

Corporate Officers **Directors**



Susumu Yajima
Director, Chairman of the Board



Masatoshi Kaku
Director of the Board,
President
(Group CEO)



Ryoji Watari
Director of the Board,
Executive Vice President
President, Industrial Materials
COMPANY
President, Household &
Consumer Products COMPANY



Yoshiaki Takeda
Director of the Board,
Senior Executive Officer
General Manager, Corporate
Governance Division
President,
Oji Management Office Inc.



Shoji Fujiwara
Director of the Board,
Senior Executive Officer
President,
Functional Materials COMPANY



Yoshiki Koseki
Director of the Board,
Senior Executive Officer
Vice President, Industrial
Materials COMPANY
President, Oji Materia Co., Ltd.



Ryuichi Kisaka
Director of the Board,
Senior Executive Officer
President, Printing &
Communications Media COMPANY
President, Oji Paper Co., Ltd.



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



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



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



Fumio Shindo
Director of the Board,
Executive Officer
President, Forest Resources &
Environment Marketing
COMPANY



Michihiro Nara
Outside Director of the Board



Toshihisa Takata
Outside Director of the Board



Norio Henmi Outside Audit & Supervisory Board Member
Makoto Katsura Outside Audit & Supervisory Board Member
Tomihiro Yamashita Audit & Supervisory Board Member
Nobuko Otsuka Audit & Supervisory Board Member
Mikinao Kitada Outside Audit & Supervisory Board Member

Oji Group established the Oji Group Corporate Code of Conduct in 2004 based on the fundamental values and philosophy that have been handed down since the Group's foundation and has undertaken business activities with an awareness of its role as a corporate member of society and a strong sense of ethics throughout the Group. Going forward, we will continue to position the enhancement of corporate governance as a priority management issue in order to ensure management efficiency, soundness, and transparency, increase corporate value, and be a company that is trusted by society while building trusting relationships with diverse stakeholders.

Basic Concepts, Framework, and Operational Policies

Fundamental Policies on Corporate Governance

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


[Fundamental Policies](https://www.ojiholdings.co.jp/english/group/policy/governance.html)
<https://www.ojiholdings.co.jp/english/group/policy/governance.html>

Corporate Governance Report

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


[Corporate Governance Report](https://www.ojiholdings.co.jp/english/ir/library/governance.html)
<https://www.ojiholdings.co.jp/english/ir/library/governance.html>

Corporate Governance Structures

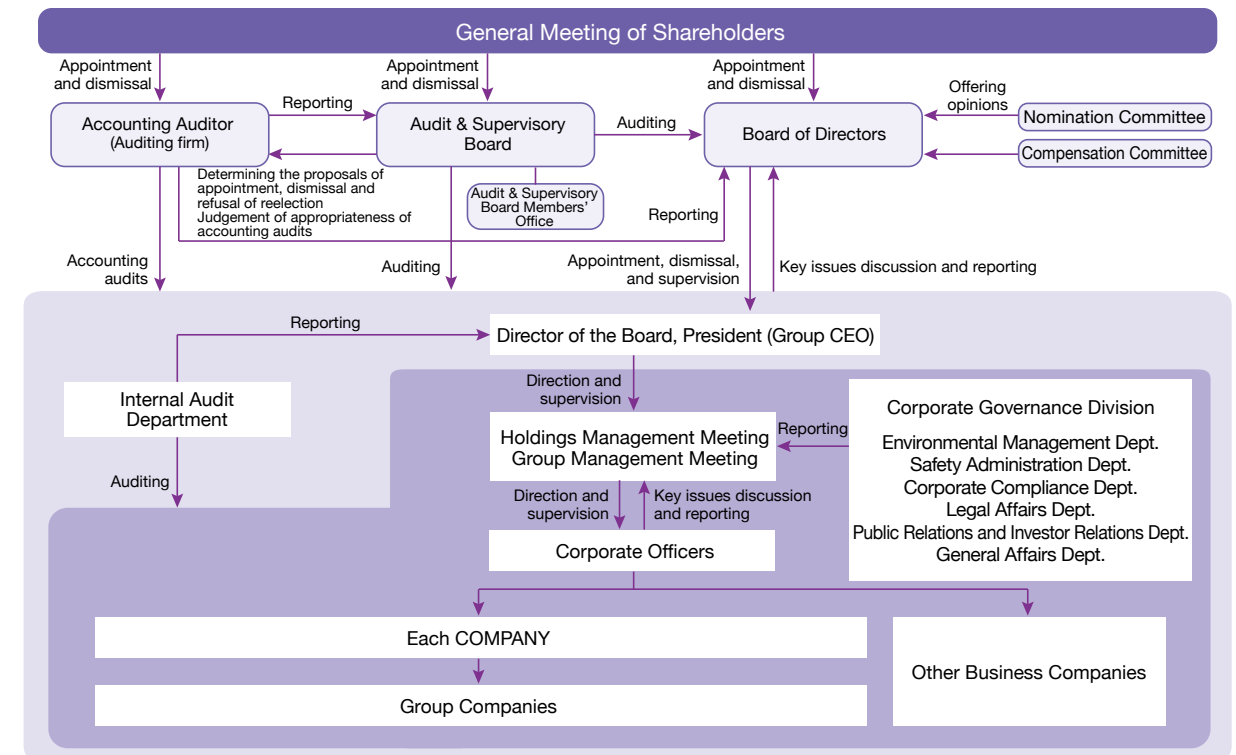
Oji Holdings oversees the formulation of Group management strategies and Group governance. Oji Group has adopted a COMPANY system under which each COMPANY, made up of closely-related businesses, plays a central role in businesses operations. This structure accelerates decision making by each business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

