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Oji Holdings Corporation

President: Susumu Yajima

Contact: +81-3-3563-1111

(Corporate Administration Dept.,

Corporate Governance Div.)

Securities Code: 3861

<https://www.ojiholdings.co.jp/english/index.html>

The corporate governance of Oji Holdings Corporation (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Drawing on the fundamental values and the behavior principles that the Oji Group (the “Group”) has carried down as a company since its founding, the Group has formulated the Oji Group Corporate Code of Conduct by which the Group as a whole engages in corporate activities with an awareness of its responsibility as a corporate citizen and a strong sense of ethics. The Group will continue to strive toward enhancing its corporate governance, regarding it as one of the highest priority issues, by ensuring efficiency, soundness and transparency of the management, while building relationships of trust with its diverse stakeholders. In doing so, the Group aims to increase its corporate value and become a company that is trusted by society.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 4.11.1] (Views on balance, diversity and size of the Board of Directors as a whole)
Although the Company organizes the Board of Directors taking notice of the balance of diverse knowledge and expertise related to its business, there currently are only male Directors. The Company focusses its efforts on promoting the active participation of women, and will continue to develop and invite appropriate human resources from the perspective of diversity.
Please refer to the Article 4 of the “Fundamental Policies of Corporate Governance” for details on our views on the composition of the Board of Directors.

[Disclosure Based on the Principles of the Corporate Governance Code]

The Company has formulated the “Fundamental Policies on Corporate Governance” and posted it on its website.

The Fundamental Policies of Corporate Governance:

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

[Principle 1.4] (Strategic Shareholdings)

Please refer to the Article 18 and Article 19 of the “Fundamental Policies of Corporate Governance”.

The significance of strategic shareholdings as of the end of March 2018 was verified at the Board of Directors meeting held in November 2018. The Company will proceed with reducing the strategic shareholding by selling the shares for which there is insufficient rationale.

[Principle 1.7] (Related Party Transactions)

Please refer to the Article 19 of the “Fundamental Policies of Corporate Governance”.

[Principle 2.6] (Roles of Corporate Pension Funds as Asset Owners)

In order to enhance the expertise of operations and fulfill its role as an asset owner, the Company complements its expertise as well as knowledge by appointing individuals with expertise and knowledge in

pension fund management as investment executors and employing operational consulting firms. In addition, the Company strives to improve qualifications of its personnel by participating in seminars held by the Pension Fund Association of Japan and other pension business managing financial institutions. As for the operational aspect, the Asset Management Committee makes decisions on investment activities and monitors the investment status and financial condition as necessary, taking into account the interests of corporate pension beneficiaries.

[Principle 3.1] (Full Disclosure)

(i) Company objectives, business strategies and business plans

Please refer to the Company's disclosures on its website and materials for management briefings.

Management Philosophy and Strategy:

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

(ii) Basic views and guidelines on corporate governance

For basic views, please refer to "I.1. Basic Views" of this Report.

For guidelines, please refer to the "Fundamental Policies on Corporate Governance".

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

(iii) Board policies and procedures in determining compensation of senior management and Directors

Please refer to the Article 13 of the "Fundamental Policies of Corporate Governance".

(iv) Board policies and procedures for appointment and dismissal of senior management as well as nomination of candidates of Directors and Audit & Supervisory Board Members

Please refer to the Article 5, the Article 6, and the Article 10 of the "Fundamental Policies of Corporate Governance".

(v) Explanations with respect to individual appointment, dismissal and nomination of Directors and Audit & Supervisory Board Members

The Company explains reasons for appointments of candidates of Directors and Audit & Supervisory Board Members in its referential material of a general meeting of shareholders. Please refer to the said material that is posted on the Company's website.

<<https://www.ojiholdings.co.jp/english/ir/stock/meeting.html>>

Please refer to descriptions in "II 1. Organizational Composition and Operation" of this Report for reasons for appointments of Outside Directors and Outside Audit & Supervisory Board Members.

[Supplementary Principle 4.1.1] (Brief summary of scope and content of matters delegated to managements)

Please refer to the Article 3 of the "Fundamental Policies on Corporate Governance".

[Principle 4.9] (Independence Standards and Qualification for Independent Outside Directors)

Please refer to the Article 12 of the "Fundamental Policies on Corporate Governance".

Please refer to "II.1. Organizational Composition and Operation" of this Report for information concerning determination of independence of each Independent Outside Director.

