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Oji Holdings Corporation

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(Corporate Administration Dept.,

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Securities Code: 3861

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

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] (Preconditions for Board and *Kansayaku* Board (Audit & Supervisory Board) Effectiveness)

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 on Corporate Governance” for details on the Company’s 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 on 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 on Corporate Governance”.

At the Board of Directors meeting held in December 2019, the appropriateness of strategic shareholdings as of the end of March 2019 was examined through the specific examinations for each share which determined whether the purpose of holding was appropriate and whether the benefits and risks associated with holding were commensurate with the cost of capital. The Company proceeds with reducing the strategic shareholding by appropriately 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 on 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) Management philosophies, management strategies and business plans

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

Management Philosophies:

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

Management Strategies, Management Plans:

<<https://www.ojiholdings.co.jp/english/ir/library/material.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 on 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 on 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 2018, we conducted a questionnaire on the roles, organization and management of the Board of Directors for all of the Directors and Audit & Supervisory Board Members from April to May 2019. 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 provision of information necessary for deliberations of the Board of Directors by briefing sessions to outside officers has been further improved, outside officers have given accurate opinions in a position independent of management, and that the verification of whether the execution of important business operations is in line with the strategic direction of the entire group has been steadily implemented. Meanwhile, the Company identified issues that still need to be addressed, such as the composition of the Board of Directors, which emphasizes greater diversity, and the enhancement and revitalization of discussions to ensure the effectiveness of the Board of Directors, and decided to implement measures.

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	Shares Held (Shares)	Percentage (%)
The Master Trust Bank of Japan, Limited (Trust Account)	82,399,800	8.31
Japan Trustee Services Bank, Limited (Trust Account)	61,651,456	6.22
Japan Trustee Services Bank, Limited (Trust Account 4)	35,173,000	3.55
Sumitomo Mitsui Banking Corporation	31,668,430	3.20
Nippon Life Insurance Company	25,658,305	2.59
Mizuho Bank, Limited	21,636,990	2.18
Japan Trustee Services Bank, Limited (Trust Account 9)	20,635,200	2.08
Oji Group Employee Stock-holding Association	19,556,221	1.97
Japan Trustee Services Bank, Limited (Trust Account 5)	16,847,800	1.70
The Norinchukin Bank	16,654,660	1.68

Controlling Shareholder (excluding Parent Company)	-
Parent Company	None

Supplementary Explanation

The Company, owning 23,373,000 of its treasury stocks as of September 30, 2019, 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	13 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											
Toshihisa Takata	Other											

* 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>
Toshihisa Takata	○	-	<p>The Company appoints Mr. Takata as an Outside Director in its expectation on him to reflect his rich experiences and deep insights as a diplomat to the Company's management.</p> <p>Mr. Takata 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

The Nomination Committee and the Compensation Committee have been established as advisory bodies to the Board of Directors, deliberate on the following matters, and submit reports to the Board of Directors.

• Nomination Committee

1. Nomination policies for candidates for Directors and Audit & Supervisory Board Members
2. Appointment policies for Corporate Officers
3. Nomination of Directors and Audit & Supervisory Board Members, appointment of Corporate Officers
4. Dismissal of Directors, Audit & Supervisory Board Members, and Corporate Officers in cases where they do not satisfy the nomination and appointment policies
5. Succession planning for the Director of the Board, President
6. Appointment and dismissal of Advisors

• Compensation Committee

1. Compensation structure and levels for Directors and Corporate Officers
2. Evaluation of Directors and Corporate Officers
3. Analysis and evaluation of the effectiveness of the Board of Directors
4. Compensation structure and levels for 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.

In fiscal 2018 (the period from April 1, 2018 to March 31, 2019), the Nomination 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%. During the same period, the Compensation Committee was held three times with the attendance rates of its members were as follows: Kiyotaka Shindo 100%, Susumu Yajima 100%, Michihiro Nara 100%, and Nobuaki Terasaka 100%. Committee members are as of fiscal 2018 for both the Nomination Committee and the Compensation Committee.

[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 the Accounting Auditor to receive explanations on plans and implementation status of audits as well as financial statement audit results, and exchange opinions.

Audit & Supervisory Board Members and the Company's Internal Audit Department meet once every month to 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. Regarding Outside Directors and Outside Audit & Supervisory Board Members, the content of the Holdings Management Meeting and the Group Management Meeting is reported twice a month, in principle. Through these opportunities, reports and opinions are exchanged in order to form a collaborative relationship.

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

Members	
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)

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</p>

			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.
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 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>
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
Matters relating to Independent Directors/Audit & Supervisory Board Members	
–	

[Incentives]

Incentive Policies for Directors	Performance-linked remuneration, stock options
Supplementary Explanation	
While the Company had adapted stock options as stock-based remuneration for Directors (excluding Outside Directors, the same applies hereinafter) 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. In addition, the Board of Directors held on June 21, 2019 has approved the continuation of performance-linked and stock-based remuneration system.

