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.

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.
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.

Contribution to the Future and the World

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.

Harmony with Nature and Society
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 narrative and makes it easier to understand. We have also enhanced the links between this report and our “Sustainability Report (online).”

In recent years, concerns have 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 its founding 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 values can be created and how we can meet social expectations, by obtaining internal and external cooperation. 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 values can be created and how we can meet social expectations, by obtaining internal and external cooperation.
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.

**Establishment of Domestic Manufacturing Industry**

- **1873**: The origin of the Oji Group dates back to the establishment of Shoshi Kaisya, a paper manufacturing company, advocated by Eiichi Shibusawa, the founder of the modern Japanese economy.
- **1910**: We established the Tomakomai Mill in a fishing village in Hokkaido, which had abundant resources such as forests and water, started producing newpaper, and led the development of the modern papermanuring technology.

**Start of Packaging and Household Paper Production**

- **1950s**: With a view to producing high-quality paper one time but highly productive. We introduced the equipment at the Kasugai Mill.
- **1970s**: Light-weighted wax paper became common, and in the household paper market, we succeeded in volume reduction of tissue paper stock. In addition, due to advances in recovered paper utilization technology, the recovered paper utilization ratio exceeded 50%.

**Response to Environmental Issues**

- **1990s**: Demand for paperboard as a packaging material was strong. The production ratio of paper and paperboard gradually changed.
- **2000s**: Paper production volume for paper and paperboard was almost halved. This unprecedented crisis created an opportunity for shifts in the business.
- **2010s**: We have newly established corrugated container and folding carton factories in Malaysia, Cambodia, and India, among other countries, to meet vigorous local demand.

**Shift in the Business Structure**

- **2000s**: Oji Paper (merges with Honshu Paper)
- **2010s**: GSPP Group acquired (Malaysia)

**Further Global Deployment**

- **2010s**: Oji F-Tex founded
- **2010s**: Morishigyo Group acquired

**People & Grit**

- **2010s**: Jiangsu Oji Paper established (China)

**Environmental Issues**

- **2010s**: People & Grit acquired (Malaysia)

**Financial Data & Corporate Data**

- **2010s**: Oji Papéis Especiais acquired (Brazil)

**Transitioned to a pure holding company structure**

- **2010s**: Celulose Nipo-Brasileira acquired (Brazil)

**Management Strategy**

- **2010s**: Oji Fibre Solutions acquired (New Zealand and Australia)

**Sustainability Strategy**

- **2010s**: Oji Group (merges with Honshu Paper)

**About the Oji Group**

- **2010s**: Full-scale overseas forest plantation business starts

**What the Oji Group Aims For**

- **2010s**: Morishigyo Group acquired

**Business Strategy**

- **2010s**: Kangaz Mill for newsprint and Kasugai Mill for woodfree paper contributed to our growth. Kasugai Mill became a pioneer of other businesses.

**Shift in the Business**

- **2010s**: Kangaz Mill for newsprint and Kasugai Mill for woodfree paper have come to play an active role in various situations that support daily life.

**Paper Production**

- **2010s**: Paper materials such as boxboard, thermal paper, and tissue paper have come to play an active role in various situations that support daily life.

**Environmental Issues**

- **2010s**: Light-weighted wax paper became common, and in the household paper market, we succeeded in volume reduction of tissue paper stock. In addition, due to advances in recovered paper utilization technology, the recovered paper utilization ratio exceeded 50%.
## Financial Highlights

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (million)</td>
<td>1,180.1</td>
<td>1,212.9</td>
<td>1,241.5</td>
<td>1,332.5</td>
</tr>
<tr>
<td>Overseas sales ratio  (%)</td>
<td>9.7</td>
<td>10.6</td>
<td>16.7</td>
<td>20.3</td>
</tr>
<tr>
<td>Operating profit (million)</td>
<td>65.4</td>
<td>53.8</td>
<td>43.5</td>
<td>573</td>
</tr>
<tr>
<td>Free cash flows (million)</td>
<td>25.7</td>
<td>38.3</td>
<td>29.2</td>
<td>42.1</td>
</tr>
<tr>
<td>Net D/E ratio (%)</td>
<td>1.7</td>
<td>1.6</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Return on equity (ROE) (%)</td>
<td>5.6</td>
<td>5.0</td>
<td>4.6</td>
<td>5.9</td>
</tr>
<tr>
<td>Capital investment, etc. (million)</td>
<td>721</td>
<td>54.7</td>
<td>70.1</td>
<td>76.7</td>
</tr>
<tr>
<td>Dividend per share (%)</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>

## Non-financial Highlights

### Forest certification acquisition rate

<table>
<thead>
<tr>
<th>Japan 100%, Overseas 91%</th>
<th>Change from FY2015 ▲ 3 pt (overseas)</th>
</tr>
</thead>
</table>

### GHG emissions*

<table>
<thead>
<tr>
<th>7,086 thousand t-CO2e</th>
<th>Change from FY2015 ▲ 248 thousand t-CO2e</th>
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</thead>
</table>

### Energy consumption*

<table>
<thead>
<tr>
<th>5,219 thousand kL oile</th>
<th>Change from FY2015 ▲ 441 thousand kL oile</th>
</tr>
</thead>
</table>

### Effective waste utilization ratio*

<table>
<thead>
<tr>
<th>94.0%</th>
<th>Change from FY2019 ▲ 0.4 pt</th>
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</thead>
</table>

### Water intake

<table>
<thead>
<tr>
<th>706 million m³</th>
<th>Change from FY2015 ▲ 31 million m³</th>
</tr>
</thead>
</table>

## Financial and Non-financial Highlights

### GHG emissions* (thousand t-CO2e)

- Forest certification acquisition rate
- Water intake
- Number of women in management positions
- Percentage of female managers (16 Group companies in Japan)
- Number of employees (excluding temporary employees)
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.

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
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 them by adapting our strategic direction 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 newspaper and printing/communication paper, for the first time. The domestic shipment of Paper peaked for printing/communication paper in 2000, and for newspaper 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, and the 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 particular emphasis on the paper 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 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 businesses, and growth from the future 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 compulsive,” and “ability to take action firmly and swiftly,” plus the shared directions of business to move forward, all officers and employees, will become a great driving force. Going forward, we will continue to constantly seek out new opportunities and predict risks, while we create a growth strategy targeting these, we will also develop and maintain a structure to firmly implement measures as a whole organization.

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 drawn renewed attention. I view this as a lesson that a company is an entity that is maintained by social field and takes 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.

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 working on 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 foundations of our group, which aimed 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 domestic market had caused 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 businesses, and growth from the future 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 compulsive,” and “ability to take action firmly and swiftly,” plus the shared directions of business to move forward, all officers and employees, will become a great driving force. Going forward, we will continue to constantly seek out new opportunities and predict risks, while we create a growth strategy targeting these, we will also develop and maintain a structure to firmly implement measures as a whole organization.
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 once the COVID-19 pandemic ends. Toward this end, we are moving ahead with each individual initiative.

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 fulfilling 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 and capabilities from upstream to downstream, we will also pursue new solutions 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, we expanded 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 Function- al Materials Business, we feel the need to promote R&D-orien ted 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 our fourth facility in 2022. Looking ahead, we will expand and reinforce the renewable energy business, including biomass power generation.

“Expansion of Overseas Businesses” As for “Expansion of Overseas Businesses,” overall progress has been steady, though some projects have been de layed 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 cut ting-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 plant that 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 Medi um-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
Looking Ahead to the Next Medium-term Management Plan

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 PACKAGE, 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.

