

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 3861  
June 5, 2018

**NOTICE OF THE 94TH ORDINARY GENERAL  
MEETING OF SHAREHOLDERS**

Dear Shareholder:

You are cordially invited to attend the 94th Ordinary General Meeting of Shareholders of Oji Holdings Corporation (the “Company”), which will be held on Thursday, June 28, 2018, at 10:00 a.m., Japan Standard Time (The reception desk is scheduled to open at 9:00 a.m.), at Event Hall, B2F, Belle Salle Nihonbashi, Tokyo Nihonbashi Tower, 2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan. \* Please note that the venue is changed from the last year’s meeting.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or online. In this case, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights, following the “Instruction for Exercising Voting Rights” described on page 3 by 5:30 p.m. Japan Standard Time, Wednesday, June 27, 2018.**

Sincerely yours,

Susumu Yajima,  
President and Chief Executive Officer  
Oji Holdings Corporation  
7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan

## MEETING AGENDA

### Items to Be Reported:

1. The business report and consolidated financial statements for the 94th term (from April 1, 2017 to March 31, 2018); and report on auditing results of the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board
2. The non-consolidated financial statements for the 94th term (from April 1, 2017 to March 31, 2018)

### Items to Be Resolved:

#### Item 1: Election of Fifteen (15) Directors

#### Item 2: Election of Two (2) Audit & Supervisory Board Members

### Matters related to the exercise of voting rights:

1. In the case that a voting form without indication of approval or disapproval for an agenda was submitted, it will be handled as an approval.
2. If you exercise your voting rights both in writing and online, the latter will prevail.  
In addition, if you exercise your voting rights online more than once, the last exercise of your voting rights will prevail.
3. In the case of attendance by proxy, please appoint another shareholder who has voting rights for the Company and submit to the Company a document (letter of proxy, etc.) which evidences the authority of proxy.

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1. Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation, of the documents to be provided with this notice, the documents listed below are not provided in this notice because they have been provided to shareholders on the website of Oji Holdings Corporation.

- “Subscription right to shares of the Company,” “System to ensure the properness of operations and an overview of the current status of its operation” and “Basic Policy on Corporate Control” in the business report
- “Consolidated Statement of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in Consolidated Financial Statements
- “Non-consolidated Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” in Non-consolidated Financial Statements

The above mentioned documents provided on the website comprise a portion of the documents audited by each Audit & Supervisory Board Member, the Audit & Supervisory Board and the Accounting Auditor in the course of the preparation of their audit reports.

2. When attending the meeting in person, please present the enclosed voting form at the reception desk.
  3. Please note that persons other than shareholders who are able to exercise voting rights, including proxies and their companions who are not shareholders, are not permitted to enter the venue.
  4. Please note that the Company’s Officers and staff will be dressed in Cool Biz style on the day.
  5. If circumstances arise whereby revisions should be made to the contents of the Reference Documents for the General Meeting of Shareholders and business report, consolidated financial statements and non-consolidated financial statements, the Company will notify the revised version on the Company’s website (<https://www.ojiholdings.co.jp/>).
  6. Please be advised that the Company has decided to discontinue the courtesy gifts to those shareholders who come to the meeting venue starting from this year in consideration of, among others, the fairness between those shareholders who come to the meeting venue and those who cannot come to the meeting venue.
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## **Instruction for Exercising Voting Rights**

### **How to Exercise Your Voting Rights**

- **If you are able to attend the General Meeting of Shareholders:**

Please bring the enclosed voting form with you and present it at the reception desk on the day of the meeting.

Date and time of the meeting: **Thursday, June 28, 2018, at 10:00 a.m. Japan Standard Time**  
(The reception desk is scheduled to open at 9:00 a.m.)

- **If you are unable to attend the General Meeting of Shareholders:**

1. To exercise your voting rights in writing:

Please indicate whether you are for or against for each agenda item listed on the enclosed voting form, and return the form by post so that it reaches us by the deadline below.

\*In the case that a voting form without indication of approval or disapproval for an agenda was submitted, it will be handled as an approval.

Deadline: **Wednesday, June 27, 2018 at 5:30 p.m. Japan Standard Time**

2. To exercise your voting rights online:

Please access the designated Shareholder Voting Website (<https://www.web54.net>; Japanese), login by entering the voter code and password which are given on the right side enclosed voting form, and enter whether you are for or against for each agenda item by the below deadline, following the on-screen instructions.

Deadline: **Wednesday, June 27, 2018 at 5:30 p.m. Japan Standard Time**

- Please read the following if you plan to exercise your voting rights online.

1. If you exercise your voting rights both in writing and online, the latter will prevail.
2. If you exercise your voting rights online more than once, the last exercise of your voting rights will prevail.
3. If you use the Shareholder Voting Website, your provider may charge for connection fees, and your telecommunications carrier may charge you for communication fees, but these fees must be borne by the shareholder. Please note that a dedicated website for access via mobile phone is not available.
4. Passwords are a means for confirming that the person exercising voting rights is the shareholder. Please store it with care until the close of this Meeting. Please note that we cannot give out passwords over the telephone.
5. If you enter your password incorrectly a certain number of times, the site will become locked and unusable. If this happens, please follow the on-screen instructions.
6. Please call the number below with any questions about how to vote on this site from a personal computer.  
Dedicated Phone Line of Stock Transfer Agency “Web Support,” Sumitomo Mitsui Trust Bank, Limited  
Telephone: 0120 (652) 031 (toll free, Japan only) (Calling hours: 9:00 a.m. to 9:00 p.m.)

- **“ICJ Platform,”** a platform for electronic exercise of voting rights operated by ICJ Inc., will be available for institutional investors.

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Agenda Items and References

#### Item 1: Election of Fifteen (15) Directors

The terms of office for all the current fourteen (14) Directors will expire at the conclusion of this General Meeting of Shareholders. At this juncture, the Company hereby requests the election of fifteen (15) Directors.


The candidates for Director are as follows:

<Reference> The Company's Policies for Director Nomination and Standards of Independence for Outside Officers are published in the "Fundamental Policies on Corporate Governance" disclosed on the website of the Company on the Internet (<https://www.ojiholdings.co.jp/group/policy/governance.html>).

#### Candidates for Director

No.	Name	Attributes of the Candidate	Positions in the Company
1	Kiyotaka Shindo	Reelection	Representative Director and Chairman of the Board
2	Susumu Yajima	Reelection	Representative Director of the Board, President and CEO
3	Ryoji Watari	Reelection	Representative Director of the Board and Executive Vice President
4	Kazuo Fuchigami	Reelection	Representative Director of the Board and Executive Vice President
5	Hidehiko Aoyama	Reelection	Director of the Board and Senior Executive Officer
6	Yoshiaki Takeda	Reelection	Director of the Board and Senior Executive Officer
7	Shoji Fujiwara	Reelection	Director of the Board and Senior Executive Officer
8	Yoshiki Koseki	Reelection	Director of the Board and Executive Officer
9	Masatoshi Kaku	Reelection	Director of the Board and Executive Officer
10	Ryuichi Kisaka	Reelection	Director of the Board and Executive Officer
11	Kazuhiko Kamada	Reelection	Director of the Board and Executive Officer
12	Hiroyuki Isono	Reelection	Director of the Board and Executive Officer
13	Koichi Ishida	New election	Corporate Officer
14	Michihiro Nara	Reelection Outside director Independent director	Director
15	Nobuaki Terasaka	Reelection Outside director Independent director	Director

Brief history, positions and responsibilities in the Company  
and significant concurrent positions


<b>No. 1</b>  <b>Kiyotaka Shindo</b>  (March 27, 1952)  	Reelection	April 1975	Joined the Company
		April 2007	Corporate Officer, the Company
		June 2009	Director and Executive Officer, the Company
		April 2012	Representative Director, President and CEO, the Company
		October 2012	Representative Director of the Board, President and CEO, the Company
		January 2015	Representative Director and Chairman of the Board, the Company (to the present)

- ▶ **Reasons for selecting as a candidate for director**  
 He has a wealth of experience and track record in the areas of engineering and overseas business in the Company as well as the Group companies.  
 He is in charge of running the Company as top executive, serving as Representative Director of the Board, President and Chief Executive Officer since 2012 and as Representative Director and Chairman of the Board since 2015, driving the restructuring of the Company's business portfolio towards its completion, the reinforcement of corporate governance, and the enhancement of management structure.  
 In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

Number of the Company shares owned:	73,000
Term of office as a director (as of the conclusion of this Meeting):	9 years
Number of attendance at meetings of the Board of Directors:	13/14 (92.9%)

- ▶ **Other special notes**
  - ▶ There is no special interest between Mr. Kiyotaka Shindo and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 2</b>  <b>Susumu Yajima</b> (May 11, 1951)		April 1975	Joined the former Honshu Paper Co., Ltd.
	June 2006	Corporate Officer, the Company	
	June 2009	Director and Executive Officer, the Company	
	April 2012	Representative Director and Executive Vice President, the Company	
	October 2012	Representative Director of the Board and Executive Vice President, the Company	
	January 2015	Representative Director of the Board, President and CEO, the Company (to the present)	

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of corporate planning and forest resources and environment marketing business in the Company as well as the Group companies.

He is in charge of running the Company as top executive, serving since 2015 as Representative Director of the Board, President and Chief Executive Officer, playing the leading role in formulating and executing management policies that aim to achieve the Group's further growth and globalization based on the Group's management philosophy.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

▶ There is no special interest between Mr. Susumu Yajima and the Company.

Number of the Company shares owned:	121,200
Term of office as a director (as of the conclusion of this Meeting):	9 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 3</b>  <b>Ryoji Watari</b> (February 2, 1953)		April 1975	Joined the Company
	April 2007	Corporate Officer, the Company	
	April 2011	Executive Officer, the Company	
	June 2012	Director and Executive Officer, the Company	
	October 2012	Director of the Board and Executive Officer, the Company	
	June 2013	Director of the Board and Senior Executive Officer, the Company	
	April 2015	Representative Director of the Board and Executive Vice President, the Company (to the present)	

▶ Significant concurrent positions

- President and Representative Director, Oji Industrial Materials Management Co., Ltd.
- Chairman and Director, Oji Nepia Co., Ltd.
- Director, Oji Container Co., Ltd.
- Director, Oji Materia Co., Ltd.
- Director, Mori Shigyo Co., Ltd.

Number of the Company shares owned:	91,830
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Term of office as a director (as of the conclusion of this Meeting):	6 years
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Number of attendance at meetings of the Board of Directors:	14/14 (100%)
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▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of printing and communications media business and household and industrial materials businesses in the Company as well as the Group companies. He is in charge of running the Company, as part of its senior management team, currently serving as Representative Director of the Board and Executive Vice President, and President of Industrial Materials Company as well as Household and Consumer Products Company, contributing, in such capacity, to the further promotion of material-processing-integrated business and the expansion of overseas business, as well as strengthening of brands of household paper business and disposable diaper business. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

- ▶ There is no special interest between Mr. Ryoji Watari and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 4</b>  <b>Kazuo Fuchigami</b> (July 22, 1951)	Reelection	April 1974	Joined the former Honshu Paper Co., Ltd.
		April 2008	Corporate Officer, the Company
		April 2011	Executive Officer, the Company
		June 2012	Director and Executive Officer, the Company
		October 2012	Director of the Board and Executive Officer, the Company
		June 2013	Director of the Board and Senior Executive Officer, the Company
		April 2015	Representative Director of the Board and Executive Vice President, the Company (to the present)



Number of the Company shares owned:	82,436
Term of office as a director (as of the conclusion of this Meeting):	6 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)

▶ Significant concurrent positions

- President and Representative Director, Oji Functional Materials Progressing Center Inc.
- Director, Oji F-Tex Co., Ltd.
- Director, Oji Imaging Media Co., Ltd.

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of printing and communications media business and functional materials business in the Company as well as the Group companies.

He is in charge of running the Company, as part of its senior management team, currently serving as Representative Director of the Board and Executive Vice President, as well as President of Functional Materials Company, contributing, in such capacity, to the further strengthening and expansion of overseas functional materials business, which covers the entire supply chain from upstream to downstream, and the fusion between existing core technologies and new materials to expand them into new business areas.


In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

- ▶ There is no special interest between Mr. Kazuo Fuchigami and the Company.



Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 5</b>  <b>Hidehiko Aoyama</b>  (January 23, 1954)  	Reelection	April 1976	Joined the former Kanzaki Paper Co., Ltd.
		April 2008	Corporate Officer, the Company
		April 2012	Executive Officer, the Company
		October 2012	Executive Officer, the Company
		June 2013	Director of the Board and Executive Officer, the Company
		April 2015	Director of the Board and Senior Executive Officer, the Company (to the present)

- ▶ Significant concurrent positions
  - Representative Director, President and CEO, Oji Paper Co., Ltd.

Number of the Company shares owned:	39,596
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Term of office as a director (as of the conclusion of this Meeting):	5 years
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Number of attendance at meetings of the Board of Directors:	14/14 (100%)
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- ▶ Reasons for selecting as a candidate for director  
He has a wealth of experience and track record in the areas of printing and communications media, and logistics in the Company as well as the Group companies.  
He is in charge of running the Company, as part of its management team, currently serving as President of Printing and Communications Media Company, as well as Representative Director, President and CEO of Oji Paper Co., Ltd., contributing, in such capacity, to the restructuring of the optimal production platform, the strengthening of international competitiveness through continued cost reduction, and the enhancement of cash flows.  
In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

- ▶ Other special notes
  - ▶ There is no special interest between Mr. Hidehiko Aoyama and the Company.


Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 6</b>      Reelection</p> <p style="text-align: center;"><b>Yoshiaki Takeda</b> (March 29, 1954)</p> 	<p>April 1977      Joined the Company</p> <p>April 2011      Corporate Officer, the Company</p> <p>October 2012   Corporate Officer, the Company</p> <p>June 2013      Executive Officer, the Company</p> <p>June 2017      Director of the Board and Executive Officer, the Company</p> <p>April 2018      Director of the Board and Senior Executive Officer, the Company (to the present)</p>
	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• President and Representative Director, Oji Management Office Inc.</li> <li>• Director, Jiangsu Oji Paper Co., Ltd.</li> </ul>
<p>Number of the Company shares owned:</p> <hr/> <p>Term of office as a director (as of the conclusion of this Meeting):</p> <p>Number of attendance at meetings of the Board of Directors:</p>	<p>11,181</p> <p>1 year</p> <p>10/10 (100%)</p>
	<p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of finance and accounting, and printing and communications media business in the Company as well as the Group companies.</p> <p>He is in charge of running the Company, as part of its management team, currently serving as General Manager of Corporate Governance Division, as well as President and Representative Director of Oji Management Office Inc., contributing, in such capacity, to the strengthening of the Group's growth and business in China as well as to the promotion of its diversity.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p> <p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ There is no special interest between Mr. Yoshiaki Takeda and the Company.</li> <li>▶ Concerning Mr. Yoshiaki Takeda's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 29, 2017.</li> </ul>

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 7</b></p> <p style="text-align: center;"><b>Shoji Fujiwara</b> (March 24, 1954)</p> 	<p>Reelection</p>	<p>April 1976      Joined the Company April 2010      Corporate Officer, the Company October 2012    President, Oji Green Resources Co., Ltd. June 2013      Corporate Officer, the Company April 2016      Executive Officer, the Company June 2017      Director of the Board and Executive Officer, the Company April 2018      Director of the Board and Senior Executive Officer, the Company                          (to the present)</p>
<p>Number of the Company shares owned:</p>	<p>13,272</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• Senior Managing Director, Oji Functional Materials Progressing Center Inc.</li> <li>• President and Representative Director, Oji F-Tex Co., Ltd.</li> </ul>
<p>Term of office as a director (as of the conclusion of this Meeting):</p>	<p>1 year</p>	<p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of engineering, and forest resources and environment marketing business in the Company as well as the Group companies.</p> <p>He is in charge of running the Company, as part of its management team, currently serving as Vice President of Functional Materials Company, as well as President and Representative Director of Oji F-Tex Co., Ltd., contributing, in such capacity, to the ongoing development and expanding business domains of high value-added products including highly functional film.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p>
<p>Number of attendance at meetings of the Board of Directors:</p>	<p>9/10 (90.0%)</p>	<p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ There is no special interest between Mr. Shoji Fujiwara and the Company.</li> <li>▶ Concerning Mr. Shoji Fujiwara's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 29, 2017.</li> </ul>

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p>No. 8</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;"><b>Yoshiki Koseki</b></p> <p style="text-align: center;">(August 8, 1954)</p> 	<p>April 1977      Joined the former Honshu Paper Co., Ltd.</p> <p>April 2010      Corporate Officer, the Company</p> <p>April 2012      Executive Officer, the Company</p> <p>June 2012      Director and Executive Officer, the Company</p> <p>October 2012   Director of the Board and Executive Officer, the Company (to the present)</p>
	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• Director and Vice President, Oji Industrial Materials Management Co., Ltd.</li> <li>• President and Representative Director, Oji Materia Co., Ltd.</li> <li>• Director, Oji Container Co., Ltd.</li> <li>• Director, Mori Shigyo Co., Ltd.</li> </ul>
<p>Number of the Company shares owned:</p>	<p>35,000</p>
<p>Term of office as a director (as of the conclusion of this Meeting):</p>	<p>6 years</p>
<p>Number of attendance at meetings of the Board of Directors:</p>	<p>14/14 (100%)</p>
	<p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of engineering, and household and industrial material business in the Company as well as the Group companies.</p> <p>He is in charge of running the Company, as part of its management team, currently serving as Vice President of Industrial Materials Company, as well as President and Representative Director of Oji Materia Co., Ltd., contributing, in such capacity, to the strengthening of cost competitiveness and the expansion of packaging business, such as containerboard and corrugated containers, which are expected to grow steadily going forward.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p>
	<p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ There is no special interest between Mr. Yoshiki Koseki and the Company.</li> </ul>

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 9</b>  <b>Masatoshi Kaku</b>  (January 2, 1956)	Reelection	April 1978	Joined the former Nippon Pulp Industry Co., Ltd.
		April 2011	Corporate Officer, the Company
		April 2012	Executive Officer, the Company
		October 2012	Executive Officer, the Company
		June 2013	Director of the Board and Executive Officer, the Company (to the present)



▶ Significant concurrent positions  
Representative Director, President and CEO, Oji Engineering Co., Ltd.

▶ Reasons for selecting as a candidate for outside director  
He has a wealth of experience and track record in the areas of engineering and functional materials business in the Company as well as the Group companies.


He is in charge of running the Company, as part of its management team, currently serving as Director in charge of Innovation Promotion Division, as well as Representative Director, President and CEO of Oji Engineering Co., Ltd., contributing, in such capacity, to innovative value creation through research and development involving, among others, cellulose nanofiber materials, along with the enhancement of technological strength of the Group as a whole.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes  
▶ There is no special interest between Mr. Masatoshi Kaku and the Company.

Number of the Company shares owned:	27,620
Term of office as a director (as of the conclusion of this Meeting):	5 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 10</b>    Reelection</p> <p style="text-align: center;"><b>Ryuichi Kisaka</b> (May 21, 1956)</p> 	<p>April 1982    Joined the former Kanzaki Paper Co., Ltd.</p> <p>October 2012    President and Representative Director, Oji Imaging Media Co., Ltd.</p> <p>June 2013    Corporate Officer, the Company</p> <p>June 2015    Director of the Board and Executive Officer, the Company (to the present)</p>
<p>Number of the Company shares owned:    23,980</p> <hr/> <p>Term of office as a director (as of the conclusion of this Meeting):    3 years</p> <hr/> <p>Number of attendance at meetings of the Board of Directors:    14/14 (100%)</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• Senior Managing Director, Oji Management Office Inc.</li> </ul> <p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of research and development, and functional materials business in the Company as well as the Group companies.</p> <p>He is in charge of running the Company, as part of its management team, currently serving as Deputy General Manager of Corporate Governance Division, as well as Senior Managing Director of Oji Management Office Inc., contributing, in such capacity, to the strengthening of corporate governance and the strengthening and expanding overseas business of the Group.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p> <p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ There is no special interest between Mr. Ryuichi Kisaka and the Company.</li> </ul>

Brief history, positions and responsibilities in the Company and significant concurrent positions

<b>No. 11</b> <b>Reelection</b>  <b>Kazuhiko Kamada</b>  (February 7, 1960)	May 2013	Joined Oji Management Office Inc.
	June 2013	General Manager, Corporate Strategy Office and Head Senior Manager, International Affairs, Oji Forest & Products Co., Ltd.
	April 2014	President and Representative Director, Oji Forest & Products Co., Ltd.
	January 2015	Corporate Officer, the Company
	June 2015	Director of the Board and Executive Officer, the Company (to the present)



▶ Significant concurrent positions

- Director, Oji Green Resources Co., Ltd.
- Director, Oji Forest & Products Co., Ltd.
- Chairman, Pan Pac Forest Products Ltd.

Number of the Company shares owned: 19,000

Term of office as a director (as of the conclusion of this Meeting): 3 years

Number of attendance at meetings of the Board of Directors: 14/14 (100%)

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of overseas business, and forest resources and environment marketing business at a general trading company and the Company as well as the Group companies.

He is in charge of running the Company, as part of its management team, currently serving as President of Forest Resources and Environment Marketing Business Company, contributing, in such capacity, to the reinforcement of the foundation and the launches of high value-added products in pulp business, as well as expansion of energy business. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

- ▶ Mr. Kazuhiko Kamada is concurrently serving as President and Representative Director, O&C Fiber Trading Co., Ltd., with which the Company has business relationship including the provision of loans.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 12</b> Reelection  <b>Hiroyuki Isono</b> (May 20, 1960)	April 1984	Joined the Company
	October 2012	Director of the Board, Oji Management Office Inc.
	April 2014	Corporate Officer, the Company
	June 2015	Director of the Board and Executive Officer, the Company
		(to the present)



- ▶ Significant concurrent positions
  - Representative Director and Chairman of the Board, Oji Oceania Management Co., Ltd.
  - Chairman of the Board, Oji Fibre Solutions (NZ) Ltd.

▶ Reasons for selecting as a candidate for director  
 He has a wealth of experience and track record in the areas of overseas business and corporate planning in the Company as well as the Group companies.

He is in charge of running the Company, as part of its management team, currently serving as Representative Director and Chairman of the Board of Oji Oceania Management Co., Ltd., as well as Chairman of the Board of Oji Fibre Solutions (NZ) Ltd., contributing, in such capacity, to the strengthening and expanding of overseas business particularly in Oceania.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

- ▶ Other special notes
  - ▶ Mr. Hiroyuki Isono is concurrently serving as Chairman of the Board of Oji Oceania Management (NZ) Ltd., with which the Company has business relationship including the provision of loans.

Number of the Company shares owned:	27,472
Term of office as a director (as of the conclusion of this Meeting):	3 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)





Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 14</b>	Reelection	April 1974	Registered as an attorney-at-law
	Outside director Independent director	June 2014	Director, the Company (to the present)

**Michihiro Nara**

(May 17, 1946)



Number of the Company shares owned:	0
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Term of office as a director (as of the conclusion of this Meeting):	4 years
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Number of attendance at meetings of the Board of Directors:	13/14 (92.9%)
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▶ Significant concurrent positions

- Attorney-at-law
- Outside Director, SEIKO EPSON CORPORATION
- Outside Director, Chori Co., Ltd.
- Outside Director, Nihon Tokushu Toryo Co., Ltd.

▶ Reasons for selecting as a candidate for outside director

He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as an attorney-at-law. He has been selected as a candidate for outside director on an ongoing basis, as he is believed capable to provide his opinions to the management of the Company, from a standpoint independent therefrom.

Although he does not have experience being directly involved in corporate management other than being an outside director or outside audit & supervisory board member, the Company judged that he will be able to duly carry out the duties as an outside director owing to the reasons stated above.

▶ Other special notes

- ▶ There is no special interest between Mr. Michihiro Nara and the Company.
- ▶ Mr. Michihiro Nara is a candidate for outside director as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- ▶ The Company has designated Mr. Michihiro Nara as an independent director and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Nara is elected, the Company intends that he remain as an independent director.
- ▶ Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract for limitation of liability with Mr. Michihiro Nara, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations. In the event that Mr. Nara is elected, it is anticipated that the said contract will continue to remain in force.
- ▶ During Mr. Michihiro Nara's office as an Outside Director at Nihon Tokushu Toryo Co., Ltd., a case of embezzlement of the company's funds by an ex-employee occurred in August 2015. Mr. Nara was not aware of that fact, but had regularly been making recommendations aimed to strengthen internal controls. Following the unraveling of the case, he also made recommendations to ensure thorough legal compliance and to strengthen the management system in order to prevent recurrence.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 15</b>	Reelection	April 1976	Joined Ministry of International Trade and Industry
	Outside director	July 2009	Director-General, Nuclear and Industrial Safety Agency
	Independent director	August 2011	Retired from office
		June 2015	Director, the Company (to the present)

**Nobuaki Terasaka**

(April 9, 1953)



- ▶ Significant concurrent positions
  - Representative Director and President, Mutual Service Aid Guarantee Corporation

- ▶ Reasons for selecting as a candidate for outside director  
He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as an administrative official, especially in the areas such as natural resources/energy and international trade. He has been selected as a candidate for outside director on an ongoing basis, as he is believed capable to provide his opinions to the management of the Company, from a standpoint independent therefrom.

Number of the Company shares owned:	0
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Term of office as a director (as of the conclusion of this Meeting):	3 years
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Number of attendance at meetings of the Board of Directors:	14/14 (100%)
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- ▶ Other special notes
  - ▶ There is no special interest between Mr. Nobuaki Terasaka and the Company.
  - ▶ Mr. Nobuaki Terasaka is a candidate for outside director as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  - ▶ The Company has designated Mr. Nobuaki Terasaka as an independent director and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Terasaka is elected, the Company intends that he remain as an independent director.
  - ▶ Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract for limitation of liability with Mr. Nobuaki Terasaka, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations. In the event that Mr. Terasaka is elected, it is anticipated that the said contract will continue to remain in force.

## **Item 2: Election of Two (2) Audit & Supervisory Board Members**

The term of office for Audit & Supervisory Board Member Mikinao Kitada will expire at the conclusion of this General Meeting of Shareholders. In addition, Audit & Supervisory Board Member Yuko Miyazaki resigned on December 11, 2017. Therefore, the Company hereby requests the election of two (2) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent regarding this item.

The candidates for Audit & Supervisory Board Member are as follows:

<Reference> The Company's Policies for Audit & Supervisory Board Member Nomination and Standards of Independence for Outside Officers are published in the "Fundamental Policies on Corporate Governance" disclosed on the website of the Company on the Internet (<https://www.ojiholdings.co.jp/group/policy/governance.html>).

		Brief history and positions in the Company and significant concurrent positions	
No. 1	Reelection	April 1976	Appointed public prosecutor
	Outside audit & supervisory board member	January 2012	Superintendent Public Prosecutor of Osaka High Public Prosecutors Office
	Independent audit & supervisory board member	January 2014	Retired from office
		March 2014	Registered as an attorney-at-law
		June 2014	Audit & Supervisory Board Member, the Company (to the present)

## Mikinao Kitada

(January 29, 1952)



Number of the Company shares owned:	0
Term of office as an audit & supervisory board member (as of the conclusion of this Meeting):	4 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)
Number of attendance at meetings of the Audit & Supervisory Board:	15/15 (100%)

### ▶ Significant concurrent positions

- Attorney-at-law
- Outside Statutory Auditor, Askul Corporation
- Outside Director, Yokogawa Bridge Holdings Corp.
- Outside Audit & Supervisory Board Member, Sojitz Corporation

### ▶ Reasons for selecting as a candidate for outside audit & supervisory board member


He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as a public prosecutor and an attorney-at-law.

Based on such knowledge, he is currently auditing the execution of duties of Directors appropriately from the independent and objective standpoint in the capacity of outside audit & supervisory board member.

Although he does not have experience being directly involved in corporate management other than being an outside director or outside audit & supervisory board member, the Company judged that he will be able to appropriately carry out the duties as an outside audit & supervisory board member owing to the reasons stated above. He has been selected as candidate for outside audit & supervisory board member on an ongoing basis.

### ▶ Other special notes

- ▶ There is no special interest between Mr. Mikinao Kitada and the Company.
- ▶ Mr. Mikinao Kitada is a candidate for outside audit & supervisory board member as prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
- ▶ The Company has designated Mr. Mikinao Kitada as an independent audit & supervisory board member and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Kitada is elected, the Company intends that he remain as an independent audit & supervisory board member.
- ▶ Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract for limitation of liability with Mr. Mikinao Kitada, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations. In the event that Mr. Kitada is elected, it is anticipated that the said contract will continue to remain in force.

		Brief history and positions in the Company and significant concurrent positions	
No. 2	New election Outside audit & supervisory board member Independent audit & supervisory board member	April 1989	Registered as an attorney-at-law (to the present)
<p><b>Norio Henmi</b> (June 13, 1957)</p> 		<ul style="list-style-type: none"> <li>▶ Significant concurrent positions <ul style="list-style-type: none"> <li>• Attorney-at-law</li> </ul> </li> <li>▶ Reasons for selecting as a candidate for outside audit &amp; supervisory board member He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his long-standing career as an attorney-at-law mainly in the area of corporate legal affairs. Although he does not have experience being directly involved in corporate management other than being an outside director or outside audit &amp; supervisory board member, the Company judged that he will be able to appropriately carry out the duties as an outside audit &amp; supervisory board member owing to the reasons stated above. He has been newly selected as candidate for outside audit &amp; supervisory board member.</li> </ul>	
Number of the Company shares owned:		0	<ul style="list-style-type: none"> <li>▶ Other special notes</li> <li>▶ There is no special interest between Mr. Norio Henmi and the Company. <ul style="list-style-type: none"> <li>▶ Mr. Norio Henmi is a candidate for outside audit &amp; supervisory board member as prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.</li> <li>▶ In the event that Mr. Norio Henmi is elected, the Company intends to designate Mr. Henmi as an independent audit &amp; supervisory board member and notify the Tokyo Stock Exchange of such designation in accordance with its regulation.</li> <li>▶ In the event that Mr. Norio Henmi is elected, it is anticipated that the Company concludes a contract for limitation of liability with Mr. Henmi pursuant to Article 427, Paragraph 1 of the Companies Act, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations.</li> </ul> </li> </ul>

(Attached Documents)

**Business Report (from April 1, 2017 to March 31, 2018)**

**1. Review of Group Operations**

**(1) Review of Operations**

The global economy during fiscal 2017, the fiscal year ended March 31, 2018, was generally healthy. In particular, the U.S. and Chinese economy continued to grow. The Japanese economy continued to recover at a moderate pace owing to the continued improvement of corporate earnings and personal consumption.

