
New Zealand	Pan Pac	1971	35	0	35
	SPFL	1992	9	0	9
Indonesia	KTH	1998	37	6	43
Vietnam	QPFL	1995	9	0	9
Other (4 companies in Vietnam, Australia and China)		—	17	0	17
Overseas subtotal			253	129	382
Company-owned forests in Japan	—	1945	188	0	188
Group total			441	129	570



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

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

Initiatives in Japan and Overseas

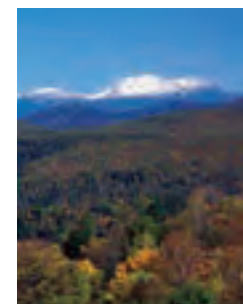
Company-owned Forests in Japan

The Group owns forests in approximately 650 locations throughout Japan, from Hokkaido to Kyushu. We plant fir, larch and Ezo spruce, among other species, in Hokkaido, and grows Japanese cedar and cypress in Honshu and southward. It takes over 60 years to harvest these trees. The harvested trees are processed into lumber and the residuals are used as raw materials for paper and wood-based fuel.

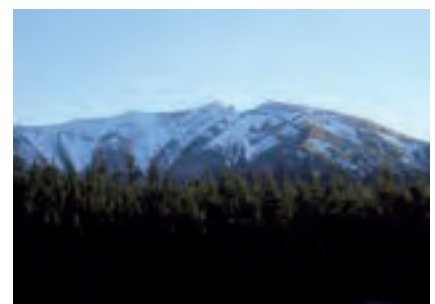
The Oji Group establishes collaborative relationships between people engaged in company forest management and users of lumber in each geographical region, and provides lumber, plywood, raw materials for paper, wood-based fuels, and other wood products to companies both inside and outside the Group. In this and other ways, we strives to revitalize Japan's forestry industry and ensure a stable supply of domestic lumber.

Overseas Forest Plantations

The forest plantation business spans nine regions in six countries, which vary in climate and natural condition. For example, we grow hardwoods such as eucalyptus and acacia (harvestable in around 10 years), and softwoods such as radiata pine (harvestable in around 30 years), depending on the region. Hardwood is mainly used for pulp. Thinned softwood is used for pulp, while harvested softwood is used for lumber products. In raising seedlings, planting, silviculture, harvesting and other operations, staff members from the Group's business companies are joined by numerous local veterans, including subcontractors, who support sustainable forest management.



Biei company-owned forest, Hokkaido



Pan Pac's Kaweka company-owned forest, New Zealand

Oji Forests **570,000** ha

Production forests **440,000** ha

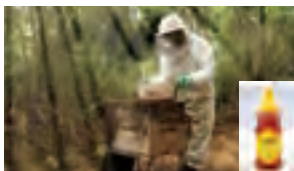
Conservation forests **130,000** ha

About the Oji Group

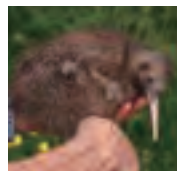
What the Oji Group Aims For

Contribution to the Local Environment, Economy, and Society

Sustainable forest management requires a mutual understanding between forest plantation business operators and the local community. Also indispensable is their sharing of environmental, economic, and social benefits. To give an example of economic benefits, our overseas forest plantation companies have created over 15,000 jobs locally. Another such example is our technical training on planting and forest management provided to owners of small-scale forests (the area of forest plantations possessed by the owners is approximately 27,000 hectares at present). Further, the forest plantation business companies cooperate with local governments, NGOs, and civic groups in each region to create and share environmental and social benefits. Their activities include biodiversity conservation programs in environmentally protected forests, vocational and educational support in local communities, and medical assistance in areas that have poor access to medical services.



CENIBRA: Beekeeping activities and honey produced in the forest



Pan Pac: A brown kiwi chick



QPFL: Medical assistance

Business Strategy

Management Strategy

Contribution to Addressing Climate Change

The world is facing a plethora of problems attributable to climate change, such as extreme heat, heat waves, localized torrential rains, flooding, and subsequent reduction in agricultural production. These problems are also deeply connected with the reduction of forested area and forest degradation. Forests absorb and fix CO₂ in the atmosphere. The Oji Group therefore believes that sustainable forest management is an effective means of tackling climate change.

As a result of sustainable forest management by the Oji Group, the CO₂ fixation amount at the end of FY2019 was 135 million tons, comprising 121 million tons in 440,000 hectares of production forests, and 14 million tons in 130,000 hectares of conservation forests. The annual amount of CO₂ absorbed due to tree growth in FY2019 totaled 12 million tons.

The Oji Group will continue to increase CO₂ absorption and fixation amounts, while maintaining and utilizing sustainable forest resources, to help address climate change issues.

Production forests CO₂ fixation amount

121 million tons (FY2019)

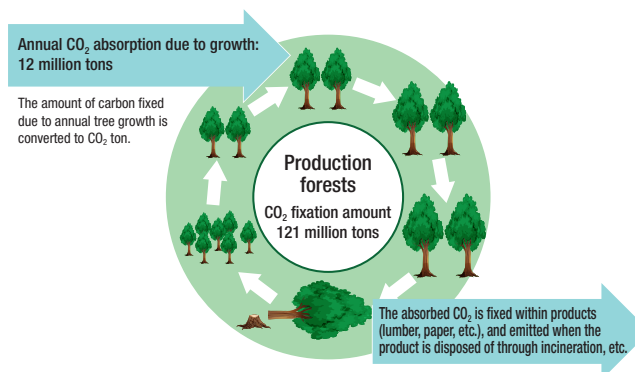
Equivalent to the annual CO₂ emissions of around

13 million people in Japan

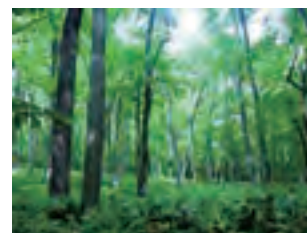
Calculated on the basis of annual total per capita emissions (total emissions volume from industry, transport and households) in Japan of 8.9t.

Sustainability Strategy

Financial Data & Corporate Data



Pan Pac's forest plantation, New Zealand



Rubeshibe company-owned forest in Hokkaido

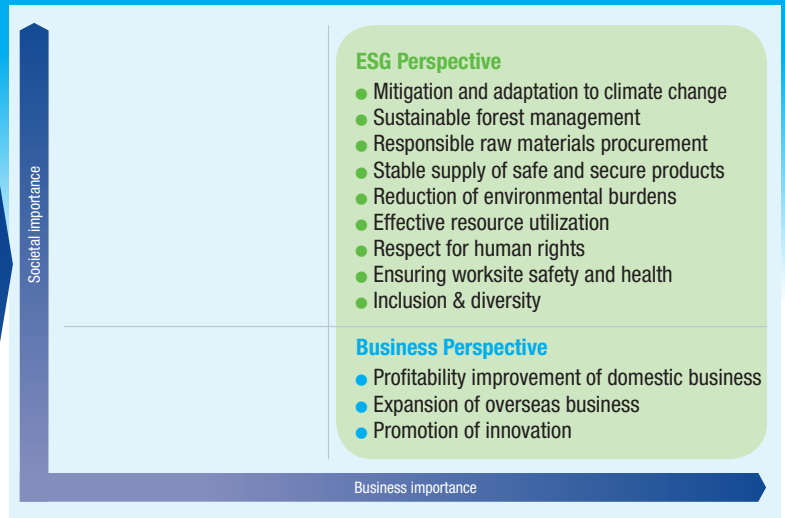
Material Issues, Risks, and Opportunities

The Oji Group has identified material issues that have significant impacts on our sustainable business model, clarified risks and opportunities from the perspectives of business and ESG, and developed measures for response and value creation.

Process for identifying material issues



Material issues analysis map



Risks from Business Perspective



Securities Reports:

<https://www.ojiholdings.co.jp/ir/library/security.html> (available only in Japanese)

Material Issues	Major Risks	Main Countermeasures against Major Risks	
Profitability improvement of domestic business	Risks associated with climate change	<ul style="list-style-type: none"> See "Mitigation of and adaptation to climate change" in the ESG Perspective section p.29 	
	Risks associated with pandemic	<ul style="list-style-type: none"> The Group Emergency Headquarters to confirm the safety of employees, grasp damage situation, and take measures to continue supplying products to our customers Review continuously of the BCP, promote digital transformation, etc. to minimize the impact on business activities Establish the Group Emergency Headquarters and the Group Disaster Control Office in the event of a disaster Minimize the impact on business activities Maintain a certain level of liquidity on hand by accumulating cash and deposits in addition to commitment line contracts with our banks 	
	Structural changes arising from development of innovation	<ul style="list-style-type: none"> Secure cash flows by restructuring the production system of shrinking businesses, making efficient capital investment, etc. Expand the portfolio by investing in growth fields in Japan and overseas and allocating resources to development of new material product Take measures for working style reforms and diversity promotion 	
	Risks arising from fluctuations in demand	<ul style="list-style-type: none"> Reinforce the business foundation and secure cost competitiveness through cost reduction and development of new businesses and new products (Strengthen product development capabilities through integrated management of materials and processing, develop new products such as paper alternatives to plastic containers, functional paper with new properties, etc.) 	
	Risks associated with changes in international market conditions	<ul style="list-style-type: none"> A dedicated department responsible for Group-wide procurement strategies Stabilize procurement through stronger relationships with suppliers Stabilize procurement of recovered paper through maintaining the paper recycling system and strengthening relationships with related companies 	
	Expansion of overseas business	Risks associated with overseas business	<ul style="list-style-type: none"> Gather information on political, economic, and social conditions of neighboring countries by our regional headquarters Expand business to a wide variety of countries to diversify risks Develop our business using joint ventures with leading local companies to improve our information gathering ability, save our investment amount, and lower risks Mitigate financial risks by utilizing group financing and derivatives
		Risks of disasters, etc.	<ul style="list-style-type: none"> Formulate a BCP and continuously review it Establish the Group Emergency Headquarters and the Group Disaster Control Office in the event of a disaster Set voluntary management standards that are stricter than the environmental regulatory standards Establish safety and health management structures
	Promotion of innovation	Risks associated with laws and regulations, etc.	<ul style="list-style-type: none"> Thoroughly disseminate the "Oji Group Corporate Code of Conduct" and the "Oji Group Behavior Standard" at domestic and overseas sites
		Risks associated with lawsuits, etc.	<ul style="list-style-type: none"> Prevent disputes through discussion with business partners and clarification of contract details Build a system to respond to lawsuits in collaboration with law firms
		Risks associated with product liabilities	<ul style="list-style-type: none"> Ensure quality design and manufacturing in compliance with relevant laws and regulations and stricter voluntary management standards A Group-wide management department to support product safety management and perform audits
Risks arising from exchange rate fluctuations		<ul style="list-style-type: none"> Monitor the impact of exchange rate fluctuations on the Group's business performance and hedge a certain amount of risk by utilizing derivatives and mutually lending and borrowing foreign currency-denominated receivables and payables among group companies in Japan 	
	Risks associated with information leaks	<ul style="list-style-type: none"> Establish a risk management implementation system and clarify its roles (formulate and implement rules for Group information system use and risk management, create compliance rules for information system users, take preventive measures against unauthorized access, data theft, email spoofing, etc.) 	



Risks and Opportunities from ESG Perspective



Material Issues (ESG) and KPI pp. 72–73

Material Issues	Associated Risks and Opportunities ▲ Risk ○ Opportunity	Main Countermeasures against Major Risks
Mitigation and adaptation to climate change Sustainable forest management	<ul style="list-style-type: none"> ▲ Greater natural disasters caused by abnormal weather ▲ An increase in costs due to strengthening and introduction of carbon tax, introduction of an emissions trading system, etc. ▲ Impact on sales from changing in evaluation of corporate attitudes and values of the market ○ An increase in demand for low-carbon products ○ An increase in value of company-owned forests through trading carbon credits associated with the carbon absorbed by the forests 	<ul style="list-style-type: none"> ● Reduce GHG emissions intensity through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel ● Expanded use of non-fossil fuels and biomass fuels as alternatives to coal ● Sustainable forest management such as promotion of forest plantation and conservation of company-owned forests ● Maintain and expand the multi-functionality of forests ● Absorb and fix CO₂ through sustainable forest management ● Develop biomass power generation business ● Develop eco-friendly products ● Opportunities arising from introduction of carbon pricing (especially emissions trading)
Responsible raw materials procurement	<ul style="list-style-type: none"> ▲ Occurrence of cases lacking consideration for the environment and society in the supply chain ○ An increase in demand for eco-friendly products owing to changes in consumer awareness 	<ul style="list-style-type: none"> ● Expand CSR procurement, taking into consideration the environment and society in accordance with the Oji Group Partnership Procurement Policy and Wood Raw Material Procurement Guidelines ● Central management for appropriate procurement of major raw materials ● Manage the supply chain thoroughly (appropriate procurement through supplier monitoring, risk assessment, securing various suppliers, etc.) ● Supply of FSC™ certified products (FSC™ C014119, etc.)
Stable supply of safe and secure products	<ul style="list-style-type: none"> ▲ A decline in trust of stakeholders due to spread of negative rumors ○ Contribution to society through stable supply of safe and secure corrugated containers, household paper, and hygiene products, and resulting increase in corporate value 	<ul style="list-style-type: none"> ● Stably supply own products ● Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management standards ● Provide customers with information on safety of raw materials (chemicals, materials) ● Supply of hygiene products such as masks and gowns to prevent the spread of infectious diseases such as COVID-19
Reduction of environmental burdens	<ul style="list-style-type: none"> ▲ Adverse effects on society due to pollution and the resulting decline in trust of stakeholders ○ An increase in demand for eco-friendly products owing to changes in consumer awareness 	<ul style="list-style-type: none"> ● Set voluntary management standards that are stricter than the environmental regulatory standards ● Purify wastewater and save emissions of chemical substances in exhaust ● Reduce and effectively use waste ● Develop eco-friendly products and biodegradable materials
Effective resource utilization	<ul style="list-style-type: none"> ▲ Impact of resource depletion on core businesses ○ Deployment of water treatment technology 	<ul style="list-style-type: none"> ● Forest recycling (Sustainable forest management) ● Paper recycling (improve the recovered paper utilization ratio) ● Reduce water intake and improve water recycling ● Expand the water treatment business overseas
Respect for human rights	<ul style="list-style-type: none"> ▲ A decline in trust of stakeholders due to lack of consideration for human rights 	<ul style="list-style-type: none"> ● Formulate and implement the “Oji Group Corporate Code of Conduct,” the “Oji Group Behavior Standard,” and the “Oji Group Human Rights Policy” ● Perform internal audits ● Implement the whistleblowing system ● Raise awareness of compliance and human rights through in-house training ● Assess risks associated with suppliers' respect for human rights
Ensuring worksite safety and health	<ul style="list-style-type: none"> ▲ Occupational accidents ▲ Health of employees hindered by the spread of infectious diseases ○ An increase in trust of employees and other stakeholders resulting from prompt response to disasters and infectious diseases 	<ul style="list-style-type: none"> ● Establish safety and health management structures and promote activities aimed for safety and health ● Thoroughly ensure safety in the handling of machines and equipment and in other operations ● Promote safety education (Introduce VR risk experience education, etc.) ● Promote physical and mental well-being of employees ● Create comfortable work environments ● Respond to infectious diseases including COVID-19
Inclusion & diversity	<ul style="list-style-type: none"> ○ Securing outstanding human resources ○ Creation of Innovative value ○ Contribution to globalization 	<ul style="list-style-type: none"> ● Implement human resource strategies and develop human resources ● Promote working style reforms ● Promote diversity

FY2019–2021 Medium-term Management Plan

In order to continuously increase corporate value in the ever-changing world, the Oji Group has formulated and is implementing a strategic medium-term management plan that promotes business restructuring through transformation based on its Management Philosophy and sustainable business model.

Review of the Strategies

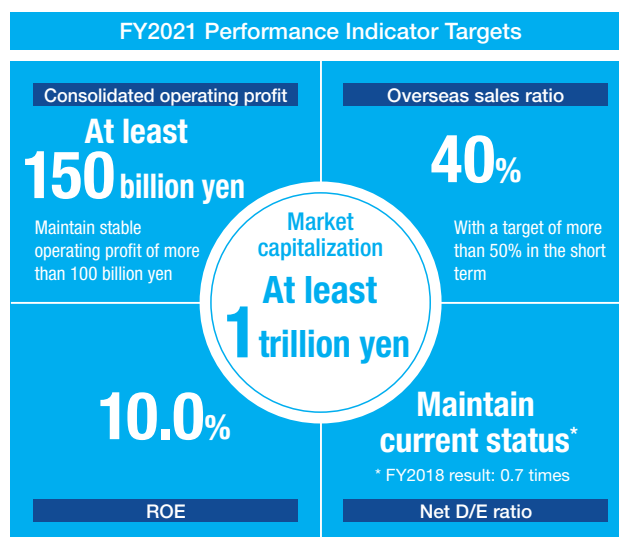
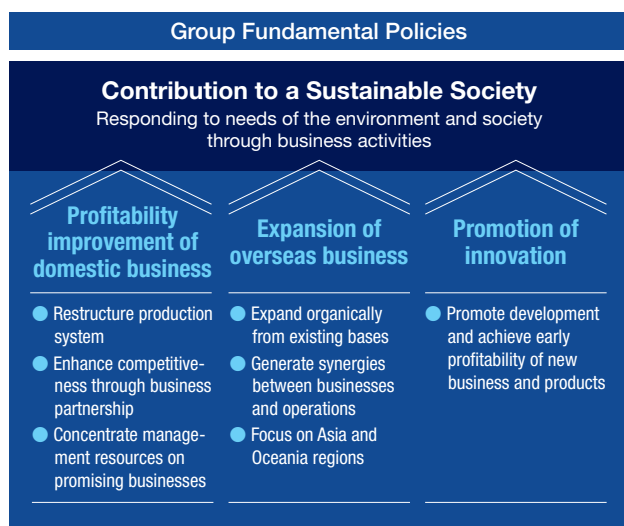


Major Indicators

	FY2015 and earlier		FY2016–2018		FY2019–2021	
	Targets	Final fiscal year results	Targets	Final fiscal year results	Targets	FY2019 results
Consolidated operating profit	¥90.0 billion	¥72.0 billion	¥100.0 billion	¥110.2 billion	Over ¥150.0 billion	¥106.1 billion
Overseas sales ratio	26.0%	27.8%	35.0%	32.0%	40.0%	29.9%
ROE	7.0%	2.1%	8.0%	7.7%	10.0%	8.5%

Overview of the FY2019–2021 Medium-term Management Plan

Under the FY2019–2021 Medium-term Management Plan, the Oji Group aims to constantly earn over 100 billion yen in annual consolidated operating profit through “contribution to a sustainable society,” with “profitability improvement of domestic business,” “expansion of overseas business” and “promotion of innovation” positioned as the fundamental policies.



FY2019 Results and FY2020 Priority Measures

● Industrial Materials Business
 ● Household and Consumer Products Business
 ● Functional Materials Business
 ● Forest Resources and Environment Marketing Business
 ● Printing and Communications Media Business
 ● R&D and others

Profitability improvement of domestic business

FY2019 Major Results

- Apr. 2019 Start of JV household paper business with MPM*
- Sep. 2019 **Start of JV biomass power generation with MPM***
- Dec. 2019 Start of sales of OJI FLEX PACK'AGE, a next-generation packaging solution, and Rakudan, its packaging material
- Feb. 2020 Shutdown of the #9 machine at the Oji Paper Tomioka Mill

*MPM: Mitsubishi Paper Mills

Pick Up

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Start of our third biomass power generation facility, aiming to contribute to the prevention of global warming

FY2020 Main Priority Measures *Scheduled dates for future events

- Jul. 2020 **Start of a new corrugated container plant (Funabashi City, Chiba Prefecture)**
- Jul. 2020 Transfer of carbonless paper manufacturing and sale to MPM*
- Sep. 2020 Start of paper liquid containers business with ISHIZUKA GLASS
- First half of FY2020 Shutdown of the #N-1 and #N-5 machines at the Oji Paper Tomakomai Mill *The #N-5 machine is scheduled to resume operation as a containerboard machine
- First half of FY2020 Shutdown of the #1 and #4 machines at the Oji F-Tex Ebetsu Mill
- Oct. 2020 Start of a new household paper processing machine (Edogawa Mill)

Pick Up

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Redevelopment of an existing logistics center to create one of the largest corrugated container plants in Japan in a major consumption area

Expansion of overseas business

FY2019 Major Results

- Jun. 2019 Myanmar: Introduction of water production equipment to the largest brewery
- Jul. 2019– SE Asia and India: Start of a new corrugated container plant [Jul. 2019: Vietnam, Feb. 2020: Cambodia, Mar. 2020: India]
- Nov. 2019 Brazil: Profitability enhancement of the pulp business
- Jan. 2020 **Indonesia: Start of a new disposable diaper plant**

Pick Up

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Indonesia: Start of our own disposable diaper plant to increase cost competitiveness through in-house production

FY2020 Main Priority Measures *Scheduled dates for future events

- Oct. 2020 China: Start of a new filter plant
- 2020 Indonesia: Start of a new corrugated container plant
- Feb. 2021 Myanmar: Introduction of domestic water treatment and wastewater treatment equipment to a large-scale multipurpose facility
- Feb. 2021 **Brazil: Reinforcement of a thermal paper machine**
*Machine expansion is also scheduled in the same year.
- Mar. 2021 Malaysia: Machine expansion and site integration of disposable diaper business

Pick Up

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Brazil: Capacity enhancement (and machine expansion in the same year) of our thermal paper business to maintain and increase market shares in Brazil and Latin America

Coming Soon

p.39

[First half of 2021] Malaysia: Start of a new containerboard machine to promote reinforcement of the business through integrating material and converting

Promotion of innovation

FY2019 Major Results

- Apr. 2019 Commercialization of CNF AUROVISO CS as a cosmetic ingredient
- Apr. 2019 Adoption of hydrolyzed xylan by ROHTO Pharmaceutical for their cosmetics
- Apr. 2019 Start of provision of SILBIO BARRIER, a paper material with barrier properties
- Jun. 2019 Myanmar: Introduction of water production equipment to the largest brewery
- Aug. 2019 Development of KAMIWAZA, a paper-based temporary construction material used in civil engineering
- Sept. 2019 Adoption of our products by Nestlé (Thailand) for packaging materials for their products
- Oct. 2019 Adoption of our biomass plastic business by the Ministry of the Environment as the commissioned project
- Oct. 2019 **Provision of technology of CNF* reinforced polycarbonate resin (automobile window application)**
- Dec. 2019 Start of sales of OJI FLEX PACK'AGE and Rakudan
- Jan. 2020 Adoption of our products by Nestlé (Japan) for packaging materials for their products
- Feb. 2020 Adoption of CNF* AUROVEIL for materials for table tennis rackets

*CNF: Cellulose nano-fiber

FY2020 Main Priority Measures *Scheduled dates for future events

- Apr. 2020 **Establishment of Oji Pharma Co., Ltd.**
- Aug. 2020 Development of a product with high-grade transparency of SILBIO BARRIER, a paper material with barrier properties
- Aug. 2020 Start of provision of PaPiPress, a molded pulp product
- Feb. 2021 Myanmar: Introduction of domestic water treatment and wastewater treatment equipment to a large-scale multipurpose facility

Pick Up 2019

p.34

Provision of technology of CNF reinforced polycarbonate resin (automobile window application) at Tokyo Motor Show 2019

Pick Up 2020

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Establishment of Oji Pharma Co., Ltd. to reinforce collaboration with universities and pharmaceutical companies

Value Creation by the Innovation Promotion Division

The Innovation Promotion Division brings together multiple cutting-edge technologies based on the knowledge gained from paper manufacturing and forestation, which are the roots of our founding, to create innovative value.

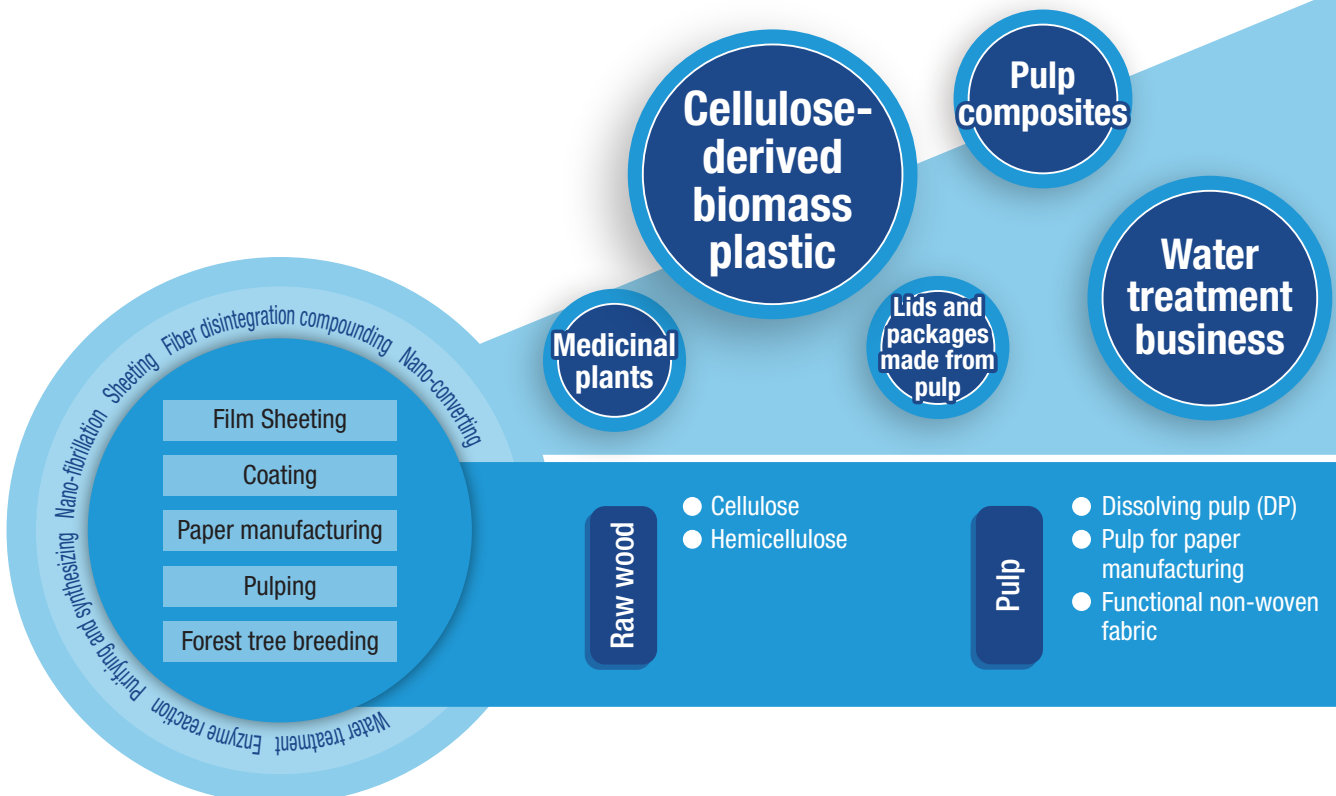
We will serve as a business incubator who continually develops new projects into new business, aim for contribution to a sustainable society in response to the social issues people face, and propose new products and businesses that excite everyone.



Major Efforts toward New Products and Business

Contribution to a sustainable society through diverse core technologies and multiple cutting-edge technologies

1 Development of eco-friendly materials and products	Striving to solve social issues including marine plastic litter and climate change.
2 Active efforts in the healthcare field	Utilizing our knowledge and know-how for future medical care.
3 Total solution	Aiming for contribution to industrial development by uncovering needs and seeds.



We Accelerate “Promotion of Innovation.”

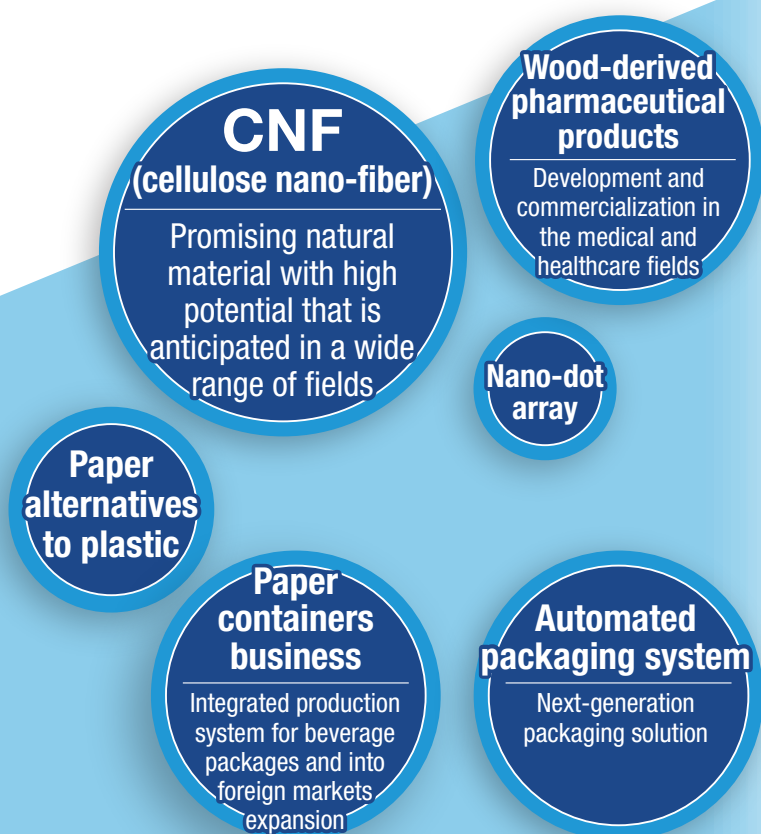
The Innovation Promotion Division is responsible for one of the three pillars of the medium-term management plan, “Promotion of Innovation.” Accordingly, the division is tasked with the development of truly unique new materials and the supply chain reform. Based on our technologies accumulated in the conventional pulp and paper business, we are taking on the challenge of developing new materials in addition to technological innovations in such fields as cellulose nano-fiber (CNF), wood-derived pharmaceutical products, cellulose-derived biomass plastic, and paper alternatives to plastic. Furthermore, the paper containers business, next-generation packaging solutions, and water treatment business create new supply chains that transcend our conventional business fields, providing products and services in tune with the needs of the times. I hope you will wait and see our progress with high expectations.

Through these efforts, we hope to be the vanguard of profitability improvement of the domestic business and expansion of the overseas business.



Masaru Yokoyama
Senior Executive Officer
General Manager, Innovation
Promotion Division
Oji Holdings Corporation

Development vision to 2030



Paper

- Paperboard
- Packing paper
- Printing paper and newsprint
- Specialty paper
- Functional paper

Converting

- Paper containers
- Household paper and disposable diapers
- Corrugated containers
- Special adhesive products
- Functional films

Consider people

Consider the Earth

Active efforts in the healthcare field Development of eco-friendly materials and products Total solution



2030

Contribution to a Sustainable Society

Development of Eco-friendly Materials and Products

1

Cellulose Nano-fiber (CNF)

Cellulose nano-fiber (CNF) is a plant fiber (pulp) that is finely fibrillated to the nano-order level. CNF is lightweight and durable and offers excellent thermal non-deformability; it also features exceptional viscosity and thixotropy. This new natural material with high potential is expected to find application in a broad range of fields.

The Oji Group's proprietary phosphorylated CNF can impart new functionalities to a variety of products. The phosphorylated CNF is provided to over 100 companies in a wide range of fields in Japan and overseas to jointly develop and commercialize new products.



*Thixotropy: A property of being highly viscous under static conditions but becoming thin when stirred or otherwise stressed.

1. Functional Additive Applications

The Oji Group's CNF adds various new functionalities to raw materials.

● CNF for Use in Cosmetic Ingredients

Working with Nikko Chemicals Co., Ltd., a leader in the cosmetics materials industry, the Oji Group commercialized AUROVISCO CS, a cosmetic ingredient. Its new functionality has been well received as it presents viscosity higher than any other naturally-derived thickeners and maintains a non-sticky and moist feel.

It won the silver award at one of the largest exhibitions for cosmetic ingredients in the world. The product development is underway at the world's leading cosmetic manufacturers.



Cosmetics products (sample)

● CNF Used as Concrete Pump Primer

RUBURI, a concrete pump primer made by TAKEcite Co., Ltd., uses CNF AUROVISCO as an ingredient. In the process of pumping concrete, approximately 1 ton of mortar is typically used to prevent pipes from clogging. After use, the mortar is disposed of as industrial waste. That amount of mortar can be replaced by only a few tens of kilograms of RUBURI, which contains AUROVISCO. The replacement helps reduce a large amount of industrial waste as well as time required for work.

Its standardization is currently underway, and once standardized, the product is expected to be adopted at more construction sites.