We 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


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 logistics 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 prioritizes “Safety, Environment and Compliance” over profits, even in times of drastic change. First, 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 work places (making equipment and procedures safe). Regarding the “environment”, our efforts do not just stop at all 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 immoral actions,” 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 pollutions (such as marine plastic litter)
- Increased concern about human rights
- Increase in health consciousness with greater longevity

Appropriate Utilization of Management Resources
- Human capital
  - Human Resource Measures (pp. 102–105)
- Intellectual capital
  - Promotion of Innovation (pp. 41–46)
- Natural capital
  - Sustainable Forest Resources (pp. 39–40)
- Manufactured capital
  - List of Affiliated Companies (pp. 115–116)
- Financial capital
  - Financial Data Highlights (pp. 109–110)
- Social capital
  - Responsible Raw Materials Procurement (pp. 90–91)

Increase capital
- Overseas sales ratio 40% (with a target of more than 50% in the short term)
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.

**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.

**Procurement Sustainable forest resources**

- Forest recycling (Sustainable forest management)
- Water treatment business
- CO₂ absorption and fixation by forests

**Manufacturing Pulp**

- Pulp manufacturing
- Woodchips

**Sales (Consumption)**

- Paper recycling (Effective resource utilization)
- Used paper recovery

**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 and Material Issues

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.

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.

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 production forests spanning 130,000 ha. Implementing sustainable forest management, which is environmentally, economically, and socially conscious, forms the basis of our businesses.

Utilization of Renewable Resources

We promote recycling paper: Recovered paper makes up about 60% of the raw material of the paper. We also thoroughly circulated and reused 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.

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-hemichellulose-derived pharmaceutical products.

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 wastewater treatment businesses.

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

Identify core competencies

Extract possible material issues

Assess and analyze material issues in company with external organizations

Assess and approve validity at Management Meeting

Material Issues and Reason for Identification

<table>
<thead>
<tr>
<th>ESG Perspective</th>
<th>Material Issues</th>
<th>Reason for Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation of and adaptation to climate change</td>
<td>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 CO2 absorption via the expansion of company-owned forests.</td>
<td></td>
</tr>
<tr>
<td>Sustainable forest management (green sourcing)</td>
<td>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 CO2 absorption, it is necessary that we engage in the sustainable management of the vast forests we own in Japan and overseas.</td>
<td></td>
</tr>
<tr>
<td>Responsible raw material procurement</td>
<td>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 means that our business activities are essential.</td>
<td></td>
</tr>
<tr>
<td>Stable supply of safe and secure products</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Reduction of environmental burdens</td>
<td>We have a responsibility to prevent the 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.</td>
<td></td>
</tr>
<tr>
<td>Effective resource utilization (green and energy-saving)</td>
<td>It is important that we seek to protect resources and reduce waste by maintaining our recovered paper recovery 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.</td>
<td></td>
</tr>
<tr>
<td>Respect for human rights</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Ensuring workplace safety and health</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Inclusion &amp; diversity</td>
<td>As a global enterprise, it is essential to have a diverse array of human resources that flourish 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.</td>
<td></td>
</tr>
</tbody>
</table>

Business Perspective

<table>
<thead>
<tr>
<th>Business Perspective</th>
<th>Material Issues</th>
<th>Reason for Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability improvement of domestic business</td>
<td>For our businesses whose domestic market has contracted more than assumed, we have determined it essential that we work to resuscitate and enhance our earnings capacity by fundamentally restructuring production systems and promoting streamlining through business rationalization with other companies.</td>
<td></td>
</tr>
<tr>
<td>Expansion of overseas business</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Promotion of innovation</td>
<td>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 visibility sources of revenue.</td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Associated Risks and Opportunities</th>
<th>Main Countermeasures against Major Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion &amp; diversity</td>
<td>Incurred costs to strengthening diversity and human resources</td>
<td>Implement human resource strategy and develop human resources</td>
</tr>
<tr>
<td>Responsible raw material procurement</td>
<td>Occurrence of causes lacking consideration for environment and society in supply chain</td>
<td>Exploit CSR procurement, take into consideration the environment and society following the Oji Group Partnership Procurement Policy and Blood Trace Material Procurement Guidelines</td>
</tr>
<tr>
<td>Stable supply of raw materials and finished products</td>
<td>A decline in trust of stakeholders due to dropped raw materials and finished products</td>
<td>Shally supply own products</td>
</tr>
<tr>
<td>Reducing environmental impact</td>
<td>Adverse effects on society due to pollution and resulting decline in trust of stakeholders</td>
<td>Set voluntary management values that are stricter than the environmental regulatory standards</td>
</tr>
<tr>
<td>Effective resource utilization</td>
<td>Impact of resource depletion on core businesses</td>
<td>Paper recycling (improve the recovered paper utilization ratio)</td>
</tr>
<tr>
<td>Ensuring workplace safety and health</td>
<td>Occupational accidents</td>
<td>Establish safety and health management structures and promote activities aimed for safety</td>
</tr>
<tr>
<td>Inclusion &amp; diversity</td>
<td>Securing outstanding human resources</td>
<td>Implement human resource strategy and develop human resources</td>
</tr>
</tbody>
</table>

### Business Perspective

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Business Risks and Opportunities (Related to Group Management Strategy/Countermeasures against Risk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risks arising from fluctuations in demand</td>
<td>Domestic business fluctuations and the continuing decline of the population could result in declines in demand for our products as in sales prices, affecting the Oji Group’s performance.</td>
</tr>
<tr>
<td>Risks arising from changes in international market conditions</td>
<td>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, the expansion of distribution due to the identification of consumers, 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.</td>
</tr>
<tr>
<td>Risks associated with overseas business</td>
<td>The procurement prices of resources, fuel, and other raw materials are influenced by fluctuations in demand, countries’ changes in 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.</td>
</tr>
<tr>
<td>Opportunities for growth</td>
<td>Advancing into countries and regions experiencing continued high economic growth contributes to the expansion and strengthening of a business foundation.</td>
</tr>
<tr>
<td>Opportunities for growth</td>
<td>Facing a shrinking market, we are restructuring domestic business production systems and are striving to secure cash on hand. We also strengthen coordination among Oji Group companies with the aim of ensuring stable raw material procurement.</td>
</tr>
<tr>
<td>Business Risks and Opportunities (Related to Group Management Strategy/Countermeasures against Risk)</td>
<td>timely 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 corrugated paper and other products, and a paper carton business with Ishizuka Glass.</td>
</tr>
</tbody>
</table>

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**About the Oji Group**

**What the Oji Group Aims For**

**Business Strategy**

**Management Strategy**

**Financial Data & Corporate Data**
**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

#### FY2015 and earlier
- **Goal**: Business restructuring through transformation
- **Business restructuring through transformation**

#### FY2016–2018
- **Major Policy**: Deepening of the core businesses
- **Major Policy**: Development of new businesses and products
- **Major Policy**: Further expansion of overseas businesses

#### FY2019–2021
- **Goal**: A truly global and innovative value-creating company that grows sustainably

##### Fundamental Policies
- Deepening of the core businesses
- Development of new businesses and products
- Further expansion of overseas businesses

### Major Indicators

<table>
<thead>
<tr>
<th>FY2019–2021 Results and FY2021 Priority Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated operating profit: $100 billion yen</td>
</tr>
<tr>
<td>Overseas sales ratio: 20%</td>
</tr>
<tr>
<td>ROE: 7%</td>
</tr>
</tbody>
</table>

### Overview of the FY2019–2021 Medium-term Management Plan

**Under the FY2019–2021 Medium-term Management Plan, the Oji Group aims to:**

- **Consistently earn over 100 billion yen in annual consolidated operating profit**
- **Contribute to a sustainable society**
- **Profitability improvement of domestic business**
- **Expansion of overseas business**
- **Promotion of innovation**

