

The Oji Group Integrated Report 2021

Fiscal year ended March 2021



Oji Holdings Corporation



Management Philosophy & Corporate Slogan

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 to contribute 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.

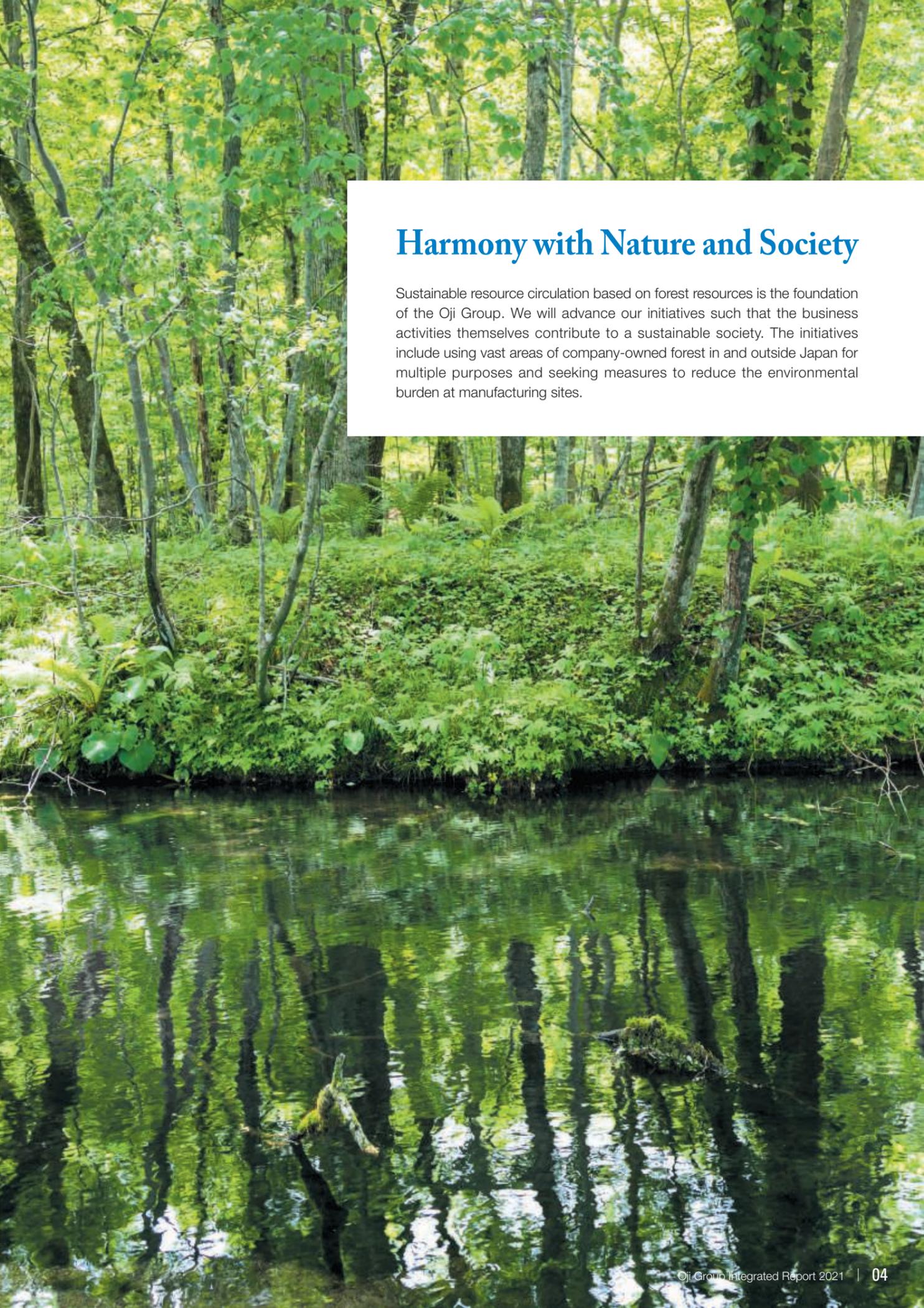
Creation of Innovative Value

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 started publishing the Oji Group Integrated Report in 2019. This report presents both financial and non-financial information in an easy-to-understand manner in order to provide information about our initiatives to our customers, shareholders, investors, local residents, and all other stakeholders. As with the previous report, this fiscal year's report was compiled in such a way that provides narratives and makes it easier to understand. We have also enhanced the links between this report and our "Sustainability Report (online)."

In recent years, concern has been growing over global environmental issues such as climate change and the issue of plastic in the ocean, and the drive to solve these problems is gathering momentum. With the additional impacts of the COVID-19 pandemic, the social environment surrounding us is facing a significant crossroads. Under these circumstances, the Oji Group, which has been operating a sustainable paper manufacturing business since our foundation in 1873, has held numerous discussions as to what new values can be created and how we can meet social expectations, by obtaining internal and external cooperation.

We consider it the mission of the Oji Group to continue progress toward the realization of a sustainable society through our forest resources-centered business, while deepening communication with stakeholders through this Integrated Report.

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, FY2020 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, 188 consolidated subsidiaries, and 23 equity-method affiliates (as of March 31, 2021). In cases where coverage differs, this is indicated.

Reporting Period

The reporting period is from April 1, 2020 to March 31, 2021 (except for lost time injury frequency rate, and environmental data for certain overseas sites, for which the period is from January 1, 2020 to December 31, 2020). With the exception of numerical data, however, activities carried out from and after April 2021 are also referenced.

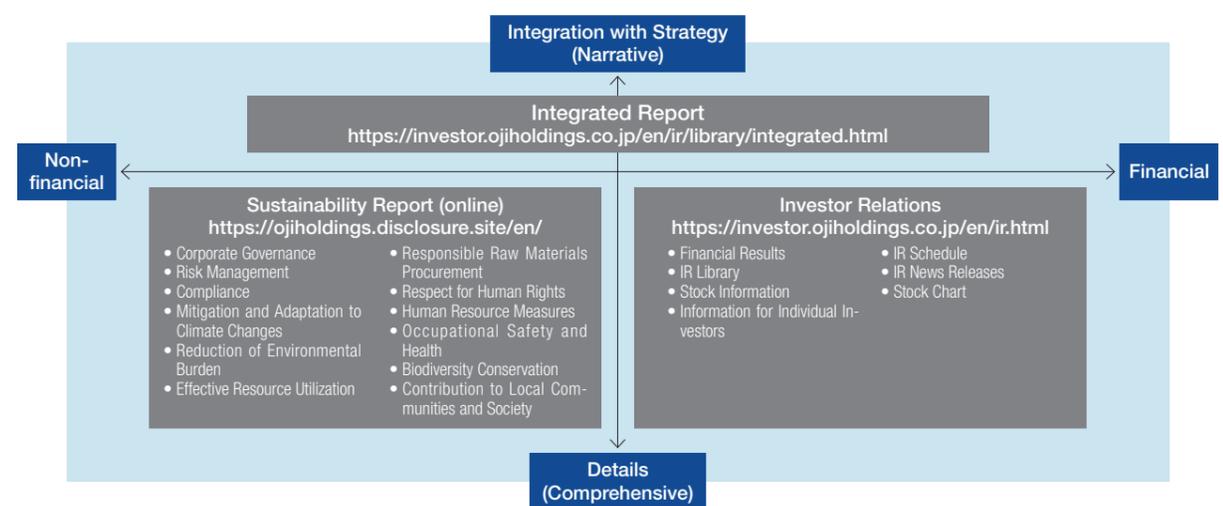
Disclaimer Regarding Forecasts and Other Forward-looking Statements

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

The report's cover is printed on Oji F-Text's OK Muse Gulliver Gloss CoC (157.0 g/m²), while the main body of the report is printed on Oji Paper's OK Pixeed 01 EF (80.0 g/m²). Both of these are FSC™ forest certified paper made from resources harvested from responsibly-managed forests (FSC™C005431, FSC™014119).

Communication Map



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Evaluation from Society



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

FTSE4Good Index Series
Oji has been selected for the FTSE4Good Index Series, an ESG index established by FTSE Russell, since September 2019. (Scope: Oji Holdings)

SOMPO Sustainability Index
Oji has been selected since June 2019 for the 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 since September 2018. Constituents of the index are selected with a focus on companies' disclosure of environmental information and carbon emissions per net sales. (Scope: Oji Holdings)

Dow Jones Sustainability Asia Pacific Index
In November 2020, Oji was selected for the first time as a constituent of the Dow Jones Sustainability Asia Pacific Index, one of the Dow Jones Sustainability Indices (DJSI) selecting companies based on their outstanding performance on sustainability issues. (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 under the Act on Promotion of Women's Participation and Advancement in the Worksite
On December 21, 2017, Oji 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)

FY2020 "Nadeshiko Brand"
On March 22, 2021, Oji was selected for a second time (first selection in 2018) 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)

2021 Certified Health and Productivity Management Organization Recognition Program
On March 4, 2021, Oji was recognized under the 2021 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category), administered jointly by the Ministry of Economy, Trade, and Industry (METI) and the Nippon Kenko Kaigi. (Scope: Oji Holdings and Oji Management Office)

History of the Oji Group's Value Creation

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 Kaishya, a paper manufacturing company, advocated by Eiichi Shibusawa, the founder of the modern Japanese economy.



From the collection of the Shibusawa Memorial Museum

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 Start of Packaging and Household Paper Production

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.

1990s Response to Environmental Issues

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%.

2000s Shift in the Business Structure

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



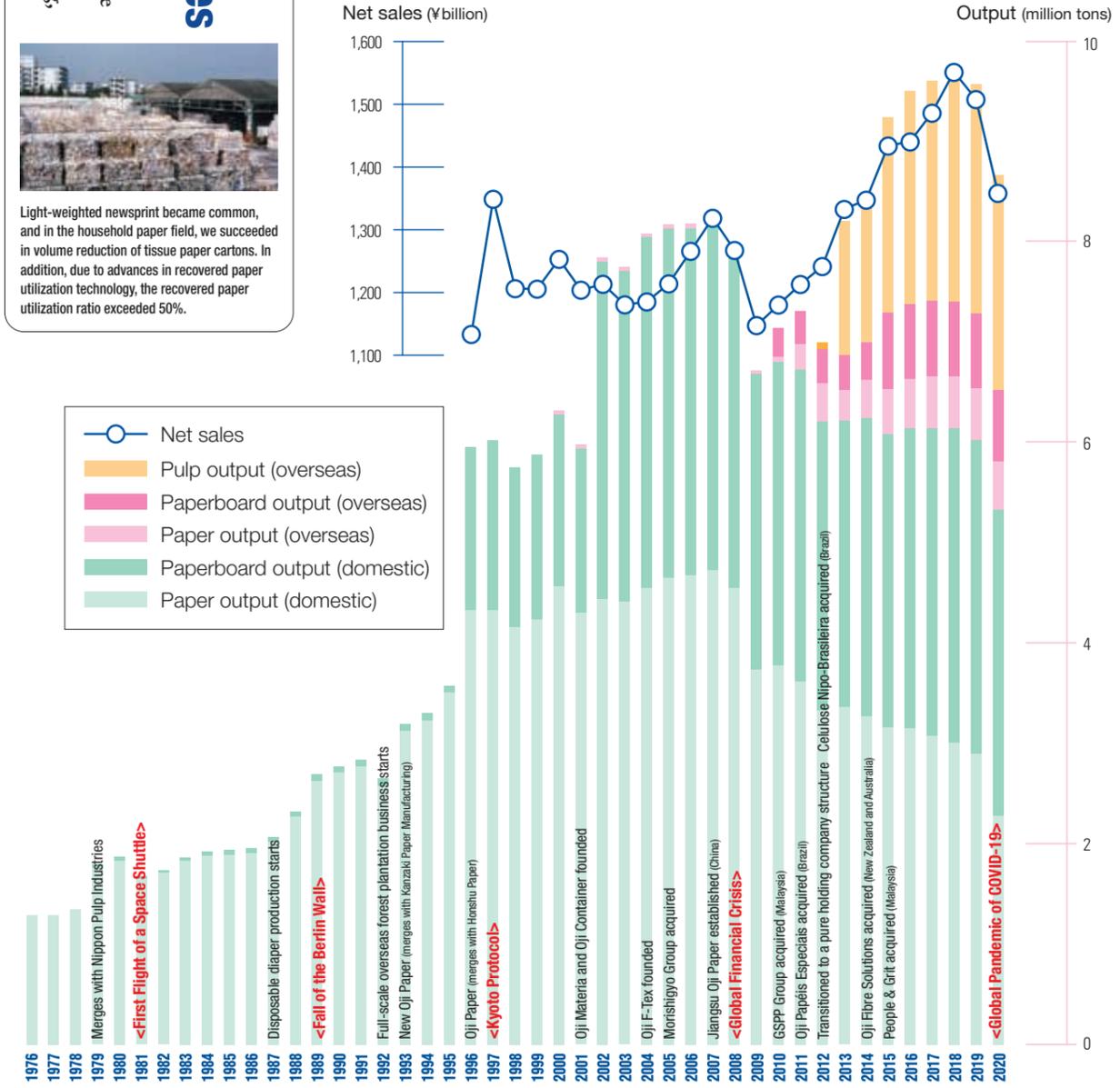
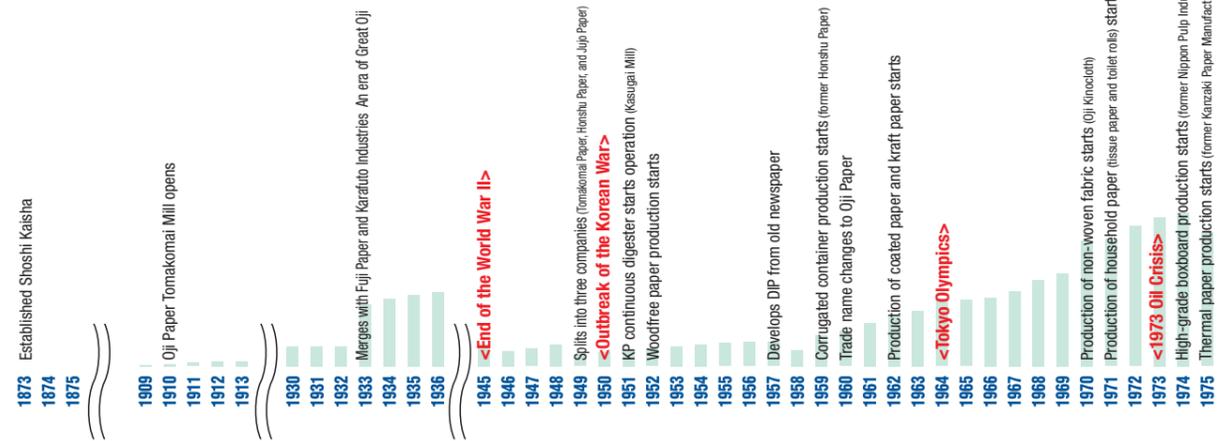
Demand for paperboard as a packaging material was strong. The production ratio of paper and paperboard gradually changed.

2010s Further Global Deployment

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.



Oji Holdings Corporation

Net Sales **¥1,359.0 billion**

Operating Profit **¥84.8 billion**

Changes in Net Sales and Operating Profit

■ Net Sales (¥ billion)
 ■ Operating Profit (¥ billion)
 †Net sales and operating profit include adjustments (primarily those for internal transactions).



Industrial Materials COMPANY

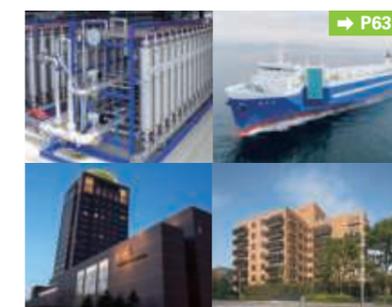
Household and Consumer Products COMPANY

Functional Materials COMPANY

Forest Resources and Environment Marketing COMPANY

Printing and Communications Media COMPANY

Corporate Management Group and Shared Service Companies



Main businesses
 Containerboard/corrugated containers, Boxboard/folding cartons, Packaging materials/paper bags

Main businesses
 Household paper, Disposable diapers

Main businesses
 Specialty paper, Thermal paper, Adhesive products, Film

Main businesses
 Pulp, Energy, Plantation services, Lumber processing

Main businesses
 Newsprint, Printing and Publication paper, Communications paper

Main businesses
 Real estate, Engineering, Trading, Logistics, etc.

Affiliated companies

Affiliated companies

Affiliated companies

Affiliated companies

Affiliated companies

Affiliated companies

Domestic	Overseas
43 companies	44 companies

Domestic	Overseas
1 company	8 companies

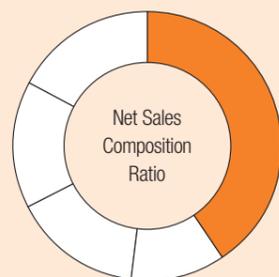
Domestic	Overseas
9 companies	12 companies

Domestic	Overseas
15 companies	15 companies

Domestic	Overseas
7 companies	1 company

Domestic	Overseas
17 companies	16 companies

Earning structure

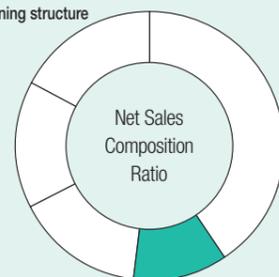


40.8%

Net Sales **¥647.5 billion**

Operating Profit **¥38.1 billion**

Earning structure

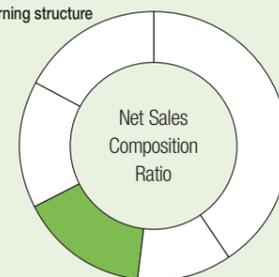


11.5%

Net Sales **¥182.3 billion**

Operating Profit **¥11.5 billion**

Earning structure

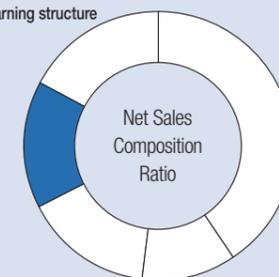


15.4%

Net Sales **¥245.3 billion**

Operating Profit **¥16.7 billion**

Earning structure

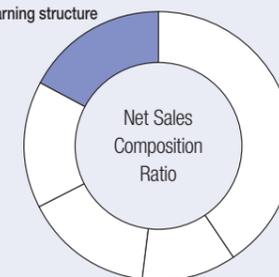


15.3%

Net Sales **¥244.0 billion**

Operating Profit **¥11.2 billion**

Earning structure

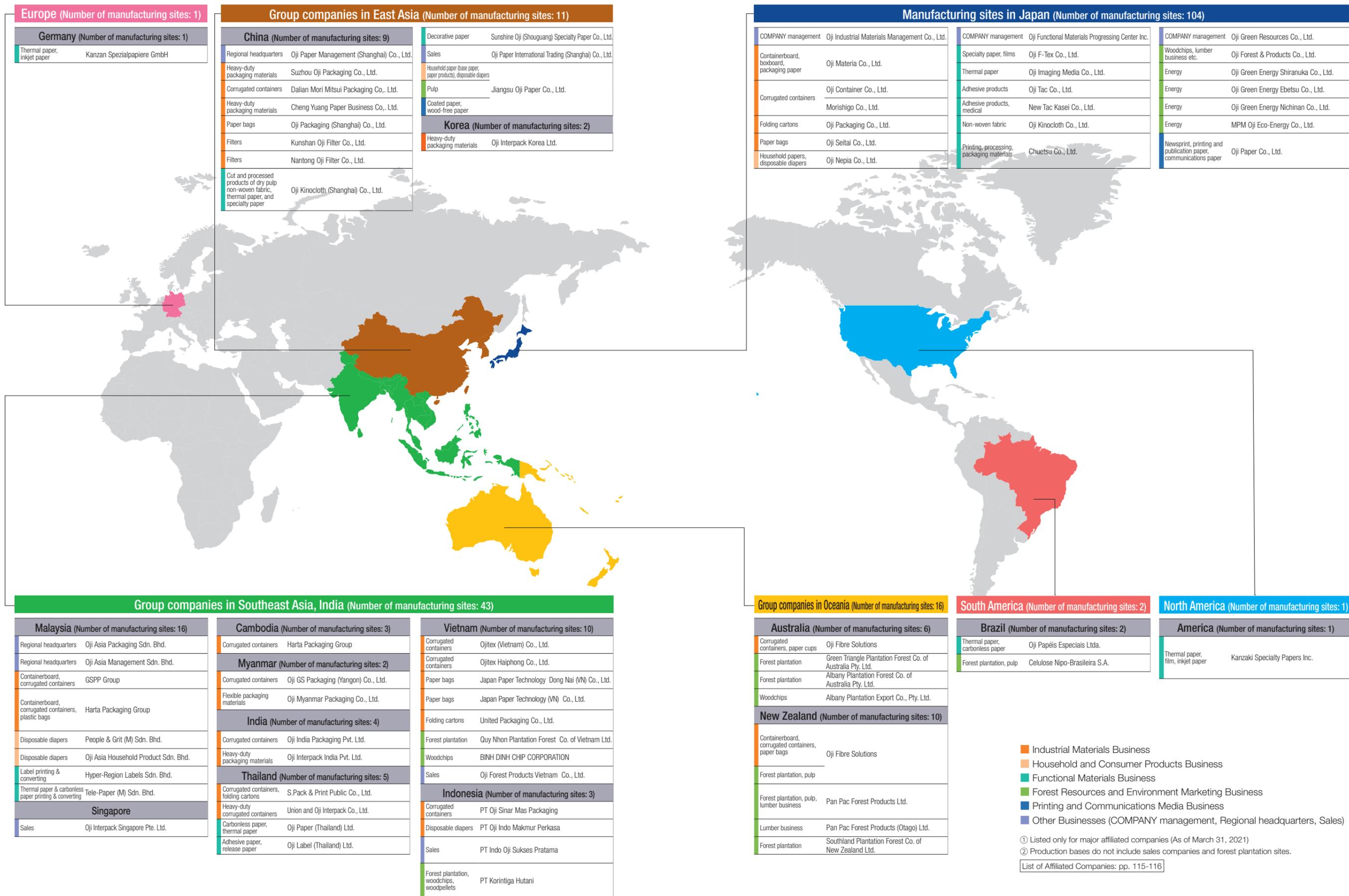


17.0%

Net Sales **¥270.2 billion**

Operating Profit **¥6.8 billion**

Major Affiliated Companies Distribution Map



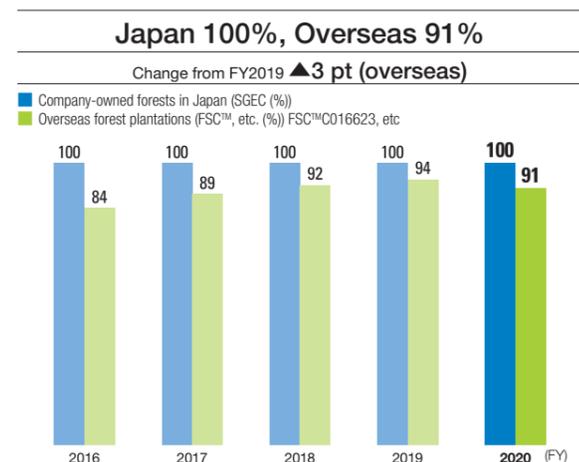
Financial Highlights

Segment		FY2010	FY2011	FY2012	FY2013
Net sales	(¥billion)	1,180.1	1,212.9	1,241.5	1,332.5
Overseas sales ratio	(%)	9.7	10.6	16.7	20.3
Operating profit	(¥billion)	65.4	53.8	43.5	57.3
Profit per share	(¥)	24.92	22.46	21.91	32.01
Free cash flows	(¥billion)	25.7	38.3	29.2	42.1
Net D/E ratio	(times)	1.7	1.6	1.4	1.1
Return on equity (ROE)	(%)	5.6	5.0	4.6	5.9
Capital investment, etc.	(¥billion)	77.1	54.7	70.1	76.7
Dividend per share	(¥)	10.0	10.0	10.0	10.0

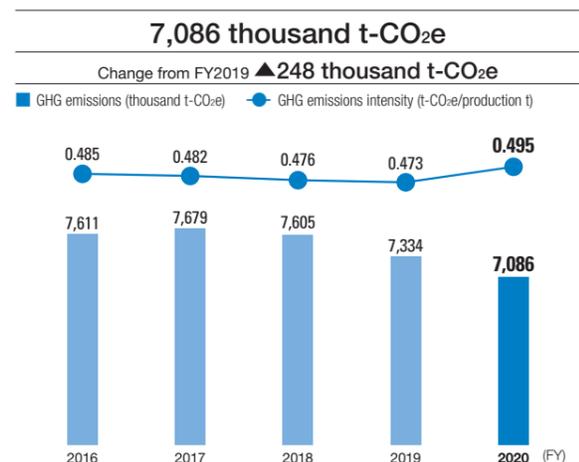
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	1,347.3	1,433.6	1,439.9	1,485.9	1,551.0	1,507.6	1,359.0
	22.8	27.8	28.2	31.0	32.0	29.9	29.3
	43.9	72.0	70.2	70.8	110.2	106.1	84.8
	15.71	12.86	40.74	36.64	52.52	58.78	50.13
	(74.6)	84.8	117.2	49.2	74.0	59.7	35.5
	1.0	1.0	0.8	0.7	0.7	0.6	0.6
	2.6	2.1	6.7	5.6	7.7	8.5	6.9
	80.1	57.4	57.9	69.3	62.1	97.5	98.4
	10.0	10.0	10.0	10.0	12.0	14.0	14.0

Non-financial Highlights

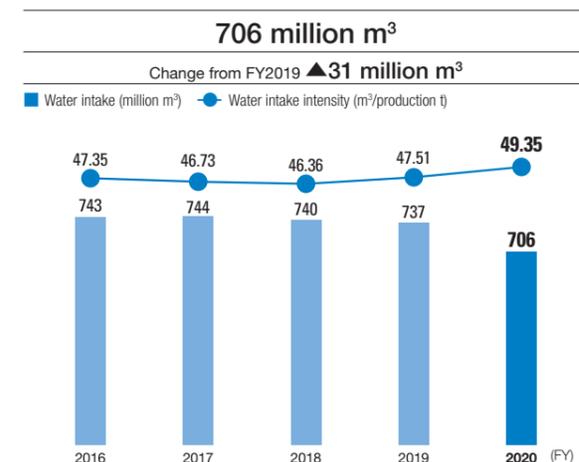
Forest certification acquisition rate



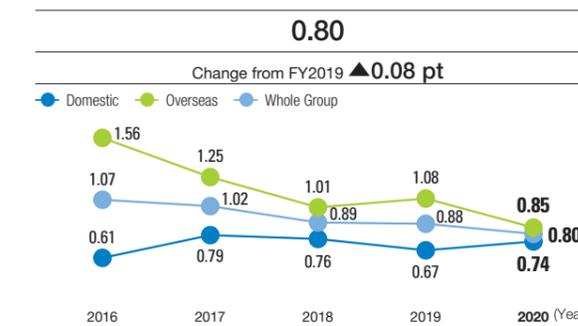
GHG emissions*



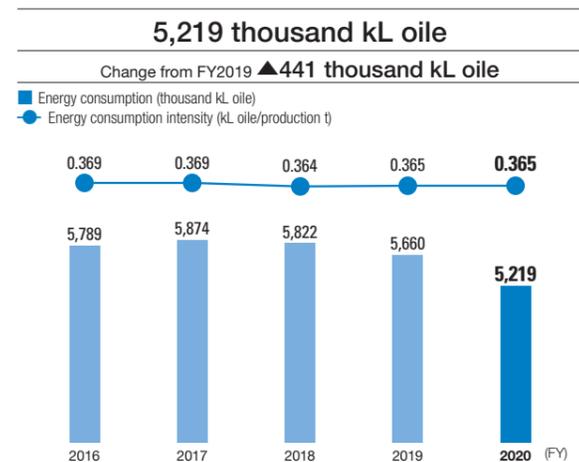
Water intake



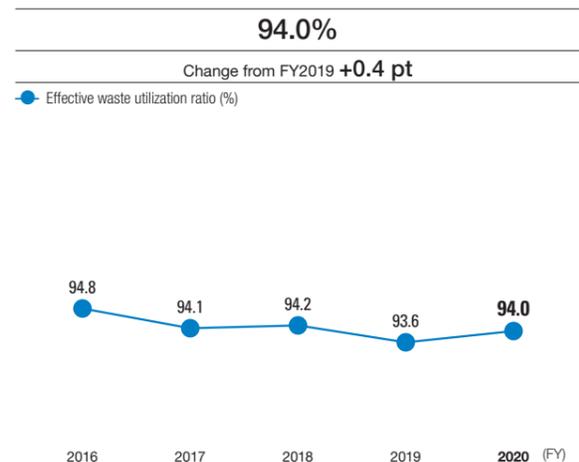
Lost Time Injury Frequency Rate (LTIFR)*



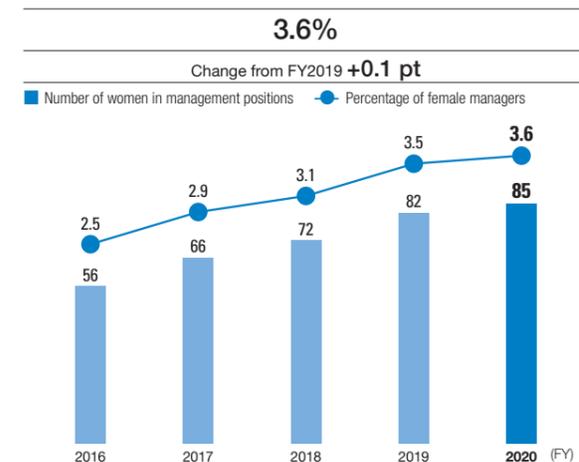
Energy consumption*



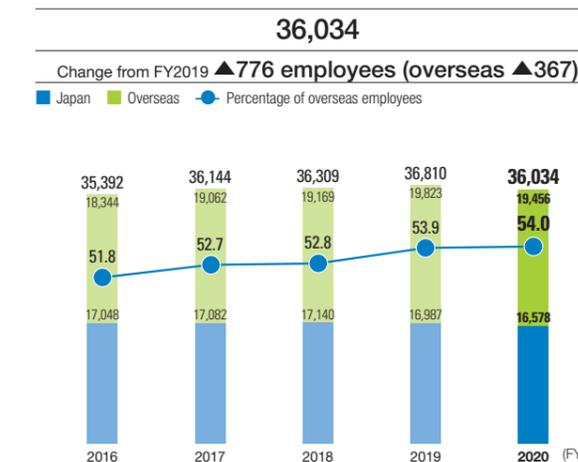
Effective waste utilization ratio*



Percentage of female managers (16 Group companies in Japan)



Number of employees (excluding temporary employees)



*Energy amount converted to crude oil value
†Intensity for FY2020 includes the effects of production declines caused by COVID-19.

*GHG (Greenhouse Gas) associated with product manufacturing
†Intensity for FY2020 includes the effects of production declines caused by COVID-19.
*Effective waste utilization ratio = (Amount of waste generated - Amount of landfill waste) ÷ Amount of waste generated × 100

†Intensity for FY2020 includes the effects of production declines caused by COVID-19.

(1) Covered period: January 1 to December 31.
(2) LTIFR = (the number of lost time injuries ÷ total working hours) × 1,000,000
Lost time injuries (LTI) is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more.
(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.

To Create Sustainable Value for the Future by Responding to Change

Today, we find ourselves in a situation where each and every decision will greatly change the future. As the global spread of COVID-19 has been reshaping people's lifestyles, the demand structure is drastically changing. It should also be noted that the climate change issues have drawn more attention and the trend towards resolving the issues is gaining momentum. I would like to discuss the path that the Oji Group should take to create sustainable value that the society demands and to achieve growth in response to changes at present as well as new changes that will emerge in the future.

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

Masatoshi Kaku

I. Overview of the Changes Resulting from COVID-19

Impact on the Oji Group and Transition into a New Normal

First, in terms of change, I would like to examine changes in the business environment during the COVID-19 pandemic, which I believe is of particular interest to everyone.

The economic impacts are severe both in Japan and overseas. I understand that it was inevitable to some extent to reduce the movement of people as the only reliable measure to protect their lives, but countries around the world implemented such policies as lockdowns, self-quarantine and travel restrictions. The policies were further strengthened by individuals' conscious efforts to stay at home. I believe it is still fresh in your memory that the nationwide state of emergency declared in April 2020 left the streets quiet and dark in Japan. Consequently, with the markets and economic activities coming to a standstill, the Oji Group's business was impacted profoundly. In Japan, with the exception of a temporary rise in demand of household paper products due to panic buying in the first half of 2020, the sales volumes of other businesses were significantly lower than the previous year, which forced us to adjust production. Although there was a momentary recovery in the latter half of 2020 due to the government's

economic stimulus, such as the "Go To Travel" tourism campaign and "Go To Eat" dining campaign, these were suspended as the spread of infection continued, leading to persistently challenging condition today. Particularly, for the Paper Business, demand had been shrinking prior to the pandemic with the popularization of smartphones and changes in information collection methods, and this shrinkage has been further accelerated due to weaker consumption as well as diversified workstyles such as working from home as a result of the pandemic. While the Paper Business continues to struggle, other businesses are seeing a gradual recovery since the latter half of 2020, including the Paperboard Business, which centers on corrugated container products, due to expanded demand from those staying at home, and the Specialty Paper Business, which centers on industrial products, driven by the recovery in the automotive industry. Looking overseas, in Southeast Asia and New Zealand, uncertainties increased due to such factors as lower factory utilization ratio and delays in strategic investment timelines caused by lockdowns. The situation has required us to be more cautious in assessing the business environment.

The COVID-19 pandemic has drastically changed our awareness and lifestyles. While it is needless to say that we will respond to this change, even when the pandemic comes to an end, things will not return to the way they were before the pandemic, nor will our current lifestyles in the middle of the COVID-19 pandemic remain the same. It is critical that we determine what the new post-pandemic



normal will look like with the changed awareness and demand structure caused by the pandemic. The basic functions of paper are to collect and store information, to wrap and protect objects, and to wipe and absorb liquid. These functions remain unchanged even during the pandemic. By looking at the trend thus far, it is evident which functions will expand and which ones will shrink. We must accurately grasp both upsides and downsides of the changes, and speed up the restructuring and optimization of our business portfolio. We will constantly ask ourselves what society needs, and keep an eye out. Placing our main focus on the question, we will continue to create value and provide solutions to issues.

II. Achieve Sustainable Growth through “Response to Change”

Our “Founding Spirit” and “Management Philosophy”—a Constant Direction That Transcends Environmental Changes

Our “Founding Spirit” and “Management Philosophy” are always at the core of our thinking, enabling us to remain steadfast beyond change. Our “Founding Spirit” is “unity of economy and morality,” or the idea that “the profits that businesses pursue should benefit society.” This was advocated around 150 years ago by our founder, Eiichi Shibusawa, who has recently been drawing renewed attention. I view this as a lesson that a company is an entity that is made alive by society, and a company should take its social responsibility and continue to be needed by society as the premise of pursuing profit.

This is linked to the ideas of the SDGs, and also incorporated in the Oji Group’s “Management Philosophy” that upholds the “Creation of Innovative Value,” “Contribution to Future and the World,” and “Harmony with Nature and Society.” At the time of our founding, in Meiji era Japan, we aimed to proliferate books and newspapers to raise the level of knowledge of the public in contributing to social and economic development. Likewise, we will continue to create innovative value through promoting challenging manufacturing with foresight into the future in order to meet the needs and resolve issues of the current generation and beyond both in Japan and overseas, utilizing the technology and expertise we have gained through 150 years of business. Furthermore, as a company that develops its business with forest resources as its core, we will constantly be aware of co-existing with the environment and committed to contributing to a sustainable society.

The History of “Transformation” Itself Forms the History of Growth

The following is a quote from Darwin’s evolutionary theory. “It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.” In other words, “response to change” is

connected to growth and development. The Oji Group has willingly undergone “transformations” by constantly perceiving “change” and cultivating the organizational adaptability as the times and the needs of the society and people shift.

In the past, we embraced difficult situations and overcame turbulence by merging with various companies in order to adapt to environmental change and survive. We are proud of the fact that, by mutually respecting and fostering cultures and customs in the process of such mergers, we have created a foundation that secures and nurtures diverse and flexible human resources, and as a result, a structure that embraces “transformation” has been established.