2. Composite Applications

By creating compounds of existing materials and CNF, we promote development of new composites that take advantage of their respective strengths.

● CNF Reinforced Polycarbonate Resin (automobile window application)

Polycarbonate resin is lightweight, highly transparent, and shock resistant, and is expected to be used as an alternative to glass for automobile windows, but it also has weaknesses—it is easily bent and deformed by heat. These disadvantages were greatly improved by a combination of

CNF and polycarbonate resin. The Oji Group provided the technology to CNF composite resin glass exhibited by Toyota Motor East Japan, Inc. at Tokyo Motor Show 2019, with a view to commercialization.



Roof panel material

Nano cellulose vehicle (NCV) (Exhibited at Tokyo Motor Show 2019)

Rear window material

SILBIO BARRIER, a Paper Alternative to Plastic

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SILBIO BARRIER is a multibarrier paper manufactured using water-based coating technologies. The base paper adding a barrier coating layer prevents oxygen, water vapor, and other substances from passing through, curtailing deterioration of the content. As it has the functions equivalent to those of general barrier films, the multibarrier paper is expected to become an alternative material to plastic packaging materials.

In addition, we are currently accelerating the development of high-performance products with even higher barrier properties comparable to those of metalized films.

PaPiPress, Lids And Packages Made from Pulp

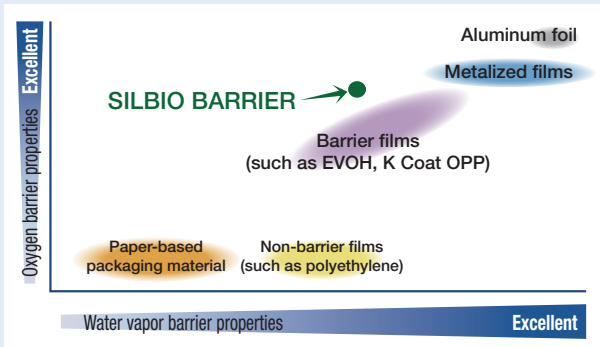
Pulp lids, manufactured using a precise pulp-molding technology, are lids for paper cups with high fittability and applicable to both hot and iced beverages.

Other than lids, the pulp-molding technology is applied to different types of package as an alternative solution to plastic containers.

PaPiPress



Barrier properties of SILBIO BARRIER



Pulp Composites

We are developing pulp composites. Created by mixing pulp into biodegradable plastic, the material has improved in properties such as strength and rigidity.

We are proceeding with its commercialization not only to contribute to reduction of the amount of plastic used but also to expand the applications of biodegradable plastic.



Cellulose-derived Biomass Plastics

The Oji Group has been considering manufacturing cellulose-derived biomass plastic. Unlike conventional plastic made from petroleum resources, cellulose is a wood fiber component and can significantly contribute to the reduction of CO₂ emissions from fossil fuel into the atmosphere.

In addition, while most of the sugar used as a raw material for biomass plastic is produced from edible ingredients such as sugar cane and corn, wood is non-edible. This means that cellulose-derived biomass plastic do not contribute to global food shortage problem. We also commenced development of biomass plastic films through the application of our film sheeting technology.



Cellulose-derived biomass plastic (polylactic acid)



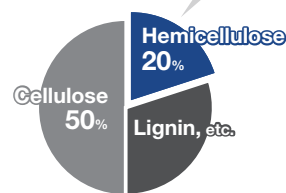
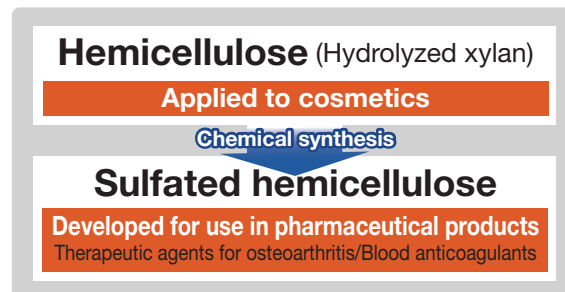
Cellulose-derived sugar solution

Active Efforts in the Healthcare Field **2**

Wood-derived Pharmaceutical Products –Establishment of Oji Pharma Co., Ltd., our medical and healthcare business–

Hemicellulose is one of the major wood fiber components. Hemicellulose extracted and refined through the Oji Group’s proprietary technology, called hydrolyzed xylan, is used as a cosmetic ingredient. We have also developed sulfated hemicellulose, which is a chemically modified hemicellulose, with the aim of further increasing the added value of the wood fiber component. Sulfated hemicellulose is anticipated to have the effects of suppressing inflammation of joints and the bladder as well as blood coagulation.

In April 2020, we established Oji Pharma Co., Ltd., as a subsidiary that takes charge of the medical and healthcare field of our business. The new company is promoting the development to utilize wood fiber components as active pharmaceutical components together with domestic and overseas pharmaceutical companies and universities.



Components of wood

Medicinal Plants –Japan’s first short-term, large-scale cultivation of licorice–

There are calls for domestic production of licorice, which is used for many Kampo medicines, due to fear of resource depletion and export restrictions. Applying the tree breeding technology, the Oji Group developed cultivation techniques* enabling licorice to grow in a short period of time with a high concentration of a medicinal ingredient, for the first time in Japan, and succeeded in a cultivation trial at our farm. We established the mechanization technology necessary to increase the scale of the business and are now proceeding with a large-scale cultivation trial.

Going forward, the Oji Group will strive for high quality and stable supply of Japanese licorice to build a new business of licorice as a raw material for pharmaceutical products.



Licorice 13 months after planting

* It takes 1.5 years from sowing to harvesting (regular licorice takes 5 to 6 years). Our licorice contains more glycyrrhizin, a medicinal ingredient, than the medicinal ingredient content standards (2.0%) (our licorice contains 2.3% or more).

Nano-dot Array Technology –Cell culture substrates for controlled cell orientation–

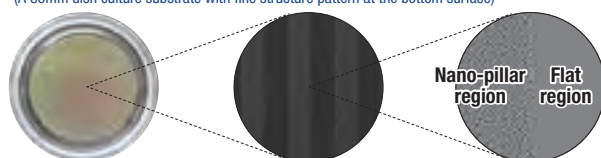
Nano-dot array technology of the Oji Group enables high-precision fine structure fabrication ranging from hundreds nanometers to a few micrometers at the surface. This technology is used to develop diverse applications in such fields as optics and life science.

With the technology, we have developed cell culture substrates that have nano-pillar and flat regions interleaved in parallel stripes. It has been confirmed that when

cells that are oriented in vivo such as cardiomyocytes and myoblast cells are cultured on this substrate, cell sheets are formed in which the long axes of the cells are oriented in the same direction. These cell-sheets with controlled cell orientation exhibit bioactivity similar to that in vivo, and therefore are expected to be used for bio assays and regenerative medicines.

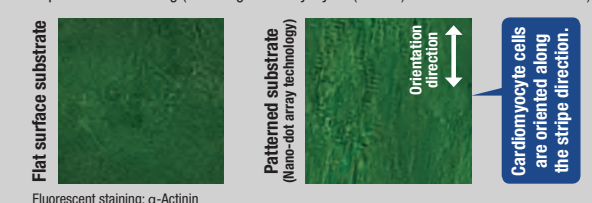
ND Cell Aligner Dish 35

(A 35mm dish culture substrate with fine structure pattern at the bottom surface)



Nano-pillar and flat regions are interleaved in parallel stripes.

Examples of cell culturing (Culturing cardiomyocytes (human) differentiated from iPS cells)

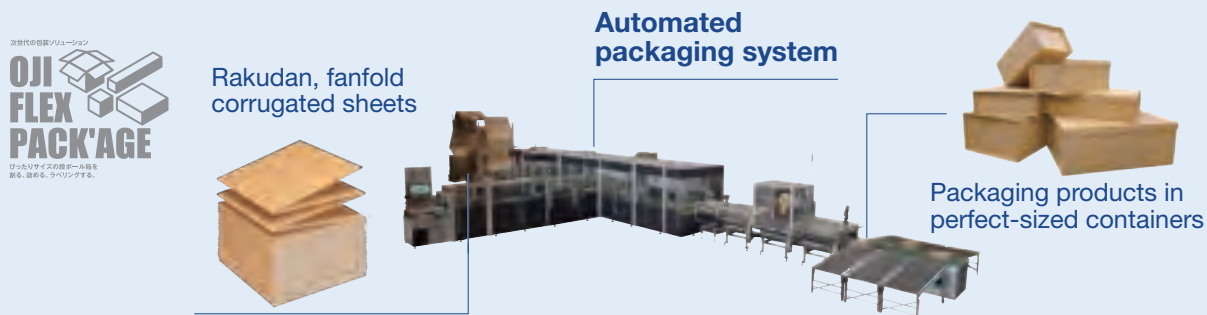


Fluorescent staining: α-Actinin

Automated Packaging System – OJI FLEX PACK'AGE, a next-generation packaging solution – 

Different industries are nowadays faced with packaging and logistics issues in the wake of rapid expansion of the online shopping market. In response to this, the Oji Group has put together the technologies and know-how of packaging materials and packaging machines cultivated over many years, and started to provide “OJI FLEX PACK'AGE,” a next-generation packaging solution that enables packaging according to the size of the products. The system, which allows its users to prepare a corrugated container that fits the product perfectly, offers different solutions to meet a

variety of needs: a 3-sided variable system, which uses our fanfold corrugated sheets Rakudan, and a variable height automatic sealing system, which uses standard-sized corrugated containers. Introduction of OJI FLEX PACK'AGE realizes resource saving (corrugated containers and packaging materials), cost saving (improving work efficiency and solving the labor shortage issue through automation), and energy saving (reduction of transportation costs due to improvement in loading efficiency) at once.

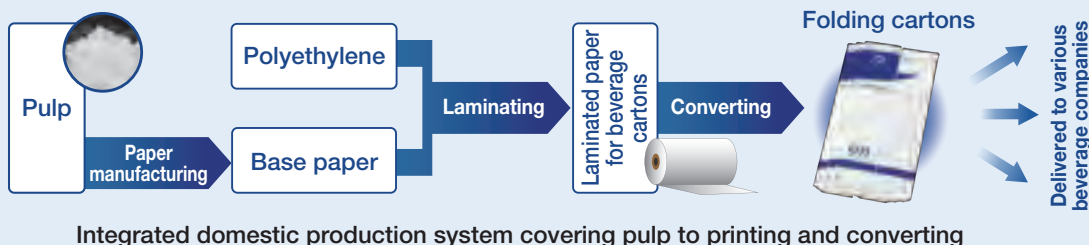


Paper Containers Business – Integrated domestic production system for beverage packages and into foreign markets expansion – 

The Oji Group has utilized its core technologies including paper manufacturing technologies and various converting technologies and built an integrated domestic production system covering from paper manufacturing of Japan-made base paper to beverage packages in collaboration with ISHIZUKA GLASS CO., LTD., a general container manufacturer. The integrated system can contribute to advanced quality control, reduction of transportation costs from overseas, stable supply, etc.

In addition to manufacturing paper cartons in Japan, the Paper Containers Business also sells and maintains machines that fill paper cartons with beverages. As such, we leverage the entire services of the business to provide flexible solutions according to customer needs.

In the future, we will utilize our overseas infrastructure to expand the business outside Japan, where demand is expected.



Water Treatment Business 

The Oji Group provides customers in and outside Japan with water treatment systems that meet a wide range of needs, based on the paper manufacturing technologies, and the technologies and operational expertise for water production and wastewater treatment, which have been accumulated since the founding. Based on investigation and proposals from various standpoints, we design and build optimal equipment from a broad viewpoint, and

maintain and manage it for the purpose of stable operation (including remote operation) and trouble prevention. In this way, we make available appropriate water quality management solutions from a holistic perspective. We strive to realize a sustainable society by providing stable water treatment technologies and making effective use of limited water resources.



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.

Yoshiaki Koseki

President, Industrial Materials COMPANY
President, Household and Consumer Products COMPANY

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

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.

Net Sales

¥686.1 billion

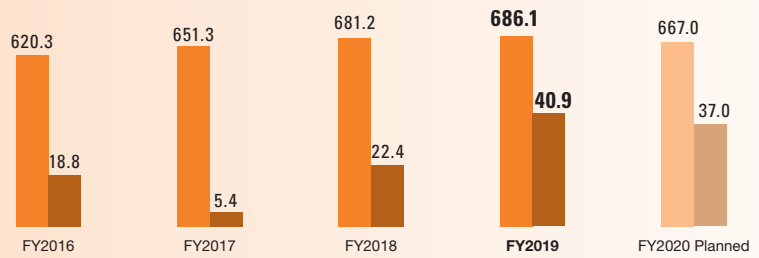
Operating Profit

¥40.9 billion

Net Sales
Composition Ratio

38.8%

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



Expansion of Overseas Business

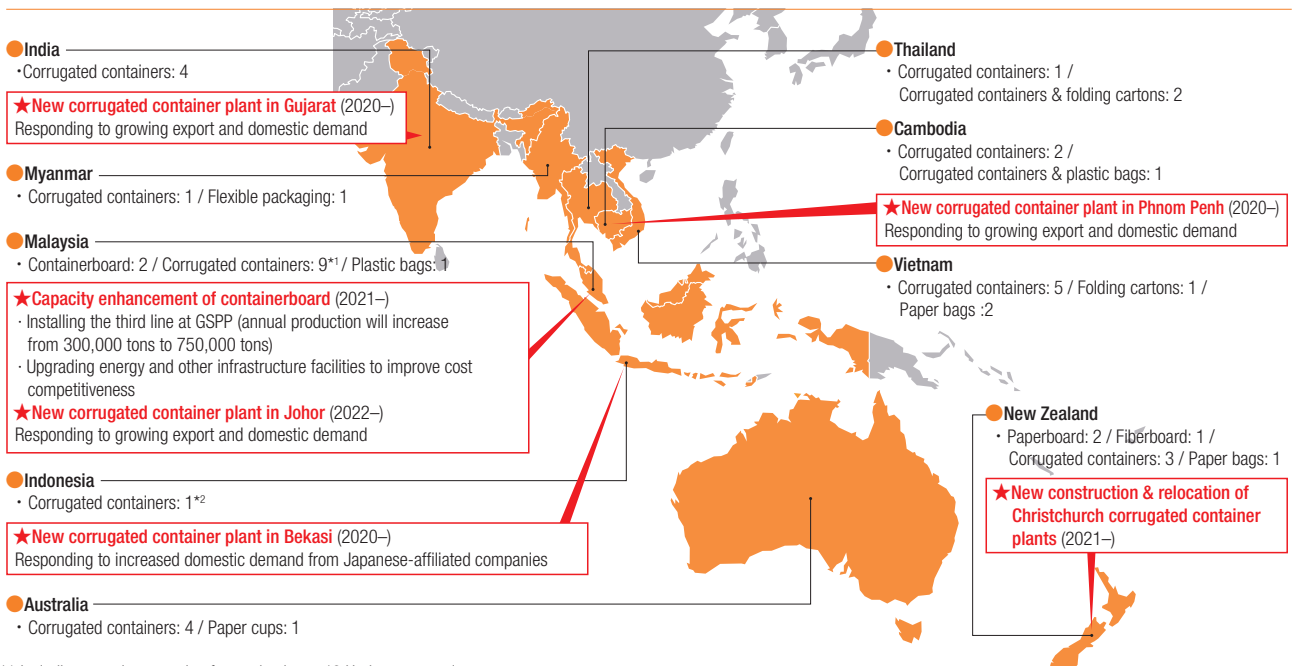
The Industrial Materials COMPANY conducts business at 45 sites in nine countries in Southeast Asia, India, and Oceania. We have been focusing mainly on expanding converting sites to respond to growing packaging demand, and now, we will install new containerboard production facilities in Malaysia, which 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
Ojitex (Vietnam)

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

Ojitex (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 Ojitex (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 an 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.

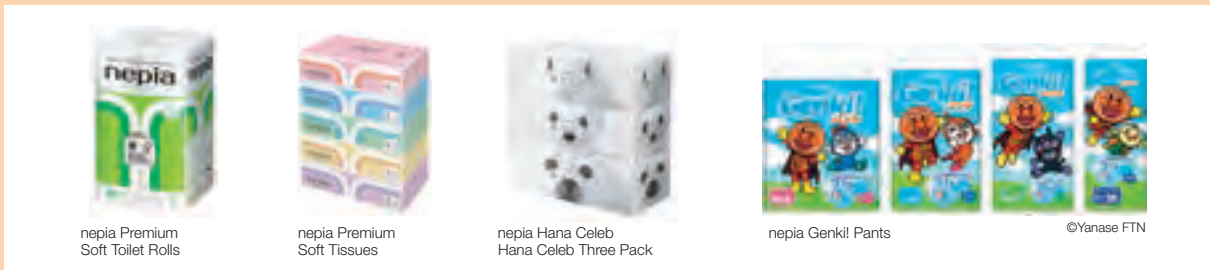
Household and Consumer Products Business

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.



nepia Premium Soft Toilet Rolls

nepia Premium Soft Tissues

nepia Hana Celeb Hana Celeb Three Pack

nepia Genki! Pants

©Yanase FTN

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.

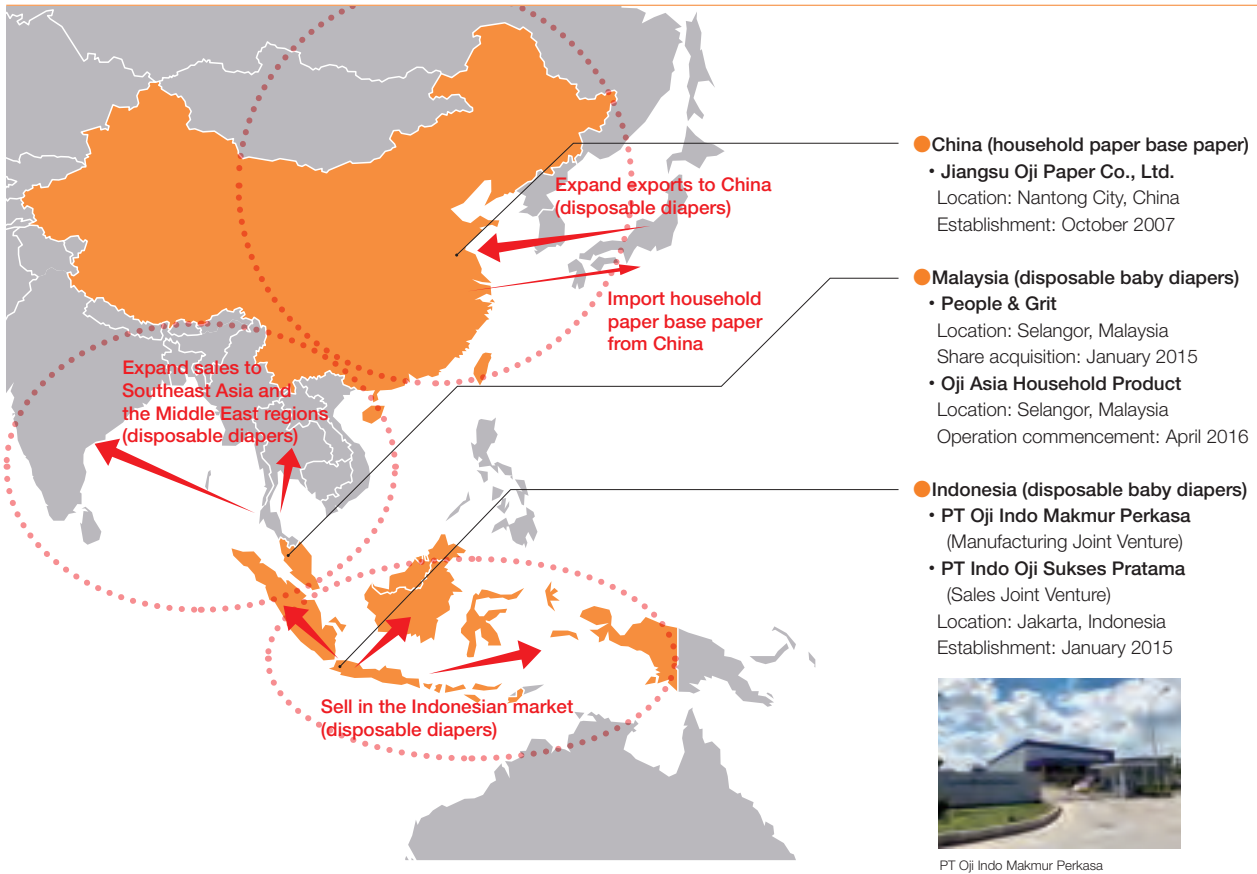


© Fujiko Pro

"Genki! (Doraemon package)" for Chinese market

Household and Consumer Products Business

Main Overseas Manufacturing Sites



PT Oji Indo Makmur Perkasa

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.

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

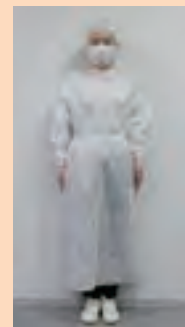
In New Tac Kasei Yamamoto Mill, there is a clean-room used to manufacture stickers and labels for medical use. We have remodeled this cleanroom and installed a new mask production line. The base material is non-woven fabric manufactured by Oji Nepia Nagoya Mill. These masks are “All Made in Japan,” from 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 high-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

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)

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)

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)

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)

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).

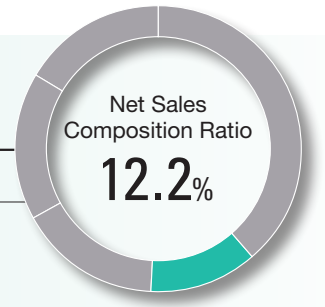
Net sales declined compared to FY2018, due to subdued sales for electronic and industrial components in the domestic business, and a decrease in export sales following the impact of a slowdown in the Chinese and South Korean economies. Operating profit decreased, primarily due to the impact of a decrease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

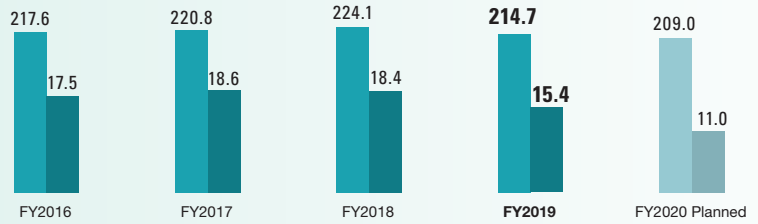
Impact of COVID-19

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 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.

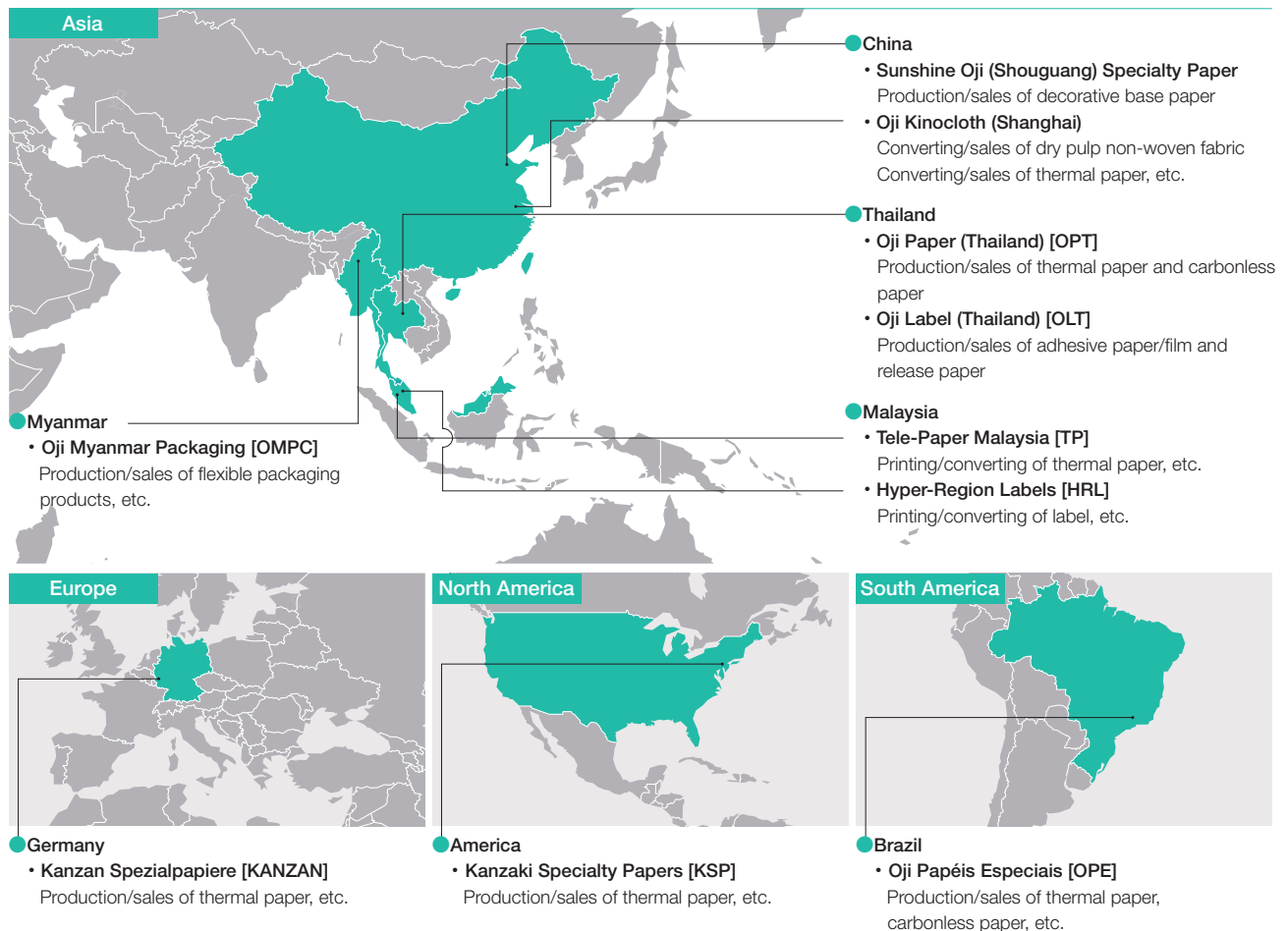


Oji Paper (Thailand)



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

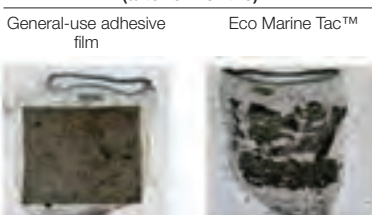
Promotion of Innovation

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 CO₂ 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%.

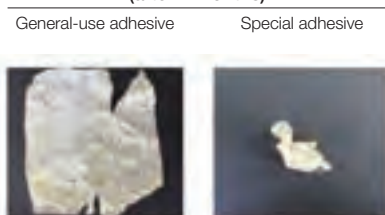
Eco Marine Tac™ is registered under Plastics Smart, a campaign by the Ministry of the Environment to address marine plastic waste problems. The Functional Materials COMPANY will continue to engage in the development of environmentally-friendly products.

Soil decomposition test (after 3 months)



*Eco Marine Tac™ decomposes more easily than general-use adhesive film.

Seawater decomposition test (after 2 months)



*When the same kind of biomass plastic is used on the surface base material, the special adhesive does not tend to inhibit the degradability.



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

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 a 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.



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

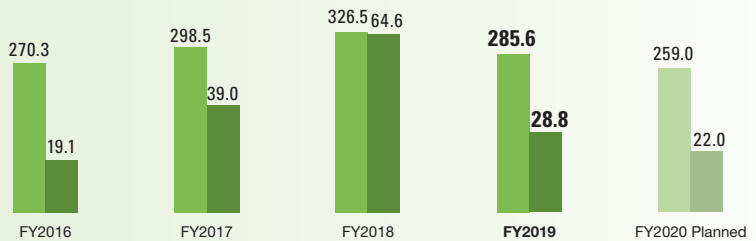
¥285.6 billion

Operating Profit

¥28.8 billion

Net Sales
Composition Ratio
16.1%

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



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^{*1}, fuels made from waste^{*2}, fossil fuels, etc. (for pulp and paper manufacturing)
 - Hydroelectric power plant ● Solar electric power plant
- ^{*1} Renewable fuels: black liquor, etc.
^{*2} Fuels made from waste: wood residue, bark, and RPF, etc.



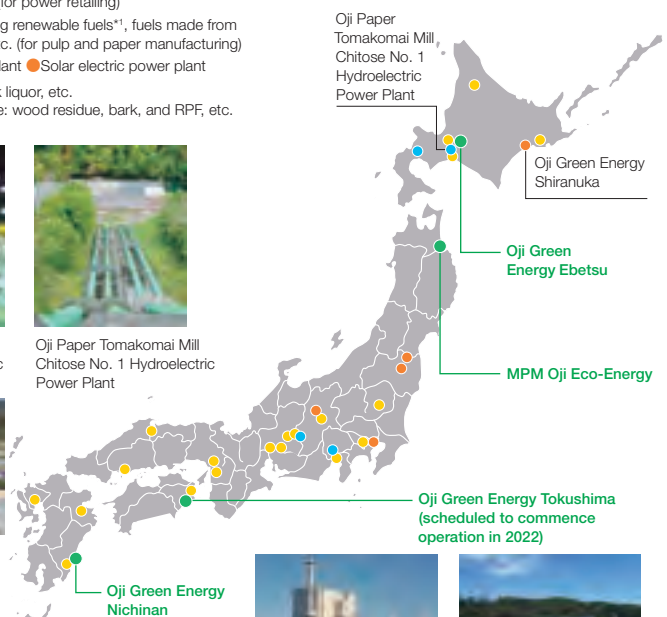
Oji Paper Tomakomai Mill Chitose No. 1 Hydroelectric Power Plant (inside)



Oji Paper Tomakomai Mill Chitose No. 1 Hydroelectric Power Plant



Oji Green Energy Nichinan



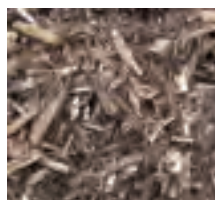
Oji Green Energy Ebetsu



Oji Green Energy Shiranuka



MPM Oji Eco-Energy's biomass electric power generation facility



Biomass fuel

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.

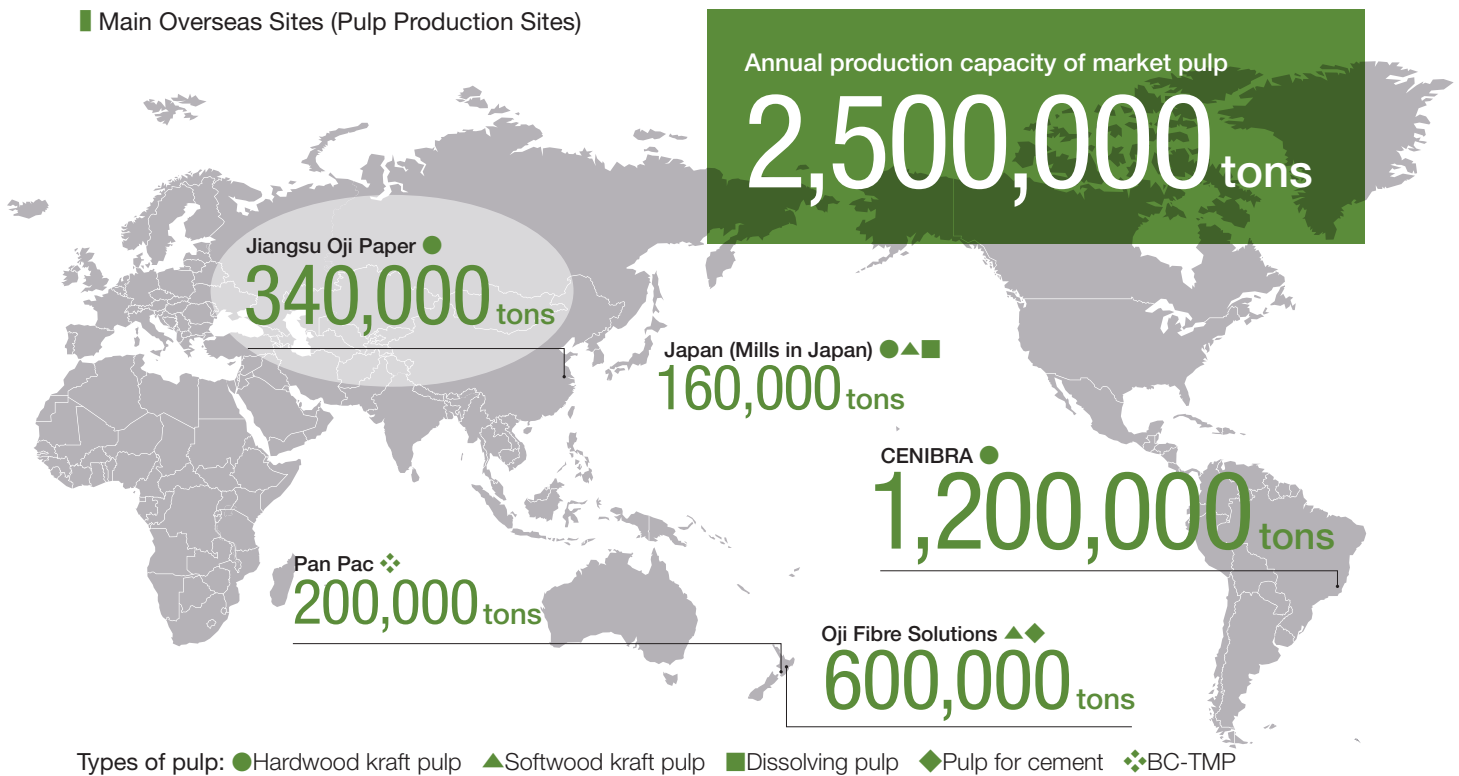
In Japan, the Forest Resources and Environment Marketing Business is expanding the business and started production of high value added products: medical product materials and filter materials in addition to existing products for rayon applications.