Amid such an environment, the results of the Oji Group's operations for fiscal 2017 were as follows. Net sales increased 3.2% year on year to 1,485,895 million yen and operating profit increased 0.8% year on year to 70,781 million yen due to factors including growth in the international pulp market, despite factors including a steep rise in fuel prices for domestic businesses. Ordinary profit also increased 24.6% year on year to 65,958 million yen due to factors including a decrease in foreign exchange loss, although profit attributable to owners of parent decreased 10.1% year on year to 36,222 million yen.

The situation for each business segment was as follows.

Segment	Net sales		Operating profit	
Household and Industrial Materials	651,319 million yen	(Up 5.0% year on year)	5,436 million yen	(Down 71.1% year on year)
Functional Materials	220,798 million yen	(Up 1.5% year on year)	18,559 million yen	(Up 5.8% year on year)
Forest Resources and Environment Marketing Business	298,490 million yen	(Up 10.4% year on year)	42,305 million yen	(Up 121.2% year on year)
Printing and Communications Media	290,988 million yen	(Down 1.7% year on year)	(4,502) million yen	(-)
Others	277,004 million yen	(Up 2.7% year on year)	8,756 million yen	(Down 1.6% year on year)
Subtotal	1,738,602 million yen	(Up 3.9% year on year)	70,555 million yen	(Up 0.9% year on year)
Adjustments	(252,706) million yen	(-)	226 million yen	(-)
Total	1,485,895 million yen	(Up 3.2% year on year)	70,781 million yen	(Up 0.8% year on year)

(Notes) 1. Adjustments represent those mainly for inter-segment transactions.

2. Numbers less than one million yen are rounded down to the nearest million.

[Household and Industrial Materials]

Net sales 651,319 million yen (Up 5.0% year on year)

Operating profit 5,436 million yen (Down 71.1% year on year)

Main Businesses: Containerboard/corrugated containers, Boxboard/packaging materials, Folding cartons/paper bags, Household papers, Disposable diapers

In the domestic business, the sales volume of containerboard and corrugated containers increased from the previous year as sales of those for uses such as fruit and vegetables, beverages, processed food, and mail order business were firm. The sales volume of white paperboard increased from the previous year as domestic sales and exports to Southeast Asia were particularly strong. As for packaging materials, domestic sales volume increased from the previous year, although export sales volume decreased. In disposable diapers, while the domestic sales volume of disposable diapers for babies remained nearly flat from the previous year, sales of those products for adults increased from the previous year. Household paper sales were firm and sales volume increased from the previous year. In the overseas business, in Southeast Asia, containerboard sales performed strongly, while sales of corrugated containers were also buoyant, primarily for beverage and processed food uses. Sales volume of disposable diapers increased significantly from the previous year on the back of growth in demand in emerging economies, particularly as sales of tape-type disposable diapers in addition to Genki! brand pants-type disposable diapers started in Malaysia, distribution volume to retail stores

increased and sales through a major minimarket Indomaret started in Indonesia, and its local market entry in China started in earnest through the start-up of a local sales organization.

[Functional Materials]

Net sales 220,798 million yen (Up 1.5% year on year)

Operating profit 18,559 million yen (Up 5.8% year on year)

Main Businesses: Specialty paper, Thermal paper, Adhesive products, Film

In the domestic business, specialty paper and thermal paper sales in Japan were nearly flat from the previous year, while the domestic sales volume of film increased from the previous year particularly for uses in smartphone manufacturing processes. Export sales volume increased from the previous fiscal year due to the sales expansion of release paper and other products for such uses as logistics labels, electrical components, and synthetic leather.

In the overseas business, Tele-Paper (M) Sdn. Bhd., which is a Malaysian company that has newly joined the Group, contributed to performance improvement. In addition, thermal paper sales were firm in Latin America.

[Forest Resources and Environment Marketing Business]

Net sales 298,490 million yen (Up 10.4% year on year)

Operating profit 42,305 million yen (Up 121.2% year on year)

Main Businesses: Pulp, Energy, Lumber

In the domestic business, sales volume of the pulp business increased from the previous year due to strong sales of dissolving pulp particularly for exports. In the lumber business, sales volume increased from the previous year owing to the strong sales. In the energy business, electricity sales volume was firm and nearly flat from the previous year.

In the overseas pulp business, sales volume increased from the previous year owing to the strong sales of Celulose Nipo-Brazileira S.A., Jiangsu Oji Paper Co., Ltd., and Oji Fibre Solutions (NZ) Ltd. In the lumber business, sales volume increased from the previous year owing to the strong sales of Pan Pac Forest Products Ltd.

[Printing and Communications Media]

Net sales 290,988 million yen (Down 1.7% year on year)

Operating profit (4,502) million yen (-)

Main Businesses: Newsprint, Printing/publication/communication paper

In the domestic business, newsprint sales volume declined from the previous year reflecting the decline in newspaper circulation and decline in number of pages. Although sales volume of printing/communication paper remained nearly flat from the previous year, sales decreased from the previous year mainly reflecting the effect of the softening of the market conditions.

In the overseas business, Jiangsu Oji Paper Co., Ltd. achieved steady sales growth in printing paper and overall sales volume increased from the previous year.

[Others]

Net sales 277,004 million yen (Up 2.7% year on year)

Operating profit 8,756 million yen (Down 1.6% year on year)

Main businesses: Real estate, Engineering, Trading, Logistics, etc.

Sales in the others segment increased from the previous year due to an increase in sales for the trading business.

## (2) Capital investment of Oji Group

The Group's capital investment for the year under review amounted to 69,297 million yen, an increase of 11,439 million yen compared to the previous year.

The Group has continued to make such investments in fields required for restructuring its business portfolio and to implement works aimed at achieving improved product quality, higher energy efficiency, and greater productivity, as well as projects for safety and the environment.

The following summarizes the Group's principal capital investment programs.



### 1. Principal works that were completed during the year under review

Company Name	Work description
Oji Nepia Co., Ltd.	Works to install disposable diaper production equipment (Nagoya Plant)
Oji Fibre Solutions (QLD) Pty. Ltd.	Works to set up a new corrugated container mill (Australia)
Oji Papéis Especiais Ltda	Works to increase in production of thermal recording paper (Brazil)
Pan Pac Forest Products (Otago) Ltd	Works to install lumbering equipment (New Zealand)
Jiangsu Oji Paper Co., Ltd.	Works to install pulp machines (China)

### 2. Principal works that were underway during the year under review

Company Name	Work description
Oji F-Tex Co., Ltd.	Works to renovate hydroelectric power plant (1st base, Tokai Mill)
MPM Oji Eco-Energy Co., Ltd.	Joint electric power generation business with Mitsubishi Paper Mills Limited
Oji Paper Co., Ltd.	Works to renovate hydroelectric power plant (Isarigawa Power Plant, Tomakomai Plant)
Oji Fibre Solutions (NZ) Ltd.	Works to renovate heat exchange equipment (New Zealand)
Celulose Nipo-Brasileira S.A.	Works to consolidate log processing equipment (Brazil)
Celulose Nipo-Brasileira S.A.	Works to renovate pulp manufacturing facilities (Brazil)

### (3) Changes in assets and results of operation

Segment	90th FY2013	91st FY2014	92nd FY2015	93rd FY2016	94th FY2017
Net sales (millions of yen)	1,332,510	1,347,281	1,433,595	1,439,855	1,485,895
Operating profit (millions of yen)	57,290	43,867	71,987	70,243	70,781
Ordinary profit (millions of yen)	65,176	49,360	60,517	52,949	65,958
Profit attributable to owners of parent (millions of yen)	31,618	15,526	12,706	40,270	36,222
Profit per share (yen)	32.01	15.71	12.86	40.74	36.64
Total assets (millions of yen)	1,898,170	2,140,641	1,909,483	1,901,029	1,967,991
Net assets (millions of yen)	657,626	784,420	711,230	759,198	810,011
Net assets per share (yen)	574.08	656.03	587.62	635.95	681.52

- (Notes) 1. Profit per share was calculated by dividing profit attributable to owners of parent by the average number of shares outstanding for the year under review upon subtracting from it the number of treasury stocks.
2. Net assets per share were calculated by dividing net assets by the number of shares outstanding at the end of the year under review upon subtracting from it the number of treasury stocks.
3. Figures for FY2013 through FY2016 shown in the table above reflect the results of the restatement of prior-year financial statements.
4. Numbers less than one million yen are rounded down to the nearest million.

### (4) Issue to address of Oji Group

#### Business strategy of Oji Group

The Group will strive to achieve medium- to long-term enhancement of its corporate value, by exploring “beyond the boundaries into the future,” based on the three themes of the Group’s management philosophy, namely, “Creation of Innovative Values,” “Contribution to Future and the World” and “Harmony with Nature and Society.”

Under the aforementioned management philosophy, the Group has established as basic policy of its business strategies, three objectives of “Expansion of Overseas Businesses,” “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation,” whereby the following management target has been set out.

Management target for fiscal 2018	
Consolidated operating profit	Balance of interest-bearing liabilities
100 billion yen	700 billion yen

To achieve the aforementioned, the following specific initiatives are being taken.

(a) Household and Industrial Materials

- Industrial Materials (Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bag business)

Overseas, the Group has been expanding its business operations, mainly in Southeast Asia, India and Oceania. In Southeast Asia, for which steady growth is expected, to further strengthen our integrated business platform for containerboard/corrugated containers, in Malaysia we expanded production facilities for containerboard and updated energy supply and water supply and drainage facilities (scheduled to come on line in April 2021) at GS Paperboard & Packaging Sdn. Bhd. Furthermore, in central Malaysia, we decided to expand plants and increase production capacity for two existing factories manufacturing corrugated containers (scheduled to come on line in December 2018). We also decided to build a new factory to become our fifth corrugated container manufacturing site in Vietnam (scheduled to come on line in July 2019) and a corrugated container manufacturing site in Chennai, India (scheduled to come on line in December 2018). In Australia, in September 2017 we acquired a corrugated containers business in the Melbourne suburbs from Cardboard Cartons Pty Ltd. Furthermore, in October 2017, we launched operations of the new corrugated container factory in Queensland. Going forward, the Group will continue to expand its sites, including expansion into countries where it does not yet have a presence such as Indonesia and the Philippines, while also deepening cooperation throughout Southeast Asia, India, and Oceania to rejuvenate the manufacturing and sales network, thereby bolstering profit-earning capability. In Japan's domestic market, the Group is set to further promote the material-processing-integrated business. In the meantime, the Group promotes strengthening the operational base of the all business fields, drawing on the measures for expanding business and enhancing productivity/competitiveness in its corrugated container processing business through M&As, thereby aiming to become the leading integrated packaging maker. Furthermore, O&C Ivory Board Co., Ltd, established as a joint venture as one of our capital and business alliance policies with Chuetsu Pulp & Paper Co., Ltd, began commercial production in October 2017 of high grade boxboard for which stable demand is expected.
- Household and Consumer Products (Household paper business, Disposable diaper business)

In the household paper business, the Group will aim to further increase the value of the "Nepia" brand by mainly introducing environmentally-friendly products which have acquired forest certifications and high-end products which include "hana-celeb." Also, at MPM Oji Home Products Co., Ltd., a joint venture with Mitsubishi Paper Mills Limited, we are moving forward with preparations to bring manufacturing facilities for household paper product online at Mitsubishi Paper Mill's Hachinohe Mill (scheduled to come online in April 2019). With this initiative, the Group will boost the competitiveness of its household paper business through logistics cost reductions and other measures by acquiring the Group's first household paper business site in the Tohoku region, and the Group will continue to expand the household paper business, which is expected to enjoy stable demand going forward.

In the disposable diaper business for babies, in addition to introducing "Genki!," a unified brand both in Japan and overseas, the Group launched nationwide sales of "Whito," Oji's highest-quality brand ever, in October 2017. Our unprecedented new proposals of "diapers for 3-hour use" and "diapers for 12-hour use," as well as our proprietary "quilting technology" that controls absorbency, breathability, and fit, the three basic functions of a diaper, made possible by a quilt-type groove pressed into the front side of the absorption pad, were well received. In November 2017, we won the "10<sup>th</sup> Parenting Award," and in January 2018, we won the "Nikkei Award for Excellence" in the "2017 Nikkei Superior Products and Services

Award,” winning favorable recognition. Going forward, the Group will work to cultivate a high price point market targeting customers seeking quality. In addition, by utilizing the full production capacity of our added tape-type and pants-type disposable diaper processing machines, the Group will work to further strengthen overseas exports as well as domestic sales. In China, we launched a new sales team and are strengthening our sales system to further expand sales. In Southeast Asia, we are engaged in manufacturing and sales at two locations in Malaysia and sales through our joint venture in Indonesia, while working toward further expansion by moving forward with preparations for proprietary local manufacturing in Indonesia. Also, with respect to the “nepia Tender” brand of disposable diapers for adults, the Group will continue to develop products that resolve the problems that nursing care facilities face.

(b) Functional Materials (Specialty paper business, Thermal paper business, Adhesive products business, Film business)

Up until now, the Group’s development of the functional materials business in Southeast Asia has been primarily in upstream businesses such as thermal paper business and adhesive products business. However, in 2016, the Group acquired Hyper-Region Labels Sdn. Bhd., which is engaged in the printing, processing, and sales of adhesive products, and in August 2017, acquired 76% of the shares of Tele-Paper (M) Sdn. Bhd, a company that processes and sells thermal paper and carbonless copy paper in Malaysia. Based on these sites, the Group will learn end users’ needs accurately and in a timely manner, thereby integrating the upstream, midstream and downstream businesses, and enhance the cultivation of new businesses and bolster new product development. Furthermore, in Myanmar, the Group expanded sales of labels for consumer goods including foods and began commercial operation in September 2017 of a flexible packaging business to provide films and other products for consumer goods. For thermal papers, the Group expanded production capacity at Brazil’s Oji Papéis Especiais Ltda., as part of its global strategy, working to increase sales in response to robust demand. Going forward, we will work to flexibly respond to the demand accompanying economic developments in the emerging market including Southeast Asia, South America, the Middle East, and Africa, while also working to expand new business areas.