Under the performance-linked, stock-based remuneration system, a trust funded by the Company acquires the Company stocks, 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 of the trust 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 has been discontinued, as stated in the above.

[Director Compensation]

Disclosure of Individual Director's Compensation	Disclosed in part
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Supplementary Explanation

Compensation paid to Directors and Audit & Supervisory Board Members is disclosed in the Company's Business Report and the Financial Report, which provide a breakdown of total amount paid by type. In addition, the Financial Report discloses the total amount of consolidated compensation of persons whose total compensation was more than 100 million yen. In fiscal 2018, the total amount of compensation for 15 Directors was 782 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

The Company designs the executive compensation system by emphasizing its role in encouraging the Board of Directors to promote a sustainable growth of the Company and enhancement of corporate value over the medium- to long-term, and to improve profitability and capital efficiency.

Specific Director compensation system and decision policies are defined in the Fundamental Policies on Corporate Governance. Compensation for Directors comprises: (1) base compensation, (2) compensation reflecting short-term business performances, and (3) stock-based compensation reflecting medium- to long-term improvements in corporate values. Decision on compensation is to be made at the Board of Directors following the deliberation and reporting of the Compensation Committee. The total compensation amount shall be within the limit set by a resolution of the general meeting of shareholders. By the resolution of the 92nd annual general meeting of shareholders held on June 29, 2016, the total amount of (1) and (2) shall not exceed 700 million yen per annum, and (3) shall not exceed 570,000 points per fiscal year, where 1 point is generally equivalent to 1 share of the Company. Note that new granting of stock options has been discontinued as a result of the introduction of the stock-based compensation system. Compensation for Outside Directors comprises (1) only.

The total amount of compensation for Audit & Supervisory Board Members is to be determined by the

discussions of Audit & Supervisory Board Members within the limit set by a resolution of the general meeting of shareholders. The total amount of compensation for Audit & Supervisory Board Members shall be within 97 million yen per annum as a result of the resolution of the 82nd annual general meeting of shareholders held on June 29, 2006.

Please refer to the Company's Financial Report for details on compensation and performance-linked, stock-based compensation system.

[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 as well as issues to be discussed by the Board of Directors are reported to them two times every month, in principle. In addition, on-site inspections are conducted as part of efforts to further improve Outside Officers' understanding of the Group.

The Audit and Supervisory Board Members' 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 Audit & Supervisory Board Members' Office conducts reports on important information to Outside Audit & Supervisory Board Members.

[Status of Retired Representative Directors & Presidents]

Name	Position/Status	Description of Duties	Work Configuration/Conditions (Full-time or part-time, with or without compensation, etc.)	Retirement Date of the President, etc.	Term of Office
Kiyotaka Shindo	Advisor	Work requested by the President	Part-time, with compensation	April 1, 2019	2 years (from inauguration as an Advisor on June 27, 2019)

Total number of advisors/counselors who are former Representative Directors/Presidents, etc.

1 person

Others

Only when the necessity for business is particularly recognized, the Company appoints a person who has retired from the Board of Directors to an Advisor after deliberation and reporting by the Nomination Committee, which is comprised by the Chairman, the President and all Outside Directors. An Advisor engages in the work requested from the President and does not participate in management decisions. The term of office for the person listed above is two years based on the internal regulations. An Advisor is paid a certain amount of compensation which is determined by deliberation and reporting by the Compensation Committee, which is comprised by the Chairman, the President and all Outside Directors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has adopted a COMPANY system under which the Company undertakes the formulation of Group management strategies as well as the supervision of the Group governance, while each COMPANY comprised of closely associated businesses forms the center of the Group's business operations. This structure accelerates decision making by each business unit and clarifies management responsibilities.

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 its 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.

The Company has established the Internal Audit Department to audit the Group's internal controls, in order to strengthen internal controls. In the area of finance, each division manager carries out independent and strict management in accordance with internal accounting regulations, and the Internal Audit Department regularly monitors transactions in each division to confirm the effectiveness of the control function and the reliability of financial reporting.

As a company with the Audit & Supervisory Board, the Company strives to strengthen the governance of the entire Group through audits of the execution of duties by Directors by Audit & Supervisory Board Members and the Audit & Supervisory Board.

In 2015, the Company established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors. In addition to improving the objectivity and transparency of decisions made by each Committee, the Compensation Committee analyses and evaluates the effectiveness of the Board of Directors.