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

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.



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

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

¥292.7 billion

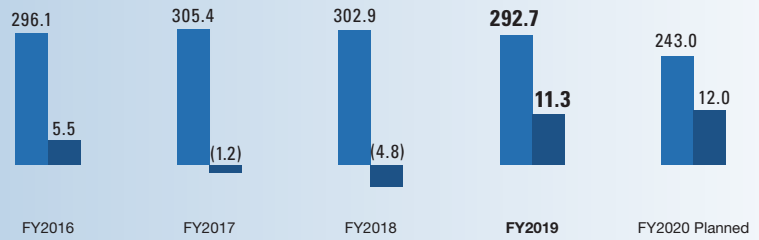
Operating Profit

¥11.3 billion

Net Sales
Composition Ratio

16.5%

■ Net sales (¥bil.) ■ Operating profit (¥bil.)



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.

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 (CO₂ 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

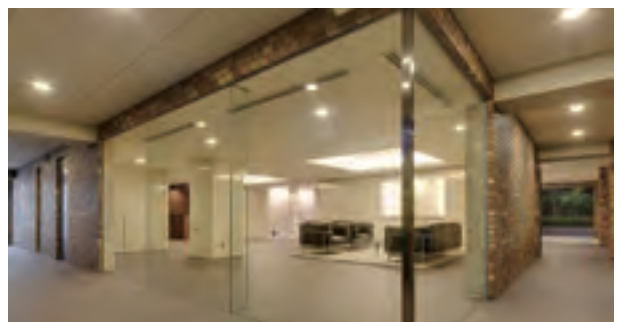
Oji Real Estate

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)



1 Susumu Yajima

Representative Director
Chairman of the Board

Brief history and positions in the Company and significant concurrent positions
 April 1975 Joined the former Honshu Paper Co., Ltd.
 June 2006 Corporate Officer, the Company
 June 2009 Director and Executive Officer, the Company
 April 2012 Representative Director and Executive Vice President, the Company
 October 2012 Representative Director of the Board and Executive Vice President, the Company
 January 2015 Representative Director of the Board, President and CEO, the Company
 April 2019 Representative Director and Chairman of the Board, the Company (to the present)

2 Masatoshi Kaku

Representative Director of the Board
President and Group CEO

Brief history and positions in the Company and significant concurrent positions
 April 1978 Joined the former Nippon Pulp Industry Co., Ltd.
 April 2011 Corporate Officer, the Company
 April 2012 Executive Officer, the Company
 October 2012 Executive Officer, the Company
 June 2013 Director of the Board and Executive Officer, the Company
 April 2019 Representative Director of the Board, President and CEO, the Company (to the present)

3 Yoshiki Koseki

Director of the Board
Senior Executive Officer
President, Industrial Materials COMPANY
President, Household and Consumer Products COMPANY
President, Oji Industrial Materials Management Co., Ltd.
Representative Director and
Chairman of the Board, Oji Nepia Co., Ltd.

Brief history and positions in the Company and significant concurrent positions
 April 1977 Joined the former Honshu Paper Co., Ltd.
 April 2010 Corporate Officer, the Company
 April 2012 Executive Officer, the Company
 June 2012 Director and Executive Officer, the Company
 October 2012 Director of the Board and Executive Officer, the Company
 April 2019 Director of the Board and Senior Executive Officer, the Company (to the present)

4 Ryuichi Kisaka

Director of the Board
Senior Executive Officer
General Manager, Corporate Governance Division
President, Oji Management Office Inc.
In charge of:
Oji Human Support Co., Ltd.
Oji Business Center Co., Ltd.
Oji Paper Management (Shanghai) Co., Ltd.
Oji Asia Management Sdn. Bhd.

Brief history and positions in the Company and significant concurrent positions
 April 1982 Joined the former Kanzaki Paper Co., Ltd.
 October 2012 President and Representative Director, Oji Imaging Media Co., Ltd.
 June 2013 Corporate Officer, the Company
 June 2015 Director of the Board and Executive Officer, the Company
 April 2019 Director of the Board and Senior Executive Officer, the Company (to the present)

5 Kazuhiko Kamada

Director of the Board
Executive Officer
President, Celulose Nipo-Brasileira S.A.

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

6 Hiroyuki Isono

Director of the Board
Executive Officer
Representative Director and
Chairman of the Board, Oji Oceania Management Co., Ltd.
Chairman of the Board, Oji Fibre Solutions (NZ) Ltd.

Brief history and positions in the Company and significant concurrent positions
 April 1984 Joined the Company
 October 2012 Director of the Board, Oji Management Office Inc.
 April 2014 Corporate Officer, the Company
 June 2015 Director of the Board and Executive Officer, the Company (to the present)

7 Koichi Ishida

Director of the Board
Executive Officer
Deputy General Manager, Corporate Governance Division
In charge of Innovation Promotion Division
President, Oji Engineering Co., Ltd.

Brief history and positions in the Company and significant concurrent positions
 April 1978 Joined the Company
 October 2012 Corporate Officer, Oji Paper Co., Ltd.
 April 2014 Director, Oji Paper Co., Ltd.
 April 2016 Corporate Officer, the Company
 June 2018 Director of the Board and Executive Officer, the Company (to the present)

8 Fumio Shindo

Director of the Board
Executive Officer
President, Forest Resources and Environment Marketing COMPANY
President, Printing and Communications Media COMPANY
President, Oji Green Resources Co., Ltd.
In charge of Oji Logistics Co., Ltd.

Brief history and positions in the Company and significant concurrent positions
 April 1984 Joined the Company
 April 2014 Corporate Officer, Oji Paper Co., Ltd.
 April 2016 Director, Oji Paper Co., Ltd.
 April 2017 Corporate Officer, the Company
 April 2018 Executive Officer, the Company
 June 2019 Director of the Board and Executive Officer, the Company (to the present)

9 Shigeki Aoki

Director of the Board
Executive Officer
President, Functional Materials COMPANY
President, Oji Functional Materials Progressing Center Inc.

Brief history and positions in the Company and significant concurrent positions
 April 1984 Joined the former Honshu Paper Co., Ltd.
 September 2014 General Manager, Foods Medical Sales Department, Sales Division, Oji F-Tex Co., Ltd.
 April 2016 Corporate Officer, General Manager, Sales Division, Oji F-Tex Co., Ltd.
 April 2017 Director and Corporate Officer, General Manager, Sales Division, Oji F-Tex Co., Ltd.
 April 2019 Corporate Officer, the Company (to the present)
 June 2020 Director of the Board and Executive Officer, the Company (to the present)



10 Michihiro Nara

Independent Outside Director of the Board

Brief history and positions in the Company and significant concurrent positions

April 1974 Registered as an attorney-at-law
June 2014 Director, the Company (to the present)

11 Toshihisa Takata

Independent Outside Director of the Board

Brief history and positions in the Company and significant concurrent positions

April 1976 Joined Ministry of Foreign Affairs of Japan
August 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya
October 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi
January 2013 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi and Somalia
August 2013 Ambassador in charge of Okinawan Affairs
May 2015 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, Samoa, the Cook Islands, and Samoa
June 2016 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, Samoa, and Niue
March 2017 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, and Niue
October 2018 Retired from office
June 2019 Director, the Company (to the present)

12 Sachiko Ai

Independent Outside Director of the Board

Brief history and positions in the Company and significant concurrent positions

April 1989 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)
April 2015 Deputy General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation
June 2015 General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation
April 2016 Executive Officer, General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation
April 2019 Executive Officer, General Manager, Audit Division, Mitsubishi UFJ Trust and Banking Corporation
June 2020 Director, the Company (to the present)

13 Tomihiro Yamashita

Audit & Supervisory Board Member

Brief history and positions in the Company and significant concurrent positions

April 1982 Joined the Company
June 2010 General Manager, Internal Audit Office, the Company
October 2012 General Manager, Internal Audit Department, Corporate Governance Division, the Company
April 2014 Audit & Supervisory Board Member, Oji Container Co., Ltd.
April 2016 Corporate Officer and Deputy General Manager, Technology Division, Oji Container Co., Ltd.
June 2017 Audit & Supervisory Board Member, the Company (to the present)

14 Nobuko Otsuka

Audit & Supervisory Board Member

Brief history and positions in the Company and significant concurrent positions

January 2016 Joined Oji Management Office Inc.
Group Manager, Internal Audit Department, Corporate Governance Division, the Company
April 2018 General Manager, Internal Audit Department, Corporate Governance Division and General Manager, Corporate Compliance Department, the Company
April 2019 General Manager attached to General Manager of Corporate Governance Division, the Company
June 2019 Audit & Supervisory Board Member, the Company (to the present)

15 Makoto Katsura

Independent Outside Audit & Supervisory Board Member

Brief history and positions in the Company and significant concurrent positions

April 1971 Joined Ministry of Foreign Affairs
July 2004 Ambassador Extraordinary and Plenipotentiary of Japan to Laos
August 2007 Ambassador Extraordinary and Plenipotentiary of Japan to the Philippines
May 2011 Retired from office
June 2013 Audit & Supervisory Board Member, the Company (to the present)

16 Mikinao Kitada

Independent Outside Audit & Supervisory Board Member

Brief history and positions in the Company and significant concurrent positions

April 1976 Appointed public prosecutor
January 2012 Superintendent Public Prosecutor of Osaka High Public Prosecutors Office
January 2014 Retired from office
March 2014 Registered as an attorney-at-law
June 2014 Audit & Supervisory Board Member, the Company (to the present)

17 Norio Henmi

Independent Outside Audit & Supervisory Board Member

Brief history and positions in the Company and significant concurrent positions

April 1989 Registered as an attorney-at-law
June 2018 Audit & Supervisory Board Member, the Company (to the present)



The Oji Group's Emphasis on Corporate Governance

Susumu Yajima

Representative Director and
Chairman of the Board

Our Actions as a Leading Company with Supply Responsibilities, Supporting Lifestyle and Industry

- Corporate ethics and compliance to maintain social trust
- Stabilizing raw materials procurement and product supply; securing quality and safety; business continuity planning (BCP) response
- Sustainability response including forest management; reduction of environmental burdens

The Oji Group was born of Japan's first modern printing paper manufacturer, "Shoshi Kaisha," founded 147 years ago. The corporate spirit, passed down uninterrupted through this long history, has led us to maintain a strong sense of ethics as a company, based on the awareness that "a company is a public institution for society." The Oji Group could not have endured for over a century without this strong sense of corporate ethics.

The idea of "sustainability" has been accepted around the globe in recent years. This concept is consistent with our sense of corporate ethics, whose basic policy is to fulfill our duties as a public institution in the interest of all stakeholders. The Oji Group believes that *those who use trees have the responsibility to plant trees*. Accordingly,

we have contributed to reducing environmental burdens in ways such as CO₂ absorption through its forestry management activities. Today, we have also realized resource circulation throughout the value chain by promoting "forest recycling," "paper recycling" and "water recycling," to contribute to the development of a sustainable society. In addition, as a part of an industry closely involved in people's lives, we have a responsibility to supply products indispensable to everyday life. The Oji Group is working to build business continuity systems so as to ensure the stable supply of safe and secure products to our customers even in the midst of natural disasters and the COVID-19 crisis.

In my new year's address as Chairman of the Japan Paper Association, I said "we, as players in the Japanese paper manufacturing industry, should not indulge in partiality. Instead, we should fulfill our responsibility to all stakeholders." Needless to say, the Oji Group, a leading company in the industry, will stay true to this spirit and proactively address the global issues at the forefront.

Operation and Monitoring Needed to Expand Globally

- Sharing and embedding the Group's vision
- Ensuring respect for human rights and worksite safety and health, and responding to geopolitical/legal risk
- Establishing overseas audit structures

The Oji Group positions the "expansion of overseas business" as one of the basic strategies. As we expand overseas, our overseas employees have grown to number around 19,000, now representing more than half of the Group's approximately 36,000 regular employees.

This means that the employees vary in their race and nationality, as well as culture, religion and points of view. Accordingly, having them understand and share the Oji Group's vision is vital for maintaining a sense of unity. Based on the above corporate ethics, we have specified our fundamental and universal standards in the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard. We continue to raise employees' awareness of these standards as norms that all officers and employees must comply with. Moreover, we boiled the standards down to the three phrases of "sound common sense,"

"sensitivity to immorality" and "courage to take action," and is requesting all employees to be always mindful of them.

In terms of raw materials procurement, the Group revised the Oji Group Partnership Procurement Policy in 2018 to reduce environmental, human rights and occupational safety risks. Over 3,000 suppliers around the world are requested to operate in accordance with the policy. From this year, we are enhancing the effectiveness of this policy by implementing monitoring in cooperation with the suppliers.

Proactive Corporate Governance for Corporate Growth

- **Strengthening production, expanding sites, promoting innovation, M&A and other growth investment**
- **"Inclusion & diversity," and measures related to human resources**

The FY2019-2021 Medium-term Management Plan sets out three initiatives for corporate growth: profitability improvement of domestic business, expansion of overseas business and promotion of innovation. The initiatives include, for example, generating synergies through partnership with Mitsubishi Paper Mills, constructing a new corrugated container plant in the Tokyo metropolitan area, accelerating the construction of new plants in Southeast Asia and India, developing CNF and other new materials, and furthering and leveraging the technologies cultivated

in the paper manufacturing industry to operate the water treatment business, the energy business and other businesses.

In order to develop and expand the overseas business, the most important aspect of these endeavors is to respect each country's values created through its history and customs. To accomplish this, we need to master the approach of "inclusion & diversity." Textbook learning alone will never lead to such mastery: it will only impart a superficial understanding. Of course, textbooks are useful too, but I think that it is vital to visit a country and interact with the people there. Also crucial is to get to like the country. Through these efforts, the "inclusion & diversity" approach will become second nature to us. The Oji Group will continue to transcend race and nationality to develop this type of human resources.

Issues and Future Initiatives in Corporate Governance

- **Recognizing corporate governance issues for sustainable growth**
- **Effectiveness of governance and utilization of external perspectives as seen from the position of Chairman of the Board of Directors**
- **Governance themes to strengthen in the future, response to them and the establishment of systems**



Governance issues currently recognized are the utilization of the external perspectives of Independent Officers, and the promotion of diversity. In particular, it is doubtful if we could ever make keywords "globalization" and "innovation" into reality if we were to retain the largely homogeneous human resources structure of previous eras, centered on domestic businesses. Moreover, the utilization of different ideas and perspectives in company management is a vital part of strengthening corporate governance.

In a survey of all internal and Outside Officers conducted to evaluate of the effectiveness of the Board of Directors,

some respondents pointed out that there is "room for improvement with regard to the number of Independent Outside Directors and the composition of the Board of Directors to emphasize diversity." In response, at the General Meeting of Shareholders held at the end of June 2020, we reduced the number of internal Directors by 2 (from 11 to 9), and increased the number of female Independent Outside Directors by 1 (increasing the number of Independent Outside Directors from 2 to 3). The utilization of external perspectives will hopefully contribute to further growth of the Oji Group.

Last but not least, our goal is to become a corporate group that is recognized both internally and externally as "more than just a paper manufacturer." Through the further promotion of business structural reforms and environmental management, we will fulfill our duties to all stakeholders, including shareholders, customers, business partners, employees, local communities, and the global environment. I look forward to your continued support.

The Oji Group established the Oji Group Corporate Code of Conduct based on the fundamental values and philosophy that have been handed down since the Group's foundation and has undertaken business activities with an awareness of its role as a corporate member of society and a strong sense of ethics throughout the Group. Going forward, in order to increase corporate value and become a company that is trusted by society, we will work to ensure management efficiency, soundness, and transparency, while positioning the enhancement of corporate governance as a priority management issue and building trusting relationships with diverse stakeholders.

Basic Concepts, Framework, and Operational Policies	
<p>Fundamental Policies on Corporate Governance</p> <p>The Fundamental Policies on Corporate Governance set forth the basic concepts, framework, and operational policies regarding corporate governance.</p>	<p>Corporate Governance Report</p> <p>The Oji Group posts its Corporate Governance Report, which it submits to Tokyo Stock Exchange, on its official website.</p>
 <p>https://www.ojiholdings.co.jp/english/group/policy/governance.html</p>	 <p>https://www.ojiholdings.co.jp/english/ir/library/governance.html</p>

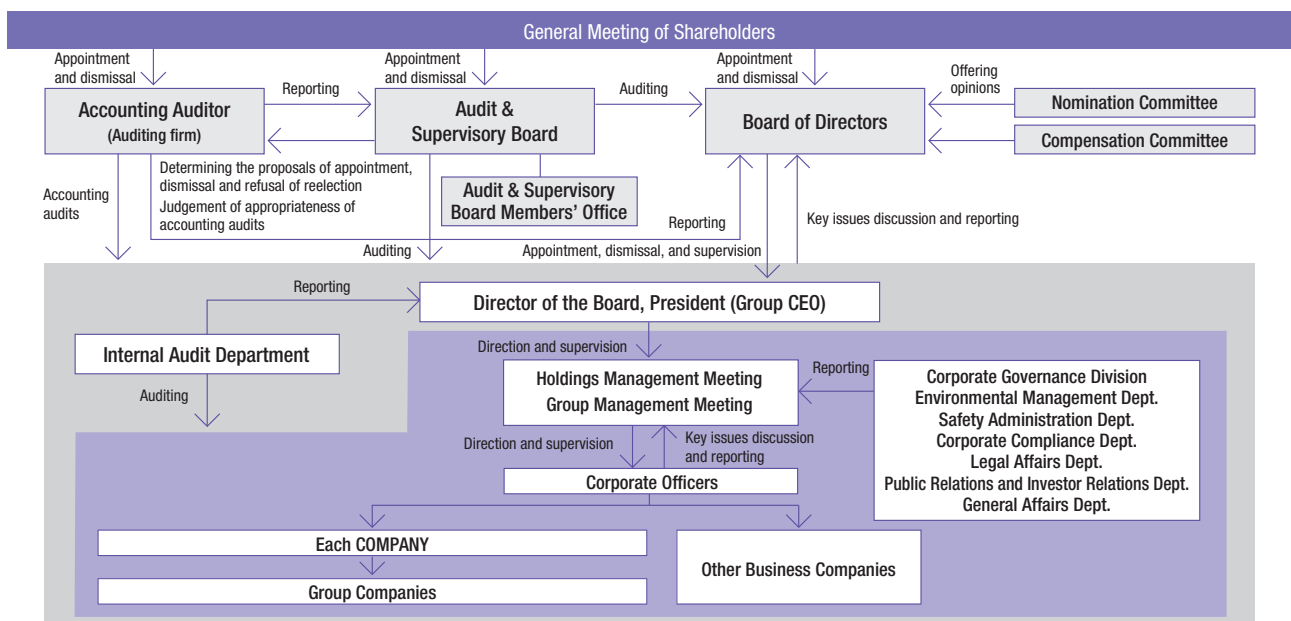
Corporate Governance Structures

The Oji Group has adopted a COMPANY system under which Oji Holdings oversees the formulation of Group management strategies and Group governance and each COMPANY, made up of closely-related businesses, plays a central role in business operations. This structure accelerates decision making by each business unit and clarifies management responsibilities.

In addition, as a company with Audit & Supervisory Board, Oji Holdings reinforces Group-wide governance through audits of the execution of duties by Directors carried out by the Audit & Supervisory Board Members and the Audit & Supervisory Board. The Board of Directors consists of twelve Directors (including three Independent Outside Directors) and the Audit & Supervisory Board consists of five Audit & Supervisory Board Members (including three Independent Outside Audit & Supervisory Board Members), and Susumu Yajima, Representative Director and Chairman of the Board, chairs the Board of Directors. In FY2019, attendance of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at the Board of Directors meetings (15 meetings held) was 94.3% and attendance of Independent Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings (14 meetings held) was 100%.

The Nomination Committee and Compensation Committee were established as advisory bodies to the Board of Directors. These two committees enhance the objectivity and transparency of decision making, and the Compensation Committee analyzes the effectiveness of and deliberates on evaluations of the Board of Directors.

Corporate Governance Structural Diagram



Nomination Committee and Compensation Committee

The Nomination Committee and Compensation Committee were established as advisory bodies to the Board of Directors in 2015. These two committees enhance objectivity and transparency in their decision making, and the Compensation Committee analyzes the effectiveness of and deliberates the evaluations of the Board of Directors.

With the increase of one Independent Outside Director in June 2020, the Committees consist of two internal Directors and three Independent Outside Directors, with the Independent Outside Directors representing more than half of the Committees members.

Roles of Nomination Committee

Formulate nomination, appointment, and dismissal policies related to personnel affairs for Directors, Audit & Supervisory Board Members, Corporate Officers, and Corporate Advisors, deliberate on candidates, and submit recommendations to the Board of Directors

Roles of Compensation Committee

Deliberate on compensation structures, compensation levels, and evaluation of Directors, Corporate Officers, and Corporate Advisors and submit recommendations to the Board of Directors

Structures of the Nomination Committee and the Compensation Committee and their meetings held in FY2019

Position	Name	Nomination Committee	Attendance	Compensation Committee	Attendance
Representative Director and Chairman of the Board	Susumu Yajima		1/1		2/2
Director of the Board, President	Masatoshi Kaku	Committee Chair	1/1	Committee Chair	2/2
Independent Outside Director	Michihiro Nara		1/1		2/2
Independent Outside Director	Toshihisa Takata (Took office in June 2019)		1/1		1/1
Independent Outside Director	Sachiko Ai (Took office in June 2020)		–		–

Policy on Determination of Director Compensation and Total Compensation Amount

Policy on Determination of Director Compensation

Oji Holdings has designed its compensation programs with an emphasis on the roles performed by the Director compensation program such that the Board of Directors promotes sustainable growth and increasing medium- to long-term corporate value of the company and pursues enhanced profitability and capital efficiency. The specifics of the Director compensation program and determination policies are set forth in the Fundamental Policies on Corporate Governance. Director compensation comprises base compensation, bonuses that reflect short-term performance, and stock-based compensation that reflects medium- to long-term improvement in corporate value. Determinations are made by the Board of Directors based on recommendations submitted by the Compensation Committee.

Please refer to the Annual Securities Report for details concerning performance-linked compensation including bonuses and stock-based compensation.

Securities Reports

<https://www.ojiholdings.co.jp/ir/library/security.html> (in Japanese)

Payment ratios of performance-linked compensation and non-performance-linked compensation

Position	Fixed compensation	Performance-linked compensation			Total
		Bonuses	Stock-based compensation	Total	
Director, Chairman of the Board	50%	25%	25%	50%	100%
Director of the Board, President	50%	25%	25%	50%	100%
Director of the Board, Executive Vice President	50%	25%	25%	50%	100%
Director of the Board, Senior Executive Officer	50%	25%	25%	50%	100%
Director of the Board, Executive Officer	50%	25%	25%	50%	100%
Independent Outside Director	100%	–	–	–	100%

*The payment ratios will fluctuate due to changes in performance-linked compensation such as bonuses and stock-based compensation.

■ Total amount of compensation for each officer category, total amount of compensation, etc. by type, and number of eligible officers (FY2019)

Officer category	Total amount of compensation (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation		
			Bonuses	Stock-based compensation	
Directors (excluding Independent Outside Directors)	654	286	211	155	14
Audit & Supervisory Board Members (excluding Independent Outside Audit & Supervisory Board Members)	52	52	–	–	3
Independent Outside Directors and Independent Outside Audit & Supervisory Board Members	69	69	–	–	6

Policy and Process for Nomination of Directors and Audit & Supervisory Board Members

Policy

At Oji Holdings, the Fundamental Policies on Corporate Governance stipulate as a Director nomination policy that candidates be nominated for Directors who possess excellent character and insight and who may contribute to the sustainable growth as well as the increase of medium- to long-term corporate value of the Group and that candidates be appointed for Audit & Supervisory Board Members who are capable of executing the duties of Audit & Supervisory Board Members, and who possess excellent character and insight as well as high level of specialization and extensive experience.

Process

When nominating candidates for Directors, the Nomination Committee, an advisory body to the Board of Directors, deliberates and recommends to the Board of Directors. As for nomination of candidates for Audit & Supervisory Board Members, the Nomination Committee recommends to the Board of Directors with the consent of the Audit & Supervisory Board, following consultation with the Nomination Committee. The Nominating Committee consists of three Independent Outside Directors, the Chairman and the President, and the Board of Directors receives reporting from the Committee, deliberates and makes decisions.

■ Directors' Skill Map

The capabilities of our Directors are as follows:

Director	Corporate management	Finance and accounting	Manufacturing and technologies	Research and development	Sales and marketing	Personnel and labor management	Purchase and procurement	Internationality	ESG
Susumu Yajima	●	●						●	●
Masatoshi Kaku	●		●	●					●
Yoshiki Koseki	●		●						●
Ryuichi Kisaka	●					●			●
Kazuhiko Kamada	●				●			●	
Hiroyuki Isono	●	●						●	
Koichi Ishida	●		●						●
Fumio Shindo	●		●				●		
Shigeki Aoki (Newly appointed)	●				●	●			
Michihiro Nara Independent Outside Director									●
Toshihisa Takata Independent Outside Director								●	
Sachiko Ai Independent Outside Director (Newly appointed)	●								●

Independent Outside Officers

Status of Activities by and Reason for Appointment of Independent Outside Officers

There are three Independent Outside Directors and three Independent Outside Audit & Supervisory Board Members at Oji Holdings. All Independent Outside Officers attend Board of Directors meetings, and the briefings that are held twice each month in principle and are conducted by the Director responsible for the Corporate Governance Division regarding Management Meeting agendas and planned Board of Directors deliberation matters. In addition, the three Independent Outside Directors make up the Nomination Committee and the Compensation Committee.

Persons with highly specialized and wide-ranging knowledge who are able to express opinions that are independent from management and from the perspectives of various stakeholders are selected as Independent Outside Director candidates, and persons with excellent character and insight, a high level of specialization, and extensive experience are selected as Independent Outside Audit & Supervisory Board Member candidates.

Main Activities of Independent Outside Officers in FY2019

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements at Meetings
Independent Outside Director	Michihiro Nara	Attended 14 of 15 meetings (93.3%)	–	Makes statements from a professional perspective based on extensive experience and wide-ranging knowledge as an attorney.
Independent Outside Director	Toshihisa Takata	Attended 10 of 10 meetings (100%)	–	Makes statements based on extensive experience and wide-ranging knowledge as a diplomat.
Independent Outside Director	Sachiko Ai (Took office in June 2020)	–	–	–
Independent Outside Audit & Supervisory Board Member	Makoto Katsura	Attended 14 of 15 meetings (93.3%)	Attended 14 of 14 meetings (100%)	Makes statements based on extensive experience and wide-ranging knowledge as a diplomat.
Independent Outside Audit & Supervisory Board Member	Mikinao Kitada	Attended 15 of 15 meetings (100%)	Attended 14 of 14 meetings (100%)	Makes statements based on extensive experience and wide-ranging knowledge as a prosecutor and attorney.
Independent Outside Audit & Supervisory Board Member	Norio Henmi	Attended 13 of 15 meetings (86.7%)	Attended 14 of 14 meetings (100%)	Makes statements from a professional perspective based on extensive experience and wide-ranging knowledge as an attorney.

*With regard to Director Toshihisa Takata, only Board of Directors meetings held after he took office on June 27, 2019 are considered.

Effectiveness Evaluation of the Board of Directors

The Fundamental Policies on Corporate Governance stipulates that the Board of Directors shall conduct analysis and evaluation of the effectiveness of the Board of Directors every year, and take required measures to ensure the effectiveness of the Board of Directors as a whole as well as disclose an overview of the findings. In order to evaluate the effectiveness of the Board of Directors, we conduct a survey on the role, structure, and operation of the Board of Directors from April to May every year for all Directors and Audit & Supervisory Board Members. The evaluation findings will be analyzed by the Compensation Committee, in which Independent Outside Directors participate, and then deliberated by the Board of Directors based on the analysis results.

In the past, we recognized issues such as room for improvement in the structure of the Board of Directors, which places importance on diversity, and decided to implement countermeasures.

An overview of the findings in the analysis and evaluation of the Board of Directors of FY2019 conducted in and after April 2020 has been disclosed separately in the Corporate Governance Report.

Policy for Strategic Shareholding

The Oji Group strategically holds shares that are expected to contribute to the sustainable growth of the Group and the improvement of corporate value over the medium to long term as part of its management strategy for the purpose of business alliances and strengthening and maintenance of long-term and stable relationships with business partners. The Board of Directors specifically examines every year whether the purpose of strategic shareholding is appropriate and whether the benefits and risks associated with strategic shareholding are commensurate with the cost of capital to verify the appropriateness of the holding. We sell shares properly and appropriately if the rationality for holding them has diminished to reduce strategic shareholding.

Under the risk management structure developed and supervised by the Board of Directors, the Oji Group has established the Group Risk Management Regulations, and the Corporate Governance Division manages the risks common to the overall Group in a centralized manner. A responsible officer and division are assigned for each type of risk, enabling management to be informed of the risk and to respond quickly and appropriately.

In response to the rapid expansion of the areas where we operate businesses, we will reinforce our risk management structure globally to ensure business continuity and the steady development of our businesses.

Risk Management Structure

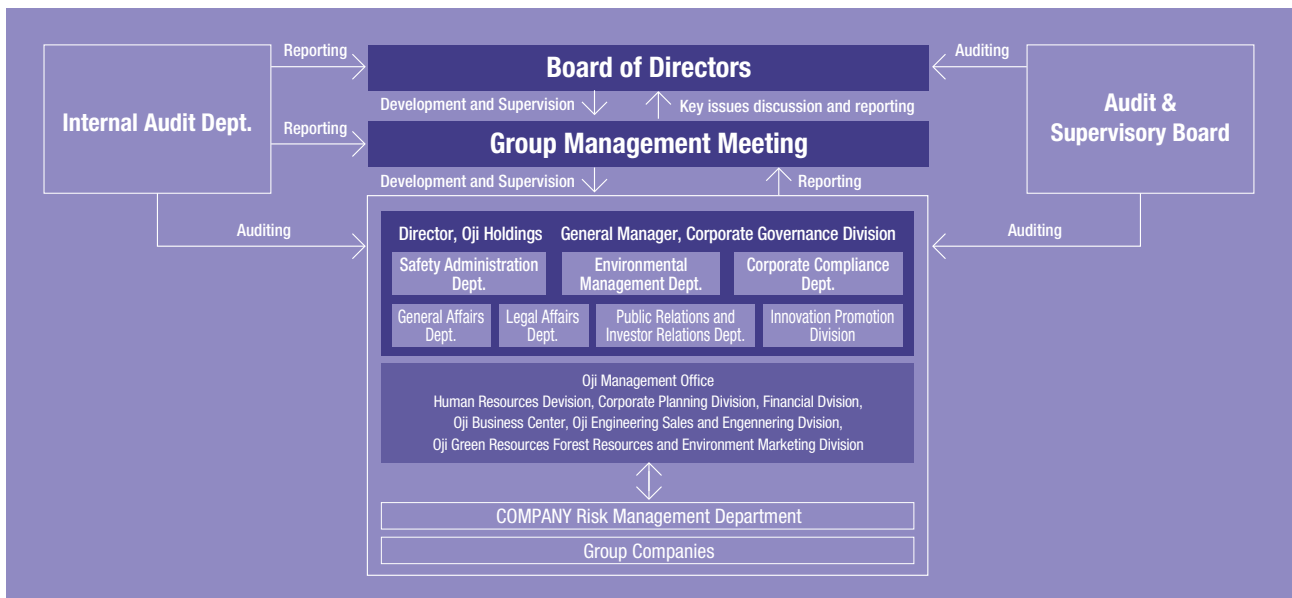
The Oji Group has identified Group-wide and business line risks within the execution of business by categorizing risks in all of the assets it owns, both tangible and intangible, in accordance with the Group Risk Management Regulations, as shown below. Responses to risks are implemented by the responsible management and support departments.