In addition, as a company with Audit & Supervisory Board, Oji Holdings reinforces Group-wide governance through audits of

the execution of duties by Directors carried out by the Audit & Supervisory Board Members and the Audit & Supervisory Board.

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

• Corporate Governance Structural Diagram



Policy on Determination of Director Compensation and Total Compensation Amount

Policy on Determination of Director Compensation

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

Total compensation is within the limit set by the general meeting of shareholders. The total of base compensation and bonuses was set by resolution at the 92nd annual meeting of shareholders on June 29, 2016 to no more than 700 million yen annually, and stock-based compensation was set, separately from the above 700 million yen annual amount, to no more than 570,000 points (normally, one point is equal to 1 share of Oji Holdings' stock) per fiscal year. With the introduction of this program, new grants of stock options were terminated. The compensation of Independent Outside Directors comprises base compensation only.

Total compensation for Audit & Supervisory Board Members is determined through discussion among the Audit & Supervisory Board Members within the limit set by resolution of the general meeting of shareholders. The total amount of compensation was set by resolution at the 82nd annual meeting of shareholders on June 29, 2006 to no more than 97 million yen annually.

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



Securities Reports and other information
<https://www.ojiholdings.co.jp/ir/library/security.html>
 (in Japanese)

Total Compensation for Director and Audit & Supervisory Board Member

Information on compensation paid to Directors and Audit & Supervisory Board Members including the total amount and a breakdown by type is presented in Business Reports and Securities Reports. Additionally, Securities Reports indicate the total consolidated compensation of persons whose total compensation is 100 million yen or more and other information.

The total amount of compensation paid to the fifteen Directors in FY2018 was 782 million yen (337 million yen in base compensation, 251 million yen in bonuses, and 194 million yen in stock-based compensation). The total amount of compensation paid to the five Audit & Supervisory Board Members was 90 million yen.

Nomination Committee and Compensation Committee

Purpose of Establishment

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

Roles of Nomination Committee

- Deliberating the following issues/matters and reporting to the Board of Directors
- Nomination policies for candidates for Directors and Audit & Supervisory Board Members
 - Selection policies for Corporate Officers
 - Nomination of Director and Audit & Supervisory Board Member candidates and appointment of Corporate Officers
 - Dismissal of Directors, Audit & Supervisory Board Members, and Corporate Officers in cases where they do not satisfy the nomination and appointment policies
 - Succession planning for the Director of the Board, President
 - Appointment and dismissal of Corporate Advisors

Structure of the Nomination Committee

President (committee chair), Chairman, all Independent Outside Directors

Meetings of the Nomination Committee

The committee met two times in FY2018. Attendance rates were as follows.
 Kiyotaka Shindo (Chairman): 100%
 Susumu Yajima (President): 100%
 Michihiro Nara (Independent Outside Director): 100%
 Nobuaki Terasaka (Independent Outside Director): 100%
 * Positions as of FY2018

Roles of Compensation Committee

- Deliberating the following issues/matters and reporting to the Board of Directors
- Compensation structures and levels for Directors and Corporate Officers
 - Evaluation of Directors and Corporate Officers
 - Analysis and evaluation of the effectiveness of the Board of Directors
 - Compensation structures and levels for Corporate Advisors

Structure of the Compensation Committee

President (committee chair), Chairman, all Independent Outside Directors

Meetings of the Compensation Committee

The committee met three times in FY2018. Attendance rates were as follows.
 Kiyotaka Shindo (Chairman): 100%
 Susumu Yajima (President): 100%
 Michihiro Nara (Independent Outside Director): 100%
 Nobuaki Terasaka (Independent Outside Director): 100%
 * Positions as of FY2018

Independent Outside Officers

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

Oji Holdings has two Independent Outside Directors and three Independent Outside Audit & Supervisory Board Members. All Outside Officers attend Board of Directors meetings and the briefings (in principle, held twice each month) conducted by the Director responsible for the Corporate Governance Division regarding Management Meeting agendas and planned Board of Directors deliberation matters. The two Independent Outside Directors are also members of the Nomination Committee and

Compensation Committee.