### Profitability improvement of domestic business

<table>
<thead>
<tr>
<th>FY2019 Major Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. Start of commercial operation of JV household paper business with MPM*</td>
</tr>
<tr>
<td>Sep. Start of commercial operation of JV biomass power generation with MPM*</td>
</tr>
<tr>
<td>Nov. Start of joint procurement of imported woodchips with Chubu Pulp &amp; Paper and MPM*</td>
</tr>
<tr>
<td>Dec. Start of sales of OJI FLEX PACK RGE, a next generation packaging solution, and Rekubin, its packaging material</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2020 Major Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun. Shutdown of the AN-5 machine at the Oji Paper Tomakomai Mill</td>
</tr>
<tr>
<td>Jul. Start of operation of new non-woven fabric face mask manufacturing facility</td>
</tr>
<tr>
<td>Jul. Start of commercial operation of new Morishigyo Group corrugated container plant (Funabashi Oji, Chiba Prefecture)</td>
</tr>
<tr>
<td>Sep. Shutdown of the #4 machine at the Oji Paper Tomakomai Mill</td>
</tr>
<tr>
<td>Sep. Shutdown of the AN-1 machine at the Oji Paper Tomakomai Mill</td>
</tr>
</tbody>
</table>

### Pick Up

- **Start of operation of new household paper processing facility in Edogawa Ward, promoting sales expansion in the Greater Tokyo area**
- **Start of operation of one of the largest corrugated container plants in Japan in a major consumption area**

**Among 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 Kantou region. Accordingly, in the Funabashi area in Kanagawa Prefecture, 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. 2020), putting in place a system that can supply higher quality products in a sustainable and efficient manner.**

- **Tomakomai Mill newsprint machine to become containerboard machine, resume operation**

**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 Kurayoshi Mill will be shut down in September and December of 2021, respectively, and we are planning on transferring one of these to Tohokumai 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.**

### FY2019–2021 Performance Indicator Targets

<table>
<thead>
<tr>
<th>FY2019–2021 Performance Indicator Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated operating profit: ¥150 billion yen</td>
</tr>
<tr>
<td>Overseas sales ratio: 40%</td>
</tr>
<tr>
<td>ROE: 10%</td>
</tr>
</tbody>
</table>

**At least **

- **150 billion yen**
- **1 trillion yen**
- **10.0%**

**Maintain status**

* FY2019 result: 1.7 times

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* MPM: Mitsubishi Paper Mills

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**FY2019 Major Results**

- Start of production of new corrugated container facility in Edogawa Ward (start of commercial operation Jul. 2020)

**FY2020 Major Results**

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

**FY2021 Main Priority Measures**

- Jan. Start of trial operation of the KL-1 machine (former AN-5 machine) at the Oji Paper Tomakomai Mill
- Sep. Shutdown of the #2 machine at the Oji Morishigyo Group corrugated container plant (Funabashi Oji, Chiba Prefecture)
- Oct. Transfer of pressboard business from MPM* to Oji Materia Nagano Mill
- Dec. Shutdown of the pulp processing facility at the Oji F-Tox Ebeltoft Mill

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* MPM: Mitsubishi Paper Mills
**FY2019 Major Results**

**Vietnam**: Start of commercial operation of fifth corrugated container plant

**Brazil**: Construction for the pulp business, profitability enhancement

**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

**Nov.**: China: Start of commercial operation of first corrugated container plant

**Vietnam**: Start of commercial operation of new filter plant

**Brazil**: Phase 1 of construction to reinforce thermal paper machine

**Indonesia**: Start of commercial operation of first corrugated container plant

**Malaysia**: Machine expansion and site integration of disposable diaper business

**Mar.**: Acquisition of treasury stock in Japan Brazil Paper and Pulp Resources Development

**China**: Start of commercial operation of fourth corrugated container plant

**Full**: 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.**: Brunei: Expansion of thermal paper machine

**Jan.**: Malaysia: Start of commercial operation of ninth corrugated container plant

**Indonesia**: Start of operation of our own disposable diaper factory

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

**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.

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**Expansions of overseas business**

**FY2019 Major Results**

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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.

Aimed at 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 reinforce the foundation of our entire corrugated container business and seek to steadily capture the growing demand for corrugated containers.

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**Pick up**

**Indonesia**: Start of operation of our own disposable diaper factory

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**Expansion of overseas business**

**FY2020 Major Results**

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**Nov.**: China: Start of commercial operation of new filter plant

**Feb.**: Malaysia: Phase 1 of construction to reinforce thermal paper machine

**Mar.**: Indonesia: Start of commercial operation of first corrugated container plant

**Apr.**: Malaysia: Machine expansion and site integration of disposable diaper business

**May**: Acquisition of treasury stock in Japan Brazil Paper and Pulp Resources Development

**Jun.**: China: Start of commercial operation of fourth corrugated container plant

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---

**Promotion of innovation**

**FY2019 Major Results**

**Apr.**: Commercialization of CNF-AUROVISCO CS as a cosmetic ingredient

**Apr.**: Adoption of hydrophilic salt by ROHTO Pharmaceutical for their cosmetics

**Apr.**: Start of provision of SILBIO BARRIER, a paper material with barrier properties

**Aug.**: Development of KAMIMADA, a paper-based temporary construction material used in civil engineering

**Sep.**: Adoption of our products by Nestle (Thailand) for packaging materials for their products

**Oct.**: Adoption of our biomass plastic business by the Ministry of the Environment as the commissioned project

**Dec.**: Start of sales of OJI FLEX PACK’AGE and Rakudan

**Jan.**: Adoption of our products by Nestle (Japan) for packaging materials for their products

**Feb.**: Adoption of CNP* AUROVEIL for materials for table tennis rackets

**CNF**: Cellulose nanofiber

We are also developing biomass plastic films as the commissioned project of the Ministry of the Environment

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.

---

**FY2020 Major Results**

**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

**FY2021 Main Priority Measures**

**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 Nestle (Malaysia) for packaging materials for their products

**Sep.**: Three new products added to SILBIO series

---

**Pick up**

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

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.

---

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

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**Pick up**

**We are also developing biomass plastic films**

**Sugar solution**

**SILBIO WEAR**

**We are also developing biomass plastic films**

**A vehicle exhibited at the Tokyo Motor Show 2019**

**Research and development samples**
For the Oji Group that utilizes a range of renewable resources, including wood as raw materials, the conservation of the natural environment is essential from the perspective of business continuity. We also believe that it will be able to enhance the sustainability of its business activities through proactive measures to address the issue of climate change.

In order to clearly lay out our course of action, our Group formulated our “Environmental Vision 2050,” which declares our aims for 2050 and centers around our goal of net-zero carbon, and our “Environmental Action Program 2030,” which function as a milestone on the way to this Vision, in September 2020.

Special Feature (1)

Aiming for Net-Zero Carbon by 2050

70% reduction

Net-Zero Carbon by 2050

Environmental Vision 2050

“Net-Zero Carbon”

Reducing greenhouse gas (GHG) emissions to virtually zero

- Implement “Sustainable Forest Management” through the promotion of forest plantation overseas and forest conservation and achieve CO2 absorption and fixation which outweighs GHG emissions from our production activities
- Reduce GHG emissions from our production activities by improving the efficiency of energy consumption and increasing the use of renewable energy
- Reduce GHG emissions from the value chain by collaborating with our stakeholders

Environmental Action Program 2030

“Action on climate change”

Greenhouse gas (GHG) emissions

At least 70% or more reduction by FY2030 compared to FY2018*

(At least 75% or more reduction by FY2030 compared to FY1990*)

*Including absorption and fixation of CO2 by forests

(1) Increasing CO2 absorption and fixation by forests through investment in forest conservation and plantation

- Expansion overseas forest plantation area of 400,000 ha (Achieved 250,000 ha in FY2019).
- GHG storage of at least 170 million tons

(2) Improving in energy efficiency

- Energy consumption intensity at least 1% per year for the 5-year average.