The Board of Directors supervises the enhancement and implementation of risk management. When a new risk occurs, the Board of Directors makes a decision after deliberations within the Group Management Meeting.

The Director and the General Manager of the Corporate Governance Division is responsible for the risk management of the Oji Group. The Corporate Governance Division works to ensure the effectiveness of the risk management of the overall Group.

Group-Wide Risks	Disaster risks, occupational accident risks, information system risks, cyber security risks, product liability risks, intellectual property risks, environmental risks
Business Line Risks	Employment and personnel risks, risks of misconduct and criminal conduct internally and externally, legal risks, risks concerning information leaks, production safety risks, production facility risks, raw materials purchasing risks, and others

■ Risk Management Structure



Emergency Response

To ensure a prompt initial response to emergencies, the Oji Group has established a system for reporting and collecting information around the clock.

In the event of a serious incident to be addressed by the overall Group, we establish the Group emergency headquarters to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers.

In addition, we constantly review and improve our crisis response system through training on the establishment of Group emergency headquarters and the inspection and maintenance of necessary facilities, equipment, and other items, in our efforts to maintain and improve our initial response capability.

Risk Assessment

Risk Assessment of New Businesses

The Oji Group screens investments and loans, such as those for new businesses and projects, not only by examining economic aspects but also from the viewpoint of ESG (environment, social, governance) by following the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, the Oji Group Partnership Procurement Policy, and other criteria.

Risk Assessment of Existing Businesses

Existing businesses and projects are subject to regular audits by the Internal Audit Department, Safety Administration Department, and Environmental Management Department. Where a risk is found, guidance for improvement is provided and shared across the Group.

Occupational Safety and Health	We conduct risk assessment by confirming our safety and health policies, objectives, and management structure, the occurrence of occupational accidents resulting in incapacity for work lasting at least one day, including accidents resulting in deaths or serious injuries, and countermeasures taken against such injuries, daily safety and health activities such as safety patrols and safety training, and safety of machines, equipment, chemicals, work environment, work methods, and others, not to mention the status of compliance with laws and regulations related to safety and health.
Water	To assess and identify water-related risk, we use WRI Aqueduct [*] and conduct due diligence on precipitation, drought, water disasters, water-related laws and regulations, and other elements of the area where we plan to launch a new project or business. <small>*Global maps and information indicating status of water risks in each region announced by the World Resources Institute (WRI)</small>
Biodiversity	In the planning phase of a new business or M&A, we collect information by meeting with local governments and environmental NGOs of the respective areas, and assess biodiversity risk.
Human Rights	We conduct risk assessment to see whether consideration is given to basic human rights and check for elements that have a negative impact on human rights, with a special focus on child labor, labor management, the rights of indigenous people, labor-management relationships, and other factors.
Anti-Corruption	We conduct risk assessment of our business partners as well as our agents to confirm that they do not engage in any bribery, illegal trade, or misconduct.

Practicing the Oji Group Partnership Procurement Policy

We request our raw material suppliers all over the world to implement the Oji Group Partnership Procurement Policy and monitor them to reduce risks associated with the environment, human rights, and occupational safety.

Measures for Information Security

The Oji Group positions various information obtained during its business activities as important assets required for business continuity. In FY2019, with the aim of strengthening our response to the ever-evolving IT environment, we established the Group Information System Usage and Risk Management Regulations, which have undergone a major overhaul, to reinforce our ability to prevent leakage of confidential information and prepare for cyber attacks and disasters.

The Oji Business Center, as a department that oversees our information system risk management, regularly audits the compliance status across the Group and reports the results to the Group Management Meeting. In addition, to educate employees, we regularly perform educational activities in Company Newsletter and provide e-mail training utilizing external experts to deal with phishing e-mails that are becoming more sophisticated every day.

In terms of facilities, we are building a backup system for internal servers in external data centers as part of our BCP.

Going forward, we will work to make sure that these measures will take hold and at the same time implement them at overseas group companies to further strengthen our efforts to improve information security.

Information Security Structural Diagram



The Oji Group's BCP Initiatives

The Oji Group has implemented the following initiatives to handle business continuity risks, such as natural disasters and accidents.

Establishment of a Business Continuity Plan (BCP) and Business Continuity Management (BCM) Systems

At the Oji Group, we engage in business continuity management (BCM) by having each COMPANY formulate a business continuity plan (BCP) and review it as necessary.

We constantly review and improve our crisis response system through training on the establishment of Group emergency headquarters and the inspection and maintenance of necessary facilities, equipment, and other items, in our efforts to maintain and improve our initial response capability.

Emergency Response

To ensure a prompt initial response to emergencies, the Oji Group has established a system for reporting and collecting information around the clock.

In the event of a serious incident to be addressed by the overall Group, we establish the Group emergency headquarters to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers.

With the safety of employees as our highest priority, we implement measures that enable employees to suspend outings and outdoor works, postpone attendance at work, leave work early, or avoid returning home in cases where it would be dangerous to do so.

The Oji Group's Initiatives During the COVID-19 Pandemic

COVID-19 has spread around the world since February 2020. At the Oji Group, while taking careful precautions to prevent infection, we have continued production amid the COVID-19 crisis, in order to maintain supply of the many products that play a vital part in maintaining everyday life, such as tissue paper, toilet rolls, face masks, non-woven fabric and other hygiene materials, as well as the corrugated containers that support logistics services, folding carton products, and the newsprint that conveys information.

Employee Safety, and Engagement with Business Partners and Local Communities

1. Establishment of the Emergency Headquarters

- Medical response in the event of infection, establishment and dissemination of new work rule of any infected individuals and systems of communications within the Group
- Review of working arrangements
 - [Back-office divisions]
 - Introduction of working at home (Implementation of measures to enhance and strengthen the network environment)
 - Commuting outside peak hours, utilization of flex-time
 - [Manufacturing and sales divisions]
 - Change of work shifts

2. Supply of Goods to Prevent Infection

- New manufacture and supply of non-woven fabric face masks
 - Oji Nepia (increase production of non-woven fabric using existing facilities)
 - New Tac Kasei (manufacture masks utilizing the existing cleanroom)
 - Production volume: approx. 2 million masks per month
 - Production commenced: June 2020



- New manufacture and supply of isolation gowns
 - Oji Nepia (increase production of non-woven fabric using existing facilities)
 - domestic garment manufacturers
 - Production volume: approx. 800 thousand gowns per month (non-woven fabric production volume: 80 t per month)
 - Production commenced: June 2020



3. Support for Students

- Interest-free loans to provisional hires (up to 1 million yen)
- Providing daily necessities, etc. (Oji Nepia products)



Preparations Against Further Spread, and Other Natural Disasters

The Oji Container Group has provided various corrugated container products, such as corrugated container beds, to evacuation centers, etc. for earthquakes, heavy rains, typhoons, and other natural disasters. The demand for partitions is also increasing, with the urgent requirement for measures that allow for the prevention of COVID-19 infection, and the Group is proposing solutions to national and local government authorities.



Building a Group Disaster Control System

We have established the Group Disaster Control Office as a permanent organization and formulated rules on the reporting of disaster and accident information, thereby establishing a system for obtaining the latest information promptly. We also share information about the causes of disasters and accidents, and other information across the Group, and work to minimize damage.

Earthquake Countermeasures	The Group is progressively implementing countermeasures, after conducting earthquake resistance surveys.
Tsunami Countermeasures	To prepare for tsunami, the Group has obtained hazard maps from local governments and identified and secured safe areas inside buildings (by indicating altitudes, evacuation areas, and other information).
Fire Countermeasures	Voluntary inspections are conducted at each business site and disaster control inspections are conducted as preventive initiatives.
Emergency Supplies	Water, food, and other items are stockpiled at each business site in preparation for emergencies.

Implementation of Regular Safety Confirmation Training and Comprehensive Disaster Drills

We conduct nationwide safety confirmation training twice a year, thereby maintaining a system that places maximum priority on human life. In addition, a comprehensive disaster drill is conducted regularly at each business location.

Reports of Initiatives at Domestic and Overseas Sites (As of June 1, 2020)

<https://ojiholdings.disclosure.site/en/themes/172/>



[Japan] Oji Management Office

The ceremony for new employees was held by widening of intervals between seats. Those who returned from overseas in March stayed home and watched a live stream of the ceremony. Training commenced the following day, with all the new employees engaging in e-learning and receiving lectures and training over the web conferencing platform.

[Japan] Chuetsu

To support restaurants facing hard times, we created a poster that shows people at a glance that the restaurant displaying it offers take-out services, and distributed copies of it free. To make it convenient to use, we created posters, point-of-purchase advertising and flyers in different sizes.

[Malaysia] GSPP Holdings

A lockdown order has been in force since mid-March, and GSPP once stopped its operations at all the plants in Malaysia. We subsequently recommenced operations, limited to essential businesses for daily needs, and we are continuing to operate in accordance with tight restrictions. We are working as one to fulfill our social mission, providing containerboard and corrugated containers.

[India] Oji India Packaging

The world's largest nation-wide lockdown was implemented, and our company is continuing to operate with the minimum number of workers for essential products such as for medicines, medical supplies, and foods at two out of three plants in the north and west areas. During operations, we take special care to prevent infection by maintaining social distancing during work, checking the temperatures of the people who enter our premises, supplying face masks, sterilizing the workplaces, and other measures.

[Vietnam] Ojitex (Vietnam), United Packaging

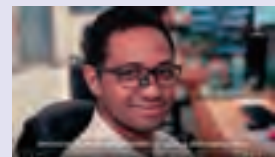
The government restricted entry to the country in February and locked down cities in March. Ten strict restrictions were enacted, including a limitation on the number of workers per square meter. We continue to operate by meeting these requirements for continued operation through various measures.

[Germany] KANZAN Spezialpapiere

We thoroughly comply with social distancing and strict enforcement of hygiene guidance such as hand washing. Disinfection dispensers have been set up in all area and staff regularly disinfect door handles, control panels etc. Workplaces have been separated, home offices set up, and meetings are held via WEB conferencing tools. Visits to KANZAN, including mill tours, have been suspended, and shifts are changed without any contact.

[Brazil] Celulose Nipo-Brasileira S.A. (CENIBRA)

We have been designated essential while confirmed cases have been increasing in Brazil. Under a slogan "Asseguramos a saúde e a segurança na CENIBRA mesmo com COVID-19 (We ensure health and safety at CENIBRA even with COVID-19)", we've been daily working on the infection prevention by expanding working from home, having web conferences, twice-daily temperature checks and spraying the site.



A video of CENIBRA's initiatives can be viewed from here.



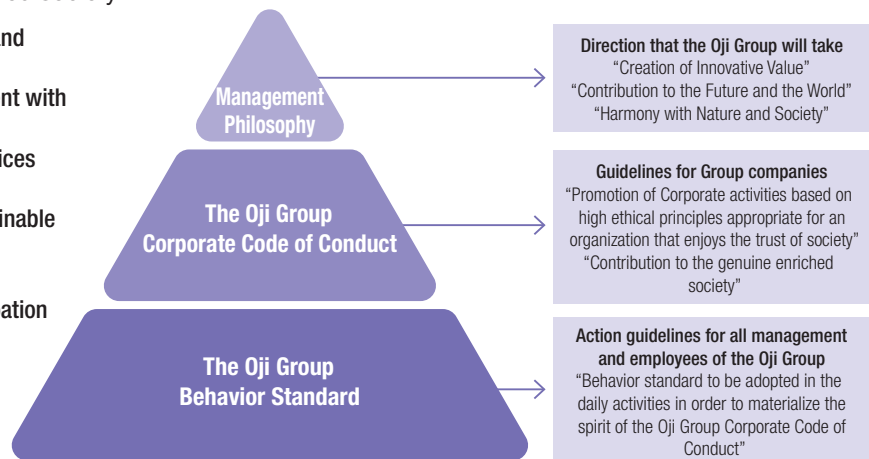
The Oji Group incorporated the principles on human rights, labor, the environment, and anticorruption of the United Nations Global Compact and established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, action guidelines for the Code, in 2004, but they were revised in this fiscal year to reflect the Management Philosophy and change of the business environment including the United Nations SDGs, to make them more in line with the demands of the times.

The Corporate Code of Conduct and the Behavior Standard have been translated into the respective languages of each country in which the Group has its business sites and are made known to all officers and employees that belong to the Group. All Oji Group officers and employees strive to comply with laws, regulations, and social norms based on an accurate understanding and practice of the Code of Conduct and Behavior Standard and to carry out compliance by promoting corporate activities based on high ethical standards that meet the trust and requirements of society.

The Oji Group Corporate Code of Conduct

- I. We, the management and employees of the Oji Group, hereby adopt the Oji Group Corporate Code of Conduct, as detailed below, as guiding principles for corporate activities based on awareness of our responsibilities as a corporate citizen in international society, and on high ethical principles appropriate for an organization that enjoys the trust of society.
- II. We, the management and employees of the Oji Group, will always strive to implement this Code and to contribute to realization of the genuine enriched society.

- 1 Compliance with Laws and Regulations and Fair Business Activities
- 2 Developing a Rewarding Work Environment with Consideration for Safety and Health
- 3 Supply of Safe, Useful Products and Services
- 4 Addressing Environmental Issues
- 5 Contribution to the Realization of a Sustainable Society
- 6 Respect for Human Rights
- 7 Communication with Society and Participation in Social Contribution Activities
- 8 Coexistence with International Society
- 9 Promotion of Crisis Management



The Oji Group Behavior Standard

- I. Toward the materialization of the spirit of the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard is adopted as a standard to be followed in the daily activities of all management and employees as a member of international society.
- II. All management and employees should recognize responsibility for following this Behavior Standard and must not violate it.

- | | | |
|--|---|--|
| <ol style="list-style-type: none"> 1 Compliance with Relevant Business Laws 2 Ensuring Safety in Business Activities 3 Practice of the Oji Group Environmental Charter 4 Acting with a Sensible Manner 5 Wholesome Relationship with Politics and Government 6 Severance of Relationships with Antisocial Groups and Organizations 7 Corporate Activities that Contribute to the Realization of a Sustainable Society 8 Coexistence with International society 9 Seeking a Relationship of Trust with Customers 10 Maintenance of an Honest, Wholesome Relationship with Business Partners | <ol style="list-style-type: none"> 11 Compliance with Laws and Regulations Related to the Anti-monopoly Act and the Act Against Delay in Payment of Subcontract Proceeds Etc., to Subcontractors 12 Prohibition of Unfair Competition 13 Proper Import/Export Management 14 Responsible Raw Material Procurement 15 Disclosure of Management Information 16 Prohibition of Insider Trading 17 Ensuring Safety and Health in the Workplace 18 Prohibition of Discrimination and Protection of Human Rights 19 Prohibition of Harassment | <ol style="list-style-type: none"> 20 Fulfillment of Responsibilities and Self-Development 21 Preparing for Various Risks such as Natural Disasters 22 Compliance with Company Rules 23 Appropriate Records and Accounting 24 Maintenance of Company Assets 25 Thorough Information Management 26 Appropriate Use of Information Devices and Communication Means 27 Prohibition of Conflicts of Interest 28 Prohibition of Private Political Activities, Etc. in the Workplace 29 Open Working Environment |
|--|---|--|

The Corporate Compliance Department of Oji Holdings draws up policies and measures for promoting compliance in the entire group. It also formulates and reviews the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and establishes internal whistleblowing systems and rules on anti-corruption. In addition, at domestic and overseas Group companies, compliance managers and compliance promotion leaders play a central role in promotion activities and work to instill compliance awareness throughout the Group.

Measures for Promoting Compliance

Activities for Raising Compliance Awareness

Numerous opportunities are created for employees to acquire necessary knowledge including compliance training as part of rank-based training for newly-appointed managers and new employees as well as periodic internal training on themes that are common to all Group companies such as the Subcontract Proceeds Act, the Antimonopoly Act, and the prevention of bribery. Also, the Compliance News is issued every month to introduce current internal and external compliance topics, provide teaching materials in quiz format, explain the Oji Group Corporate Code of Conduct and Oji Group Behavior Standard, and inform employees about the whistleblowing system.



A compliance training session held in Shanghai for the Oji Group companies in China

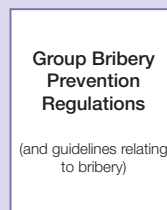
Anti-Corruption Initiatives

Based on Principle 10 of the United Nations Global Compact—anti-corruption initiatives—the Oji Group Behavior Standard expressly provide for “wholesome relationships with politics and government” and “maintenance of honest, wholesome relationships with business partners” and prohibit corruption and bribery by requiring transparency with regard to political donations and prohibiting corrupt practices such as illegal contributions and donations as well as bribery. In order to materialize this, we have established Group Corruption Prevention Regulations and their guidelines relating to bribery (offering and accepting benefits) and perform regular checks through internal audits.

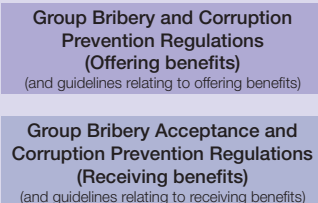
Revision of the Group Bribery Prevention Regulations (Revised in April 2020)

We have added a rule that prohibits accepting benefits (accepting entertainment, gifts, etc.) from business partners in principle, which might lead to suspicion of accepting bribery by the other party.

Before the revision

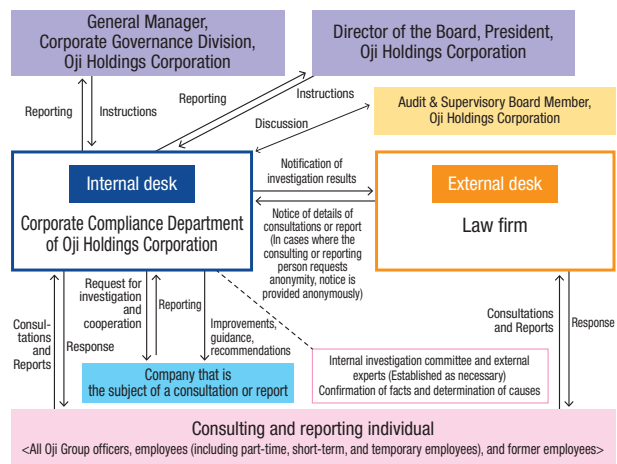


After the revision



Whistleblowing System

The Oji Group operates the Business Ethics Helpline (illustrated in the diagram on the right) based on the Group Whistleblowing Regulations to provide all officers and employees (including part-time and short-term employees) the opportunity to consult and make reports with the aim of prevention or remediation through early discovery of violations of laws and regulations and misconduct. Whistleblowing desks are established both internally (in the Oji Holdings Corporate Compliance Department) and externally (a law firm) to discover early and correct violations of laws and regulations, human rights abuses such as harassment and discrimination, corrupt practices including bribery, and other misconduct. We also work to solve employees’ daily concerns related to compliance.





Michihiro Nara
Independent Outside Director

Special
Roundtable
Discussion

Toshihisa Takata
Independent Outside Director

Sachiko Ai
Independent Outside Director



■ Michihiro Nara

Michihiro Nara has extensive experience, a high level of expertise and wide-ranging knowledge gained through his career as an attorney, especially in the civil and commercial affairs. Leveraging such experience and knowledge, he is concurrently serving as outside director at other companies as well.

With the aim of further enhancing its effectiveness, the Board of Directors was joined by a female Independent Outside Director this fiscal year, and now has three Independent Outside Directors with different areas of expertise. The three got together to discuss the current status of the Oji Group and its issues relating to the contribution to sustainable growth.

Leveraging each knowledge to support the Oji Group's stable business backed by history and tradition, and its challenge of diversification

— The Oji Group's Distinctive Features, Strengths, and Corporate Culture

Nara I have served as a Director of the Oji Group for six years. I feel that its business is exceptionally stable. By "stable," I do not only mean a large, long-established organization; the word also refers to the Group's disposition to keep adapting to changes of the times while adhering to tradition. The fact that the Group knows well how to develop human resources, especially successors who will manage the Group in the future, is a tradition and a key factor to the stability.

Takata The Oji Group is confident in its technological capabilities, backed by its history and tradition, and I get the impression that any new endeavor begins with a careful and correct assessment based on a secure technological foundation. The Group's wide-ranging business domains also represent a strength in terms of its ability to adapt to changing economic situations.

Ai The diversification and global expansion of its business took place ahead of other industry peers in a well-timed manner, and these initiatives are bearing fruit now. It is my impression that the Oji Group is resilient and adaptable to changes in the business environment, with each of its businesses getting on track and taking root.

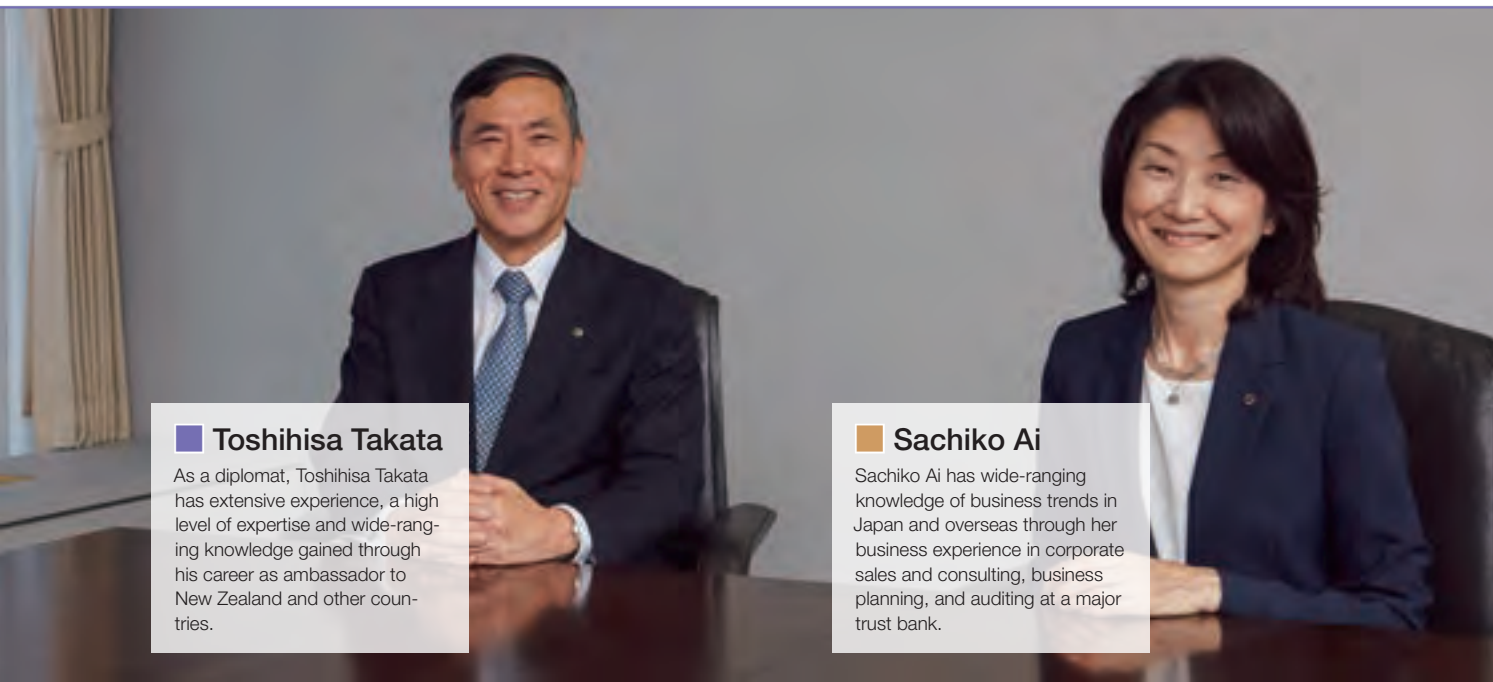
— The Role of Independent Outside Directors of the Board, and Their Own Missions

Nara The Oji Group transitioned to a holding company structure in 2012. COMPANY Presidents perform their duties while at the same time supervising the entire Group in their capacity as Directors. This is a tough part of managing a large organization. However, it is precisely this difficulty that underscores the roles of the Chairman and President as well as those of Outside Officers to supervise the Board of Directors by utilizing their respective expertise. Ms. Ai joined us as a new Independent Outside Director this year. This is not a mere addition to the Board; in terms

of diversity, it represents a tremendous transformation. In my capacity as an attorney, I intend to express my opinion clearly from an independent perspective encompassing comparison with other companies. In particular, further raising awareness of compliance and ensuring thorough practice across Group companies in Japan and overseas, is an issue of great importance.

Takata I hope to be a "man who doubts common sense in a level-headed manner" fully mindful of my independent, outside standpoint. We are in an era where conventional wisdom could be upended at any time. During my 40-plus years of service as a diplomat, I often encountered and overcame the difficulty of overseas crisis management. From the perspective of crisis management, the basic principle is to maximize preparation and minimize impact. It is actually best if preparatory measures prove unnecessary, but the balance here is extremely difficult. The Oji Group is working to raise its overseas sales ratio to 40%, and then to 50% or more as early as possible. In this context, I hope to help the Group achieve this goal steadily, calmly and patiently.

Ai At the trust bank, I helped formulate the bank's management strategies and launched affiliates and other related companies in the business planning division and provided financial/non-financial consulting services to corporate clients as the head of the corporate consulting division. Currently as the head of audit division, I support risk control to achieve the management plan and the targets. Different companies have different optimal corporate governance systems as they differ depending on the company's industry sector, scale, history and culture. I look forward to contributing to the Oji Group by providing some of the diverse perspectives, including one as a woman, drawing from the insight and experience I have cultivated through my career.



Toshihisa Takata

As a diplomat, Toshihisa Takata has extensive experience, a high level of expertise and wide-ranging knowledge gained through his career as ambassador to New Zealand and other countries.

Sachiko Ai

Sachiko Ai has wide-ranging knowledge of business trends in Japan and overseas through her business experience in corporate sales and consulting, business planning, and auditing at a major trust bank.

Invigorating discussions through smooth collaboration of internal and external directors, and taking the challenge of envisioning and realizing the medium- to long-term future

— Assessment of the Effectiveness of the Board of Directors

Nara Outside Officers attend a briefing twice a month: a briefing on Management Meeting agendas and a briefing on planned Board of Directors deliberation matters. These briefings, both led by the Director responsible for the Corporate Governance Division, provide an opportunity for Outside Officers to exchange specific opinions with officers and general managers. However, in order to invigorate the Board of Directors meetings within the limited timeframe, it is important for Directors to be familiar with the content of previous discussions and officers' points of view. To this end, Oji Holdings needs to provide more opportunities for Directors from within and outside the Group to hold discussions head-on. Oji Holdings should also clarify the concepts of matters to be deliberated at the Board of Directors meetings, and narrow such matters down to huge investment projects and other important issues. These efforts will facilitate more wide-ranging, in-depth, detailed discussions.

Takata It would be even better if there were more opportunities for free discussion and brainstorming from a medium- to long-term perspective, on issues such as the Group's orientation, stance and concept, in addition to decision-making based on near-term situations.

— Operation of the Nomination Committee and Compensation Committee

Nara The Nomination Committee and Compensation Committee, whose members are the Chairman, the President and Outside Directors, are kept small, enabling frank and candid discussions. The Nomination Committee provides meticulous explanations on the background of Director nomination. This clearly shows the Oji Group's human resource strategy of carefully determining who to nominate and taking time to develop those nominated by putting them in competition.

— Utilizing the External Perspectives Required for Harmony with Nature and Society

Takata The Oji Group is fortunate in that its businesses themselves contribute to a sustainable society. By publicizing this aspect of the Group from the perspective of SDGs, I believe that it will continue to be the choice of its stakeholders.

Ai The promotion of diversity is especially important when addressing the changes in the environment. Moreover, demand for corrugated containers, face masks and paper towels is predicted to grow, and I think that now, more than ever, is the time to demonstrate the Oji Group's brand strength. The Group manages and maintains as much as 190,000 hectares of company-owned forests in Japan. This and other excellent non-financial aspects that the Group has to offer should also be proactively promoted.

— Message to Stakeholders

Nara The Oji Group promotes "harmony with society" as part of its management philosophy. As a corporate group entrusted with valuable national assets such as forests and water resources, I would like to see it build relationships of prosperous co-existence with all its stakeholders. Developing Oji, and developing together with Oji: I hope for affiliation with all stakeholders based on this medium- to long-term perspective.

Takata In addition to "writing and preserving," paper performs other roles, including "wrapping and transporting" and "wiping and absorbing." The Oji Group is now trying to expand its businesses into medical products as well. I would like more people, especially the younger generation, to understand that paper manufacturing is certainly not a declining industry, but is in fact an industry that can contribute to a sustainable society.

Ai The stakeholders should look forward to the Oji Group's broad business development, centering on forest resources, and to the Group's next moves unfettered by business domain in line with its slogan "Beyond the Boundaries."