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

Main Activities of Outside Officers in FY2018

Category	Name	Attendance at Board of Directors meetings	Attendance of Audit & Supervisory Board meetings	Statements at Meetings
Independent Outside Director of the Board	Michihiro Nara	Attended 14 of 15 meetings (93.3%)	—	Makes statements from a professional perspective based on extensive experience and wide-ranging knowledge as an attorney.
Independent Outside Director of the Board	Nobuaki Terasaka	Attended 15 of 15 meetings (100%)	—	Makes statements based on extensive experience and wide-ranging knowledge as a public official.
Independent Outside Audit & Supervisory Board Member	Makoto Katsura	Attended 15 of 15 meetings (100%)	Attended 15 of 16 meetings (93.8%)	Makes statements based on extensive experience and wide-ranging knowledge as a diplomat.
Independent Outside Audit & Supervisory Board Member	Mikinao Kitada	Attended 15 of 15 meetings (100%)	Attended 16 of 16 meetings (100%)	Makes statements based on extensive experience and wide-ranging knowledge as a prosecutor and attorney.
Independent Outside Audit & Supervisory Board Member	Norio Henmi (Took office on June 28, 2018)	Attended 10 of 11 meetings (90.9%)	Attended 11 of 11 meetings (100%)	Makes statements from a professional perspective based on extensive experience and wide-ranging knowledge as an attorney.

Note: With regard to Independent Outside Audit & Supervisory Board Member Norio Henmi, only Board of Director and Audit & Supervisory Board meetings held after he took office on June 28, 2018 are considered.

The Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard were established in 2004 as fundamental and universal standards of values and a guide to the code on the behavior level, respectively, by incorporating the principles on human rights, labor, the environment, and anti-corruption of the UN Global Compact.

The revision or abolition of the “Oji Group Corporate Code of Conduct” and the “Oji Group Behavior Standard” is a matter to be resolved by the Board of Directors of Oji Holdings. These are the standards for activities for all officers and employees of the Oji Group under the involvement of the Board of Directors, and translated into each language to be familiarized to all officers and employees of the Oji Group. All Oji Group officers and employees strive to comply with laws, regulations, and social norms based on an accurate understanding and practice of the Code of Conduct and Behavior Standard and to carry out compliance by promoting corporate activities based on high ethical standards that meet the trust and requirements of society.

The Oji Group Corporate Code of Conduct

1. Compliance with the Law

We will comply with the letter and spirit of the law in Japan and other countries, respect corporate ethics and all social standards, including common sense, and ensure that our business activities are fair and honorable.

2. Harmony with the Environment

We will promote forest recycling and paper recycling and maintain and develop business activities that are in harmony with the environment from a global perspective.

3. Supply of Safe, Useful Products and Services

We will contribute to society and culture by developing and supplying products that will allow us to gain the satisfaction and trust of customers, with proper consideration for usefulness and safety.

4. Communication with Society

We will establish relationships of trust with all stakeholders, including customers, shareholders and local residents, through an active commitment to good communication with society.

5. Participation in Social Contribution Activities

We will contribute to the development and improvement of society through active participation in social contribution activities.

6. Coexistence with the International Community

We will respect the culture and customs of other countries and contribute to local communities.

7. Contribution through Manufacturing

We will express our pride in our role as a manufacturer by contributing to local communities through production activities guided by a commitment to safety and protecting the environment, and by contributing to the advancement of industry through technology development and innovation.

8. Achievement of Employee Satisfaction

We will take all possible steps to ensure employee safety and health, and we will strive to give employees opportunities to achieve happiness and prosperity and realize their potential as individuals.

The Oji Group Behavior Standard

In order to carry out the Code of Conduct, the Oji Group Behavior Standard, comprising 25 items to be followed, was adopted.