In Japan, while working to continue existing businesses by boosting competitiveness through continuous reviews of the production system, by fusing the Group’s core technologies cultivated thus far such as “paper making” with new materials, we are also developing non-“paper” products such as carbon-fiber composite sheets that provide both the ability to adjust form and high strength (for use in tablet housings, etc.) and light diffusion materials utilizing “nano-printing” technology. Also, at Advanced Film Research Center in Shiga, located on the same site as one of our production sites, we are more efficiently developing high-performance film products such as capacitor films for EV/HEV applications and optical films, pursuing expansion into new business fields.

(c) Forest Resources and Environment Marketing Business (Pulp business, Energy business, Lumber business)

In the pulp business, the Group is implementing strategic earnings countermeasures at key sites. Oji Fiber Solutions (NZ) Ltd. in New Zealand is working on measures to stabilize and improve the efficiency of operations through introducing and applying the Group’s technical expertise and operation management methods, etc. In Brazil, Celulose Nipo-Brasileira S.A. has been working on an ongoing basis to improve revenue by modernizing manufacturing equipment among other efforts, making efforts to strengthen the business foundation so it is capable of withstanding fluctuations in the pulp market. At China’s Jiangsu Oji Paper Co., Ltd., the second dry pulp manufacturing facility began commercial operations in October 2017. Also, in Japan, in addition to the traditional products for rayon applications, production launched for high-value-added products such as materials for medical supplies and filtering applications using dissolving pulp (DP) equipment.

In the energy business, the three installed biomass power generators have been operating steadily. We also made steady progress in the renovations and modernization construction of existing hydropower generators, and steadily expanded our energy sales volume. Furthermore,

we plan to launch the joint biomass power generation business with Mitsubishi Paper Mills Limited in 2019. In the power retailing business field, the joint power sales business with ITOCHU ENEX CO., LTD. is expanding its results. Moreover, in line with growth in the energy business, we are expanding the biomass fuel business including reinforcing production facilities that make woodchips for fuel utilizing untapped domestic wood resources to boost procurement.

In the lumber business, the Group has been increasing its production capabilities centered on Asia/Oceania, including bringing new lumber mills on line and renewing manufacturing plants. Furthermore, it is establishing sales companies in China, Indonesia, and Vietnam, working to expand sales of pulp, biomass fuels, and lumber products, etc. outside the Group and to strengthen its trading company function in a wide range of fields.

(d) Printing and Communications Media (Newsprint business, Printing/publication/communications paper business)

The Group is conducting restructuring of its production platform, as appropriate, closely taking into account the current business environment. Oji Paper Co., Ltd. shut down paper machine No.7 at its Tomioka Mill in 2016 and paper machine No.4 at its Kasugai Mill in June 2017. The Group will aim to achieve an increase in cash flows, along with strengthening of its international competitiveness, through continuously reviewing/restructuring its cost structure by establishing a demand-based optimal production structure.

China's Jiangsu Oji Paper Co., Ltd. has been steadily expanding its sales of printing paper and reducing costs by fully utilizing the strength of the integrated manufacturing of paper and pulp, posting positive operating profit. By increasing sales and further reducing costs through the dry pulp production facilities that began commercial operations in October 2017, the Group will work to further enhance the competitiveness of both the paper business and pulp business, aiming to stabilize and expand positive operating profit.

(e) Improving Research and Development (R&D)

The Group is engaged in innovative value creation including cellulose nano-fiber materials (CNF), medicinal plants, and water treatment technologies, through flexible and streamlined research and development activities, mainly under the initiative of the Innovation Promotion Division, in close collaboration with the operations within the Group.

The Group is placing particularly diligent efforts into developing CNF as a future business pillar. Firstly, regarding facilities, in addition to commencing operations of a manufacturing pilot plant for "CNF Slurry," which is made through the Group's proprietary technology of phosphate esterification and has promise as a commercial application of CNF, in January 2018 the Group introduced the world's first facility for producing continuous transparent sheets, one of its proprietary products. In terms of products, the CNF thickener "AUROVISCO" was officially adopted as a thickener for car chemical products for general consumers, and we launched supply in May 2017. Furthermore, by proactively providing samples of "AUROVEIL," the CNF continuous transparent sheets realized through the Group's proprietary technology and development, "AUROVEIL WP" with improved water resistance, "AUROVEIL 3D," which can be freely molded, and "CNF Powder," which can be dissolved in a range of organic solvents, we are accelerating the development of applications in a broader range of fields. Parallel with the development of these applications, in March 2018, by combining polycarbonate resin and CNF, we succeeded in developing composite materials with clearly superior attributes than existing materials with promising new applications. We will continue to create new possibilities and contribute to the invigoration of the market for CNF, the light, strong, sustainable natural materials.

Regarding medicinal plants, research to cultivate medicinal plant licorice led to the Group developing the first fast cultivation technique in Japan that satisfies the amount of medicinal properties stipulated in the Japanese Pharmacopoeia, 17th edition. From 2017, the Group began to evaluate the mass production of medicinal plant licorice through large-scale cultivation. Going forward, the Group will aim to sell the licorice as material for traditional Chinese medicines and will also consider using the licorice as an ingredient for quasi-drugs, sweeteners, and other applications, as the Group focuses on this as a key new business.

In the water treatment technology field, utilizing the knowhow in water preparation and waste water processing cultivated through the paper manufacturing technology we have developed over many years, we are providing water treatment systems suitable for a variety of water environments by matching that knowhow with a range of needs. At the Water Environment Business Promotion Section launched in 2017, technologies and facilities to implement the appropriate local surveys, water quality analysis, and lab experiments are constantly at the ready. In addition to placing full-time water treatment staff experts at the department and proposing water treatment systems, we have established a system to remove cadmium from industrial waste water. Also, the Group's water processing system has been introduced in the preparation of industrial water used in an industrial park in Thailand. Going forward, while advancing innovation in water treatment system technology, we will aim to expand penetration, contributing to the development of water environments not only in Japan, but also in emerging countries including Southeast Asia.

Additionally, as new development fields, while pursuing development of nano-level microscopic structures through our proprietary technology, as one of our medical goods, we developed and began to provide samples of the disposable "Sponge Bath Hot Cloth," which stays warmer longer, for hospitals and nursing care facilities.

(f) Environmental Management

The Group is the largest owner of forests in Japan among private-sector companies. As such, the Group is committed to promoting environmental management, and is dedicated to developing its business activities in harmony with the environment. In addition to sustainable forest management, the Group is working towards having zero-environmental burden, and will continue to responsibly procure lumber and other raw materials.

Furthermore, in February 2018, the Group concluded a capital alliance agreement for a capital and business alliance with Mitsubishi Paper Mills Limited. Thus far, starting with their business alliance in the communication paper field, the two companies established joint ventures in the biomass power generation business and the household paper business, expanding the scope of their business alliance. This capital alliance will allow the two companies to go beyond one-off cooperative relationships in specific businesses and further strengthen their cooperative relationships in multiple businesses. Furthermore, the implementation of this capital alliance is conditioned on the acquisition of the required approvals and licenses from both Japanese and overseas competition authorities.

Lastly, the Group is making efforts to promote both work-style reforms and diversity. The Group has prioritized empowering women in the workplace, and those efforts have been well received. In December 2017, based on the "Act on Promotion of Women's Participation and Advancement in the Workplace," the Group was awarded the highest level (Class 3) "Eruboshi" designation by the Japanese Minister of Health, Labour, and Welfare as a leading company in empowering women in the workplace. Furthermore, in March 2018, the Group was selected for the first time as a "Nadeshiko Brand," a listed enterprise that is exceptional in encouraging women's success in the workplace, jointly selected by Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).

By carrying out the measures above, the Group aims to become a global corporate group that continues to create innovative value.

<Reference> Basic Views on Corporate Governance

Drawing on the fundamental values and the behavior principles that the Oji Group has carried down as a company since its founding, the Oji 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 Oji 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 Oji Group will aim to increase its corporate value and become a company that is trusted by society.

The Fundamental Policies on Corporate Governance of the Company is posted on its website (<https://www.ojiholdings.co.jp/group/policy/governance.html>).

**(5) Main businesses of Oji Group**

(as of March 31, 2018)

Segment	Main Businesses
Household and Industrial Materials	Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bags business, Household papers business, Disposable diapers business
Functional Materials	Specialty paper business, Thermal paper business, Adhesive products business, Film business
Forest Resources and Environment Marketing Business	Pulp business, Energy business, Lumber business
Printing and Communications Media	Newsprint business, Printing and publication and communications paper business
Others	Real estate, Engineering, Trading business, Logistics, etc.

**(6) Main offices and mills of Oji Group** (as of March 31, 2018)

## (i) The Company

Main Sites	
Headquarters:	Chuo-ku, Tokyo
Research Centers:	Koto-ku, Tokyo, Amagasaki, Hyogo, other

## (ii) Domestic subsidiaries

Stated in the table titled “(8) Significant subsidiaries”

**(7) Employees of Oji Group**

(as of March 31, 2018)

Segment	Number of employees	Change from previous fiscal year-end
Household and Industrial Materials	17,508	An increase of 200
Functional Materials	5,334	An increase of 719
Forest Resources and Environment Marketing Business	7,214	A decrease of 45
Printing and Communications Media	3,411	A decrease of 76
Others	2,677	A decrease of 46
Total	36,144	An increase of 752

**(8) Significant subsidiaries**

(as of March 31, 2018)

Company name	Headquarter location	Category	Capital stock	Percentage of voting rights of the Company	Major business description
Oji Container Co., Ltd.	Chuo-ku, Tokyo	Household and Industrial Materials	millions of yen 10,000	% (100)	Production and distribution of corrugated container products (sheet and box)
Oji Seitai, Co., Ltd.	Chuo-ku, Tokyo	Household and Industrial Materials	1,299	(55.0)	Production and distribution of heavy-duty paper sack
Oji Materia Co., Ltd.	Chuo-ku, Tokyo	Household and Industrial Materials	600	100	Production and distribution of paperboard (containerboards, specialty paperboards, and boxboards), packaging materials, and pulps
Oji Packaging Co., Ltd.	Edogawa-ku, Tokyo	Household and Industrial Materials	350	(100)	Production and distribution of folding cartons and synthetic resin container
Oji Nepia Co., Ltd.	Chuo-ku, Tokyo	Household and Industrial Materials	350	100	Production and distribution of household paper and disposable diaper
Mori Shigyo Co., Ltd.	Kyoto-shi, Kyoto	Household and Industrial Materials	310	(100)	Production and distribution of corrugated container products (sheet and box)
GSPH Holdings Sdn. Bhd.	Malaysia	Household and Industrial Materials	Millions of Malaysian ringgit 255	(75.0)	Control and management of GSPH Group (production and distribution of containerboards and corrugated container products (sheet and box))
Harta Packaging Industries Sdn. Bhd.	Malaysia	Household and Industrial Materials	18	(100)	Production and distribution of corrugated container products (sheet and box)
OJI TAC Co., Ltd.	Chuo-ku, Tokyo	Functional Materials	millions of yen 1,550	(100)	Production and distribution of paper- and resin-processed products, packaging materials, and adhesive paper
Oji F-Tex Co., Ltd.	Chuo-ku, Tokyo	Functional Materials	350	100	Production and distribution of specialty printing paper, specialty function paper, film products, and specialty paperboard
Oji Imaging Media Co., Ltd.	Chuo-ku, Tokyo	Functional Materials	350	100	Production and distribution of thermal recording paper (paper and film) and inkjet paper



Company name	Headquarter location	Category	Capital stock	Percentage of voting rights of the Company	Major business description
Oji Papéis Especiais Ltda.	Brazil	Functional Materials	Millions of Brazilian Real 409	% (100)	Production and distribution of thermal recording paper and carbonless copy paper
KANZAN Spezialpapiere GmbH	Germany	Functional Materials	Millions of euros 25	(94.7)	Production and distribution of thermal recording paper
Oji Paper (Thailand) Ltd.	Thailand	Functional Materials	Millions of Thai baht 1,340	(100)	Production and distribution of carbonless copy paper and thermal recording paper
Kanzaki Specialty Papers Inc.	USA	Functional Materials	Millions of US dollars 34	(100)	Production and distribution of thermal recording paper
Japan Brazil Paper and Pulp Development Ltd.	Chuo-ku, Tokyo	Forest Resources and Environment Marketing Business	millions of yen 61,788	(55.5)	Management of pulp production company in Brazil. Pulp trading in the country
Oji Cornstarch Co., Ltd.	Chuo-ku, Tokyo	Forest Resources and Environment Marketing Business	1,000	(60.0)	Production and distribution of corn starch and saccharified products
Oji Green Resources Co., Ltd.	Chuo-ku, Tokyo	Forest Resources and Environment Marketing Business	350	100	Trading in lumber, pulp, and raw fuel materials, plantation business management, and the energy business
Oji Forest & Products Co., Ltd.	Chuo-ku, Tokyo	Forest Resources and Environment Marketing Business	288	(100)	Trading in lumber and paper raw materials, gardening, and afforestation services
Celulose Nipo-Brasileira S.A.	Brazil	Forest Resources and Environment Marketing Business	Millions of US dollars 257	(55.5)	Plantation service and production and distribution of pulp
Pan Pac Forest Products Ltd.	New Zealand	Forest Resources and Environment Marketing Business	Millions of New Zealand dollars 126	(100)	Forest management, plantation and logging services. Distribution of lumbers and production and distribution of pulp and lumber products

Company name	Headquarter location	Category	Capital stock	Percentage of voting rights of the Company	Major business description
Oji Paper Co., Ltd.	Chuo-ku, Tokyo	Printing and Communications Media	millions of yen 350	% 100	Production and distribution of newsprint, paper, and pulp
Oji Logistics Co., Ltd.	Chuo-ku, Tokyo	Others	1,434	100	Warehousing, truck transportation, and domestic sea transportation services
Kyokuyo Co., Ltd.	Chuo-ku, Tokyo	Others	1,300	90.0	Trading of paper, synthetic resin, and packaging materials
Oji Engineering Co., Ltd.	Chuo-ku, Tokyo	Others	800	100	Design, manufacture, installation, overhaul, and distribution of various machinery products
Oji Real Estate Co., Ltd.	Chuo-ku, Tokyo	Others	650	(100)	Real-estate trading, brokerage, leasing, and management services
Jiangsu Oji Paper Co., Ltd.	China	Forest Resources and Environment Marketing Business / Printing and Communications Media	Millions of US dollars 911	(90.0)	Production and distribution of paper and pulp
Oji Fibre Solutions (NZ) Ltd.	New Zealand	Household and Industrial Materials / Forest Resources and Environment Marketing Business	Millions of New Zealand dollars 728	(60.0)	Production and distribution of pulp, paperboard, corrugated container products, and paper bag products

- (Notes)
1. GS Paper & Packaging Sdn. Bhd., which appeared in the table above in past years, was reorganized as a holding company and renamed GSPP Holdings Sdn. Bhd. effective August 15, 2017.
  2. Kyokuyo Pulp & Paper Co., Ltd. was renamed Kyokuyo Co., Ltd. effective January 1, 2018.
  3. Jiangsu Oji Paper Co., Ltd. is categorized into both Forest Resources and Environment Marketing Business and Printing and Communications Media and Oji Fibre Solutions (NZ) Ltd. is categorized into both Household and Industrial Materials and Forest Resources and Environment Marketing Business. As such, they appear in the respective categories in the above table.
  4. Capital stock value less than the minimum unit is truncated for presentation.
  5. The percentage of voting rights of the Company shown in parentheses denotes one that includes voting rights held by subsidiaries.
  6. The number of the Group's consolidated subsidiaries as of March 31, 2018 stood at 189, including significant subsidiaries whose names are listed above. The number of equity method affiliate companies totaled 23 as of March 31, 2018.
  7. There is no subsidiary that falls under the category of specified wholly-owned subsidiary as of March 31, 2018.