As a plethora of events occurred worldwide in 2020, the year also marked a year of drastic change for the paper industry in Japan. The domestic shipment of Paperboard often used in packaging, such as containerboard and folding carton base paper, has exceeded that of Paper, including newsprint and printing/communication paper, for the first time. The domestic shipment of Paper peaked for printing/communication paper in 2000, and for newsprint in 2006, due to factors such as Japan’s aging population and declining birthrate, the development of information and communications technology, and the rise of imported paper. Then, it had continued to gradually decline, with the global financial crisis causing yet another rapid decline, which has not recovered to date. However, it was still higher than that of Paperboard. And finally, this situation reversed. Since the 1990s, we have allocated more management resources to the packaging field based on the perspective of raw material recycling, in addition to the aging population and declining birthrate, and the development of information and communication technology, with a particular emphasis to strengthen the corrugated container business, as a downstream business of containerboard. Around 10 years ago, in 2012, we made the major decision to steer towards business structural reforms to diversify away from the Paper business, and transitioned to a pure holding company structure in order to foster stronger conviction as an organization. Since the transition, we have pursued the optimized production system in response to the shrinking Paper market in Japan, generated cash flows and freed up management resources, and continuously redistributed them to other promising businesses, including the Paperboard business, and particularly to other growth areas overseas. With our steady efforts to adapt to change to date, we have seen continued growth through making an early shift from Paper to other businesses, expanding from Japan to overseas, and focusing on growth areas and regions.

Our slogan “Beyond the Boundaries” was created in tandem with the transition. It expresses our determination to move forward into the future as a 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. When transforming in the face of change, the cultivation of “ability to perceive and think about the

present and the future calmly without being complacent,” and “ability to take action nimbly and swiftly,” plus the sharing of directions of business to move forward, among all officers and employees, will become a great driving force. Going forward, we will continue to constantly seek out new opportunities and predict risks, and while we create a growth strategy targeting these, we will also develop and maintain a structure to nimbly implement measures as a whole organization.

III. Progress and Future Development of the Medium-term Management Plan

Direction of the FY2019-2021 Medium-term Management Plan

This year marks the final year of the FY2019-2021 Medium-term Management Plan. I would like to discuss the future path that we should take from the perspective of the Medium-term Management Plan.

In the final fiscal year of the previous FY2016-2018 Medium-term Management Plan, or FY2018, we achieved consolidated operating profit of 110.2 billion yen, and became the first Japanese paper manufacturer that earned over 100 billion yen, which had long been our target. We are currently in the FY2019-2021 Medium-term Management Plan, which takes a further step up on the target by further promoting selection and concentration. The plan was formulated with the anticipation of solidifying the foundation of our corporate group to reach 150 billion yen in consolidated operating profit while maintaining a steady profit level of 100 billion yen or more by aiming for “Contribution to a Sustainable Society” through steady implementation of the three pillars: “Profitability Improvement of Domestic Business,” “Expansion of Overseas Business,” and “Promotion of Innovation.”

Specifically, “Profitability Improvement of Domestic Business” has been positioned as a top priority. During the previous Medium-term Management Plan, I was very concerned as the greater-than-expected shrinkage of the Japanese market deteriorated the utilization ratio of manufacturing facilities, and reduced our domestic business’ earnings capacity. Therefore, we sought to streamline business through drastic manufacturing restructuring and business collaboration with other companies, and concentrate secured management resources to investment in strengthening promising businesses, to regenerate and enhance our earnings capacity. With respect to “Expansion of Overseas Business,” the overseas sales ratio has rapidly risen from less than 10% in FY2010 to 30%, which I hope to further bring up to around 50% going forward. In particular, we aim for business expansion from existing bases and synergy between businesses and bases in growth regions and growth fields, including the packaging business in Southeast Asia, India and Oceania, the disposable diaper business in Southeast Asia and China, the thermal paper business worldwide, and the pulp business worldwide in aiming to improve profitability. We consider



“Promotion of Innovation” as the key to building the pillars of our future business. We will further cultivate the technology and know-how we have accumulated in the paper manufacturing industry to develop new materials and products in fostering the pillars of future businesses. For example, we will accelerate efforts to achieve commercialization of products such as “cellulose nanofibers (CNF),” “wood-derived pharmaceutical products,” and “biodegradable and biocomposite materials” at an early stage.

Review of the First and Second Years (FY2019-2020) and Forecast for the Final Year (FY2021)

Here, I would like to look back on our performance in FY2019 and FY2020 as well as talk about our forecast for FY2021.

In FY2019, consolidated net sales decreased 3% year-on-year to 1,507.6 billion yen and operating profit decreased 4% year-on-year to 106.1 billion yen, as we have maintained operating profit at over 100 billion yen since FY2018.

In FY2020, consolidated net sales decreased 10% year-on-year to 1,359.0 billion yen and operating profit fell 20% year-on-year to 84.8 billion. Operating profit saw positive factors such as a decline in raw materials and fuel costs and cost savings effects at each business site inside and outside of Japan, but the impacts of decreased sales totaled 28.6 billion yen, broken down as 23.9 billion yen in Japan and 4.7 billion yen overseas, while the loosening in market conditions of the overseas pulp business had a major impact, resulting in a year-on-year decrease in profit. It was a rather unprecedented year with the COVID-19 pandemic, as we struggled in the first half and we eventually fell short of our target of maintaining operating profit at 100 billion yen or higher for the year. However, focusing on the second half alone, performance improved especially in the fourth quarter (January to March 2021) despite another state of emergency, resulting in operating profit of 55.5 billion yen, on par with the record high set in FY2018.

In FY2021, we will aim to increase net sales by 7% year-on-year to 1,450.0 billion yen and operating profit by 42% to 120.0 billion yen, assuming a moderate economic recovery along with a recovery in pulp market conditions and effects of capital expenditures inside and outside of Japan. We expect to increase profit at each level for the first time in one year, but the increase still does not represent a satisfactory level when compared with the targets

in the Medium-term Management Plan. This is because the situation is not what we first expected, as sales volume is not anticipated to fully recover immediately and some strategic investments were delayed. Nevertheless, we need to make preparations now to ensure we can capitalize on the recovery wave once the COVID-19 pandemic ends. Toward this end, we are moving ahead with each individual initiative.

	Targets under the Medium-term Management Plan	FY2019 results	FY2020 results	FY2021 forecasts
Net sales	—	1,507.6 billion yen	1,359.0 billion yen	1,450.0 billion yen
Operating profit	150.0 billion yen	106.1 billion yen	84.8 billion yen	120.0 billion yen
[Domestic]	*Maintain stable operating profit of more than 100 billion yen	[70 billion yen]	[63.2 billion yen]	[62.0 billion yen]
[Overseas]		[36.1 billion yen]	[21.6 billion yen]	[58.0 billion yen]
Ordinary profit	—	101.3 billion yen	83.1 billion yen	120.0 billion yen
Profit attributable to owners of parent	—	58.2 billion yen	49.6 billion yen	70.0 billion yen
Overseas sales ratio	40.0%	29.9%	29.3%	34.5%
ROE	10.0%	8.5%	6.9%	9.1%
Net D/E ratio	0.7 times	0.6 times	0.6 times	0.7 times

Review of Key Measures

Accordingly, it is important to revisit the Medium-term Management Plan to take a look at the progress for each key measure to really examine what we do now that will be effective for future development before moving on to implementation.

“Profitability Improvement of Domestic Business”

First, I would like to look at “Profitability Improvement of Domestic Business.” Under the “manufacturing restructuring”, we shutdown and relocated various facilities as planned and without delay over the past two years. In FY2021, we have promoted the effective use of our facilities including shifting to growth businesses, such as modifying the newsprint machines at the Oji Paper Tomakomai Mill into containerboard and kraft paper machines. Going forward, we will consider further business structure transformation in an effort to reinforce our foundation and strengthen competitiveness.

In terms of “business collaboration with other companies”, in our business partnership with Mitsubishi Paper Mills Limited, we set up joint ventures for household paper and biomass power generation in FY2019, and in FY2020 we integrated our carbonless paper business and pressboard business and worked to increase productivity and profitability by promoting selection and concentration of our management resources, including raw materials procurement, sales channels, and transport methods. Additionally, our joint venture business with ISHIZUKA GLASS CO., LTD. for paper containers became the first in Japan to successfully develop milk carton base paper. It is now establishing an integrated production system in Japan spanning from base paper to beverage packaging. Leveraging our cost competitiveness through efficient

production and superior quality, we will expand these offerings in the domestic market as well as look to overseas markets as the next target.

In terms of “strengthening and expanding promising businesses”, we will mainly engage in the Packaging, Household and Consumer Products, Functional Materials, and Energy Businesses in an energetic manner. This is intended for fully performing our role as a “company with a sustainable business model” and as a “life support company,” of which we have become more aware due to recent environmental changes. In the Packaging Business, in the Greater Tokyo area, which is home to roughly 40% of the business’ growing demand driven by e-commerce, we decided in FY2020 to construct a new plant in Utsunomiya City, Tochigi Prefecture, in addition to operating Japan’s largest corrugated container plant in Funabashi City, Chiba Prefecture. While pushing ahead with business expansion, we are exploring ways to utilize the Group’s strengths as other companies follow the same strategy. The new plant in Utsunomiya City, Tochigi Prefecture will be built in one of our base paper production sites. In addition to such improved collaboration from upstream to downstream, we will also pursue new solution services symbolized by OJI FLEX PACK’AGE (automated packaging system) to increase our market share. Moreover, this plant will feature a solar power generation system and supply environmentally-friendly products as a RE100 plant (powered by 100% renewable energy). In the Household and Consumer Products Business, we must analyze the causes and results of changes in consumer behaviors in a timely and accurate manner to supply products that the market truly desires. In FY2020, to help stop the spread of COVID-19, we began selling medical gowns and masks completely made in Japan, where all materials are sourced and processed within Japan. In addition, to expand sales of household paper in the Greater Tokyo area, we established



a new household paper converting site in Edogawa Ward, Tokyo. For disposable diapers, we have decided to increase capacity of converters for adult disposable diapers given growth prospects following the increase in people requiring nursing care or other assistance. In the Functional Materials Business, I feel the need to promote R&D-oriented businesses with an even greater conviction than before while also pursuing the optimal production system. Amid the quickening shift from gasoline to electric and fuel cell vehicles to achieve a decarbonized society, in FY2021 we have decided to increase capacity of manufacturing facilities for films used in capacitors for electric vehicles. Moreover, we will promote development of functional products that contribute to a sustainable society by utilizing the unique characteristics of paper materials. In the Energy Business, in FY2019 we started operation of a biomass power generation facility in Hachinohe with a capacity of 75 MW, and today we are working to vertically start up our fourth facility in 2022. Looking ahead, we will expand and reinforce the renewable energy business, including biomass power generation.

“Expansion of Overseas Business”

As for “Expansion of Overseas Business,” overall progress has been steady, though some projects have been delayed due to the COVID-19 pandemic. In terms of the “packaging business in Southeast Asia, India and Oceania,” FY2019 and FY2020 saw the commencement of operation at the fifth facility in Vietnam, the third in Cambodia, the fourth in India and the first corrugated container plant in Indonesia. In FY2021, we will introduce the latest cutting-edge facilities at one base in New Zealand along with relocation and commencement of operations. Moreover, we have also decided to build the ninth and tenth corrugated container plants in Malaysia and the sixth in Vietnam. For the future, we will achieve vertical start-up with all of our efforts as well as consider next measures without interruption. As we anticipate the competition to become fiercer overseas, we will pursue overall expansion in the area and enhance our competitiveness through utilizing

the containerboard facility in Malaysia that is planned to begin operation shortly, strengthening the integrated system from materials to processing, and starting the operation of the state-of-the-art machines. As for the “disposable diaper business in Southeast Asia and China,” we have implemented measures to restructure the production system and enhance the production capacity, including adding new converters for disposable diapers in FY2021 in Malaysia. In Indonesia, we established a factory in FY2019 in order to transition from the conventional processes of purchasing and sales to the comprehensive system that covers from manufacturing to sales. Sales volume in the country has been steadily growing. As such, we aim to add more disposable diaper converters with the launch scheduled for early next year. As demographic dividend will continue in Southeast Asia going forward, we will expand the disposable diapers business in addition to the corrugated container business as mentioned earlier. With regard to the “thermal paper business worldwide,” we have enhanced and reinforced equipment in Brazil in FY2021, and will strive to expand sales in South America, where demand is strong, and export to North America for early realization of effects. Moreover, we will promptly develop and implement measures in Southeast Asia, where we believe it is possible to draw out more creativity on synergy with the downstream bases of printing and processing that joined our Group during the previous Medium-term Management Plan. As for the “pulp business worldwide,” we acquired in FY2021 equity of minority shareholders of Japan Brazil Paper and Pulp Resources Development Co., Ltd., the parent company of one of our most important bases, Celulose Nipo-Brasileira S.A. in Brazil, in order to conduct agile business operations. Further, we are also striving to enhance the productivity and cost competitiveness at each base through upgrading major facilities.

“Promotion of Innovation”

In our “Promotion of Innovation,” we are looking to create innovative value for the future to go “Beyond the



Boundaries.” With the paper manufacturing technology we have amassed over nearly 150 years and renewable wood resources as our basis, we are developing new materials, such as “cellulose nanofibers (CNF),” “wood-derived pharmaceutical products,” and “biodegradable and biocomposite materials” in aiming to contribute to a sustainable society.

Unlike in the material processing industry, it takes a considerable amount of time to develop fundamental materials. Carbon fiber was developed over 60 years ago in the 1960s. While the material was originally used for fishing gear and golf club shafts, carbon fiber now finds application in aircraft materials. Material development was the starting point for contributing to resolving global warming issues such as improving aircraft fuel efficiency.

CNF is in the spotlight as a wood-derived material that is stronger than iron and glass yet lightweight, for which we also have high expectations. It has been more than 10 years since the start of its development, and the material development is approaching its completion. From now on, we will have to focus on addressing issues found during processing of the material. Already-commercialized cosmetics, concrete pump primers, and paints with CNF make good use of its viscous property and contain it as additives. In addition, the composite material of polycarbonate and a CNF sheet is being developed for use in car windows. Going forward, we will progressively push forward with the application development.

With regard to wood-derived pharmaceutical products, we established Oji Pharma Co., Ltd. in FY2020 for the development of products including anticoagulant, anti-inflammatory agent, and moisturizer, using chemically synthesized “sulfated hemicellulose” as the base material.

We are accelerating the development of plastic alternative materials and biodegradable materials in order to find solutions to the issues of marine plastic litter and global warming. We are also focused on the development of paper materials with enhanced functionality.

Many products are already on the market, such as OJI FLEX PACK’AGE, liquid containers, and barrier paper. For the commercialization of future innovation, the key lies not only in the research and development but also in the engineering capability; therefore, we will be committed to cross-organizational human resources development.

Looking Ahead to the Next Medium-term Management Plan

I feel that the reorganization so far has come to fruition, and that we are gradually becoming lean and springy as we are cutting back on waste. However, as I mentioned earlier, there is still much work ahead of us. In other words, there is still plenty of room for growth, and I would like to accelerate our steps. There is only so much that we can do in the remaining one year, and I believe some initiatives will be left unaddressed and carried over to the next Medium-term Management Plan. While we will make steady efforts to address these outstanding issues in the next Medium-term Management Plan, I hope to put more emphasis on business structural reform and energy business transformation from the perspective of growing our domestic and overseas businesses and addressing climate change and marine plastic litter issues, as well as innovation with a focus on new materials development in aiming for a sustainable future.

IV. Aiming for a Sustainable Future

“Harmony with Nature and Society” as Criteria for Business Continuity and Growth Opportunities, and Establishment of “Environmental Vision 2050,” and “Environmental Action Program 2030”

Part of our management philosophy upholds the ideal of “Harmony with Nature and Society,” which, to us, is both a condition for business continuity and an opportunity for growth.

Here is what I mean by a “condition for business continuity”: We at the Oji Group see the resources for our business, including paper which we have been handling since our founding, as well as new businesses derived from paper, as finite resources, and we have been engaging in business by thoroughly implementing the sustainable business model of “resource circulation throughout the value chain” inside and outside of Japan. In our “forest recycling”, as the concept states that “those who use trees have the responsibility to plant trees”, we have been conducting sustainable forest management through the continuous cycle of planting, cultivation, and logging. The same goes for our “paper recycling” and “water recycling”. Our mission is to create businesses that will contribute to a sustainable society through resource circulation.

As for “opportunities for growth”, the discussion goes back to “response to change.” The increased awareness towards environmental issues around the world itself is also one of the important changes in the business environment of recent years. As we see the increase in related news reports on a daily basis, I believe it is an opportunity for the Oji Group to display our proactive stance and presence towards problem solving by developing strategic and global measures aimed at the future. In addition to what I said earlier regarding “Promotion of Innovation,” we will place our focus, from diverse angles, on creating new value and functions unique to our specialty field of wood resources.

In October 2020, then Prime Minister Suga declared on the formal occasion of his first policy speech that Japan will commit to carbon neutrality by 2050. At the same time, the Oji Group has also formulated “Environmental Vision 2050” and “Environmental Action Program 2030” that start from FY2021. These vision and goals specify our targets: (i) maximize CO₂ absorption and fixation capability through forest preservation and afforestation in the 580,000-ha Oji Forests we own and manage in Japan and overseas, (ii) implement thorough energy conservation and use of renewable energy in manufacturing and logistic service divisions in achieving net-zero greenhouse gas emissions by 2050, and (iii) reduce these emissions by 70% or more compared to FY2018 by 2030. The entire Group is committed to achieving these targets including maintaining and preserving biodiversity and reducing environmental burdens.

In December 2020, we announced our support for the

recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)” and committed to promoting information disclosure from a bird’s eye view on risks and opportunities concerning governance, strategy, risk management posed by climate change. We announced our determination to promote environmental management towards “Environmental Vision 2050” and “Environmental Action Program 2030.”

Towards a Corporate Group That Achieves Sustainable Growth—“Human Resources” and “Safety, Environment and Compliance”—

The most important element in achieving our management strategy is “human resources.” They form the foundation of a company’s strengths, and it is of utmost importance for each and every one of our diverse human resources to share the Group’s management strategy and policy and exert their maximum potential toward the same vector. It is my mission to establish such an environment to foster their abilities and maximize their potential. As such, we are doing our best in implementing each measure of human resources development, working style reforms, and promotion of diversity.

Moreover, I would like to reaffirm that we continue to be a company that prioritize “Safety, Environment and Compliance” over profits, even in times of drastic change. Firstly, as I always talk about “safety”, it is the responsibility of all managers and supervisors, including directors, to ensure that “employees who come to work in the morning go back home healthy at the end of the day.” To put these words into action, we are promoting the safety of workplaces (making equipment and procedures safe). Regarding the “environment”, our efforts do not just stop at what I discussed earlier. We will take thorough preventive measures against environmental incidents and product liability incidents that may instantly cripple our relationship of trust with the community. In terms of “compliance”, we repeatedly encourage all officers and employees to be fully aware of “sound common sense,” “sensitivity to immorality” and “courage to take action,” to adhere to laws and regulations as well as social norms, and to conduct everyday activities with a sincere attitude. In order to co-exist with society as a company, we will prioritize and adhere to these approaches which form the basis for our company’s continued existence.

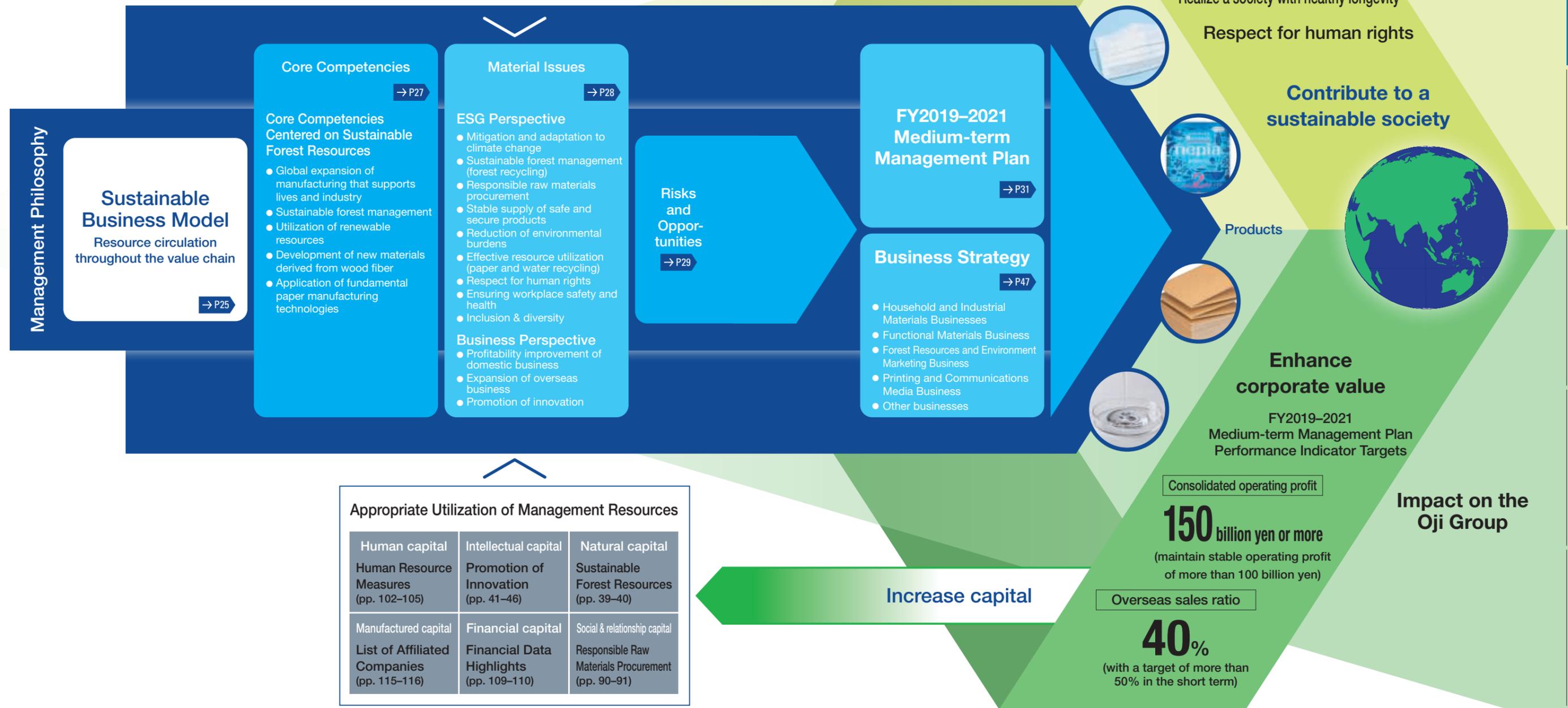
Last but not least, I would like to send a message to all our stakeholders.

The Oji Group will continue to work with you in responding to changes of the times, constantly embracing innovations, and creating sustainable value for the future in order to become a corporate group that never ceases to grow. 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
- Biodiversity
- Resource depletion
- Environmental pollution (issues such as marine plastic litter)
- Increased concern about human rights
- Increase in health-consciousness with greater longevity

About the Oji Group

What the Oji Group Aims For

Business Strategy

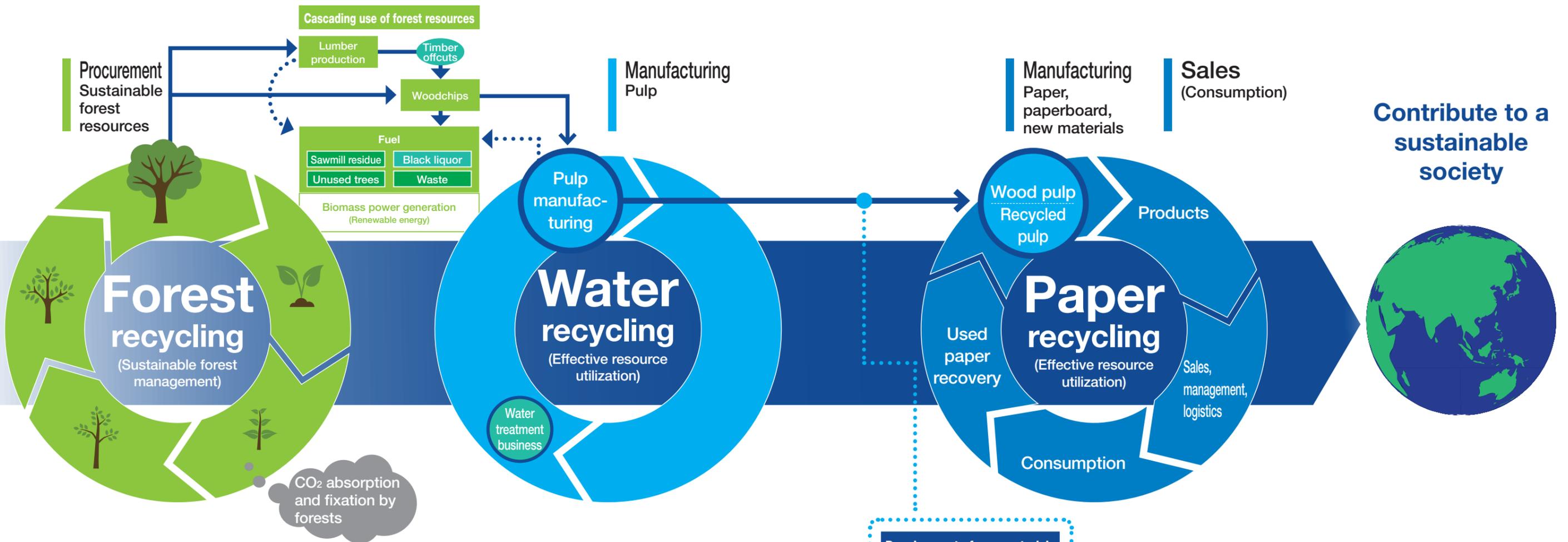
Management Strategy

Sustainability Strategy

Financial Data & Corporate Data

Sustainable business model “Resource circulation throughout the value chain”

The sustainable business model which serves as the foundation of the Oji Group is supported by three forms of recycling: “Forest recycling,” in which we practice sustainable forest management through growing, harvesting and planting trees due to the fact that approximately 60% of the raw material used in paper is recovered paper, and the remaining 40% comes from wood; “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. By deploying this model globally, we are working to enable our businesses to help build a sustainable society.



Development of new materials derived from wood fiber

Cellulose	Hemicellulose
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Various wood-derived materials
 Cellulose-derived Biomass Plastics
 Cellulose nanofiber (CNF)
 Sulfated hemicellulose, etc.

Aiming for Further Development of the Sustainable Business Model

Toward the realization of a decarbonized society, renewable forest resources have gathered significant attention. Alongside the conventional use of wood resources as raw materials for paper manufacturing, the Oji Group is accelerating their use in fields outside of papermaking. Specifically, we are expanding our biomass power generation business, which utilizes wood chips as a primary fuel, across Japan, and are proactively making use of unused trees such as forest residues, for which few applications had previously been developed. In addition, we are accelerating green innovations for the future, including developing biomass plastics derived from cellulose, promising replacements for existing plastics; cellulose nanofiber (CNF); and wood-derived pharmaceutical products.



Core Competencies

The Oji Group possesses Oji Forests spanning 580,000 ha domestically and overseas. As the Group engages in a cycle of cultivating forest resources, utilizing them, and cultivating them again, we are developing a wide range of businesses without regard for business domain. Rooted in our core competencies centered on forest resources, we will aim to develop business and contribute to realizing a sustainable society.

1 Global Expansion of Manufacturing that Supports Lives and Industry

We are proactively developing our businesses on a global level, including our packaging business, which engages in the integrated manufacturing of corrugated containers from base paper; as well as our household paper, thermal paper, pulp, and other businesses. We are expanding our businesses in response to continuously growing overseas market needs.

2 Sustainable Forest Management

Giving due consideration to environmental conservation, the Group possesses production forests primarily for producing wood spanning a total of 450,000 ha, with 190,000 ha domestically and 260,000 ha overseas, as well as conservation forests spanning 130,000 ha. Implementing sustainable forest management, which is environmentally, economically, and socially conscious, forms the basis of our businesses.

3 Utilization of Renewable Resources

We promote recycling paper. Recovered paper makes up about 60% the raw material of the paper. We also thoroughly circulate and reuse the water that is essential to paper manufacturing in our production processes, and create systems for reducing the amount of water used and purifying wastewater.

4 Development of New Materials Derived from Wood Fiber

Aiming to create new value, we are developing new materials, including cellulose nanofiber (CNF), a promising material for numerous fields; wood cellulose-derived biomass plastics; and wood hemicellulose-derived pharmaceutical products.

5 Application of Fundamental Paper Manufacturing Technologies

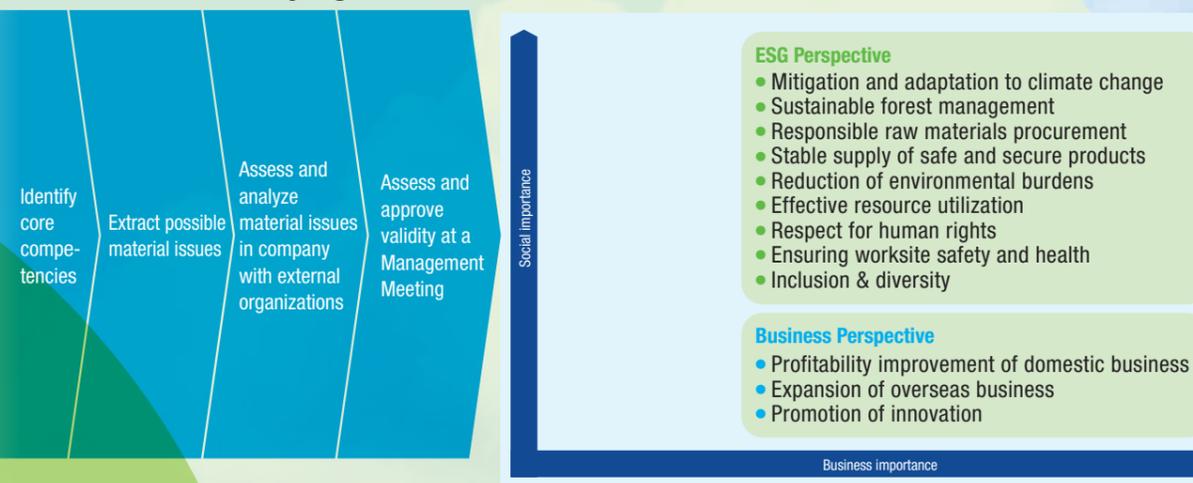
Utilizing the fundamental technologies we have cultivated in our paper manufacturing business, we are aiming to expand our businesses in a variety of fields which will help reduce our environmental burden. This includes developing our renewable energy business with a focus on hydroelectric power generation and wood biomass power generation, industrial water production and industrial wastewater treatment businesses.

The Oji Group's Sustainable Forest Resources

Material Issues

Based on our core competencies, we have extracted material issues that have significant impacts on sustainable business model of the Oji Group. These material issues have been identified based on evaluations and analyses of relevant domains from the perspectives of ESG and business.

Process for identifying material issues



Material Issues and Reason for Identification

ESG Perspective	
Material Issues	Reason for Identification
Mitigation of and adaptation to climate change	As responding to the progression of climate change becomes an urgent issue, it is essential to promote GHG emission reductions in the production and logistics processes, and extensively ramp up CO ₂ absorption via the expansion of company-owned forests.
Sustainable forest management (forest recycling)	In order to secure a stable supply of raw materials and, at the same time, maintain forests' functions in areas such as conservation of biodiversity and CO ₂ absorption, it is necessary that we engage in the sustainable management of the vast forests we own in Japan and overseas.
Responsible raw materials procurement	The Oji Group's procurement of raw materials is supported by numerous suppliers in Japan and overseas. Working to improve human rights, labor, environmental, and other issues at all of our suppliers, and fulfilling our social responsibilities are things which are essential to the continuation of our business activities.
Stable supply of safe and secure products	As a manufacturer, the core of our business involves strengthening relationships of trust while building a system which provides services and quality which customers in a variety of fields can use with peace of mind.
Reduction of environmental burdens	We have a responsibility to promote the prevention of pollution, and in order to contribute to the conservation of local environments, we establish voluntary management standards which are even stricter than existing laws and regulations regarding wastewater and emissions.
Effective resource utilization (paper and water recycling)	It is important that we work to protect resources and reduce waste by maintaining our recovered paper recycling systems through the procurement of recovered paper at fair prices, promoting the use of recovered paper, and promoting the effective use of waste and water resources in our manufacturing processes.
Respect for human rights	In order to achieve an even greater level of globalization going forward, it is necessary that not only our employees but all of our suppliers share our beliefs regarding respect for human rights, and implement concrete initiatives which will help prevent and reduce human rights issues.
Ensuring worksite safety and health	Ensuring employee safety and building a work environment where people can work with a sense of security is the cornerstone of our continued existence as a corporation. Also, responding rapidly to disasters, infectious diseases, and other risks is essential to ensuring safety and health.
Inclusion & diversity	As a global enterprise, it is essential to have a diverse array of human resources that flourishes regardless of gender, age, disability, or nationality, and to receive a variety of values and ideas in order to enhance corporate competitiveness and further development.
Business Perspective	
Material Issues	Reason for Identification
Profitability improvement of domestic business	For our businesses whose domestic market has contracted more than assumed, we have determined it essential that we work to resuscitate and enhance their earnings capacity by fundamentally restructuring production systems and promoting streamlining through business partnerships with other companies.
Expansion of overseas business	In overseas regions and business fields which are expected to continue experiencing growth in the future, we have deemed it important to expand outward from existing sites, aim to create synergies between businesses and between sites, and enhance profitability.
Promotion of innovation	We have deemed it essential that we further cultivate the technologies and expertise we have accumulated in our paper manufacturing business, accelerate the development of innovative new materials and new products with a focus on wood resources, and develop future sources of revenue.

Risks and Opportunities

This section presents the risks and opportunities posed by material issues in various domains from the perspectives of ESG and business. Note that risks and opportunities as seen from a business perspective are limited to those concerning our management strategy.

