

Last Update: June 29, 2016

## Oji Holdings Corporation

**President:** Susumu Yajima

**Contact:** +81-3-3563-1111

(Corporate Administration Dept.,

Corporate Governance Div.)

**Securities Code:** 3861

<http://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 it as a whole engages in corporate activities with an awareness of its responsibility and a high ethical principle as a corporate citizen. The Group will continuously strive towards enhancement of its corporate governance, regarding it as one of the highest priority issues in its management, by ensuring efficiency, soundness and transparency of the management, while building trust relationship with its diverse stakeholders. In doing so, the Group will aim 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]

The Company complies with each and every principle of the Corporate Governance Code.

#### [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:

<<http://www.ojiholdings.co.jp/english/group/governance/index.html>>

[Principle 1.4] (Strategic Shareholdings)

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

[Principle 1.7] (Related Party Transactions)

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

[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:

<<http://www.ojiholdings.co.jp/english/group/philosophy/index.html>>

Management strategies and management plans:

<<http://www.ojiholdings.co.jp/english/ir/strategy/index.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”.

<<http://www.ojiholdings.co.jp/english/group/governance/index.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 of senior management and nomination of candidates of Directors and Audit & Supervisory Board Members  
Please refer to the Article 5 and the Article 10 of the “Fundamental Policies of Corporate Governance”.

(v) Explanations with respect to individual appointments and nominations 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.

<<http://www.ojiholdings.co.jp/english/ir/stock/index.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 4.11.1] (Views on balance, diversity and size of the Board of Directors as a whole)  
Please refer to the Article 4 of the “Fundamental Policies on Corporate Governance”.

[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.

<<http://www.ojiholdings.co.jp/english/ir/stock/index.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.

The Company implemented a questionnaire survey, targeting all Directors and Audit & Supervisory Board Members, on roles, compositions and operations of the Board of Directors, to evaluate the effectiveness of the Board of Directors in fiscal 2015. Then, the findings of the evaluation were deliberated by the Board of Directors based upon the analysis conducted by the Compensation Committee which comprises Outside Directors.

As a result, the Company confirmed the findings that it appropriately offered information that was necessary for deliberation at the Board of Directors to Outside Officers through briefings and other means; and Outside Officers stated their opinions from independent standpoints. On the other hand, the Company also identified a challenge that it needs to further consider procedures for deliberation and selection of agendas in order to deepen fundamental discussions regarding its medium- to long-term directions and strategies.

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%
----------------------------	---------------------------

### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Limited (Trust Account)	62,592,000	5.88
Japan Trustee Services Bank, Limited (Trust Account)	52,522,000	4.93
Japan Trustee Services Bank, Limited (Trust Account 4)	32,637,000	3.07
Sumitomo Mitsui Banking Corporation	31,668,430	2.98
Mizuho Bank, Limited	31,636,990	2.97
Nippon Life Insurance Company	25,658,545	2.41
Oji Group Employee Stock-holding Association	22,716,538	2.13
Japan Pulp and Paper Company Limited	17,464,476	1.64
The Norinchukin Bank	16,654,660	1.56
Chieko Fujisada	14,844,782	1.39

Controlling Shareholder (excluding Parent Company)	-
Parent Company	None

### Supplementary Explanation

The Company held 74,378,000 of its treasury shares as of March 31, but is not included in the Status of Major Shareholders.  
The Company cancelled 50,000,000 of its treasury shares on May 31, 2016.

## 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

-

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

-

## 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
-------------------	--

#### [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												
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
---	-------------

#### 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 nomination of Director candidates, Audit & Supervisory Board Member candidates and Group Corporate Officers. The Compensation Committee deliberates and conducts a report to the Board of Directors the matters concerning compensation of Directors and Group Corporate Officers. The Nomination Committee and the Compensation Committee comprise the Chairperson, the President and all Outside Directors, with the President serving as the Committee Chair.

**[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	2 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													
Yuko Miyazaki	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 &amp; 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 &amp; Supervisory Board Member in its expectation on him to reflect his rich experiences and broad perspectives as a legal professional 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>
Yuko Miyazaki		-	<p>The Company appoints Ms. Miyazaki as an Outside Audit &amp; Supervisory Board Member in its expectation on her to reflect her rich experiences and broad perspectives as a lawyer to the Company's audits.</p>

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/ Audit & Supervisory Board Members	4 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 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. Accordingly, new grant of stock options will be discontinued.

Recipients of Stock Options	Inside Directors
-----------------------------	------------------

Supplementary Explanation

New grant of stock options will be discontinued, as stated in the above.