[Supplementary Principle 4.11.2] (Status of Directors' and Audit & Supervisory Board Members' concurrent positions in other listed companies)

Please refer to a referential material of a general meeting of shareholders that is posted on the Company's website.

<<https://www.ojiholdings.co.jp/english/ir/stock/meeting.html>>

[Supplementary Principle 4.11.3] (Analysis and evaluation of effectiveness of the Board of Directors)

The Company stipulates in its "Fundamental Policies on Corporate Governance" that the Board of Directors conducts analysis and evaluation of its effectiveness every year and takes required measures to ensure the effectiveness as a whole as well as discloses an overview of the findings.

In order to evaluate the effectiveness of the Board of Directors in FY 2017, we conducted a questionnaire on the roles, organization and management of the Board of Directors for all of the Directors and Corporate Auditors from April to May 2018. With regard to the evaluation results, after the analysis was conducted by the Compensation Committee to which the outside directors participated, the Board of Directors deliberated based on the analysis results.

As a result, it was confirmed that the information necessary for deliberation by the Board of Directors was continuously provided appropriately by briefing sessions to outside officers, and that outside officers issued accurate opinions in a position independent of management, It was confirmed that the verification of whether the execution of important business matches the strategic direction of the whole group is being steadily done. Meanwhile, we confirmed issues such as the fact that there is still room for improvement regarding the enhancement and revitalization of discussions to ensure the effectiveness of the Board of Directors, and decided to implement countermeasures.

In keeping with the findings, the Company will consider and take required measures to continually work on functional improvements of the Board of Directors.

[Supplementary Principle 4.14.2] (Policy for training for Directors and Audit & Supervisory Board Members)
Please refer to the Article 14 of the “Fundamental Policies on Corporate Governance”.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)
Please refer to the Article 17 of the “Fundamental Policies on Corporate Governance”.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Limited (Trust Account)	78,849,000	7.77
Japan Trustee Services Bank, Limited (Trust Account)	62,701,416	6.18
Japan Trustee Services Bank, Limited (Trust Account 4)	35,676,000	3.52
Sumitomo Mitsui Banking Corporation	31,668,430	3.12
Nippon Life Insurance Company	25,658,305	2.53
Mizuho Bank, Limited	21,636,990	2.13
Oji Group Employee Stock-holding Association	19,861,575	1.96
Japan Trustee Services Bank, Limited (Trust Account 9)	19,521,000	1.92
Japan Trustee Services Bank, Limited (Trust Account 5)	17,187,000	1.69
The NorinChukin Bank	16,654,660	1.64

Controlling Shareholder (excluding Parent Company)	-
Parent Company	None

Supplementary Explanation

The Company, owning 23,411,000 of its treasury shares as of September 30, 2018, is not included in the Status of Major Shareholders.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Pulp & Paper

Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥ 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision of Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Not determined
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (only if he/she does not concurrently serve as the President)
Number of Directors	15 persons
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	2 persons
Number of Independent Directors	2 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Michihiro Nara	Lawyer												
Nobuaki Terasaka	Others												

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or Executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an Executive thereof

e. Major client or supplier of the Company or an Executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an Executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which the Company's Outside Directors/Audit & Supervisory Members are mutually appointed to (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Michihiro Nara	○	-	<p>The Company appoints Mr. Nara as an Outside Director in its expectation on him to reflect his rich experiences and deep insights as a lawyer to the Company's management.</p> <p>Mr. Nara is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standards of independence for Independent Officers set by the Tokyo Stock Exchange.</p>
Nobuaki Terasaka	○	-	<p>The Company appoints Mr. Terasaka as an Outside Director in its expectation on him to reflect his rich experiences and deep insights as an administrative officer to the Company's management.</p> <p>Mr. Terasaka is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standards of independence for Independent Officers set by the Tokyo Stock Exchange.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	4 persons	4 persons
Full-time Members	None	None
Inside Directors	2 persons	2 persons
Outside Directors	2 persons	2 persons
Outside Experts	None	None
Other	None	None
Chairperson	Inside Director	Inside Director

Supplementary Explanation

The Nomination Committee deliberates and conducts a report to the Board of Directors the matters concerning appointment and dismissal of Directors, Audit & Supervisory Board Members, Group Corporate Officers, and Advisors. The Compensation Committee deliberates and conducts a report to the Board of Directors the matters concerning compensation of Directors, Group Corporate Officers, and Advisors. The Nomination Committee and the Compensation Committee comprise the Chairperson, the President and all Outside Directors, with the President serving as the Committee Chair.