ESG Perspective

Material Issues (ESG) and KPI pp. 81–82

Material Issues	Associated Risks and Opportunities ▲ Risk ○ Opportunity	Main Countermeasures against Major Risks
Mitigation and adaptation to climate change Sustainable forest management (forest recycling)	<ul style="list-style-type: none"> ▲ Greater natural disasters caused by extreme weather ▲ An increase in costs due to strengthening and introduction of the carbon tax, introduction of an emissions trading system, etc. ▲ Impact on sales from changes in the 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 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 following 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 the 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 values ● 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 values 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 (paper and water recycling)	<ul style="list-style-type: none"> ▲ Impact of resource depletion on core businesses ○ Deployment of water treatment technology 	<ul style="list-style-type: none"> ● 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 workplace 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

Business Perspective

Securities Reports: <https://investor.ojiholdings.co.jp/ja/ir/library/securities.html> (available only in Japanese)

Material Issues		Business Risks and Opportunities (Relating to Group Management Strategy)/Countermeasures against Risks
Profitability improvement of domestic business	Risks arising from fluctuations in demand	<p>Domestic business fluctuations and the continuing decline of the population could result in declines in demand for our products as well as in sales prices, affecting the Oji Group's performance.</p> <p>Main countermeasures</p> <p>We are working to strengthen our business foundation via thorough cost reductions. In the field of industrial materials, we are promoting total, integrated material and processing packaging solutions, thereby strengthening product development capabilities and curbing the effects of demand fluctuations. In other fields, as well, we are working on the development of paper products and new materials to support the shift away from plastics.</p>
	Opportunities for growth	<p>In overseas markets which continue to exhibit strong economic growth, demand for household paper products is rising in accordance with increasingly sophisticated lifestyles. In addition, per the expansion of distribution due to the diversification of consumption, demand for corrugated containers and other packaging materials is on the rise. In such countries, we will be proactively investing in our household paper and corrugated container businesses.</p>
Expansion of overseas business	Risks arising from changes in international market conditions	<p>The procurement prices of woodchips, fuel oil, and other raw materials are influenced by fluctuations in demand, countries' changes to their trade policies, and international disputes. In addition, the sales prices of pulps are linked to international market conditions. Such price changes affect the Oji Group's performance.</p> <p>Main countermeasures</p> <p>We monitor markets in relation to the procurement of raw materials, strive to maintain a variety of suppliers, and promote advantageous, stable procurement group-wide. In terms of recovered paper, we strive to maintain recovered paper recycling systems. We also strengthen coordination among Oji Group companies with the aim of ensuring stable recovered paper procurement.</p>
	Risks associated with overseas business	<p>The Oji Group has promoted global business expansion. Some markets where the Group does or will do business pose risks such as political or social instability; decelerating economic growth; revisions to laws, regulations, and tax systems; destabilizing financial conditions; and human rights issues. These risks could affect the Oji Group's overseas business strategy and future plans.</p> <p>Main countermeasures</p> <p>We establish regional headquarters to gather information on the political, economic, and social conditions of countries in which we do business and neighboring countries, and prepare for all relevant risks. In terms of business, we diversify risks by expanding across wide areas. Financially, we mitigate the effects of exchange rates through derivatives, and utilize group financing to secure liquidity on hand. With regard to human rights issues, based on the "Oji Group Human Rights Policy," we implement initiatives aimed at ensuring respect for human rights.</p>
Promotion of innovation	Opportunities for growth	<p>Advancing into countries and regions experiencing continued high economic growth contributes to the expansion and strengthening of a business foundation which will help the Oji Group to grow even more. The Oji Group is developing businesses in emerging regions harnessing the technical superiority of its existing businesses and is expanding overseas with the aim of achieving an overseas sales ratio of 40%.</p>
	Risks associated with structural changes in demand arising from development of innovation	<p>COVID-19 has resulted in the popularization of remote work, furthering digital transformation and significantly altering peoples' lifestyles. The Oji Group's performance could be affected greater than anticipated due to further changes in demand in markets for graphic paper.</p> <p>Main countermeasures</p> <p>Facing a shrinking market, we are restructuring domestic business production systems and are striving to secure cash flow. The cash thus obtained is being invested in businesses in growth markets in Japan and overseas, and is also being appropriated for the development of new material products.</p>
	Opportunities for growth	<p>Due to the advancement of digital transformation, demand for mobile devices and a diverse array of other electronic devices is on the rise. The film products of the Oji Group are employed in smartphones and other precision devices as well as electric vehicles, and this business is undergoing rapid growth. In addition, the Group is moving forward with initiatives to complement its weaknesses and transform them into strengths through partnerships with other companies. Specific examples include a business partnership with Mitsubishi Paper Mills concerning carbonless paper and other products, and a paper carton business with Ishizuka Glass.</p>

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



Fundamental Policies	Fundamental Policies	Fundamental Policies
<ul style="list-style-type: none"> Deepening of the core businesses Development of new businesses and products Further expansion of overseas businesses 	<ul style="list-style-type: none"> Expansion of overseas businesses Concentration / advancement of domestic businesses Enhancement of financial foundation 	<ul style="list-style-type: none"> Profitability improvement of domestic business Expansion of overseas business Promotion of innovation ★ Contribution to a sustainable society

Major Indicators

	FY2015 and earlier		FY2016–2018		FY2019–2021	
	Targets	Final fiscal year results	Targets	Final fiscal year results	Targets	FY2021 forecasts
Consolidated operating profit	¥90.0 billion	¥72.0 billion	¥100.0 billion	¥110.2 billion	Over ¥150.0 billion	¥120.0 billion
Overseas sales ratio	26.0%	27.8%	35.0%	32.0%	40.0%	34.5%
ROE	7.0%	2.1%	8.0%	7.7%	10.0%	9.1%

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. Amid the continuing impact of COVID-19, we are not planning on achieving our performance indicator targets. However, in the final year of the current Plan, we will continue to steadily move forward with Plan measures.

Group Fundamental Policies

Contribution to a Sustainable Society
Responding to needs of the environment and society through business activities

- Profitability improvement of domestic business**
 - Restructure production system
 - Enhance competitiveness through business partnership
 - Concentrate management resources on promising businesses
- Expansion of overseas business**
 - Expand organically from existing bases
 - Generate synergies between businesses and operations
 - Focus on Asia and Oceania regions
- Promotion of innovation**
 - Promote development and achieve early profitability of new business and products

FY2021 Performance Indicator Targets

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

Market capitalization At least 1 trillion yen

FY2019–2020 Results and FY2021 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	FY2020 Major Results	FY2021 Main Priority Measures
<ul style="list-style-type: none"> Apr. Start of commercial operation of JV household paper business with MPM* Sep. Start of commercial operation of JV biomass power generation with MPM* Nov. Start of joint procurement of imported woodchips with Chuetsu Pulp & Paper and MPM* Dec. Start of sales of OJI FLEX PACK'AGE, a next-generation packaging solution, and Rakudan, its packaging material Feb. Shutdown of the #9 machine at the Oji Paper Tomioka Mill 	<ul style="list-style-type: none"> Jun. Shutdown of the #N-5 machine at the Oji Paper Tomakomai Mill Jun. Shutdown of the #4 machine at the Oji F-Tex Ebetsu Mill (#1 machine shutdown in Jul.) Jun. Start of supply of medical isolation gown base material (non-woven fabric) Jul. Start of commercial operation of new non-woven fabric face mask manufacturing facility Jul. Start of commercial operation of new Morishigyo Group corrugated container plant (Funabashi City, Chiba Prefecture) Sep. Start of liquid paper containers business with ISHIZUKA GLASS Sep. Start of commercial operation of a new household paper processing machine (Edogawa Mill) Sep. Transfer of carbonless paper business to MPM* Sep. Shutdown of the #N-1 machine at the Oji Paper Tomakomai Mill 	<ul style="list-style-type: none"> Jun. Start of trial operation of the #L-1 machine (former #N-5 machine) at the Oji Paper Tomakomai Mill as a containerboard and kraft paper machine Sep. Shutdown of the #2 machine at the Oji Materia Nayoro Mill Note: Scheduled to be relocated to and resume operation at the Tomakomai Mill (Apr. 2022) Oct. Transfer of pressboard business from MPM* Dec. Shutdown of the #3 machine at the Oji Materia Nayoro Mill Dec. Shutdown of the pulp manufacturing facility at the Oji F-Tex Ebetsu Mill

*MPM: Mitsubishi Paper Mills

Pick Up

Start of our third biomass power generation facility, fourth under construction and scheduled to start operating in Sep. 2022

Start of operation of one of the largest corrugated container plants in Japan in a major consumption area

Tomakomai Mill newsprint machine to become containerboard machine, resume operation

Through the expansion of renewable energy business and the strengthening of our biomass fuel business, we are aiming to contribute to the prevention of global warming.



Amid the increasing importance of online shopping and the logistics industry, growth in demand for the corrugated containers which support them is expected to be particularly large in the Kanto region. Accordingly, in the Funabashi area in Kanto, we have retrofitted an existing logistics center to start the commercial operation of one of the largest corrugated container plants in Japan.

Further, we have decided to relocate and build a new corrugated container plant on the grounds of a containerboard mill in the Utsunomiya area (start of commercial operation scheduled for Oct. 2022), putting in place a system that can supply higher quality products in a sustainable and efficient manner.

A newsprint machine at the Oji Paper Tomakomai Mill shutdown in June 2020 has been retrofitted into a containerboard and kraft paper machine and started trial operation in June 2021. In addition, two containerboard machines at the Nayoro Mill will be shut down in September and December of 2021, respectively, and we are planning on transferring one of these to Tomakomai to consolidate production. Leveraging facilities in our possession as well as geographical convenience, we will engage in the restructuring of production systems Group-wide, meet increasing domestic and export demand for containerboard, and prepare for intensifying competition at the same time.

Start of operation of new household paper processing facility in Edogawa Ward, promoting sales expansion in the Greater Tokyo area

In September 2020, we started operation of a processing facility in Edogawa Ward to utilize household paper base paper newly being manufactured in China.



FY2019–2020 Results and FY2021 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

Expansion of overseas business

FY2019 Major Results	FY2020 Major Results	FY2021 Main Priority Measures
<ul style="list-style-type: none"> ● Jul. Vietnam: Start of commercial operation of fifth corrugated container plant ● Nov. Brazil: Construction for the pulp business profitability enhancement ● Jan. Indonesia: Start of commercial operation of a new disposable diaper plant ● Feb. Cambodia: Start of commercial operation of third corrugated container plant ● Mar. India: Start of commercial operation of fourth corrugated container plant 	<ul style="list-style-type: none"> ● Nov. China: Start of commercial operation of a new filter plant ● Feb. Brazil: Phase 1 of construction to reinforce thermal paper machine ● Mar. Indonesia: Start of commercial operation of first corrugated container plant 	<ul style="list-style-type: none"> ● Apr. Malaysia: Machine expansion and site integration of disposable diaper business ● May. Acquisition of treasury stock in Japan Brazil Paper and Pulp Resources Development ● Jul. China: Start of commercial operation of fourth corrugated container plant ● Fall. Malaysia: Expansion and start of commercial operation of containerboard facility ● Oct. New Zealand: New construction, relocation, and start of commercial operation of corrugated container plant ● Nov. Brazil: Phase 2 of construction to reinforce thermal paper machine ● Dec. Brazil: Expansion of thermal paper machine ● Jan. Malaysia: Start of commercial operation of ninth corrugated container plant

● 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

Promotion of innovation

FY2019 Major Results	FY2020 Major Results	FY2021 Main Priority Measures
<ul style="list-style-type: none"> ● Apr. Commercialization of CNF* AUROVISO CS as a cosmetic ingredient ● Apr. Adoption of hydrolyzed xylan by ROHTO Pharmaceutical for their cosmetics ● Apr. Start of provision of SILBIO BARRIER, a paper material with barrier properties ● Aug. Development of KAMIWAZA, a paper-based temporary construction material used in civil engineering ● Sep. Adoption of our products by Nestlé (Thailand) for packaging materials for their products ● Oct. Adoption of our biomass plastic business by the Ministry of the Environment as the commissioned project ● Oct. Provision of technology of CNF* reinforced polycarbonate resin (automobile window application) ● Dec. Start of sales of OJI FLEX PACK'AGE and Rakudan ● Jan. Adoption of our products by Nestlé (Japan) for packaging materials for their products ● Feb. Adoption of CNF* AUROVEIL for materials for table tennis rackets 	<ul style="list-style-type: none"> ● Apr. Establishment of Oji Pharma ● Aug. Development of a product with high-grade transparency of SILBIO BARRIER, a paper material with barrier properties ● Aug. Start of provision of PaPiPress, a molded pulp product ● Nov. Conclusion of capital and business partnership with ReqMed 	<ul style="list-style-type: none"> ● May. Establishment of Oji Medicinal Plants Laboratory ● Jul. Adoption of PaPiPress by ALBION for their cosmetics containers ● Aug. Start of first-ever production of milk carton base paper in Japan ● Sep. Adoption of our products by Nestlé (Malaysia) for packaging materials for their products ● Sep. Three new products added to SILBIO series

*CNF: Cellulose nanofiber

Pick Up

Indonesia: Start of operation of our own disposable diaper factory

Through in-house production, we will increase the cost competitiveness of production. As sales expansion is progressing steadily, we are also planning on building a new processing machine targeting early 2022.



The PT Oji Indo Makmur Perkasa Factory (Indonesia)

Brazil: Facility expansion and production capacity enhancement of thermal paper business

By engaging in construction for facility expansion and reinforcement to roughly double production capacity, we will strengthen sales in Brazil (current market share: approximately 85%) and exports to Central and South America.



Oji Papéis Especiais PC3 coater (Brazil)

Malaysia: Start of a new containerboard facility, promoting expansion and reinforcement of the business through integrating of material and converting

The packaging business has experienced remarkable growth in the Southeast Asia and Oceania regions, and during FY2019–2021, we have built corrugated container plants in Vietnam (5), Cambodia (3), India (4), Indonesia (1), and New Zealand (4). We have also decided to build new plants in Malaysia (9 and 10) and Vietnam (6) targeting FY2022 and beyond.

Amid continuing expansion of converting sites, we will start operation of a new containerboard facility with a production capacity of 450,000 tons per year in Malaysia. At the same time, we have also engaged in drastic improvements to our energy and water costs. By strengthening our production of highly cost competitive base paper and increasing our supply to Group companies, we will enhance the foundation of our entire corrugated container business and seek to steadily capture the growing demand for corrugated containers.

Note: Figures in parentheses refer to the ordinal number of the plants.



GSPP PM3 containerboard facility (Malaysia)



Ojitec Haiphong Ha Nam Plant (Vietnam) (started commercial operation Jul. 2019)



Harta Cambodia Plant (Cambodia) (started commercial operation Feb. 2020)



Oji India Packaging Plant (India) (started commercial operation Mar. 2020)



United Kotak Plant (Malaysia) (scheduled to start commercial operation Jan. 2022)

Pick Up

Promotion of biomass plastic development as the commissioned project of the Ministry of the Environment

We are moving forward with a new business aimed at replacing conventional plastics derived from fossil fuels with sustainable biomass-derived plastics. This same business has been adopted as a Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society by the Ministry of the Environment. Using non-edible wood pulp as the raw material in place of food sources such as sugarcane and corn, we are aiming to avoid competing with food resources while reducing atmospheric CO₂ and contributing to the prevention of global warming.



Biomass plastic



Sugar solution

Provision of technology for CNF composite resin glass at Tokyo Motor Show 2019

The Oji Group provided the technology for resin glass combined with cellulose nanofiber (automobile window application) exhibited by Toyota Motor East Japan at Tokyo Motor Show 2019. Compared to inorganic glass, resin glass is lighter in weight and in turn shows promise in helping to reduce automobile weight (and thus reduce CO₂ emissions during operation). Using cellulose nanofiber for reinforcement makes it possible to drastically reduce the thickness of resin glass, which is expected to reduce weight even further.



CNF are light, durable, and resist deformation due to heat



We are also developing biomass plastic films



A vehicle exhibited at the Tokyo Motor Show 2019

Proactive advancement into the pharmaceutical products business with the establishment of Oji Pharma

In April 2020, we established Oji Pharma with the aim of further strengthening collaborations with, among others, universities and pharmaceutical companies, in order to commercialize pharmaceutical products using sulfated hemicellulose, which can be chemically synthesized from hemicellulose derived from wood resources.

In addition, in November of the same year, we invested in and engaged in joint development with ReqMed. ReqMed is a company developing pharmaceutical products using pentosan polysulfate sodium, which can similarly be derived from wood resources. Going forward, we will continue to promote initiatives aimed at furthering our pharmaceutical products business.



Joint research with Hokkaido University



Research and development samples

The Oji Group's Environmental Vision 2050, established to help us to achieve our target vision, sets out our intention to aim toward net-zero carbon by FY2050. As a milestone on the way to this vision, we set the target of reducing our GHG emissions*1 by 70% (as compared to FY2018 emissions of 7,836 kt) in our Environmental Action Program 2030 in September 2020.

The FY2030 reduction target comprises the GHG emissions reductions and the Net increment in carbon stocks by forests*2 owned by the Oji Group and we have organized a project team to both draw up a roadmap toward this goal and increase the likelihood of achieving our target.

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

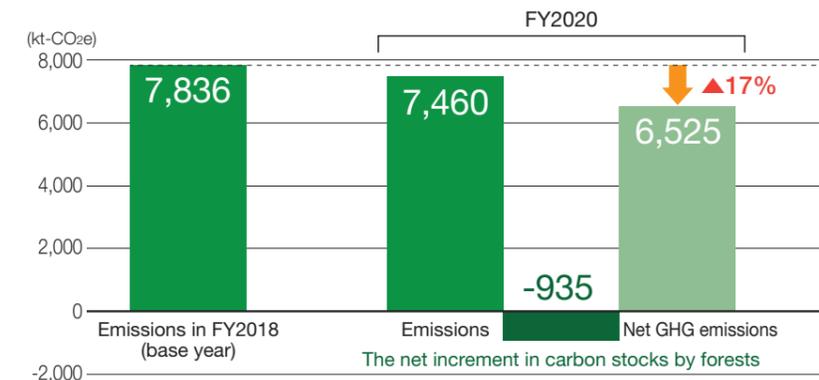
*2 The net increment in carbon stocks by forests = CO₂ absorbed per year with the growth of trees - CO₂ emissions per year with felling.

Category	Sub-category	GHG reduction (kt-CO ₂ e)	GHG reduction	2021 2022 2023 2024 2025 2026 2027 2028 2029 2030										
				2021 2022 2023 2024 2025 2026 2027 2028 2029 2030										
GHG emissions reduction	Improve energy efficiency	Maintaining energy conservation	204	2.6%	Continue to reduce energy consumption by 1.0% or more per year, averaged over five years									
	Increase the percentage of renewable energy use	Reducing coal consumption	508	6.5%	Technological research, development, investment decisions, installations									
		Ceasing sales of fossil-fueled electricity	279	3.6%	Review, ceasing sales of electricity									
	Installation of private solar panels, etc.	60	0.7%	Installation planning, investment decisions, installations										
	Transform the business structure	Move toward business structure with low GHG emissions	516	6.6%	Shift toward low GHG emissions business									
Subtotal			1,567	20%										
The net increment in carbon stocks by forests	Invest in forestry conservation and tree planting	Expanding forest plantations	3,918	50%	Overseas production forests total 260,000 ha → Overseas production forests total 400,000 ha Search for sites, land surveys → Assessment of business feasibility → Consideration of acquisition, decision									
Total			5,485	70%										

Emissions were reduced by 17% in FY2020, toward our target of a 70% reduction by FY2030 (including the Net increment in carbon stocks by forests). Progress toward our reduction target is at 24%.

Going forward, we will continue to actively pursue the reduction of GHG emissions and increase of the net increment in carbon stocks by forests.

FY2020 Net GHG Emissions



Toward Achieving Our Targets

GHG Emissions Reduction

A key area for reducing emissions is the reduction of coal consumption. We own 16 coal-fired boilers in Japan and are examining the possibility of fuel conversion for 12 of these, not including boilers with low coal consumption and backup boilers.

In order to bring our coal consumption to zero by 2050, we plan to move forward with a switch to wood and other fuels, modification of our coal-fired power generators with a view to prospective co-firing with hydrogen or ammonia, and installation of private solar panels by the interim point of FY2030.

We will also strive to achieve our target of reducing GHG emissions by 20% (as compared to FY2018) through ongoing, thorough energy conservation measures and a shift toward a business structure with low GHG emissions.

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



Biomass power generation facility scheduled to begin operating in September 2022

Expanding the net increment in carbon stocks by Forests

The Oji Group owns a total of 580,000 ha of forest, comprising production forests totaling 190,000 ha in Japan and 260,000 ha overseas and conservation forests of 130,000 ha, and practices sustainable forest management. (▶ pp. 39–40, 87–89)

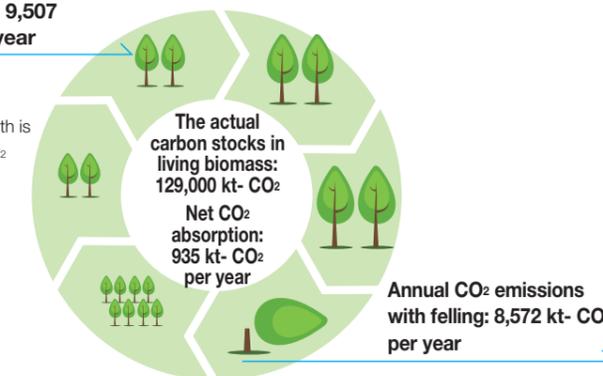
As a result of our sustainable forest management, the net increment in carbon stocks by forests (our production forests and conservation forests) was 935,000 tons- CO₂ per year, while the actual carbon stocks in living biomass*3 reached 129,000 kt by the end of FY2020.

Our Environmental Action Program 2030 (established in September 2020) set out the target of increasing the area of our forests by a further 150,000 ha by FY2030.

We estimate that this will bring the net increment in carbon stocks by forests on up to the equivalent of approximately 50% of FY2018 GHG emissions. As of March 2021, preliminary calculations suggest that the expenses associated with expanding our forests by 150,000 ha will amount to approximately 100 billion yen.

Annual CO₂ absorption with growth: 9,507 kt- CO₂ per year

The amount of carbon fixed by annual tree growth is converted to CO₂ (tons).



*3 The CO₂ stocks in Oji's 580,000 ha of forest

†For details, see ESG Data/Environment/Table 20 ▶ <https://ojiholdings.disclosure.site/en/themes/116/>
Figures for CO₂ absorption and fixation by forests and GHG emissions are for consolidated companies.

Sustainable Forest Management

The Oji Group possesses extensive company-owned forests in Japan and overseas, amounting to approximately 580,000 ha. The portfolio comprises about 450,000 ha of production forests primarily for producing forest products in consideration of environment, and about 130,000 ha of conservation forests principally for preserving biodiversity and basins.

When we began our forest plantation business, our goal was to secure a steady supply of raw materials for manufacturing paper. However, changing times have led to a reevaluation of forests as a sustainable resource, and various sectors are taking an interest in the utilization of this resource. In addition, recent years have seen many hopes pinned to forest “functions,” including not only their role as a “resource,” but also in conserving national land and living environments, replenishing water sources, protecting biodiversity, and absorbing and fixing carbon dioxide.

Alongside practicing sustainable forest management with a direct connection to our business, the Oji Group will continue to take steps toward the realization of a carbon-free society, increasing the value of forest resources and aiming to further expand our company-owned forests.



The Oji Group and Forestation

The Oji Group and Forestation

The Oji Group originated with “Paper manufacturing company,” founded in 1873. At that time, the company used cotton rags collected from urban areas to manufacture paper. In 1889, in order to respond to the rapidly increasing demand for paper that was accompanying the progress of civilization, the company built a new plant in the Tenryu River basin, in what is now Shizuoka Prefecture, and began paper production using pulp from wood. In 1910, seeking to further guarantee a steady supply of raw materials, the company opened a new plant in Tomakomai, Hokkaido (today’s Oji Paper Tomakomai Mill). Securing supplies of wood, our raw material, has been

an important issue for the paper-making industry since that time.

Within this context, Oji Zorin was established in 1937. The company initiated a resource recycling loop in order to guarantee steady supplies of raw materials for the future. The practice of cultivating our own resources has since been passed down through each generation of the company, and in the 1990s we took the lead among our competitors in starting our overseas forest plantation business. Today, we possess the largest area of company-owned forest of any Japanese private business.

Initiatives for Sustainable Forest Management

We practice sustainable forest management in our production forests, planting, tending, and harvesting our trees, then re-planting. In addition, we actively utilize forest certification programs* to implement appropriate forest management that considers the environment, society, and the economy, including for conservation forests. The forest certification acquisition rates in FY2020 were 91% for overseas forest plantations and 100% for company-owned forests in Japan.

* 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 conservation forests. e.g.: FSC™ (FSC™C016623, etc.) and PEFC, etc.

Country	Company	Established	Production forests (1,000 ha)	Conservation forests (1,000 ha)	Total (1,000 ha)
Brazil	CENIBRA	1973	144	105	249
	Pan Pac	1971	35	5	40
New Zealand	SPFL	1992	9	3	12
	Oji FS	2014	6	0	6
Indonesia	KTH	1998	39	12	51
Vietnam	QPFL	1995	9	1	10
Other (4 companies in Vietnam, Australia and China)			—	16	19
Overseas subtotal			258	129	387
Company-owned forests in Japan			—	188	188
Group total			446	129	575

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.



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

Initiatives in Japan and Overseas



Rubeshibe company-owned forest in Hokkaido



Pan Pac's forest plantation, New Zealand

Initiatives in Japan

Our company-owned forests in Japan total approximately 650 sites across the country, from Hokkaido to Kyushu, amounting to an area of approximately 190,000 ha. 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 strive to revitalize Japan's forestry industry and ensure a stable supply of domestic lumber.

Initiatives Overseas

Our forest plantation business spans ten regions within a total of six countries, and we maintain and manage forests amounting to an area of approximately 390,000 ha, including conservation forests. We select species and growing methods suited to the climate and natural conditions of each region. 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). Hardwood is mainly used for pulp. Thinned softwood is used for pulp, while harvested softwood is used for lumber production. In cooperation with various local experts, including subcontractors, we work through a sequence of tasks, including raising seedlings, planting, silviculture, and harvesting.

Contribution to the Local Environment, Economy, and Society



Supporting beekeeping at CENIBRA

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 14,000 jobs locally. Another such example is our technical training on planting and forest management provided to owners of small-scale forests. Further, we 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.

Value Creation by the Innovation Promotion Division

The Innovation Promotion Division creates innovations by refining cutting-edge technologies based on a range of core technologies accumulated from paper manufacturing and forestation, which are the roots of our founding.

To contribute to solving global issues such as climate change and marine plastic waste, we will continue to act as an incubator for commercialization, nurturing new themes and creating innovative value in order to help build a sustainable society.

Green Innovation Oji is Aiming for

—Continuing to Develop Eco-friendly Products—

- 1 Development of eco-friendly materials and products** To help solve social issues such as climate change and the problem of marine plastic litter. → P43, 44
- 2 Entry into medical field** Utilizing our knowledge and know-how for medical care of the future. → P45
- 3 Total solution** Aiming for contribution to industrial development by understanding needs and seeds. → P46

We accelerate the promotion of innovation.

The Innovation Promotion Division is responsible for one of the three pillars of the mid-term management plan, "Promotion of Innovation". Accordingly, our task is the development of unique new materials and the provision of new solutions.

Based on the technologies acquired in the conventional pulp and paper business, we are developing wood-derived biomass plastics, cellulose nanofibers (CNF), and pharmaceutical raw materials as unique new materials. Additionally, we are taking on the challenge of efforts to apply new materials by replacing petrochemical-derived films with biomass-derived films.

Furthermore, by providing products and services that meet the needs of the times such as the liquid packaging carton business, next-generation packaging solutions, and water treatment business, we are promoting a business structure that goes beyond our conventional boundaries and providing new value as new solutions.

Through these efforts, we will contribute to a sustainable society, while strengthening the profitability of our domestic business and expanding our overseas business.



Muraji Nishi
General Manager, Innovation Promotion Division
Oji Holdings Corporation Corporate Officer



Contribution to a Sustainable Society

Eco-friendly materials and products

- 2 ZERO HUNGER
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER

Medical field

- 3 GOOD HEALTH AND WELL-BEING
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 15 LIFE ON LAND

Total solution

- 6 CLEAN WATER AND SANITATION
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 14 LIFE BELOW WATER

SUSTAINABLE DEVELOPMENT GOALS

- Biomass plastic films
- Wood-derived biomass plastic
- Sulfated hemicellulose for pharmaceutical use
- Cell culture substrates for controlled cell orientation
- Functional films for industrial use
- Functional non-woven fabric
- Special adhesive products
- Condenser films
- Cellulose nanofiber
- High-function optical adhesive products



Development of Eco-friendly Materials and Products

Wood-derived Biomass Plastic

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

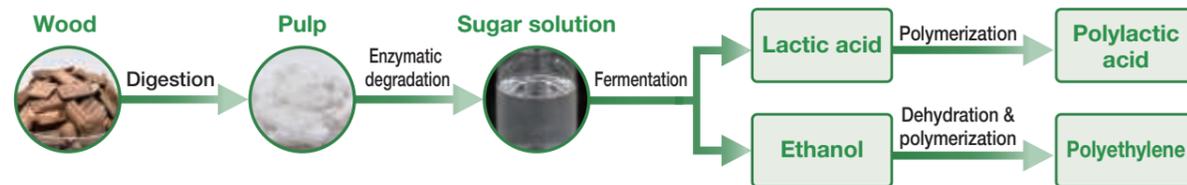
The raw material for biomass plastics is sugar, which has been produced from edible raw materials such as sugar cane and corn. However, by producing sugars from wood which is inedible, biomass plastics can be produced without causing a global food supply shortage problem.

Additionally, this project has been adopted as a commissioned project by the Ministry of the Environment. Using wood pulp-derived sugar solution, we produce lactic acid and ethanol, and are working on demonstrating production of polylactic acid and polyethylene.

We are studying how to use this biomass plastic to manufacture biomass plastic films, with the aim of moving away from petrochemical-derived plastics.

* 2019 Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society

Producing wood-derived biomass plastics to move away from petrochemical-derived plastics



Development of Biomass Plastic Films

The Oji Group is working to develop biomass plastic films with the processing technology for polypropylene films, cultivated through the manufacture of thin films for capacitors.

Replacing the conventional plastic films, which are essential to our daily lives, with the recycling-based materials will have a major impact on solving environmental problems.

In the future, Oji will produce wood-derived biomass plastics and integrate all stages from raw materials through to processing.



Biomass plastic films

PaPiPress—New Molded Pulp Product

This paper packaging can clearly show curved surfaces. Even containers with complex shapes can be created seamlessly. PaPiPress offers smoother products than conventional pulp molds, and uses a high-temperature, high-humidity press to provide lids and other products with high fitability.



Aqueous Coated Cups and Lids

Aqueous coated cups and lids are made of the Oji Group's base paper that does not include laminated film. Recycling, which was difficult with previous products, is now possible. Using the cup and lid as a set eliminates the need for sorting at the time of collection and recycling.



CNF (Cellulose Nanofiber)

Cellulose nanofiber (CNF) is a wood fiber that has been fibrillated into a nanometer order. (1nm = 0.000001mm)

CNF is expected to be applied in many fields as the material with high quality such as transparency, lightweight, durable, resistant to deformation, and high viscosity.

Infinite possibilities of CNF, customizable according to the application

We can provide optimal CNF products by customizing their fiber sizes and forms, according to the customer's requirements.

Form	Slurry	Continuous sheet	Powder
Transparent CNF			
Coarse CNF			
Pulp			
Physical properties	Viscosity, thixotropy	Strength, dimensional stability Flexibility	Dispersion in various organic solvents

Possible applications

We are utilizing the characteristics of the material in various forms, promoting its practical application in a wide range of fields.

On construction sites



Concrete pump primer "RUBURI" TAKEcite Co., Ltd.

In sports products



Table tennis rackets using our AUROVEIL LS Darker Co., Ltd.

In cosmetics



An example of cosmetics using our AUROVISCO CS

For lightening cars (under development)



CNF reinforced polycarbonate resin for composite use (car window application)

Cellulose Composites (of Biodegradable Plastic and Pulp)

We are developing cellulose composites which have improved their properties such as strength and rigidity by mixing cellulose (pulp) into biodegradable plastic.

Pulp is 100% biomass-derived and has excellent biodegradability. Therefore, this is best as a way to strengthen biodegradable plastic.



Multibarrier Paper SILBIO BARRIER

SILBIO BARRIER is a recyclable paper material and a functional paper material with high barrier properties to replace plastic film. It is oxygen- and water vapor-impermeable, and retains aroma and moisture.

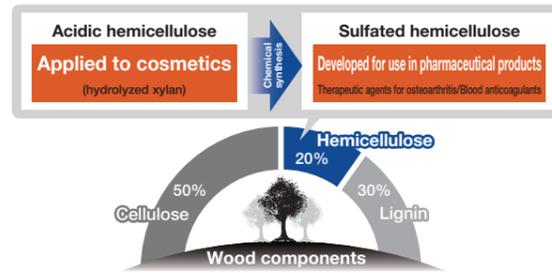
It is also impervious to oil, and can be disposed of as paper. This multibarrier paper is recommended as a packaging for products with strong scents such as coffee and soap.



Entry into Medical Field

Wood-derived pharmaceutical products

Hemicellulose is one of the major wood fiber components. Hemicellulose extracted and refined through the Oji Group's unique 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.



Establishment of Oji Pharma Co., Ltd.

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.

Medicinal Plants

—Japan's first large-scale cultivation of licorice—

Licorice, which is used in many Chinese herbal medicines, is mostly imported from abroad, and domestic production is required due to fears of resource depletion in exporting countries and export restrictions. The Oji Group is applying its forest tree breeding technology to develop cultivation techniques within Japan, and has succeeded in conducting a demonstration test at our farm. We established the mechanization technology necessary to increase the scale of the business and are now proceeding with large-scale cultivation.



Domestic large-scale cultivated field of licorice

Establishment of Oji Medicinal Plants Laboratory Co., Ltd.

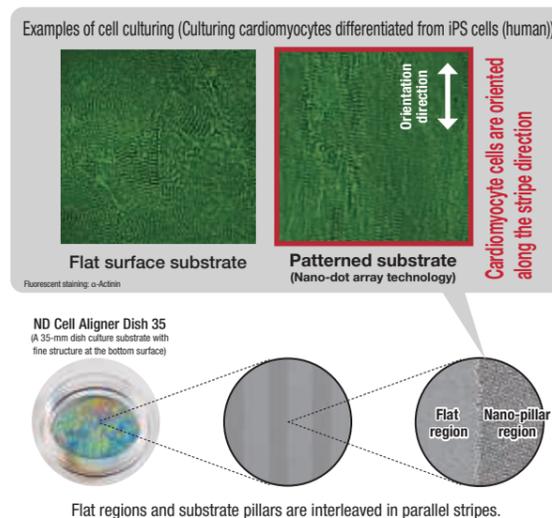
In May 2021, we established Oji Medicinal Plants Laboratory Co., Ltd., and started production and sales of medicinal plants. We will first carry out planned cultivation in the Hokkaido area targeting the stable supply of high-quality domestic licorice, making business proposals for pharmaceuticals, food, and cosmetics.

ND Cell Aligner—cell culture substrates for controlled cell orientation

The Oji Group is using the nano-dot array technology that creates nano-level fine structures to develop a range of applications in the fields of life sciences and optics. With this technology, we have developed the ND Cell Aligner cell culture substrates that have nano-pillar and flat regions interleaved in parallel stripes.

Cultivating cells such as cardiomyocytes on this substrate enables reproduction of cell orientation similar to that of intravital (in vivo), despite the cells being in a culture vessel (in vitro). These cultivated cells are expected to exhibit bioactivity similar to that in vivo, and therefore are expected to be used in pharmaceutical development and regenerative medicines.

At present, we are conducting joint research with Juntendo University.



Total solution

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

Faced with packaging and logistics issues in the wake of rapid expansion of e-commerce market, 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 based on the size of the products. The system, which allows its users to prepare a corrugated box 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 box. Introduction of OJI FLEX PACK'AGE helps realize 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.

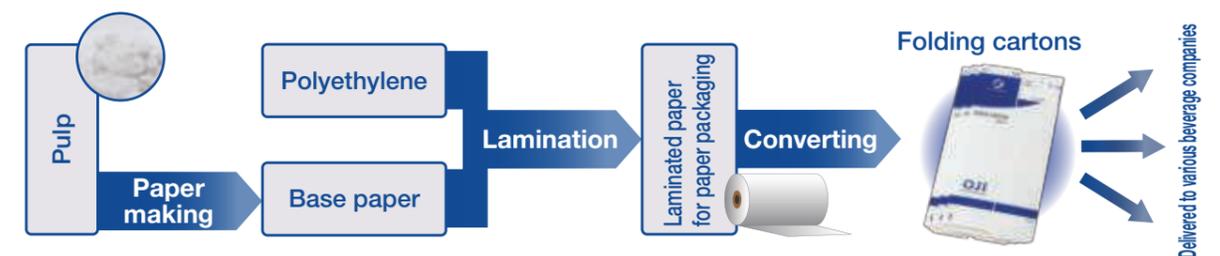


Liquid Paper Containers Business —Integrated domestic production system for beverage packages and overseas expansion—

The Oji Group has utilized its core paper manufacturing and various converting technologies and established Ishizuka-Oji Paper Packaging Co., Ltd. in collaboration with Ishizuka Glass CO., LTD., a comprehensive packaging manufacturer, to enter the liquid paper packaging business. This enables the construction of an integrated domestic production system ranging from pulp to liquid paper packaging. This leads to not only further efforts towards safety and security with advanced quality control but also stable supply by freeing ourselves of a

supply chain dependent on overseas sources. In addition to manufacturing paper packaging in Japan, we provide flexible solution to meet customer needs through an entire service by selling and maintaining machines that fill paper packaging with beverages. In the future, we will expand the business outside in Japan by utilizing our overseas infrastructure, where demand is expected.

Integrated domestic production system ranging from pulp to liquid paper packaging



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 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 propose appropriate water quality management solutions from a holistic perspective. We aim 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 by providing materials and technologies that are closely tied to people’s day-to-day lives.

Yoshiki Koseki

President, Household and Consumer Products COMPANY
 President, Industrial Materials COMPANY
 Senior Executive Officer
 Oji Holdings Corporation



Changes in Net Sales and Operating Profit



Segment Overview

In FY2020, the Household and Industrial Materials Businesses had net sales of 647.5 billion yen (down 38.6 billion yen from FY2019) and operating profit of 38.1 billion yen (down 2.8 billion yen from FY2019). Due to stay-home trend under the COVID-19 pandemic, there was strong demand for corrugated containers for processed food products and online shopping domestically. Also, while some products such as kitchen towels, wet wipes, and face masks saw a jump in sales because of a change in lifestyles, overall sales and profits dropped as a result of the significant impact of restrictions on economic activity both in Japan and overseas.

In FY2021, net sales of 700.0 billion yen (up 52.5 billion yen from FY2020) and operating profit of 31.0 billion yen (down 7.1 billion yen from FY2020) are planned.



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.