(3) Increasing in the usage of renewable energy

- Renewable energy usage rate of at least 60% through reduction of coal consumption

Environmental Vision 2050

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- Reduce GHG emissions from the value chain by collaborating with our stakeholders

GHG emissions

2018

7,836 kt

2050

(5,485 kt) reduction

Environmental Action Program 2030

“Action on climate change”

Greenhouse gas (GHG) emissions

At least 70% or more reduction by FY2030 compared to FY2018*

(At least 75% or more reduction by FY2030 compared to FY1990*)

*Including absorption and fixation of CO2 by forests

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“Net-Zero Carbon”

Reducing greenhouse gas (GHG) emissions to virtually zero

- Implement “Sustainable Forest Management” through the promotion of forest plantation overseas and forest conservation and achieve CO2 absorption and fixation which outweighs GHG emissions from our production activities
- Reduce GHG emissions from our production activities by improving the efficiency of energy consumption and increasing the use of renewable energy
- Reduce GHG emissions from the value chain by collaborating with our stakeholders

Environmental Vision 2050

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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* by 70% (as compared to FY2018 emissions of 7,836 kt in) 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* 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub-category</th>
<th>GHG reduction (kt-CO2e)</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>FY2029</th>
<th>FY2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve energy efficiency</td>
<td>Maintaining energy conservation</td>
<td>204</td>
<td>2.6%</td>
<td>Continue to reduce energy consumption by 1.0% or more per year, averaged over five years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the percentage of renewable energy use</td>
<td>Reducing coal consumption</td>
<td>508</td>
<td>6.5%</td>
<td>Technological research, development, investment decisions, installations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reusing waste of fossil fuels</td>
<td>279</td>
<td>3.6%</td>
<td>Review, closing sales of electricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Installation of private solar panels, etc</td>
<td>60</td>
<td>0.7%</td>
<td>Installation planning, investment decisions, installations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transform the business structure for low GHG emissions</td>
<td>516</td>
<td>6.6%</td>
<td>Shift toward low GHG emissions business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>1,567</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>Expanding forest conservation and tree planting</td>
<td>3,918</td>
<td>50%</td>
<td>Search for sites, land surveys</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Assessment of business feasibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consideration of acquisition, decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5,485</td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions (base year)</th>
<th>Emissions in FY2018</th>
<th>Net GHG emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,836</td>
<td>7,460</td>
<td>-935</td>
</tr>
</tbody>
</table>

**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, 87–88)

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* 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 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.

For details, see ESG Data/Environment/Table 20: https://ojiholdings.disclosures.site/en/themes/116/

*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.

*3 The CO2 stocks in Oji’s 580,000 ha of forest were calculated with growth: 9,507 kt-CO2 per year, annual tree growth is 508 kg-CO2/ha.

Figure for CO2 absorption and fixation by forests and GHG emissions are for consolidated companies.

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**Toward the Realization of a Low-carbon Society**

**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.

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**Biomass power generation facility scheduled to begin operating in September 2022**
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 environmental conservation, 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 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.

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.

Initiatives in Japan and Overseas

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 company has 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. Furthermore, 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 adult education programs, and medical assistance in areas that have poor access to medical services.

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 Oji Group purchased 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, Ozofu 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.

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 forests, including production forests and conservation forests, e.g., FSC™(FSC-COC19623, etc.) and PEFC, etc.

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. Treated 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.

Rubeshibe company-owned forest in Hokkaido

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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 Shikoku. It takes over 60 years to harvest these trees. The harvested trees are processed into lumber and the residues 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 in Overseas

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Production forests

Conservation forests

190,000 ha in Japan

260,000 ha overseas

Group total

446

129

575

ha

ha

ha

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.

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Established</th>
<th>Production forests</th>
<th>Conservation forests</th>
<th>Total (1,000 ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>CENBRA</td>
<td>1973</td>
<td>144</td>
<td>105</td>
<td>249</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Pan Pac</td>
<td>1971</td>
<td>35</td>
<td>5</td>
<td>40</td>
</tr>
<tr>
<td>Indonesia</td>
<td>KTH</td>
<td>1988</td>
<td>39</td>
<td>12</td>
<td>51</td>
</tr>
<tr>
<td>Vietnam</td>
<td>QPL</td>
<td>1995</td>
<td>9</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Oji FS</td>
<td>2014</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Pan Pac</td>
<td>2014</td>
<td>16</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Overseas subtotal</td>
<td></td>
<td></td>
<td>258</td>
<td>129</td>
<td>387</td>
</tr>
<tr>
<td>Company-owned forests in Japan</td>
<td></td>
<td></td>
<td>1945</td>
<td>188</td>
<td>188</td>
</tr>
<tr>
<td>Group total</td>
<td></td>
<td></td>
<td>446</td>
<td>129</td>
<td>575</td>
</tr>
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</table>

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**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

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**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.
Special Feature (3) Promotion of Innovation

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 use into the atmosphere.

The raw material for biomass plastic 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 ethanoic acid, 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

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 fittability.

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.

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.

CNF (Cellulose Nanoﬁber)

Cellulose nanoﬁber (CNF) is a wood ﬁber that has been produced by 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, durability, 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.

Biomass plastic films

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” TAKECote 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 lighting cars (under development)


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

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 medicinal plant company, Oji Medicinal Plants Laboratory Co., Ltd., to develop domestic licorice cultivation techniques and are now proceeding with large-scale cultivation.

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 intra-vitral (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 anticipated to be used in pharmaceutical development and regenerative medicines.

Promotion of Innovation

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 packaging system, which uses our tandem corrugated sheets Rakudan, and a variable height automatic sealing system, which uses standard-sized corrugated box. Introduction of OJI FLEX PACK’AGE helps realise resource saving (corrugated container) 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 trusting ourselves of a supply chain dependent on overseas sources.

In addition to manufacturing paper packaging in Japan, we provide flexible solution to meet customers’ 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 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 viewpoints, 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

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 foodstuffs, 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.

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, 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 FY2019) are planned.
Main Overseas Sites

Household and Industrial Materials Businesses

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 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.

Voice
A new containerboard machine (PM3) begins operation

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.

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.
Business Strategy

**Environmental Quality**

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.

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

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 White to other Southeast Asian countries, whereby actively exploring new target countries.

**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 “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  
Oji Holdings Corporation

Functional Materials Business

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.

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.

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 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.

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.
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 businesses.

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.

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.

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.

Main Overseas Sites
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

**Forest Resources and Environment Marketing Business**

**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 energy, including wood biomass, hydroelectric power plants, and solar power. In 2022, our new wood energy, including wood biomass, hydroelectric power plants, and solar power. 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 energy, including wood biomass, hydroelectric power plants, and solar power.

**Forest Plantation 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 energy, including wood biomass, hydroelectric power plants, and solar power. 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 energy, including wood biomass, hydroelectric power plants, and solar power.

**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.

**Fuels/Chemicals and Other Material Procurement Business**
We are working to cultivate and manage company-owned forests in Japan and overseas. Harvested wood is supplied for pulp raw materials, as well as for a range of applications such as lumber, plywood materials, and biomass fuels.

**Centralized procurement management and advantageous and stable procurement 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, where 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.

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 (up 7.1 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

**MPP Oji Eco-Energy**
Operation commenced in 2019 (within Mitsubishi Paper Mills, Tomakomai, Hokkaido) Generating capacity: 75,000 kW

**MPM Oji Eco-Energy**
Operation commenced in 2019 (within Mitsubishi Paper Mills, Tomakomai, Hokkaido) Generating capacity: 75,000 kW

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

**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 Lau village, and at elementary schools in Dak Mang village.

Cenibra & Oji in times of Covid-19

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 safety 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

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Printing and Communications Media Business

The #L-1 machine (post-retrofit name of the #N-5 machine) at the Tomakomai Mill, in the Japanese market for newsprint. We hold approximately 30% share of the domestic print market and provide newspapers and communications including books, magazines, and catalogs, etc.

Business Strategy

Profitability Improvement of Domestic Business

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

Changes in Net Sales and Operating Profit

244.0 billion yen (up 48.7 billion yen from FY2019) and operating profit of 17.0 billion yen (up 5.8 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/publishing paper, and communications paper stemming from the economic downturn and spread of telwork resulted in a drop in net sales. With stringent cost reductions, the operating profit stood at a level similar to the last fiscal year.