During the period from April 1 to December 21, 2018, the Nomination Committee was held once with the attendance rates of its members were as follows: Kiyotaka Shindo 100%, Susumu Yajima 100%, Michihiro Nara 100%, and Nobuaki Terasaka 100%. During the same period, the Compensation Committee was held twice with the attendance rates of its members were as follows: Kiyotaka Shindo 100%, Susumu Yajima 100%, Michihiro Nara 100%, and Nobuaki Terasaka 100%.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	Not determined
Number of Audit & Supervisory Board Members	5 persons

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board Members regularly meet with Accounting Auditors, are given explanations on plans and implementation status of audits as well as on results of audits on financial statements by them, and conduct opinion exchanges with them.

Audit & Supervisory Board Members meet with the Company's Internal Audit Department about once every month and exchange information on audit plans and results, and ensure cooperation between them.

Such audits are reported to a person in charge in the Internal Control Department via Group Management Meetings. For Outside Directors and Outside Audit & Supervisory Board Members, the Company conducts a report to, and exchanges opinions on those audits with them at briefing sessions, held two times every month in principle, where the Company conducts a report to them on contents of Holdings Management Meetings and Group Management Meetings.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3 persons
Number of Independent Outside Audit & Supervisory Board Members	3 persons

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Makoto Katsura	Other													
Mikinao Kitada	Lawyer													
Norio Henmi	Lawyer													

- * Categories for “Relationship with the Company”
 - * ”○” when the Director presently falls or has recently fallen under the category;
“△” when the Director fell under the category in the past
 - * “●” when a close relative of the Director presently falls or has recently fallen under the category;
“▲” when a close relative of the Director fell under the category in the past
- a. Executive of the Company or its subsidiaries
 - b. Non-executive Director or Executive of a parent company of the Company
 - c. Executive of a fellow subsidiary company of the Company
 - d. A party whose major client or supplier is the Company or an Executive thereof
 - e. Major client or supplier of the Company or an Executive thereof
 - f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member
 - g. Major shareholder of the Company (or an Executive of the said major shareholder if the shareholder is a legal entity)
 - h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
 - i. Executive of a company, between which the Company’s Outside Directors/Audit & Supervisory Members are mutually appointed to (the Director himself/herself only)
 - j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
 - k. Others

Outside Audit & Supervisory Board Members’ Relationship with the Company (2)
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Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Makoto Katsura	○	-	<p>The Company appoints Mr. Katsura as an Outside Audit & Supervisory Board Member in its expectation on him to reflect his rich experiences and broad perspectives as a diplomat to the Company’s audits.</p> <p>Mr. Katsura is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company’s general shareholders, for the facts that he does not have any special interests with the Company and the Company’s important subsidiaries and he does not go against any of the standard of independence for Independent Officers set by the Tokyo Stock Exchange.</p>
Mikinao Kitada	○	-	<p>The Company appoints Mr. Kitada as an Outside Audit & Supervisory Board Member in its expectation on him to reflect his rich experiences and broad perspectives as a public prosecutor and as a lawyer to the Company’s audits.</p> <p>Mr. Kitada is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company’s</p>

			general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standard of independence for Independent Officers set by the Tokyo Stock Exchange.
Norio Henmi	○	-	<p>The Company appoints Mr. Henmi as an Outside Audit & Supervisory Board Member in its expectation on him to reflect his rich experiences and broad perspectives as a lawyer to the Company's audits.</p> <p>Mr. Henmi is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standard of independence for Independent Officers set by the Tokyo Stock Exchange.</p>

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/ Audit & Supervisory Board Members	5 persons
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Matters relating to Independent Directors/Audit & Supervisory Board Members

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[Incentives]

Incentive Policies for Directors	Performance-linked remuneration, stock options
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Supplementary Explanation

While the Company had adapted stock options as stock-based remuneration for Directors since 2006, it decided to replace it with performance-linked and stock-based remuneration and passed a resolution at the 92nd annual general meeting of shareholders on June 29, 2016, to motivate Directors to contribute more to improving the medium- to long-term business performances and enhancing corporate values.

Under the performance-linked, stock-based remuneration system, a trust funded by the Company acquires the Company shares, and delivers those of the number equivalent to points granted to each Director in accordance with certain criteria such as business results and financial indicators, to each Director. The Company shares are delivered to each Director at the time of retiring from the Board of Directors, in principle. The initial trust period is three years, and it may be extended and continued for another three years at the expiration, based on the resolution of the Board of Directors. Please refer to the Company's Financial Reports for the method of calculating the points.