[Corrugated container business]

As well as corrugated containers used in food-stuffs, daily products, electronics, and other areas, we also offer heavy-duty packaging materials used for transporting mainly industrial parts. We also provide automatic packaging systems adjusting the packaging dimension in order to fit each product size inside.

[Folding carton business]

For folding cartons used in a range of fields including confectionaries, cosmetics, and pharmaceuticals, we are combining aesthetically pleasing base paper with structural design tailored to the application and appealing graphics, thereby further enhancing the value of our customers’ products.

[Paper bag business]

We handle a wide range of customer needs—from heavy-duty sacks for packaging used for safe and secure transport of various products, through to paper bags that are used for packaging of retail products and also play a role in sales promotions, and bags for home delivery, which are seeing increased demand given the growth in online shopping.



Morishigyo Chiba Plant

Business Strategy Profitability Improvement of Domestic Business

Domestic demand for corrugated containers is steady even during the COVID-19 pandemic, with growth especially expected in the Kanto region. To strengthen our business base in the Kanto region, we made the decision to relocate and construct a new corrugated container plant within the premises of our containerboard mill in Utsumomiya City, Tochigi Prefecture (scheduled to start operation in October 2022), following the plant in Funabashi City, Chiba Prefecture, which started commercial production in July 2020.

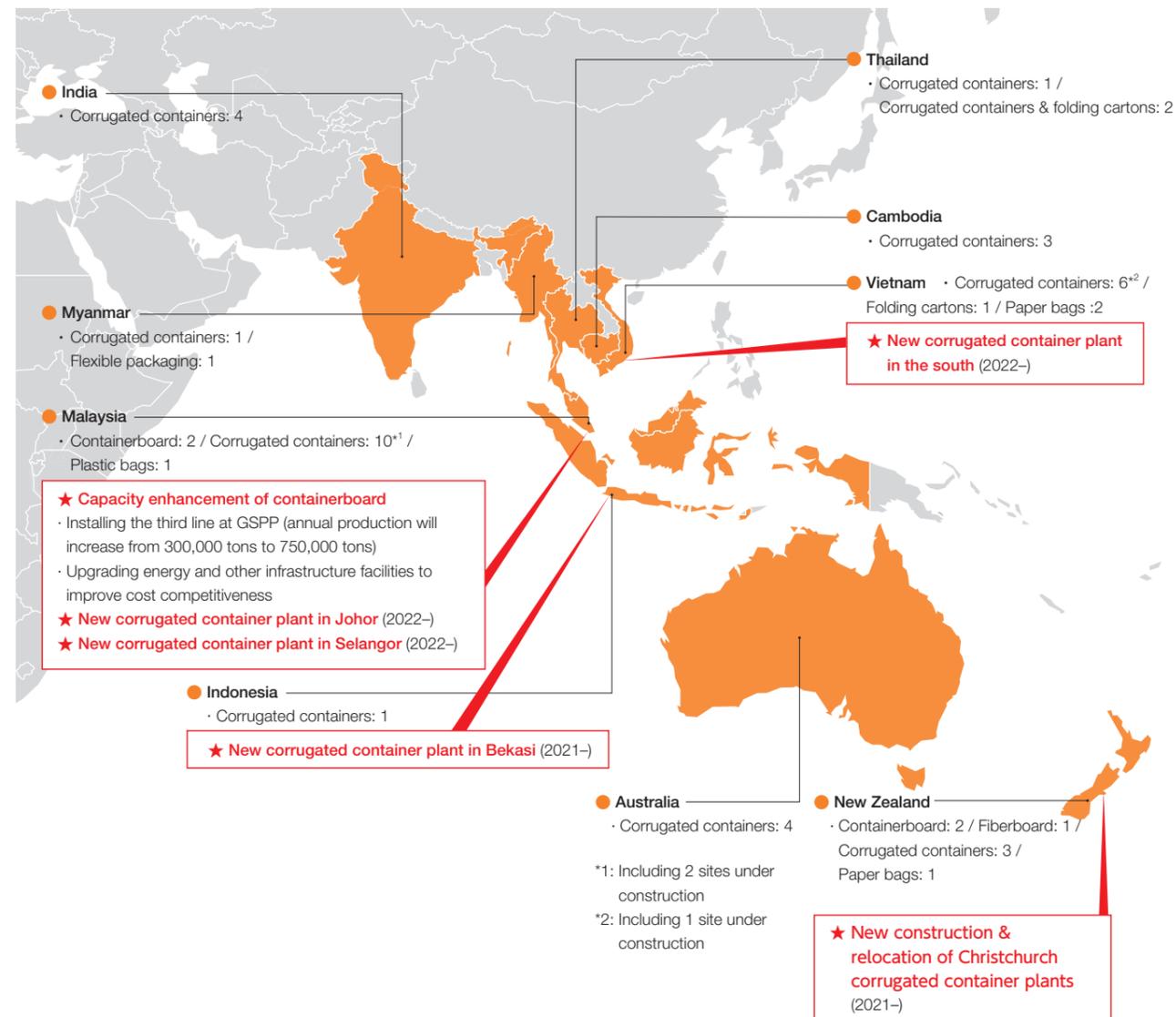
Having an integrated plant for processing the base paper for making corrugated containers means we have in place a system that can supply higher quality products in a sustainable and efficient manner, thereby contributing

to the local economy and society.

At the same time, as part of its initiatives to restructure manufacturing in response to structural changes in domestic demand, we completed modifications of the Oji Paper Tomakomai Mill newsprint production facilities for the production of containerboard and kraft paper, and started trial operation in June 2021. In order to handle the increased domestic and overseas demand for containerboard, we are moving ahead with further quality improvements and sales expansion.

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.

Main Overseas Sites



Business Strategy Expansion of Overseas Business

To meet the increasing demand for packaging in various regions, we own a total of 47 manufacturing bases in 9 countries throughout Southeast Asia, India, and Oceania, and we are developing our business in the countries.

Up until now, we have been expanding our business with a focus on expanding and strengthening our corrugated container business. However, our new facility for manufacturing containerboard is planned to start operation in Malaysia soon, significantly bumping up the annual capacity from 300,000 tons to 750,000 tons. This will enable development of an integrated base paper and converting business even in overseas, further strengthening our business foundation.

Meanwhile, the recent COVID-19 pandemic has resulted in more demand of hygiene product due to its increased awareness, online shopping and furniture under

stay-home trend. These are all leading to a continuous increase in demand for packaging, and thus we will actively increase our corrugated container business. New corrugated container plants started operation in Indonesia in March 2021 (our first plant in the country) and will start in October 2021 in New Zealand (scheduled), and we are also constructing three new plants—two in Malaysia, and one in Vietnam.

With monitoring risk and return carefully in each region/market, we will further expand our business by way of new plant starting-up from greenfield and/or M&A activities.



New corrugated container plant in Indonesia



New corrugated container plant in Christchurch (rendering of completed plant)

Voice A new containerboard machine (PM3) begins operation



Sia Boon Soon
President
GSPP

We have been striving hard for the completion of construction and installation, coping with lockdowns and movement control orders.

This is significant investment for us, increasing annual capacity of containerboard production up to 750,000 tons 2.5 times bigger than before. GSPP keeps contribution to Oji group's integrated business expansion by maximizing the benefit of group-wide preparation for PM3, including raw material securement, pre-sales, recruitment and training.

Business Strategy Promotion of Innovation

Given the rapid expansion of the online shopping market and the investigation of labor-saving measures in various industries, Oji Group is bringing together its packaging materials, technologies, and know-how gained over many years to work with customers on solving issues with packaging and logistics. Adding new concepts to structural design has led to the development of groundbreaking new products. These include corrugated containers for

assembly packaging that, by changing their shape, lead to labor-saving in packaging and considerable reduction of plastic materials, as well as easy-to-open corrugated containers incorporating zippers and creases that significantly reduce the time required for displaying products in stores. These efforts have been recognized by a number of packaging awards, including the WorldStar Global Packaging Awards and the Japan Packaging Contest.



Products awarded in the WorldStar Global Packaging Awards 2021 and Japan Packaging Contest 2020
Left: Suzuki Motor Corporation
Center: Nissin Foods Holdings Co., Ltd.
Right: Daikin Industries, Ltd.

Household and Consumer Products Business



Business Overview

We own the household paper brand 'nepia'. 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. Social quality as in aligning with customers' hope and contributing to the society through actions such as taking CSR initiatives. In the pursuit of these three quality domains, Oji Nepia is producing tissue paper, toilet rolls, disposable diapers, and other products indispensable in our daily lives. (FSC™ C018118)



Edogawa Mill



Malaysia Mill

Indonesia Mill

Business Strategy Profitability Improvement of Domestic Business

In our household paper business, we are responding to market trends such as by producing extra long toilet rolls at the Edogawa Mill, which started commercial production in the fall of 2020. We will also build a new warehouse within the mill scheduled for completion in the fall of 2022, thereby streamlining logistics. Additionally, our Hana Celeb moisturizing tissues were awarded the Grand Prize at the Japan Naming Award 2020. We will continue to work to be a brand well-loved by customers.

In our disposable diaper business, as well as boosting sales of nepia Genki! baby diapers, we are also working to increase our market share of disposable adult diapers. As we look towards the time when the second baby boomers reach young-old age, we will build a new processing machine at our Fukushima Mill with the commencement of production scheduled for the fall of 2022.

Business Strategy 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, through the integration of production bases and scrap-and-build, the capacity boosting setup were completed in April 2021, and in Indonesia, which has the largest population in the region, we will continue to increase the production capacity of our factory that has been operating from January 2020, in order to respond to the increasing demand. In China, we actively promote e-commerce to explore new customers, whereby continuing to expand sales through the export of "made in Japan" products.

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.



Business Strategy Promotion of Innovation

Oji Nepia was the first manufacturer in the industry to use FSC™ certified paper, and we are taking measures for the reduction of environmental burden, such as using biomass ink when printing product packages. We have, however, long held concerns regarding the plastic film used for packaging toilet rolls and other products. Plastic films, manufactured from petrochemicals, do not break down in nature, and plastic waste that reaches the oceans has become a global issue. To combat this issue, the Oji Group has combined its efforts to create "nepi eco."

The package design features an attractive blue color scheme that evokes the beauty of the ocean together



nepi eco

with marine life, and encapsulates the message that purchasing this product helps to protect the ocean.

ESG and SDGs Topics

Response to COVID-19 pandemic

Nepia Long Lasting Best Fit Face Mask

New Tac Kasei Yamamoto Mill has renovated its cleanroom, and has been producing Nepia Long Lasting Best Fit Face Masks since July 2020.

In January 2021, we developed a new product, the Nepia Long Lasting Best Fit Face Mask Block Filter Plus that blocks 99% of virus droplets.

These masks are "All Made in Japan," from materials procurement to processing, and from the wire around the nose to the ear straps.

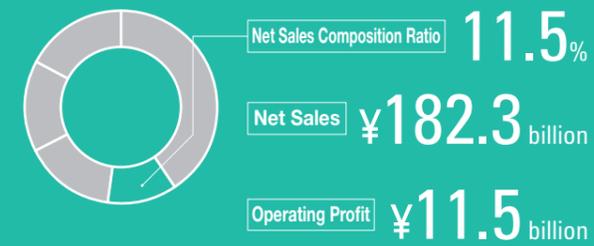




By anticipating market needs and rapidly providing products and services that exceed customer expectations, we aim to be the company chosen by our customers.

Shigeki Aoki

President, Functional Materials COMPANY
Executive Officer
Oji Holdings Corporation



Changes in Net Sales and Operating Profit



Segment Overview

In FY2020, the Functional Materials Business had net sales of 182.3 billion yen (down 32.4 billion yen from FY2019) and operating profit of 11.5 billion yen (down 3.9 billion yen from FY2019). In the midst of the ongoing impact of the COVID-19 pandemic, we saw a recovery trend in films for capacitors for electric vehicles and paper used in the manufacturing process of electronic components for smartphones. However, sales dropped because of reduced numbers of tourists visiting Japan and of events, and our overseas business was also impacted by stay-home trend and a stagnation in economic activity, leading to an overall decrease in both sales and profits.

In FY2021, net sales of 179.0 billion yen (down 3.3 billion yen from FY2020) and operating profit of 10.0 billion yen (down 1.5 billion yen from FY2020) are planned.



Glass paper (Oji F-Tex)

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. Production of pressboards will be consolidated at Oji F-Tex from October 2021 through the transfer of the business from Mitsubishi Paper Mills.



Eco Marine Tac™ (Oji Tac)

Adhesive Products Business

Using proprietary adhesive force control technology, the Adhesive Products Business handles from familiar products like various labels, adhesive tape for packaging, and wound dressings to less familiar, special applications like aluminum tape for construction material and forgery prevention tape. We are also focusing on the development of biodegradable film sticker.



Thermal papers (Oji Imaging Media)

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. Production and sales operations for carbonless paper have been consolidated into Mitsubishi Paper Mills, aiming to strengthen competitiveness.



Film used in capacitors (Oji F-Tex)

Film Business

Films for capacitors are used as an essential material in the power supply units of electric vehicles, and the Oji Group is refining development of these based upon its thin film technology that produces the world's thinnest films. The Film Business also offers optical double-sided adhesive films and hard-coated films that are seeing growth due to their use in precision devices.

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. Furthermore, the continuing review of manufacturing systems increases competitiveness and profitability, and so 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.

At the Oji F-Tex Shiga Mill, we have built new production facilities for biaxially oriented polypropylene film (OPP) mainly used in capacitors in electric vehicles, and after the facilities start operation in 2023, the capacity is expected to be 1.6 times higher than the current capacity.



The Oji F-Tex Shiga Mill

ESG and SDGs Topics

As the world aims to achieve a decarbonized society, it is shifting to electric vehicles, and a corresponding jump in demand for OPP for capacitors is expected. There have been needs for thinner OPP for capacitors, but at the same time the films also need higher levels of insulation to withstand high voltages and currents so that they can achieve higher power. Oji F-Tex has a long track record in this field. The company has unique technologies that achieve thin films and high insulation at a high level, and boasts a stable supply capability.

Additionally, together with the Advanced Film Research Center of Oji Holdings' Innovation Promotion Division, we are tackling the development of biomass plastic films that are based on OPP film-forming technologies.

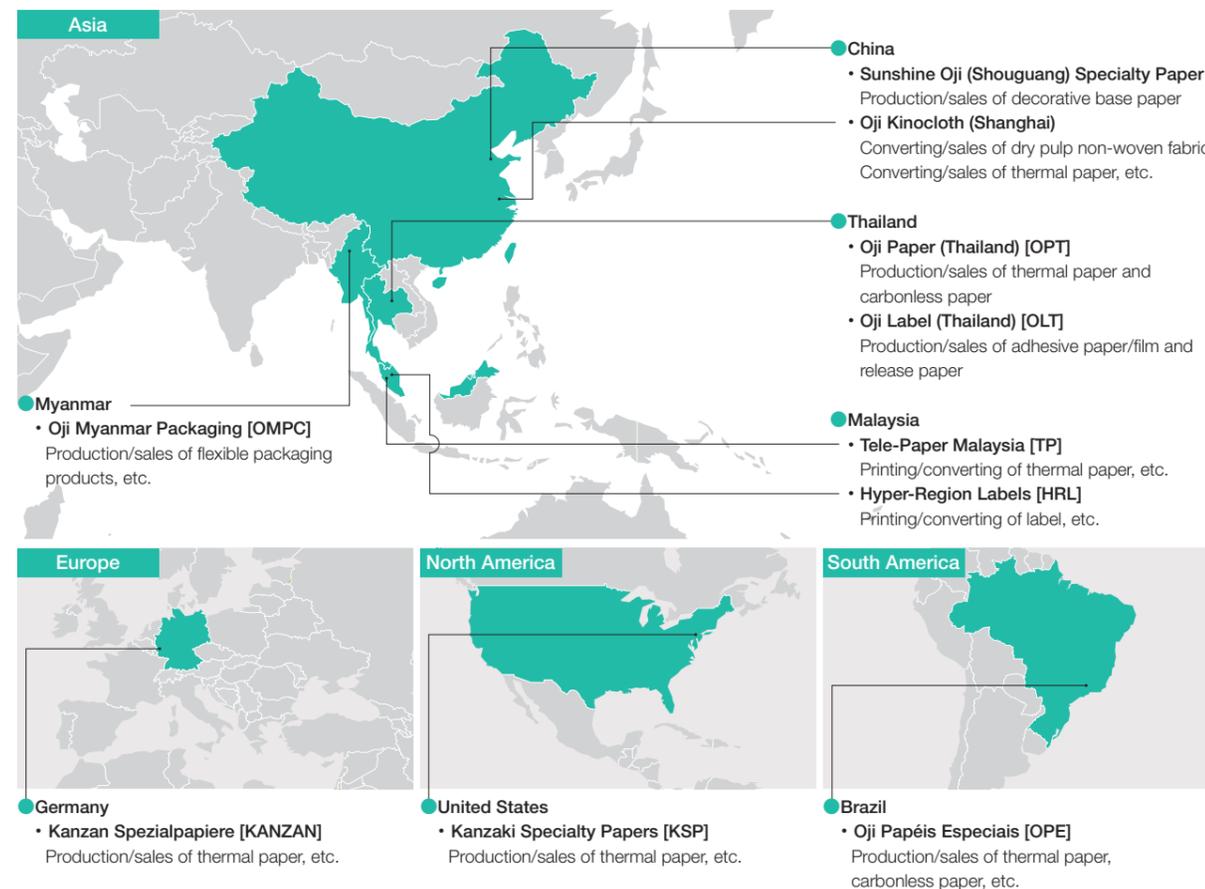


Advanced Film Research Center (within the Oji F-Tex Shiga Mill)



Oji Papéis Especiais

Main Overseas Sites



Business Strategy Expansion of Overseas Business

We are 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 response to increasing demand in line with economic advancements in newly industrialized countries in Southeast Asia, South America, the Middle East, Africa and elsewhere, we will continue to leverage its core technologies, which are a strength of the Group, to expand into new business.

In Southeast Asia, we are 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, we aim to improve quality and cost competitiveness, maintain the share of Brazil's thermal paper market, and expand its share of the thermal paper market across Central and South America.

Voice

We are proud that these new technologies will bring us a new opportunity on the 10th anniversary as a member of the Oji group.



Agostinho Monsserocco Junior
President
Oji Papéis Especiais

In 2021, Oji Papéis Especiais celebrates the 10th anniversary as a member of the Oji Group. At this milestone, we are working on the third phase of expanding production so that we can meet the strong demand for thermal paper in South America, and this expansion is scheduled to be complete in December 2021.

The expansion will almost double our production capacity in Brazil.

We aim for a smooth launch, and hope to be able to make the most of the new opportunities presented by these new technologies.

Business Strategy Promotion of Innovation

Paper Net Envelopes

Oji Tac's Paper Net Envelope was awarded the 44th Kinoshita Awards in the New Creation Category by the Japan Packaging Institute. The product is a padded envelope made fully of paper and does not require the plastic bubble wrap used in conventional padded envelopes.

In Paper Net Envelopes, the slit paper sheet attached to the opening spreads out like a mesh when a product is inserted and thus works as a cushioning material that prevents product movement, thereby removing the need for conventional plastic bubble wrap. Furthermore, optimization of the base paper material has created a structure that can easily be inserted into mailboxes. This reduces redeliveries, an issue that is on the rise given the increasing use of online shopping. This plastic-free construction and design of easy insertion into mailboxes have been highly recognized and adopted by many customers.





We are comprehensively leveraging assets owned by the Group, including pulp, renewable energy, afforestation, and lumber processing to promote enhancement of the business.

Fumio Shindo

President, Forest Resources and Environment Marketing COMPANY
Senior Executive Officer
Oji Holdings Corporation



Pulp Business

We produce a diverse lineup of pulp grades including hardwood kraft pulp, softwood kraft pulp, and dissolving pulp. With 2.5 million tons per year market pulp supply capacity, it is boosting sales in Asia and other growth regions.

Energy Business

We are promoting the electric power generation business by newly establishing and expanding electricity generation facilities using renewable energy, including wood biomass, hydroelectric power, and solar power. In 2022, our new wood biomass power generation facility Oji Green Energy Tokushima is slated to start operation.



Lumber Processing Business

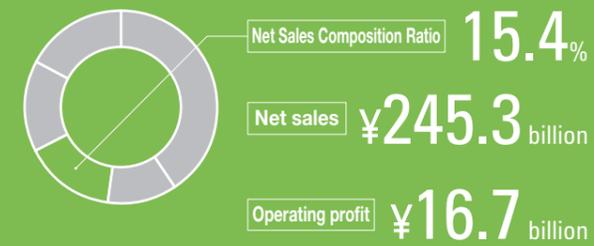
We are taking measures to expand production capacity, and are purchasing and selling lumber and processed lumber products, primarily in Asia and Oceania. Efforts to expand sales at sales bases established in China and Southeast Asia are also ongoing.

Forest Plantation Business

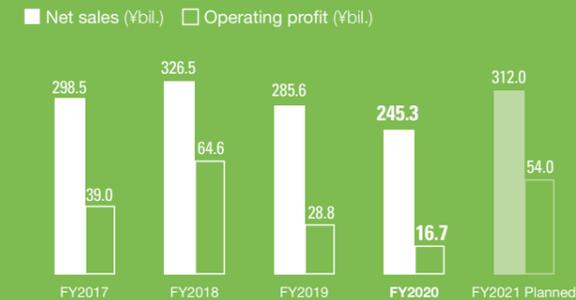
We are working to cultivate and manage company-owned forests in Japan and overseas. Harvested wood are supplied for pulp raw materials, as well as for a range of applications such as lumber, plywood materials, and biomass fuels.

Fuels/Chemicals and Other Material Procurement Business

Centralized procurement management and advantageous and stable procurement are conducted for the Oji 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.



Changes in Net Sales and Operating Profit



Segment Overview

In FY2020, we had net sales of 245.3 billion yen (down 40.3 billion yen from FY2019) and operating profit of 16.7 billion yen (down 12.1 billion yen from FY2019). In the energy business, electric power sales increased due to a full year of operation of MPM Oji Eco-Energy that commenced operations in September 2019. However, the global stagnation in business resulting from the COVID-19 pandemic has resulted in a weaker pulp market. The domestic dissolving pulp business and the overseas pulp business were particularly impacted, resulting in an overall drop in net sales and operating profit.

In FY2021, net sales of 312.0 billion yen (up 66.7 billion yen from FY2020) and operating profit of 54.0 billion yen (up 37.3 billion yen from FY2020) are planned.

Business Strategy Profitability Improvement of Domestic Business

Energy Business: Expansion of the renewable energy business with a focus on establishing new biomass power plants

We are 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 September 2022.

Additionally, we are reinforcing the biomass fuel business in conjunction with expansion of the energy business. In Japan, we are increasing procurement of fuel woodchips by making use of unused wood resources. Overseas, efforts to increase procurement of palm kernel shells (PKS) for use as fuel continue in Indonesia and Malaysia, while ensuring lawfulness and maintaining sustainability.

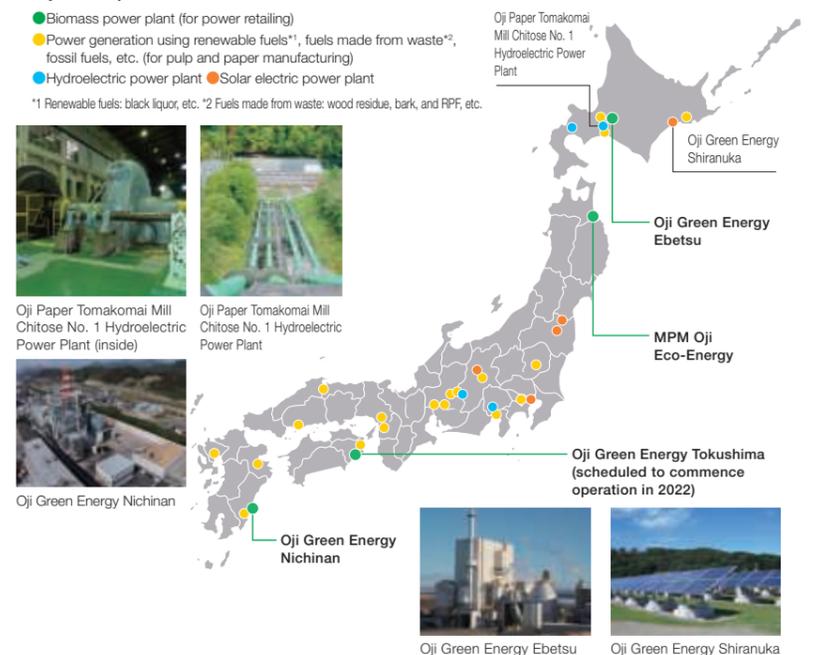
MPM Oji Eco-Energy
Operation commenced in 2019 (within Mitsubishi Paper Mills Hachinohe Mill)
Generating capacity: 75,000 kW
Joint venture with Mitsubishi Paper Mills

Oji Green Energy Tokushima
Operation to commence in 2022 (within 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

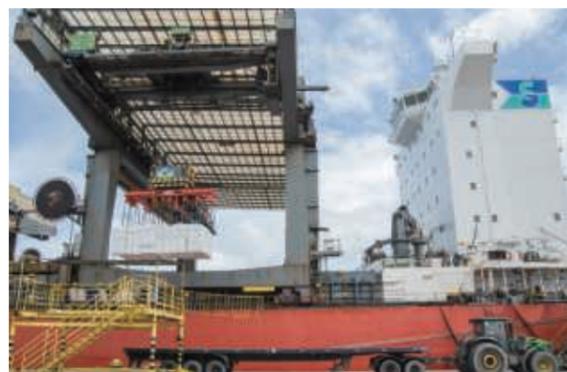


Business Strategy Expansion of Overseas Businesses

In the pulp business, we continue 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 Oji Fibre Solutions and Pan Pac 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.

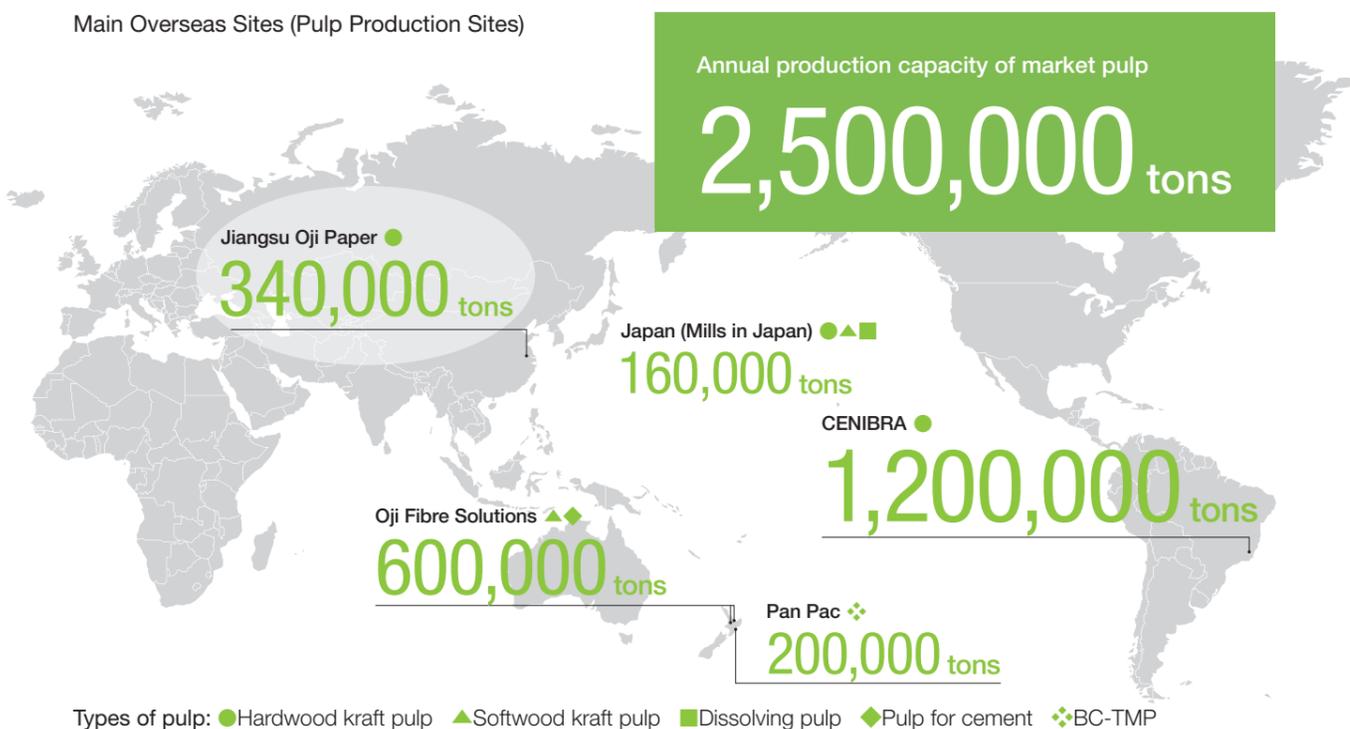
In May 2021, Japan Brazil Paper and Pulp Resources Development Co., Ltd., the parent company of CENIBRA, acquired shares of CENIBRA as treasury stock from non-controlling shareholders. Accordingly, our Group holds all voting rights of the company, which will strengthen the Group's business foundation as well as facilitate flexible



Products are loaded onto a ship (Brazil)

business operations at CENIBRA, thereby enhancing the production and sales of our pulp business.

Main Overseas Sites (Pulp Production Sites)



CENIBRA Mill (Belo Oriente, Minas Gerais, Brazil)



Pan Pac Mill (North Island, New Zealand)

Business Strategy Promotion of Innovation

Massive forest fires have become common occurrences in many parts of the world, a critical global issue that needs urgent global solutions. Cenibra, which has forest plantations and a pulp mill in Brazil, has introduced an innovative forest fire prevention and fighting system using artificial intelligence (AI) for their 250,000 ha forests.

The company has 38 watchtowers equipped with 360

degrees rotating cameras. When the AI detects smoke and fires, the monitoring room notifies fire crews nearest to the site of the incidents. They start firefighting immediately. The AI-equipped cameras are more efficient than human eyes and can locate the accurate fire site within 1-2 minutes. Cenibra has reduced forest fire risks significantly.

ESG and SDGs Topics

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

The UN Strategic Plan for Forests 2030 indicates that forestry activities contribute to achieving SDG goals, and 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.

Promote the Employment of Local Residents

In Vietnam, we hire local residents for planting acacia forests in the wet season and harvesting them in the dry. This leads to creating local employment throughout the year, thus contributing to enhanced living standards.

Social Contribution Activities (QPFL, Vietnam)

• Dispatch of medical teams

In February 2020, QPFL dispatched a medical team to villages without doctors, and 650 villagers received medical examinations.

Blood pressure measurement equipment, clinical thermometers, beds and second-hand clothes were also provided to village clinics.

• Installation of water purification equipment

In March 2021, water treatment filters were installed at kindergartens and elementary schools in Canh Lien village, and at elementary schools in Dak Mang village.



Global Forest Goal 2

Enhance forest-based economic, social and environmental benefits



The Global Forest Goal 2 includes 9 goals for SDGs.

Voice

Cenibra & Oji in times of Covid-19



Adermo Costa
Commercial and Logistics Manager
Celulose Nipo-Brasileira S.A.

Cenibra is a traditional company in the sector of bleached kraft pulp from eucalyptus, with a current production of 1,200,000 tons/year, located in the state of Minas Gerais, Brazil founded in 1973.

This year OJI acquired all JBP shares making Cenibra 100% as Oji Group which brought us a lot of joy and pride. We do hope that the OJI culture which is already present in our daily lives can help us to go even further, maintaining Cenibra's tradition, reinforcing its values, always thinking beyond the boundaries.

During this pandemic period, Cenibra hasn't stopped. With a lot of internal collaboration from employees, Cenibra implemented several measures to minimize the impacts of COVID-19 and other negative factors bringing harmony to the work environment and serenity to its employees, prioritizing production safely and even achieving an annual record of production in 2020.

Cenibra has preserved the partnerships and the good relationship that maintains with the Government and the communities around it.

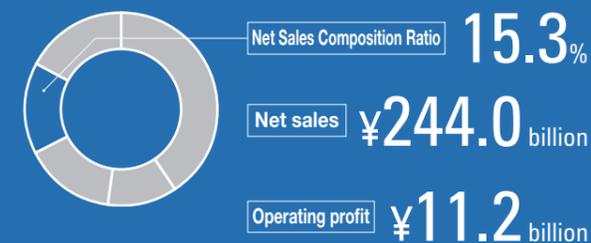
Cenibra is like this, always with a vision of the future overcomes difficulties and goes beyond expectations.



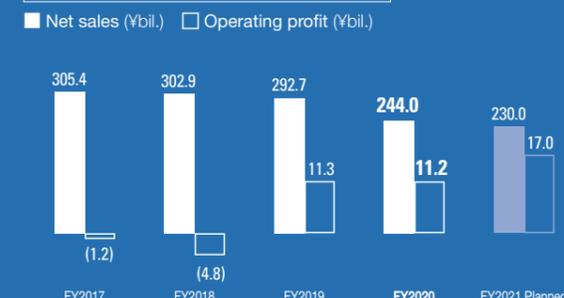
In response to the changing demand structure in Japan and integration with Asian markets, we are advancing with our business structure reforms while maximizing our cash flow.

Fumio Shindo

President, Printing and Communications Media COMPANY
Senior Executive Officer
Oji Holdings Corporation



Changes in Net Sales and Operating Profit



Segment Overview

In FY2020, the Printing and Communications Media Business had net sales of 244.0 billion yen (down 48.7 billion yen from FY2019) and operating profit of 11.2 billion yen (down 0.1 billion yen from FY2019). Sales volumes of comic books increased because of higher demand from stay-home trend under the COVID-19 pandemic and from the release of new popular works. However, lower domestic demand for newsprint, printing / publication paper, and communications paper stemming from the economic downturn and spread of telework resulted in a drop in net sales. With stringent cost reductions, the operating profit stood at a level similar to last fiscal year.

In FY2021, net sales of 230.0 billion yen (down 14.0 billion yen from FY2020) and operating profit of 17.0 billion yen (up 5.8 billion yen from FY2020) are planned.



Newsprint Business

We hold approximately 30% share of the Japanese market for newsprint, and provide newspaper companies throughout the country with a stable supply of high-quality newsprint.

Printing and Publication Paper Business

We have various types of printing paper used for different applications including books, magazines, and catalogs, etc.

Communications Paper Business

We provide various output media for information processing systems, including copying paper and forms.

Business Strategy Expansion of Overseas Businesses

Jiangsu Oji Paper Co., Ltd. newly installed two household paper base paper machines in 2020, and it is carrying out works to increase its pulp facilities in 2021. Produced household paper base paper will be used in nepia brand products, as well as being sold to external customers who require base paper. It is also considering the installation of more household paper base paper machines. This expansion of pulp facilities will let us secure raw materials for household paper base paper, and will let us rapidly leverage the synergies of capital investment while taking advantage of our forte in integrated pulp and paper production.



Household paper base paper machine (TM2)

Business Strategy Promotion of Innovation

In our mills, in order that we can pass on the knowledge of our skilled engineers that has been accumulated over many years to up-and-coming generations, and that we can improve the production skills of younger workers, we are working on putting advanced tools and systems to practical use utilizing technical information sharing and as educational tools. For example, we are installing sensing devices such as vibration sensors and temperature

sensors at manufacturing sites for use in remote monitoring, and with these we are working to enable rapid detection of problems and improve the productivity of our monitoring operations.

Looking forward, we will work to verify the usage of the latest technologies that include using AI for more accurate monitoring and diagnosis, and for understanding the status of other facilities.



The #L-1 machine (post-retrofit name of the #N-5 machine) at the Tomakomai Mill

Business Strategy Profitability Improvement of Domestic Business

Looking towards medium- to long-term changes in the demand structure, we are working at consolidating our production facilities with the aim of improving profitability and strengthening our international competitiveness. In FY2020, we shut down the #N-1 machine at the Tomakomai Mill, and started retrofitting the #N-5 machine (conversion of product type), completing the retrofitting in June this year, and this has already started trial operation. We are also continuing our efforts in thorough cost reductions within each department. In partnership with Mitsubishi Paper Mills, successful outcomes have been seen in production efficiency improvement and cost reduction by eliminating mixed transportation and sharing operating technologies, and mutually utilizing sales channels.