**(9) Financing activities of Oji Group**

The Group obtained necessary cash by securing loans from financial institutions and issuing commercial paper.

In addition, the Group issued 33rd series unsecured corporate bonds (10 billion yen) and 34th series unsecured corporate bonds (10 billion yen) in January 2018 to fund part of the repayment of long-term loans payable.

**(10) Main lenders and borrowing amount of Oji Group**

(as of March 31, 2018)

Lender	Loan balance
	millions of yen
The Norinchukin Bank	43,093
Sumitomo Mitsui Banking Corporation	42,603
Mizuho Bank, Ltd.	38,892
Sumitomo Mitsui Trust Bank, Limited	24,705
Nippon Life Insurance Company	22,130

- (Notes) 1. In addition to the loans listed above, the Company obtained 231,827 million yen in syndicate loans.  
2. Numbers less than one million yen are rounded down to the nearest million.

**(11) The status of the Group's corporate reorganization activities and acquisition of shares in other companies**

In August 2017, Oji Asia Management Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 76% of issued shares of Tele-Paper (M) Sdn. Bhd., which engages in the processing and sales of thermal paper and carbonless copy paper in Malaysia. Together with Oji Paper (Thailand) Ltd., our existing subsidiary in Thailand engaging in the production of thermal paper and carbonless copy paper, the Group will expand the business domain of thermal paper and carbonless copy paper businesses to cover production and processing, integrating the upstream, midstream and downstream businesses in Southeast Asia and thereby enhance the cultivation of new businesses and bolster new product development.

**(12) Policy concerning exercise of authority in case that the Articles of Incorporation stipulates that the Board of Directors shall determine dividends of surplus, etc.**

(i) Basic policy for distribution of profit

The Company's basic policy is to maintain stable dividends to shareholders to the extent possible while comprehensively considering the business results for each business year and the internal reserves necessary in preparation for future management initiatives.

(ii) Matters related to year-end dividend

The year-end dividend for the current fiscal year will be 5 yen per share with the record date of March 31, 2018 by comprehensively considering the business results for the current fiscal year and future business environment, etc.

Combined with the interim dividend of 5 yen per share, which was implemented for the interim period, this will bring total dividends for the current fiscal year to 10 yen per share, the same as for the previous fiscal year.

(a) Type of dividend property

Cash

(b) Matters related to allotment of dividend property to shareholders and total amount thereof 5 yen per common share of the Company; Total amount 4,955,042,575 yen

(c) Effective date of dividends of surplus

June 6, 2018

**(13) Significant matters related to the current state of Oji Group other than those mentioned in the preceding items**

Not applicable.

## 2. Shares of the Company (as of March 31, 2018)

- (1) Total number of shares authorized to be issued 2,400,000,000 shares  
 (2) Total number of shares issued 1,014,381,817 shares  
 (Treasury stock) (23,373,302 shares)  
 (3) Total number of shareholders 57,119 shareholders  
 (6,718 decrease compared with March 31, 2017)

### (4) Major shareholders (top 10)

Name of shareholder	Shares held	Percentage of total shares issued
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	73,035	7.4
Japan Trustee Services Bank, Ltd. (Trust account)	52,873	5.3
Japan Trustee Services Bank, Ltd. (Trust account 4)	36,206	3.7
Sumitomo Mitsui Banking Corporation	31,668	3.2
Nippon Life Insurance Company	25,658	2.6
Mizuho Bank, Ltd.	21,636	2.2
Oji Group Employee Stock-holding Association	20,380	2.1
Japan Trustee Services Bank, Ltd. (Trust account 9)	19,781	2.0
STATE STREET BANK WEST CLIENT - TREATY505234	18,255	1.8
Japan Trustee Services Bank, Ltd. (Trust account 5)	16,849	1.7

- (Notes) 1. The Company holds treasury stock of 23,373 thousand shares, which is excluded from the above list.  
 2. The percentage of total shares issued has been calculated after excluding the Company's treasury stock (23,373 thousand shares).  
 3. Numbers less than one thousand are rounded down to the nearest thousand.

### 3. Officers of the Company

#### (1) Directors and Audit & Supervisory Board Members (Positions, name, responsibilities, and significant concurrent positions)

(as of March 31, 2018)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director and Chairman of the Board*	Kiyotaka Shindo	
Representative Director of the Board, President and CEO*	Susumu Yajima	Group CEO
Representative Director of the Board and Executive Vice President*	Ryoji Watari	President, Industrial Materials Company and President, Household and Consumer Products Company President and Representative Director, Oji Industrial Materials Management Co., Ltd. Chairman and Director, Oji Nepia Co., Ltd. Director, Oji Container Co., Ltd. Director, Oji Materia Co., Ltd. Director, Mori Shigyo Co., Ltd.
Representative Director of the Board and Executive Vice President*	Kazuo Fuchigami	President, Functional Materials Company President and Representative Director, Oji Functional Materials Progressing Center Inc. Director, Oji F-Tex Co., Ltd. Director, Oji Imaging Media Co., Ltd.
Director*	Hidehiko Aoyama	President, Printing and Communications Media Company Representative Director, President and CEO, Oji Paper Co., Ltd. In charge of Oji Logistics Co., Ltd.
Director*	Yoshiki Koseki	Vice President, Industrial Materials Company Director and Vice President, Oji Industrial Materials Management Co., Ltd. President and Representative Director, Oji Materia Co., Ltd. Director, Oji Container Co., Ltd. Director, Mori Shigyo Co., Ltd.
Director*	Yoshiaki Takeda	General Manager, Corporate Governance Div. President, Oji Management Office Inc. In charge of: Oji Human Support Co., Ltd. Oji Business Center Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd. Director, Jiangsu Oji Paper Co., Ltd.
Director*	Shoji Fujiwara	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Progressing Center Inc. President and Representative Director, Oji F-Tex Co., Ltd.
Director*	Masatoshi Kaku	Deputy General Manager, Corporate Governance Div. In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Director*	Ryuichi Kisaka	Deputy General Manager, Corporate Governance Div. Senior Managing Director, Oji Management Office Inc.
Director*	Kazuhiko Kamada	President, Forest Resources and Environment Marketing Business Company Director, Oji Green Resources Co., Ltd. Director, Oji Forest & Products Co., Ltd. Chairman, Pan Pac Forest Products Ltd.

Positions	Name	Responsibilities and significant concurrent positions
Director*	Hiroyuki Isono	Representative Director and Chairman of the Board, Oji Oceania Management Co., Ltd. and Chairman of the Board, Oji Fibre Solutions (NZ) Ltd.
Director	Michihiro Nara	Attorney-at-law Outside Director, Seiko Epson Corp. Outside Director, Chori Co., Ltd. Outside Director, Nihon Tokushu Toryo Co., Ltd.
Director	Nobuaki Terasaka	Representative Director and President, Mutual Service Aid Guarantee Corporation
Audit & Supervisory Board Member	Motokazu Ogata	(Standing) Audit & Supervisory Board Member of Oji Container Co., Ltd., Oji Packaging Co., Ltd., Oji Seitai, Co., Ltd., Oji Materia Co., Ltd., Mori Shigyo Co., Ltd., Oji Paper Co., Ltd. and Oji Engineering Co., Ltd.
Audit & Supervisory Board Member	Tomihiko Yamashita	(Standing) Audit & Supervisory Board Member of Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd. and Oji Real Estate Co., Ltd.
Audit & Supervisory Board Member	Makoto Katsura	
Audit & Supervisory Board Member	Mikinao Kitada	Attorney-at-law Outside Statutory Auditor, Askul Corporation Outside Director, Yokogawa Bridge Holdings Corp. Outside Audit & Supervisory Board Member, Sojitz Corporation

- (Notes) 1. Mr. Michihiro Nara and Mr. Nobuaki Terasaka, Directors, are outside directors as prescribed in Article 2, Item 15 of the Companies Act.  
The Company has designated both Mr. Michihiro Nara and Mr. Nobuaki Terasaka, as independent directors and notified the Tokyo Stock Exchange of such designation in accordance with its regulation.
2. Mr. Makoto Katsura and Mr. Mikinao Kitada are outside audit & supervisory board members as prescribed in Article 2, Item 16 of the Companies Act.  
The Company has designated Mr. Makoto Katsura and Mr. Mikinao Kitada as independent directors and notified the Tokyo Stock Exchange of such designation in accordance with its regulation.
3. The following changes were made to Directors of the Board and Audit & Supervisory Board Members at the conclusion of the 93<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 29, 2017.
- |            |                                  |                |
|------------|----------------------------------|----------------|
| Assumption | Director                         |                |
|            | Yoshiaki Takeda                  | Shoji Fujiwara |
| Retirement | Director                         |                |
|            | Gemmei Shimamura                 |                |
| Assumption | Audit & Supervisory Board Member |                |
|            | Tomihiko Yamashita               |                |
| Retirement | Audit & Supervisory Board Member |                |
|            | Satoshi Fukui                    |                |
4. Standing Audit & Supervisory Board Members were elected by a resolution of the Audit & Supervisory Board at a meeting held on June 29, 2017, as follows.
- |   |                    |
|---|--------------------|
| Audit & Supervisory Board Member (Standing) | Motokazu Ogata     |
| Audit & Supervisory Board Member (Standing) | Tomihiko Yamashita |

5. The table below shows the Audit & Supervisory Board Member who resigned from office during the period from the day immediately following the conclusion of the 93<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 29, 2017 to the last day of the current fiscal year.

Name	Position at the time of the retirement	Responsibilities in the Company and significant concurrent positions	Date of the retirement	Reasons of the retirement
Yuko Miyazaki	Outside Audit & Supervisory Board Member	Attorney-at-law, Outside Director, Seven Bank, Ltd.	December 11, 2017	Resignation

The Company has no special interest with the organizations where Outside Officers hold significant concurrent positions above.

6. Mr. Motokazu Ogata, Audit & Supervisory Board Member, has sound knowledge of finance and accounting due to his long experience serving in the Company's finance and accounting business unit after joining the Company, and to his experience serving as a Director of the Board in charge of the finance and accounting business unit of a subsidiary of the Company.
7. The twelve (12) Directors of the Board whose names are marked with an asterisk concurrently serve as Executive Officers.
8. Effective April 1, 2018, partial changes were made to the responsibilities of Directors of the Board concurrently serving as Executive Officers. Their post-change responsibilities are as shown in the table of the following section titled "(2) The Status of Executive Officers."
9. Pursuant to the provisions of the Articles of Incorporation, the Company has concluded, in conformity with Article 427, Paragraph 1 of the Companies Act, a contract for limitation of liability with all of its outside directors and audit & supervisory board members on the limitation of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act. The maximum amount of the liability for damages under the above-mentioned contract is set at an amount provided for by applicable laws and regulations.

**(2) Status of Executive Officers**

(as of April 1, 2018)

Positions	Name	Responsibilities
Chairman of the Board*	Kiyotaka Shindo	
President and Chief Executive Officer*	Susumu Yajima	Group CEO
Executive Vice President*	Ryoji Watari	President, Industrial Materials Company and President, Household and Consumer Products Company President and Representative Director, Oji Industrial Materials Management Co., Ltd. Chairman and Director, Oji Nepia Co., Ltd.
Executive Vice President*	Kazuo Fuchigami	President, Functional Materials Company President and Representative Director, Oji Functional Materials Progressing Center Inc.
Senior Executive Officer*	Hidehiko Aoyama	President, Printing and Communications Media Company Representative Director, President and CEO, Oji Paper Co., Ltd. In charge of Oji Logistics Co., Ltd.
Senior Executive Officer*	Yoshiaki Takeda	General Manager, Corporate Governance Div. President, Oji Management Office Inc. In charge of: Oji Human Support Co., Ltd. Oji Business Center Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd.
Senior Executive Officer*	Shoji Fujiwara	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Progressing Center Inc. President and Representative Director, Oji F-Tex Co., Ltd.
Executive Officer*	Yoshiki Koseki	Vice President, Industrial Materials Company Director and Vice President, Oji Industrial Materials Management Co., Ltd. President and Representative Director, Oji Materia Co., Ltd. In charge of Oji Container Co., Ltd.
Executive Officer*	Masatoshi Kaku	Deputy General Manager, Corporate Governance Div. In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Executive Officer*	Ryuichi Kisaka	Deputy General Manager, Corporate Governance Div. Senior Managing Director, Oji Management Office Inc.
Executive Officer*	Kazuhiko Kamada	President, Forest Resources and Environment Marketing Business Company
Executive Officer*	Hiroyuki Isono	Representative Director and Chairman of the Board, Oji Oceania Management Co., Ltd. and Chairman of the Board, Oji Fibre Solutions (NZ) Ltd.
Senior Executive Officer	Yasuo Nakanishi	President, Oji Asia Packaging Sdn. Bhd.
Senior Executive Officer	Jun Maruyama	Senior Executive Officer, Oji Industrial Materials Management Co., Ltd. and President, Mori Shigyo Co., Ltd.
Executive Officer	Masaru Yokoyama	General Manager, Innovation Promotion Div.
Executive Officer	Yutaka Fushino	Managing Director, Oji Industrial Materials Management Co., Ltd. and President, Oji Container Co., Ltd.



Positions	Name	Responsibilities
Executive Officer	Fumio Shindo	Vice President, Forest Resources and Environment Marketing Business Company President, Oji Green Resources Co., Ltd.
Corporate Officer	Masanori Oshiumi	Senior Managing Director, Oji Oceania Management Co., Ltd. Senior Managing Director, Oji Fibre Solutions (NZ) Ltd.
Corporate Officer	Noriaki Shimizu	Vice President, Household and Consumer Products Company President, Oji Nepia Co., Ltd.
Corporate Officer	Junnichi Tomita	President, Oji Asia Management Sdn. Bhd.
Corporate Officer	Koichi Ishida	Vice President, Printing and Communications Media Company Vice President, Oji Paper Co., Ltd.
Corporate Officer	Hisashi Ibayashi	Managing Director, Oji Functional Materials Progressing Center Inc. and President, Oji Imaging Media Co., Ltd.

(Note) The twelve (12) Executive Officers whose names are marked with an asterisk concurrently serve as Directors of the Board.