In FY2021, net sales of 290.0 billion yen (down 14.3 billion yen from FY2020) and operating profit of 17.8 billion yen (up 7.8 billion yen from FY2020) are planned.

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 neipa 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.

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

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 environment-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.
Corporation Management Group and Shared Service Companies

Oji Engineering

Oji Engineering Co., Ltd. leverages its technologies accumulated through paper manufacturing to offer one-stop service engineering services ranging from facility design to operations for Oji Group products. Oji Engineering 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.

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.

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.

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.

Ishizuka-Oji Paper Packaging

Ishizuka-Oji Paper Packaging Co., Ltd. combines the expertise of 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 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 containers.

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.

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 nipa 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.

Shareholder Structure

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Message from the Chairman

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 homogeneous group of people will narrow our view, and 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.

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 sustainable growth. 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 set 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 work places 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)
- Effectively combining internal and external human resources

We have increased the number of female Independent Outside Officers to three. Another issue is pointed out, the internal audit division and the safety management division are strengthening their response to overseas operations in order to share and enhance transparency 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 the contribution of the Outside 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 even more resilient corporate group. We will 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.
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 management strategies and Group governance and each which Oji Holdings oversees the formulation of Group governance. The Oji Group has adopted a COMPANY system under which Oji Holdings reinforces Group-wide governance 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 pursuing the enhancement of corporate governance as an important management issue and building trusting relationships with all stakeholders.

Corporate Governance Structural Diagram

Outside Directors (including three Independent Outside Audit & Supervisory Board Members) 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 Directors representing more than half of the Committees members.

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.

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 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.

Ratios of performance-linked compensation and non-performance-linked compensation

| Position                          | Fixed compensation | Performance-linked compensation | Total
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<tbody>
<tr>
<td></td>
<td>(Non-performance)</td>
<td>(Performance-linked)</td>
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</tr>
<tr>
<td></td>
<td>(Non-performance)</td>
<td>(Performance-linked)</td>
<td></td>
</tr>
<tr>
<td>Director, Chairman of the Board</td>
<td>50%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Director of the Board, President</td>
<td>50%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Director of the Board, Senior Executive Officer</td>
<td>50%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Director of the Board, Executive Officer</td>
<td>50%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Independent Outside Director</td>
<td>100%</td>
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<td>100%</td>
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The payment ratios will fluctuate due to changes in performance-linked compensation such as bonuses and stock-based compensation.
Policy and Process for Nomination of Directors and Audit & Supervisory Board Members

Policies
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 notice on a balance between diverse knowledge and expertise concerning the business operated by the Group. The Fundamental Policies also stipulate 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:

<table>
<thead>
<tr>
<th>Director</th>
<th>Corporate management</th>
<th>Finance and accounting</th>
<th>Marketing and sales</th>
<th>Research and development</th>
<th>Talent management</th>
<th>Total attendance at Board of Directors meetings Attendance at Audit &amp; Supervisory Board meetings</th>
<th>Internality</th>
<th>ESG</th>
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<tbody>
<tr>
<td>Susumu Yajima</td>
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<tr>
<td>Masatoki Koyu</td>
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<tr>
<td>Yoshiki Kasahi</td>
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<tr>
<td>Hiroyuki Usa</td>
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<tr>
<td>Fumio Shindo</td>
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<tr>
<td>Kazuhiko Kuroda</td>
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<td>Koichi Ishida</td>
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<tr>
<td>Shigeki Asa</td>
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<tr>
<td>Michihiro Nara</td>
<td>Independent Director</td>
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<tr>
<td>Toshikazu Takeda</td>
<td>Independent Director</td>
<td>●</td>
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<td>●</td>
<td>98%</td>
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</tr>
<tr>
<td>Sachiko Ai</td>
<td>Independent Director</td>
<td>●</td>
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<td>98%</td>
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</tr>
<tr>
<td>Sachiko Naga</td>
<td>Independent Director</td>
<td>●</td>
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</tbody>
</table>

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 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.
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 Cultural Diversity
7. Communication with Society and Participation in Social Contributions
8. Conformity 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.

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 Politicians and Government
6. Severance of Relationships with AntiSocial Groups and Organizations
7. Corporate Activities that Contribute to the Realization of a Sustainable Society
8. Conformity with International Society
9. Seeking a Relationship of Trust with Customers
10. Maintenance of an Honest, Wholesome Relationship with Business Partners
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
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. Through Information Management
26. Appropriately 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

**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.

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

In FY2020, we prepared unique teaching materials (see the above image) to explain the principles of the Code and 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.

**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 these, we have established Group Corruption Prevention Regulations and their guidelines relating to bribery (offering and accepting benefits) and performing internal audits of bribery. An internal audit of the compliance status was implemented as a stricter standard for the “wholesome relationship with politics and government” for all Group companies since the fiscal year started in April 2020.

**Whistleblowing System**

The Oji Group operates the Business Ethics Helpline (illustrated in the diagram on the right) based on the Group Corruption Prevention 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.
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 leakages, production safety risks, production facility risks, raw materials purchasing risks, and others

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.

- 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 risks, we use the 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.

- 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 regulations 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.

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.

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.

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.

Evolutions in the Oji Group’s Governance System
Nara
The appointment of Ms. Nara 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 Mr. Takata on the Board last year as the first female Independent Outside Director, followed by Ms. Nara 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 briefing sessions. Participating in the Management Meetings as observers is also a useful opportunity.

Nara
As the same time as the enhancement of the governance system I mentioned earlier, we have seen an increasing awareness of compliance and a greater sense 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 Directors have been functioning effectively, and participation in the Management Meetings as observers is one example showing that the opinions and requests of Outside Directors have been achieved.

Ai
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.
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 delay.

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, we 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 considered as something that needs 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” 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 Nipia, 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 our 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 inexorably linked with the SDGs through its business activities. We 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 our stakeholders will pay attention to our stance and efforts, and we look forward to your further support and patronage.
<table>
<thead>
<tr>
<th>Material issues (ESG)</th>
<th>Qualitative targets</th>
<th>Key performance indicators (KPIs)</th>
<th>Current value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mitigation and adaptation to climate change</strong></td>
<td>Reduce GHG emissions, maintain and expand overseas forests, improve bioenergy efficiency</td>
<td>Reduce GHG emissions by at least 70% or more compared to FY2018 (2050 target); Increase bioenergy production to 10% of all energy consumption; Improve energy efficiency</td>
<td>Reduce GHG emissions by at least 70% compared to FY2018 (2050 target); Improvement in energy efficiency</td>
</tr>
<tr>
<td><strong>Sustainable forest management (forest planting)</strong></td>
<td>Maintain and expand overseas forests, increase forest certification acquisition rate</td>
<td>500,000 ha of overseas forest plantations, increase the rate of forest certification acquisition</td>
<td>203,000 ha of overseas forest plantations, increase the rate of forest certification acquisition</td>
</tr>
<tr>
<td><strong>Responsible raw materials procurement</strong></td>
<td>Promote ECO-certification, taking into consideration the environment and society, following the Oji Group Partnership Procurement Policy and the World Trade Organization Procurement Guidelines</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Reduction of environmental burdens (air, water and waste)</strong></td>
<td>Reduce emission intensity for emissions of environmental concern in wastewater by 15% from FY2019; Reduce SOx emissions intensity in exhaust gases by 15% from FY2019; Increase the effective evacuation utilization rate at least 50%</td>
<td>Reduce emission intensity for emissions of environmental concern in wastewater by 15% from FY2019; Reduce SOx emissions intensity in exhaust gases by 15% from FY2019; Increase the effective evacuation utilization rate at least 50%</td>
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</tr>
<tr>
<td><strong>Effective resource utilization (paper and recycling)</strong></td>
<td>Improve the recovered paper utilization rate; Reduce water consumption intensity</td>
<td>Recovered paper utilization rate: at least 23% compared to FY2018; Recovered paper utilization rate: 46.5% compared to 2018; Consumption of paper and paperboard: 1.6%</td>
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</tr>
<tr>
<td><strong>Stable supply of safe and secure products</strong></td>
<td>Provide education and training in human rights; Maintain and expand the multi-functions of forests</td>
<td>Percentage of target people who received education and training in human rights: 130%; Abundance for education and training in human rights = 113% (all workers)</td>
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</tr>
<tr>
<td><strong>Respect for human rights</strong></td>
<td>Achieve zero fatal and serious injuries per million hours; Achieve zero lost time injuries per million hours; Reduce injury frequency rate</td>
<td>Achieve zero fatal and serious injuries per million hours; Achieve zero lost time injuries per million hours; Reduce injury frequency rate</td>
<td>Achieve zero fatal and serious injuries per million hours; Achieve zero lost time injuries per million hours; Reduce injury frequency rate</td>
</tr>
<tr>
<td><strong>Ensuring workplace safety and health</strong></td>
<td>Increase in the usage of renewable energy; Reduce water intake and improve water recycling</td>
<td>Percentage of recovered paper utilization: 5.5% (Japan)</td>
<td>Increase in the usage of renewable energy; Reduce water intake and improve water recycling</td>
</tr>
<tr>
<td><strong>Inclusion &amp; diversity</strong></td>
<td>Increase the percentage of female managers; Increase the employment rate of people with disabilities; Provide education and training in human rights; Promote diversity</td>
<td>Increase the percentage of female managers; Increase the employment rate of people with disabilities; Provide education and training in human rights; Promote diversity</td>
<td>Increase the percentage of female managers; Increase the employment rate of people with disabilities; Provide education and training in human rights; Promote diversity</td>
</tr>
</tbody>
</table>