**[Director Compensation]**

Disclosure of Individual Director's Compensation	No Individual Disclosure
--	--------------------------

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 2015, the total amount of compensation for 16 Directors was 619 million yen.

Policy on Determining Compensation Amounts and Calculation Methods	Established
---	-------------

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.

## **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 13 Directors including 2 Outside Directors.

In principle, the Audit & Supervisory Board is held once every month and comprises 5 Audit & Supervisory Board Members, of which 3 are Outside Audit & Supervisory Board Members that include 1 woman.

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

<<http://www.ojiholdings.co.jp/english/group/governance/index.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. Further, there currently exists 1 female Officer in the Company.

## **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 3 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	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 -Annual Reports -Materials for management briefings describing the Company's midterm-management plans etc.  The Company's website: < <a href="http://www.ojiholdings.co.jp/english/index.html">http://www.ojiholdings.co.jp/english/index.html</a> >	
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 positions of its diverse stakeholders and fosters trust relationship with them by encouraging its officer and employees promote corporate activities with awareness of themselves as corporate citizens and with high ethical principles 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". In addition, the Group have formulated "Environmental Charter Action

	<p>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	<p>Oji Group actively works on Diversity Promotion, in order to effectively respond towards ever-more varied and complicated market needs. A working environment which allows diverse personnel to work energetically leads to creation of new values and revitalization of an organization.</p> <p>[Policies for Diversity Promotion]</p> <ol style="list-style-type: none"> <li>1. Promotion of working style reform <p>Under the major principle of “better working styles are the basis of personnel management and revitalization” as a view, Oji Group strives to reduce annual total working hours by improving the “quality of work”.</p> </li> <li>2. Active participation of diverse personnel <p>With “make proactive efforts for active social participation of women” as a policy, Oji Group aims to increase a ratio of women in management positions by considering women employees’ distribution, training and opportunity for promotion, and actively promoting women with capabilities. The target for a ratio of women in management positions of the entire Group in 2020 is 10%.</p> </li> <li>3. Improvement in work-life management <p>“Promote balance between work and childcare/nursing care”, “Encourage men to participate in childcare and housework”, and “Offer flexible working styles” are the three priorities Oji Group sets to develop a working environment in which both men and women can actively take roles at work as well as at home and local communities.</p> </li> </ol>

## 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 Appropriate Business Operations (i.e. Fundamental Policies on Construction of Internal Control Systems)” 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 Systems to ensure that execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations, and the Articles of Incorporation

1. The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, shall reaffirm that Directors and employees of the Company and its subsidiaries engage in corporate activities with awareness of themselves as corporate citizens and with high sense of ethical principles worthy of the trust of society, and shall give its commitment for the continuity of it.
2. The Company shall strive to identify and remedy any problems, by establishing a department that works on thorough compliance with laws and regulations through enhancement of Group-wide compliance systems including education for legal compliance and business ethics helpline system.
3. The Company has established an in-house contact point department and enhanced its internal systems, in order to ensure complete severance of relationships with antisocial groups and organizations. The Company shall stand firmly against antisocial groups and organizations.
4. The department in charge of internal audits shall conduct audits on compliance and report results to the meetings stipulated in the Group Regulations.

2 Systems for preservation and management of information concerning execution of duties by Directors

1. Documents, including electromagnetic documentation, shall be preserved and managed in accordance with laws and regulations as well as the Group Regulations concerning handling of documents. Documents shall be made accessible at any time upon a request from Directors or Audit & Supervisory Board Members.

3 Regulations and other systems for management of risk of loss of the Company and its subsidiaries

1. The meetings stipulated in the Group Regulations shall be responsible for deliberation and reporting of important matters concerning risk management and internal control system of the entire Group, and also for deliberation of draft revisions of the Fundamental Policies on Construction of Internal Control Systems.
2. The Company shall clarify its risk management system by formulating a series of Regulations that forms a basis for the Group’s risk management. The Company, at the same time, shall manage risks of the entire Group in a comprehensive and inclusive manner to develop systems appropriate to each risk type.
3. The department in charge of internal audits shall conduct audits on risk management and report results to the meetings stipulated in the Group Regulations.

4 Systems to ensure efficient execution of duties by Directors of the Company and its subsidiaries

1. The Company shall clarify the goals and challenges that should be shared among Directors and employees of the Company and its subsidiaries, by establishing the Group-wide management philosophy, basic management policy, medium-term management plan and annual master plan.
2. Each Director of the Company and its subsidiaries shall implement concrete measures in relation to his/her businesses in charge, based upon the above-written philosophy, basic policy and plans, grasp progress appropriately and promptly through utilization of systems that make full use of IT, and conduct reports on them to the Board of Directors of the Company and its subsidiaries. The Company shall develop systems that more certainly achieve goals and overcome challenges, by facilitating improvements through elimination or reduction of factors that impede efficiency, if any identified.
3. The Company shall clarify authority and responsibility of employees of the Company and its subsidiaries, in order to encourage systematic and efficient operations of their duties.