### (3) Total amount of remuneration, etc. for Directors and Audit & Supervisory Board Members for the year under review

Position	No. of Personnel	Basic remuneration	Bonuses	Performance-linked and stock-based remuneration	Total
Director (Outside Director)	15	322 million yen	168 million yen	185 million yen	676 million yen
	(2)	(30 million yen)	(-)	(-)	(30 million yen)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	6	90 million yen	-	-	90 million yen
	(3)	(34 million yen)	(-)	(-)	(34 million yen)
Total	21	412 million yen	168 million yen	185 million yen	766 million yen

- (Notes)
1. The maximum remuneration, etc. for Directors determined by a resolution of the General Meeting of Shareholders is 700 million yen a year (resolution of the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 29, 2016).
  2. The Company introduced a performance-linked and stock-based remuneration plan for Directors (excluding Outside Directors) separately from the maximum remuneration, etc. mentioned in Note 1. pursuant to the resolution passed at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 29, 2016. The maximum number of points to be granted by the Company to its Directors (excluding Outside Directors) under this plan is 570,000 points per fiscal year (normally one point = one Company share).
  3. The maximum remuneration, etc. for Audit & Supervisory Board Members determined by a resolution of the General Meeting of Shareholders is 97 million yen a year (resolution of the 82<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 29, 2006).
  4. As of March 31, 2018, the number of Directors stood at fourteen (14) and that of Audit & Supervisory Board Members at four (4).
  5. Numbers less than one million yen are rounded down to the nearest million.

**(4) Matters relating to Outside Officers**

(i) Relationships between the Company and organizations where significant concurrent positions are held

(as of March 31, 2018)

Position	Name	Concurrent positions
Outside Director	Michihiro Nara	Attorney-at-law, Outside Director, Seiko Epson Corporation, Outside Director, Chori Co., Ltd., Outside Director, Nihon Tokushu Toryo Co., Ltd.
Outside Director	Nobuaki Terasaka	Representative Director and President, Mutual Service Aid Guarantee Corporation
Outside Audit & Supervisory Board Member	Mikinao Kitada	Attorney-at-law, Outside Statutory Auditor, Askul Corporation, Outside Director, Yokogawa Bridge Holdings Corp., Outside Audit & Supervisory Board Member, Sojitz Corporation

(Note) The Company has no special interest with the organizations where Outside Officers hold significant concurrent positions above.

(ii) Major activities during the fiscal year ended March 31, 2018

Position	Name	Status of attendance at the Board of Directors' Meeting	Status of attendance at the Audit & Supervisory Board Meeting	Principal comments
Outside Director	Michihiro Nara	13/14 (92.9%)	–	Provided expert opinions based on his rich experience and his wide-ranging knowledge from attorney's professional perspective
Outside Director	Nobuaki Terasaka	14/14 (100%)	–	Provided expert opinions based on his rich experience and wide-ranging knowledge as an administrative official
Outside Audit & Supervisory Board Member	Makoto Katsura	14/14 (100%)	15/15 (100%)	Provided expert opinions based on his rich experience as a diplomat and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Mikinao Kitada	14/14 (100%)	15/15 (100%)	Provided expert opinions based on his rich experience as a public prosecutor and an attorney-at-law and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Yuko Miyazaki (retired from office on December 11, 2017)	9/10 (90.0%)	10/11 (90.9%)	Provided expert opinions based on her rich experience and her wide-ranging knowledge from attorney's professional perspective

(Note) The status of Ms. Yuko Miyazaki's attendance at Board of Directors' Meetings and Audit & Supervisory Board Meetings shown above is based on the number of such meetings held through the date of her resignation from office.

#### **4. Matters related to Accounting Auditors**

##### **(1) Name of the Accounting Auditor**

PricewaterhouseCoopers Aarata LLC

##### **(2) Accounting Auditor remunerations, etc. for the year under review**

Segment	Amount paid
Remuneration of the Company's Accounting Auditors	millions of yen 79
The amount required to be paid to Accounting Auditors by the Company and its consolidated subsidiaries	257
Total amount of other property benefits	

- (Notes)
1. The above-mentioned payments include audit fee under the Financial Instruments and Exchange Act because the audit agreement between the Company and its Accounting Auditors does not distinguish between the audit fee under the Companies Act and the audit fee under the Financial Instruments and Exchange Act.
  2. The Audit & Supervisory Board of the Company has given the consent prescribed in Article 399, Paragraphs 1 and 2 of the Companies Act concerning the amount of remuneration, etc. for Accounting Auditors after examining and evaluating, among others, the audit plan developed by the Accounting Auditors, the comparison between the audit plan and the actual results for the previous fiscal year, audit hours, and changes in the amount of remuneration.
  3. Numbers less than one million yen are rounded down to the nearest million.

##### **(3) Description of non-audit service**

The Company has paid consideration to PricewaterhouseCoopers Aarata LLC for the preparation of a comfort letter in connection with the issuance of corporate bonds, which is among the services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.

##### **(4) Company's subsidiaries audited by another audit firm among significant subsidiaries**

Among the Company's significant subsidiaries, the following companies are audited by a certified public accountant or an audit firm other than the Company's Accounting Auditors (including without limitation such entity at a non-Japan location that has qualifications equivalent to those of the Company's Accounting Auditors) (limited to such entity as conforms to the Companies Act or the Financial Instruments and Exchange Act [or any non-Japan laws or regulations equivalent to the former acts]: Mori Shigyo Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Oji Papéis Especiais Ltda., Pan Pac Forest Products Ltd., Celulose Nipo-Brasileira S.A., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Oji Paper (Thailand) Ltd., GSPP Holdings Sdn. Bhd., and Harta Packaging Industries Sdn. Bhd.

##### **(5) Company's policy on Accounting Auditor dismissal or non-reappointment decision**

If an Accounting Auditor is deemed to have significant difficulty in properly performing his/her duties, the Audit & Supervisory Board determines a proposal to be submitted to the General Meeting of Shareholders for dismissing or not reappointing the Accounting Auditor.

Or, if an Accounting Auditor is deemed to fall under any of provisions in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed, based on the unanimous agreement of Audit & Supervisory Board members.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2018	As of March 31, 2017 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	50,357	43,833
Notes and accounts receivable–trade	325,373	292,780
Short-term investment securities	12,406	9,787
Merchandise and finished goods	96,658	93,973
Work in process	19,502	18,215
Raw materials and supplies	86,994	78,992
Deferred tax assets	8,185	10,926
Short-term loans receivable	3,504	4,716
Accounts receivable–other	19,877	17,417
Other	11,894	10,669
Allowance for doubtful accounts	(1,511)	(1,613)
<b>Total current assets</b>	<b>633,241</b>	<b>579,698</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	204,777	207,271
Machinery, equipment and vehicles	366,700	383,471
Tools, furniture and fixtures	5,313	5,371
Land	235,846	237,328
Forests	112,590	115,563
Standing timber	93,238	94,112
Lease assets	2,788	3,113
Construction in progress	35,389	23,892
<b>Total property, plant and equipment</b>	<b>1,056,644</b>	<b>1,070,124</b>
Intangible assets		
Goodwill	9,664	9,503
Other	11,626	12,169
<b>Total intangible assets</b>	<b>21,290</b>	<b>21,673</b>
Investments and other assets		
Investment securities	162,336	152,384
Long-term loans receivable	7,855	5,485
Long-term prepaid expenses	21,333	21,046
Net defined benefit asset	51,614	39,535
Deferred tax assets	1,873	1,060
Other	13,261	11,738
Allowance for doubtful accounts	(1,460)	(1,719)
<b>Total investments and other assets</b>	<b>256,814</b>	<b>229,532</b>
<b>Total noncurrent assets</b>	<b>1,334,749</b>	<b>1,321,330</b>
<b>Total assets</b>	<b>1,967,991</b>	<b>1,901,029</b>

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2018	As of March 31, 2017 (Ref.)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	248,490	205,147
Short-term loans payable	153,911	178,480
Commercial papers	1,000	2,000
Current portion of bonds	40,000	40,000
Accounts payable–other	16,062	17,528
Accrued expenses	49,560	43,722
Income taxes payable	9,320	9,385
Other	19,393	31,477
<b>Total current liabilities</b>	<b>537,738</b>	<b>527,742</b>
<b>Noncurrent liabilities</b>		
Bonds payable	60,000	80,000
Long-term loans payable	392,511	376,835
Deferred tax liabilities	73,914	64,744
Deferred tax liabilities for land revaluation	7,828	7,867
Provision for loss on litigation	2,717	3,357
Net defined benefit liability	51,422	54,123
Long-term deposits received	7,929	8,430
Other	23,917	18,730
<b>Total noncurrent liabilities</b>	<b>620,241</b>	<b>614,089</b>
<b>Total liabilities</b>	<b>1,157,979</b>	<b>1,141,831</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,880	103,880
Capital surplus	112,086	112,455
Retained earnings	377,801	350,676
Treasury stock	(14,465)	(14,394)
<b>Total shareholders' equity</b>	<b>579,303</b>	<b>552,618</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	39,287	34,075
Deferred gains or losses on hedges	(170)	(729)
Revaluation reserve for land	5,835	5,921
Foreign currency translation adjustment	31,973	31,908
Remeasurements of defined benefit plans	17,412	4,863
<b>Total accumulated other comprehensive income</b>	<b>94,338</b>	<b>76,039</b>
Subscription rights to shares	246	266
Non-controlling interests	136,122	130,273
<b>Total net assets</b>	<b>810,011</b>	<b>759,198</b>
<b>Total liabilities and net assets</b>	<b>1,967,991</b>	<b>1,901,029</b>

## Consolidated Statements of Income

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017 (Ref.)
Net sales	1,485,895	1,439,855
Cost of sales	1,144,157	1,105,387
Gross profit	341,737	334,468
Selling, general and administrative expenses	270,955	264,224
Operating profit	70,781	70,243
Non-operating income		
Interest and dividends income	4,251	4,454
Equity in earnings of affiliates	521	1,377
Insurance income	1,609	249
Miscellaneous income	4,514	5,277
Total non-operating income	10,896	11,359
Non-operating expenses		
Interest expenses	6,924	7,470
Foreign exchange losses	607	12,558
Miscellaneous loss	8,187	8,624
Total non-operating expenses	15,719	28,653
Ordinary profit	65,958	52,949
Extraordinary income		
Gain on sales of noncurrent assets	5,252	8,083
Gain on revision of retirement benefit plan	1,305	13,704
Gain on sales of investment securities	912	3,255
Other	187	3,960
Total extraordinary income	7,657	29,004
Extraordinary loss		
Impairment loss	2,364	6,972
Loss on retirement of noncurrent assets	2,329	2,015
Loss on disaster	2,153	905
Special retirement expenses	–	3,153
Other	1,768	3,485
Total extraordinary losses	8,616	16,532
Income before income taxes and minority interests	64,999	65,421
Income taxes—current	17,794	15,020
Income taxes—deferred	3,836	9,383
Profit	43,368	41,017
Profit attributable to non-controlling interests	7,145	746
Profit attributable to owners of parent	36,222	40,270

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2018	As of March 31, 2017 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	2,965	4,442
Operating accounts receivable	188	173
Real estate for sale	14	14
Deferred tax assets	337	875
Short-term loans receivable	373,193	367,237
Accounts receivable–other	7,758	7,480
Other	147	199
Allowance for doubtful accounts	(1,340)	(340)
<b>Total current assets</b>	<b>383,265</b>	<b>380,082</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	17,938	18,952
Structures	298	368
Machinery and equipment	151	596
Vehicles	0	0
Tools, furniture and fixtures	928	868
Land	42,766	42,885
Forests	15,642	15,642
Standing timber	22,299	22,328
Lease assets	1	2
Construction in progress	283	190
<b>Total property, plant and equipment</b>	<b>100,309</b>	<b>101,834</b>
Intangible assets		
Software	10	18
Other	61	63
<b>Total intangible assets</b>	<b>71</b>	<b>81</b>
Investments and other assets		
Investment securities	80,699	76,930
Stocks of subsidiaries and affiliates	531,617	518,212
Investments in capital	2	2
Investments in capital of subsidiaries and affiliates	7,156	5,804
Long-term loans receivable	34,409	74,385
Long-term prepaid expenses	1,111	1,128
Other	608	613
Allowance for doubtful accounts	(19)	(1,579)
<b>Total investments and other assets</b>	<b>655,586</b>	<b>675,497</b>
<b>Total noncurrent assets</b>	<b>755,967</b>	<b>777,413</b>
<b>Total assets</b>	<b>1,139,233</b>	<b>1,157,495</b>

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2018	As of March 31, 2017 (Ref.)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable–trade	31	23
Short-term loans payable	243,014	264,627
Commercial papers	1,000	2,000
Current portion of bonds	40,000	40,000
Lease obligations	0	0
Accounts payable–other	22,824	17,760
Accrued expenses	2,444	2,701
Income taxes payable	555	1,456
Allowance for transfer of shares of subsidiaries and affiliates	–	1,200
Other	1,272	5,432
<b>Total current liabilities</b>	<b>311,144</b>	<b>335,202</b>
<b>Noncurrent liabilities</b>		
Bonds payable	60,000	80,000
Long-term loans payable	380,373	360,776
Lease obligations	0	1
Deferred tax liabilities	4,438	3,459
Provision for retirement benefits	2,497	2,520
Long-term deposits received	4,626	4,875
Other	2,421	2,415
<b>Total noncurrent liabilities</b>	<b>454,357</b>	<b>454,048</b>
<b>Total liabilities</b>	<b>765,501</b>	<b>789,251</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,880	103,880
Capital surplus		
Capital reserve	108,640	108,640
Other capital surplus		
<b>Total capital surplus</b>	<b>108,640</b>	<b>108,640</b>
<b>Retained earnings</b>		
Retained earnings reserve	24,646	24,646
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	15,468	15,833
Reserve for overseas investment loss	17	36
General reserve	101,729	101,729
Retained earnings brought forward	3,995	952
<b>Total retained earnings</b>	<b>145,857</b>	<b>143,198</b>
Treasury stock	(14,005)	(13,935)
<b>Total shareholders' equity</b>	<b>344,373</b>	<b>341,783</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	29,449	26,591
Deferred gains or losses on hedges	(338)	(397)
<b>Total valuation and translation adjustments</b>	<b>29,111</b>	<b>26,194</b>
Subscription rights to shares	246	266
<b>Total net assets</b>	<b>373,731</b>	<b>368,244</b>
<b>Total liabilities and net assets</b>	<b>1,139,233</b>	<b>1,157,495</b>



## Non-consolidated Statements of Income

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017 (Ref.)
Operating revenue	27,961	27,741
Operating expenses		
General and administrative expenses	15,764	15,465
Other	2,254	2,670
Operating profit	9,943	9,605
Non-operating income		
Interest and dividends income	6,021	6,360
Brand maintenance income	1,432	1,425
Miscellaneous income	800	387
Total non-operating income	8,254	8,174
Non-operating expenses		
Interest expenses	4,427	5,007
Foreign exchange losses	196	2,177
Brand maintenance expenses	1,417	1,527
Miscellaneous loss	882	1,220
Total non-operating expenses	6,924	9,931
Ordinary profit	11,272	7,847
Extraordinary income		
Gain on sales of noncurrent assets	3,811	7,727
Gain on sales of investment securities	185	2,874
Total extraordinary income	3,996	10,602
Extraordinary loss		
Loss on valuation of investment securities	496	–
Loss on valuation of shares of subsidiaries and affiliates	97	3,336
Provision of allowance for transfer of shares of subsidiaries and affiliates	–	1,243
Impairment loss	–	1,111
Other	29	739
Total extraordinary losses	623	6,431
Income before income taxes	14,645	12,018
Income taxes—current	1,835	2,318
Income taxes—deferred	226	166
Profit	12,584	9,532

**REPORT OF INDEPENDENT AUDITORS**

May 10, 2018

To the Board of Directors of Oji Holdings Corporation

**PricewaterhouseCoopers Aarata LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Takashi Sasaki (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Sakae Toda (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Yuichiro Amano (Seal)

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Oji Holdings Corporation (the "Company") applicable to the fiscal year from April 1, 2017 to March 31, 2018.