*1 Unless otherwise specified, Japanese and overseas consolidated companies.
*2 The actual of carbon stocks in living biomass.
*3 The actual of carbon stocks in living biomass = 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
*4 Water consumption intensity = (Water intake −Wastewater) ÷ Net sales
*5 Wood density x Carbon ratio x CO₂
*6 Carbon ratio x CO₂
*7 Percentage of female managers = Number of female managers / Number of all managers

**Value provided to society**

- Mitigation of climate change
- Increase in the usage of renewable energy
- Reduction of water consumption
- Improvement in energy efficiency
- Mitigation of air pollution

**Corresponding SDGs**

- 3.9
- 11.6, 14.1, 14.2
- 15.3, 15.4
- 11.6
- 14.1, 14.2
- 10.2, 10.3
- 10.4
- 13.3
- 15.3, 15.4
- 10.2, 10.3
- 10.4

**Reference pages**

- P38–39
- P9–11
- PI01
- P102–105
- P97
- P98–100
- P94–96
- P91–93
- P89
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.

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 pillar, setting a milestone of a 70% reduction by 2030 (using FY2018 as the base year).

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

Risks and Opportunities of Climate Change

Scenario Analysis

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 BCP*2 and continued practice of BCM*2, while also diversifying raw material procurement and taking flood damage countermeasures at our manufacturing facilities to reduce business impacts.

*1 IPCC RCP 2.6 and IEA 2DS for 2°C scenario, and IPCC RCP 8.5 for 4°C scenario
*2 BCP = Business Continuity Plan; BCM = Business Continuity Management

Risk Assessment

- The Environmental Management Department organized the identified key risks and opportunities for the Oji Group into transition risks based on the 3°C scenario*1 and physical risks based on the 4°C scenario*1.

Risk Strategies and Responses

- We will continue to address climate change issues by 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 BCP*2 and continued practice of BCM*2, while also diversifying raw material procurement and taking flood damage countermeasures at our manufacturing facilities to reduce business impacts.

- To reduce the impact of transition risks, we will address our carbon neutrality by promoting carbon credit trading, expanding renewable energy generation, and introducing carbon absorption technologies.

Opportunities

- We will continue to address climate change issues by 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 BCP*2 and continued practice of BCM*2, while also diversifying raw material procurement and taking flood damage countermeasures at our manufacturing facilities to reduce business impacts.

- We will continue to address climate change issues by 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 BCP*2 and continued practice of BCM*2, while also diversifying raw material procurement and taking flood damage countermeasures at our manufacturing facilities to reduce business impacts.
Environment Mitigation and Adaptation to Climate Change

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 utilization by using black liquor*1, renewable fuels*1 such as wood residue, bark, and fuels made from waste such as RPF*1. Renewable fuels accounted for 54.0% in FY2020.

Reduction of Energy Consumption

The Oji Group has positioned energy conservation measures as a crucial topic and takes continuous measures to address it. Conserving energy is 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 Oji Group will continue to move forward thorough energy conservation and production efficiency improvement.

**Changes in Fuel Composition Ratio**

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil fuel</td>
<td>33.3%</td>
<td>75.6%</td>
<td>79.0%</td>
<td>77.0%</td>
</tr>
<tr>
<td>Renewable fuel</td>
<td>66.7%</td>
<td>24.4%</td>
<td>21.0%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

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

**Efforts to Reduce GHG Emissions Volumes (Scope 3)**

In the Energy Business utilizing renewable fuels, we sold 1,574 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 t-CO2 to be emitted by other electric power companies.

**Measure 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 an 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 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 nano 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. The first thinning is carried out around 10–15 years after planting. Sunlight penetrates into the dark interior of the forest, enriching the lower levels of vegetation and the raw materials for plywood come from the thick part of the tree trunks. The sawmill residue from the production of lumber, and the chips of the trunks which can be used for lumber, are thoroughly utilized as woodchips for paper manufacturing or biomass fuel.

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 with the environment.

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

Yui 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.
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.

### Wood Raw Material Procurement

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

#### Wood Raw Material Procurement Guidelines (Summary)

1. Expand procurement of wood from certified forests
2. Increase use of plantation trees
3. Utilize unused wood effectively
4. Verify that procurement is in compliance with laws, environmentally friendly, and socially responsible

- Implement monitoring of suppliers
- Ensure raw material traceability
- Assure safety of raw materials
- Ensure availability of logging
- Follow the guidelines on human rights and labor rights

#### 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.

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### Environment: Responsible Raw Materials Procurement

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 released to the wild. In June 2019, Pan Pac was awarded Community Corporate Sponsor of the Year at a national kiwi conference held by Kiwir 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 forest 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 and regeneration).

   - The symbol of the company’s biodiversity initiatives is the Macademia 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.

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 II 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.

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### Environment: 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 conservation 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/119**

**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.
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 and has been prepared 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

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.

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 concern 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.

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

Environment

Environment
Reduced 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.
Environment  Reduction of Environmental Burdens

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.

Effective Waste Utilization Ratios

Overseas (%)

<table>
<thead>
<tr>
<th>Consumption (million m³)</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water intake (million m³)</td>
<td>740</td>
<td>706</td>
<td>95.4</td>
</tr>
<tr>
<td>Wastewater (million m³)</td>
<td>708</td>
<td>672</td>
<td>94.8</td>
</tr>
<tr>
<td>Consumption per unit of net sales (million m³/m³)</td>
<td>32</td>
<td>34</td>
<td>107.6</td>
</tr>
</tbody>
</table>

Effective Use of Waste

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 of 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.

Volume of Waste Generated* and Utilization Ratios

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>Compared to the base year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan (%)</td>
<td>98.3</td>
<td>99.4</td>
<td>99.9</td>
</tr>
<tr>
<td>Overseas (%)</td>
<td>86.8</td>
<td>86.5</td>
<td>86.4</td>
</tr>
</tbody>
</table>

* 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 consumption1 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

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.

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 water2 within the Economic & Technological Development Zone.

*1 Recycled water is water of a quality between tap water and sewage, and is used for industrial purposes.
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 newspapers. In addition, recovered paper utilization ratio 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).