Accordingly, new granting of stock options has been discontinued.

Financial Reports (Japanese only):

<<https://www.ojiholdings.co.jp/ir/library/security.html>>

Recipients of Stock Options	Inside Directors
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Supplementary Explanation

New grant of stock options will be discontinued, as stated in the above.
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[Director Compensation]

Disclosure of Individual Director's Compensation	No Individual Disclosure
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Supplementary Explanation

Individual disclosure has not been made as there is no Director with his/her total amount of compensation exceeding 100 million yen. In fiscal 2017, the total amount of compensation for 15 Directors was 676 million yen.

Policy on Determining Compensation Amounts and Calculation Methods	Established
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Disclosure of Policy for Determining Compensation Amounts and Calculation Methods

Compensation for Directors comprises: 1. Base compensation 2. Compensation reflecting short-term business performances 3. Stock-based compensation reflecting medium- to long-term improvements in corporate values Total of 1 and 2 should be less than 700 million yen, and 3 should be within 570,000 points, where 1 point is generally equivalent to 1 share of the Company (resolution of the 92nd annual general meeting of shareholders). Compensation for Outside Directors comprises base compensation only. Decision on compensation is to be made following the deliberation and reporting of the Compensation Committee which comprises the Chairman, the President and all Outside Directors.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

In view to strengthen the supervisory function of Outside Officers, contents of Holdings Management Meetings and Group Management Meetings are reported to them two times every month, in principle. The Auditor's Office has been established as a system to assist duties of all Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members. With several employees that include dedicated employees appointed in it, the Auditor's Office conducts reports on important information to Outside Audit & Supervisory Board Members.
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[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	None
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Others	Only when the President specifically acknowledges the necessity for business, the Company appoints a person who has retired from the Board of Directors to a Komon (Advisor) after deliberation and reporting by the Nomination Committee, which is composed of the Chairman, the President and all Outside Directors. Komon (Advisor) will engage in the work requested from the president. Currently, there is no one experienced the President and Representative Director, etc. who has been appointed as a Komon (Advisor).
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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Decisions on execution of important matters concerning the Group's management are made by the Board of Directors, following deliberations by Holdings Management Meetings and (or) Group Management Meetings. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers and COMPANY Presidents. At the same time, the Company secures a check-and-balance function within the Group by clearly determining authority and responsibility of each organization in Organization Regulations, Group Management Regulations and Authorities Regulations. In addition, the Company formulates in-house regulations on obtaining approvals, Group CEO's Decisions Regulations and COMPANY President's Approval Regulations, and appropriately operates business procedures based upon them.

In principle, the Board of Directors is held once every month and comprises 14 Directors including 2 Outside Directors.

In principle, the Audit & Supervisory Board is held once every month and comprises 4 Audit & Supervisory Board Members, of which 2 are Outside Audit & Supervisory Board Members.

Please refer to the Fundamental Policies on Corporate Governance for the policies and procedures concerning nomination of Officer candidates and compensation of Officers.

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

The Company has concluded contracts for limitation of liability, by which the liability stipulated in the Article 423, paragraph (1) of the Japanese Companies Acts is limited by the provision of the Article 427, paragraph (1) of the said Acts, with Outside Directors and all Audit & Supervisory Board Members. The amount of limit of liability for damages under the said contracts is to be the amount specified in laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

The Company has introduced the Executive Officer system in 1999 ("Executive Officer" was renamed to "Group Corporate Officer" along with the transition to a pure holdings company system on October 1, 2012), in order to speed up decision-making, strengthen systems for business execution, and clarify executive responsibilities. In June 2007, the Company has introduced Outside Directors to strengthen monitoring of management and to pursue a corporate management which has higher degrees of transparency and efficiency. In addition, the Company has introduced the system of Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members, and appointed 4 Audit & Supervisory Board Members, of which 2 are Outside Audit & Supervisory Board Members. There are 2 standing Audit & Supervisory Board Members, and 1 of them possesses considerable knowledge of finance and accounting. Audit & Supervisory Board Members conduct audits on Directors' business executions based upon audit plans set at the Audit & Supervisory Board, through actively making attendances in the Board of Directors and other important meetings.