**Responsibility of the Company's management for consolidated financial statements**

The Company's management is responsible for preparing and properly presenting consolidated financial statements in accordance with accounting standards generally accepted in Japan. This includes establishing and operating internal control determined as necessary by the management for the preparation and proper presentation of consolidated financial statements that are free of material misstatement caused by fraud or error.

**Responsibility of independent auditors**

Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

An audit entails performing procedures to gain evidence of audit with regard to the amounts and presentation of the consolidated financial statements. Based on our judgment, we select and apply the auditing procedures in consideration of the assessment of risks associated with the material misstatement of consolidated financial statements caused by fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal control; however, in conducting risk assessment, we will consider internal control relating to the preparation and proper presentation of consolidated financial statements to formulate relevant auditing procedures depending on the conditions. An audit also includes examining the assessment of the accounting policies, the methods of application thereof, and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained adequate and appropriate audit evidence as the basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the above consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate group comprising Oji Holdings Corporation and its consolidated subsidiaries applicable to the year ended March 31, 2018 in accordance with accounting standards generally accepted in Japan.

**Conflict of interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**REPORT OF INDEPENDENT AUDITORS**

May 10, 2018

To the Board of Directors of Oji Holdings Corporation

**PricewaterhouseCoopers Aarata LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Takashi Sasaki (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Sakae Toda (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Yuichiro Amano (Seal)

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, that is, the non-consolidated balance sheets, the statements of income, the non-consolidated statement of changes in net assets, the notes to non-consolidated financial statements, and the supplementary schedules of Oji Holdings Corporation (the "Company") applicable to the 94th business year from April 1, 2017 to March 31, 2018.

**Responsibility of the Company's management for financial statements**

The Company's management is responsible for preparing and properly presenting financial statements and the supplementary schedules in accordance with accounting standards generally accepted in Japan. This includes establishing and operating internal control determined as necessary by the management for the preparation and proper presentation of financial statements and the supplementary schedules that are free of material misstatement caused by fraud or error.

**Responsibility of independent auditors**

Our responsibility is to independently express an opinion on the financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the supplementary schedules are free of material misstatement.

An audit entails performing procedures to gain evidence of audit with regard to the amounts and presentation of the financial statements and the supplementary schedules. Based on our judgment, we select and apply the auditing procedures in consideration of the assessment of risks associated with the material misstatement of financial statements and the supplementary schedules caused by fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal control; however, in conducting risk assessment, we will consider internal control relating to the preparation and proper presentation of financial statements and the supplementary schedules to formulate relevant auditing procedures depending on the conditions. An audit also includes examining the assessment of the accounting policies, the methods of application thereof, and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that we have obtained adequate and appropriate audit evidence as the basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the above financial statements and the supplementary schedules properly present in all material respects the Company's financial position and the results of operations of the Company applicable to the year ended March 31, 2018 in accordance with accounting standards generally accepted in Japan.

**Conflict of interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**AUDIT REPORT OF THE AUDIT & SUPERVISORY BOARD**

The Audit & Supervisory Board, having deliberated the issues based on the reports made by each Audit & Supervisory Board Member regarding the execution of duties by the Directors during the 94th business year from April 1, 2017 to March 31, 2018, prepared this Audit Report and hereby submits it as follows:

1. Outline of auditing method applied by the Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and Accounting Auditors regarding execution of their duties, and requested explanations as necessary.
- (2) In accordance with the auditing policies, allocation of duties, and other relevant matters established by the Audit & Supervisory Board, each Audit & Supervisory Board Member endeavored to collect information, established auditing circumstances through communication with Directors, internal audit staff and other employees, and executed audits using the following method.
  - 1) Audit & Supervisory Board Members attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors, employees, etc. and requested explanations as necessary. Audit & Supervisory Board Members also inspected significant approved documents and examined the status of operations and financial position at its headquarters, etc. Furthermore, Audit & Supervisory Board Members received from subsidiaries their business reports as necessary through communication and information sharing with their Directors and Audit & Supervisory Board Members, and examined the status of operations and financial position at its principal offices, etc.
  - 2) Audit & Supervisory Board Members monitored and verified the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties, which are a part of the business report and described in the Company's website in accordance with laws and regulations and the provisions of the Articles of Incorporation, are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of the system necessary to ensure proper business operations of a corporate group consisting of a stock company and its subsidiaries set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors.
  - 3) Audit & Supervisory Board Members reviewed the basic policy stipulated in Article 118, Item 3 (a) of the Ordinance for Enforcement of the Companies Act and the activities stipulated in (b) in the same Item, which are described in the Company's website, as stated in 2) above, based on the deliberations at the meetings of the Board of Directors and other meetings.
  - 4) Audit & Supervisory Board Members also monitored and verified that Accounting Auditor maintains independence and conducts the audits appropriately. Audit & Supervisory Board Members also received reports of the status of the execution of duties from Accounting Auditor and requested explanations as necessary. In addition, Audit & Supervisory Board Members were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and its supplementary schedules, the financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), for the year ended March 31, 2018.

## 2. Results of Audit

### (1) Results of audit of business report etc.

- 1) The business report and supplementary schedules present fairly the condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the Company.
- 3) Resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters requiring additional mention regarding the description in the business report and the execution of duties by Directors concerning such Internal Control System.
- 4) There are no matters to be pointed out with respect to the basic policies on those who control the decision of the Company's financial and operational policies. Activities stipulated in Article 118, Item 3 (b) of the Ordinance for Enforcement of the Companies Act are in line with such basic policies, unharmed to common interest of shareholders, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

### (2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

### (3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

May 10, 2018

Audit & Supervisory Board of Oji Holdings Corporation

Audit & Supervisory Board Member (Standing) Motokazu Ogata (Seal)

Audit & Supervisory Board Member (Standing) Tomihiro Yamashita (Seal)

Audit & Supervisory Board Member Makoto Katsura (Seal)

Audit & Supervisory Board Member Mikinao Kitada (Seal)

- Notes:
1. Mr. Makoto Katsura and Mr. Mikinao Kitada are outside audit & supervisory board members prescribed in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.
  2. Since Ms. Yuko Miyazaki resigned from the position of Audit & Supervisory Board Member on December 11, 2017, she has not signed and sealed this Audit Report.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **INTERNET DISCLOSURE FOR NOTICE OF THE 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**The 94th term  
(from April 1, 2017 to March 31, 2018)**

Subscription Right to Shares of the Company  
System to Ensure the Properness of Operations and  
an Overview of the Current Status of its Operation  
Basic Policies on the Control of the Company  
Consolidated Statement of Changes in Net Assets  
Consolidated Statements of Cash Flows (Condensed)  
Notes to Consolidated Financial Statements  
Non-consolidated Statement of Changes in Net Assets  
Notes to Non-consolidated Financial Statements

### **Oji Holdings Corporation**

Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation, the items listed above are provided to shareholders on the website of Oji Holdings Corporation (<https://www.ojiholdings.co.jp/>).

## Subscription right to shares of the Company

### Summary of subscription right to shares held by the Company's Officers as of March 31, 2018

(as of March 31, 2018)

Name of subscription right to shares	Allotment date	Number of holders of subscription right to shares	Number of subscription right to shares	Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding	Exercise period of subscription right to shares
Oji Paper Co., Ltd. 4th Subscription Rights to Shares (For Directors)	July 13, 2009	Director (excluding the Outside Board Members) 2	24 (1,000 shares of common stock per unit)	Common stock 24,000 shares	July 14, 2009 to June 30, 2029
Oji Paper Co., Ltd. 5th Subscription Rights to Shares (For Directors)	July 16, 2010	Director (excluding the Outside Board Members) 2	30 (1,000 shares of common stock per unit)	Common stock 30,000 shares	July 17, 2010 to June 30, 2030
Oji Paper Co., Ltd. 6th Subscription Rights to Shares (For Directors)	July 15, 2011	Director (excluding the Outside Board Members) 2	30 (1,000 shares of common stock per unit)	Common stock 30,000 shares	July 16, 2011 to June 30, 2031
Oji Paper Co., Ltd. 7th Subscription Rights to Shares (For Directors)	July 17, 2012	Director (excluding the Outside Board Members) 5	90 (1,000 shares of common stock per unit)	Common stock 90,000 shares	July 18, 2012 to June 30, 2032
Oji Holdings Corporation 8th Subscription Rights to Shares (For Directors)	July 16, 2013	Director (excluding the Outside Board Members) 7	143 (1,000 shares of common stock per unit)	Common stock 143,000 shares	July 17, 2013 to June 30, 2033
Oji Holdings Corporation 9th Subscription Rights to Shares (For Directors)	July 15, 2014	Director (excluding the Outside Board Members) 7	114 (1,000 shares of common stock per unit)	Common stock 114,000 shares	July 16, 2014 to June 30, 2034
Oji Holdings Corporation 10th Subscription Rights to Shares (For Directors)	July 14, 2015	Director (excluding the Outside Board Members) 10	184 (1,000 shares of common stock per unit)	Common stock 184,000 shares	July 15, 2015 to June 30, 2035

- (Notes) 1. The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.
2. The 4th Subscription Rights to Shares through the 7th Subscription Rights to Shares were allocated prior to the Company's trade name change dated October 1, 2012 (former trade name: Oji Paper Co., Ltd.).
3. The payment amount for the exercise of Subscription Rights to Shares is one (1) yen per share for each instance of exercise.

## **System to ensure the properness of operations and an overview of the current status of its operation**

The Company has established the following policies for the development of the system to ensure the properness of operations.

### **(1) System 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**

- (i) 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.
- (ii) 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 systems.
- (iii) 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.
- (iv) The department in charge of internal audits shall perform audits on compliance and report results to the meetings stipulated in the Group Regulations.

### **(2) System for preservation and management of information concerning execution of duties by Directors**

Documents, including electromagnetic documentation, shall be preserved and managed in accordance with laws and regulations as well as the Company 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**

- (i) 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 Basic Policy on the Construction of Internal Control System.
- (ii) 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.
- (iii) The department in charge of internal audits shall perform audits on risk management and report results to the meetings stipulated in the Group Regulations.

### **(4) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries**

- (i) 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.
- (ii) 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 make 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.
- (iii) The Company shall clarify authority and responsibility of employees of the Company and its significant subsidiaries, in order to encourage systematic and efficient operations of their duties.



**(5) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries; and system for reporting to the Company on matters concerning execution of duties by Directors of the Company's subsidiaries**

- (i) The Company shall clearly stipulate in the Group Regulations roles of the Company and its subsidiaries as well as systems of Group governance.
- (ii) The Company shall stipulate in the Group Regulations consistent approval and reporting procedures within the Group to ensure a check-and-balance within the Group.

**(6) Matters related to employees posted as assistants to Audit & Supervisory Board Members when Audit and Supervisory Board Members so require; matters related to independency of such employees from Directors; and matters related to ensuring effectiveness of Audit & Supervisory Board Members' instruction to such employees**

- (i) The Company shall establish a department that assists the duties of the Audit & Supervisory Board Members and appoint several dedicated employees who are capable of sufficiently verifying the Company's business operations.
- (ii) The department that assists the duties of the Audit & Supervisory Board Members shall be under the direct control 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 consent of the Audit & Supervisory Board Members.
- (iii) Employees at the department that assists the duties of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.

**(7) System for reporting to the 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 system to ensure individuals making a report are not treated unfavorably on the grounds of making a report**

- (i) Regarding matters concerning execution of important business and 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 a system in which important matters are reported to Audit & Supervisory Board Members through their attendance in relevant meetings, inspection of materials, etc.
- (ii) Directors and employees of the Company and its subsidiaries as well as Audit & Supervisory Board Members of the Company's subsidiaries shall make reports as needed to the Audit & Supervisory Board on matters the Audit & Supervisory Board Members deem necessary and specifically request for reporting in addition to matters legally designated.
- (iii) The Company shall regularly make reports to the Audit & Supervisory Board Members on compliance including internal audits, risk management, business ethics helpline system, etc.
- (iv) With regard to the business ethics helpline system, the Company shall ensure systems that prevent unfavorable treatment on the grounds of making a report.

**(8) Matters concerning policies for handling expenses arising in relation to execution of duties by Audit & Supervisory Board Members**

- (i) The Company shall promptly respond to any request made by Audit & Supervisory Board Members for expenses that arise when executing their duties.
- (ii) Every year, there shall be a budget provided to respond to expenses which Audit & Supervisory Board Members require based on audit plans.

**(9) Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively**

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

An overview of the current status of operation of the system to ensure the properness of operations is as follows.

(1) Status of implementation of the initiatives for compliance

- All officers and employees of the Oji Group have been issued pocket-sized Oji Group Corporate Code of Conduct and Oji Group Behavior Standard, which specify the rules they are expected to follow, to ensure that these rules are fully known across the Group.
- In an effort to promote compliance awareness, the Corporate Compliance Department publishes and regularly distributes Compliance News mainly to the domestic Group companies, while Global Compliance News to the overseas Group companies, apart from the implementation of internal training sessions as appropriate, on the subject of compliance and various laws and regulations. Furthermore, the Corporate Compliance Department, from time to time, conducts compliance awareness survey of the Group's employees, and prepares action plans based on the results thereof in an effort to improve such awareness.
- Compliance officer and compliance promotion leader are assigned to each entity and department under the Oji Group, while each worksite holds compliance meetings at least semi-annually, requiring participation by all staff, as part of an effort to enhance the extent and level of compliance awareness.
- The Group Bribery Prevention Regulations have been established, under which a preventative structure and measures against bribery is being further enhanced by encouraging awareness-raising through education and training within the Group.
- Business ethics helpline system is in place for preventing legal violations or improprieties, and promptly detecting/correcting them, where two contact points, one inside the Company and the other outside the Company (an attorney's office) have been established, which are open to consultation and reporting by all officers and employees of the Group.

(2) Status of implementation of the initiatives for risk management

- Under the Group Risk Management Regulations, risk management structure is clarified by defining responsible department as well as supporting departments by risk types, whereby risks involving the Group are exhaustively and comprehensively managed.
- The Group's Rules for Emergency Response have been established, whereby trainings based on the business continuity plan are conducted on a regular basis, as part of an effort to strengthen the crisis management structure.
- The Internal Audit Department shall perform audits on the status of compliance, risk management and internal control at the Group companies, to verify the effectiveness of the internal control functions and credibility of financial reporting, and report on the results thereof at the Group Management Meeting.