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, engaged in initiatives such as awareness campaigns targeting households and businesses to eliminate prohibited materials included in recovered paper and strives to raise the recovered paper utilization ratio.

2. Increasing the use of recovered paper

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

<table>
<thead>
<tr>
<th>Collection of recovered paper from households</th>
</tr>
</thead>
</table>

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 (G3PP 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.

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 has 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.
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 products that require inspection and management of production processes to ensure safety based on the Product Safety Charter, and secure products to our customers.

Utilization of Forest Certification Programs
The Group also manufactures FSC™ certified products (FSC™-CoC14119, etc.), in 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.

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 (MIS), Safety Data Sheets (SDS), and other documents.

Environment Stable Supply of Safe and Secure Products

Safety Policies and Management Structures
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. The Group’s annually formulated safety and health promotion plan is based on the Oji Group’s Product Safety Charter and the Oji Group’s 2021 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.

Safety and Health Policies and Targets
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 Group company.

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

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

Safety 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 Revisions 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 has continued to decline 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 pulp, paper, and paper manufacturing industry was 1.54.

* Lost time is defined as an occurrence that resulted in a disability or incapacity to work for six months or more.

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 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 sales 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 the Oji Group employees enable “safety as our absolute top priority” and 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.

Hands-on Risk Training Using Hazard Simulation VR Devices

Installation of devices that simulate hazards and encouraging employees to practice risk training in a way not otherwise possible. I realized how scary accidents are and got a renewed sense of the importance of following rules.
Society Respect for Human Rights

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.

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.

1 Human Resource Development

The Oji Group is developing human resources in line with the Oji Group Human Resources Philosophy, which gives information centered on 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.

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)

Society Human Resource Measures

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 Rights Policy. 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.

We switched to online training in FY2020 to prevent the spread of COVID-19.
Main training content (Organized by Oji Management Office)

<table>
<thead>
<tr>
<th>Goals</th>
<th>Name of training</th>
<th>Eligible employees</th>
<th>Outline</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employee global challenge</td>
<td>Employees in their first year</td>
<td>Selected new employees are sent to an overseas site for one week</td>
<td></td>
</tr>
<tr>
<td>Overseas training for young employee (as intern)</td>
<td>Employees in their fifth to tenth year</td>
<td>Three months of language training, followed by two years of practical experience at an overseas site. Develops immediately effective human resources</td>
<td></td>
</tr>
<tr>
<td>Oji Global School</td>
<td>Employees at the age of 31 to 45</td>
<td>Six months of language training in Japan, followed by overseas assignment. Develops effective human resources for international business in a short time</td>
<td></td>
</tr>
<tr>
<td>Online English conversation classes</td>
<td>All employees who apply</td>
<td>Increases overall English ability and develops cross-cultural communication capacity</td>
<td></td>
</tr>
</tbody>
</table>

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 training for 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)

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.

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, and improvement in work-life management (working styles and health and productivity management).

Examples of health and productivity management activities

- 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
- 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)

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)


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 ratio 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 pro-actively 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 FY2020 8.35% of eligible male employees took paternity leave.

Support for Balancing Work and Childcare or Nursing Care

Support for balancing work and childcare

- Return to work
- Parental leave
- Maternity leave
- Paternity leave
- Childcare leave
- Leave for child-care and nursing care
- Leave for contacts such as enrolment
- Leave for returning to work
- Nursery leave for employees or/and their spouses
- Leave to work early from their childcare leave
- Priority guidance on watching services for the elderly (nursing care)

Support for balancing work and nursing care

- Leave for care of the elderly
- Leave for returning to work
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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)

Society Contribution to Local Communities and Society

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 Edogawabashi, 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: “sodateru [to raise children] (carefully and soundly), “tenasu [to illuminate] (the future brightly)” and “tenneru (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 Ginjirō 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 Hall

Award went to Mario World Vol. 40 by Fuminori Maro Shinohara

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. Mario World is a performance begun in 2004, planned and organized by Oji Hall and violin performer Fuminori Maro Shinohara. In recognition of the performance’s contribution to the development of the next generation and of the excellent performing quality and entertainment value, Mario World was awarded the Chamber Music and Chorus Category Award in the 33rd Music Pen Club Awards.

Sports

The Oji Eagles, an ice hockey team based in Tomakomai City, Hokkaido, which was established by Maro Company and the Oji Group in 2007 to contribute to the local community while aiming to win the inter-city baseball tournament and the national championship. 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.

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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. newpaper 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 68.0 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 have implemented an extraordinary 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 apprechiate 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.

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Financial Data Highlights

Changes in Assets and Profit/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (¥ million)</td>
<td>1,439,855</td>
<td>1,485,895</td>
<td>1,550,991</td>
<td>1,507,607</td>
<td>1,358,985</td>
</tr>
<tr>
<td>Operating profit (¥ million)</td>
<td>70,243</td>
<td>70,781</td>
<td>110,212</td>
<td>106,125</td>
<td>84,793</td>
</tr>
<tr>
<td>Ordinary profit (¥ million)</td>
<td>52,949</td>
<td>65,958</td>
<td>118,370</td>
<td>101,289</td>
<td>83,061</td>
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<tr>
<td>Profit attributable to owners of parent (¥ million)</td>
<td>40,270</td>
<td>38,222</td>
<td>51,977</td>
<td>58,181</td>
<td>49,635</td>
</tr>
<tr>
<td>Total assets (¥ million)</td>
<td>1,901,029</td>
<td>1,960,753</td>
<td>1,951,369</td>
<td>1,885,280</td>
<td>1,981,438</td>
</tr>
<tr>
<td>Net assets (¥ million)</td>
<td>759,198</td>
<td>810,011</td>
<td>815,406</td>
<td>831,657</td>
<td>865,606</td>
</tr>
<tr>
<td>Profit attributable to owners of parent (¥ million)</td>
<td>635.95</td>
<td>681.52</td>
<td>684.50</td>
<td>699.12</td>
<td>758.28</td>
</tr>
</tbody>
</table>

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

Status of Individual Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net sales (¥ million)</th>
<th>Operating profit (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household and Industrial Materials</td>
<td>647,489</td>
<td>38,090</td>
</tr>
<tr>
<td>Functional Materials</td>
<td>182,338</td>
<td>11,480</td>
</tr>
<tr>
<td>Forest Resources and Environment Marketing Business</td>
<td>245,334</td>
<td>16,651</td>
</tr>
<tr>
<td>Printing and Communications Media</td>
<td>243,956</td>
<td>11,156</td>
</tr>
<tr>
<td>Other</td>
<td>270,188</td>
<td>6,752</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,589,308</td>
<td>84,132</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(230,323)</td>
<td>660</td>
</tr>
<tr>
<td>Total</td>
<td>1,358,985</td>
<td>84,793</td>
</tr>
</tbody>
</table>

1. Adjustment amount is mainly the adjustment concerning internal transaction.
2. Numbers less than one million yen are rounded down to the nearest million.