ESG and SDGs Topics

Awarded the Excellence Prize at the Eco Mark Award 2020

We were awarded the Excellence Prize at the Eco Mark Award 2020 held by the Japan Environment Association, Eco Mark Office. In addition to promoting sustainable forest management and paper recycling, we are the first company in the industry to achieve Eco Mark certification for printing paper. We have continued to obtain Eco Mark certification since 1990 and are working to expand our environmentally-friendly products by obtaining Eco Mark certification with products that combine waste paper pulp and forest-certified wood pulp. We have been highly recognized as an important party in supporting domestic paper recycling systems, given that we have some of the highest consumption of recovered paper in Japan.





Desk partition to prevent airborne virus droplets, developed in collaboration with subsidiary, Sunprot

Kyokuyo

Kyokuyo Co., Ltd. is a specialized trading company that purchases and sells various products of the Oji Group and other companies. These products include pulp and paper, synthetic resin materials and products, packaging materials, chemicals, and machinery, from upstream (raw and other materials) to downstream (finished products). As a trading company that proposes and develops solutions to customer problems, we respond to customer requirements in the best ways possible.



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

Ginpo Pack

Ginpo Pack Co., Ltd., a subsidiary of Kyokuyo, conducts planning, production, and sales of plastic containers for food packing with a focus on heat-resistant polypropylene foam containers using the new material "Pulfine," which can reproduce steaming hot home cooking when using a microwave oven.



Industrial water production system

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.



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

Oji Logistics

In addition to the existing domestic and international logistics operations for Oji Group products, Oji Logistics Co., Ltd. is also expanding the scope of operations to include the distribution of nepia products. We are aiming to be a comprehensive logistics company that can offer integrated logistics services such as processing and delivery also to customers outside the Oji Group (external sales shipping), by utilizing our sea and land transport capabilities. We have started operations to meet the needs of customers, such as having roll-on roll-off ships call at Hachinohe Port. Also, We received the Excellent Business Award by the Ministry of Land, Infrastructure, Transport and Tourism's Green Logistics Partnership Conference for the promotion of White Logistics (good-standing logistics). We are continuing to promote business reforms, and are striving to achieve productivity improvements in logistics services.



The Grand Hotel New Oji

Hotel New Oji

Hotel New Oji Co., Ltd. is engaged 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, we prepare inflight meals for domestic and overseas airlines in the catering building at the New Chitose Airport and load the meals onto aircraft using large, specialized vehicles.



Plant

Ishizuka-Oji Paper Packaging

Amid increasing attention on paper materials in the context of a worldwide heightening of environmental awareness, Oji Holdings has invested in the paper beverage container business that was split from ISHIZUKA GLASS, and launched a joint venture in September 2020.

Ishizuka-Oji Paper Packaging Co., Ltd. combines the Oji Group's expertise in manufacturing and processing paper with ISHIZUKA GLASS' expertise in processing and filling paper containers for a diverse range of contents including milk, juice, soft drinks, tea beverages, and soups. We have established a domestic integrated production system covering papermaking of base papers through to



Oji Homes Aoyama (located in Minamiaoyama, Minato-ku, Tokyo)

Oji Real Estate

Oji Real Estate Co., Ltd. is 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. We also have 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.



Drink cartons made using base paper manufactured by the Oji Group

laminate processing and beverage packaging. By selling superior filling equipment from both Japan and overseas, as well as providing service and maintenance, we are also supporting companies involved in the handling of delicate paper container beverages.

By moving away from our former dependence on overseas sources of base paper, and establishing Japan's first integrated production systems for paper beverage containers, we can ensure stable supply of high-quality, safe, and dependable products to dairy and beverage manufacturers throughout Japan.

Corporate Officers (Oji Holdings Corporation)

Susumu Yajima

Representative Director and Chairman of the Board
Chairman of the Board

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
April 2021 Representative Director and Chairman of the Board, the Company (to the present)



Masatoshi Kaku

Representative Director of the Board
President and Group CEO

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)



Yoshiaki 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.

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)



Hiroyuki Isono

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.
Oji Logistics Co., Ltd.

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
April 2021 Director of the Board and Senior Executive Officer, the Company (to the present)



Fumio Shindo

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

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
April 2021 Director of the Board and Senior Executive Officer, the Company (to the present)



Kazuhiko Kamada

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

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)



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.

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)



Shigeki Aoki

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

April 1984 Joined the former Honshu Paper 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
June 2020 Director of the Board and Executive Officer, the Company (to the present)



Michihiro Nara

Independent Outside Director of the Board

April 1974 Registered as an attorney-at-law
June 2004 Outside Audit & Supervisory Board Member, Nihon Tokushu Toryo Co., Ltd.
June 2013 Outside Audit & Supervisory Board Member, Seiko Epson Corporation
June 2014 Independent Outside Director of the Board, the Company (to the present)
June 2015 Outside Director, Nihon Tokushu Toryo Co., Ltd. (to the present)
June 2015 Outside Audit & Supervisory Board Member, Chori Co., Ltd.
June 2016 Outside Director (Audit & Supervisory Committee Member), Seiko Epson Corporation
Outside Director (Audit & Supervisory Committee Member), Chori Co., Ltd.



Sachiko Ai

Independent Outside Director of the Board

April 1989 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)
June 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
Executive Officer, Acting General Manager, Audit Division, Mitsubishi UFJ Financial Group, Inc.
June 2020 Independent Outside Director of the Board, the Company (to the present)
April 2021 Director and Managing Executive Officer, Audit Division (CAO), Mitsubishi UFJ Trust and Banking Corporation (to the present)
Managing Executive Officer, Group Deputy CAO, Mitsubishi UFJ Financial Group, Inc. (to the present)



Tomihiko Yamashita

Audit & Supervisory Board Member

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)



Mikinao Kitada

Independent Outside Audit & Supervisory Board Member

April 1976 Appointed as public prosecutor
January 2012 Superintendent Public Prosecutor of Osaka High Public Prosecutors Office
Retired from office
March 2014 Registered as an attorney-at-law
June 2014 Outside Director, Sharp Corporation
Independent Outside Audit & Supervisory Board Member, the Company (to the present)
August 2014 Outside Auditor & Supervisory Board Member, ASKUL Corporation (to the present)
June 2015 Outside Director, Yokogawa Bridge Holdings Corp.
June 2016 Outside Audit & Supervisory Board Member, Sgitz Corporation
June 2020 Outside Member of the Board of Directors (Audit & Supervisory Committee Member), Mizuho Trust & Banking Co., Ltd. (to the present)



Noriko Sekiguchi

Independent Outside Audit & Supervisory Board Member

March 1994 Registered as Certified Public Accountant
January 2002 Re-registered as Certified Public Accountant
November 2010 Representative of Sekiguchi CPA Office (currently Sekiguchi Noriko CPA Office) (to the present)
July 2012 Registered as Certified Tax Accountant
June 2015 Outside Director, TOKYO OHKA KOGYO CO., LTD. (to the present)
January 2019 Executive Officer, Chifure Holdings Corporation
June 2021 Independent Outside Audit & Supervisory Board Member, the Company (to the present)



Toshihisa Takata

Independent Outside Director of the Board

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 Burundi
January 2013 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, Burundi, and Somalia
August 2013 Ambassador in charge of Okinawan Affairs
May 2015 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, 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 Independent Outside Director of the Board, the Company (to the present)



Seiko Nagai

Independent Outside Director of the Board

April 1983 Joined Japan Airlines Co., Ltd.
April 2008 Manager, In-flight Sales Group, Japan Airlines Co., Ltd.
April 2012 Manager, Passenger Cabin Dept., JAL Express Co., Ltd.
October 2014 Manager, Cabin Attendants Section 4, Haneda Airport, Japan Airlines Co., Ltd.
April 2015 Professor, College of Foreign Studies, Kansai Gaidai University (to the present)
June 2019 Outside Director, Member of the Board, ShinMaywa Industries, Ltd. (to the present)
June 2021 Independent Outside Director of the Board, the Company (to the present)



Nobuko Otsuka

Audit & Supervisory Board Member

January 2016 Joined Oji Management Office Inc.
Group Manager, Internal Audit Department, Corporate Governance Division, the Company
April 2018 General Manager, Internal Audit Department and Corporate Compliance Department, Corporate Governance Division, 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)



Hidero Chimori

Independent Outside Audit & Supervisory Board Member

April 1983 Registered as an attorney-at-law
June 2002 Outside Audit & Supervisory Board Member, OMRON Corporation
June 2006 Outside Audit & Supervisory Board Member, DUSKIN CO., LTD.
June 2016 Independent Director, Audit & Supervisory Committee Member, Kobe Steel, Ltd.
June 2019 Outside COMPANY Auditor, ROHM Co., Ltd.
June 2019 Outside Director, Member of the Board, Audit and Supervisory Committee Member, ROHM Co., Ltd. (to the present)
June 2021 Independent Outside Director of the Board, the Company (to the present)



Governance Functions as Seen from the Position of the Chairman of the Board

Representative Director and Chairman of the Board

Susumu Yajima



Reaffirming the Importance of Corporate Governance during the COVID-19 Pandemic

- **Speedy management decisions and countermeasures required in an emergency**
- **Fulfilling supply responsibilities supporting lifestyle and industry while ensuring thorough infection control (BCP response)**

During the COVID-19 pandemic, I believe that many people have been reminded of the essential aspect of paper manufacturers. Precisely because it is an emergency, the top priority is providing a stable supply of safe and secure products to maintain people's lives as in normal times. In particular, with a strong awareness of the importance of corrugated containers, which are the foundation for transporting daily necessities, we have made our utmost efforts

to ensure business continuity overseas. We have continuously cultivated our sense of corporate ethics that "a company is a public institution for society" and, as such, believe that fulfilling our supply responsibilities is our mission. During its nearly 150-year history, the Oji Group has experienced many other emergencies in the past. Each time it faced an emergency, our Group endeavored to remain a company that is needed by society. This is why our Group exists today. A company's true nature reveals itself in times of emergency. In this context, we recognize that the importance of corporate governance, including BCP and risk management, has increased further.

Reforming the Board of Directors based on Revision of the Corporate Governance Code

- **New management structure with increase in the number of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members**
- **Specifying skills that the Board of Directors should possess and publishing the skill matrix**
- **Functions required of the Board of Directors in the future, and expected changes**

Firstly, I would like to say that the increase in the number of Independent Outside Officers (all of the Company's Outside Directors and Outside Audit & Supervisory Board Members are Independent Officers) is not only for the regulatory purpose of complying with the revision of the Corporate Governance Code. I mentioned earlier that the reason why the Oji Group exists today is because we have remained a company that is needed by society. In other words, we have constantly continued evolving into what society expects us to be. In today's rapidly changing world, a board of directors that consists of a highly homogenous group of people will narrow our view, and runs the risk that we might critically misunderstand what society expects us to be. Therefore, we believe that the

knowledge of Independent Outside Officers with a diverse range of backgrounds is crucial for our continued evolution and existence in the future, and we have reinforced and increased the number of Independent Outside Officers. We expect them to give us honest opinions that are uncomfortable to hear.

Moreover, we have published a skill matrix since last fiscal year's Integrated Report. It is a prerequisite for Directors to have broad and comprehensive experience and knowledge. At the same time, they must also have their own fields of expertise and specialty as their strengths. Moreover, the effectiveness of the Board of Directors as a whole will be enhanced by capitalizing on and seamlessly combining individual expertise, without placing excessive weight on members in specific fields.

Going forward, the Board of Directors will utilize its diverse range of knowledge and experience in striving to further strengthen supervisory functions, ensure risk management, and enhance the value of the Oji brand from a broad perspective.

Promoting Sustainability Strategy

- **Monitoring the environment, human rights, and occupational safety based on the Partnership Procurement Policy**
- **Response to TCFD, and formulating and implementing Environmental Vision and Environmental Action Program**
- **Inclusion & diversity, and measures related to human resources**

Our sense of corporate ethics that "a company is a public institution for society," which we have cultivated throughout our long history, is the foundation of the Oji Group's sustainability strategy. We are promoting ESG management based on the understanding that we should not seek predatory corporate profits, but rather remain a company that is truly needed by society, which will ultimately lead to our sustainable development.

In terms of raw materials procurement, the Oji Group has 3,000 suppliers both in Japan and overseas. Based on the Oji Group Partnership Procurement Policy, we engage in responsible procurement with consideration for the environment, human rights, and occupational safety. With the cooperation of our suppliers, we will monitor and assess risks, and fulfill our responsibility to the environment and society not only at the Oji Group but also throughout our supply chain.

With regard to the environment, as countermeasures to global warming become an urgent issue around the world, the growing attention is being drawn to the Oji Group, which owns the most abundant forest resources in Japan.

We of course have already begun taking concrete steps to address this issue as the top priority of our management. In September 2020, we formulated Environmental Vision 2050 to realize Net Zero Carbon by 2050 and Environmental Action Program 2030 as a milestone in order to achieve our Vision, and we endorsed the TCFD recommendations in December 2020. The Oji Group is extremely fortunate as its businesses can contribute to a sustainable society in their own right through the global expansion of a sustainable business model: "resource circulation throughout the value chain." In the future, we will continue to accelerate the expansion of our overseas forest plantations and actively promote forest management.

Furthermore, based on a recognition that promoting inclusion & diversity is essential for our evolution and continued existence, we are developing measures related to human resources. Perhaps because of our history of repeated mergers, the Oji Group has a culture of accepting outside human resources regardless of their background, and we will continue to actively recruit outstanding human resources regardless of their past careers or nationality and increase diversity. We will also continue to send young employees who bear the future of the Oji Group to workplaces outside Japan to foster relationships of trust with local people through collaboration and to develop truly globally minded human resources who can respect the values of the countries they work in.

Issues and Future Initiatives in Corporate Governance

- **Recognizing corporate governance issues for sustainable growth**
- **Ensuring transparency and soundness through advisory bodies (Nomination Committee and Compensation Committee)**
- **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**

The fostering of a sense of corporate ethics is essential for the sustainable growth of the Oji Group. Regardless of how many codes of conduct or rules we establish, if employees, who are supposed to comply with them, do not think and act with a strong sense of corporate ethics, they will deviate from such codes of conduct and rules. In other words, there is no sustainable corporate growth in a corporate culture that lacks ethics. It is necessary for each and every employee to internalize a sense of ethics as a good citizen. We will devote our efforts to creating a corporate culture to achieve this.

In addition, the Nomination Committee and Compensation Committee, which are advisory bodies to the Board of Directors, are composed of two internal Directors (the Chairman and the President) and four Independent Outside Officers, with the outside members accounting for the majority, thereby ensuring transparency and soundness. The Independent Outside Officers do not only participate in the meetings of the Board of Directors, but are

also provided with opportunities for preliminary briefings on individual issues, participation as observers in the Group Management Meeting where management is executed, and site visits both inside and outside Japan in order to strengthen sharing of information and gain an understanding of approaches taken by the internal Directors and Corporate Officers. We are always open to their opinions that come from an external perspective. For example, in response to a suggestion that there is room for improvement in diversity of the Board of Directors, we have increased the number of female Independent Outside Officers to three. Another issue is pointed out, the reinforcement of governance in our overseas operations alongside the global development of business. To address this, the internal audit division and the safety management division are strengthening their response to overseas operations.

Last but not least, the Oji Group's operations have also been greatly impacted by the COVID-19 pandemic. However, we are not simply hunkering down to weather the storm. Risk and opportunity are two sides of the same coin, and we take this emergency as an opportunity to steadily progress toward being an even more resilient corporate group that does not waver in a crisis. I hope you will be looking forward to it. I would like to ask for the continued support of all our stakeholders.

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

Fundamental Policies on Corporate Governance

The Fundamental Policies on Corporate Governance set forth the basic concepts, framework, and operational policies regarding corporate governance.

➔ <https://www.ojiholdings.co.jp/english/group/policy/governance.html>

Corporate Governance Report

The Oji Group posts its Corporate Governance Report, which it submits to Tokyo Stock Exchange, on its official website.

➔ https://investor.ojiholdings.co.jp/en/ir/library/governance_report.html

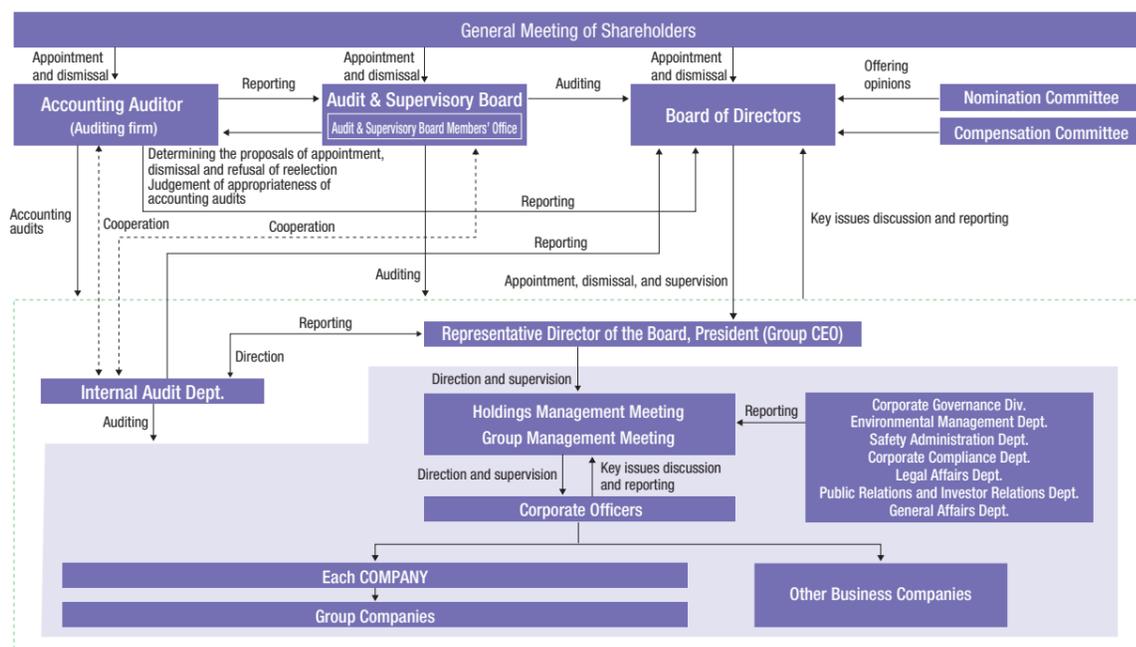
Corporate Governance Structures

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 four 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 FY2020, attendance of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at the Board of Directors meetings (14 meetings held) was 97.4% and attendance of Independent Outside Audit & Supervisory Board Members at the Audit & Supervisory Board meetings (14 meetings held) was 100%.

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 2021, the Committees consist of two internal Directors and four 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 FY2020

Position	Name	Nomination Committee	Attendance	Compensation Committee	Attendance
Representative Director and Chairman of the Board	Susumu Yajima		1/1		2/2
Representative Director of the Board, President	Matatoshi Kaku	Committee Chair	1/1	Committee Chair	2/2
Independent Outside Director	Michihiro Nara		1/1		2/2
Independent Outside Director	Toshihisa Takata		1/1		2/2
Independent Outside Director	Sachiko Ai		1/1		1/1
Independent Outside Director	Seiko Nagai <small>(Took office in June 2021)</small>		—		—

†Concerning Independent Outside Director Sachiko Ai's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings held after her appointment on June 26, 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 (in Japanese)

➔ <https://investor.ojiholdings.co.jp/ja/ir/library/securities.html>

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, 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 (FY2020)

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)	524	239	169	116	12
Audit & Supervisory Board Members (excluding Independent Outside Audit & Supervisory Board Members)	51	51	—	—	2
Independent Outside Directors and Independent Outside Audit & Supervisory Board Members	76	76	—	—	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 the Board of Directors shall comprise Directors who take notices on a balance between diverse knowledge and expertise concerning the business operated by the Group. The Fundamental Policies also stipulates 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.

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	●		●						●
Hiroyuki Isono	●	●							●
Fumio Shindo	●		●				●		
Kazuhiko Kamada	●				●			●	
Koichi Ishida	●		●						●
Shigeki Aoki	●				●	●			
Michihiro Nara <i>Independent Outside Director</i>									●
Toshihisa Takata <i>Independent Outside Director</i>								●	
Sachiko Ai <i>Independent Outside Director</i>	●								●
Seiko Nagai <i>(Newly appointed) Independent Outside Director</i>								●	●

Independent Outside Officers

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

There are four 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

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 four Independent Outside Directors, the Chairman and the President, and the Board of Directors receives reporting from the Committee, deliberates and makes decisions.

four 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 Directors in FY2020

Category	Name	Attendance at Board of Directors meetings	Summary of statements made and duties performed with respect to expected role
Independent Outside Director	Michihiro Nara	Attended 13 of 14 meetings (92.9%)	Fulfilled the role expected of him by making statements concerning the Company's management from an independent standpoint, from an attorney's professional perspective, and based on his extensive experience and knowledge
Independent Outside Director	Toshihisa Takata	Attended 14 of 14 meetings (100%)	Fulfilled the role expected of him by making statements concerning the Company's management from an independent standpoint and based on his rich experience and wide-ranging knowledge as a diplomat
Independent Outside Director	Sachiko Ai	Attended 10 of 11 meetings (90.9%)	Fulfilled the role expected of her by making statements concerning the Company's management from an independent standpoint and based not only on her high-level expertise in the financial field but also on her wealth of knowledge of a broad range of domestic and international business trends
Independent Outside Director	Seiko Nagai <i>(Took office in June 2021)</i>	—	

†Concerning Independent Outside Director Sachiko Ai's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after her appointment on June 26, 2020.

Main activities of Independent Outside Audit & Supervisory Board Members in FY2020

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements at meetings
Independent Outside Audit & Supervisory Board Member	Makoto Katsura	Attended 14 of 14 meetings (100%)	Attended 14 of 14 meetings (100%)	Made statements based on his extensive experience and wide-ranging knowledge as a diplomat
Independent Outside Audit & Supervisory Board Member	Mikinao Kitada	Attended 14 of 14 meetings (100%)	Attended 14 of 14 meetings (100%)	Made statements based on his extensive experience and wide-ranging knowledge as a public prosecutor and attorney
Independent Outside Audit & Supervisory Board Member	Norio Henmi	Attended 10 of 10 meetings (100%)	Attended 10 of 10 meetings (100%)	Made statements based on his extensive experience and wide-ranging knowledge from attorney's professional perspective
Independent Outside Audit & Supervisory Board Member	Hidero Chimori <i>(Took office in June 2021)</i>	—	—	
Independent Outside Audit & Supervisory Board Member	Noriko Sekiguchi <i>(Took office in June 2021)</i>	—	—	

†The status of Independent Outside Audit & Supervisory Board Member Norio Henmi's attendance at Board of Directors' Meetings and Audit & Supervisory Board Meetings shown above is based on the number of such meetings held through the date he left office due to his passing away.

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.

For example, 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 FY2020 conducted in and after April 2021 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.

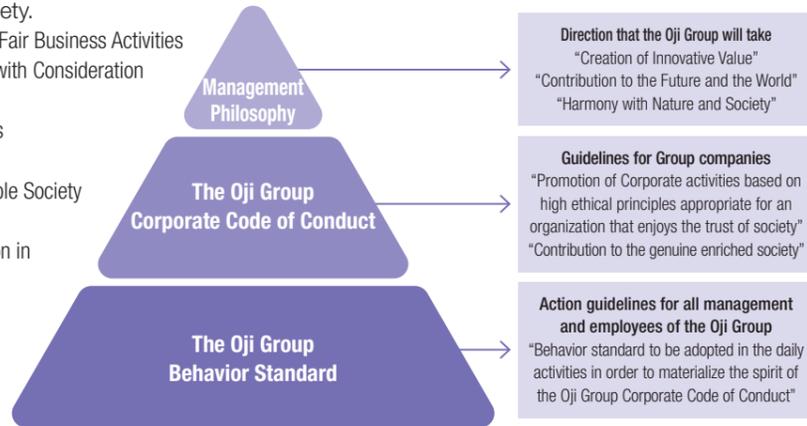
The Oji Group incorporated the principles on human rights, labor, the environment, and anticorruption of the United Nations Global Compact and established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, action guidelines for the Code, in 2004, but they were revised in FY2020 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 alteration or abolition of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard requires a resolution by the Board of Directors. With the involvement of the Board, this Code of Conduct and the Behavior Standard have been established as the standard of activities performed by all officers and employees of the Group. The 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 officers and employees of the Oji Group strive to understand the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard correctly and to practice them. If an action against them is conducted or if a violation is suspected, it must be reported or consulted with a supervisor or the compliance office of the company or worksite, or the Corporate Ethics Helpline (Group internal whistleblowing) desks.

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.

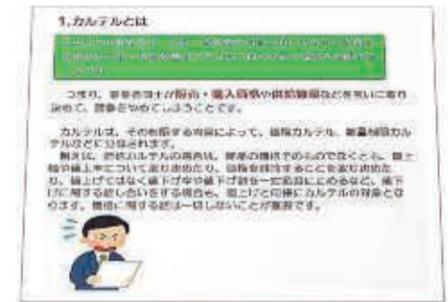
- | | | |
|--|---|---|
| <ol style="list-style-type: none"> 1 Compliance with Relevant Business Laws 2 Ensuring Safety in Business Activities 3 Practice of the Oji Group Environmental Charter 4 Acting with a Sensible Manner 5 Wholesome Relationship with Politics and Government 6 Severance of Relationships 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 Materials 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 20 Fulfillment of Responsibilities and Self-Development | <ol style="list-style-type: none"> 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.



In FY2020, we prepared unique teaching materials (see the above image) of the Antimonopoly Act e-learning for the Procurement divisions, which was prepared for the Sales divisions in the past, and 1,260 eligible employees participated in the e-learning course.

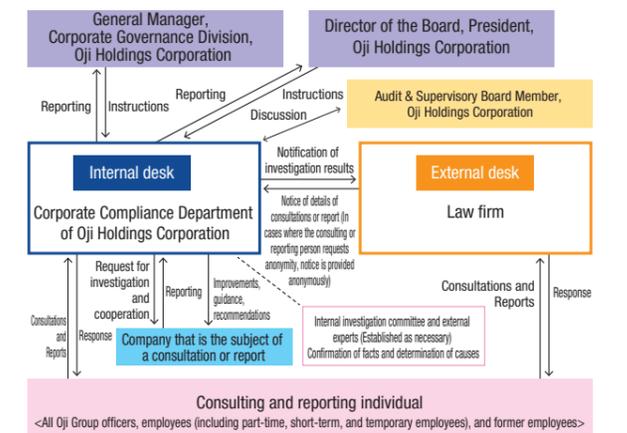
Sharing the Revised Code of Conduct and Behavior Standard and Providing Follow-up Sessions

We have distributed the booklet to officers and employees to thoroughly disseminate the contents of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard revised in October 2020. In addition, we have separately prepared teaching and explanatory materials to utilize them at a compliance meeting held at each worksite. Moreover, we translate the education materials into 12 languages for overseas employees in order to disseminate the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and encourage them to practice the Standard.

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.

(Report Notification Sheet generated with QR code can be used from April 2021 to further improve the convenience of the whistleblowing desks.)



Anti-Corruption Initiatives

The Oji Group Behavior Standard expressly provide for "wholesome relationship with politics and government" and "maintenance of an honest, wholesome relationship with business partners". In order to materialize this, we have established Group Corruption Prevention Regulations and their guidelines relating to bribery (offering and accepting benefits) and performing internal audits of bribery compliance. An internal audit of the compliance status was implemented as a stricter standard for the receipt of benefit has been imposed on domestic companies since the fiscal year started in April 2020.

Risk Management

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.

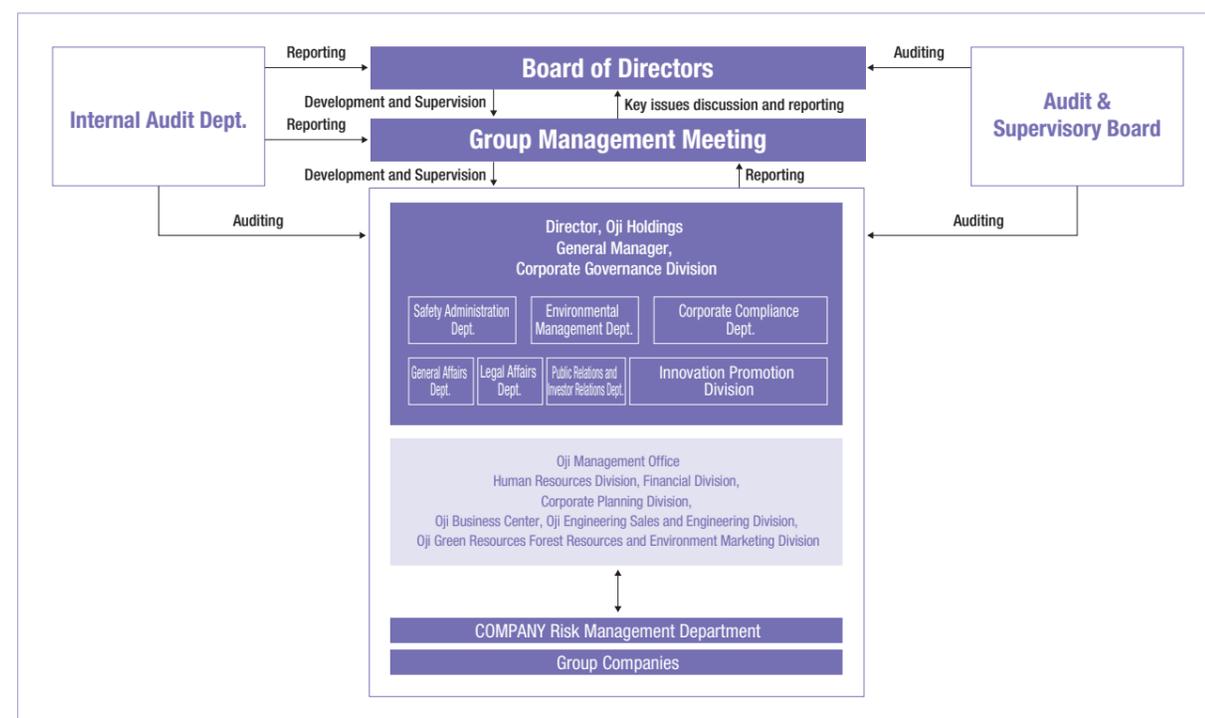
The Board of Directors supervises the enhancement and implementation of risk management. When a new

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



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. *Global maps and information indicating status of water risks in each region announced by the World Resources Institute (WRI)
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, assess risks, and monitor them to reduce risks associated with the environment, human rights, and occupational safety. (Responsible Raw Materials Procurement ➔ p. 90)

Measures for Information Security

The Oji Group positions various information obtained during its business activities as important assets required for business continuity. To strengthen our response to the ever-evolving IT environment, we have established the Group Information System Usage and Risk Management Regulations, and we have developed the promotion management system for preventing leakage of confidential information, and 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 newsletters 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.

In FY2020, we strengthened cyber security measures as the network was re-constructed, and revised regula-

Information Security Structural Diagram



tions to respond to the spread of teleworking in times of COVID-19. 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.

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.

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.

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.

Emergency Response

To ensure a prompt initial response to emergencies, we have 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.

An Essential Products Supplier that Supports Daily Life

The Oji Group supplies daily essential products in all over the world, such as tissue paper, toilet rolls, face masks and other hygiene materials as well as the corrugated containers that support logistics services, folding carton products, and printing and communication paper that conveys information. Even in times of COVID-19, while thoroughly implementing infection prevention measures, we carry on production activities to maintain social life.

Continuing Business Activities to Maintain Supply Chain under Lockdown

Malaysia acknowledges corrugated containers, disposable diapers, and printing and processing plants as a part of the supply chain of essential major industries to maintain the people's lives under lockdown. The manufacturing sites of the Oji Group in the country have been making constant efforts to continue its business operations while thoroughly implementing infection prevention measures under strict restrictions.

Also in Brazil, we have been permitted to continue its operations as an essential business amid increasing positive cases. We continue the production while minimizing impacts through not only temperature-measuring, mask wearing, disinfection, and avoiding the Three Cs (crowding, close contacts, confined spaces) but also halving the maximum number of passengers of the private commuter bus, increasing the number of buses, and coordinating the operation schedule in detail.

Preparations Against Further Spread, and Other Natural Disasters

We provide various corrugated container products, such as corrugated beds to evacuation centers, etc. for earthquakes, heavy rains, typhoons, and other natural disasters. We proposed the utilization of corrugated partition walls to the national and local governments, as they can be in urgent need of appropriate infection prevention measures in times of COVID-19. In addition, we participate in joint drills for setting up evacuation centers and support various disaster-prevention related matters.

Currently we have concluded a disaster prevention agreement with 122 local governments.



Corrugated bed

Recommendations from an External Perspective to Support Sustainable Growth

The Board of Directors at Oji Holdings is working to further enhance its governance and effectiveness by increasing the number of Independent Outside Directors and the percentage of female Directors. The four Independent Outside Directors, including a newly appointed member, got together to discuss the prospects and challenges for the sustainable growth of the Oji Group.



Michihiro Nara

Michihiro Nara was appointed as a Director at Oji Holdings in June 2014. As an attorney-at-law, he has high-level expertise and experience in the civil and commercial affairs. He is serving concurrently as an outside director at other companies as well.

Toshihisa Takata

Toshihisa Takata was appointed as a Director at Oji Holdings in June 2019. As a diplomat, he served as ambassador to New Zealand and other countries. He has extensive international experience and expertise.

Sachiko Ai

Sachiko Ai was appointed as a Director at Oji Holdings in June 2020. She has wide-ranging knowledge of business trends in Japan and overseas as well as a wealth of high-level expertise in the financial sector through her business experience at a major trust bank.

Seiko Nagai

Seiko Nagai was appointed as a Director at Oji Holdings in June 2021. After working as a manager at a major airline company, she is currently involved in education as a college professor and has high-level expertise and wide-ranging knowledge gained through customer service and educational activities. She is serving concurrently as an outside director at other companies as well.

Evolutions in the Oji Group's Governance System

Nara The appointment of Ms. Nagai has increased the number of Independent Outside Directors by one and brought the ratio of Independent Outside Directors up to one third of the 12 Directors. This expansion is based on the revision of the Corporate Governance Code, and I was surprised by the speed of this response. In recent years, the Oji Group has been increasingly aware of governance and creating a system for prompt decision-making. I feel that both are showing effects.

Takata When I joined the Board of Directors two years ago, two of the 13 Directors were Independent Outside Directors, and all were men. However, we welcomed Ms. Ai on the Board last year as the first female Independent Outside Director, followed by Ms. Nagai this year. The Board of Directors has made steady progress in terms of diversifying its membership.

Ai I believe that diversity will become more important in the future in order to overcome crisis and survive as a resilient company in a rapidly changing environment. I hope that we, members of a Board of Directors with diverse values and experience, will contribute to the sustainable growth and enhancement of corporate value of the Oji Group.

Takata With regard to the operation of the Board of Directors, I understand that all Directors are required to make active efforts while exploring the directions for what kind of discussions should be promoted to further strengthen the effectiveness of management supervision. There have been

enhancements in various types of follow up measures, such as the provision of information for us at briefings for Outside Officers. Participating in the Management Meetings as observers has also been a useful opportunity.

Nara At the same time as the enhancement of the governance system I mentioned earlier, we have seen increasing awareness of compliance and a greater sense of speed in responding to social changes. In this context, the Board of Directors has maintained the flexibility to steadily incorporate outside opinions into its operations, which has led to more active discussions. As Mr. Takata said, the briefings for Outside Officers have been functioning effectively, and participation in the Management Meetings as observers is one example showing that the opinions and requests of Outside Officers have been achieved.

Nagai I feel very honored to be a part of such positive changes and to be serving as an Independent Outside Director from this fiscal year. Based on my experience at an airline and communication with younger generations through my university teaching career, I have come to believe it is important for people with different nationalities and backgrounds to respect each other and maximize their individual strengths. I would like to provide a new perspective for the Oji Group's management and play a part in its diversity.

Ai I expect the increase in the number of female Independent Outside Directors will lead to greater diversity, which will in turn lead to more effective monitoring of management and recommendations, and more in-depth discussions at the Board of Directors meetings.

Response to the COVID-19 Pandemic and Evaluation of Progress of the Management Plan

Takata FY2020 business performance was significantly affected by the impact of the COVID-19 pandemic. However, I would like to commend the fact that, except for lockdowns overseas, there were no plant shutdowns or closures, and there were no serious defects or weaknesses in the in-house infection control measures that could have led to the occurrence of clusters. On the other hand, safety training and audits, and site inspections at production sites have been delayed in some areas due to the effects of the COVID-19 pandemic. There have also been some discussions at the Board of Directors on how to mitigate and recover from this situation.