Material Issues (ESG) and KPI

Material issues (ESG)	Qualitative target	Key performance indicators (KPI) (Unless otherwise specified, until 2030)	Current value ^{*1} (Unless otherwise specified, as of the end of March 2020)
Mitigation and adaptation to climate change	<ul style="list-style-type: none"> Reduce GHG emission intensity accompanying product manufacturing Maintain and expand CO₂ absorption and fixation through sustainable forest management Promote the shift to non-fossil fuels Use energy efficiently 	<ul style="list-style-type: none"> Reduce by 10% from FY2013 (FY2020) Forest carbon stocks at least 170 million tons of CO₂ (estimated value)^{*2} Maintain and increase the non-fossil fuel utilization ratio^{*3} (FY2020) Reduce energy consumption intensity by 1% from the previous year (FY2020) 	<ul style="list-style-type: none"> 9.6% reduction from FY2013 Forest carbon stocks 121 million tons of CO₂ 68.1% (FY2018 result: 66.7%) 0% from the previous year
Sustainable forest management	<ul style="list-style-type: none"> Maintain and expand overseas forest plantation Increase forest certification acquisition rate 	<ul style="list-style-type: none"> 400,000 ha of overseas forest plantations Increase the rate of overseas forest certification acquisition^{*4} (maintain the domestic rate at 100%) 	<ul style="list-style-type: none"> 250,000 ha of overseas forest plantations (130,000 ha of conservation forests) Forest certification acquisition rate of own production forests [Japan] 100% [Overseas] 94%
Responsible raw materials procurement	<ul style="list-style-type: none"> Promote CSR procurement, taking into consideration the environment and society in accordance with the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines 	—	—
Stable supply of safe and secure products	<ul style="list-style-type: none"> Continue zero product liability accidents 	<ul style="list-style-type: none"> Zero product liability accidents (each fiscal year) 	<ul style="list-style-type: none"> Zero product liability accidents (continued from 1998)
Reduction of environmental burden (air, water and waste)	<ul style="list-style-type: none"> Promote purification of wastewater and exhaust gases Increase effective waste utilization ratios 	<ul style="list-style-type: none"> Reduce emission intensity of substances of environmental concern in wastewater by 1% from the previous year (FY2020) Reduce SO_x emissions in exhaust gases by 1% from the previous year Effective waste utilization ratios^{*5}: Japan: At least 99%, Overseas: At least 95% (FY2020) 	<ul style="list-style-type: none"> BOD: 1.3%, COD: 3.2%, SS: 0.2% SO_x: 8.3% reduction from the previous year Effective waste utilization ratios Japan: 98.4%, Overseas: 88.5%
Effective resource utilization	<ul style="list-style-type: none"> Improve the recovered paper utilization ratio Reduce water intake intensity 	<ul style="list-style-type: none"> Recovered paper utilization ratio^{*6}: At least 65% in Japan (FY2020) Water intake intensity accompanying product manufacturing: Reduce by at least 1% from the previous year (FY2020) 	<ul style="list-style-type: none"> Recovered paper utilization ratio: 65.6% Water intake intensity: 2.1% increase from the previous year
Respect for human rights	<ul style="list-style-type: none"> Provide education and training in human rights 	<ul style="list-style-type: none"> Percentage of target people who get education and training in human rights: 100% 	—
Ensuring worksite safety and health	<ul style="list-style-type: none"> Zero fatal accidents Reduce the lost time injury frequency rate (LTIFR) Reinforce safety management systems, safety risk management systems, and safety education 	<ul style="list-style-type: none"> Zero fatal accidents (each fiscal year) Lost time injury frequency rate (LTIFR)^{*7} Reduce by 50% compared to FY2018 (0.89) 	<ul style="list-style-type: none"> Number of fatal accidents: 1 (consolidated companies) Lost time injury frequency rate (LTIFR): 0.88 (consolidated companies, January 1 to December 31, 2019)
Inclusion & diversity	<ul style="list-style-type: none"> Raise the percentage of female managers Raise the percentage of disabled employees 	<ul style="list-style-type: none"> Percentage of female managers^{*8}: 5.5% [Japan] (End of March 2025) Percentage of disabled employees^{*9}: 2.3% [Japan] (June 2021) 	<ul style="list-style-type: none"> Percentage of female managers: 3.5% [Japan] (16 Oji Group companies) Percentage of disabled employees: 2.0% [Japan] (June 2020)

*1 Unless otherwise specified, Japanese and overseas consolidated companies

*2 Forest carbon stocks (CO₂ tons) = Actual merchantable volume m³ at end of FY × Biomass expansion factor 1.7 × Wood density 0.5 BDT (bone dry ton)/m³ × Carbon fraction of dry matter 0.5 × CO₂ conversion factor 44/12

*3 Non-fossil fuel utilization ratio = Utilization ratio of fuels made from waste + Utilization ratio of renewable fuels

*4 [Japan and overseas] Forest certification acquisition rate = Certification acquisition area (ha) ÷ own production forest areas (ha)

*5 Effective waste utilization ratio = (Volume of waste generated - Volume of landfill waste) ÷ Volume of waste generated × 100

*6 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)

Major initiatives	Value provided to society	Corresponding SDGs	Reference pages
<ul style="list-style-type: none"> ● Reduce GHG emissions intensity through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel ● Absorb and fix CO₂ through sustainable forest management ● Expanded use of non-fossil fuels and biomass fuels as alternatives to coal ● Develop biomass power generation business ● Develop eco-friendly products 	<ul style="list-style-type: none"> ● Mitigation of climate change ● Increase in the ratio of renewable energy ● Improvement in energy efficiency ● Enhancement of eco-friendly technologies 		pp. 79-81
<ul style="list-style-type: none"> ● Sustainable forest management such as promotion of forest plantation and conservation of company-owned forests ● Maintain and expand the multi-functions of forests 	<ul style="list-style-type: none"> ● Sustainable forest management ● Conservation of biodiversity and ecosystem ● Job creation ● Employment, education, and medical support 		pp. 26-27 pp. 76-78
<ul style="list-style-type: none"> ● Central management for appropriate procurement of major raw materials ● Manage the supply chain thoroughly (appropriate procurement through supplier monitoring, risk assessment, securing various suppliers, etc.) ● Supply of FSC™ certified products (FSC™ C014119, etc.) 	<ul style="list-style-type: none"> ● Sustainable forest management ● Responsible production and consumption forms ● Protection of the rights of workers and reduction of environmental burdens throughout the entire supply chain 		p. 86
<ul style="list-style-type: none"> ● Stably supply own products ● Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management standards ● Provide customers with information on safety of raw materials (chemicals, materials) 	<ul style="list-style-type: none"> ● Supply of safe and secure products ● Reduction of environmental burdens ● Dissemination of eco-friendly technologies to developing countries 		p. 87
<ul style="list-style-type: none"> ● Set voluntary management standards that are stricter than the environmental regulatory standards ● Purify wastewater and save emissions of chemical substances in exhaust ● Reduce and effectively use waste ● Develop eco-friendly products and biodegradable materials 	<ul style="list-style-type: none"> ● Safety and health ● Reduction of air and water pollution 		pp. 82-83
<ul style="list-style-type: none"> ● Forest recycling (Sustainable forest management) ● Paper recycling (Improve the recovered paper utilization ratio) ● Reduce water intake and improve water recycling ● Expand the water treatment business overseas 	<ul style="list-style-type: none"> ● Mitigation of climate change ● Reduction of waste ● Contribution to the solution of the water shortage issue ● Safe water supply 		pp. 84-85
<ul style="list-style-type: none"> ● Formulate and implement the "Oji Group Corporate Code of Conduct," the "Oji Group Behavior Standard," and the "Oji Group Human Rights Policy" ● Perform internal audits ● Implement the whistleblowing system ● Raise awareness of compliance and human rights through in-house training ● Assess risks associated with suppliers' respect for human rights 	<ul style="list-style-type: none"> ● Respect for human rights 		p. 88
<ul style="list-style-type: none"> ● Establish safety and health management structures and promote activities aimed for safety and health ● Thoroughly ensure safety in the handling of machines and equipment and in other operations ● Promote safety education (Introduce VR risk experience education, etc.) ● Promote physical and mental well-being of employees ● Create comfortable work environments ● Respond to infectious diseases including COVID-19 	<ul style="list-style-type: none"> ● Safety and health 		pp. 89-91
<ul style="list-style-type: none"> ● Implement human resource strategies and develop human resources ● Promote working style reforms ● Promote diversity 	<ul style="list-style-type: none"> ● Active participation of diverse human resources ● Realization of innovation ● Improvement in productivity 		pp. 92-94

*7 (1) Covered period: January 1 to December 31
(2) The frequency rate is an indicator of the frequency of occupational accidents as the number of fatalities and injuries (fatal accidents and accidents resulting in at least one day of lost work) caused by occupational accidents per one million working hours.
Lost time injury frequency rate (LTIFR) = (Number of occupational accident casualties ÷ Total working hours) × 1,000,000
(3) Total working hours are calculated based on the number of group company employees (regular employees and temporary/non-regular employees) as of the end of September every year, assuming the annual working hours per person is 2,000 hours.
(4) Unlike the figures in previous years, the frequency rate calculation of each year is adjusted retroactively to also include accidents at overseas group companies that are not determined to be at the level of accidents accompanied by injuries with lost work days in Japan.

*8 Percentage of female managers = Number of female managers ÷ Number of all managers
*9 Percentage of disabled employees (employment rate) = Number of regular workers with physical or intellectual impairments or with mental illness ÷ Number of all regular workers (Workers with short working hours are counted as 0.5 workers and persons with severe disabilities are counted as two persons)

About the Oji Group
What the Oji Group Aims For
Business Strategy
Management Strategy
Sustainability Strategy
Financial Data & Corporate Data



The Oji Group works in concert under the direction and supervision of the Board of Directors to put into practice the basic policy of the Oji Group Environmental Charter.

Oji Group Environmental Charter (established January 1997, revised June 2006)

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.

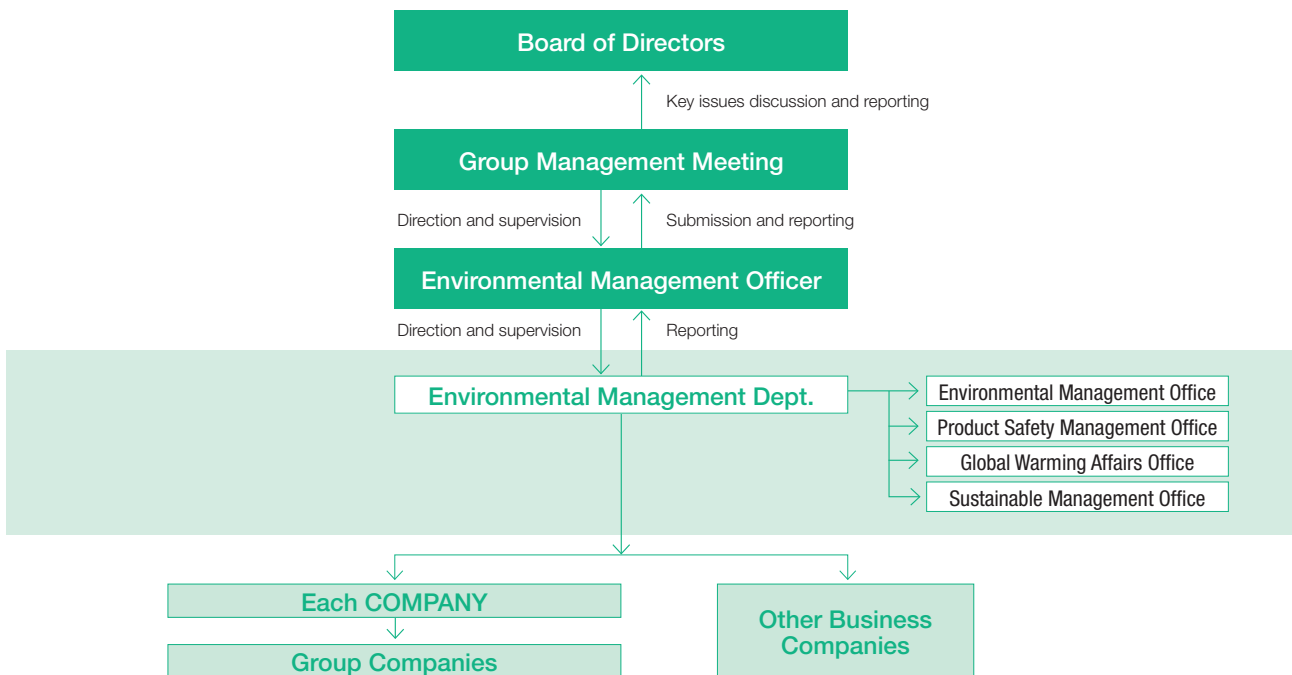
Environment Management Implementation Structures

The Oji Holdings Environmental Management Department oversees and manages Group environmental governance and carries out environmental management.

The four subsidiary organizations of the Environmental Management 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 Environmental Management Department oversees and manages these risks, reports on a monthly basis to an environmental management officer 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 environmental management officer determines to be significant are reported to the Board of Directors.

Environment Management Implementation Structure Diagram



Progress in Environment Action Program

Based on the policy of the Oji Group Environmental Charter, we are working on the “Environment Action Program 2020” with FY2013 being the base year and FY2020 being the target achievement year (established in 2015). We will continue to work toward the achievement of the targets in the final year.

Environment Action Program 2020, established in April 2015	FY2019 Results* ¹ and Activities, etc.										
1 Ceaseless Efforts to Achieve a Zero-environmental Burden											
1 Zero-emission Zero environmental incidents · Elimination of environmental incidents (violations of exceeding environmental regulatory standards)	Environment incidents (violations for exceeding environmental regulatory standards): 2 cases (10 cases in FY2013) No penalties were imposed and no shutdown orders were given for regulatory violations *Breakdown of violations in excess of environmental regulatory standards: Waste water: Total nitrogen; atmospheric: odor										
Zero product liability incidents · Elimination of product liability incidents	Product liability incidents: Zero cases (none to date)										
Promotion of effective utilization of wastes · Reduction of wastes and promotion of effective utilization of wastes Japan: Effective utilization rate of at least 99% in FY2020 Overseas: Effective utilization rate of at least 95% in FY2020	Japan: Effective waste utilization rate: 98.4% (96.6% in FY2013) Overseas: Effective waste utilization rate: 88.5% (84.9% in FY2013)										
Management of wastewater and exhaust gases with consideration of ecosystem · Compliance with environment-related laws/regulations, reduction of environmental load substances and management of wastewater and exhaust gases with consideration of ecosystem	Percent changes from FY2013 to FY2019 in emissions per net sales* ² <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>BOD</th> <th>COD</th> <th>SS</th> <th>SOx</th> </tr> </thead> <tbody> <tr> <td>Changes from FY2013</td> <td style="text-align: center;">-9.7%</td> <td style="text-align: center;">-12.4%</td> <td style="text-align: center;">-11.5%</td> <td style="text-align: center;">-26.3%</td> </tr> </tbody> </table>		BOD	COD	SS	SOx	Changes from FY2013	-9.7%	-12.4%	-11.5%	-26.3%
	BOD	COD	SS	SOx							
Changes from FY2013	-9.7%	-12.4%	-11.5%	-26.3%							
Reduction of greenhouse gases (GHG) · Promote energy conservation and fuel conversion, and reduce GHG emission intensity during product manufacturing by more than 10% in FY2020 compared to FY2013.	FY2020: Targeted an at least 10% reduction compared to FY2013 and achieved a reduction of 9.6%. (Target achievement rate: 96%)										
2 Forest recycling / paper recycling Forest recycling · Target of forest certification acquisition: 100%	Rate of forest certification acquisition Japan: 100% (excluding profit-sharing forests) (FY2013: 100%) Overseas: 94% (FY2013: 71%)										
Paper recycling · Promotion of paper collection and further expansion of recovered paper usage	Measures contributing to achieving the Japan Paper Association target of a 65% recovered paper utilization ratio: 65.6% recovered paper utilization ratio (62.7% in FY2013)										
2 Responsible Raw Materials Procurement											
Wood raw materials and pulp · Procurement complying with laws/regulations and considering environment and society by means of third party audit	All traceability reports for procured chips and pulp underwent audit by a third party organization and no indications were made.										
Raw materials (chemicals and materials) · Compliance with safety-related laws/regulations and appropriate management to follow voluntary standards	Zero violations of laws and regulations relating to raw material safety (none to date)										
3 Sustainable Forest Management											
Sustainable forest management through the use of forest certifications · Preservation of forests' multi-functions including conservation of biodiversity	Preserved and nurtured endangered and other species and continued implementation of forest conservation such as thinning as biodiversity preservation measures										
Active promotion of lumber business · Contributions to recovery of the domestic forestry business and restoration of forests	The Group collaborated with a wide range of stakeholders both inside and outside the Group from mountain forestry workers in Japan to wood product users and supplies raw materials including lumber, plywood, paper, and biomass fuel.										
Expansion of forest certified products · Expand forest certified products	Sales volume of forest certified products: 3,092,000 t (228,000 t in FY2013)										

*1 Environmental performance data covers 113 consolidated Group companies involved in production (285 business sites). The data collection period for both Japan and overseas is in principle the fiscal year.

*2 BOD: Biochemical oxygen demand, COD: Chemical oxygen demand, SS: Suspended solids, SOx: Sulfur oxides

Next Environment Programs

FY2020 is the final year for achieving the targets in the Environment Action Program 2020.

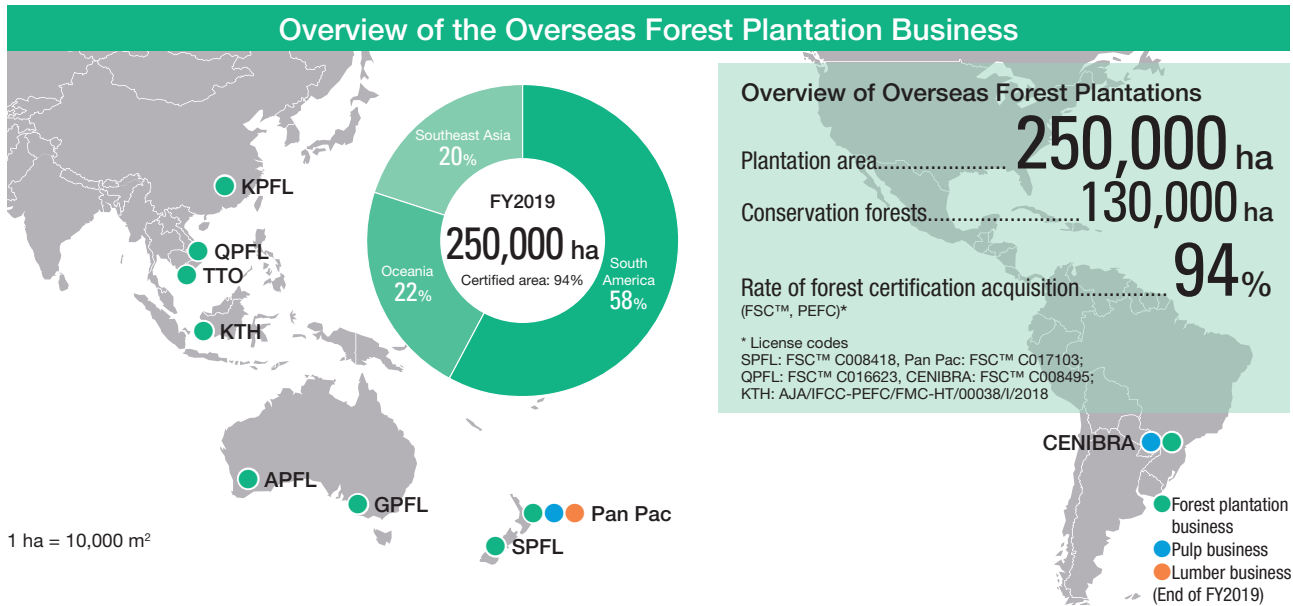
Until this year, we have formulated and worked on five-year targets. In September 2020, we established the “Environment Action Program 2030” with FY2030 being the target achievement year as a medium-term program to start new initiatives in FY2021 and the “Environmental Vision 2050,” a 30-year long-term vision from now. The Environment Vision is composed with the main focus placed on “Net Zero Carbon,” which is what the Oji Group aims for, and the “Environment Action Program 2030” is positioned as a milestone for achieving the “Environment Vision 2050.”

 <https://ojiholdings.disclosure.site/en/themes/89/>



The Oji Group maintains and manages a total of 440,000 hectares of production forests (an area twice the size of Tokyo), including 250,000 hectares of forest plantations overseas, and 190,000 hectares of company-owned forests in Japan. It is no exaggeration to say that forest resources are the foundation of the paper manufacturing industry. The stable supply of these resources as raw material for paper manufacturing and as fuel for biomass power generation is a central pillar of the Group's businesses. In the future, we also aim to provide a stable supply for wood fiber-derived new materials (pp. 34-36), such as the cellulose nano-fiber (CNF) and biomass plastic currently under development.

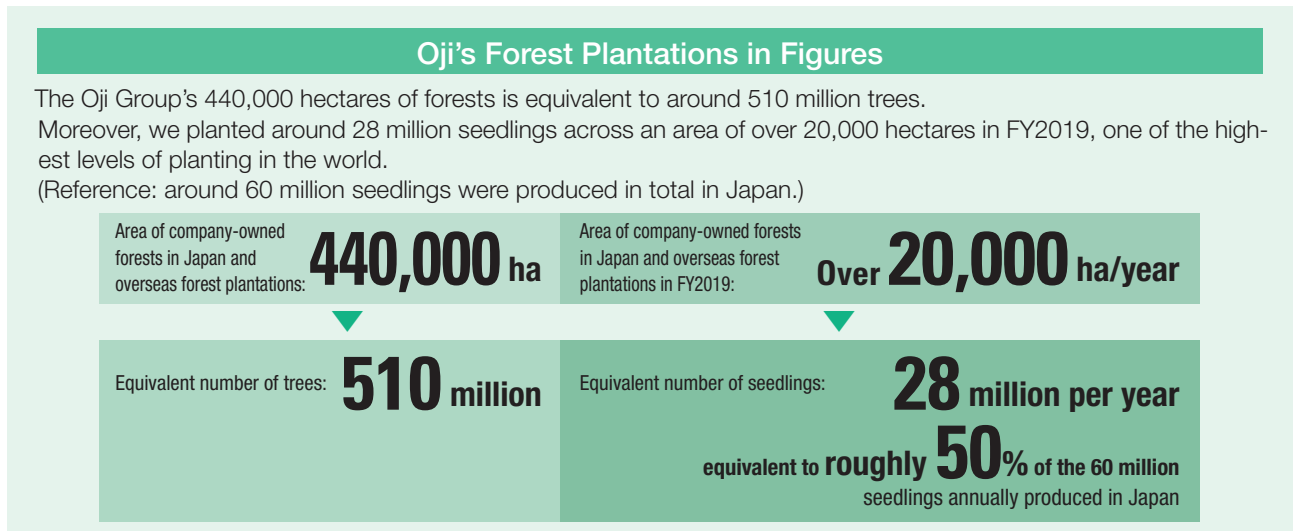
The Group spends approximately 11.0 billion yen annually for ongoing forest management in order to practice sustainable forest management.



The Oji Group owns 250,000 hectares of forest plantations, primarily in Brazil, New Zealand, and Southeast Asia. We mainly plant high-growth species, including hardwoods such as eucalyptus and acacia (harvestable in around 10 years), and softwoods such as radiata pine (harvestable in around 30 years). Our forest plantations in Brazil operate on a rotating basis, harvesting eucalyptus around every seven years.



The Oji Group owns around 190,000 hectares of forests in approximately 650 locations throughout Japan, extending from Hokkaido to Kyushu. We have obtained SGEC forest certification for all our company-owned forests, clearing stringent third-party standards, and engaging in sustainable forest management.



The Oji Group began managing forests with an awareness of sustainability long before it became a requirement. The awareness is demonstrated in the words “those who use trees have the responsibility to plant trees.” We established the Oji Group Environmental Charter in 1997, adopting sustainable forest management and “forest recycling,” where trees are planted, grown, harvested and planted again, as its action guidelines.

We have 190,000 hectares of company-owned forests in Japan, and 380,000 hectares (of which forest plantations comprise 250,000 hectares) outside of Japan. We pride ourselves in engaging in appropriate forest management.

Last fiscal year, the Group established a new target: 400,000 hectares of forest plantations outside of Japan.

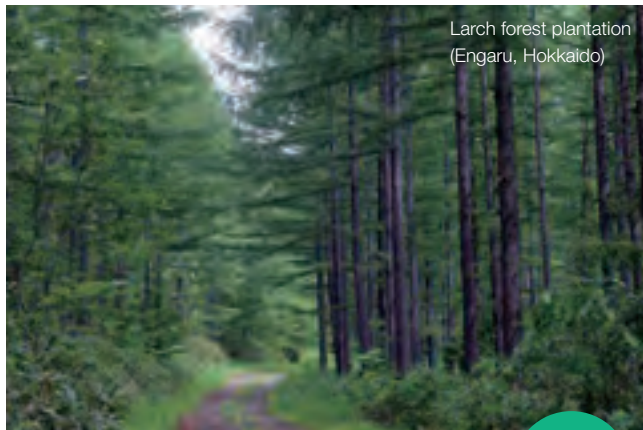
We are not only increasing our proprietary resources to ensure a stable supply of raw materials, but also engaging in appropriate management of plantation forests and conservation forests, utilizing forest certification as a tool to create, protect and grow forests for the next generation, that the whole world can be proud of.



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

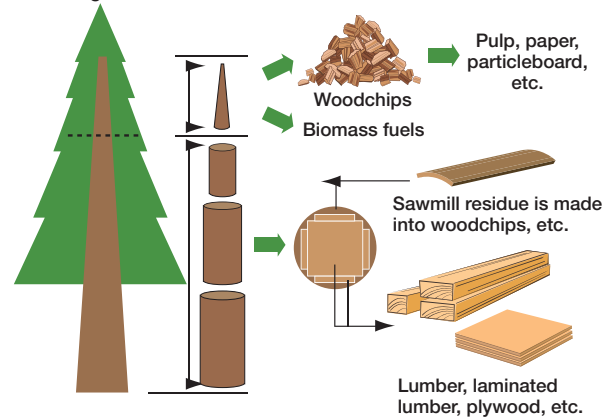
Azumi Kawabe

Forests are a reproducible and sustainable resource that can be planted, grown, harvested and re-planted. The Oji Group has developed cyclic forest resource businesses, and promotes the effective utilization of forests as a comprehensive forestry business group, in order to harness the full potential of the wood it harvests, leaving none to waste.



Larch forest plantation
(Engaru, Hokkaido)

Cascading use of forest resources



We have planted around 14,000 hectares of larch forests, primarily in Hokkaido. These will grow for approximately 40-60 years before harvesting. The larch is used in a variety of applications such as lumber, plywood, packaging materials, pallet materials, raw material for paper manufacture, and wood biomass fuel.

Growth

Forest plantation trees are used for lumber, plywood, woodchips for paper manufacture, wood biomass fuel, etc. The lumber, laminated lumber, and the raw materials for plywood come from the thick part of the tree trunks. The sawmill residue from the production of lumber, and the tips of the trunks which cannot be used for lumber, are thoroughly utilized as woodchips for paper manufacturing or biomass fuel.



Thinning

The first thinning is carried out around 10-15 years after planting. Sunlight penetrates into the dark interior of the forest, enriching the lower levels of vegetation and making the forest healthy. Thinning is carried out every 10-15 years thereafter.

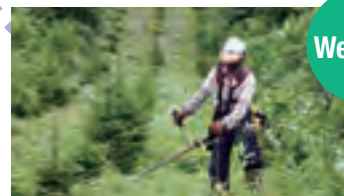


Planting



A stick or similar measure is used when planting seedlings to ensure that they are properly spaced.

Weeding



Weeds that would inhibit the growth of the trees are kept cut back until the saplings reach a sufficient height.



1

2

3

4

Kiwi

Itou

(Photo provided by Yo Chirai)

Mutum

Fairy pitta

(Photo provided by Ecosystem Trust Society)

Initiatives for Conservation of Biodiversity

The Oji Group engages in activities for protecting and nurturing endangered species, recovering ecosystems, and other activities in cooperation with governments, administrative authorities, environmental NPOs, academics, local residents, and other parties.

1 Conservation Activity for Kiwi (Pan Pac / New Zealand)

Pan Pac Forest Products, an Oji Group company, conducts activities for protecting the kiwi, a rare bird species, in cooperation with the Ministry for the Environment of New Zealand, citizen volunteers, and other parties. For these activities, the company has designated land of an area of approximately 40 hectares as a kiwi sanctuary for protecting kiwi chicks. Chicks and eggs in the surrounding area are captured and collected, and chicks that are captured or hatched from the collected eggs are nurtured in the sanctuary before being returned to the wild.

In June 2019, Pan Pac was awarded Community Corporate Sponsor of the Year at a national kiwi conference held by Kiwis for kiwi, a kiwi protection organization.

2 Sarufutsu Itou Conservation Activities (Sarufutsu company-owned forest in Hokkaido)

In 2009, Oji Holdings established the Sarufutsu Itou Conservation Council with a local NPO, administrative bodies, researchers, and others for the purpose of protecting the Japanese huchen, or the sea-run taimen (Hucho perryi), an endangered species that lives in the river zone of the Sarufutsu company-owned in Sarufutsu village, Hokkaido. An area of 2,600 hectares including the river zone was designated a conservation area, and conservation activities are conducted.

3 Restoration of Ecosystems and Protection of Rare Species (CENIBRA / Brazil)

One of the largest overseas forest plantations of the Oji Group is owned by CENIBRA, which operates the eucalyptus plantation and pulp businesses in Brazil. CENIBRA owns and manages a 150,000 hectares forest plantation and 100,000 hectares forest reserve areas. In the forest reserve areas, in accordance with the Brazilian Forest Law, natural forests as well as steep slopes and areas around water sources such as wetlands are left unharvested to preserve biodiversity. In cases where natural forest in a forest reserve area is lost due to erosion, wildfire, or other such events, the company plants indigenous species of trees so that the environment can recover (restoration of natural forest).

Diverse wildlife species are observed in the forest plantation areas of CENIBRA. The symbol of the company's biodiversity initiatives is the Macedonia Farm, a 560-hectare area that is registered as a natural forest reserve (RPPN). In this forest, the company has been engaged in activities for breeding the Mutum (a relative of the curassow), an endangered bird species, and returning them to the wild, jointly with an NPO since 1990. CENIBRA also provides environmental education related to forests and biodiversity to schools and local communities and conducts wide-ranging monitoring surveys of flora, fauna, and water resources in the forest on a regular basis.

* RPPN: Reserva Particular do Patrimônio Natural

4 Conservation Activity for the Fairy Pitta (Koyagauchi company-owned forest in Kochi Prefecture)

The fairy pitta is a migratory bird with multiple body colors and a body length of around 20 centimeters. It is listed as a class IB endangered species on the Red List of the Ministry of the Environment.

In August 2016, Oji Holdings concluded an agreement to protect the fairy pitta with the Ecosystem Trust Society at the 260 hectares of company-owned forest, which is adjacent to the fairy pitta sanctuary of the organization.



Disclosure of Information Related to Climate Change (response to TCFD)

We recognize that it is important to understand the risks and opportunities associated with climate change, formulate strategies, and manage them in order to continue our business and achieve sustainable growth. We are making efforts toward disclosure based on the TCFD recommendations*.

* Task Force on Climate-related Financial Disclosures

A task force led by the private sector that encourages companies to disclose climate-related financial information to help investors to make appropriate investment decisions

Governance p.74

- At the Board of Directors chaired by the Representative Director, business risks and opportunities including those with environmental aspects (such as climate change) are reported (once a year).
- Corporate Governance Division and companies in charge, which oversee and manage business risks including climate change, analyze medium- to long-term issues of risks and opportunities, whereby formulating and promoting countermeasures.

Risks and Opportunities of Climate Change

		Risks	Time frame
Transition risks * Assuming a transition to a carbon-free society * Risks that arise primarily in the 2°C scenario	Policies, laws and regulations	• An increase in costs due to strengthening and introduction of carbon tax, introduction of an emissions trading system, etc.	Medium- to long-term
	Technologies	• Loss of opportunities, an increase in cost, and a decline in profitability due to delay in technological development	Medium- to long-term
	Markets, reputations	• Impact on sales due to changes in evaluation of attitudes towards climate change	Short- to long-term
Physical risks * Assuming insignificant progress in a transition to a carbon-free society and frequently intensified abnormal weather * Risks that arise primarily in the 4°C scenario	Acute	• Partial loss of forest assets due to intensified abnormal weather (forest fire, heavy rain) • Business stagnation due to natural disasters such as floods	Medium- to long-term
	Chronic	• An increase in procurement costs for chips, pulp, etc. due to poor growth of tree as a result of abnormal weather	Medium- to long-term
		Opportunities	
Products and services		• An increase in profits from new businesses that contribute to mitigation and adaptation to climate change • An expansion of the market for products that contribute to response to natural disasters (corrugated container beds, hats for emergency evacuation made of paper, etc.)	
Markets		• An increase in business opportunities due to changes in market evaluation of products derived from natural materials (wood) • An increase in value of company-owned forests through trading carbon credits obtained for the carbon absorbed by the forests	

How to Identify, Assess, and Manage Climate-related Risks

Corporate Governance Division and companies in charge oversee and manage the possibilities (risks) and opportunities that may cause uncertainty and economic loss in the business activities of the Oji Group. The risks and opportunities examined by each business division are classified and organized into categories such as climate change, pandemics, laws and regulations, and used by each business division to improve their business activities based on assessment of the impact on management and business activities over the medium- to long-term as well as discussion of countermeasures.

Strategies, Indicators, and Targets

As a leading company in the paper industry, we will contribute to the mitigation and adaptation to climate change through reduction of environmental burdens of our current businesses, products such as corrugated container beds that contribute to response to natural disasters, and development of new materials and new businesses. In particular, as a company that owns the largest amount of forest resources in Japan, we will put a lot of effort into CO₂ absorption, development of new materials derived from wood fiber components that are friendly to the global environment, water treatment business and biomass power generation business that apply paper manufacturing technology.

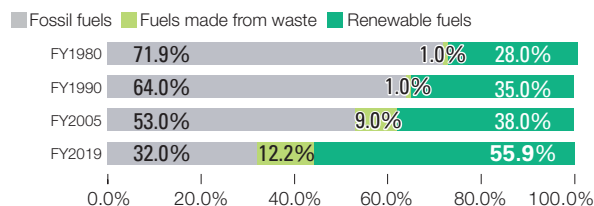
As the climate change issue becomes more serious, we recognize that reducing GHG emissions is an urgent issue and are working to reduce GHG emissions by conserving energy and utilizing non-fossil fuels (renewable fuels and fuels made from waste).

Efforts to Reduce GHG Emissions

Use of Non-Fossil Fuels

The Oji Group has been encouraging to reduce fossil fuel ratio by using black liquor², renewable fuels¹ such as wood residue, bark, and fuels made from waste such as RPF³. Renewable fuels accounted for 55.9% in FY2019.

Changes in Fuel Composition Ratio



- *1 **Renewable fuels:** Organic energy and resources derived from renewable biological sources (such as wood) except for fossil resources.
- *2 **Black liquor (black vegetative waste fluid):** Black vegetative waste fluid that remains after removing wood fibers in woodchips in the process of making pulp from woodchips (kraft pulping process). Its components include lignin and hemicellulose.
- *3 **RPF (Refuse paper and plastic fuels):** A type of waste-derived fuels (WDF). It is a solid fuel made from refuse paper and plastics. It has been attracting attention as a method of thermal recycling of wastes including plastics and paper that is difficult to recycle.

Renewable fuel ratio:

55.9%
(FY2019)

Japan's target for renewable energy ratio by 2030:

22-24%

In the Energy Business utilizing renewable fuels, we sold 942 million kW/year of electricity in FY2019 through biomass power generation and hydroelectric power generation whose facilities were renovated. This amount of sold electricity contributed to the reduction of GHG emissions of 433 thousand ton-CO₂ to be emitted by other electric power companies.