1. Compliance with Relevant Business Laws

2. Environmental Conservation

3. Ensuring Safety

4. Sensible Action

5. Wholesome Relationship with Politics and Government

6. Severance of Relationships with Antisocial Groups and Organizations

7. Coexistence with the International Community

8. Seeking a Relationship of Trust with Customers

9. Maintenance of an Honest, Wholesome Relationship with Business Partners

10. Compliance with Laws and Regulations Related to the Anti-monopoly Act and the Act Against Delay in Payment of Subcontract Proceeds etc., to Subcontractors

11. Prohibition of Unfair Competition

12. Compliance with laws and regulations related to importing and exporting

13. Disclosure of Management Information

14. Prohibition of Insider Trading

15. Respect for Human Rights

16. Ensuring Worksite Safety and Health

17. Fulfillment of Duties and Self-development

18. Compliance with Company Rules

19. Management of Company Secrets

20. Appropriate Records and Accounting

21. Appropriate Use of Computer Systems

22. Maintenance of Company Assets

23. Prohibition of Conflicts of Interest

24. Prohibition of Political and Religious Activities in the Worksite

25. Open Working Environment

At the Oji Group, the Corporate Compliance Department (under the Corporate Governance Division of Oji Holdings) plays a central role in drawing up policies and measures for promoting compliance. It also establishes internal whistleblowing systems and rules on anti-corruption including formulation and review of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard. The Department works to instill compliance awareness throughout the Group through measures undertaken primarily by compliance managers and compliance promotion leaders at domestic and overseas Group companies.

Measures for Promoting Compliance

Activities for Raising Compliance Awareness

Numerous opportunities are created for employees to acquire necessary knowledge including compliance training as a part of rank-based training for newly-appointed managers and new employees as well as periodic internal training on issues that are common to all Group companies such as the Subcontract Proceeds Act, the Antimonopoly Act, and the prevention of bribery. Also, the Compliance News is issued every month and uses case studies to promote awareness, explain the Oji Group Corporate Code of Conduct and Oji Group Behavior Standard, and inform employees about the whistleblowing system.



Training on the Subcontract Proceeds Act (transmitted nationwide by videoconferencing)

Monitoring of the Status of Compliance

The Internal Audit Department conducts periodic audits, and if problems are identified, implements countermeasures to individually address issues and performs other detailed responses to ensure that compliance is firmly established. In addition, a compliance awareness survey of all Oji Group officers and employees is conducted every other year in Japan to monitor the status of compliance at each worksite.

Whistleblowing System

The Oji Group operates the Business Ethics Helpline to provide all officers and employees (including part-time and short-term employees) the opportunity to consult and make reports with the aim of prevention or remediation through early discovery of violations of laws and regulations and improper conduct (including labor relations and sexual and power harassment related issues). Whistleblowing desks are established both internally (in the Oji Holdings Corporate Compliance Department) and externally (a law firm) to ensure the early discovery and correction of human rights abuses such as harassment and discrimination, corrupt practices including bribery, and other misconduct.

Response to Compliance Violations

The Oji Group considers not only violations of laws and regulations to be compliance violations, but also infringements of the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and ethical violations. If a compliance violation occurs, an investigation is conducted to confirm the facts, the cause is identified, responsive and preventive measures are implemented, disciplinary measures against the involved officers and employees are considered, and if necessary, disciplinary measures are imposed.

Anti-Corruption Initiatives

Based on Principle 10 of the United Nations Global Compact—anti-corruption initiatives—the Oji Group Corporate Code of Conduct and Oji Group Behavior Standard expressly provide for “wholesome relationships with politics and government” and “maintenance of honest, wholesome relationships with business partners” and prohibit corruption and bribery by requiring transparency with regard to political donations and prohibiting corrupt practices such as illegal contributions and donations as well as bribery. In addition, the Group established the Group Bribery Prevention & Corruption Regulations and the Group Guidelines on Bribery to create specific provisions. Group-wide responses including overseas companies and sites are clarified and made specific and periodic checks are conducted through internal audits.

Structure of Corporate Ethics Whistleblowing System



Under the risk management structure developed and supervised by the Board of Directors, the Oji Group has established the Group Risk Management Regulations, and the Corporate Governance Division manages the risks common to the overall Group in a centralized manner.

A responsible officer and division are assigned for each type of risk, enabling management to be informed of the risk and to respond quickly and appropriately.