Ai I highly commend the accurate response to the COVID-19 pandemic, which included immediately grasping the infection situation at domestic and overseas sites, ensuring the safety of employees, and controlling the impact on the production system. At the Board of Directors' meetings, I was asked to provide an objective viewpoint in order to promote the necessary initiatives in a constantly changing situation, and I made comments based on the status and speed of initiatives at other companies' overseas sites.

Nara We can say that the impact of the COVID-19 pandemic on the progress of the Medium-term Management Plan was less than expected. I recognize that steady progress is seen in all of the three fundamental policies: "Profitability Improvement of Domestic Business," "Expansion of Overseas Business," and "Promotion of Innovation." I particularly applaud the establishment of Oji Pharma Co., Ltd. as a symbol that indicates the future direction.

Ai As an Independent Outside Director, while monitoring whether the priority measures based on the three fundamental policies were being steadily implemented and whether there were any impeding factors, I made recommendations based on the various information we collected and my own experience.

In the current fiscal year, which is the final year of the plan, I will continue to make effective recommendations while paying close attention to how each of the priority measures will lead to enhancement of corporate value, with an eye on the direction of the next medium-term management plan starting in FY2022.

Takata Amid the impact of the COVID-19 pandemic and the low price of pulp, the decline in earnings for FY2020 was not as bad as it could have been. This reflects the strength of our broad business domain, overseas business expansion, and progress of integration in our production system from materials to manufactured products, as well as the contributions from our cost reduction efforts and the lower prices of raw materials. However, in the medium- to long-term, there are concerns about the further decline in demand for paper in the COVID-19 pandemic, and the Oji Group faces the need to further accelerate a shift in business structure through the Group's three fundamental management policies. In the future, I intend to participate in discussion at the Board of Directors bearing

in mind how we should implement this acceleration with a basic principle of prioritizing safety, the environment, and compliance.

Nara I would like to focus on how the thrust of Environmental Vision 2050 will be embodied in management policies and linked to contributing to the realization of a sustainable society in the next medium-term management plan.

Development of Human Resources and Workplaces as a Sustainability Strategy

Nagai In this time of uncertainty and unpredictability, the sense of security that homogeneity brings is nothing more than a mere affirmation of the status quo, and should be regarded as something that leads to decline. I believe a strong and clear message from the top about this will be the driving force behind diversity, and it will realize a sustainable company. The presence and active participation of female employees are essential elements for a company to maintain diversity. If this awareness permeates the entire company and each and every female employee gains confidence, it will lead to the development of human resources and workplaces as a sustainability strategy.

Nara Although there are two female and two male Independent Outside Directors, there are still no female inside Directors or Corporate Officers. With the need to ensure diversity in the core human resources of a company, the Oji Group must hasten the development of female executives. Of course, it will take time to develop such human resources. However, I think it is possible to identify the eligible human resources for each grade, including subsection chief, section chief, and general manager, and implement training in stages.

Ai The Diversity Promotion Committee leads the implementation of various initiatives related to active participation of diverse human resources. The results of these initiatives have been highly commended externally, and we have been selected for the second time as a "Nadeshiko Brand" rated and selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. However, as Mr. Nara said, achieving diversity in core human resources, such as further increasing the percentage of female managers, will take time, and I hope that we can continue to promote these activities.

Takata I feel that the target for the percentage of female managers (5.5% for 16 Group companies by the end of FY2024) set by the Diversity Promotion Committee is not high enough. As one future move, I would like to suggest strengthening various initiatives to promote active participation by women more than ever at Oji Nepia, which represents the BtoC business, in order to take advantage of the perspectives of ordinary people, particularly women.

For achieving diversity, the development of globally minded human resources is also an important theme. We have foreign nationals as Corporate Officers, but we need to clarify how we can further enhance a sense of belonging among personnel employed overseas and what career paths we can offer them.



Ai The Oji Group's overseas sales ratio exceeded 30%, and the number of its overseas employees is higher than in Japan. Looking ahead, the results achieved by local management will be the key to enhancing corporate value. Ease of work for local employees can be described as the prerequisite in the Oji Group's overseas expansion, which requires technical and sales capabilities. The key to this is developing human resources with communication and foreign language skills that will help to create a positive workplace environment.

Ensuring health and safety and employee satisfaction are issues that must always be addressed in creating a workplace. New work styles such as telecommuting and flex-time, which have expanded in the COVID-19 environment, can be expected to provide a safe, efficient, and attractive working environment.

Message to Stakeholders

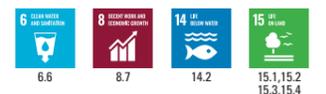
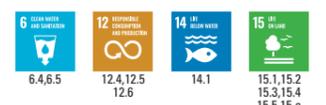
Takata The Oji Group is committed to and capable of realizing a sustainable society. We hope you look forward to our future as a company committed to coexisting with society, which includes all stakeholders. We would particularly like the younger generation to understand that we have good qualities as a global enterprise.

Nagai I view the Oji Group as a corporate group that contributes to society by operating environmentally friendly businesses on a global scale. From now on, I would like to join forces with our diverse employees to greatly develop the Group's corporate activities and contribute to society.

Ai In line with its slogan "Beyond the Boundaries," the Oji Group aims for growth through the operation of diverse businesses on a global scale. At present, we are working to overcome the effects of the COVID-19 pandemic, recover our business performance, and return to a growth trajectory. At the same time, we are steadily promoting innovation such as the development of next-generation materials for the future. The stakeholders should look forward to the Group's next moves unfettered by "boundaries".

Nara The Oji Group, which owns forests and water, is inextricably linked with the SDGs through its business activities and cannot survive without harmony with nature and society. For this reason, we recognize that environmental issues are of utmost importance in the Group's management and prioritize them as a condition for our own survival. We hope that all of our stakeholders will pay attention to our stance and efforts, and we look forward to your further support and patronage.

Material Issues (ESG) and KPI

Material issues (ESG)	Qualitative targets	Key performance indicators (KPIs) (Unless otherwise specified, until 2030)	Current value ¹ (Unless otherwise specified, as of the end of March 2021)	Major initiatives	Value provided to society	Corresponding SDGs	Reference pages
Mitigation and adaptation to climate change	<ul style="list-style-type: none"> Reduce GHG emissions Maintain and expand CO₂ absorption and fixation through forest conservation Increasing in the usage of renewable energy Improving in energy efficiency 	<ul style="list-style-type: none"> Reduce GHG emissions by at least 70% or more compared to FY2018 The actual of carbon stocks in living biomass² expanded to at least 170,000kt-CO₂ (calculated value) Renewable energy usage rate of at least 60% through reduction coal consumption Energy consumption intensity at least 1% per year for the 5-year average 	<ul style="list-style-type: none"> GHG emissions reduced by 4.8% The actual of carbon stocks in living biomass : 129,000kt-CO₂ Renewable energy usage rate: 54% A two-year (2019 and 2020) average for energy consumption intensity of +0.1% 	<ul style="list-style-type: none"> Reduce GHG emissions 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 usage of renewable energy Improve in energy efficiency Enhancement of eco-friendly technologies 		P35-38 P83-86
Sustainable forest management (forest recycling)	<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 acquisition³ (maintain the domestic rate at 100%) 	<ul style="list-style-type: none"> 260,000 ha of overseas forest plantations (130,000 ha of conservation forests) Forest certification acquisition rate of own production forests: [Japan] 100% [Overseas] 91% 	<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"> Conservation of biodiversity and ecosystem Job creation Employment, education, and medical support 		P39-40 P87-89
Responsible raw materials procurement	<ul style="list-style-type: none"> Promote CSR procurement, taking into consideration the environment and society following the Oji Group Partnership Procurement Policy and the Wood Raw Material Procurement Guidelines 	—	—	<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.) 	<ul style="list-style-type: none"> Responsible production and consumption forms Protection of the rights of workers and reduction of environmental burdens throughout the entire supply chain 		P90-91
Reduction of environmental burdens (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 for substances of environmental concern in wastewater by 15% from FY2018 Reduce SOx emissions intensity in exhaust gases by 15% from FY2018 Improve the effective waste utilization ratio⁴ at least 99% [Japan] and 95%[overseas] 	<ul style="list-style-type: none"> Percent changes from the base year (FY2018) in emissions per net sales BOD: +9.9%, COD: +7.5%, SS: +0.8% SOx emissions per net sales : -1.3% compared to FY2018 Effective waste utilization ratios : 98.8% [Japan], 89.4% [overseas] 	<ul style="list-style-type: none"> Set voluntary management values 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 		P92-93
Effective resource utilization (paper and water recycling)	<ul style="list-style-type: none"> Improve the recovered paper utilization ratio Reduce water consumption intensity 	<ul style="list-style-type: none"> Recovered paper utilization ratio⁵: At least 70% (Japan) Reduce water consumption intensity⁶ at least 6% compared to FY2018 	<ul style="list-style-type: none"> Recovered paper utilization ratio: 68.5% Water consumption intensity: +22.8% compared to FY2018 	<ul style="list-style-type: none"> Paper recycling (Improve the recovered paper usage 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 		P94-96
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) 	<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 values Provide customers with information on safety of raw materials (chemicals, materials) Supply of FSCTM certified products (FSCTM C014119, etc.) 	<ul style="list-style-type: none"> Supply of safe and secure products Reduction of environmental burdens Dissemination of eco-friendly technologies to developing countries 		P97
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% 	<ul style="list-style-type: none"> Attendance for education and training in human rights as part of target training: 100% (8 times in total, 165 participants) 	<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 		P101
Ensuring workplace safety and health	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents Reduce Lost Time Injury Frequency Rate Reinforce safety management systems, safety risk management systems, and safety education 	<ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents¹⁰ (each fiscal year) Lost Time Injury Frequency Rate¹¹ 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: 0.80 (consolidated companies) (January 1 to December 31, 2020) 	<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 		P98-100
Inclusion & diversity	<ul style="list-style-type: none"> Raise the percentage of female managers Raise the employment rate of people with disabilities 	<ul style="list-style-type: none"> Percentage of female managers⁷: 5.5% [Japan] (End of March 2025) Percentage of the employment rate of people with disabilities⁸: 2.3% [Japan] (June 2022) 	<ul style="list-style-type: none"> Percentage of female managers: 3.6% [Japan] (16 Oji Group companies) Percentage of the employment rate of people with disabilities: Applied to six Group companies⁹: 2.3% [Japan] Across entire Group: 2.0% [Japan] (June 2021) 	<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 		P102-105

¹ Unless otherwise specified, Japanese and overseas consolidated companies

² The actual of carbon stocks in living biomass(CO₂ tons)
(Production forest)=Actual merchantable volume at the end of FY2020 x Biomass expansion coefficient x (1+underground / above-ground ratio) x Wood density x Carbon ratio x CO₂ conversion coefficient.
(Conservation forest)=Remaining area at the end of FY2020 x above-ground biomass of natural forest x (1+underground / above-ground ratio) x carbon ratio x CO₂ conversion coefficient.

³ [Japan and overseas] Forest certification acquisition rate = Certification acquisition area (ha) ÷ own production forest areas (ha)

⁴ Effective waste utilization ratio = (Amount of waste generated - Amount of landfill waste) ÷ Amount of waste generated × 100

⁵ 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)

⁶ Water consumption intensity = (Water intake - Wastewater) ÷ Net sales

⁷ Percentage of female managers = Number of female managers ÷ Number of all managers

⁸ Percentage of the employment rate of people with disabilities(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)

⁹ Applies to six Group companies: Oji Holdings, Oji Nepia, Oji Imaging Media, Oji Paper, Oji Management Office, and Oji Clean Mate

¹⁰ Serious accidents: The Oji Group considers accidents of Class 3 or higher of Appended Table of the Enforcement Regulation of the Workers' Accident Compensation Insurance Act to be serious accidents.

¹¹ Lost Time Injury Frequency Rate

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

(2) LTIFR = (the number of lost time injuries ÷ total working hours) × 1,000,000

Lost time injuries (LT) is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more.

(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.

The Task Force on Climate-related Financial Disclosures (TCFD) is a task force established by the Financial Stability Board at the request of the G20 to reduce the risk of financial market instability related to climate change.

The transition to a low-carbon society in combating climate change will bring significant and major changes to the business community. TCFD announced its final recommendations in June 2017, encouraging companies to understand and disclose risks and opportunities in the interests of stabilizing finances and preventing loss of asset value.

The Oji Group announced its support for TCFD in December 2020 and is working to strengthen its disclosures in line with the TCFD recommendations.



Governance

- The Environmental management department of Oji Holdings acts and reports to the director in charge of environmental management on climate change issues (GHG emissions reduction, forest area expansion for CO₂ absorption and fixation, etc.) as a secretariat of the Project Team on Climate Change.
- The environmental management officer brings up these matters at the Group Management Meetings and Board of Directors meetings.
- Investment decisions related to decarbonization are made at the Group Management Meeting.



- The Environmental Management Department manages overall environmental risks, including climate change, for the entire Group.

Risk Management

- Based on the Basic Regulations for Group Risk Management, the categorized risks that cause uncertainty and economic loss in Oji Group business activities are addressed by each department under which the risk falls to manage risk across the whole Group.

Indicators and Targets

- In September 2020, the Oji Group established its Environmental Vision 2050 with “net-zero carbon by 2050” as a pillar, setting a milestone of a 70% reduction by 2030 (using FY2018 as the base year).
- To increase the probability, we have organized a project team for working on GHG emissions reduction and expanding CO₂ absorption and fixation by sustainable forest management. And also, we are working on the development of biomass raw materials and materials as a plastic alternative, water treatment applying paper manufacturing technology, and biomass power generation projects.

Indicators and Targets for Scope 1 and Scope 2

Scope 1 + 2

A 70% reduction by 2030 and net zero by 2050*

Coal-fired power generation

Zero coal-fired power generation by 2050

*Applying to consolidated companies as the base year FY2018. Both 2030 and 2050 targets include CO₂ absorption and fixation by forest

Risks and Opportunities of Climate Change

Scenario Analysis

For the scenario analysis, the Environmental Management Department organized the identified key risks and opportunities for the Oji Group into transition risks based on the 2°C scenario¹ and physical risks based on the 4°C scenario¹.

¹ References: IPCC RCP 2.6 and IEA 2DS for 2°C scenario, and IPCC RCP 8.5 for 4°C scenario

With respect to transition risks due to policies and laws such as a carbon tax and emissions trading systems, we recognize that the impact of such risks to the business will be limited even with ongoing implementation of thorough energy conservation, promotion of the introduction of non-fossil fuels such as biomass and waste, and expansion of CO₂ absorption and fixation by forests owned by the Group. In addition, with respect to risks to market and reputation due to the use of fossil fuels, we recognize that the impact to business will be small due to promoting zero coal-fired power generation by FY2050 and improving the renewable energy ratio by switching from fossil fuels to non-fossil fuels.

In terms of physical risks, flood damage and extreme dryness due to intensified extreme weather will continue to be addressed via ongoing formulation of a BCP² and continued practice of BCM², while also diversifying raw material procurement and taking flood damage countermeasures at our manufacturing facilities to reduce business impacts.

² BCP = Business Continuity Plan; BCM = Business Continuity Management

Risk Assessment

Category	Type of risk	Details of risk	
Transition risks	Policies, laws and regulations	Strengthened regulations for GHG emissions	• Cost increases will be limited due to the introduction of emission trading systems that will result in CO ₂ credits for the Oji Group-owned forests.
		Enhanced promotion of the use of electricity from renewable energy sources	• Increase in levies
		Increasing fossil fuel prices	• Purchase of electricity that comes with renewable energy certificates
	Markets	Increasing consumer interest in low-carbon products and services	• Strengthening of carbon taxes in each country and expansion of introductions of carbon taxes
Physical risks	Short-term	Increasing severity of extreme weather events	• Expanding investor withdrawal of investments in companies that consume fossil fuels
		Changes in precipitation and weather patterns, and rising average temperatures	• Boycott of products and services that use fossil fuels
Physical risks	Long-term	Increasing severity of extreme weather events	• Difficulty obtaining financing due to changes in the evaluation of company attitudes toward climate change
		Changes in precipitation and weather patterns, and rising average temperatures	• Disruptions in the functioning of infrastructure networks, such as electricity and water supply, and critical services

Risk Strategies and Responses

Type of risk	Strategies and responses
Strengthened regulations for GHG emissions	• Energy conservation and optimal operation of in-house power generation facilities • Optimized use of fossil fuel and purchased electricity • Expanded use of non-fossil energy such as biomass, hydroelectric power generation, and waste materials • Fuel conversion from fossil fuels to renewable energy, etc., and thoroughness and enhancement of energy conservation
Enhanced promotion of the use of electricity from renewable energy sources	
Increased fossil fuel prices	
Increased consumer interest in low-carbon products and services	• Further promotion of resource-circulation business model • Dissemination of information on the status of sustainable forest management and sustainable procurement policies
Negative feedback from stakeholders	• Promotion of environmental education for young people in collaboration with environmental NPOs and other external organizations
Increasing severity of extreme weather events	• Ensuring business continuity by formulating a BCP • Implementation of similar disaster prevention measures through the horizontal deployment of disaster information to ensure a prepared system and business continuity in the case of a natural disaster • Stabilize procurement by diversifying raw material suppliers and transportation methods
Changes in precipitation and weather patterns, and rising average temperatures	• Stabilize procurement by diversifying major raw material suppliers • Securing procured amounts of raw materials by promoting afforestation • For afforestation, selection of tree species suitable to the area and the climate

Opportunities

Category	Types of opportunities	Awareness of business environment	Strategies and countermeasures
Resource efficiency	Effective resource utilization	• Increasing demand for clean water in areas of high water risk	• Effective use of water resources cultivated through the paper manufacturing business and expansion of the water treatment business • Enter the water treatment business for the production of water for daily use.
	Reduce water use and consumption		
Energy sources	Expansion of non-fossil energy use	• Increase profits by expanding the renewable energy power business • Contribution to realizing a sustainable society	• Expanding renewable energy power business such as biomass power generation and hydroelectric power generation • Reduction of energy costs and environmental impacts by using waste energy such as wood residue, bark, RPF, etc.
	Changes in consumer preferences	• Response to social issues by providing environmentally friendly materials	• Development of biomass plastics from carbon-neutral biomass • Development of biomass plastic materials as an alternative to fossil-based plastic packaging
Development of biomass plastics made from carbon-neutral biomass			
Products and services	Carbon credits	• Forest conservation through measures to revitalize the forestry industry • Creation and trading of carbon credits from forest CO ₂ absorption	• Forest conservation in collaboration with local forestry associations based on the operation policies of the national and local governments • Maintaining and improving afforestation productivity by enhanced operational efficiency, improving tree yields from afforestation, and conserving environmental forests in afforested areas.
	Expanded trading markets		
Markets	Expanded use of forest resources	• Securing forest resources to produce carbon-neutral materials • Contribution to climate change mitigation through CO ₂ absorption	• Promotion of afforestation, expansion of CO ₂ absorption and fixation through forest conservation, and creation of employment and industry in afforested areas • Practicing sustainable forest management by using internationally-recognized forest certification systems • Protecting and nurturing rare animals and plants, disseminating information on the Oji Forest Nature School, etc.
	Expanded use of forest resources		

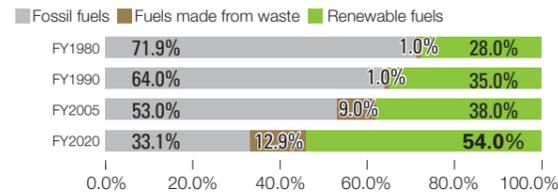
As the climate change issue becomes more serious, we recognize that reducing GHG emissions is an urgent issue and are working to reduce GHG emissions by conserving energy and utilizing non-fossil fuels (renewable fuels and fuels made from waste).

Efforts to Reduce GHG Emissions (Scope 1 + 2)

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 54.0% in FY2020.

Changes in Fuel Composition Ratio



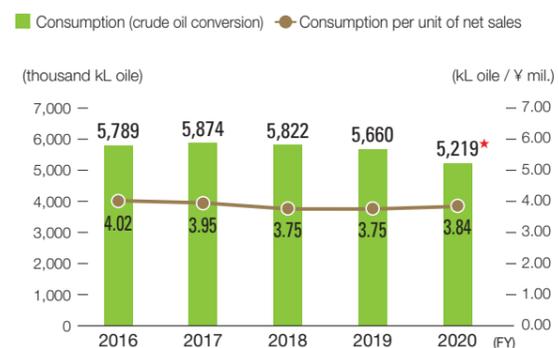
- *1 **Renewable fuels:** Organic energy and resources derived from renewable biological sources (such as wood) except for fossil resources.
- *2 **Black liquor (black vegetative waste fluid):** Black vegetative waste fluid that remains after removing wood fibers in woodchips in the process of making 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 (recovered paper) that is difficult to recycle.

Reduction of Energy Consumption⁵

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 move forward thorough energy conservation and production efficiency improvement.

Energy Consumption* and Intensity



- * A star mark indicates that FY2020 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) The total includes business sites of consolidated companies, but excludes nonproduction sites (primarily headquarters, sales offices, and other sites that perform managerial and administrative work as well sites where GHG and environmental impacts are extremely low).
 - (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 report are used.

Contributions through the Energy Business

In the Energy Business utilizing renewable fuels, we sold 1,074 million kWh/year of electricity in FY2020 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 478 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:

478 thousand t-CO₂ (FY2020)

*6 Power emission factor: 0.445t-CO₂/Mwh, a value published on January 7, 2021 by Ministry of the Environment and Ministry of Economy, Trade and Industry

Renewable fuel ratio:
54.0%
(FY2020)

Japan's target for its renewable energy ratio by 2030⁴:
Around 36-38%

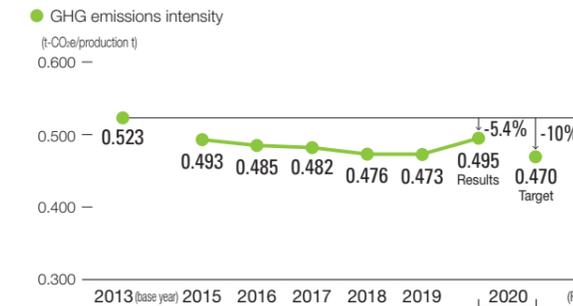
*4 6th Basic Energy Plan (draft) announced July 21, 2021

Oji Group Energy Consumption
Compared to FY2018 -10.4%

The Oji Group GHG emissions

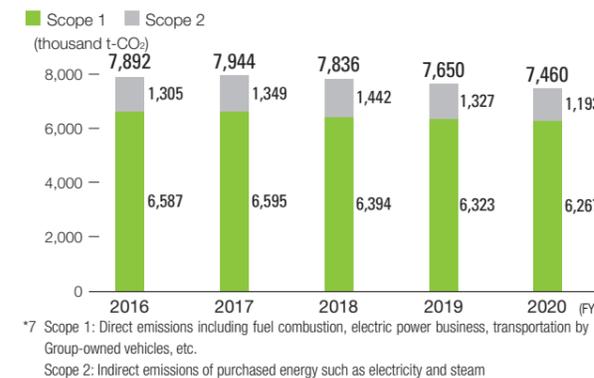
The Japanese government's target until the last fiscal year of reducing GHG emissions by 26% in FY2030 compared to FY2013 is equivalent to a 10% reduction in FY2020. The reduction in GHG emissions per ton of products, which was formulated based on that target, was -5.4% compared to FY2013. Going forward, we will step up efforts to achieve the GHG emissions reduction target (Scope 1 + 2) in the Group's new Environmental Action Program 2030.

GHG emission intensity accompanying product manufacturing



The Oji Group GHG emission intensity
Compared to FY2013 -5.4%
(FY2020)

GHG emissions^{7*}



- * A star mark indicates that FY2020 figures for GHG emission volume have been assured by KPMG AZSA Sustainability Co., Ltd.
- (1) The total includes business sites of consolidated companies, but excludes nonproduction sites (primarily headquarters, sales offices, and other sites that perform managerial and administrative work as well sites where GHG and environmental impacts are extremely low).
- (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-published 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 report are used.

Efforts to Reduce GHG Emissions Volumes (Scope 3)

Measures in the Logistic Division

Oji Rikuun, which is in charge of land transportation of the Oji Group, 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, we will work on further 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.

The Oji Group's GHG emissions in upstream and downstream logistics⁸
Compared to FY2018: -11%
(FY2020: 363 thousand t-CO₂e)

*8 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's GHG emissions accompanying raw material manufacturing⁹
Compared to FY2018: -12.6%
(FY2020: 3,430 thousand t-CO₂e)*

*9 Scope 3 Category 1 (GHG emissions from 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)."

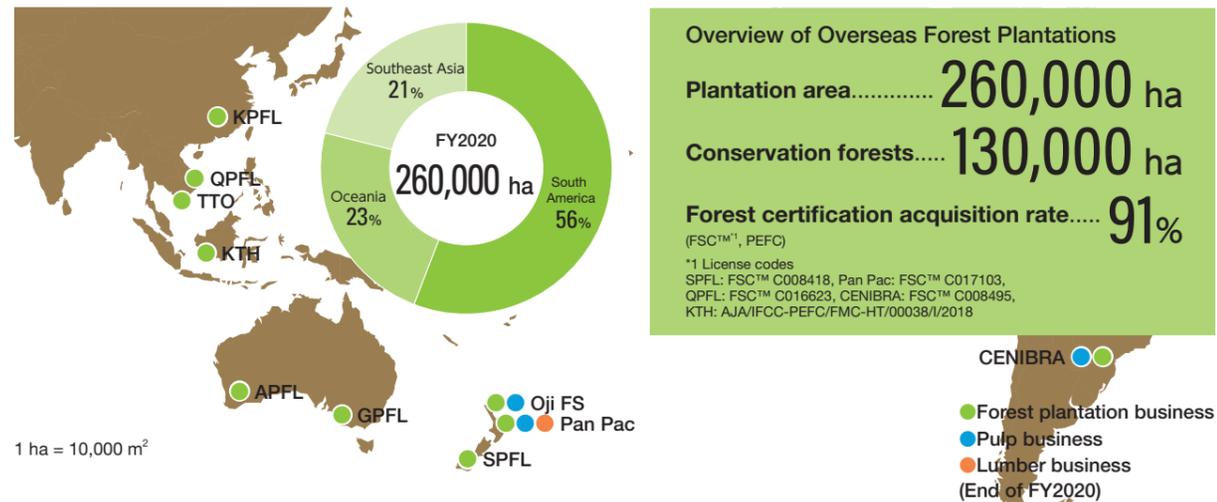
* A star mark indicates that FY2020 figure has been assured by KPMG AZSA Sustainability Co., Ltd.

Environment Sustainable Forest Management (Forest Recycling)

The Oji Group maintains and manages a total of 450,000 ha of production forests (an area twice the size of Tokyo), including 260,000 ha of forest plantations overseas and 190,000 ha 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, such as the cellulose nanofiber (CNF) and biomass plastics currently under development.

The Group spends approximately 10.5 billion yen annually for ongoing forest management in order to practice sustainable forest management.

Overview of the Overseas Forest Plantation Business



The Oji Group owns 260,000 ha of forest plantations, primarily in Brazil, Oceania, 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.

Overview of Company-Owned Forests in Japan

The Oji Group owns around 190,000 ha of forests in approximately 650 locations throughout Japan, extending from Hokkaido to Kyushu. We have obtained SGEF forest certification for our company-owned forests with the exception of shared forests², clearing stringent third-party standards and engaging in sustainable forest management.

²A plantation on land owned by another party but to which the Oji Group holds rights.



Drone Carrying Seedlings

We purchased two seedling transport drones named "Morito" and began using them in company-owned forests in Hokkaido. Using a drone eliminates the labor of repeatedly carrying heavy seedlings to the planting site, which helps save labor and speed up planting work.



Planting Early-maturing Chinese Fir

In our company-owned forest in Kami-Inako (Shizuoka Prefecture), Chinese fir (native to China and brought to Japan in the late Edo Period) was planted on a trial basis.

Chinese fir has promise because it:

1. Grows twice as fast as Japanese cedar,
2. Has greater material strength than Japanese cedar,
3. Can be coppiced (put out new shoots from stumps), making reforestation unnecessary, and
4. Should reduce weeding and tending costs, etc. because of its fast growth.



Courtesy of the Forest Tree Breeding Center, Forestry and Forest Products Research Institute

The Oji Group grows trees based on the philosophy "those who use trees have the responsibility to plant trees," and has therefore cared for forests, holding 190,000 ha in Japan and 390,000 ha overseas (of which 260,000 is forest plantation).

Our Environmental Action Program 2030 states a goal of having 400,000 ha of overseas forest plantation.

The work of nurturing forests requires steady effort, but the Group applies the technology and know-how accumulated over many years to appropriately maintain and manage forest plantations as well as the accompanying conservation forests, while expanding the area held.

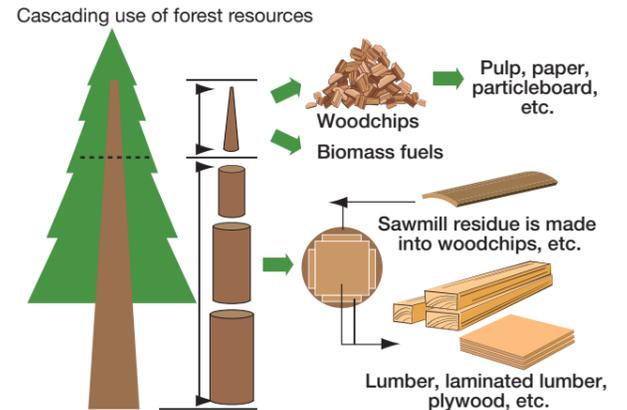
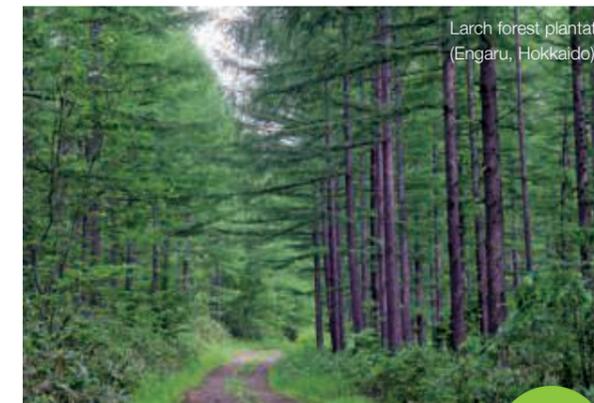
The Oji Group will continue to contribute to addressing climate change issues through CO₂ absorption and maintain biodiversity through practicing and expanding sustainable forest management in consideration of harmony with the environment.



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

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.



We have planted around 14,000 ha 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.

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.



Initiatives for Conservation of Biodiversity

The Oji Group has set a goal of conserving biodiversity in its Environmental Vision 2050 and Environmental Action Program 2030. We promote ecosystem-friendly forest management, the protection and cultivation of rare animals and plants, and have established and implemented a policy for research and development of biodegradable and biomass materials to maintain ecosystems.

Environmental Vision 2050 → <https://ojiholdings.disclosure.site/en/themes/191/>

Environmental Action Program 2030 → <https://ojiholdings.disclosure.site/en/themes/150/>

The Oji Group engages in activities for protecting and nurturing endangered species, maintaining and 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 ha 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 ha 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 250,000-ha forest plantation, of which 100,000 ha are forest reserve areas. In the forest reserve areas, in accordance with the Brazilian Forest Law, natural forests and vegetation around rivers and lakes, including water sources, are left unharvested to preserve biodiversity. In cases where natural forest in a forest reserve area is lost due to fire, etc., the company plants indigenous species of trees so that the environment can recover (restoration of natural forest).

The symbol of the company's biodiversity initiatives is the Macedonia Farm, a 560-ha 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 several other 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 ha of company-owned forest, which is adjacent to the fairy pitta sanctuary of the organization.

Protection and Nurturing of Endangered Species

Category	Common name	Scientific name	Classification
Endangered (EN) IB	Itou	<i>Hucho perryi</i>	Fish
Endangered (EN) IB	Fairy pitta	<i>Pitta brachyura nympha</i>	Bird
Endangered (IUCN 3.1)	Mutum	<i>Crax blumembachii</i>	Bird
Vulnerable (IUCN 3.1)	Kiwi	<i>Apteryx mantelli</i>	Bird

Ministry of the Environment Red List categories

→ <https://www.env.go.jp/nature/kisho/hozen/redlist/rank.html>

IUNC Red List → <https://www.iucnredlist.org>



Kiwi

Itou

(Photo provided by Yo Chirai)

Mutum

Fairy pitta

(Photo provided by Ecosystem Trust Society)

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.

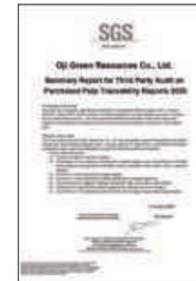
The Oji Group Partnership Procurement Policy (established in 2007 and revised in 2012 and 2018*)

→ <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.



A third-party audit report on traceability reports

Procurement of Chemicals and Materials

The Group confirms the safety during the selection phase of procurement, through the following two systems.

Pre-use Evaluation System

When considering the use of a new chemical, 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 chemicals in use and confirms their safety.

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

Supply Chain Management

Supply Chain Management Structure

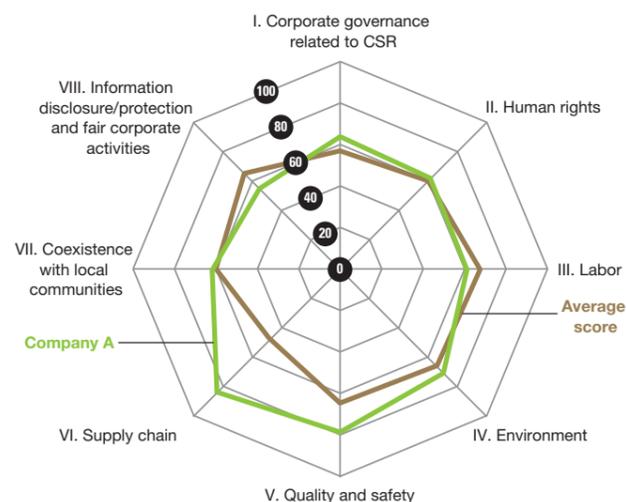
The Forest Certification System Implementation Committee, chaired by the Director responsible for raw material procurement, meets twice a year. It shares environmental and social issues related to the supply chain, discusses and implements improvement measures.

Supplier Risk Assessment

The Oji Group has around 3,000 suppliers in Japan and overseas. A risk assessment survey covering eight items such as Governance, Human Rights, Labor and Environment has been conducted since FY2019. In FY2020, a survey targeting pulp, recovered paper, and corrugated base paper suppliers was conducted.

Survey results were organized into radar charts (figure on right), etc. with feedback provided to each supplier to request continuous improvement.

We plan to carry out risk assessments of approximately 3,000 Oji Group suppliers (wood chips, fuels, chemicals, etc.) by FY2023, and will continue to carry out risk assessments and risk reductions.



Examples of Risk Assessment and Monitoring of Wood Suppliers



Interviewing a local supplier



Inspecting a forest with a local supplier

New suppliers

Due diligence for new suppliers (risk assessment)

- Confirming supplier's general information in documents
- 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)
- Checking suppliers for a certificate for compliance with legal regulations

New suppliers are selected if they are deemed low risk as a result of the due diligence.

Existing suppliers

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

Environment Reduction of Environmental Burdens

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 voluntary 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.

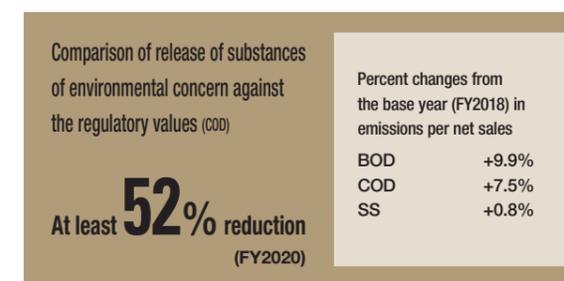
We are also working on effective utilization of resources, promoting effective use of water resources and waste.

Reduction of Environmental Burdens

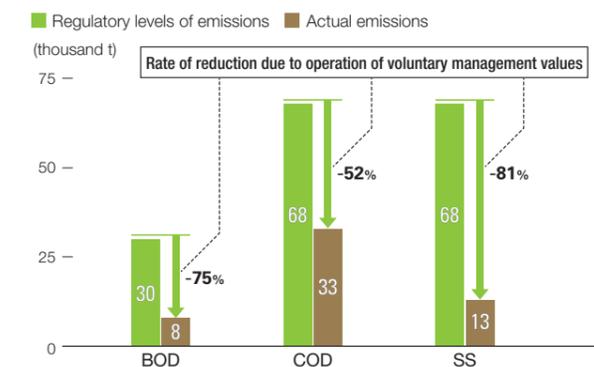
Purification of Wastewater

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

For example, COD emissions for substances of environmental concern¹ in wastewater have been reduced by at least 52% compared to the emissions in keeping with the regulatory values. We are working to purify the wastewater.