Changes in Cash flows

<table>
<thead>
<tr>
<th>Cash in Cash out (¥ billion)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td>133.2</td>
<td>133.2</td>
<td>140.3</td>
<td>146.8</td>
<td>151.4</td>
</tr>
<tr>
<td>Cash from investing activities</td>
<td>117.2</td>
<td>40.2</td>
<td>74.6</td>
<td>95.0</td>
<td>40.2</td>
</tr>
<tr>
<td>Free cash flows (¥ billion)</td>
<td>133.2</td>
<td>133.2</td>
<td>140.3</td>
<td>146.8</td>
<td>151.4</td>
</tr>
</tbody>
</table>

Net sales composition by business segment

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.0</td>
<td>38.8</td>
<td>46.3</td>
<td>52.9</td>
<td>63.5</td>
</tr>
<tr>
<td>11.5</td>
<td>12.2</td>
<td>16.1</td>
<td>16.5</td>
<td>16.4</td>
</tr>
<tr>
<td>16.4</td>
<td>15.3</td>
<td>15.2</td>
<td>17.6</td>
<td>15.3</td>
</tr>
<tr>
<td>35.2</td>
<td>35.5</td>
<td>35.5</td>
<td>35.5</td>
<td>35.5</td>
</tr>
</tbody>
</table>

Operating profit composition by business segment

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.0</td>
<td>38.8</td>
<td>46.3</td>
<td>52.9</td>
<td>63.5</td>
</tr>
<tr>
<td>11.5</td>
<td>12.2</td>
<td>16.1</td>
<td>16.5</td>
<td>16.4</td>
</tr>
<tr>
<td>16.4</td>
<td>15.3</td>
<td>15.2</td>
<td>17.6</td>
<td>15.3</td>
</tr>
<tr>
<td>35.2</td>
<td>35.5</td>
<td>35.5</td>
<td>35.5</td>
<td>35.5</td>
</tr>
</tbody>
</table>

Profit attributable to owners of parent (¥ million)

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,270</td>
<td>36,222</td>
<td>51,977</td>
<td>58,181</td>
<td>49,635</td>
</tr>
</tbody>
</table>

Profit per share (¥)

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>40.7</td>
<td>36.6</td>
<td>52.5</td>
<td>58.8</td>
<td>50.1</td>
</tr>
</tbody>
</table>

Net assets per share (¥)

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>635.9</td>
<td>681.5</td>
<td>684.5</td>
<td>699.1</td>
<td>758.3</td>
</tr>
</tbody>
</table>
## Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Previous consolidated fiscal year March 31, 2021</th>
<th>Current consolidated fiscal year March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>73,943</td>
<td>130,529</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>301,682</td>
<td>237,718</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>10,381</td>
<td>5,725</td>
</tr>
<tr>
<td>Merchandise and finished goods</td>
<td>68,463</td>
<td>66,440</td>
</tr>
<tr>
<td>Work in progress</td>
<td>23,467</td>
<td>19,273</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>94,946</td>
<td>89,000</td>
</tr>
<tr>
<td>Short-term loans receivable</td>
<td>3,749</td>
<td>4,324</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>20,232</td>
<td>19,608</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>1,871</td>
<td>1,675</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,244,796</td>
<td>865,484</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Previous consolidated fiscal year March 31, 2021</th>
<th>Current consolidated fiscal year March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable</td>
<td>209,669</td>
<td>197,950</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>172,027</td>
<td>129,963</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>14,000</td>
<td>—</td>
</tr>
<tr>
<td>Current portion of bonds</td>
<td>20,000</td>
<td>—</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>16,330</td>
<td>20,741</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>48,486</td>
<td>48,874</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>22,984</td>
<td>11,526</td>
</tr>
<tr>
<td>Other</td>
<td>29,479</td>
<td>32,657</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>532,976</td>
<td>441,713</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>82,000</td>
<td>155,000</td>
</tr>
<tr>
<td>Long-term loans payable</td>
<td>295,647</td>
<td>362,716</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>48,412</td>
<td>59,892</td>
</tr>
<tr>
<td>Deferred tax liabilities for land revaluation</td>
<td>7,803</td>
<td>7,739</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>54,213</td>
<td>54,010</td>
</tr>
<tr>
<td>Long-term deposits</td>
<td>7,492</td>
<td>3,905</td>
</tr>
<tr>
<td>Other</td>
<td>27,078</td>
<td>27,469</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>532,647</td>
<td>467,117</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,063,623</td>
<td>1,195,831</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>103,880</td>
<td>103,880</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>110,750</td>
<td>109,100</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>457,968</td>
<td>493,224</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(13,977)</td>
<td>(13,400)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>658,623</td>
<td>692,805</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>21,004</td>
<td>31,654</td>
</tr>
<tr>
<td>Deferred gains (losses) on hedges</td>
<td>(957)</td>
<td>(6,418)</td>
</tr>
<tr>
<td>Revaluation reserve for land revaluation</td>
<td>5,813</td>
<td>5,684</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>2,399</td>
<td>(6,418)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>5,261</td>
<td>24,533</td>
</tr>
<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>33,512</td>
<td>55,176</td>
</tr>
<tr>
<td><strong>Share acquisition rights</strong></td>
<td>216</td>
<td>198</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>139,305</td>
<td>114,426</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>831,657</td>
<td>865,606</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>1,895,280</td>
<td>1,881,438</td>
</tr>
</tbody>
</table>

## Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Previous consolidated fiscal year From April 1, 2019</th>
<th>Current consolidated fiscal year From April 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,143,665</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>989,086</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>154,579</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>111,105</td>
</tr>
<tr>
<td><strong>Income tax expenses</strong></td>
<td>31,576</td>
</tr>
<tr>
<td><strong>Income before extraordinary items</strong></td>
<td>79,529</td>
</tr>
<tr>
<td><strong>Extraordinary losses</strong></td>
<td>18,644</td>
</tr>
<tr>
<td><strong>Income before extraordinary items</strong></td>
<td>60,885</td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td>16,016</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>76,901</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of parent</strong></td>
<td>58,161</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Previous consolidated fiscal year</th>
<th>Current consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(From April 1, 2019 to March 31, 2020)</td>
<td>(From April 1, 2020 to March 31, 2021)</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>98,138</td>
<td>80,883</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>63,379</td>
<td>62,758</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>1,898</td>
<td>1,099</td>
</tr>
<tr>
<td>Depletion of standing timber</td>
<td>6,650</td>
<td>6,958</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for asbestos</td>
<td>121</td>
<td>152</td>
</tr>
<tr>
<td>Increase in allowance for deforestation</td>
<td>2,460</td>
<td>(2,913)</td>
</tr>
<tr>
<td>Increase (decrease) in net deferred tax liability</td>
<td>1,750</td>
<td>760</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for income taxes</td>
<td>10,319</td>
<td>(4,292)</td>
</tr>
<tr>
<td>Increase in allowance for income taxes</td>
<td>6,948</td>
<td>6,791</td>
</tr>
<tr>
<td>Exchange loss (gain)</td>
<td>2,475</td>
<td>(3,946)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,758</td>
<td>1,877</td>
</tr>
<tr>
<td><strong>Increase (decrease) in allowance for income taxes</strong></td>
<td>31,729</td>
<td>1,877</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>154,002</td>
<td>166,535</td>
</tr>
<tr>
<td><strong>Interest and dividend income</strong></td>
<td>6,231</td>
<td>5,397</td>
</tr>
<tr>
<td><strong>Interest paid</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income taxes paid</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>(124,491)</td>
<td>(127,107)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate change on cash and cash equivalents</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>82,794</td>
<td>82,390</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents resulting from mergers of subsidiaries</strong></td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Effect of exchange rate change on cash and cash equivalents</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>82,390</td>
<td>135,669</td>
</tr>
</tbody>
</table>
Corporate Data / Stock Information

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
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
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)

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Shares held (Thousands)</th>
<th>Percentage of total shares issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust account)</td>
<td>97,197</td>
<td>9.8</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust account)</td>
<td>64,605</td>
<td>6.5</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust account 4)</td>
<td>34,808</td>
<td>3.5</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>31,668</td>
<td>3.2</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>25,658</td>
<td>2.6</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>21,636</td>
<td>2.2</td>
</tr>
<tr>
<td>Oji Group Employee Stock-Holding Association</td>
<td>19,933</td>
<td>2.0</td>
</tr>
<tr>
<td>The NonchiwAn Bank</td>
<td>16,654</td>
<td>1.7</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT - TREATY 505234</td>
<td>15,425</td>
<td>1.6</td>
</tr>
</tbody>
</table>

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.

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
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

Distribution of Shareholders (as of March 31, 2021)

- Financial institutions / Securities companies: 48.6%
- Individual and others: 16.9%
- Outside domestic corporations: 8.8%
- Foreign investors: 23.5%
- Treasury stocks: 2.2%

Other domestic corporations: 8.8%