With such systems in mind, the Company recognizes that it is committed to enhancing its effective monitoring of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures for Vitalization of General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In principle, a convocation notice is sent 3 weeks prior to a general meeting of shareholders. A convocation notice is also posted on the Company's website before being sent.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights, excluding that via mobile phone, is allowed.
Participation in Electronic Voting Platform	The Company participates in electric voting platform.
Providing Convocation Notice in English	An English translation of a convocation notice is posted on the Company's website.
Other	Regarding a business reporting at a general meeting of shareholders, the Company works to make it easy-to-understand through visualization using narration and monitors.

2. IR Activities

	Supplementary Explanations	Explanation by Representative(s)
Regular Investor Briefings for Analysts and Institutional Investors	Briefings are held when the Company discloses information on account settlement, midterm-management plans, etc., as necessary.	Yes
Posting of IR Materials on Website	<p>Following information are being posted on the Company's website:</p> <ul style="list-style-type: none"> -Information on account settlement as well as explanatory materials related to it -Other materials of timely disclosure -Summary of Consolidated Financial and Business Results -Annual Reports -Materials for management briefings describing the Company's midterm-management plans etc. <p>The Company's website: <https://www.ojiholdings.co.jp/english/></p>	
Establishment of Department and/or Manager in Charge of IR	Duties of IR activities are shared by several departments. Depending on the content, a duty is conducted by departments in charge of the subject business.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting Positions of Stakeholders	The Company respects the positions of and fosters the relationship of trust with its diverse stake holders by encouraging its officers and employees promote corporate activities with an awareness of their responsibility as corporate citizens and a high ethical principle worthy of the trust of society, pursuant to the provisions of the "Oji Group Corporate Code of Conduct".
Implementation of Environmental Activities, CSR Activities etc.	<p>The Group regards the environmental problems as one of priority issues in its management and has formulated the "Oji Group Environmental Charter". In addition, the Group has formulated "Environmental Charter Action Guidelines" and the "Environmental Action Program 2020" whose year of achievement set to be fiscal 2020, in order to apply the philosophy of the Environmental Charter in the Group's corporate activities. The "Environmental Action Program 2020" is composed of 4 chapters, adding "Zero-emission", which aims for zero-environmental burden in all the operational procedures, to "Sustainable Forest Management / Paper Recycling" and "Responsible Raw Materials Procurement", the initiatives the Group has continuously engaged in. The Company supports the "Ten Principles of the UN Global Compact" and works to implement them in its daily business activities.</p> <p>The Company reports implementation status of activities of environmental conservation as well as CSR by posting the "Oji Group Report" on its website.</p>
Other	Diversity of values and flexibility are extremely important for reinforcing corporate competitiveness and achieving continuous development.

For the Group to grow as a global enterprise “beyond boundaries,” the Group has been committed to promoting Human Resources Development, Working Style Reforms, and Diversity Promotion in order to encourage every employee to embrace diversity of values and flexibility in thinking and to enhance his/her skills; with “a company’s strength originates from human resources” as its fundamental principle.

[Human Resources Development]

1. Next-generation development

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

(Mid-level management training (Oji Juku))

2. Global human resource development

In addition to identifying and development human resources, the Group actively recruits outstanding human resources from outside the Group.

(Language training, training at overseas business sites (primarily in China and Southeast Asia))

3. Management training and training by job type

To successfully carry out management strategies centered on business structural reforms, the Group has clarified the ideal in human resources for each COMPANY and is holding awareness-changing training and division specific training.

(General manager training in conjunction with the introduction of new personnel systems, new manager training, sales personnel training)

[Promotion of Working Style Reforms]

Based on the idea of “a company’s strength originates from human resources,” the Group works on improving the environment in which each and every employee can make the most of his/her abilities.

1. Reduction of total working hours and promotion of operational efficiency

The Group has been working to implement business reforms and reduce working hours.

(Utilization of flexible hours, setting the maximum limit for overtime work hours, full compensatory leave for working on holidays, encouragement of paid leave usage, etc.)

2. Initiatives to change personnel system for promotion of working style reforms

The Group is committed to establish the personnel system to the Group which enhances the effectiveness of working style reforms, in order to securely carry out tasks in association with the management strategies.

(1) Role-based personnel grading system

In order to break away from senitory systems and realize early identification of personnel suitable for advancement, each employee is evaluated based on whether or not he/she has fulfilled his/her clarified roles.

(2) Certified researcher system

In order to promote creation of innovative value, working environment that allow researchers with particularly high levels of specialized knowledge to focus on research are developed.

(3) Retirement at age 65

Introduced in FY2017 to enable employees to demonstrate their knowledge, skills, and enthusiasm.