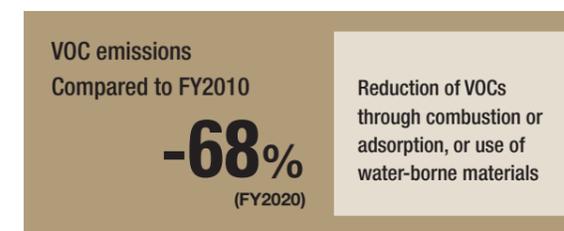
Release of Substances of Environmental Concern in FY2020 (Wastewater)



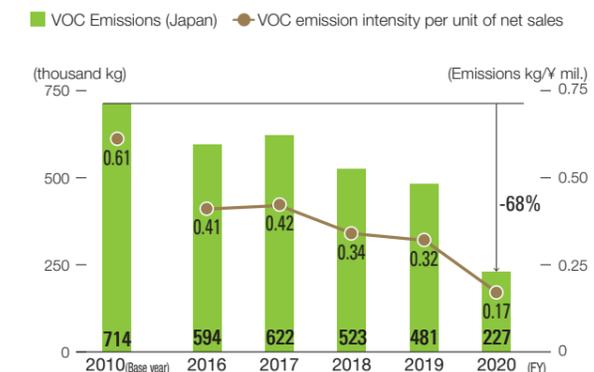
¹ BOD (Biochemical oxygen demand)
The amount of oxygen consumed when organic matter is broken down by aerobic microorganisms. The most widely used indicator of pollution. When BOD is high, foul odors, etc. begin to be produced.
COD (Chemical oxygen demand)
The amount of oxygen required as calculated from the amount of oxidant that is consumed when organic matter is oxidized.
SS (Suspended solids)
The amount of particulates (1–2 mm in diameter) suspended in water.

Purification of Exhaust Gases

In terms of exhaust gases, we are working to maintain emissions of VOC (volatile organic compounds)² at or below their levels in FY2010, which is a guideline presented by the Japan Paper Association. In addition, we manage SOx (sulfur oxides)³ and other compounds using voluntary management values.



VOC Emissions*



* A star mark indicates that FY2020 VOC emission 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.
(4) The decrease for FY2020 compared to FY2019 includes the impacts of the sale of domestic Group companies.

² A general term for a wide variety of organic compounds that are volatile and become gaseous in the atmosphere, including substances such as toluene, xylene, and ethyl acetate.

³ A general term for sulfur oxides, including sulfur monoxide (SO), sulfur dioxide (sulfurous acid gas) (SO₂), sulfur trioxide (SO₃) and more.

Water Resources

Water Intake and Wastewater

We are working to reduce environmental burdens caused by the depletion of water resources by purifying water resources after using them in the manufacturing processes and returning about 95% of our water intake to rivers, oceans, etc.

	FY2018	FY2020	vs FY2018 (%)
Water intake (million m ³)	740	706	95.4
Wastewater (million m ³)	708	672	94.8
Consumption (million m ³)	32	34	107.6

Water Intake* and Intensity

Water intake Water intake per unit of net sales



	FY2016	FY2017	FY2018	FY2019	FY2020
Surface water (rivers, lakes, ponds) (million m ³)	487	487	488	483	477
Groundwater (million m ³)	150	150	151	147	128
Third-party organizations (million m ³)	106	107	101	107	101

Effective Use of Waste

Effective Waste Utilization Ratios

The effective waste utilization ratios* rose by 0.5% in Japan and declined by 0.2% overseas from the base year (FY2018) levels.

Going forward, we will continue to work for the reduction of environmental burdens by promoting the recovery and reuse of raw materials from water used in manufacturing processes, and effectively utilizing the ash resulting from burning fuel for electricity and heat in production processes for applications such as roadbed materials.

	Base year (FY2018)	FY2019	FY2020	Compared to the base year
Japan (%)	98.3	98.4	98.8	Up 0.5%
Overseas (%)	89.6	88.5	89.4	Down 0.2%

Effective waste utilization ratios
Compared to the Base Year (FY2018)

<p>Japan</p> <p>Up 0.5% (FY2020)</p>	<p>Overseas</p> <p>Down 0.2% (FY2020)</p>
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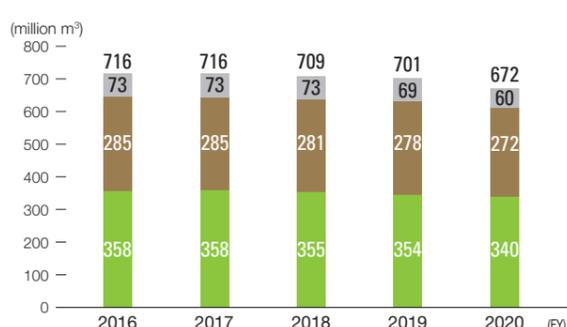
Water intake reduction

Compared to FY2018

-4.6%
(FY2020)

Wastewater* and Destinations

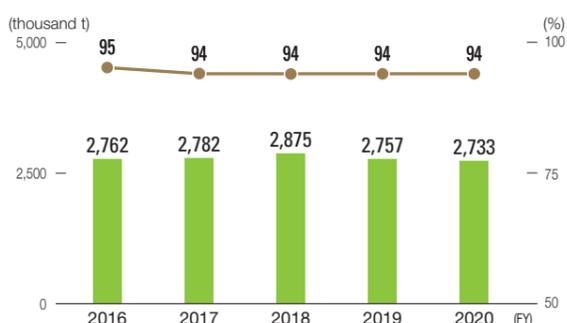
Sea Rivers, lakes, ponds, groundwater Sewer



* A star mark indicates that FY2020 figures for the total amounts of water intake and 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.

Volume of Waste Generated* and Utilization Ratios

Volume of waste generated Effective utilization rate



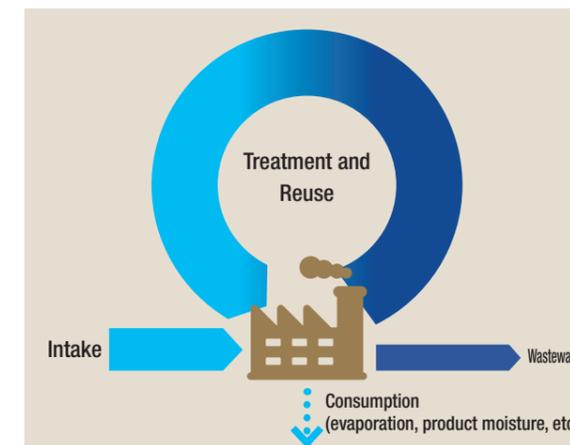
* A star mark indicates that FY2020 figure has been assured by KPMG AZSA Sustainability Co., Ltd.
 (1) Business sites of consolidated companies are included in the total, but nonproduction sites are excluded.
 (2) The volume of waste generated includes valuable materials (general waste is not included).
 *Effective waste utilization ratio = (Amount of waste generated – Amount of landfill waste) ÷ Amount of waste generated × 100

Water Consumption Reduction and Water Recycling

Paper and pulp manufacturing requires large amounts of water, but the Oji Group has reduced water consumption^{*1} by improving operations, and treating and reusing (recycling) the water it uses to reduce water intake.

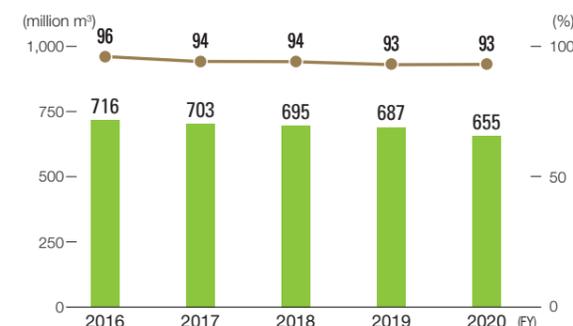
*1 Water consumption that does not return to rivers or the sea due to evaporation during the manufacturing process or product moisture
 Water consumption = Intake – Wastewater

At paper mills, we maintain a recycling rate of 93%, using water without waste through water cascades for water intake and recycling. For paper manufacturing, we also recover the raw materials (fine fibers, etc.) from the water used to dilute pulp and reuse them.



Recycled Water Volume and Water Recycling Rates

Recycled water volume Water recycling rate



Water recycling rate^{*2}

93%
(FY2020)

*2 The water recycling rate refers to the volume of water recycled, divided by the water intake.

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. After undergoing various treatment processes, this water is all used as recycled water^{*3} within the Economic & Technological Development Zone.

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



Environment Effective Resource Utilization (Paper Recycling)

While IT is growing more common in all aspects of our lives, the use of certain kinds of paper is shifting to a paperless format, but there is also growing demand for paper as an alternative material to reduce plastic waste and reduce the use of plastic, which has become a global problem. It can therefore be said that the importance of paper is growing. This is because it is a material with a high recycling rate, with approximately 60% of the raw material used for paper being recovered paper.

To further improve the high recycling rate, a superior feature of paper, the Oji Group will not only take direct initiatives such as promoting the use of all kinds of recovered paper, but also strive to expand paper recycling from a broader perspective through efforts to maintain a sound recovered paper recycling system by setting appropriate recovered paper prices, global recovered paper utilization, etc.

Recovered Paper Use Results

The Oji Group uses approximately 3.80 million tons of recovered paper each year, the largest amount and about 24% of the 15.70 million tons of total recovered paper use in Japan. The breakdown of recovered paper use is as follows: about 51% old corrugated containers, about 21% old magazines, and about 18% old newspaper. In addition, recovered paper utilization ratio^{*1} in FY2020 was 68.5%, an increase of 6.1 points in the past 10 years as a result of various efforts to use recovered paper as a resource.

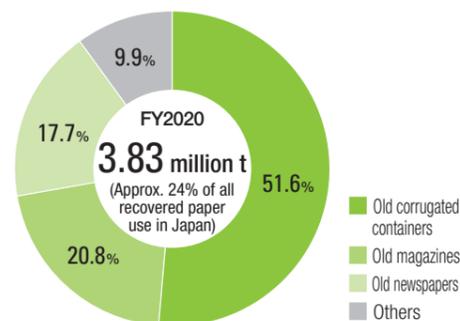
In FY2019, the Oji Group achieved the Japan Paper Association's target of "a recovered paper utilization ratio of 65% by FY2020". From FY2021, we have established our Environmental Action Program 2030 and are working to further expand the use of recovered paper with the aim of achieving a recovered paper utilization ratio of 70% or more (in Japan).

^{*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)

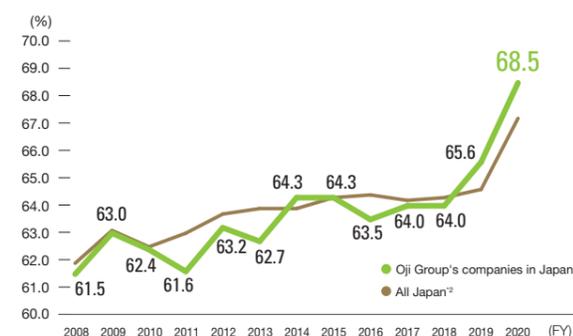


Collection of recovered paper from households

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, and an awareness campaign on paper recycling in cooperation with recovered paper wholesalers as suppliers, 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 recovered paper wholesalers, which play a central role in recovered paper logistics, and Paper Recycling Promotion Center, 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.



Difficult-to-process recovered paper (paper tubes)



Confidential document processing facility (Oji Materia Edogawa Mill)

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 dissolves the documents in fully secure facilities for use as a raw material.

Promotion of Global Recovered Paper Recycling

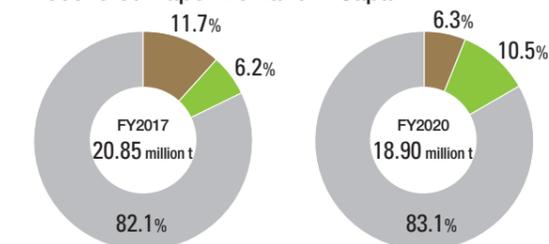
Since more corrugated containers are imported as packaging materials for agricultural produce, electric appliances and other goods than are exported, there is more old corrugated containers collected than are domestically consumed as a raw material, and the surplus is exported. However, overseas demand is unstable for reasons such as China halting its imports of recovered paper from 2021, so there is a risk that the proper recycling of recovered paper may be impeded.

The Oji Group is therefore undertaking the following initiatives for stable recycling of surplus recovered paper:

- Expand exports of containerboard to utilize them at corrugated container plants of overseas Group companies, mainly in Southeast Asia
- Expand recovered paper exports to paper manufacturing plants of overseas Group companies (GSPP in Malaysia)

The Oji Group makes effective use of recovered paper across national borders and contributes to the proper recycling of recovered paper in Japan.

Recovered Paper Demand in Japan



■ Exports (China) ■ Exports (except China) ■ Demand in Japan

Containerboard and Recovered Paper Exports



Initiatives for Paper Recycling at Overseas Business Locations

Use of Recovered Paper in New Zealand

The sorted collection of recyclables in New Zealand is not as developed as it is in Japan, so all recyclables are basically collected in a recycle bin. For this reason, it is essential to build a system for collecting only recovered paper in order to efficiently collect high-quality recovered paper with low contamination. Oji Fibre Solutions (Oji FS) is the New Zealand's largest user of recovered paper and the only containerboard manufacturer in the country. For our own recovered paper collection business, Oji FS boasts the fact that the amount of recovered paper collected exceeds not only the company's own consumption but also total domestic consumption.

With 13 baling sites (to compress and pack recovered paper into large cubes weighing about 1 ton each), Oji FS collected about 243,000 tons of recovered paper in 2020. As Oji FS has a track record of using approximately 185,000 tons of recovered paper, the surplus exceeding its own consumption is exported overseas, mostly to the Oji Group company GSPP (Malaysia). Since Oji FS efforts are directly linked to the improvement of the national recovered paper recycling rate, the company is actively engaged in activities to improve recovered paper collection and the recovered paper utilization rate, such as considering a nation-wide collection system together with the government and developing paperboard products with an increased recovered paper content.



Oji FS used paper recovery vehicle



Dedicated recovery box for corrugated containers



Recovered paper bales delivered to a paperboard plant

Environment Stable Supply of Safe and Secure Products

Based on our Product Safety Charter, the Oji Group strives to provide quality and services that customers can use with peace of mind, and has a system in place to promptly provide documents to certify the lawfulness and traceability of wood raw materials whenever these are required by our customers.

Product Safety Charter

The Group's Product Safety Charter sets out the policies for providing safe and secure products to our customers. For example, Oji F-Tex deals in many products for food containers and packaging and their safety is indispensable for customers to use them with peace of mind. Therefore, based on the Product Safety Charter, we pay careful attentions to safety throughout, from raw material procurement and management of production processes to confirmation at shipping.

1	We will implement appropriate management to follow our own standards, in addition to complying with all product safety-related laws and regulations.
2	We will endeavor to confirm safety based on the continuous strengthening of the company-wide quality control system.
3	We will provide timely and appropriate information on product safety and proper usage.
4	We will proactively gather information on products involved in incidents and make reports to relevant authorities in compliance with the law and regulations. We will also faithfully take necessary actions and strive to find the root causes of incidents and prevent their recurrence.
5	We will continuously review our management system through regular internal audits, always striving for improvement.

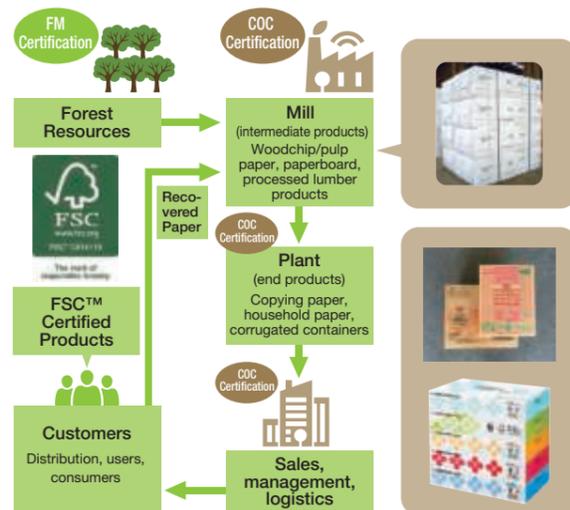
Utilization of Forest Certification Programs

The Group also manufactures FSC™ certified products (FSC™ C014119, etc.), 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

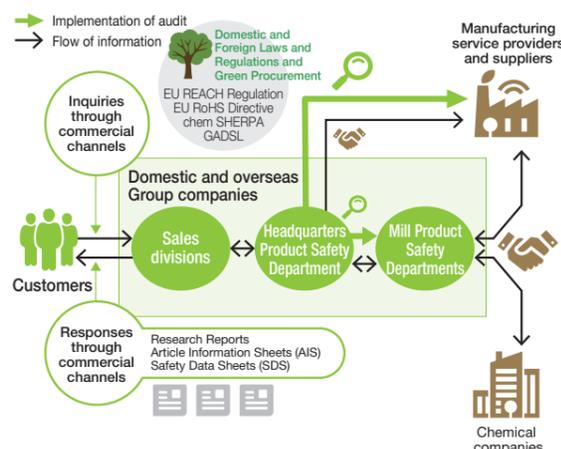
² CoC certification: Confirmation of management on processing and distribution of produced wood



Provision of Information to Customers

The Group responds to customer inquiries regarding the safety of the raw materials we use, based on safety information for various chemicals 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



Society Ensuring Workplace Safety and Health

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 workplace environments and strive to create better workplace 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 workplace 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 2021 Safety and Health Promotion Plan

To achieve the Oji Group's goal of zero fatal and serious work-related accidents, and to curb repeated occurrences of similar accidents, the entire Oji Group (including our subcontractors) are making efforts that are being led by workplace leaders, the Safety Administration Department, and departments in charge of safety at each COMPANY and Group company.

- Instilling "safety as our absolute top priority" through safety activities with the participation of all involved
- Improving the safety of facilities and implementation of education and training to ensure that rules are observed

Basic Policies

The Oji Group will promote activities with the target of zero work-related accidents across the entire Group under the basic principle of "safety as our absolute top priority".

Slogan

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

Key Targets

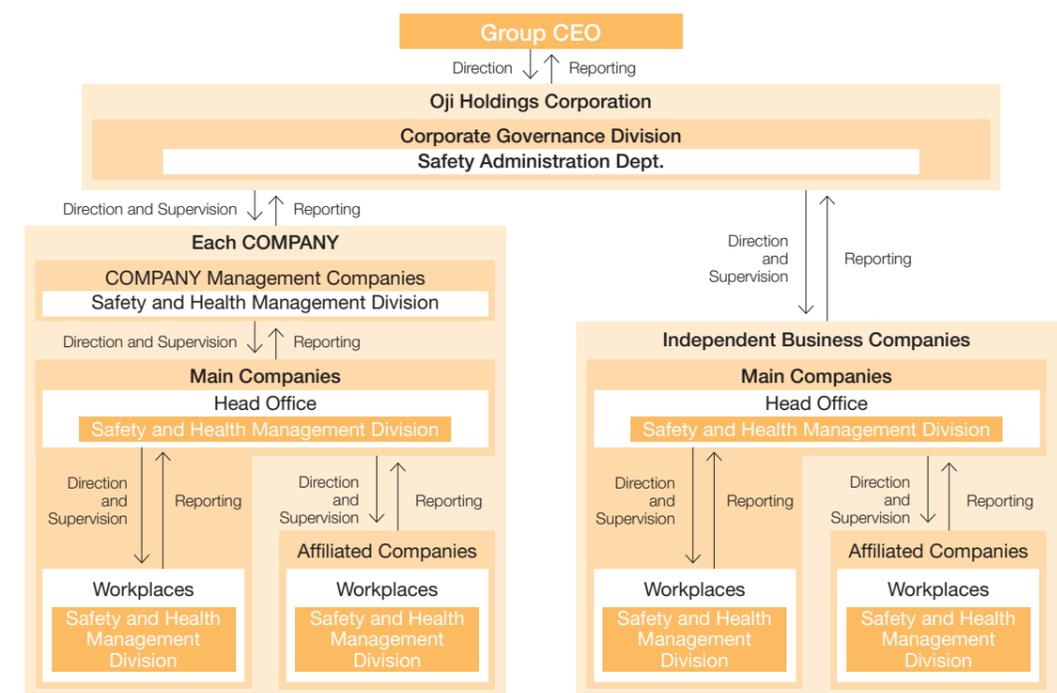
Group target: Achieve zero fatal and serious work-related accidents

Key Measures

- 1 Improving the safety of facilities (Assess risk in way that involve the participation of all employees. The senior management along with managers and managing supervisors of the business sites shall responsibly take specific safety measures)
- 2 Implementation of education and training to ensure that rules are observed
- 3 Accident prevention measures for cooperative companies and contractors who enter facilities temporarily
- 4 Management of physical and mental health, and improvement and maintenance of the workplace environment (also prevent COVID-19 infections)

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

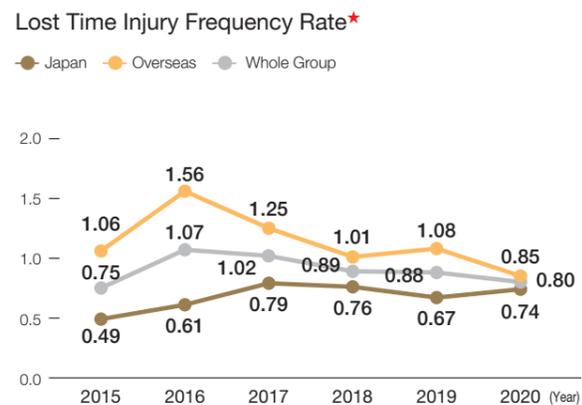
The Group's safety and health promotion plan, notices and guidelines on safety and health, and occupational accident reports, and other information are distributed throughout the Group.

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 workplaces overseas, the Group is also working to increase awareness of safety measures and the opportunities for local patrols at workplaces in Japan to enhance safety levels.

Safety Performance (Lost Time Injury Frequency Rate)

Lost Time Injury Frequency Rate (LTIFR)* occurring within the Oji Group continuously declined since 2016, falling to 0.80 (0.74 in Japan, 0.85 overseas) in 2020. According to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents (businesses with at least 100 employees), in 2020, the rate in manufacturing industries was 1.21 and the rate in the pulp, paper, and paper processing manufacturing industry was 1.54.

* (1) Covered period: January 1 to December 31
 (2) LTIFR = (the number of lost time injuries ÷ total working hours) × 1,000,000
 Lost time injuries (LTI) is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more.
 (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.



* A star mark indicates that 2020 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 workplaces that they oversee including overseas companies and workplaces 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 workplaces 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 lost time injury have occurred repeatedly within a short period of time are designated as workplaces 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 workplace.

On-site accident investigation

The Oji Holdings Safety Administration Department and the safety departments of each COMPANY and Lead Company immediately visit workplaces where accidents occurred to confirm how and why the accident occurred and countermeasures and also conduct thorough confirmation and hold discussions with workplace executives and workplace 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 workplace as a whole.

Employee Participation

Occupational safety and health committees, workplace safety and health meetings, and workplace discussions

Group companies have established occupational safety and health committees at each workplace 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 workplaces where the establishment of an occupational safety and health committee is not required, we also hold monthly workplace safety and health meetings and workplace 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 workplaces where Oji Group employees enable "safety as our absolute top priority" 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 workplaces that meet certain criteria determined according to the business scale (number of employees) including the total work time or the number of consecutive years without any lost time injuries. The Award is granted to workplaces with outstanding records of no accidents together with the employees of those workplaces 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.



Convening of safety coordinator meeting and workplace safety and health meeting online

Due to the states of emergency declared in response to COVID-19, the Oji Group now conducts safety coordinator meetings, workplace safety and health meetings, and section chief meetings online.



Online workplace safety and health meeting

Section chief meeting

Section chief meetings are joined by section chief-level employees working on operational frontlines in Japan. Through discussions, these meetings give participants opportunities to gain an accurate understanding of their safety responsibilities, raise safety awareness, and think about what to do to ensure that their subordinates will never be injured.

In 2020, the section chief meeting was held for the Group's corrugated container production and processing companies with the theme of "Actions to Address Common Key Issues." We strive to level up our safety activities by having participants share information such as good practices, exchange views, and conduct workplace visits.



Section chief meeting (before the 2020 state of emergency declaration)

Hands-on Risk Training Using Hazard Simulation VR Devices

Installation of devices that simulate hazards and encouraging personnel to take external courses give workers firsthand experience, contributing to improving employees' sensitivity to risks and awareness of safety. Beginning in 2020, we are gradually conducting hands-on risk training sessions using VR at workplaces in Japan and overseas.

In 2020, more than 90% of production-related personnel across all workplaces in Japan took the hands-on risk training. The training was also provided for construction workers entering the workplaces on a temporary basis.

Overseas, almost all of the production related workers completed the hands-on risk training at Jiangsu Oji Paper Co., Ltd. in China, including employees of the local affiliates.

Many participants remarked about the highly immersive VR video. One said, "In the scene where you crash into a forklift, I reflexively flinched or tried to run. The video let me experience accidents in a way not otherwise possible. I realized how scary accidents are and got a renewed sense of the importance of following rules."

In order to enable participants to learn in an environment very similar to their everyday workplaces, we are producing original content which includes scenarios that have ever occurred within the Group. Among these are situations wherein serious accidents could occur such as collision with a forklift, getting caught in a printing roller, collision or fall of hoisted load, getting caught in a conveyor roller, and falling into a pulper.



VR-based hands-on risk training



Original content (forklift collision)

Original content (getting caught in a printing roller)



Original content (collision or fall of hoisted load)

In the belief 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 in order to further strengthen and implement initiatives involving respect for human rights. Efforts to familiarize personnel with the policy include preparing the Handbook on the Oji Group Human Rights Policy and providing human rights education as part of new manager training, and we will continue familiarizing personnel with the fundamental policies, as well.

Oji Group Human Rights Policy (Outline)

- This policy applies to all executives and employees and is reflected in all business activities
- We expect all stakeholders to kindly understand and comply with this policy
- This policy is based on the United Nations Guiding Principles on Business and Human Rights, and supports and respects international norms such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work
- We continuously strive to identify, assess, prevent, mitigate, verify, and provide relief from negative effects on human rights that occur in or that are exacerbated by corporate activities (human rights due diligence)
- We provide suitable education to all executives and employees to promote understanding and effective implementation of this policy
- We provide relief via the proper procedures when a negative effect on human rights is discovered
- We disclose and report on the status of efforts to respect human rights on our website and elsewhere

Oji Group Human Rights Policy (full text) ➔ <https://ojiholdings.disclosure.site/en/themes/108/>

Activities for FY2020

Since the formulation of the Oji Group Human Rights Policy in August 2020, 165 people have completed human rights education as part of new general manager training and new manager training. Furthermore, we have prepared the Handbook on the Oji Group Human Rights Policy, which gives information centered on human rights, such as the background on the need for corporate efforts to respect human rights, internationally recognized human rights, and the Sustainable Development Goals (SDGs). Group personnel have been familiarized with the content, and the handbook has been made available on our intranet website.

To familiarize personnel even further with the policy, in FY2021 we will continue to provide training while also conducting video-based human rights education.

Handbook on the Oji Group Human Rights Policy (Table of Contents, excerpt)

- The Oji Group's approach to respecting human rights
- Background on the need for corporate efforts to respect human rights
- Internationally recognized human rights
- Oji Group Human Rights Policy
- Specific activities (human rights due diligence)
- International human rights norms and the UN Guiding Principles on Business and Human Rights
- Sustainable Development Goals (SDGs)
- Common human rights violations (harassment prevention rules)



In seeking to enhance corporate value, we believe it is important for every employee to embrace diversity of values and flexibility in thinking and to enhance his/her skills. For the Oji Group to grow as a global enterprise “beyond boundaries,” we are implementing human resource strategies aimed at enhancing corporate value based on the Oji Group Human Resource Philosophy, in accordance with our fundamental principle, “a company’s strength originates from human resources.”



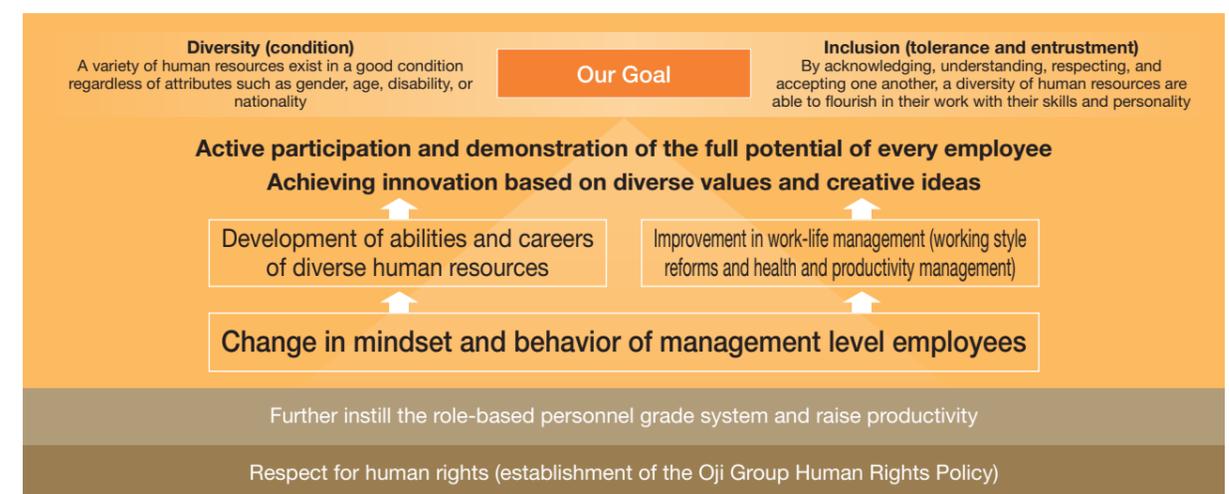
As a human resources strategy for enhancing corporate value, the Oji Group is implementing measures in three areas based on the Oji Group Human Resource Philosophy.

In the context of human resources development, we are focusing on developing human resources who can accomplish management strategies, particularly global human resources.

As part of working style reforms and health and productivity management, we are striving to reduce total working

hours and improve operational efficiency, while also concentrating on health and productivity management in consideration of our employees' health.

In terms of inclusion and diversity, we continue to take steps in line with the diversity promotion policies in seeking to build workplaces where all employees, regardless of their background, can fully demonstrate their potential with peace of mind.



1 Human Resource Development

The Oji Group is developing human resources in line with the Oji Group Human Resource Philosophy, and is striving to develop global human resources who can accomplish management strategies. We are constructing facilities for employee exchange and training in Fujinomiya City, Shizuoka Prefecture. Going forward, we will review our current training system on the premise of selective human resource development training centered on global training, and provide cross-COMPANY training sessions across the Group.



We switched to online training in FY2020 to prevent the spread of COVID-19

Main training content (Organized by Oji Management Office)

Goals	Name of training	Eligible employees	Outline
Global human resource development	New employee global challenge	Employees in their first year	Selected new employees are sent to an over-seas site for one week
	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 over-seas site. Develops immediately effective human resources
	Oji Global School	Employees at the age of 31 to 45	Six months of language training in Japan, followed by overseas assignment. Develops effective human resources for international business in a short time
	Online English conversation classes	All employees who apply	Increases overall English ability and develops cross-cultural communication capacity
Management training	New manager training	New managers	Manager duties, HR programs, and evaluator training
	New general manager training	General manager level	Improve practical communication skills such as diversity management and being assertive
Managerial personnel development	Career building training for employees on the generalist track	Pre-management employees on the generalist track	Understand the functions required of managers, and improve capabilities for setting and solving issues
Career design	Career design training for young employees on the generalist track	3rd year employees in the generalist track	Assess their own abilities and establish goals for career self-reliance
Support for employee ability development	Personal-empowerment system	Qualified individuals	Support employees in their autonomous and continuing development of their abilities

2 Working Style Reforms and Health and Productivity Management

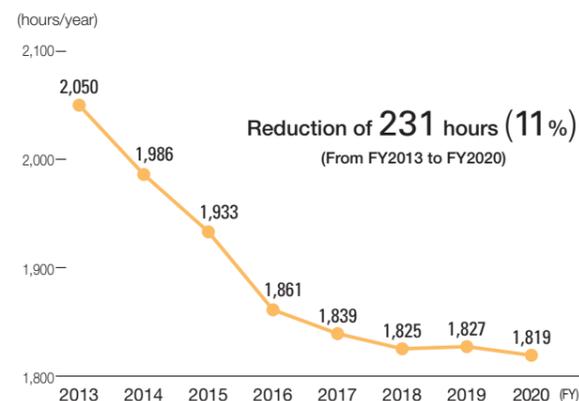
In order to thoroughly pursue objectives in line with management strategies, we are taking steps to reduce total working hours and improve operational efficiency with a focus on further implementing the role-based personnel grading system and boosting productivity.

Furthermore, with a view to the creation of innovative value, we have implemented the certified researcher system and creative personnel development system under

which we grant researchers with particularly high levels of specialized knowledge discretion regarding their work styles and provide working environments that allow them to focus on research.

Moreover, we introduced the "retirement at age 65" system in FY2017 to enable employees to demonstrate their knowledge, skills, and abilities to the fullest and work with enthusiasm. (Introduced at 17 Group companies)

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



Examples of measures to institute more flexible working styles

- Utilization of flex-time system
- Setting limits on overtime work
- Enabling full transfer of time off when work is performed on holidays
- Encouraging employees to take annual paid leave
- Working from home (in response to COVID-19)

Health and productivity management measures

We established the Oji Group Health Declaration in October 2020. We are working on ensuring the good health of employees under the leadership of our Chief Health Officer (Group CEO). Our activities for health and productivity management are promoted through cooperation between companies, health insurance unions and labor unions of the Oji Group, and the industrial physicians of each business site. As measures to reduce illness risk, including lifestyle-related diseases and mental health, we provide a variety of health checkups, improve the Health Consultation Office, and conduct return to work programs. These

measures aim to create working environments where every employee can actively work and exercise their potential with sound mental and physical health.

In recognition of these measures, in March 2021 we were recognized under the 2021 Certified Health and Productivity Management Organization Recognition Program (large enterprise category). Going forward, we will be preparing a handbook to help employees balance work and medical treatment while providing seminars to expand employees' knowledge of mental health care means such as self-care and consultations with supervisors.

Examples of health and productivity management activities

Health examinations

- Health examinations and follow-ups (second opinion recommendations)
- Measures to combat cancers diagnosed in women
- Add more check items to non-statutory examinations

Stress checks

- Conduct stress checks

Health Consultation Office

- Oji Group Health Consultation Office

COVID-19 measures

- Workplace vaccinations (head office area, etc.)
- Introduction of special leave for getting vaccinated

Other

- Flu vaccinations (cost subsidized)
- Specific health guidance
- My Health Portal (Oji health website)
- Partnership with Mitsui Memorial Hospital
- Hourly use of accumulated annual leave (to go to the hospital)

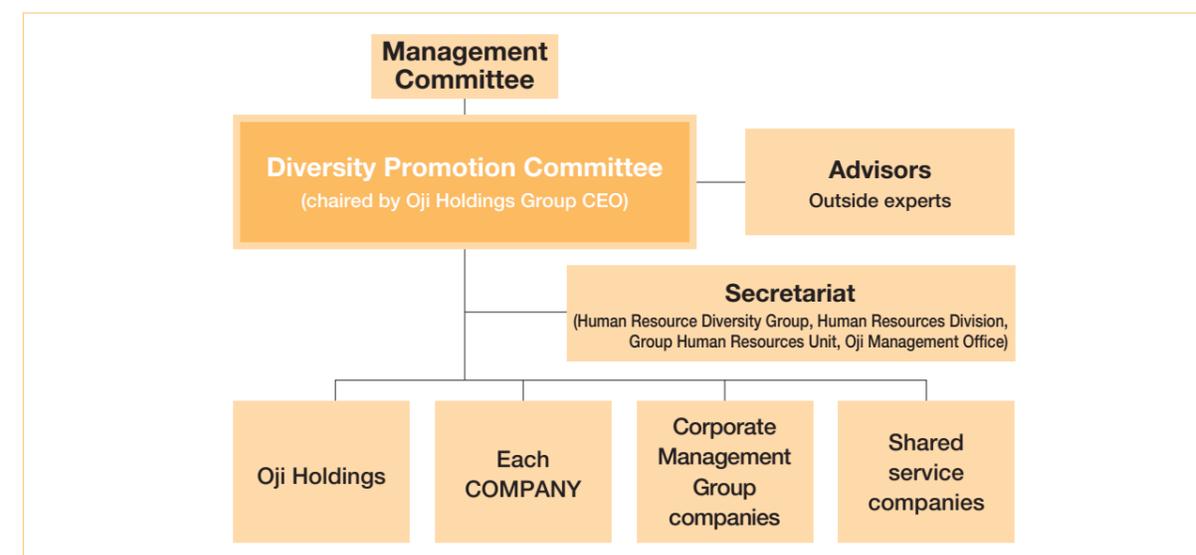
3 Inclusion & Diversity

The Oji Group is promoting "inclusion & diversity" with a view to enabling every employee to play an active role regardless of attributes such as gender, age, disability, or nationality, ultimately strengthening the Group's competitiveness with their diverse values and ideas.