Biomass power plant (Oji Green Energy Nichinan/Miyazaki Prefecture)

Reduction of GHG emissions through the Energy Business⁴:

433 thousand
t-CO₂
(FY2019)

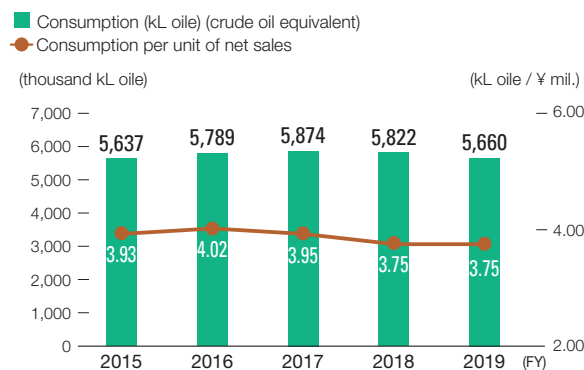
⁴ Estimated value using the electricity emission factor of 0.462 t-CO₂/MWh (Emission factor by electric power company, announced by the Ministry of the Environment on January 7, 2020)

Reduction of Energy Consumption

The Oji Group has positioned energy conservation measures as a crucial topic and takes continuous measures to address it. Conserving energy is important not only because it reduces energy costs, but also as a part of fulfilling our corporate social responsibility to undertake environmental measures.

Going forward, the entire Group will continue to make efforts toward thorough energy conservation and production efficiency improvement.

Energy Consumption* and Intensity



The Oji Group Energy consumption⁵
-2.8%
Compared to FY2018

* A star mark indicates that FY2019 figure for energy consumption has been assured by KPMG AZSA Sustainability Co., Ltd.

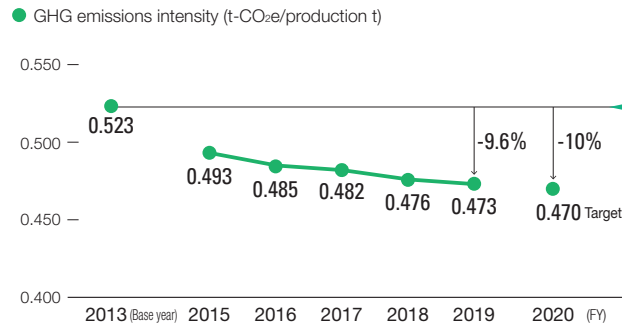
⁵ Energy consumption in conjunction with the manufacture of products is calculated excluding the following energy use.

- (1) Business sites of consolidated companies are included in the total, but nonproduction sites (primarily the main building, sales offices, and other sites that perform managerial and administrative work and sites where GHG and environment impact are extremely low) are excluded.
- (2) Consumption relating to the electric power business (supply of electricity or heat to other companies) and transport by Group-owned vehicles is excluded.
- (3) Energy relating to the supply of electric power or heat to other party is excluded from fossil fuel and non-fossil fuel derived energy.
- (4) Unit calorific values are calculated by using the following laws and international standards.
Japan: Act on Rationalizing Energy Use and Act on Promotion of Global Warming Countermeasures
Overseas: IPCC 2006 Guidelines for National Greenhouse Gas Inventories
- (5) Since unit calorific values for non-fossil fuels emphasize comparability to reduction targets, the factors set in the FY2013 reporting are used.

GHG Emissions by the Oji Group

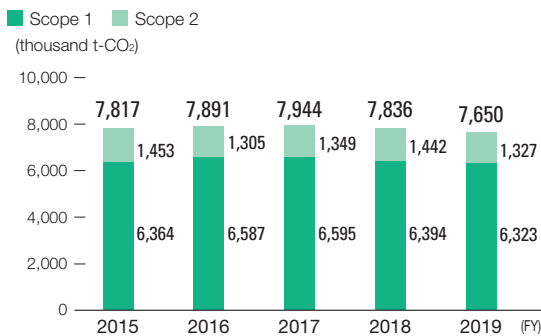
The Japanese government's target of reducing GHG emissions by 26% in FY2030 compared to FY2013 is equivalent to a 10% reduction in FY2020. The reduction rate of GHG emissions per ton of products, which was formulated based on that target, was -9.6% compared to the base year of FY2013, resulting in a target achievement rate of 96% of the FY2020 target.

GHG emission intensity accompanying product manufacturing



The Oji Group
GHG emission intensity
Compared to
the base year
-9.6%
(FY2019)

GHG emissions volume^{6*}



⁶ Scope 1: Direct emissions including fuel combustion, electric power business, transportation by Group-owned vehicles, etc.
Scope 2: Indirect emissions of purchased energy such as electricity and steam

★ A star mark indicates that FY2019 figures for GHG emission volume have been assured by KPMG AZSA Sustainability Co., Ltd.

- (1) Business sites of consolidated companies are included in the total, but nonproduction sites (primarily the main building, sales offices, and other sites that perform managerial and administrative work and sites where GHG and environment impact are extremely low) are excluded.
- (2) Emissions relating to the electric power business (supply of electricity or heat to other companies) and transport by Group-owned vehicles are included.
- (3) Emissions of carbon dioxide (CO₂) generated in conjunction with the use of fossil fuels do not include emissions relating to the supply of electric power or heat to other companies.
- (4) Unit calorific value and emissions factors are calculated by using the following laws and international standards.
Japan: Act on Rationalizing Energy Use (Energy Conservation Act), Act on Promotion of Global Warming Countermeasures (Global Warming Act), and base emissions factors of individual electric power companies.
Overseas: IPCC 2006 Guidelines for National Greenhouse Gas Inventories
IEA CO₂ emission factors by country in 2010
- (5) Emissions from fuels derived from biomass (black liquor, wood, etc.) that are subject to the Global Warming Act are calculated.
- (6) Since unit calorific values for non-fossil fuels emphasize comparability to reduction targets, the factors set in the FY2013 reporting are used.

Measures in the Logistic Division

In April 2020, we completed replacement of three vessels dedicated to the Tomakomai-Shinagawa route with new vessels with the latest energy-conserving functions incorporated. As a result, fuel consumption has decreased, achieving energy conservation of 43.9% per loaded vehicle (comparison on a full-ship basis).

Oji Rikuun, which is in charge of land transportation, has obtained Green Management Certification at all of its 15 business offices. We have been working on reduction of environmental burden through increasing the usage rate of recycled tires and providing training on eco-driving more in depth.

Going forward, based on the Oji Group White Logistics Declaration (p. 55), we will work on reduction of environmental burdens through improving our logistics, such as promoting the modal shift and improving delivery efficiency.

Efforts to Disclose More Climate-related Information

As a effort to disclose more climate-related information, the Oji Group is working to grasp not only GHG emissions accompanying product manufacturing, but also GHG emissions accompanying raw material manufacturing and logistics.



Energy conserving rate
by replacing vessels
with new ones

43.9%

The Oji Group
GHG emissions in upstream and downstream logistics^{7*}
Compared to FY2018 **-11.3%**
(FY2019: 362 thousand t-CO₂e)

⁷ Total value of SCOPE 3 Category 4 (GHG emissions accompanying transportation of raw materials) and Category 9 (GHG emissions accompanying transportation of products)

The Oji Group
GHG emissions accompanying raw material manufacturing^{8*}
Compared to FY2018 **-4.0%**
(FY2019: 3,766 thousand t-CO₂e)[★]

⁸ SCOPE 3 Category 1 (GHG emissions relating to purchased goods and services)

For emission intensities, we have referred to the "Emission intensity database for calculation of GHG emissions by organizations throughout the supply chain (ver. 2.6)" and the "CO₂ equivalents common intensity database (ver. 4.0)."

★ A star mark indicates that FY2019 figure has been assured by KPMG AZSA Sustainability Co., Ltd.

The Oji Group recognizes that the reduction of environmental burdens and effective resource utilization are important tasks for achieving a sustainable society. The Group sets its own management values that are stricter than the regulatory values for waste water and exhaust gas, strives to strictly comply with laws and regulations, and promotes prevention of pollution.

We are also working on effective utilization of resources, promoting effective use of water resources and waste.

Reduction of Environmental Burden

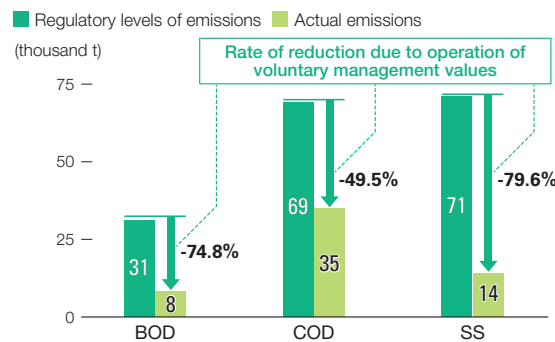
Purification of Wastewater and Exhaust Gases

We operate with our own management values that are stricter than the regulatory values to manage wastewater and exhaust gases.

For example, emissions of substances of environmental concern in wastewater have been reduced by at least 49.5% compared to the emissions in keeping with the regulatory values. We are working to purify the wastewater.

In terms of exhaust gases, we are working to reduce emissions of VOC (volatile organic compounds) to maintain them at or below their levels in FY2010, which is a guideline presented by the Japan Paper Association. In addition, we manage SOx (sulfur oxides) and other compounds using our own management values.

Release of Substances of Environmental Concern in FY2019 (Wastewater)



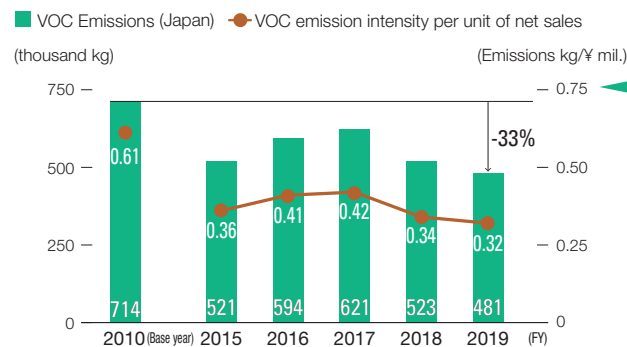
Comparison of release of substances of environmental concern (to the regulatory values)

At least **49.5%** reduction (FY2019)

Percent changes from the base year (FY2013) in emissions per net sales

BOD	-9.7%
COD	-12.4%
SS	-11.5%

VOC Emissions*



VOC emissions Compared to FY2010

-33% (FY2019)

SOx: FY2019 vs. base year (FY2013)

Reduction rate of emissions per net sales: **26.3%**

* A star mark indicates that FY2019 figure has been assured by KPMG AZSA Sustainability Co., Ltd.

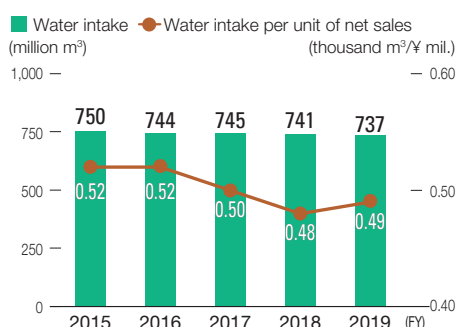
- (1) Domestic Group companies subject to Japanese pollutant release and transfer register (PRTR) law have been included.
- (2) Of the substances subject to PRTR law, those corresponding to the 100 types of VOC indicated by the Ministry of the Environment based on the Air Pollution Control Act have been included.
- (3) Intensity is the volume of VOCs generated divided by net sales.

Resource Utilization (Water Resources)

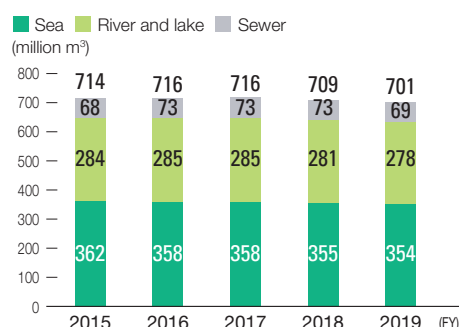
Water Intake and Wastewater

Water resources used in manufacturing processes are then purified. We return 95% of our water intake to rivers, oceans, etc.

Water Intake* and Intensity



Wastewater* and Destinations



Wastewater compared to water intake

At least **95%** (FY2019)

We purify the water we use and release 95% back into oceans and rivers, etc

	FY2019	Proportion (%)
Water intake (million m³)	737	100
Wastewater (million m³)	701	95.1
Consumption (million m³)	36	4.9

* A star mark indicates that FY2019 figures for water intake and the total amount of wastewater have been assured by KPMG AZSA Sustainability Co., Ltd.

- (1) Business sites of consolidated companies are included in the total, but nonproduction sites are excluded.
- (2) Intensity is the volume of water intake divided by net sales.



Effective Utilization of Water through Reuse and Recycling

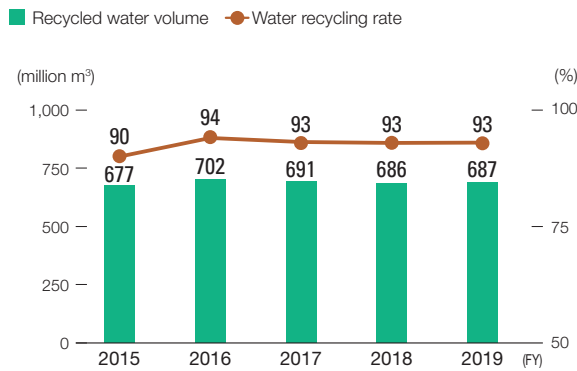
Paper and pulp businesses use a large amount of water in production processes. We work to prevent any wastage of water through our processes, while reusing water (through cascading processes) according to its quality and recycling water.

Wastewater generated by Jiangsu Oji Paper through manufacturing processes is treated and purified until it meets the regulatory levels for wastewater, then transferred to Nantong Nengda Water Co., Ltd. in Nantong Economic & Technological Development Zone, where it undergoes various treatment processes. All the resulting water is used as recycled water within the Economic & Technological Development Zone.

Recycled water is water of a quality between tap water and sewage, and is used for industrial purposes.

As a result of various initiatives the Oji Group achieved a water recycling rate of 93% in FY2019.

Recycled Water Volume and Water Recycling Rates



Water recycling rate*

93%
(FY2019)

* Recycling rate refers to volume of water recycled, divided by the water intake.



Effective Use of Waste

Effective Use of Waste

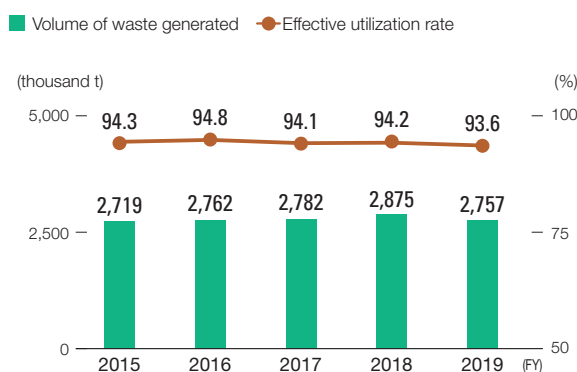
The effective waste utilization ratios were 1.8% higher than the base year (FY2013) in Japan, and 3.6% higher overseas.

We aim to achieve our targets for FY2020, by promoting the recovery and reuse of raw materials from water used in manufacturing processes, and by the effective utilization of ash left from burning fuel to generate the electricity and heat for manufacturing processes in applications such as roadbed materials.

Effective Waste Utilization Ratios

	Base year (FY2013)	FY2019	Compared to the base year
Japan	96.6	98.4	1.8% higher
Overseas	84.9	88.5	3.6% higher

Volume of Waste Generated* and Utilization Ratios



Effective waste utilization ratios Compared to the Base Year (FY2013)

Japan:
1.8% higher
Overseas:
3.6% higher
(FY2019)

* A star mark indicates that FY2019 figure has been assured by KPMG AZSA Sustainability Co., Ltd.

(1) Business sites of consolidated companies are included in the total, but nonproduction sites are excluded.

(2) The volume of waste generated includes valuable materials (general waste is not included).



Paper is essential in our day-to-day lives. It is used in a wide range of situations for various applications such as newspapers, notebooks, copy paper, tissues, toilet paper, corrugated containers, and packaging materials. Approximately 60 percent of the raw material used for these types of paper is recovered paper, and the remaining 40 percent comes from trees. The Oji Group is working on “paper recycling” for the purpose of sustainable use of resources and contribution to the environment.

Recovered Paper Use Results

The Oji Group uses approximately 4.01 million tons of recovered paper each year, the largest amount and about 24 percent of the 16.50 million tons of total recovered paper use in Japan. The breakdown of recovered paper use is as follows: about 50 percent old corrugated containers and about 20 percent each of old newspaper and old magazines. In addition, recovered paper utilization ratio^{*1} in FY2019 was 65.6 percent, an increase of 2.6 points in the past 10 years as a result of various efforts to use recovered paper as a resource.

The Oji Group has achieved the target of a recovered paper utilization ratio of 65 percent by FY2020, which is

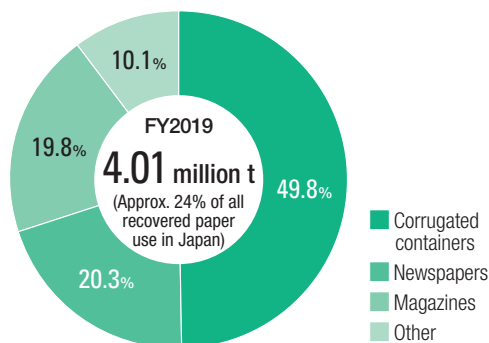
part of the Environmental Action Plan of the Japan Paper Association. We will continue to promote paper recovery and engage in the further expansion of waste paper utilization.

^{*1} Recovered paper utilization ratio = Volume of recovered paper consumed ÷ Total volume of fiber raw materials consumed (total consumption of recovered paper, wood pulp, and other fiber raw materials)

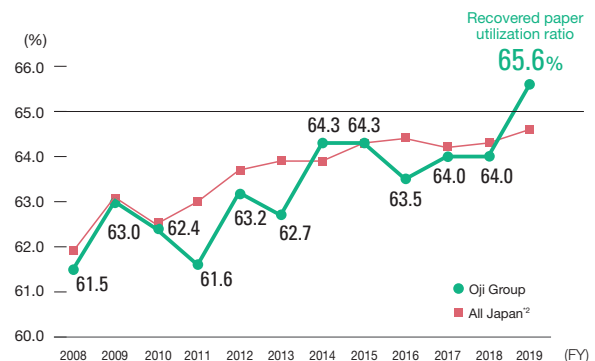


Collection of recovered paper from households

FY2019 Recovered Paper Use Results



Changes in Recovered Paper Utilization Ratio



^{*2} All Japan: Paper Recycling Promotion Center

Various Efforts to Promote the Use of Recovered paper

The Oji Group is working to promote various uses of recovered paper, such as thorough sorting of recovered paper at offices and mills within the group, a recovered paper wholesaler as a supplier, and an awareness campaign on paper recycling in cooperation with local residents and industry groups.

1. Enhancing the quality of Recovered paper

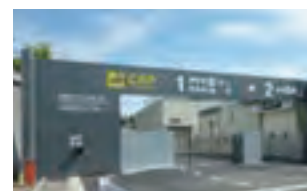
The inclusion within recovered paper of specially processed paper and foreign substances that are not suitable as papermaking materials (collectively referred to as prohibited materials) is a cause of product problems. Accordingly, the Group cooperates with Paper Recycling Promotion Center and recovered paper whole saler, which play a central role in recovered paper logistics, engaging in initiatives such as awareness campaigns targeting households and businesses to eliminate prohibited materials included in recovered paper and strives to raise the recovered paper utilization ratio.

2. Increasing the use of Recovered paper

- Use of difficult-to-process paper: The Group is installing purpose-built facilities to process paper tubes, laminated paper, and other difficult-to-process paper for use as a raw material.
- Use of confidential documents: In consideration of the maintenance of confidentiality and issues of information leaks, confidential documents were incinerated in the past, but the Group performs confidential dissolution processing in fully secure facilities for use as a raw material.



Difficult-to-process recovered paper (paper tubes)



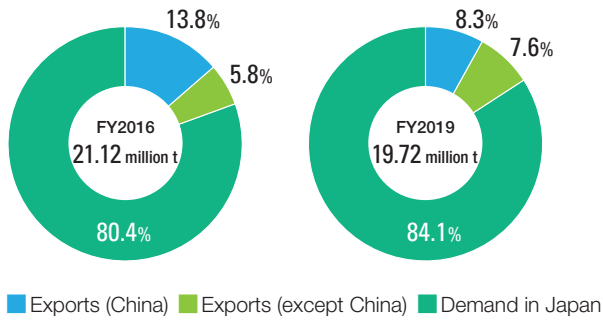
Confidential document processing facility (Oji Materia Edogawa Mill)

Contributing to Paper Recycling amid a Shrinking International Recovered Paper Market

Around 80% of the recovered paper collected in Japan, including the corrugated containers that enter the country from overseas together with agricultural produce, electric appliances and other imported products, is used as raw material by Japanese paper manufacturers.

The remainder is exported. However, China, which has received 80% of these exports, decided to prohibit the import of recovered paper from the end of 2020, which makes us difficult to compensate for the drop in Chinese demand, either from within Japan, or through demand from other importing nations. It is feared that if present

Recovered Paper Demand in Japan



conditions persist, some of the recovered paper collected in Japan will end up as rubbish.

In this context, the Oji Group is undertaking the following initiatives to contribute to the maintenance and survival of recovered paper recycling systems.

- Increase the use of recovered paper through expanded exports of containerboard
- Expand recovered paper exports to overseas Group companies (GSPP in Malaysia)
- Set and maintain procurement prices with due consideration for recovery cost of recovered paper

Containerboard and Recovered Paper Exports



Initiatives for Paper Recycling at Overseas Business Locations

Use of Recovered Paper in Malaysia

GSPP, a member of the Oji Group, consumed 330 thousand tons of recovered paper in 2019 for manufacturing corrugated containerboard.

Most were collected through domestic recovered paper franchise (recovered paper collecting and sorting bases) in alliance with GSPP, and the volume accounted for 15% of all recovered paper collected in Malaysia. GSPP is currently carrying out works to increase corrugated containerboard production capacity. Once this new capacity comes on line, GSPP is planning to increase imports of recovered paper, including Japan.

Activities to Promote Paper Recycling in Malaysia

GSPP is working to improve the quality of recovered paper in Malaysia, mainly with its domestic recovered paper franchise.

Moreover, GSPP is conducting awareness campaign targeting general public to further promote recovered paper recycling.

Photograph on the right below shows the sorting bins donated to welfare facilities by GSPP in conjunction with the Embassy of Japan in Malaysia.

Bins are designed to raise awareness of recycling by enabling separate disposal of paper, plastics and cloth.



Recovered paper at franchise



Recovered paper yard in GSPP paper mill



Quality check by GSPP on receipt of recovered paper



Donated sorting bins



The Oji Group is expanding and enhancing its CSR (Corporate Social Responsibility) procurement, which takes environmental and social factors into consideration when procuring raw materials. Specifically, the Group shares the Oji Group Partnership Procurement Policy with all its divisions involved in procurement, not only requesting the understanding of new suppliers before starting transactions, but also informing all existing suppliers of revised content at the time of revision, to fulfill its social responsibilities along the entire supply chain.

Partnership Procurement Policy
(established in 2007 and revised in 2012 and 2018*)

<https://ojiholdings.disclosure.site/en/themes/187/>

* We revised the Policy provisions relating to reducing GHG emissions, as well as climate change, management of water resources, protection of labor rights, etc., and requested our suppliers adhere to the revised Policy.

Wood Raw Material Procurement

The Oji Group has established the Wood Raw Material Procurement Guidelines for the procurement of wood raw materials, our main raw material, and we implement a range of initiatives to practice responsible procurement based on these policies and guidelines.

Wood Raw Material Procurement Guidelines (Summary)

- (1) Expand procurement of wood from certified forests
- (2) Increase use of plantation trees
- (3) Utilize unused wood effectively
- (4) Verify that procurement is in compliance with laws, environmentally friendly, and socially responsible
 1. Implement monitoring of supplies
 2. Ensure raw material traceability
 - a) Production place of raw materials (place of logging, forest owner, differentiation between plantation wood and natural forests, etc.)
 - b) Forest management method (applicable forestry laws, regulations for forest management, etc.)
 - c) Acquisition status for forest certification
 - d) Avoidance of wood obtained through illegal logging
 - e) Avoidance of genetically modified (GMO) wood
 - f) Avoidance of logging in forests that are recognized publicly as forests with high conservation value
 - g) Avoidance of raw materials associated with major social conflicts
 - h) Adherence to protection of human rights and labor rights
- (5) Disclose information

Procurement of Raw Materials (Chemicals and Materials)

The Group confirms the safety of raw materials (chemicals and materials) during the selection phase of procurement, through the following two systems.

Pre-use Evaluation System

When considering the use of a new raw material, the Oji Group conducts an assessment by checking laws and regulations, hazard information, and green procurement by major industry associations, etc. using proprietary pre-use evaluation sheets and makes a determination whether the material can be used.

Information Updating System

Chemical substance management regimes are being strengthened in Japan and overseas, and accordingly, the Group regularly updates evaluation sheets and information by regularly evaluating raw materials in use and confirms their safety.

Supply Chain Management

1. Supply Chain Management Structure

The Forest Certification System Implementation Committee, headed by the Director responsible for raw material procurement, meets twice a year. It shares environmental and social issues related to the supply chain, discusses and implements improvement measures.

2. Supplier Risk Assessment

The Oji Group has around 3,000 suppliers in Japan and overseas. As a first step, we implemented a survey of around 1,200 suppliers associated with the procurement of wood raw materials and recovered paper, our main raw materials, regarding compliance with our Procurement Policy. We are engaged in assessing supplier risk and providing feedback. We will progressively expand the scope of our risk assessment, and strive to mitigate risk.

Examples of Risk Assessment and Monitoring of Wood Suppliers

New suppliers

New suppliers are selected if they are deemed low risk as a result of new supplier due diligence (risk assessment):

- a) Confirming supplier's general information in documents
- b) Conducting national and regional risk assessments based on the forest certification system, Corruption Perceptions Index (CPI), and deforestation rate in the country or region indicated by Food and Agriculture Organization of the United Nations (FAO)
- c) Checking suppliers for a certificate for compliance with legal regulations

Existing suppliers

The Oji Group employees check information such as logging licenses, etc., verify sites (logging sites and forests), and monitor compliance with the Wood Raw Material Procurement Guidelines.



Interviewing a local supplier



Inspecting a forest with a local supplier

The Oji Group not only procures wood and other raw materials, but is also a supplier itself, selling paper and paper-board products produced by each of its Group companies to a diverse range of customers. For this reason, we have established systems to promptly provide documents to certify the lawfulness and traceability of wood raw materials whenever these are required by our customers.

Confirmation of Traceability

Woodchip procurement volume in Japan in FY2019 was 4.83 million BDT (bone dry tons). The Group obtained a total of 1,105 traceability reports including 492 on the entire volume of domestic woodchips, 217 on imported woodchips covering all ships, and 396 on the entire volume of purchased pulp, verifying that the Group conducted procurement in accordance with the Wood Raw Material Procurement Guidelines.



A third-party audit report on traceability reports



An FSC™ -FM certification audit QPFL (FSC™ C016623) Vietnam

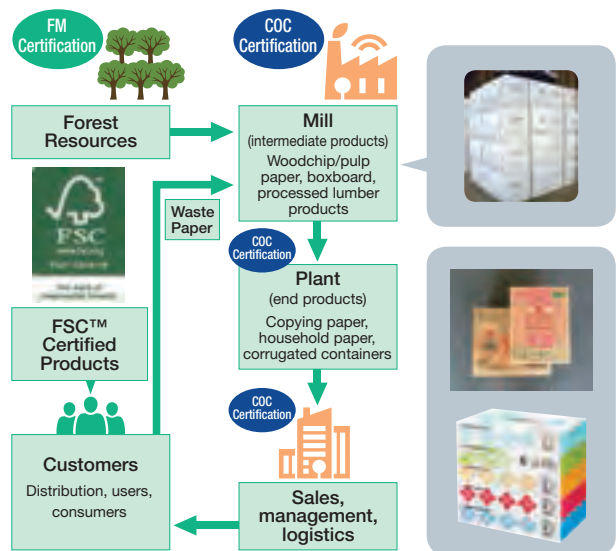
Utilization of Forest Certification Programs

The Oji Group also manufactures FSC™ certified products, the use of which indirectly contributes to preserving forests.

These products use woodchips that meet FSC™ requirements. The Group has acquired FSC™-FM certification¹ for its overseas forest plantations and FSC™-CoC certification² for its manufacturing and processing operations. Acquiring integrated certification from forests to converting plants enables the Group to offer a wide range of FSC™ certified products, from intermediate products to end products such as photocopying paper and paper for household use.

*1 FM certification: Confirmation of forest management

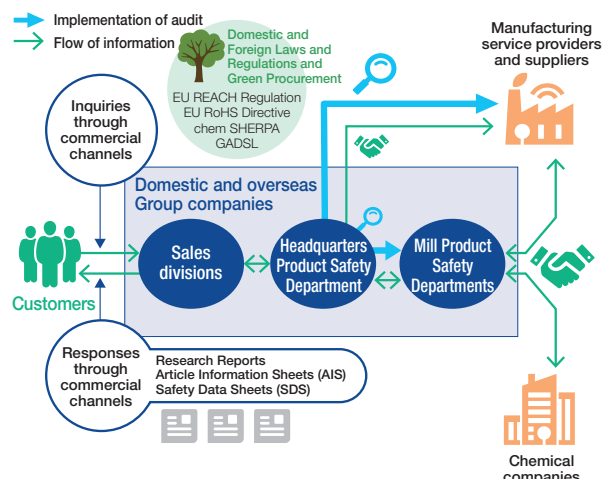
*2 CoC certification: Confirmation of management on processing and distribution of produced wood



Provision of Information to Customers

The Group responds to customer inquiries regarding the safety of the raw materials (chemicals and materials) we use, based on safety information for various raw materials verified using the pre-use evaluation system and the information updating system. Responses to customer inquiries are made using Research Reports, Article Information Sheets (AIS), Safety Data Sheets (SDS) and other documents.

Research Reports	Reports that respond to detailed individual inquiries by tracing back to the chemicals used
Article Information Sheets (AIS)	A document that summarizes laws and regulations relating to products and key handling points
Safety Data Sheets (SDS)	A document provided pursuant to laws and regulations concerning special products that contain substances designated in laws and regulations in amounts exceeding certain thresholds



The Oji Group believes that the responsibility to respect human rights is an important element of the global code of conduct. In August 2020, we established the Oji Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights and other sources to further strengthen and implement our initiatives on respect for human rights¹. Under the policy, the Oji Group will continue its effort to uniformly introduce measures related to human rights and ensure that all domestic and overseas Group companies are made thoroughly aware of the basic policies.

Oji Group Human Rights Policy

The Oji Group recognizes respect for human rights as a global code of conduct and we established the Oji Group Human Rights Policy as our basic stance on human rights. We will continue to make further efforts to respect human rights, respect the diverse values of individuals, and contribute to the realization of a society where everyone can manifest their abilities to the fullest.

This policy applies to all executives and employees of the Oji Group and is reflected in all business activities. Moreover, we expect all stakeholders of the Oji Group to kindly understand and comply with this policy.

1. Basic Principles

We support and respect international norms such as the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights)² and the ILO Declaration on Fundamental Principles and Rights at Work³, based on the United Nations Guiding Principles on Business and Human Rights⁴.

Moreover, the Group has signed the United Nations Global Compact and supports its 10 principles including human rights. This policy is formulated based on expert advice from inside and outside the Group.

2. Human Rights Due Diligence

To fulfill our responsibility of respecting human rights in accordance with the procedures described in the United Nations Guiding Principles on Business and Human Rights, we will develop a human rights due diligence system taking into account the perspective of our stakeholders, and will continuously work to identify, prevent, alleviate, and remedy the negative effects on human rights that are caused or exacerbated through our business activities as well as the negative effects that may be directly related to our business activities, products, or services through our business relationships.

The Oji Group will provide suitable education to all executives and employees to promote understanding and effective implementation of this policy.

3. Remedy

If it becomes evident that we are causing, are exacerbating, or are directly involved in negative effects on human rights, we will engage in dialogue with those concerned and strive to remedy the situation through appropriate procedures.

If the laws and regulations of a country differ from international human rights norms, we will adhere to the higher standard, and if they contradict each other, we will respect internationally recognized human rights to the maximum extent and prioritize dealing with the most serious negative effects.

The Oji Group operates a Business Ethics Help Line for consultation and reporting that is open to all executives and employees as a mechanism for handling complaints in accordance with our guiding principles. We also respond to reports from outside the Group through our Compliance Contact Point on Contact us of the Oji Holdings website.

4. Information Disclosure and Dialog

The Oji Group discloses and reports on the progress of our human rights initiatives on our website and elsewhere.