5 Systems to ensure appropriate business operations of company groups comprised of the Company and its subsidiaries; and systems for reporting to the Company on matters concerning execution of duties by Directors of the Company's subsidiaries

1. The Company shall clearly stipulate in the Group Regulations roles of the Company and its subsidiaries as well as systems of Group governance.
2. The Company shall stipulate in the Group Regulations procedures of approval and reporting within the Group in a unified manner, to ensure a check-and-balance within the Group.

6 Matters concerning employees posted as assistants to Audit & Supervisory Board Members when Audit & Supervisory Board Members so require; matters concerning independency of such employees from Directors; and matters concerning ensuring effectiveness of Audit & Supervisory Board Members' instructions to such employees

1. The Company shall establish a department which assists duties of Audit & Supervisory Board Members and appoint several dedicated employees who are capable of sufficiently verifying the Company's business operations.
2. The department which assists duties of Audit & Supervisory Board Members shall be established under the direct supervision of the Audit & Supervisory Board; and any change in personnel affairs, evaluation and disciplinary action in relation to employees of the department shall be subject to prior consent of the Audit & Supervisory Board Members.
3. Employees at the department which assists duties of Audit & Supervisory Board Members shall follow instructions and orders of Audit & Supervisory Board Members.

7 Systems for reporting to Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the Company's subsidiaries, or by recipients of reports from them; and systems to ensure an individual conducting a report not be treated unfavorably on the ground of conducting a report

1. Regarding the matters concerning execution of important business and the matters that may cause a

substantial loss, their deliberation and reporting in the meetings specified in the Group Regulations are stipulated in the Group Regulations. The Company shall ensure systems in which important matters are reported to Audit & Supervisory Board Members through their attendance in relevant meetings, inspection of materials, etc.

2. Directors and employees of the Company and its subsidiaries as well as Audit & Supervisory Board Members of the Company's subsidiaries shall conduct reports to the Audit & Supervisory Board on matters Audit & Supervisory Board Members deem necessary and specifically request for reporting, in addition to matters legally designated.
3. The Company shall regularly conduct reports to Audit & Supervisory Board Members on compliance including internal audits, risk management, business ethics helpline system, etc.
4. With regards to the business ethics helpline system, the Company shall ensure systems that prohibit unfavorable treatments on the ground of conducting a report.

8 Matters concerning policies for handling expenses arising in relation to conduct of duties by Audit & Supervisory Board Members

1. The Company shall promptly respond to any request by which Audit & Supervisory Board Members make on expenses that arise when conducting their duties.
2. Every year, there shall be a budget provided to respond to expenses which Audit & Supervisory Board Members make claim based on audit plans.

9 Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

1. The Company shall provide opportunities for Audit & Supervisory Board Members to regularly exchange opinions with the Representative Director and Accounting Auditors.

To ensure compliance with the above-stated policies on systems to ensure appropriate business operation as well as with requirements of internal control reporting system as stipulated in the Financial Instruments and Exchange Act, the Board of Directors of the Company resolved the "Fundamental Policies on Construction and Evaluation of Internal Control over Financial Reporting".

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
------------------------------------	---------

#### Supplementary Explanation

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, one characteristic of the Group's businesses is their need to have a medium- to long-term and multifaceted perspective in their management, such as on occasions of large-scale investments in plant and equipment, procurement of raw materials on a worldwide level, etc. 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 hold a potential to harm 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 whose purchase terms are insufficient or inappropriate in relation to the actual corporate value and common interests of shareholders of the Company.

The Company considers that any individual that conducts or makes a proposal on such large-scale purchases that hold a potential to harm the corporate value and common interests of shareholders of the Company, 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 corporate value and common interests

of shareholders. 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 1 Outside Director and 2 Outside Audit & Supervisory Board Members. Although the final decision as to whether to take a countermeasure against a large-scale purchase is to be made by the Board of Directors, the Board of Directors is asked to maximally respect recommendations from the Special Committee.

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 14, 2014. The said document is available at the Company's website,

<[http://www.ojiholdings.co.jp/content/files/english/ir/news/2014/140514\\_defense.pdf](http://www.ojiholdings.co.jp/content/files/english/ir/news/2014/140514_defense.pdf)>.

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 27, 2014 was approved by shareholders at the ordinary general meeting of shareholders held on June 27, 2014.

## 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".