	<p>[Promotion of Diversity]</p> <p>The Group aims to implement initiatives that ensure its diverse human resources, regardless of gender, age, disability or nationality, play an active role, and diverse values and ideas lead to enhanced corporate competitiveness.</p> <p>1. Demonstration of abilities by diverse human resources and career development</p> <p>The Group works on promoting active participation of women as a priority issue, and implements a variety of initiatives, such as career development for female employees on the generalist track and practical training support in each workplace. (Training for pre-management level female employees, management level employees with female subordinates, young female employees on the generalist track, etc.)</p> <p>In 2007, the Group established a special subsidiary to promote the employment of people with disabilities, which manages and cleans common areas of the head office building. In addition, in the current fiscal year, the “Three-year Plan for Employment of Persons with Disabilities” was formulated in order to promote the employment of persons with disabilities throughout the Group. The Group will continue to strive for social contribution by expanding employment opportunities for people with disabilities.</p> <p>2. Improvement in work-life management</p> <p>We are introducing various systems that encourage employees with childcare or nursing care responsibilities to continue to actively participate in their work. In addition, the Nepia SODATERASU nursery opened within a Group company facility in Edogawa-ku, Tokyo in April, 2018. The objectives of the nursery are to help employees maintain a balance between childcare and work, promote the active participation of women in their work, and contribute to the elimination of unattended children as a part of the Group’s corporate social responsibility.</p> <p>3. Change of mindset and behavior of management level employees</p> <p>Based on the belief that changes in mindset and behavior among managers are particularly important, the Group provides training aiming at correct understanding concerning the intention of top management' and diversity promotion and instilling the Group’s policies. The Group also conducts an awareness survey as an index for evaluating the penetration of promotional activities.</p> <p>*Please refer to the Company’s website of the below URL for specific initiatives. <https://www.ojiholdings.co.jp/english/sustainability/diversity/></p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

<p>The Company sets the “Matters Concerning Development of Systems to Ensure Listed Company’s Appropriate Business Operations (i.e. Fundamental Policies on the Construction of an Internal Control System)” as the following, pursuant to the provisions of the Article 362, paragraph (4), item (vi) of the Japanese Companies Act and the Article 100, paragraph (1) and paragraph (3) of the Ordinance of the Japanese Companies Act.</p>

1. A system for ensuring that the execution of duties by Directors and employees of Oji Holdings (the “Company”) and its subsidiaries comply with laws, regulations, and the Articles of Incorporation
 1. The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, reconfirms that Directors and employees of the Company and its subsidiaries shall promote corporate activities with an awareness of responsibility as corporate citizens and by a strong sense of ethics that respond to the trust of society, and promises to continue such activities.
 2. The Company shall strive to identify and remedy any problems by establishing a division for ensuring thorough compliance with laws and regulations through development of a Group-wide compliance system including training on legal compliance and a whistleblowing system.
 3. The Company has established an internal system for preventing any form of relationship with anti-social forces by introducing an internal contact office. The Company shall maintain a firm stance against anti-social forces.
 4. The Internal Audit Department shall conduct audits on compliance and report the results of the audits at the meeting stipulated in the Group Regulations.
2. A system related to the storage and management of information regarding the execution of duties by Directors
 1. The Company shall store and manage documents (including documents issued by electromagnetic means) in accordance with laws and regulations and the Company’s regulations on the handling of documents. Documents shall remain available for inspection upon request by a Director or an Audit & Supervisory Board Member.
3. A system including regulations on the management of risks on loss to the Company and its subsidiaries
 1. Important matters related to the overall Group’s risk management and internal control system shall be deliberated and reported, and proposed amendments to the Fundamental Policies on the Construction of an Internal Control System shall be deliberated, at a meeting stipulated in the Group’s rules.
 2. The Company shall clarify its risk management structure by establishing fundamental regulations on the management of the Group’s risks, and at the same time, manage the risks of the overall Group exhaustively and comprehensively and establish structures corresponding to each type of risk.
 3. The Internal Audit Department shall conduct audits on the status of risk management and report the results to the meeting stipulated in the Group Regulations.
4. A system for ensuring efficient execution of duties by Directors of the Company and its subsidiaries
 1. The Company shall establish the management philosophy, fundamental management policies, medium-term management plans, and annual general plans of the overall Group to clarify the goals and issues to be shared by Directors and employees of the Company and its subsidiaries.
 2. Each Director of the Company and its subsidiaries shall implement specific measures related to operations they are in charge of by following the above philosophy, fundamental policies, and plans,

check the status of their progress accurately and promptly by making use of information technology systems and similar tools, and report the progress to the Board of Directors of the Company and its subsidiaries. Where any element that interferes with efficiency improvement is identified, they shall promote improvement measures such as the elimination and mitigation of such a problem, thereby establishing a system that ensures a higher level of achievement of goals and solutions to issues.