In principle, the Board of Directors is held once every month and comprises 13 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 all Outside Directors and Outside 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 5 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, mid-term management plans, etc., as necessary.	Yes
Posting of IR Materials on Website	Following information are being posted on the Company's website: -Information on account settlement as well as explanatory materials related to it -Other materials of timely disclosure -Summary of Consolidated Financial and Business Results -Financial Reports -Materials for management briefings describing the Company's mid-term management plans etc. The Company's website: < https://www.ojiholdings.co.jp/english/ir/ >	
Establishment of Department and/or Manager in Charge of IR	Public Relations and Investor Relations Department is responsible for investor relations. In addition, relevant departments responsible for subject operations work together with the Public Relations and Investor Relations Department as necessary.	

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.	The Group regards the environmental problems as one of priority issues in its management, and has formulated the "Oji Group Environmental Charter" along with the "Environmental Charter Action Guidelines" to reflect the philosophies of the Environmental Charter in its business activities. In 2019,

	<p>the Group clarified its Sustainability Strategies, identified materiality issues in the Strategies, and established Key Performance Indicators (KPIs) that include targets to be achieved by 2030. The Sustainability Strategies, the materiality issues, and the KPIs are published in the Oji Group Integrated Report 2019.</p> <p>The Company supports the “Ten Principles of the UN Global Compact” and works to implement them in its daily business activities.</p> <p>The Group’s environmental conservation and CSR activities had been reported in the form of “Oji Group Report” until 2018. In 2019, however, the Report has been published in the form of “Oji Group Integrated Report 2019” in order to present a concise, easy-to-understand summary of financial information, which includes the Group’s business overview and management strategies, as well as non-financial information, which includes the environment, society and governance. The Report is available on the Company’s website in Japanese and English so that it can be viewed by a wide range of stakeholders.</p> <p>The Company’s website: < https://www.ojiholdings.co.jp/english/ir/information/group_report.html > </p>
Other	<p>Of the approximately 36,000 employees of the Group, the overseas ratio has already exceeded 50%. The Group welcomes a wide variety of values and promotes Human Resources Development, Working Style Reforms, and Diversity Promotion. The main measures are as follows.</p> <p>[Human Resources Development]</p> <ol style="list-style-type: none"> 1. Next-generation development 2. Global human resource development 3. Management training and training by job type <p>[Promotion of Working Style Reforms]</p> <p>The Group works on developing the working environment in which each and every employee can make the most of his/her ability.</p> <ol style="list-style-type: none"> 1. Reduction of total working hours and promotion of operational efficiency 2. Initiatives to establish personnel systems for promotion of working style reforms <ol style="list-style-type: none"> (1) Role-based personnel grading system (2) Certified researcher system (3) Retirement at age 65 <p>[Promotion of Diversity]</p> <p>The Group strives to carry out initiatives that enable its diverse human resources, regardless of gender, age, disability or nationality, to actively assume roles at work, to ultimately strengthen the Group’s competitiveness with their diverse values and ideas.</p> <ol style="list-style-type: none"> 1. Change of mindset and behavior of management level employees 2. Development of abilities and careers of diverse human resources 3. Improvement in work-life management <p>*Please refer to the Company’s website, “Promotion of Human Resources”: < https://www.ojiholdings.co.jp/english/society/human_resources/ > </p>

IV. Matters Related to the Internal Control System

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

The Company sets the “Matters Concerning Development of Systems to Ensure Listed Company’s
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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.

1. A system for ensuring that the execution of duties by Directors and employees of Oji Holdings (the “Company”) and its subsidiaries shall 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 a corporate citizen 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 an internal 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 be accessible by Directors and Audit & Supervisory Board Members at all times upon request.

3. A system including regulations on the management of risks on loss to the Company and its subsidiaries

(1) Important matters related to the Group-wide risk management and internal control systems 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 Regulations.

(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 Group-wide risks exhaustively and comprehensively and establish a system for handling each specific 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 a Group-wide management philosophy, fundamental management policies, medium-term management plans, and annual budget of the overall Group to clarify the goals and tasks 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 status to the Board of Directors of the Company and its subsidiaries. The Group shall establish a system for better achieving targets and completing tasks by encouraging improvements to eliminate or reduce factors that impair efficiency
- (3) The Company shall clarify the authorities and responsibilities of employees of the Company and its key subsidiaries in an attempt to ensure their duties are carried out organizationally and efficiently.

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 employees who assist Audit & Supervisory Board Members in the execution of their duties, matters related to the independence of such employees from Directors, and matters related to securing the effectiveness of directions to such employees, which apply where the assignment of such employees is requested by Audit & Supervisory Board Members

- (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 reassignment 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 matters 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 expenses generated concerning the execution of duties by Audit & Supervisory Board Members

(1) Where an Audit & Supervisory Board Member has requested a payment of expenses needed for the execution of their duties, such expenses shall be processed 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 and 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 “Profitability Improvement of Domestic Business”, “Expansion of Overseas Businesses”, “Promotion of Innovation”, and “Contribution to a Sustainable Society”, 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".

• Corporate Governance Structural Diagram