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. Inclusion & diversity measures are being carried out with a focus on three pillars: (1) change in mindset and behavior of management level employees, (2) development of abilities and careers of diverse human resources, and (3) improvement in work-life management (working styles and health and productivity management).

Diversity promotion system



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. In this context, we have conducted diversity management training for new general managers, as well as online training in diversity management for roughly 2,000 section managers throughout the Group in FY2020. The Group also conducts awareness surveys as indicators to assess activities.

Development of abilities and careers of diverse human resources

Promoting the active participation of women We have set a goal of raising the percentage of female managers to 5.5% by the end of March 2025. The ratio was 3.6% by the end of March 2021. In FY2020 we revamped our training that was previously for women as career building training for employees on the generalist track, to develop the abilities of both men and women as a co-ed training program.

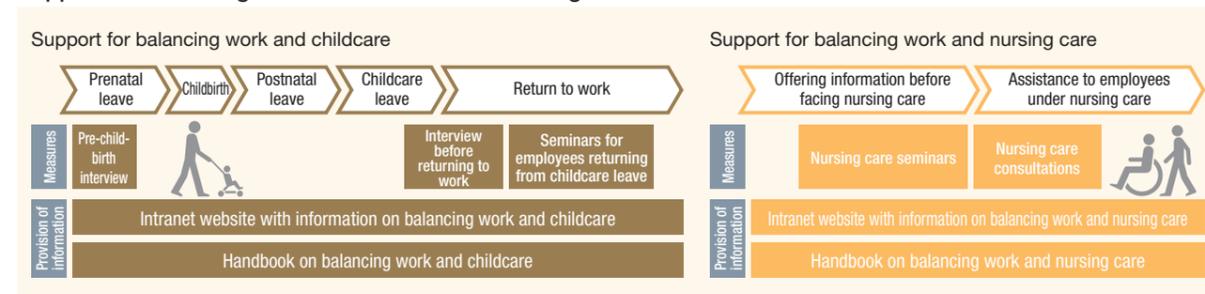
Recruitment of people with disabilities We have proactively promoted the recruitment of people with disabilities, including the July 2007 establishment of Oji Clean Mate, a special-purpose subsidiary staffed primarily by people with mental disabilities. As of June 1, 2021, the employment rate of people with disabilities was 2.31% (2.27% a year earlier) for the six major companies in the Group (including Oji Holdings), satisfying the statutory employment rate of 2.3%. (The groupwide rate was 2.04% (2.03% a year earlier).)

Foreign technical interns The Group recruits a large number of foreign technical interns (including employees hired by local companies outside Japan) 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.

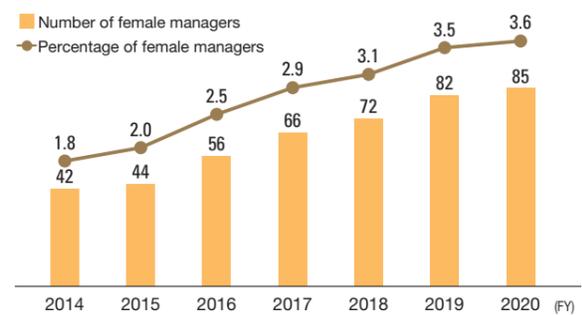
Improvement in work-life management

The Oji Group has introduced various systems that enable employees with childcare or nursing care responsibilities to continue to actively participate in their work. We make the systems known to our employees and share case studies of how the systems are utilized through the handbook on balancing work and childcare, handbook on balancing work and nursing care, and our intranet website. In addition, we regularly conduct seminars for employees returning from childcare leave as well as seminars to prepare employees for sudden time off for nursing care. We also encourage male employees to engage in childcare, and in FY 2020 83.5% of eligible male employees took paternity leave.

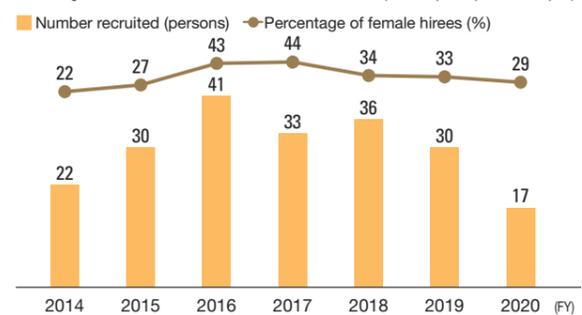
Support for Balancing Work and Childcare or Nursing Care



Percentage of female managers (16 Group companies in Japan)



Percentage of Female Hires for Generalist-Track Positions (16 Group companies in Japan)



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 to accompany their spouses' overseas transfers
- Priority guidance on watching services for the elderly (nursing care)

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 under 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)".

The Fujihara Foundation of Science



The 61st Fujihara Award presentation ceremony (FY2020)

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, and contributes to the development of science and technology in Japan.

Oji Hall



Award went to Maro World Vol. 40 by Fuminori Maro Shinozaki and Maro Company

Used to host a range of events and engage in our hall rental business, this 315-seat music hall is highly regarded both in Japan and overseas. *Maro World* is a performance begun in 2004, planned and organized by Oji Hall and violin performer Fuminori Maro Shinozaki. In recognition of the performance's contribution to the development of the next generation, and of the excellent performing quality and entertainment value, *Maro World* was awarded the Chamber Music and Chorus Category Award in the 33rd Music Pen Club Awards.

Sports



The Red Eagles Hokkaido pressed new uniform conference

The Oji Baseball Team, which is based in Kasugai City, Aichi Prefecture, contributes to the local community while aiming to win the inter-city baseball tournament and the national championship.

The Oji Eagles, an ice hockey team based in Tomakomai City, Hokkaido, was renamed as Red Eagles Hokkaido, as it transitioned from a company-owned team to a club team in April 2021. The team partners with numerous companies and organizations and is working to develop an ice hockey culture.

Optimizing the Group's Business Portfolio via Effective Investment Activities

Director of the Board, Senior Executive Officer

Hiroyuki Isono



The Oji Group's Financial Policy

The Oji Group is implementing a variety of management strategies on the basis of the fundamental policies of the FY2019-2021 Medium-term Management Plan: "profitability improvement of domestic business," "expansion of overseas business," and "promotion of innovation," and through "contribution to a sustainable society," we aim to become a global corporate group that can maintain stable consolidated operating profit of at least 100.0 billion yen. We have established performance indicator targets based on these fundamental policies. On the basis of improving capital efficiency and stable returns to shareholders, we established a target ROE of 10.0%. Meanwhile, we decided to maintain our current net D/E ratio (the ratio was 0.7 for FY2018, when the current medium-term management plan was established), as another target. These targets have been set in the financial strategies as indicators for strengthening our ability to generate cash flows from operating activities while appropriately managing funds raised from outside sources and investment returns and maintaining an optimum level of net interest-bearing debts to net assets, in order to prepare for drastic changes in the business environment, which we have seen in the current fiscal year, and for strategic investment for growth.

Regarding the Group's business performance in FY2020, due to the influence of the global economic slowdown caused by the COVID-19 pandemic, demand for products both domestically and overseas took a downturn, and both sales and profits significantly dropped particularly in the first and second quarters compared with those of FY2019. Against this backdrop, we worked to secure cash flows from operating activities by reducing our inventory of products and raw materials in addition to cost reduction measures such as reducing expenses. At the same time, in response to risks on the financial side, we strove to maintain liquidity on hand by continuing the accumulation of cash and deposits we started in FY2019. In addition, with an eye on the post-COVID-19 world, we are steadily moving forward with key strategies in order to achieve sustainable growth in the future. The key strategies include measures to increase production in growth markets, such as increasing the number of containerboard machines at GS Paperboard & Packaging Sdn. Bhd.; business structure reforms involving the retrofitting of an Oji Paper Co., Ltd. newsprint machine into a containerboard machine; and the acquisition of treasury stock held by non-controlling shareholders by Japan Brazil Paper and Pulp Resources Development Co., Ltd., the parent company of Celulose Nipo-Brasileira (CENIBRA) in Brazil (due to further acquisition of treasury stock in May 2021, the Group now holds all voting rights of the company). We raised the capital necessary for these investments from outside sources, by comprehensively considering factors such as interest rate trends, the financing environment, and the timing of repayments of existing loans and bonds.

As a result of these initiatives, with regard to financial aspects, the balance of interest-bearing debts at the end of FY2020 increased by 66.0 billion yen from the end of the previous fiscal year, reaching 647.7 billion yen. The balance of net interest-bearing debts (interest-bearing debts, minus cash and cash equivalents, etc.) increased by 14.1 billion yen from the end of the previous fiscal year, totaling 511.4 billion yen. The net D/E ratio (net interest-bearing debts, divided by net assets) was 0.6, maintaining a level below our performance indicator target of 0.7.

Meanwhile, with regard to business performance in FY2021, the Oji Group anticipates a recovery in performance as it factors in the realization of the effects of capital investment, cost reductions, and an increase in pulp sales prices based on a moderate economic recovery. In order to respond to the structural changes in society and the economy wrought by the COVID-19 pandemic, the Group will strive to maintain and improve its A+ bond rating (Rating and Investment Information, Inc.); raise funds flexibly; and continue to actively engage in M&As, capital investment, and research and development in growth fields.

The Oji Group values dialogue with investors and analysts through IR activities as well as the timely disclosure of accurate information, including summaries of consolidated financial and business results, securities reports, business reports, and integrated reports.

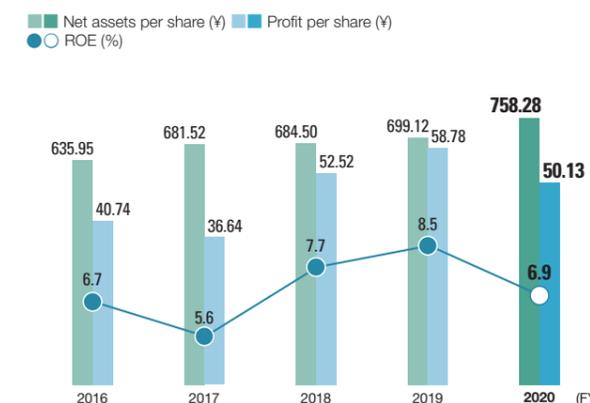
In addition, with regard to returns to the shareholders who support the Oji Group, it is our fundamental policy to maintain stable dividends while at the same time giving consideration to internal reserves in order to prepare for future management measures. Based on this policy, we implemented an ordinary dividend of 14 yen per share for FY2020, the same as that for the previous fiscal year, and also introduced a new shareholder benefits program.

Going forward, we will apprehend the current unexpected difficulty of the COVID-19 pandemic as the new normal, and aim to optimize the Group's business portfolio through effective investment activities.

Net Sales and Overseas Sales Ratio



Net Assets per Share, Profit per Share, and ROE



FY2020 Business Performance

In FY2020, COVID-19 became a global pandemic, weakened demand for many of Oji Group's products, including printing and communication paper, and softened the pulp market. For these reasons, net sales were 1,359.0 billion yen, a decrease of 148.6 billion yen (down 9.9%) year on year. With regard to operating profit, we strove to recover from the impact of decreased demand through cost reductions, and lower raw material and fuel prices also served to increase profit. However, operating profit was 84.8 billion yen, a decrease of 21.3 billion yen (down 20.1%) year on year, and profit attributable to owners of parent was 49.6 billion yen, a decrease of 8.5 billion yen (down 14.7%) year on year.

Financial Position

Turning to cash flow, profit before income taxes declined 17.3 billion yen year on year due to the worsened business performance, but amid a decline in product sales volume, we worked to reduce working capital through means such as reducing inventory, resulting in cash flows provided by operating activities of 127.1 billion yen (cash flows provided by operating activities for the previous fiscal year were 124.5 billion yen).

Cash flows used in investing activities were 91.6 billion yen (cash flows used in investing activities for the previous fiscal year were 64.8 billion yen) due to acquisition of property, plant, equipment and intangible assets. The acquisition of property, plant, equipment and intangible assets included strategic investments in growth fields as established in our medium-term management plan and investments for improving quality, increasing productivity, ensuring safety, and conserving the environment.

Cash flows provided by financing activities were 19.9 billion yen (cash flows used in financing activities for the previous fiscal year were 58.1 billion yen) due to the increase in interest-bearing debts.

As a result of these financial activities, total assets at the end of FY2020 stood at 1,981.4 billion yen, an increase of 96.2 billion yen from the end of the previous fiscal year. The increase was due to increases in cash and deposits, property, plant and equipment and net defined benefit asset, despite a decrease in inventories. Liabilities totaled 1,115.8 billion yen, an increase of 62.2 billion yen from the end of the previous fiscal year, due to the increase in interest-bearing debts. Net assets totaled 865.6 billion yen, an increase of 33.9 billion yen from the end of the previous year, due to the increase in retained earnings.

Consolidated Financial Forecasts for FY2021

Our consolidated financial forecasts for FY2021 are based on a moderate economic recovery and factor in the early realization of the effects of capital investment, cost reductions, and an increase in pulp sales prices. Accordingly, the Oji Group anticipates net sales of 1,450.0 billion yen, operating profit of 120.0 billion yen, ordinary profit of 120.0 billion yen, and profit attributable to owners of parent of 70.0 billion yen.

FY2021 is the final year of the three-year medium-term management plan launched in FY2019. The global business environment is undergoing major changes due to the spread of COVID-19, and many opportunities and risks are expected to expand, including diversification of consumption structures, lifestyles, and working styles. The Oji Group will continue to steadily implement strategic measures to improve our corporate value in line with our three fundamental policies of "profitability improvement of domestic business," "expansion of overseas business," and "promotion of innovation." We will also promptly and appropriately implement business structure reforms in light of changes in business environment caused by COVID-19.

Changes in Assets and Profit/Loss

Segment		FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	(¥ million)	1,439,855	1,485,895	1,550,991	1,507,607	1,358,985
Operating profit	(¥ million)	70,243	70,781	110,212	106,125	84,793
Ordinary profit	(¥ million)	52,949	65,958	118,370	101,289	83,061
Profit attributable to owners of parent	(¥ million)	40,270	36,222	51,977	58,181	49,635
Total assets	(¥ million)	1,901,029	1,960,753	1,951,369	1,885,280	1,981,438
Net assets	(¥ million)	759,198	810,011	815,406	831,657	865,606
Profit per share	(¥)	40.74	36.64	52.52	58.78	50.13
Net assets per share	(¥)	635.95	681.52	684.50	699.12	758.28

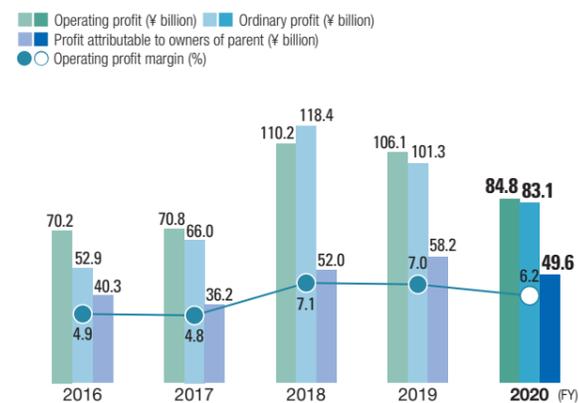
- Profit per share was calculated by dividing profit attributable to owners of parent by the average number of shares outstanding for the year under review upon subtracting from it the number of treasury stocks.
- Net assets per share were calculated by dividing net assets by the number of shares outstanding at the end of the year under review upon subtracting from it the number of treasury stocks.
- Numbers less than one million yen are rounded down to the nearest million.

Status of Individual Segments

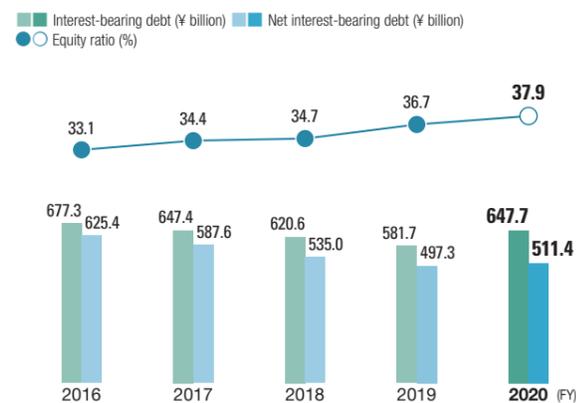
Segment		Net sales	Operating profit
Household and Industrial Materials	(¥ million)	647,489	38,090
Functional Materials	(¥ million)	182,338	11,480
Forest Resources and Environment Marketing Business	(¥ million)	245,334	16,651
Printing and Communications Media	(¥ million)	243,957	11,156
Other	(¥ million)	270,188	6,752
Subtotal	(¥ million)	1,589,308	84,132
Adjustments	(¥ million)	(230,323)	660
Total	(¥ million)	1,358,985	84,793

- Adjustment amount is mainly the adjustment concerning internal transaction.
- 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



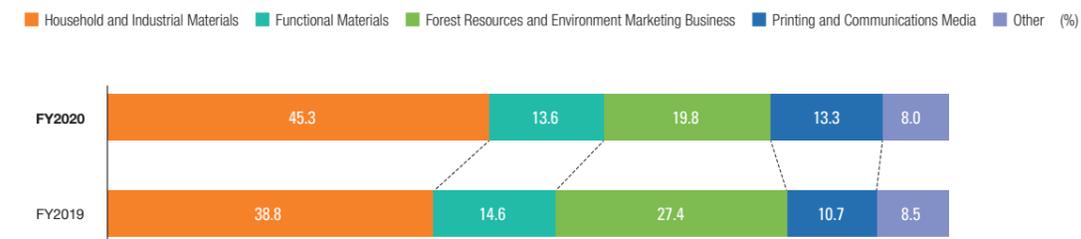
Interest-bearing debts, Net interest-bearing debts, and Equity ratio



Net sales composition by business segment

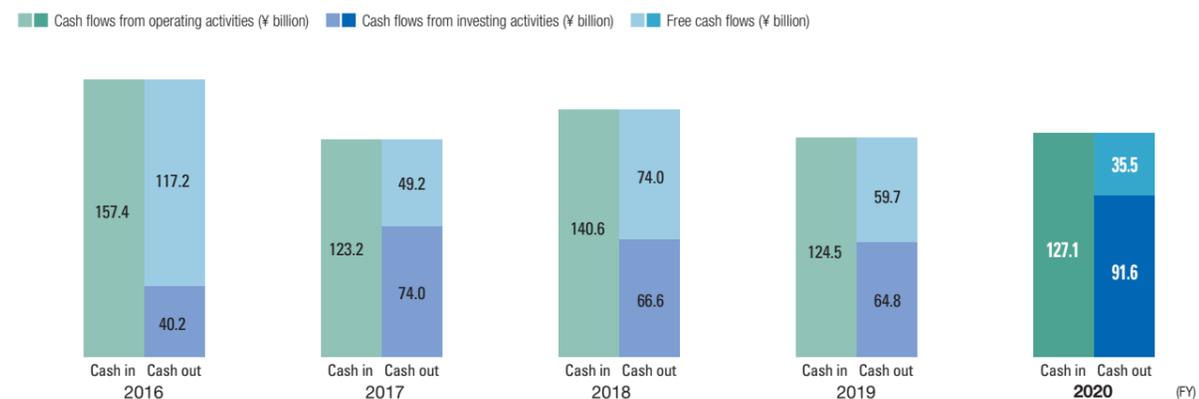


Operating profit composition by business segment



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

Changes in Cash flows



Consolidated Balance Sheets

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)		Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
ASSETS			LIABILITIES		
Current assets			Current liabilities		
Cash and deposits	73,943	130,529	Notes and accounts payable-trade	209,669	197,950
Notes and accounts receivable-trade	301,682	297,718	Short-term loans payable	172,027	129,963
Short-term investments	10,381	5,725	Commercial paper	14,000	—
Merchandise and finished goods	98,483	86,440	Current portion of bonds	20,000	—
Work in process	23,467	19,273	Accounts payable-other	16,330	20,741
Raw materials and supplies	94,946	89,090	Accrued expenses	48,485	48,874
Short-term loans receivable	3,749	4,324	Income taxes payable	22,984	11,526
Accounts receivable-other	20,232	19,608	Other	29,479	32,657
Other	15,407	17,734	Total current liabilities	532,976	441,713
Allowance for doubtful accounts	(1,811)	(1,675)	Non-current liabilities		
Total current assets	640,484	668,770	Bonds	80,000	155,000
Non-current assets			Long-term loans payable	295,647	362,718
Property, plant and equipment			Deferred tax liabilities	48,412	59,892
Buildings and structures	670,400	685,779	Deferred tax liabilities for land revaluation	7,803	7,739
Accumulated depreciation	(482,113)	(494,548)	Net defined benefit liability	54,213	54,010
Buildings and structures (Net)	188,286	191,231	Long-term deposits	7,492	7,305
Machinery, equipment and vehicles	2,376,088	2,389,121	Other	27,078	27,450
Accumulated depreciation	(2,078,455)	(2,090,184)	Total non-current liabilities	520,647	674,117
Machinery, equipment and vehicles (Net)	297,632	298,937	Total liabilities	1,053,623	1,115,831
Tools, furniture and fixtures	60,765	60,791	NET ASSETS		
Accumulated depreciation	(55,205)	(55,099)	Shareholders' equity		
Tools, furniture and fixtures (Net)	5,560	5,691	Common stock	103,880	103,880
Land	235,700	239,052	Capital surplus	110,750	109,100
Forests	109,664	105,560	Retained earnings	457,568	493,224
Plantations	85,858	85,584	Treasury stock	(13,577)	(13,400)
Leased assets	50,587	55,844	Total shareholders' equity	658,623	692,805
Accumulated depreciation	(15,738)	(19,767)	Accumulated other comprehensive income		
Leased assets (Net)	34,849	36,077	Valuation difference on available-for-sale securities	21,004	31,654
Construction in progress	58,241	79,279	Deferred gains (losses) on hedges	(957)	2,721
Total property, plant and equipment	1,015,794	1,041,413	Revaluation reserve for land	5,813	5,684
Intangible assets			Foreign currency translation adjustment	2,390	(6,418)
Goodwill	4,672	3,122	Remeasurements of defined benefit plans	5,261	24,533
Other	8,388	9,049	Total accumulated other comprehensive income	33,512	58,176
Total intangible assets	13,060	12,171	Share acquisition rights	216	199
Investments and other assets			Non-controlling interests	139,305	114,426
Investment securities	150,831	163,961	Total net assets	831,657	865,606
Long-term loans receivable	7,558	6,933	Total liabilities and net assets	1,885,280	1,981,438
Long-term prepaid expenses	3,998	3,692			
Net defined benefit asset	32,019	60,993			
Deferred tax assets	7,184	7,074			
Other	15,258	17,379			
Allowance for doubtful accounts	(910)	(952)			
Total investments and other assets	215,941	259,083			
Total non-current assets	1,244,796	1,312,668			
Total assets	1,885,280	1,981,438			

Consolidated Statements of Income

	Previous consolidated fiscal year (From April 1, 2019 To March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 To March 31, 2021)
Net sales	1,507,607	1,358,985
Cost of sales	1,143,665	1,031,553
Gross profit	363,942	327,431
Selling, general and administrative expenses		
Freight expenses	141,674	131,590
Warehouse expenses	7,006	6,506
Salaries and wages	52,360	51,921
Retirement benefit expenses	1,214	853
Depreciation and amortization	5,582	6,343
Other	49,978	45,422
Total selling, general and administrative expenses	257,816	242,638
Operating profit	106,125	84,793
Non-operating income		
Interest income	2,172	1,121
Dividends income	3,146	3,170
Equity in earnings of affiliates	2,889	142
Exchange gain	—	4,616
Insurance claim income	760	1,894
Other	5,335	3,630
Total non-operating income	14,305	14,576
Non-operating expenses		
Interest expenses	6,948	6,791
Loss on sublet of facilities	—	2,836
Exchange loss	4,797	—
Other	7,396	6,680
Total non-operating expenses	19,142	16,308
Ordinary profit	101,289	83,061
Extraordinary income		
Insurance claim income	1,513	2,866
Gain on sale of businesses	—	906
Profit on subsidiary status change from equity method affiliate to consolidated subsidiary	—	808
Other	5,579	1,164
Total extraordinary income	7,092	5,746
Extraordinary losses		
Loss on disaster	2,583	2,065
Loss on business restructuring	2,758	1,977
Loss on disposal of non-current assets	1,910	1,459
Extra retirement payments	436	995
Other	2,554	1,425
Total extraordinary losses	10,242	7,923
Profit before income taxes	98,138	80,883
Income taxes-current	35,018	28,830
Income taxes-deferred	(1,380)	354
Total income taxes	33,637	29,185
Profit	64,500	51,698
Profit attributable to non-controlling interests	6,319	2,062
Profit attributable to owners of parent	58,181	49,635

Consolidated Statements of Cash Flows

(¥ million)

	Previous consolidated fiscal year (From April 1, 2019 To March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 To March 31, 2021)		Previous consolidated fiscal year (From April 1, 2019 To March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 To March 31, 2021)
Cash flows from operating activities			Cash flows from financing activities		
Profit before income taxes	98,138	80,883	Net increase (decrease) in short-term loans payable	17,715	(4,049)
Depreciation and amortization	63,379	62,758	Net increase (decrease) in commercial paper	11,000	(14,000)
Amortization of goodwill	1,898	1,099	Proceeds from long-term loans payable	4,203	71,279
Depletion of standing timber	8,656	6,958	Repayment of long-term loans payable	(80,650)	(43,250)
Increase (decrease) in allowance for doubtful accounts	(211)	(52)	Proceeds from issuance of bonds	29,789	74,561
(Increase) decrease in net defined benefit asset	(2,468)	(2,913)	Payment for redemption of bonds	(20,000)	(20,000)
Increase (decrease) in net defined benefit liability	1,750	760	Purchase of treasury shares of subsidiaries	—	(24,162)
Interest and dividend income	(5,319)	(4,292)	Repayments of lease obligations	(4,770)	(4,786)
Interest expenses	6,948	6,791	Dividends paid	(12,883)	(13,888)
Exchange loss (gain)	2,475	(3,946)	Other	(2,552)	(1,770)
Equity in (earnings) losses of affiliates	(2,889)	(142)	Net cash provided by (used in) financing activities	(58,148)	19,932
Loss on disposal of non-current assets	1,910	1,459	Effect of exchange rate change on cash and cash equivalents	(1,737)	(2,169)
Business structure improvement expenses	2,758	1,977	Net increase (decrease) in cash and cash equivalents	(196)	53,310
Loss (gain) on sale of businesses	—	(906)	Cash and cash equivalents at the beginning of the year	82,794	82,390
Loss (profit) on subsidiary status change from equity method affiliate to consolidated subsidiary	—	(808)	Increase in cash and cash equivalents resulting from mergers of subsidiaries	9	7
(Increase) decrease in trade receivables	31,729	1,870	Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(216)	(39)
(Increase) decrease in inventories	(1,968)	20,163	Cash and cash equivalents at the end of the year	82,390	135,669
Increase (decrease) in trade payables	(42,609)	(11,933)			
Other	(10,176)	6,807			
Subtotal	154,002	166,535			
Interest and dividend income received	6,231	5,397			
Interest paid	(5,892)	(5,623)			
Income taxes paid	(29,850)	(39,202)			
Net cash provided by operating activities	124,491	127,107			
Cash flows from investing activities					
Proceeds from sales and redemption of short-term investments	2,730	—			
Payment for acquisition of property, plant, equipment and intangible assets	(92,454)	(94,674)			
Proceeds from sales of property, plant, equipment and intangible assets	594	854			
Payment for acquisition of investment securities	(1,190)	(1,916)			
Proceeds from sales and redemption of investment securities	25,543	1,163			
Payment for loans receivable	(1,113)	(1,066)			
Proceeds from collection of loans receivable	2,383	1,396			
Other	(1,295)	2,682			
Net cash used in investing activities	(64,801)	(91,559)			



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, 2020 to March 31, 2021, except for the lost time injury frequency rate, which is for the period from January 1, 2020 to December 31, 2020, included in The Oji Group Integrated Report 2021 (the "Report") for the fiscal year ended March 31, 2021.

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 Fuji Mill of Oji Materia 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 9, 2021

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 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>Oji Asia Packaging Sdn. Bhd.</p> <p>GSPP Group</p> <ul style="list-style-type: none"> GS Paperboard & Packaging Sdn. Bhd. GS Paperboard & Packaging(Selangor) Sdn. Bhd. Oji GS Packaging (Yangon) Co., Ltd. <p>Harta Packaging Group</p> <ul style="list-style-type: none"> Harta Packaging Industries Sdn. Bhd. Harta Packaging Industries (Perak) Sdn. Bhd. Harta Packaging Industries (Selangor) Sdn. Bhd. United Kotak 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. <ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> Oji Interpack Co., Ltd. <ul style="list-style-type: none"> 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. * <i>Intermediate holding company</i> <ul style="list-style-type: none"> Oji Seitai Co., Ltd. — Kusumiseitajo Inc. <ul style="list-style-type: none"> Oji Packaging (Shanghai) Co., Ltd. Chubushiko Co., Ltd. — Japan Paper Technology Dong Nai (VN) Co., Ltd. <ul style="list-style-type: none"> 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.
<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 * <i>Equity-method affiliate</i> PT Oji Indo Makmur Perkasa * <i>Equity-method affiliate</i> 	<p>Oji Imaging Media Co., Ltd.</p> <ul style="list-style-type: none"> Oji Scientific Instruments Co., Ltd. Kanzaki Specialty Papers Inc. Kanzan Spezialpapiere GmbH Oji Paper (Thailand) Ltd. Oji Label (Thailand) Ltd. Oji Papéis Especiais Ltda. <ul style="list-style-type: none"> Hyper-Region Labels Sdn. Bhd. Tele-Paper (M) Sdn. Bhd. <ul style="list-style-type: none"> Sonofax Sdn. Bhd. Ge-Pap Sdn. Bhd. SRE-Marketing Sdn. Bhd. SPNL Print Sdn. Bhd.
<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"> Ebetsu Oji Shigyo Co., Ltd. Sunshine Oji (Shouguang) Specialty Paper Co., Ltd. * <i>Equity-method affiliate</i> 	<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. (CENIBRA) <ul style="list-style-type: none"> Cenibra Logística Ltda. Cenibra Internacional Serviços e Comércio (Sociedade Unipessoal) Lda Cenibra Trading Ltd. Cenibra, Inc. <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. * <i>Equity-method affiliate</i>
<p>Forest Resources and Environment Marketing 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. * <i>Equity-method affiliate</i> 	<p>Oji Imaging Media Co., Ltd.</p> <ul style="list-style-type: none"> Oji Scientific Instruments Co., Ltd. Kanzaki Specialty Papers Inc. Kanzan Spezialpapiere GmbH Oji Paper (Thailand) Ltd. Oji Label (Thailand) Ltd. Oji Papéis Especiais Ltda. <ul style="list-style-type: none"> Hyper-Region Labels Sdn. Bhd. Tele-Paper (M) Sdn. Bhd. <ul style="list-style-type: none"> Sonofax Sdn. Bhd. Ge-Pap Sdn. Bhd. SRE-Marketing Sdn. Bhd. SPNL Print Sdn. Bhd.
<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. * <i>Equity-method affiliate</i> 	<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. (CENIBRA) <ul style="list-style-type: none"> Cenibra Logística Ltda. Cenibra Internacional Serviços e Comércio (Sociedade Unipessoal) Lda Cenibra Trading Ltd. Cenibra, Inc. <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. * <i>Equity-method affiliate</i>
<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. * <i>Equity-method affiliate</i> 	<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. (CENIBRA) <ul style="list-style-type: none"> Cenibra Logística Ltda. Cenibra Internacional Serviços e Comércio (Sociedade Unipessoal) Lda Cenibra Trading Ltd. Cenibra, Inc. <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. * <i>Equity-method affiliate</i>
<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>Oji Pharma Co., Ltd.</p> <ul style="list-style-type: none"> OCM Fiber Trading Co., Ltd. Oji Forest Products Vietnam Co., Ltd. Yupo Corporation * <i>Equity-method affiliate</i> Oji Asia Management Sdn. Bhd. Oji Myanmar Packaging Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd. 	<p>Oji Oceania Management Co., Ltd.</p> <p>Oji Fibre Solutions Group (Oji FS)</p> <ul style="list-style-type: none"> 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. <p>Chuetsu Pulp & Paper Co., Ltd. * <i>Equity-method affiliate</i></p> <p>Mitsubishi Paper Mills Limited * <i>Equity-method affiliate</i></p> <p>Ishizuka-Oji Paper Packaging Co., Ltd. * <i>Equity-method affiliate</i></p>
<p>Shared Service Companies</p>	<ul style="list-style-type: none"> Oji Logistics Co., Ltd. — Oji Rikuun Co., Ltd., Hirata Warehouse 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. 	

Excerpts from consolidated subsidiaries, non-consolidated subsidiaries, and equity-method affiliates (as of March 31, 2021)

Company Profile (as of March 31, 2021)

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 (22,271,458 shares)
Number of shareholders	67,159
Number of employees of the consolidated Group	36,034

Stock Information (as of March 31, 2021)

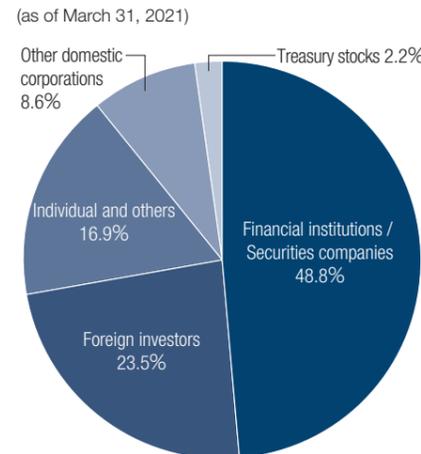
Listing stock exchange	Tokyo Stock Exchange
Securities Identification Code	3861
Share register manager and account administration authority for special accounts	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan
Mailing address	Transfer Agency Department, Sumitomo Mitsui 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, 2021)

Name of shareholder	Shares held (Thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	97,197	9.8
Custody Bank of Japan, Ltd. (Trust account)	64,605	6.5
Custody Bank of Japan, Ltd. (Trust account 4)	34,808	3.5
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	19,933	2.0
The Norinchukin Bank	16,654	1.7
STATE STREET BANK WEST CLIENT - TREATY 505234	15,425	1.6

1. The Company holds treasury stock of 22,271 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 (22,271 thousand shares).
 3. Numbers less than one thousand are rounded down to the nearest thousand.

Distribution of Shareholders (as of March 31, 2021)



A Year at the Oji Group

2020

- April:** Establishment of Oji Pharma Co., Ltd. with the aim of developing wood-derived pharmaceutical products
- May:** Morishigyo Chiba Plant commences commercial operation
- June:** Commenced sale of isolation gowns (All made in Japan)
- July:** Commenced sale of Nepia Long Lasting Best Fit Face Mask (All made in Japan)
- August:** Starts providing samples of PaPiPress, a molded pulp product
- September:** Ishizuka-Oji Paper Packaging commences liquid paper packaging business
- October:** Establishment of Environmental Vision 2050 and Environmental Action Targets 2030
- November:** Paper Net Envelope awarded the 44th Kinoshita Awards in the New Creation Category
- December:** Commenced sale of nepia Premium Doubled Soft Toilet Rolls

2021

- January:** Hana Celeb awarded the Grand Prize at the Japan Naming Award 2020
- February:** Introduced a shareholder benefits system
- March:** Oji Eagles announce conversion to a club team, with the new team name Red Eagles Hokkaido
- March:** PT Oji Sinar Mas Packaging commences commercial production



Beyond the Boundaries



Oji Holdings Corporation

Public Relations and Investor Relations Dept., Corporate Governance Div.
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<https://www.ojiholdings.co.jp/english/>

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