3. The Company shall clarify the authorities and responsibilities of employees of the Company and its key subsidiaries in an attempt to ensure the organizational and efficient execution of duties.
5. A system for ensuring appropriate business operations of the corporate group consisting of the Company and its subsidiaries, and a system related to reporting to the Company on matters concerning the execution of duties by Directors of the Company's subsidiaries
 1. The roles of the Company and its subsidiaries and the Group's governance structure shall be clearly stipulated in the Group Regulations.
 2. Unified procedures for internal approval and reporting in the Group shall be stipulated in the Group Regulations, thereby ensuring internal checks within the Group.
6. Matters related to an employee who assists an Audit & Supervisory Board Member in the execution of their duties, matters related to the independence of such an employee from Directors, and matters related to securing the effectiveness of directions to such an employee, which apply where the assignment of such an employee is requested by an Audit & Supervisory Board Member
 1. The Company shall establish a division that assists Audit & Supervisory Board Members in the execution of their duties and assign several dedicated employees who are capable of validating the Company's business operations
 2. The division that assists Audit & Supervisory Board Members in the execution of their duties shall be under the direct control of the Audit & Supervisory Board, and personnel transfers and personnel evaluations of employees who belong to the division and disciplinary actions against them shall be subject to approval by Audit & Supervisory Board Members.
 3. Employees who belong to the division that assists Audit & Supervisory Board Members in the execution of their duties shall follow directions and orders from Audit & Supervisory Board Members.
7. A system for reporting to Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the subsidiaries, and those who have received reports from these persons, and a system for ensuring that they shall not receive disadvantageous treatment as a result of the reporting
 1. It is stipulated in the Group Regulations that matters related to the execution of important duties and those that may cause a substantial loss should be deliberated or reported at a meeting specified by the Group Regulations. The Company shall secure a system under which important matters are reported to Audit & Supervisory Board Members through their attendance at the meeting or the inspection of documents.

2. Directors and employees of the Company and its subsidiaries and Audit & Supervisory Board Members of the subsidiaries shall report matters to the Audit & Supervisory Board, including those that are deemed necessary by Audit & Supervisory Board Members and those that Audit & Supervisory Board Members specially request them to report, in addition to matters designated by law, on an as-needed basis.
 3. The Company shall report the status of compliance, such as internal audits, risk management, and whistleblowing, to Audit & Supervisory Board Members on a regular basis.
 4. The Company shall secure a system that ensures that under the whistleblowing system, whistleblowers shall not receive any disadvantageous treatment as a result of their whistleblowing.
8. Matters related to policies on recording expenses generated concerning the execution of duties by Audit & Supervisory Board Members
1. Where an Audit & Supervisory Board Member has requested the payment of expenses needed for the execution of their duties, such expenses shall be recorded promptly.
 2. The Company shall set an annual budget for the expenses needed by Audit & Supervisory Board Members for fulfilling the audit plan.
9. Other systems for ensuring that audits by Audit & Supervisory Board Members shall be conducted effectively
1. The Company shall provide opportunities for regular exchanges of opinions between Audit & Supervisory Board Members and the Representative Director or Accounting Auditors
- Based on the said Fundamental Policies, the Company constructs an internal control over financial reporting, conducts assessment on effectiveness of the internal control, and creates an internal control report subject to a resolution of the Board of Directors.

2. Basic Views on Eliminating Anti-Social Forces

Stated in the above-written “1. Basic Views on Internal Control System and the Progress of System Development”.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

(1) Fundamental Policies on Control of Company

Given that the Company’s shares have been listed on stock exchange and subject to free transactions by its shareholders and investors, the Company does not categorically reject even a large-scale purchase as long as it is based on a proposal that contributes to the corporate value and common interests of shareholders of the

Company. With respect to such a proposal, the Company believes that the decision as to whether to respond to it should be left ultimately to a judgment of its shareholders.