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

Risk Management Structure

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

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

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



Emergency Responses

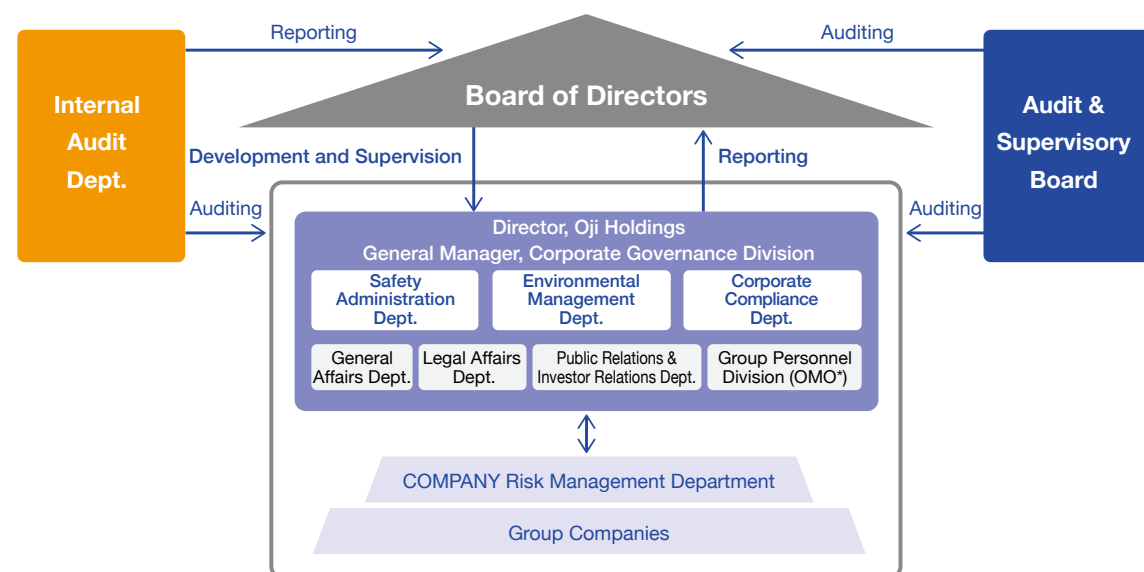
To ensure prompt initial responses to emergencies, the Oji Group has established a system for reporting and collecting information around the clock.

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

supplying products to our customers.

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

• Risk Management Structure



* Oji Management Office Inc.

Risk Assessment

Risk Assessment of New Businesses

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

■ Occupational Safety and Health

We conduct risk assessment by confirming our safety and health policies, objectives, and management structure, the occurrence of occupational accidents resulting in incapacity for work lasting at least one day, including accidents resulting in deaths or serious injuries, and countermeasures taken against such injuries, daily safety and health activities such as safety patrols and safety training, and safety of machines, equipment, chemicals, work environment, work methods, and others, not to mention the status of compliance with laws and regulations related to safety and health.

■ Water

To assess and identify water-related risk, we use WRI Aqueduct*1 and conduct due diligence on precipitation, drought, water disasters, water-related laws and regulations, and other elements of the area where we plan to launch a new project or business.

*1 A global map and information depicting regional water risks prepared by the World Resources Institute (WRI).

■ Biodiversity

In the planning phase of a new business or M&A, we collect information by meeting with local governments and environmental NGOs of the respective areas, and assess biodiversity risk.

■ Human Rights

We conduct risk assessment to see whether consideration is given to basic human rights and check for elements that have a negative impact on human rights, with a special focus on child labor, labor management, the rights of indigenous people, labor-management relationships, and other factors.

■ Anti-Corruption

We conduct risk assessment of our business partners as well as our agents to confirm that they do not engage in any bribery, illegal trade, or misconduct.

Risk Assessment of Existing Businesses

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

Business Continuity Planning

For handling business continuity risks, such as natural disasters and accidents, we implement business continuity management (BCM) by having each COMPANY formulate a business continuity plan (BCP) and review it as necessary.

We have also established the Group Disaster Control Office as a permanent organization and formulated rules on the reporting of disaster and accident information, thereby establishing a system for obtaining the latest information promptly. We also share information about the causes of fires and accidents, and other information beyond boundaries between COMPANYS in our efforts to disseminate measures to prevent their recurrence throughout the Group.

In Japan, we have introduced a safety confirmation system for Group employees. Using this system, safety confirmation is carried out promptly at the headquarters and each business location in the event of a disaster or accident.

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

With regard to seismic protection, the Group is taking measures by conducting earthquake resistance surveys.

■ Tsunami Countermeasures

To prepare for tsunami, the Group has obtained inundation hazard maps from local governments and identified and secured safe areas inside buildings (by indicating altitudes, evacuation areas, and other information).

■ Fire Countermeasures

Voluntary inspections are conducted at each business site and disaster control inspections are conducted as preventive initiatives.

■ Emergency Supplies

Water, food, and other items are stockpiled at each business site in preparation for emergencies.