Established: August 4, 2020

Masatoshi Kaku

Director of the Board, President, and Group CEO

Oji Holdings Corporation

¹ Approved by the Board of Directors of Oji Holdings.

² The collective term for the Universal Declaration of Human Rights and the International Covenants on Human rights (the ICESCR and the ICCPR) that are proclaimed by the United Nations regarding the fundamental human rights of all people. The ICESCR refers to International Covenant on Economic, Social and Cultural Rights. The ICCPR refers to International Covenant on Civil and Political Rights.

³ The declaration on fundamental rights at work adopted by the International Labour Organization (ILO). It urges its members to promote the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

⁴ International standards that require all states and business enterprises to take preventative and remedial measures against risks of human rights abuses that are related to corporate activities.

Safety and Health Policies and Targets

Under a policy of making safety, the environment and compliance top priorities, the Oji Group has established rules and standards on occupational safety and health in the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard. We secure the safety and health of workers by ensuring that every Group employee is aware of these rules and standards on occupational safety and health, practices them, and complies with them. At the same time, we promote the creation of comfortable worksite environments and strive to create better worksite safety climates so that all workers in the Oji Group can work in a safe environment and with a sense of security.

Each Group company creates a safety and health promotion plan and a specific safety and health action plan for each company and worksite based on the Oji Group's annually formulated safety and health promotion plan. Measures for the elimination of occupational accidents are implemented together by Group employees, affiliates and business operators who enter the Group's premises on a temporary basis.

Oji Group's 2020 Safety and Health Promotion Plan

The plan expresses the Group's commitment to achieving zero fatal and serious work-related accidents, which is a priority target, and preventing the occurrence of similar accidents that have occurred repeatedly. The entire Group, including affiliates, is working together towards achieving these objectives.

Basic Policies

The Oji Group will promote activities with the target of zero work-related accidents across the entire Group with safety as its absolute top priority.

Slogan

Always Follow the Rules and Ensure that Others Follow the Rules to Prevent Fatal and Serious Accidents

Key Targets

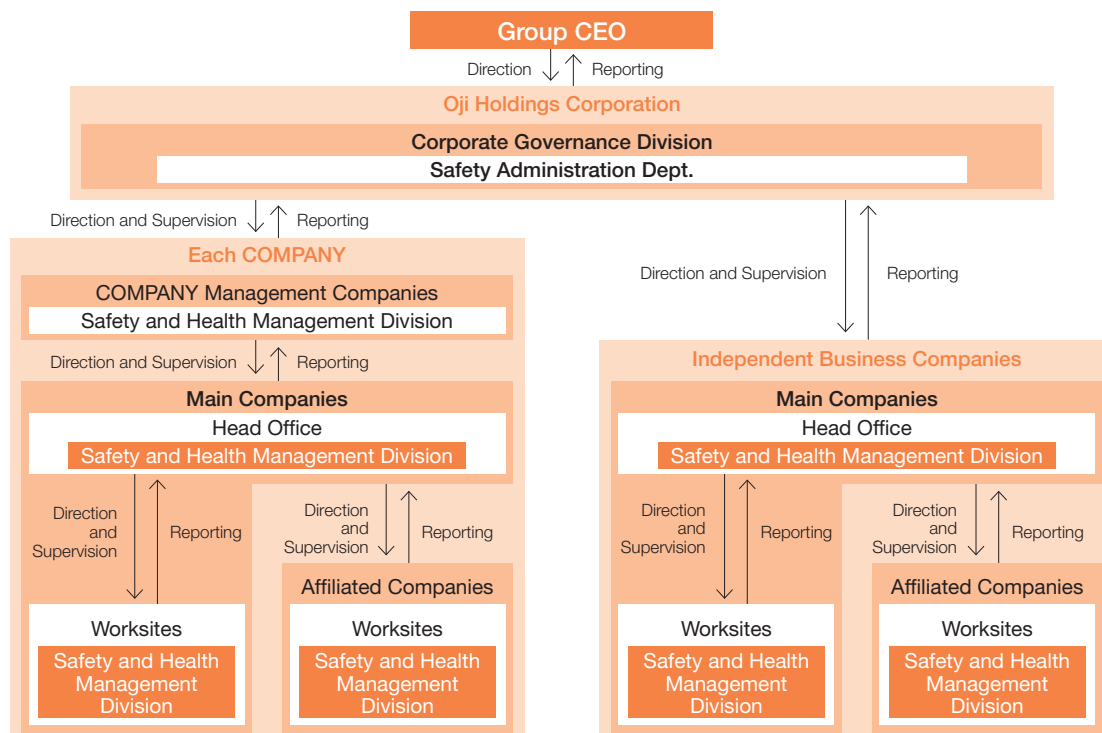
Group target: Achieve zero fatal and serious work-related accidents

Key Measures

- 1 Measures for preventing fatal and serious work-related accidents (Specific measures for each accident cause: contact with machinery in operation, falling and tripping accidents, exposure to liquid chemicals, contact with heavy machinery)
- 2 Reform the worksite safety culture
- 3 Prevention measures against the accidents leading to lost work time that happens to employees of contractors
- 4 Management of physical and mental health, and improvement and maintenance of the worksite environment

Safety and Health Management Structures

Oji Group Safety and Health Management Structures aim to prevent occupational accidents and maintain and promote the good health of Group employees, affiliates, and business operators who enter the Group's premises on a temporary basis, and also clarify responsibilities relating to safety and health. It stipulates fundamental matters in the Group Safety and Health Management Rules.



Distribution of Safety and Health Information and Occupational Accident Reports

The Group's safety and health promotion plan, notices and guidelines on safety and health, and occupational accident reports, and other information are distributed throughout the Group.

If a fatal or serious accident occurs, the incident is immediately reported to management in accordance with the reporting route specified in the Basic Regulations for Group Risk Management, and structures are in place to ensure appropriate responses. In addition to strengthening the sharing of safety notices and accident case studies across the Group with the aim of lowering the lost time injury frequency rate at worksites overseas, the Group is also working to increase awareness of safety measures and the opportunities for local patrols at worksites in Japan to enhance safety levels.

■ Safety Performance (Lost Time Injury Frequency Rate (LTIFR))

Lost time injury frequency rate (LTIFR)* occurring within the Oji Group continuously declined since 2016, falling to 0.88 (0.67 in Japan, 1.08 overseas) in 2019. According to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents (businesses with at least 100 employees), in 2019, the rate in manufacturing industries was 1.20 and the rate in the pulp, paper, and paper processing manufacturing industry was 1.94.

* (1) Covered period: January 1 to December 31

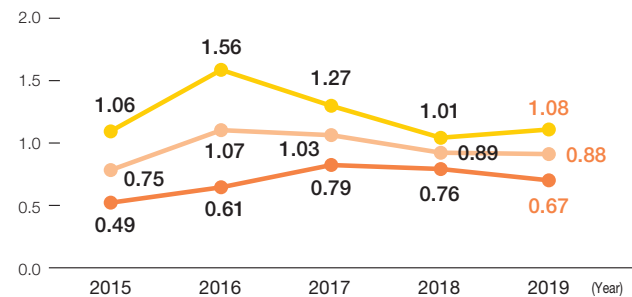
(2) The frequency rate is an indicator of the frequency of occupational accidents as the number of fatalities and injuries (fatal accidents and accidents resulting in at least one day of lost work) caused by occupational accidents per one million working hours. Lost time injury frequency rate (LTIFR) = (Number of occupational accident casualties ÷ Total working hours) × 1,000,000

(3) Total working hours are calculated based on the number of group company employees (regular employees and temporary/non-regular employees) as of the end of September every year, assuming the annual working hours per person is 2,000 hours.

(4) Unlike the figures in previous years, the frequency rate calculation of each year shown in the graph above is adjusted retroactively to also include accidents at overseas group companies that are not determined to be at the level of accidents accompanied by injuries with lost work days in Japan.

■ Lost time injury frequency rate (LTIFR) ★

● Japan ● Overseas ● Whole group



★ A star mark indicates that 2019 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

Safety Audits and Safety Patrols

■ Safety audits and safety patrols

The Oji Holdings Safety Administration Department and the safety departments of each COMPANY and Lead Company conduct safety audits and safety patrols of the companies and worksites that they oversee including overseas companies and worksites to raise safety and health management levels.

■ Designated system for special guidance on enterprise safety management

The Oji Holdings Safety Administration Department and the safety departments of each COMPANY and Lead Company established the Designated System for Special Guidance on Enterprise Safety Management. Under this system, companies and worksites at which improvements in safety management are deemed necessary such as those where occupational accidents resulting in a serious injury or death or resulting in a temporary incapacity for work have occurred repeatedly within a short period of time are designated as worksites needing special guidance on enterprise safety management. Inspections are conducted and guidance is provided, not only regarding measures for preventing recurrence but also about safety management systems, improvement plans, the status of activities, and other matters, to improve the safety management level at each designated worksite.

■ On-site accident investigation

The Oji Holdings Safety Administration Department and the safety departments of each COMPANY and Lead Company immediately visit worksites where accidents occurred to confirm how and why the accident occurred and countermeasures and also conduct thorough confirmation and hold discussions with worksite executives and worksite managers regarding measures for preventing the recurrence of accidents and daily safety management activities, thereby providing guidance aimed at improving the safety management activities of and creating a better work safety climate at the worksite as a whole.

Employee Participation

■ Occupational safety and health committees, worksite safety and health meetings, and worksite discussions

Group companies have established occupational safety and health committees at each worksite in accordance with laws. These committees formulate plans for the prevention of occupational accidents and health impairment, create comfortable working environments, maintain and promote good health, and hold monthly discussions to confirm and improve initiatives taken under these plans and address other relevant issues. At small-scale worksites where the establishment of an occupational safety and health committee is not required, we also hold monthly worksite safety and health meetings and worksite social gatherings, create opportunities to obtain opinions from many employees, and promote safety and health activities with a unified labor and management approach.

■ Central Labor-Management Committee

The Central Labor-Management Committee, which is made up of managers including the Group CEO and representatives from Group company labor unions, meets twice annually. Information concerning safety is shared at these meetings including the status of safety and health activities pursuant to the Group's Safety and Health Promotion Plan, occupational accident occurrence, and initiatives for preventing the recurrence or occurrence of accidents. Committee discusses the establishment of worksites where Oji Group employees put an absolute top priority on safety and that instill a sense of security among their families.

Safety Initiatives (Case examples)

■ Group CEO Safety Award

The Group CEO Safety Award is granted to Oji Group's all domestic and overseas worksites that meet certain criteria determined according to the business scale (number of employees) including the total work time without any occupational accidents resulting in temporary incapacity for work and the number of consecutive years without any occupational accidents. The Award is granted to worksites with outstanding records of no accidents together with the employees of those worksites and those of affiliates of Group companies with the aim of improving the safety and health levels of the Oji Group and eliminating occupational accidents.



Group CEO Safety Award

■ Hands-on Risk Training Using Hazard Simulation Virtual Reality Devices

Installation of devices that simulate hazards and encouraging personnel to take external courses give workers firsthand experience, contributing to improving sensitivity to risks and awareness of safety. All Group worksites in Japan successively conduct training sessions using risk sensitivity educational tools that employ virtual reality (VR) technologies to provide safe and effective occupational accident experiences such as tripping, falling, and electric shock. Original scenarios that represent the danger of fatal and serious accidents have been developed for the training, such as forklift collision, entanglement in printing rollers, and collision or dropping of crane loads.



Training using hazard simulation VR devices

■ Meeting of Plant Managers from Oji Group Companies in China

Plant managers in China have been holding annual meetings since 2013 to exchange information and deepen interaction among plant managers and safety and environmental managers with the objective of achieving zero occupational and environmental accidents. During the meetings, attended by plant managers from Oji Group companies in China, the participants inspect the worksite where the meeting is held and hear reports on safety and environmental topics presented by the Oji Holdings Safety Administration Department and Environmental Management Department. They also attend presentations on achievements from daily activities and best practices regarding safety and the environment given by individual companies, question and answer sessions, and other programs.



Meeting of Plant Managers in China

■ OAP: Meeting of Safety and Disaster Control Managers

Oji Asia Packaging (OAP), which is supervised by the Industrial Materials COMPANY, has been playing a central role in meetings of safety and disaster control managers in Southeast Asia since 2016. Measures are undertaken with the aim of raising safety management levels at each company under the slogan "zero occupational accidents." Personnel from Malaysia, Vietnam, Thailand, India, Cambodia, and Myanmar attend the meetings, where they inspect the worksite, receive explanations of the OAP safety promotion plan, review case studies of occupational accidents, and confirm important matters to be shared among the worksites through notices. The participants are eager to discuss safety initiatives every year.



OAP: Meeting of Safety and Disaster Control Managers

Health Initiatives (Case Studies)

■ Regular Health Examinations

The Group provides regular health examinations (with statutory examination items) at least once each year. In addition, major Group companies provide their employees aged 35 years or older with screenings for lifestyle-related diseases (total cholesterol, uric acid, funduscopy, tumor markers, breast and cervical cancer screening, screening for VDT syndrome, and others) together with the health insurance union. Detailed follow-ups are conducted for the early detection and treatment of health problems by working in collaboration with an industrial physician.

■ Stress Checks

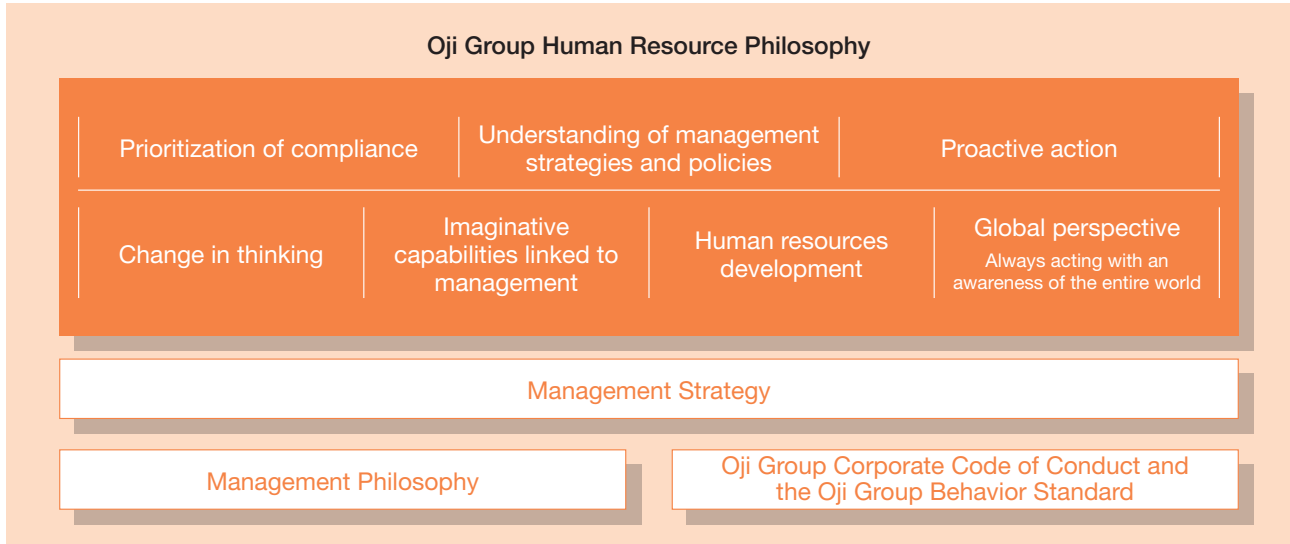
In accordance with the law, the Oji Group ensures that employee stress check tests are conducted once annually, and encourages employees with high stress levels to receive face-to-face guidance from doctors. The Group holds meetings, including reporting seminars, for responsible personnel from Group companies and divisions as well as providers of clerical work related to the implementation of the stress checks, where we provide feedback on organizational analysis and encourage them to improve their worksite environments.

■ Health Consultation Office

The Group established the Oji Group Health Consultation Office, where doctors and counselors are available to give advice, either by telephone or online, on various health problems of employees and their families, including mental health problems caused by worksite human relations and so on. The Group also established a system in the whole region of Japan that enables employees to receive face-to-face counselling services from specialized counselors. The Group provides employees who have used this service with a wide variety of support based on the particulars of their issues.

Diversity of values and flexibility are extremely important for reinforcing corporate competitiveness and achieving continuous development.

For the Oji Group to grow as a global enterprise “beyond the boundaries,” we have been committed to promoting “human resources development,” “working style reforms,” and “diversity promotion” in order to encourage every employee to embrace diversity of values and flexibility in thinking and to enhance his/her skills; in accordance with our fundamental principle, “a company’s strength originates from human resources.”



Human Resource Strategies and Targets (Global Human Resource Strategies) and Human Resource Development

■ Global Human Resource Development

The Oji Group identifies and develops human resources.

Name of training	Eligible employees	Outline
New employee global challenge	Employees in their first year	Selected new employees are sent to an overseas site for one week. They engage in field work and visit universities, companies, etc.
Overseas training for young employee (as trainees)	Employees in their fifth to tenth year	Three months of language training, followed by two years of practical experience at an overseas site. Develops immediately effective global human resources.
Oji Global School	Employees at the age of 31 to 45	Develops effective human resources for international business in a short time, through global training. Six months of language training, followed by overseas assignment.
Online English conversation classes	All employees who apply	Increases overall English ability and develops cross-cultural communication capacity

The Group also actively recruits outstanding human resources from outside the Group.

■ Next-generation Development

The Group fosters human resources who will be the core of management of our Group companies, which will be the key to achieving its management strategies.

- Mid-level management training (Oji Juku)

■ Management Training and Training by Job Type

To successfully carry out management strategies centered on business structural reforms, it is necessary to enhance management capabilities on the middle management level. The Group has clarified the ideal in human resources for each COMPANY and is conducting awareness-changing training and division-specific training.

- New manager training
- Sales personnel training

■ Support for Employee Ability Development

The Group supports employees in their autonomous and continuing development of their abilities.

- Personal-empowerment system



Voice of a Training Participant

By getting the training in India, I have felt the challenge of adapting to an unfamiliar environment, as well as the difficulty and fascination of understanding a different culture. Through interaction with staff at the local subsidiary and local students, I felt the importance of accepting differences between people, expanding perspectives and acting flexibly. After returning to Japan, I have continued with language learning, taking online English conversation classes. At the same time, I have become more aware of the quality and quantity of communication with the people around me in daily work.

Keita Mikami (new employee global challenge participant)
Human Resources Division, Oji Management Office

Promotion of Working Style Reforms

■ Reduction of total working hours and promotion of operational efficiency

The Group has been implementing business reforms to reduce overtime work and total working hours.

- Use of flex-time systems (a flex-time system with a three-month settlement period was introduced from FY2019), setting limits on overtime work, enabling full transfer of time off when work is performed on holidays, encouraging employees to take annual paid leave, promoting flexible working styles, and other measures

■ Initiatives to establish personnel systems for promoting working style reforms

In order to reliably carry out the tasks in line with the management strategy, we are working to establish a personnel system that enhances the effectiveness of working style reforms.

① Role-based personnel grading system

Each employee is evaluated based on whether or not he/she has fulfilled his/her clarified roles. The appropriateness of evaluations is confirmed once each year and strict implementation is undertaken. Training is conducted to raise evaluator levels. Suitable people are appointed to the right position based on the evaluation results.

② Certified researcher system and creative personnel development system

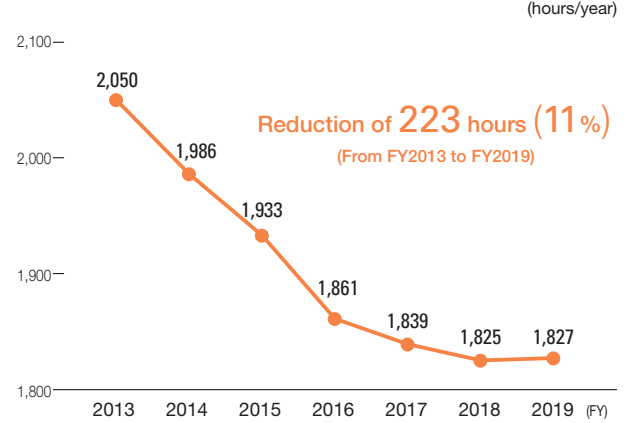
To promote the creation of innovative value, the Group grants researchers with particularly high levels of specialized knowledge discretion regarding their work styles and provides working environments that allow them to focus on research.

③ Retirement at age 65

Introduced in FY2017 to enable employees to demonstrate their knowledge, skills, and abilities to the fullest and work with enthusiasm.

* Introduced at 10 Group companies

■ Reduction of total working hours (28 Oji Group companies and divisions in the Tokyo Main Office region)



Promotion of Inclusion & Diversity

Oji Group strives to carry out initiatives that enable its diverse human resources to actively assume roles at work regardless of gender, age, disability, or nationality, ultimately strengthening the Group's competitiveness with their diverse values and ideas.



■ Promotion Structure

The Oji Group has established the Diversity Promotion Committee, chaired by the Group CEO, to share diversity promotion policies and goals, as well as to support and confirm the progress of its promotion plans, across the Group.

1 Change in mindset and behavior of management level employees

The Oji Group believes that changing the mindset and behavior of management level employees is particularly important and conducts training and other programs to disseminate the thinking of top management and diversity promotion policy. The Group also conducts awareness surveys as indicators to assess activities.

- Skill enhancement training for managers
- Diversity management training for new general managers
- Training for managers who have as subordinates pre-management female employees on the generalist track
- Supervisor management training for young female employees on the generalist track

2 Development of abilities and careers of diverse human resources

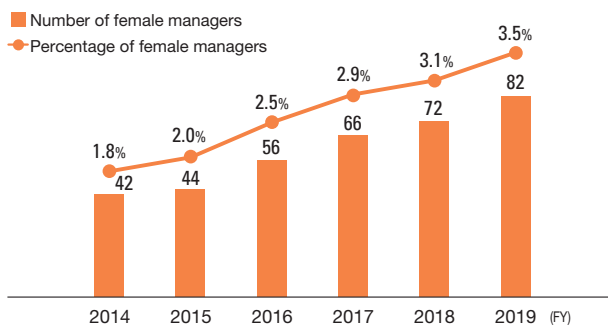
Promoting the Active Participation of Women

Career development for female employees on the generalist track, practical development support for personnel in all positions, and various other measures are being undertaken, with the aim of raising the percentage of female managers to 5.5%* by March 31, 2025.

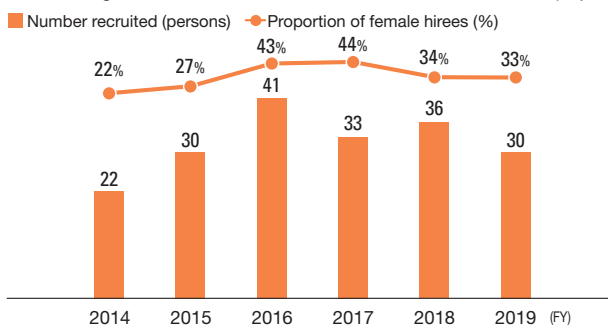
- Training for pre-management female employees on the generalist track
- Career design training for young female employees on the generalist track

* At 16 Oji Group companies in Japan (companies subject to the Act on Promotion of Women's Participation and Advancement in the Worksites)

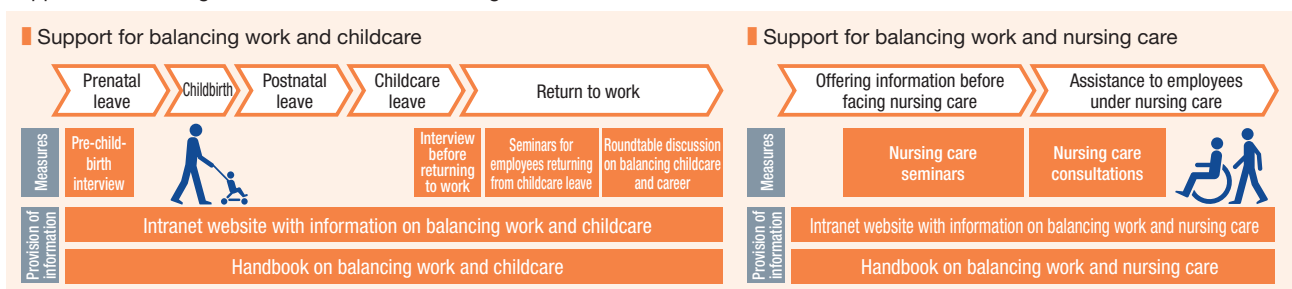
Percentage of female managers (Japan)



Percentage of Female Hires for Generalist-Track Positions (Japan)



Support for Balancing Work and Childcare or Nursing Care



Promoting Recruitment of Persons with disabilities

Oji Group established a special subsidiary in 2007 to promote the recruitment of Persons with disabilities. Employees perform management and cleaning of common areas in the Head Office Building and laboratory (Shinonome). The Group formulated a Three-Year Disabled Persons Employment Plan in FY2018 to promote the recruitment of persons with disabilities throughout the Group. The Group will continue working to expand employment opportunities for persons with disabilities.

Technical Internship Program for Foreigners

The Group recruits a large number of foreign technical interns from countries such as Vietnam and Thailand in its corrugated container and folding carton processing businesses. The internships are run appropriately based on the internship program.

3 Improvement in employee work-life management

The Oji Group has introduced various systems that enable employees with childcare or nursing care responsibilities to continue to actively participate in their work. The Group also encourages male employees to participate in childcare.

Main Initiatives

- Nursery subsidies for employees who return to work early from their childcare leave
- Paternity leave system for male employees (paid leave of five consecutive days)
- Hourly use of accumulated annual leave (for childcare / nursing care)
- Leave system for employees obligated to leave work to accompany their spouses' overseas transfers
- Priority guidance on watching services for the elderly (nursing care)



Seminar for employees returning from childcare leave

At each of its bases around the world, the Oji Group undertakes a range of social contribution initiatives including the promotion of culture and sports in accordance with the Management Philosophy of the Oji Group including “Contribution to the Future and the World” and “Harmony with Nature and Society.”

Nepia SODATERASU, company-managed childcare facility



The Group opened Nepia SODATERASU, a nursery, in April 2018 at a facility adjacent to a Group condominium located in Edogawa-ku, Tokyo to help employees balance child-care and work and eventually to contribute to the elimination of children on the waiting list for nursery schools, in line with our corporate social responsibilities. The facility is also available for use by local residents.

The name “SODATERASU,” embodies three meanings: “sodate [to raise children] (carefully and soundly),” “terasu [to illuminate] (the future brightly),” and “terrace (safe play on the nursery school playground).”

Fujihara Foundation of Science



The 60th Fujihara Award presentation ceremony (FY2019)

The Fujihara Award presented by the Fujihara Foundation of Science, which was established by Ginjiro Fujihara, is known as a historic and prestigious accolade that honors scientists who have made distinguished contributions to the development of Japan’s science and technology. Several past recipients went on to win Nobel Prizes. Oji Holdings supports the foundation, mainly through financial assistance.

Oji Hall



November 30, 2019
Jean-Guihen Queyras, Emmanuel Pahud, and Eric Le Sage

Oji Hall, which reopened in October 2018 following renovations, is a full-fledged 315-seat music hall with a homey atmosphere in the main building of Oji Holdings. Oji Hall uses it to host diverse performance and engage in the hall rental business. The hall has been praised by Japanese performers and fans as well as renowned artists from the West.

Sports



The Oji Eagles



The Oji Baseball Team

The Oji Group sponsors the Oji Baseball Team, which is based in Kasugai City, Aichi Prefecture, and the Oji Eagles, an ice hockey team based in Tomakomai City, Hokkaido. Both teams focus on contributing to their local communities and promoting sport competition while achieving their respective objectives.

Consolidated Operating Profit of 100 Billion Yen or More From Solid Growth to the Next Stage of Growth

Review of FY2019

Under the FY2019-2021 Medium-term Management Plan (p. 30), the Oji Group promoted capital efficiency by rebuilding the production system in order to respond to structural changes in demand, while concentrating management resources on promising businesses, and worked to enhance the Group's cash earning capacity in domestic business. In the overseas business, in addition to expanding the number of overseas sites, we worked to organically expand from existing sites, by developing new businesses that utilize existing infrastructure, etc., and created synergies between businesses and between sites.

Net sales for FY2019 were 1,507.6 billion yen, a decrease of 43.4 billion yen (down 2.8%) year on year, due to the weakening pulp markets in overseas business, etc., despite a price correction effect in domestic business.

Operating profit increased in domestic business, but decreased in overseas business, and declined overall by 4.1 billion yen (down 3.7%) year on year to 106.1 billion yen.

Non-operating profit and loss saw a decrease of 13.0 billion yen year on year, and ordinary profit saw a decrease of 17.1 billion yen (down 14.4%) year on year to 101.3 billion yen. Extraordinary profit and loss saw an increase of 24.4 billion yen year on year due to a decrease in impairment loss, etc., and profit before income taxes increased 7.3 billion yen (up 8.1%) to 98.1 billion yen.

Profit attributable to owners of parent saw an increase of 6.2 billion yen (up 11.9%) year on year to 58.2 billion yen, the highest level ever.

Financial Position

Total assets decreased by 66.1 billion yen from the end of the previous fiscal year, to 1,885.3 billion yen. This was mainly due to a decrease in notes and accounts receivable - trade, as well as the sale of investment securities and a decrease in the valuation difference on available-for-sale securities. Total liabilities decreased by 82.3 billion yen from the end of the previous fiscal year, to 1,053.6 billion yen. This was mainly due to decreases in notes and accounts payable - trade, and interest-bearing debt. Net assets increased by 16.3 billion yen from the end of the previous fiscal year, to 831.7 billion yen, mainly due to an increase in retained earnings.

Net interest-bearing debt (interest-bearing debt, minus cash and cash equivalents, etc.) totaled 497.3 billion yen, 37.6 billion yen less than at the end of the previous fiscal year. The net D/E ratio (net interest-bearing debt, divided by net assets) was 0.6.

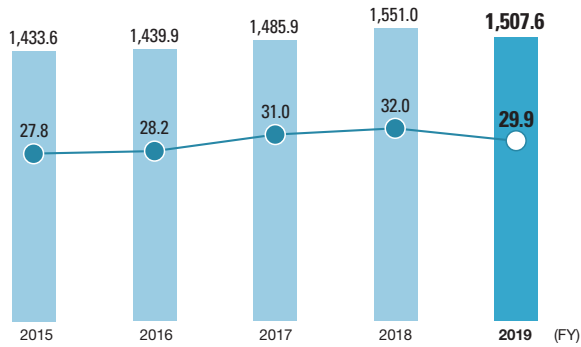
Consolidated Financial Forecasts for FY2020

For FY2020, we forecast net sales of 1,400.0 billion yen, operating profit of 90.0 billion yen, ordinary profit of 80.0 billion yen, and profit attributable to owners of parent of 50.0 billion yen. The worldwide economic slump caused by the COVID-19 pandemic has also extended an undeniable impact on the Group's businesses. Specifically, we forecast a significant decline in sales volumes for newsprint and printing and communication paper in Japan, and for printing paper and other products in China. The outlook remains unclear into the second half of the fiscal year. On the other hand, we expect foreign exchange rates, raw materials and fuel prices, and pulp markets to remain at the same levels as we saw at the start of the first half.

As we enter the second year of our Medium-term Management Plan, spanning FY2019 to FY2021, we will steadily implement strategic measures in accordance with the three fundamental policies - Profitability Improvement of Domestic Business, Expansion of Overseas Business, and Promotion of Innovation - even in increasingly challenging business conditions around the world, and strive to enhance corporate value.

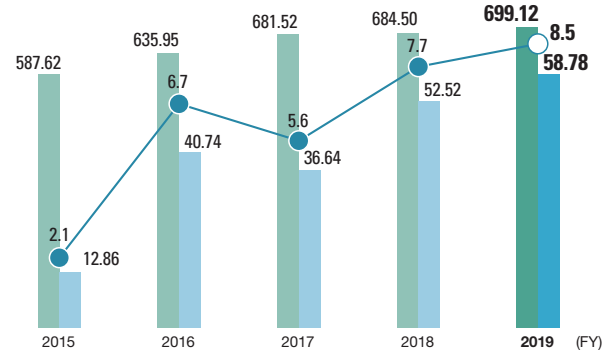
Net Sales and Overseas Sales Ratio

■ Net sales (¥billion)
● Overseas sales ratio (%)



Net Assets per Share, Profit per Share, and ROE

■ Net assets per share (¥) ■ Profit per share (¥)
● ROE (%)



Message from the Director in Charge of Finance

Director of the Board,
Senior Executive Officer

Ryuichi Kisaka

I would like to express my sincere condolences for those who have fallen victim to COVID-19, and my best wishes for those currently battling the virus. As a member of global society, we have reaffirmed our resolve to face and overcome these difficult times, together.