Contrarily, as a company Group which strives to achieve the enhancement of its corporate value as well as common interests of shareholders of the Company, it is necessary that the Group promotes the fundamental policies of its management strategies, namely “Expansion of Overseas Businesses”, “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation”, with a medium- to long-term perspective. Besides, as the largest owner of forests in the private sector, the Group regards sustainable forest management and the medium- to long-term maintenance and enhancement of public values of forests as one of its social responsibilities. With this in mind, the Company believes that providing appropriate information concerning a purchaser and securing an adequate period for consideration, including an opportunity to consider alternative proposals, are indispensable in order for shareholders to make an appropriate judgment when there was a proposal on a large-scale purchase. However, there may be some cases where the Company and its shareholders are not provided with sufficient time and information to study details of such proposals or alternative proposals, etc. In addition, there may be some proposals which do not contribute to the corporate value and common interests of shareholders of the Company, considering an aim of purchases as well as management policies after purchases. The proposals, for example, include those clearly infringe the corporate value and common interests of shareholders of the Company; those which have a sort of structure that could pressure shareholders into agreeing to purchases; or those with an objective probability to extremely harm the Company’s corporate value including its social credibility or to create extreme disadvantages to the Company’s shareholders.

The Company considers that any individual that conducts or makes a proposal on such large-scale purchases is not appropriate as an individual to manage decision-making of the Company’s financial and operational policies.

(2) Overview of the Policy to Address Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)

The Company has introduced the “Policy to Address Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)”, with an aim to prevent any individual that is judged inappropriate to manage decision-making of the Company’s financial and operational policies, according to the above-written “Fundamental Policies on Control of Company”, from actually doing it.

In concrete terms, the Company requests a large-scale purchaser who is about to purchase the Company’s shares that are equivalent to 20% or more of its voting rights, to comply with the Large-Scale Purchase Rules which aim to secure a period for gathering and studying information as well as an opportunity for offering alternative proposals. The Board of Directors of the Company evaluates and considers a proposal, taking into account whether a large-scale purchaser complies with the Rules, and whether a large-scale purchase causes a difficult-to-recover damage to the Company or a substantial loss to the interests of the Company’s shareholders as a whole. Then, the Board of Directors may voice an opinion as the Board of Directors, offer an alternative proposal to the Company’s shareholders, and, in some cases, take a countermeasure. In ensuring objectivity, fairness and rationality regarding this decision, the Company establishes the Special Committee

which is independent from the Board of Directors and comprises 3 persons that include 2 Outside Directors and 1 Outside Audit & Supervisory Board Member. Although the final decision as to whether to take a countermeasure against a large-scale purchase or to hold a general meeting of shareholders to confirm the shareholders' intent on the decision is to be made by the Board of Directors, the Board of Directors is asked to maximally respect recommendations from the Special Committee. Having said, the Company shall unexceptionally hold the general meeting of shareholders to confirm the shareholders' intent, unless it is extremely difficult to do so, and follow the resolution passed on whether to take a countermeasure; when the Company has an intention to take a countermeasure even though a large-scale purchaser complies with the Large-Scale Purchase rules and only for a reason that a large-scale purchase act falls into a specific pattern. For more details, please refer to "Continuation of Policy to Address Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)", the document which was disclosed on May 12, 2017. The said document is available at the Company's website, <<https://www.ojiholdings.co.jp/english/ir/>>. For your additional information, the continuation of the Policy until the conclusion of the last ordinary general meeting of shareholders within 3 years from the ordinary general meeting of shareholders held on June 29, 2017 was approved by shareholders at the ordinary general meeting of shareholders held on June 29, 2017.

2. Other Matters Concerning Corporate Governance System

<<Overview of System for Timely Disclosure>>

The Company's systems for timely disclosure of company information are as follows.

(1) Disclosure of Decided Facts

Any matter that is decided at the Board of Directors or meetings stipulated in the Management Meetings Regulations is disclosed in accordance with the Securities Exchange's rules.

(2) Disclosure of Occurrence of Facts

In a case where an important fact occurs, a Director and a department in charge that have recognized the occurrence of the fact will conduct a report to the Board of Directors or meetings stipulated in the Management Meetings Regulations, and will disclose in accordance with the Securities Exchange's rules. In addition, in a case of an occurrence of any fact that requires an urgent disclosure, the Representative Director will promptly make a decision on the disclosure.

(3) Disclosure of Account Settlement Information

With regards to account settlement information, financial figures are prepared by the Corporate Governance Division, approved by the Board of Directors, and then disclosed.

(4) Management of Inside Information

Inside information among officers and employees are thoroughly managed in accordance with the "Group Inside Information and Inside Trading Prevention Regulations".