As an initial contribution, we commenced the manufacture of masks featuring excellent fit and the durability to withstand usage for extended periods under severe conditions, as well as non-woven fabric isolation gowns with features designed to reduce the risk of infection, in response to requests from doctors and healthcare workers fighting the COVID-19 crisis on the front line. We prioritize medical and welfare facilities in our supply of these products.

It is obvious that the financial results of the Oji Group will not be immune to the COVID-19 crisis this fiscal year. We will prepare for unexpected circumstances on the financing front by securing even more substantial liquidity on hand. At the same time, despite the anticipated adverse impact of the crisis on the progress of the FY2019-2021 Medium-term Management Plan already established, our policy for the entire Group is to uphold our performance indicator targets, achieving consolidated operating profit of at least 150 billion yen, an overseas sales ratio of 40% (with a target of 50% or more in the short term), ROE of 10.0%, maintaining the current net D/E ratio, and achieving a market capitalization of 1 trillion yen or more.

To build a business foundation indomitable in the face of any environment, we must use our response in difficult times to support sustainable growth in the future. Under the previous Medium-term Management Plan, the Group achieved the targeted reduction in net interest-bearing debt ahead of schedule, and we will maintain the level of net D/E ratio as of FY2018 going forward. In this context, it is important that we address the issue of how we can



make the most of cash flows from operating activities.

Firstly, we will continue to invest actively in businesses that we assess as promising, whether in Japan or overseas. This includes not only the organic expansion of existing businesses, but also more liberal investment in development aimed at promoting innovation, in areas including new materials.

At the same time, we will return profits to the shareholders that support our Group. We will give due consideration to preparing the internal reserves necessary for our future various management measures, but we consider it our highest priority, wherever possible, to maintain stable dividends for our shareholders. Based on this policy, we implemented an ordinary dividend of 14 yen per share for FY2019, an increase of two yen per share over the previous fiscal year.

Going forward, we will apprehend unexpected difficulties as the new normal, and aim to increase and strengthen the Group's portfolio profit drivers through effective investment activities.

Changes in Assets and Profit/Loss

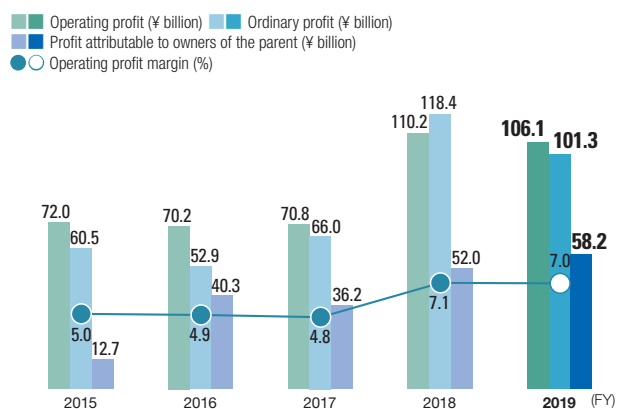
Segment		FY2015	FY2016	FY2017	FY2018	FY2019
Net sales	(¥ million)	1,433,595	1,439,855	1,485,895	1,550,991	1,507,607
Operating profit	(¥ million)	71,987	70,243	70,781	110,212	106,125
Ordinary profit	(¥ million)	60,517	52,949	65,958	118,370	101,289
Profit attributable to owners of parent	(¥ million)	12,706	40,270	36,222	51,977	58,181
Total assets	(¥ million)	1,909,483	1,901,029	1,960,753	1,951,369	1,885,280
Net assets	(¥ million)	711,230	759,198	810,011	815,406	831,657
Profit per share*1	(¥)	12.86	40.74	36.64	52.52	58.78
Net assets per share*2	(¥)	587.62	635.95	681.52	684.50	699.12

*1 Profit per share was calculated by dividing profit attributable to owners of parent by the average number of shares outstanding for the year under review upon subtracting from it the number of treasury stocks.

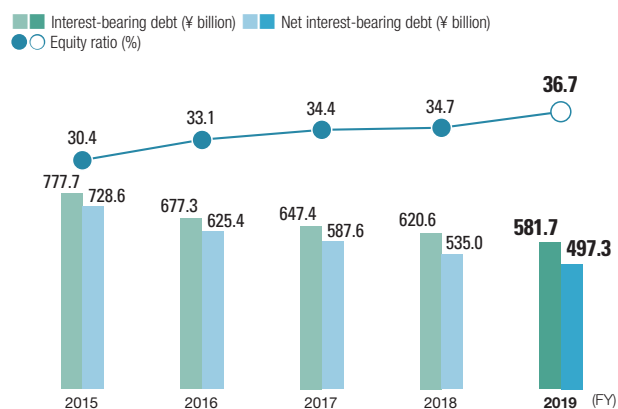
*2 Net assets per share were calculated by dividing net assets by the number of shares outstanding at the end of the year under review upon subtracting from it the number of treasury stocks.

*3 Numbers less than one million yen are rounded down to the nearest million.

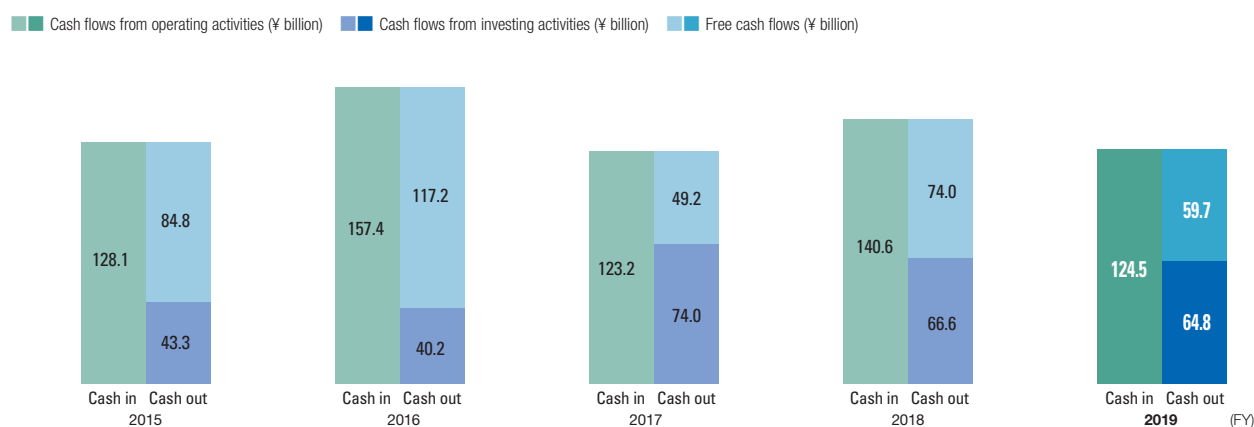
Operating profit, Ordinary profit, Profit attributable to owners of parent, Operating profit margin



Interest-bearing debts, Net interest-bearing debts, and Equity ratio



Changes in Cash flows



Status of Individual Segments

Segment		Net Sales	Operating Profit
Household and Industrial Materials	(¥ million)	686,066	40,937
Functional Materials	(¥ million)	214,669	15,354
Forest Resources and Environment Marketing Business	(¥ million)	285,551	28,847
Printing and Communications Media	(¥ million)	292,653	11,326
Other	(¥ million)	289,392	8,976
Subtotal	(¥ million)	1,768,334	105,441
Adjustments	(¥ million)	(260,726)	683
Total	(¥ million)	1,507,607	106,125

*1 Adjustment amount is mainly the adjustment concerning internal transaction.

*2 Numbers less than one million yen are rounded down to the nearest million.

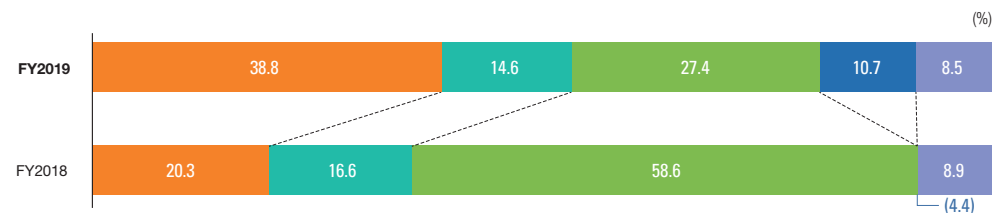
Net sales composition by business segment

Household and Industrial Materials Functional Materials Forest Resources and Environment Marketing Business Printing and Communications Media Other



Operating profit composition by business segment

Household and Industrial Materials Functional Materials Forest Resources and Environment Marketing Business Printing and Communications Media Other



* Net sales and operating profit composition by business segment (%) were calculated excluding adjustments (adjustments for internal transactions, etc.)

Consolidated Balance Sheets

(¥ million)

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)		Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
ASSETS			LIABILITIES		
Current assets			Current liabilities		
Cash and deposits	78,756	73,943	Notes and accounts payable-trade	253,929	209,669
Notes and accounts receivable-trade	334,852	301,682	Short-term loans payable	193,175	172,027
Marketable securities	9,471	10,381	Commercial paper	3,000	14,000
Merchandise and finished goods	101,940	98,483	Current portion of bonds	20,000	20,000
Work in process	20,094	23,467	Accounts payable-other	16,705	16,330
Raw materials and supplies	94,758	94,946	Accrued expenses	48,912	48,485
Short-term loans receivable	6,294	3,749	Income taxes payable	17,941	22,984
Accounts receivable-other	14,531	20,232	Other	22,705	29,479
Other	14,603	15,407	Total current liabilities	576,369	532,976
Allowance for doubtful accounts	(1,838)	(1,811)	Non-current liabilities		
Total current assets	673,465	640,484	Bonds	70,000	80,000
Non-current assets			Long-term loans payable	334,402	295,647
Property, plant and equipment			Deferred tax liabilities	62,486	48,412
Buildings and structures	662,001	670,400	Deferred tax liabilities for land revaluation	7,806	7,803
Accumulated depreciation	(473,139)	(482,113)	Net defined benefit liability	52,874	54,213
Buildings and structures (Net)	188,861	188,286	Long-term deposits	7,728	7,492
Machinery, equipment and vehicles	2,369,868	2,376,088	Other	24,295	27,078
Accumulated depreciation	(2,051,165)	(2,078,455)	Total non-current liabilities	559,593	520,647
Machinery, equipment and vehicles (Net)	318,702	297,632	Total liabilities	1,135,963	1,053,623
Tools, furniture and fixtures	59,894	60,765	NET ASSETS		
Accumulated depreciation	(54,979)	(55,205)	Shareholders' equity		
Tools, furniture and fixtures (Net)	4,914	5,560	Common stock	103,880	103,880
Land	235,975	235,700	Capital surplus	110,474	110,750
Forests	110,882	109,664	Retained earnings	413,023	457,568
Plantations	89,719	85,858	Treasury stock	(13,753)	(13,577)
Leased assets	9,012	50,587	Total shareholders' equity	613,625	658,623
Accumulated depreciation	(6,715)	(15,738)	Accumulated other comprehensive income		
Leased assets (Net)	2,296	34,849	Valuation difference on available-for-sale securities	32,981	21,004
Construction in progress	33,404	58,241	Deferred gains (losses) on hedges	317	(957)
Total property, plant and equipment	984,759	1,015,794	Revaluation reserve for land	5,816	5,813
Intangible assets			Foreign currency translation adjustment	13,223	2,390
Goodwill	6,682	4,672	Remeasurements of defined benefit plans	11,428	5,261
Other	9,903	8,388	Total accumulated other comprehensive income	63,767	33,512
Total intangible assets	16,586	13,060	Share acquisition rights	222	216
Investments and other assets			Non-controlling interests	137,790	139,305
Investment securities	186,287	150,831	Total net assets	815,406	831,657
Long-term loans receivable	7,398	7,558	Total liabilities and net assets	1,951,369	1,885,280
Long-term prepaid expenses	21,336	3,998			
Net defined benefit asset	37,115	32,019			
Deferred tax assets	10,732	7,184			
Other	14,806	15,258			
Allowance for doubtful accounts	(1,119)	(910)			
Total investments and other assets	276,558	215,941			
Total non-current assets	1,277,904	1,244,796			
Total assets	1,951,369	1,885,280			

Consolidated Statements of Income

(¥ million)

	Previous consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Net sales	1,550,991	1,507,607
Cost of sales	1,175,093	1,143,665
Gross profit	375,897	363,942
Selling, general and administrative expenses		
Freight expenses	149,421	141,674
Warehouse expenses	6,652	7,006
Salaries and wages	52,886	52,360
Retirement benefit expenses	883	1,214
Depreciation and amortization	5,151	5,582
Other	50,689	49,978
Total selling, general and administrative expenses	265,685	257,816
Operating income	110,212	106,125
Non-operating income		
Interest income	2,081	2,172
Dividends income	3,386	3,146
Equity in earnings of affiliates	12,593	2,889
Other	9,535	6,096
Total non-operating income	27,596	14,305
Non-operating expenses		
Interest expenses	6,419	6,948
Exchange loss	4,046	4,797
Other	8,973	7,396
Total non-operating expenses	19,439	19,142
Ordinary Profit	118,370	101,289
Extraordinary income		
Gain on sales of investment securities	2,091	5,070
Insurance claim income	904	1,513
Gain on return of assets from retirement benefits trust	11,224	—
Other	1,271	508
Total extraordinary income	15,492	7,092
Extraordinary losses		
Loss on business restructuring	1,348	2,758
Loss on disaster	3,716	2,583
Loss on disposal of non-current assets	1,933	1,910
Impairment loss	34,141	1,728
Other	1,925	1,262
Total extraordinary losses	43,065	10,242
Profit before income taxes	90,797	98,138
Income taxes-current	31,227	35,018
Income taxes-deferred	(6,560)	(1,380)
Total income taxes	24,667	33,637
Profit	66,130	64,500
Profit attributable to non-controlling interests	14,152	6,319
Profit attributable to owners of parent	51,977	58,181

About the Oji Group

What the Oji Group
Aims For

Business Strategy

Management Strategy

Sustainability Strategy

Financial Data &
Corporate Data

Consolidated Statements of Cash Flows

(¥ million)

	Previous consolidated fiscal year	Current consolidated fiscal year		Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)		(From April 1, 2018 To March 31, 2019)	(From April 1, 2019 To March 31, 2020)
Cash flows from operating activities			Cash flows from financing activities		
Profit before income taxes	90,797	98,138	Net increase (decrease) in short-term loans payable	(21,047)	17,715
Depreciation and amortization	69,527	63,379	Net increase (decrease) in commercial paper	2,000	11,000
Impairment loss	34,141	1,728	Proceeds from long-term loans payable	26,897	4,203
Amortization of goodwill	1,685	1,898	Repayment of long-term loans payable	(21,004)	(80,650)
Depletion of standing timber	8,457	8,656	Proceeds from issuance of bonds	29,795	29,789
Increase (decrease) in allowance for doubtful accounts	74	(211)	Payment for redemption of bonds	(40,000)	(20,000)
(Increase) decrease in net defined benefit asset	(3,490)	(2,468)	Payments from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation	(10,424)	(172)
Increase in net defined benefit liability	2,192	1,750	Repayments of lease obligations	(1,031)	(4,770)
Interest and dividend income	(5,468)	(5,319)	Payment for purchase of treasury stock	(50)	(548)
Interest expenses	6,419	6,948	Proceeds from disposal of treasury shares	1	577
Exchange loss (gain)	3,825	2,475	Dividends paid	(10,900)	(12,883)
Equity in (earnings) losses of affiliates	(12,593)	(2,889)	Dividends paid to non-controlling interests	(728)	(2,215)
Loss (gain) on sales of investment securities	(1,521)	(4,867)	Other	953	(192)
Loss (gain) on revaluation of investment securities	56	287	Net cash used in financing activities	(45,539)	(58,148)
Loss (gain) on return of assets from retirement benefits trust	(11,224)	—	Effect of exchange rate change on cash and cash equivalents	(2,241)	(1,737)
Loss on disposal of non-current assets	1,933	1,910	Net increase (decrease) in cash and cash equivalents	26,152	(196)
Loss (gain) on sales of non-current assets	(132)	(231)	Cash and cash equivalents at the beginning of the year	58,343	82,794
Business structure improvement expenses	1,348	2,758	Increase in cash and cash equivalents resulting from mergers of subsidiaries	20	9
(Increase) decrease in trade receivables	(14,005)	31,729	Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,722)	(216)
(Increase) decrease in inventories	(16,365)	(1,968)	Cash and cash equivalents at the end of the year	82,794	82,390
Increase (decrease) in trade payables	6,381	(42,609)			
Other	(6,134)	(7,092)			
Subtotal	155,905	154,002			
Interest and dividend income received	6,372	6,231			
Interest paid	(6,366)	(5,892)			
Income taxes paid	(15,339)	(29,850)			
Net cash provided by operating activities	140,571	124,491			
Cash flows from investing activities					
Proceeds from sales and redemption of marketable securities	70	2,730			
Payment for acquisition of property, plant, equipment and intangible assets	(59,197)	(92,454)			
Proceeds from sales of property, plant, equipment and intangible assets	530	594			
Payment for acquisition of investment securities	(11,246)	(1,190)			
Proceeds from sales and redemption of investment securities	5,131	25,543			
Payment for loans receivable	(1,858)	(1,113)			
Proceeds from collection of loans receivable	1,038	2,383			
Other	(1,104)	(1,295)			
Net cash used in investing activities	(66,636)	(64,801)			



Independent Assurance Report

To the Representative Director of the Board, President and CEO of Oji Holdings Corporation

We were engaged by Oji Holdings Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with a red star * (the "Indicators") for the period from April 1, 2019 to March 31, 2020, except for the lost time injury frequency rate, which is for the period from January 1, 2019 to December 31, 2019, included in The Oji Group Integrated Report 2020 (the "Report") for the fiscal year ended March 31, 2020.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Kasugai Mill of Oji Paper Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

December 4, 2020

▶ List of Affiliated Companies

<p>Industrial Materials COMPANY</p>	<p>Oji Industrial Materials Management Co., Ltd.</p> <p>Oji Materia Co., Ltd.</p> <ul style="list-style-type: none"> ■ Hokuyo Shiko Co., Ltd. ■ Utsunomiya Oji Shiko Co., Ltd. ■ Shin Nihon Feather Core Co., Ltd. ■ Saga Itagami Co., Ltd. <p>Oji Container Co., Ltd.</p> <ul style="list-style-type: none"> ■ Musashi Oji Container Co., Ltd. ■ Kanto Pack Co., Ltd. ■ Honshu Rheem Co., Ltd. ■ Wakayama Oji Container Co., Ltd. ■ Kansai Pack Co., Ltd. ■ Chiyoda Meiwa Danboru Co., Ltd. ■ Nihon Seika Hoso Co., Ltd. ■ Kyodoshiko Corporation ■ Kyodo Hinode Sangyo Co., Ltd. ■ Kunshan Oji Filter Co., Ltd. ■ Nantong Oji Filter Co., Ltd. <p>Morishigyo Co., Ltd.</p> <ul style="list-style-type: none"> ■ Morikamihanbai Co., Ltd. ■ Hokkaido Morishigyo Co., Ltd. ■ Tohoku Morishigyo Co., Ltd. ■ Sendai Morishigyo Co., Ltd. ■ Hitachi Morishigyo Co., Ltd. ■ Gunma Morishigyo Co., Ltd. ■ Nagano Morishigyo Co., Ltd. ■ Niigata Morishigyo Co., Ltd. ■ Shizuoka Morishigyo Co., Ltd. ■ Tokai Morishigyo Co., Ltd. ■ Hokuriku Morishigyo Co., Ltd. ■ Tottori Morishigyo Co., Ltd. ■ Shikoku Morishigyo Co., Ltd. ■ Kyushu Morishigyo Co., Ltd. ■ Aipacks Co., Ltd. ■ Fuji Co., Ltd.
<p>Household and Consumer Products COMPANY</p>	<p>Oji Nepia Co., Ltd.</p> <ul style="list-style-type: none"> ■ Oji Paper Nepia (Suzhou) Co., Ltd. ■ Oji Asia Household Product Sdn. Bhd. <ul style="list-style-type: none"> └ OAHF Marketing Sdn. Bhd. <p>People & Grit (M) Sdn. Bhd.</p> <ul style="list-style-type: none"> └ People & Grit Marketing Sdn. Bhd. └ Supplymark Sdn. Bhd. └ We Love Marketing Sdn. Bhd. <ul style="list-style-type: none"> ■ PT Indo Oji Sukses Pratama * Equity-method affiliates ■ PT Oji Indo Makmur Perkasa * Equity-method affiliates
<p>Functional Materials COMPANY</p>	<p>Oji Functional Materials Progressing Center Inc.</p> <ul style="list-style-type: none"> ■ Oji Tac Co., Ltd. ■ New Tac Kasei Co., Ltd. ■ Oji Kinocloth Co., Ltd. <ul style="list-style-type: none"> └ Oji Kinocloth (Shanghai) Co., Ltd. ■ Chuetsu Co., Ltd. <p>Oji F-Tex Co., Ltd.</p> <ul style="list-style-type: none"> ■ Shinomura Chemical Industry Co., Ltd. ■ Ebetsu Oji Shigyo Co., Ltd. ■ Sunshine Oji (Shouguang) Specialty Paper Ltd. <p>* Equity-method affiliates</p>
<p>Forest Resources and Environment Marketing COMPANY</p>	<p>Oji Green Resources Co., Ltd.</p> <ul style="list-style-type: none"> ■ Oji Paper International Trading (Shanghai) Co., Ltd. ■ Japan Brazil Paper and Pulp Resources Development Co., Ltd. ■ Celulose Nipo-Brasileira S.A. <ul style="list-style-type: none"> └ Cenibra Logistica Ltda. └ Cenibra Internacional Serviços e Comércio (Sociedade Unipessoal) Lda └ Cenibra Trading Ltd. └ Cenibra, Inc.
<p>Printing and Communications Media COMPANY</p>	<p>Oji Paper Co., Ltd.</p> <ul style="list-style-type: none"> ■ Tomakomai Oji Shigyo Co., Ltd. ■ Tomakomai Kyowa Service Co., Ltd. ■ Oji Shigyo Co., Ltd. ■ Yonago Oji Shigyo Co., Ltd. ■ Tomioka Oji Shigyo Co., Ltd. ■ Nitinan Oji Shigyo Co., Ltd. <p>Jiangsu Oji Paper Co., Ltd.</p> <ul style="list-style-type: none"> ■ O&C Ivory Board Co., Ltd. * Equity-method affiliates
<p>Corporate Management Group</p>	<p>Oji Management Office Inc.</p> <ul style="list-style-type: none"> ■ Oji Real Estate Co., Ltd. ■ Kyokuyo Co., Ltd. ■ Fujikako Co., Ltd. ■ Ginpo Pack Co., Ltd. ■ Oji Hall Co., Ltd. ■ Oji Paper Insurance Service Co., Ltd. ■ Hotel New Oji Co., Ltd. ■ Oji General Hospital <p>OCM Fiber Trading Co., Ltd.</p> <ul style="list-style-type: none"> └ Oji Forest Products Vietnam Co., Ltd. <ul style="list-style-type: none"> ■ Yupo Corporation * Equity-method affiliates ■ Oji Asia Management Sdn. Bhd. ■ Oji Myanmar Packaging Co., Ltd. ■ Oji Paper Management (Shanghai) Co., Ltd.
<p>Shared Service Companies</p>	<ul style="list-style-type: none"> ■ Oji Logistics Co., Ltd. ■ Oji Engineering Co., Ltd. — Oji Machinery Hokkaido Co., Ltd., Oji Machinery Chubu Co., Ltd. ■ Oji Business Center Co., Ltd. ■ Oji Human Support Co., Ltd.

Oji Asia Packaging Sdn. Bhd.**GSPP Group**

- GS Paperboard & Packaging Sdn. Bhd.
- GS Paperboard & Packaging(Selangor) Sdn. Bhd.
- Oji GS Packaging (Yangon) Co., Ltd.

Harta Packaging Group

- Harta Packaging Industries Sdn. Bhd.
- Harta Packaging Industries (Perak) Sdn. Bhd.
- Harta Packaging Industries (Selangor) Sdn. Bhd.
- Trio Paper Mills Sdn. Bhd.
- Chiga Light Industries Sdn. Bhd.
- Harta Fleksipak Sdn. Bhd.
- Harta Packaging Industries (Cambodia) Ltd.
- Ojitex Harta Packaging (Sihanoukville) Ltd.
- Oji Packaging (Cambodia) Co., Ltd.

- United Kotak Bhd.

- Ojitex (Vietnam) Co., Ltd.
- Ojitex Haiphong Co., Ltd.
- United Packaging Co., Ltd.
- S.Pack & Print Public Co., Ltd. — Sahakij Packaging Co., Ltd.
- PT Oji Sinar Mas Packaging
- Oji India Packaging Pvt. Ltd.

Oji Interpack Co., Ltd.

- Oji Interpack Korea Ltd.
- Suzhou Oji Packaging Co., Ltd. — Oji Packaging Technology (Chongqing) Co., Ltd.
- Oji Interpack Singapore Pte. Ltd.
- Oji Intertech, Inc.
- Oji Interpack India Pvt. Ltd.
- Oji Interpack Vietnam Co., Ltd.

O&C Paper Bag Holdings Co., Ltd. * Intermediate holdings companies

- Oji Seitai Co., Ltd. — Kusumiseitaijo Inc.
- Oji Packaging (Shanghai) Co., Ltd.
- Chubushiko Co., Ltd. — Japan Paper Technology Dong Nai (VN) Co., Ltd.
- Japan Paper Technology (VN) Co., Ltd.
- Chuetsu Package Co., Ltd. — Chuo Shiko Co., Ltd.

- Oji Packaging Co., Ltd.
- Oji Adba Co., Ltd.
- Kyushu Package Co., Ltd.

Oji Imaging Media Co., Ltd.

- Oji Scientific Instruments Co., Ltd.
- Kanzaki Specialty Papers, Inc.
- Kanzan Spezialpapiere GmbH
- Oji Paper (Thailand) Ltd.
- Oji Label (Thailand) Ltd.
- Oji Papéis Especiais Ltda.

- Hyper-Region Labels Sdn. Bhd. — Hyper-Region Industries Sdn. Bhd.
- Tele-Paper (M) Sdn. Bhd. — Sonofax Sdn. Bhd.
- Ge-Pap Sdn. Bhd.
- SRE-Marketing Sdn. Bhd.
- SPNL Print Sdn. Bhd.

- Pan Pac Forest Products Ltd. — Pan Pac Forest Products (Otago) Ltd.
- Oji Forest & Products Co., Ltd.
- Oji Forestry Co., Ltd.
- Southland Plantation Forest Co. of New Zealand Ltd.
- Albany Plantation Forest Co. of Australia Pty. Ltd.
- Green Triangle Plantation Forest Co. of Australia Pty. Ltd.
- Albany Plantation Export Co., Pty. Ltd.
- PT Korintiga Hutani * Equity-method affiliates
- Quy Nhon Plantation Company * Intermediate holdings companies
 - Quy Nhon Plantation Forest Co. of Vietnam Ltd.
 - BINH DINH CHIP CORPORATION

- Oji Green Energy Shiranuka Co., Ltd.
- Oji Green Energy Nichinan Co., Ltd.
- Oji Green Energy Ebetsu Co., Ltd.
- Oji Green Energy Tokushima Co., Ltd.
- MPM Oji Eco-Energy Co., Ltd.
- Oji-Itochu Enex power retailing Co., Ltd. * Equity-method affiliates

- Oji Ecomaterial Co., Ltd. — Kyokushin Recycling Resources Co., Ltd.
- Oji Cornstarch Co., Ltd. — Oji Saito Paper Recycle Co., Ltd.
- Oji Trading Co., Ltd.

Oji Oceania Management Co., Ltd.**Oji Fibre Solutions Group**

- Oji Fibre Solutions (NZ) Ltd.
- Oji Fibre Solutions (AUS) Pty. Ltd.
- Oji Foodservice Packaging Solutions (AUS) Pty. Ltd.
- Oji Fibre Solutions (QLD) Pty. Ltd.
- Oji Cardboard Carton Solutions Pty. Ltd.

Chuetsu Pulp & Paper Co., Ltd.

* Equity-method affiliates

Mitsubishi Paper Mills Limited

* Equity-method affiliates

Company Profile (as of March 31, 2020)

Company name	Oji Holdings Corporation
Director of the Board, President	Masatoshi Kaku (appointed April 1, 2019)
Headquarters address	7-5, Ginza 4-chome, Chuo-ku, Tokyo 104-0061 Japan
Start of business	February 12, 1873
Corporate establishment	August 1, 1949
Capital	¥103,880 million
Total number of authorized shares	2,400,000,000 shares
Total number of issued shares (treasury stocks included in the total)	1,014,381,817 shares (22,327,605 shares)
Number of shareholders	65,690
Number of employees of the consolidated Group	36,810

Stock Information (as of March 31, 2020)

Listing stock exchange	Tokyo Stock Exchange
Securities Identification Code	3861
Share register manager and account administration authority for special accounts	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan
Mailing address	Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063 Japan
Toll-free telephone number	+81-120-782-031

Principal Shareholders (as of March 31, 2020)

Name of shareholder	Shares held (Thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	85,345	8.6%
Japan Trustee Services Bank, Ltd. (Trust account)	58,342	5.9%
Japan Trustee Services Bank, Ltd. (Trust account 4)	33,971	3.4%
Sumitomo Mitsui Banking Corporation	31,668	3.2%
Nippon Life Insurance Company	25,658	2.6%
Mizuho Bank, Ltd.	21,636	2.2%
Oji Group Employee Stock-holding Association	19,766	2.0%
Japan Trustee Services Bank, Ltd. (Trust account 5)	16,700	1.7%
The Norinchukin Bank	16,654	1.7%
Japan Trustee Services Bank, Ltd. (Trust account 9)	16,154	1.6%

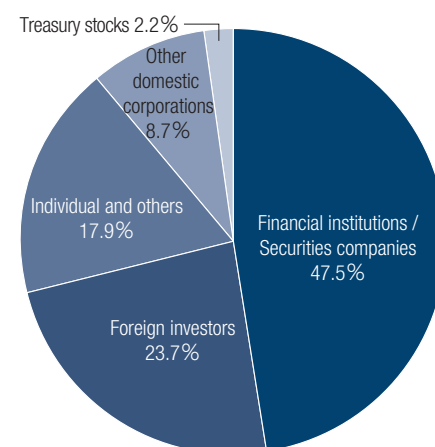
*1 The Company holds treasury stock of 22,327 thousand shares, which is excluded from the above list.

*2 The percentage of total shares issued has been calculated after excluding the Company's treasury stock (22,327 thousand shares).

*3 Numbers less than one thousand are rounded down to the nearest thousand

Distribution of Shareholders

(as of March 31, 2020)



A Year at the Oji Group



Oji India Packaging
New corrugated container
plant commences operation.
(Gujarat, India)



Harta Packaging Group
New corrugated container
plant commences operation.
(Phnom Penh, Cambodia)

Nestlé Japan Ltd. adopts our paper products to replace
plastics as packaging materials for “KITKAT” products.



Oji Indo Makmur Perkasa
New disposable diaper plant commences operation.
(Bekasi, West Java, Indonesia)

Provided technology to
CNF composite resin glass
exhibited by Toyota Motor
East Japan Inc, at Tokyo
Motor Show 2019.



Oji Container starts providing OJI FLEX PACK'AGE,
a next-generation packaging solution, and sales of
Rakudan, continuous corrugated sheets.



MPM Oji Eco-Energy, engaged in
the joint biomass power genera-
tion business, starts commercial
operation of Hachinohe Eco-En-
ergy Power Plant, one of the
largest FIT-eligible biomass power
plants in Japan.

Nestlé in Thailand adopts our paper products to replace plastics
as packaging materials for their products.

Oji Myanmar Packaging intro-
duces water production facilities
and commences their operation
at a beer factory of Myanmar
Brewery Limited.



Develops KAMIWAZA
jointly with Shimizu
Corporation to utilize
paper materials as
construction materials.

Ojitex Haiphong
New corrugated container plant commences
operation. (Ha Nam, Vietnam)

Achieves high-precision pattern formation on
Transparent Cellulose Nano-fiber Sheets.

Starts providing samples of SILBIO BARRIER, a paper
material with barrier properties.

Starts joint development with Hamari Chemicals, Ltd., to
commercialize sulfated hemicellulose for medical
applications.

MPM Oji Home Products (a joint venture of Oji Nepia and
Mitsubishi Paper Mills)
Household paper facility commences commercial operation.



2019

2020

April

May

June

July

August

September

October

November

December

January

February

March



Oji Holdings Corporation
7-5, Ginza 4-chome,
Chuo-ku, Tokyo 104-0061 Japan
Public Relations and Investor Relations Dept.,
Corporate Governance Div.
<https://www.ojiholdings.co.jp/english/>
Issued in December 2020