(3) Status of implementation of the initiatives to ensure efficient system to execute duties

- Fourteen meetings of the Board of Directors were held, in which deliberation and reporting were made on the matters related to the important business execution as defined under the medium-term management plan which sets the direction of the entire Group, the laws and regulations as well as the Group Regulations.

- Important matters are deliberated and reported at the Board of Directors, after deliberation and reporting at Holdings Management Meetings and (or) Group Management Meetings, etc. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers and COMPANY Presidents.

- Authority and responsibility of each organization are clearly determined in Organization Regulations, Group Management Regulations and Authority Regulations, while regulations for approval procedures such as the Group CEO's Decisions Regulations and the COMPANY President's Approval Regulations are set out, whereby appropriate operation of business procedures is ensured.

(4) Status of implementation of the initiatives to ensure effectiveness of the audits by the Audit & Supervisory Board Members

- The Audit & Supervisory Board comprising four members composed of two Standing Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members (until former Outside Audit & Supervisory Board Member Ms. Yuko Miyazaki retired on December 11, 2017, it comprised five members composed of two Standing Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members), held 15 meetings in the year under review. Standing Audit & Supervisory Board Members attend the Holdings Management Meetings and the Group Management Meetings, etc. apart from the Board of Directors' Meetings, verifying the decision-making processes concerning business executions. Proceedings of the Holdings Management Meetings and the Group Management Meetings, etc. are reported to the Outside Audit & Supervisory Board Members, at the Briefing Meeting for Outside Officers (also attended by Outside Directors and Standing Audit & Supervisory Board Members) held twice a month in principle.

- The Audit & Supervisory Board Members have meetings with the Internal Audit Department as well as Accounting Auditor, etc. on a regular basis, to exchange information about the audit plans and audit results, etc. in an effort to promote mutual collaboration, while having meetings with the Representative Directors and COMPANY Presidents, etc., to exchange opinions on the important audit matters.

- The Company has established Auditor's Office as an organizational unit independent from other departments, as staffed by dedicated employees to assist the Audit & Supervisory Board Members in the execution of their duties. Budget for this office is established based on the audit plan prepared by the Audit & Supervisory Board, to fund the expenses necessary for carrying out audits.

## Basic Policies on the Control of the Company

The Company stipulates “the basic policies on those who control the decision of the Company’s financial and operational policies” (hereafter, the basic policies are referred to as the “basic policies on the control of the Company”) as described below (1).

Based on the approval by shareholders at the 93rd Ordinary General Meeting of Shareholders held on June 29, 2017, the Company has continued policy to address purchase of the Company’s share certificates, etc. (Note 1) (hereafter, this policy is referred to as the “Policy”), for the purpose of a specific shareholder group (Note 2) purchasing 20% or more of the voting rights (Note 3) or the purchase of the Company’s share certificates, etc. with the result that a specific shareholder group holds 20% or more of the voting rights (Note 4) prescribed below. The effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Meeting.

Note 1: Share certificates, etc. means share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and Article 27-2, Paragraph 1 of the same Act.

Note 2: Specific shareholder group means (i) the holder of the Company’s share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) (such holder is prescribed in Article 27-23, Paragraph 1 of the same Act and includes persons included in holders based on Paragraph 3 of the same Article) and joint holders of the same (meaning the joint holders prescribed in Article 27-23, Paragraph 5 of the same Act and including persons deemed to be joint holders based on Paragraph 6 of the same Article) or (ii) the person and persons in a special relationship (meaning persons in a special relationship prescribed in Article 27-2, Paragraph 7 of the same Act) who undertake the purchase, etc. of the share certificates, etc. of the Company (meaning share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act) (such purchase, etc. is prescribed in Article 27-2, Paragraph 1 of the same Act and including purchases undertaken on an exchange financial instruments market).

Note 3: Percentage of voting rights means (i) in the case of a specific shareholder group falling within the entry of (i) of Note 2, the percentage of share certificates, etc. held by the holder (meaning the holding ratio of share certificates, etc. prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held by the joint holder of the relevant holder (meaning the number of share certificates, etc. held prescribed in the same Paragraph) shall also be considered in calculation) or (ii) in the event that a specific shareholder group falls within the entry of (ii) of Note 2, the total percentage of ownership of share certificates, etc. of the relevant purchaser and persons in a special relationship with the purchaser (meaning the share certificates, etc. ownership rate prescribed in Article 27-2, Paragraph 8 of the same Act). When calculating the percentage of voting rights, reference may be made to the figures with respect to the total voting rights (meaning that prescribed in Article 27-2, Paragraph 8 of the same Act) and the total number of shares issued (meaning that prescribed in Article 27-23, Paragraph 4 of the same Act) provided in the Annual Securities Report, Quarterly Securities Report or Share Buyback Report, whichever is most recent.

Note 4: In either case of purchase above, a purchase to which the Board of Directors of the Company has given its consent beforehand is excluded. Hereafter, such a purchase is referred to as a “large-scale purchase,” and one who engages in a large-scale purchase is referred to as a “large-scale purchaser”

### (1) Details of the basic policies on the control of the Company

Given that the Company’s shares have been listed on the stock exchange and shareholders and investors can freely trade shares of the Company, the Company does not categorically reject even a large-scale purchase as long as it is based on the purchase proposal, etc. that contribute to the corporate value and the common interests of the shareholders of the Company. With respect to such proposals, etc., the Company believes that the decision as to whether to respond to such an offer should ultimately be left to the judgment of the shareholders.

On the other hand, in order for the Group to enhance both corporate value and the shareholders’ common interests, it is necessary to carry out the Group’s management strategy basic policies “Expansion of Overseas Businesses,” “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation” from a medium- and long-term perspective. Moreover the Group is aware that as the largest owner of forests in the private sector in Japan, one of its social responsibilities is to practice sustainable forest management and strive to maintain and improve the public value of forests over the medium and long term. Thus, the Company believes that providing appropriate information concerning the purchaser and ensuring a period for consideration, including

an opportunity to consider alternative proposals, are indispensable in order for shareholders to make an appropriate judgment when there is a large-scale purchase.

However, there may be some cases where the Company and the shareholders are not provided with sufficient time and information to study details of such proposals for purchase, etc. of the Company's shares or alternative proposals, etc. In addition, taking into consideration, for example the purpose for such acquisition and the management policies after such acquisition, there could be any number of factors disadvantageous for the Company's corporate value or its shareholders' common interests, for example: facts clearly detrimental to Company's corporate value or its shareholders' common interests; the existence of schemes to coerce shareholders into accepting the proposal for purchase; objective probability that it will significantly damage the corporate value of the Company including its social credibility or cause significant disadvantages to the shareholders of the Company, and so forth.

The Company considers any person that conducts a large-scale purchase or makes such a purchase proposal of such potential to be not appropriate as a person to control the decision of the Company's financial and operational policies.

(2) Initiatives to contribute to realizing the basic policies on the control of the Company

In an effort to encourage a large number of investors to remain as our shareholders for a long time, the Company has adopted the following measures as part of our initiatives to enhance the corporate value and the common interests of the shareholders of the Company:

Because these initiatives are intended to enhance the corporate value and the common interests of the shareholders of the Company, we deem that they are in accord with the basic policies on the control of the Company described in (1) above, that they correspond with the common interests of shareholders of the Company, and that they are not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

“Initiatives for enhancement of corporate value”

The Group will strive to achieve medium- to long-term enhancement of its corporate value, by exploring “beyond the boundaries into the future,” based on the three themes of the Group's management philosophy, namely, “Creation of Innovative Values,” “Contribution to Future and the World” and “Harmony with Nature and Society.”

Under the aforementioned management philosophy, the Group has established as basic policy of its business strategies, three objectives of “Expansion of Overseas Businesses,” “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation,” whereby the following management target has been set out.

Management target for fiscal 2018	
Consolidated operating profit	Balance of interest-bearing liabilities
100 billion yen	700 billion yen

To achieve the aforementioned, the following specific initiatives are being taken.

(a) Household and Industrial Materials

- Industrial Materials (Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bag business)

Overseas, the Group has been expanding its business operations, mainly in Southeast Asia, India and Oceania. In Southeast Asia, for which steady growth is expected, to further strengthen our integrated business platform for containerboard/corrugated containers, in Malaysia we expanded production facilities for containerboard and updated energy supply and water supply and drainage facilities (scheduled to come on line in April 2021) at GS Paperboard & Packaging Sdn. Bhd. Furthermore, in central Malaysia, we decided to expand plants and increase production capacity for two existing factories manufacturing corrugated

containers (scheduled to come on line in December 2018). We also decided to build a new factory to become our fifth corrugated container manufacturing site in Vietnam (scheduled to come on line in July 2019) and a corrugated container manufacturing site in Chennai, India (scheduled to come on line in December 2018). In Australia, in September 2017 we acquired a corrugated containers business in the Melbourne suburbs from Cardboard Cartons Pty Ltd. Furthermore, in October 2017, we launched operations of the new corrugated container factory in Queensland. Going forward, the Group will continue to expand its sites, including expansion into countries where it does not yet have a presence such as Indonesia and the Philippines, while also deepening cooperation throughout Southeast Asia, India, and Oceania to rejuvenate the manufacturing and sales network, thereby bolstering profit-earning capability. In Japan's domestic market, the Group is set to further promote the material-processing-integrated business. In the meantime, the Group promotes strengthening the operational base of the all business fields, drawing on the measures for expanding business and enhancing productivity/competitiveness in its corrugated container processing business through M&As, thereby aiming to become the leading integrated packaging maker. Furthermore, O&C Ivory Board Co., Ltd, established as a joint venture as one of our capital and business alliance policies with Chuetsu Pulp & Paper Co., Ltd, began commercial production in October 2017 of high grade boxboard for which stable demand is expected.

• Household and Consumer Products (Household paper business, Disposable diaper business)

In the household paper business, the Group will aim to further increase the value of the “Nepia” brand by mainly introducing environmentally-friendly products which have acquired forest certifications and high-end products which include “hana-celeb.” Also, at MPM Oji Home Products Co., Ltd., a joint venture with Mitsubishi Paper Mills Limited, we are moving forward with preparations to bring manufacturing facilities for household paper product online at Mitsubishi Paper Mill’s Hachinohe Mill (scheduled to come online in April 2019). With this initiative, the Group will boost the competitiveness of its household paper business through logistics cost reductions and other measures by acquiring the Group’s first household paper business site in the Tohoku region, and the Group will continue to expand the household paper business, which is expected to enjoy stable demand going forward.

In the disposable diaper business for babies, in addition to introducing “Genki!,” a unified brand both in Japan and overseas, the Group launched nationwide sales of “Whito,” Oji’s highest-quality brand ever, in October 2017. Our unprecedented new proposals of “diapers for 3-hour use” and “diapers for 12-hour use,” as well as our proprietary “quilting technology” that controls absorbency, breathability, and fit, the three basic functions of a diaper, made possible by a quilt-type groove pressed into the front side of the absorption pad, were well received. In November 2017, we won the “10<sup>th</sup> Parenting Award,” and in January 2018, we won the “Nikkei Award for Excellence” in the “2017 Nikkei Superior Products and Services Award,” winning favorable recognition. Going forward, the Group will work to cultivate a high price point market targeting customers seeking quality. In addition, by utilizing the full production capacity of our added tape-type and pants-type disposable diaper processing machines, the Group will work to further strengthen overseas exports as well as domestic sales. In China, we launched a new sales team and are strengthening our sales system to further expand sales. In Southeast Asia, we are engaged in manufacturing and sales at two locations in Malaysia and sales through our joint venture in Indonesia, while working toward further expansion by moving forward with preparations for proprietary local manufacturing in Indonesia. Also, with respect to the “nepia Tender” brand of disposable diapers for adults, the Group will continue to develop products that resolve the problems that nursing care facilities face.

(b) Functional Materials (Specialty paper business, Thermal paper business, Adhesive products business, Film business)

Up until now, the Group’s development of the functional materials business in Southeast Asia has been primarily in upstream businesses such as thermal paper business and adhesive products business. However, in 2016, the Group acquired Hyper-Region Labels Sdn. Bhd., which is engaged in the printing, processing, and sales of adhesive products, and in August

2017, acquired 76% of the shares of Tele-Paper (M) Sdn. Bhd, a company that processes and sells thermal paper and carbonless copy paper in Malaysia. Based on these sites, the Group will learn end users' needs accurately and in a timely manner, thereby integrating the upstream, midstream and downstream businesses, and enhance the cultivation of new businesses and bolster new product development. Furthermore, in Myanmar, the Group expanded sales of labels for consumer goods including foods and began commercial operation in September 2017 of a flexible packaging business to provide films and other products for consumer goods. For thermal papers, the Group expanded production capacity at Brazil's Oji Papéis Especiais Ltda., as part of its global strategy, working to increase sales in response to robust demand. Going forward, we will work to flexibly respond to the demand accompanying economic developments in the emerging market including Southeast Asia, South America, the Middle East, and Africa, while also working to expand new business areas.

In Japan, while working to continue existing businesses by boosting competitiveness through continuous reviews of the production system, by fusing the Group's core technologies cultivated thus far such as "paper making" with new materials, we are also developing non-"paper" products such as carbon-fiber composite sheets that provide both the ability to adjust form and high strength (for use in tablet housings, etc.) and light diffusion materials utilizing "nano-printing" technology. Also, at Advanced Film Research Center in Shiga, located on the same site as one of our production sites, we are more efficiently developing high-performance film products such as capacitor films for EV/HEV applications and optical films, pursuing expansion into new business fields.

(c) Forest Resources and Environment Marketing Business (Pulp business, Energy business, Lumber business)

In the pulp business, the Group is implementing strategic earnings countermeasures at key sites. Oji Fiber Solutions (NZ) Ltd. in New Zealand is working on measures to stabilize and improve the efficiency of operations through introducing and applying the Group's technical expertise and operation management methods, etc. In Brazil, Celulose Nipo-Brasileira S.A. has been working on an ongoing basis to improve revenue by modernizing manufacturing equipment among other efforts, making efforts to strengthen the business foundation so it is capable of withstanding fluctuations in the pulp market. At China's Jiangsu Oji Paper Co., Ltd., the second dry pulp manufacturing facility began commercial operations in October 2017. Also, in Japan, in addition to the traditional products for rayon applications, production launched for high-value-added products such as materials for medical supplies and filtering applications using dissolving pulp (DP) equipment.

In the energy business, the three installed biomass power generators have been operating steadily. We also made steady progress in the renovations and modernization construction of existing hydropower generators, and steadily expanded our energy sales volume. Furthermore, we plan to launch the joint biomass power generation business with Mitsubishi Paper Mills Limited in 2019. In the power retailing business field, the joint power sales business with ITOCHU ENEX CO., LTD. is expanding its results. Moreover, in line with growth in the energy business, we are expanding the biomass fuel business including reinforcing production facilities that make woodchips for fuel utilizing untapped domestic wood resources to boost procurement.

In the lumber business, the Group has been increasing its production capabilities centered on Asia/Oceania, including bringing new lumber mills on line and renewing manufacturing plants. Furthermore, it is establishing sales companies in China, Indonesia, and Vietnam, working to expand sales of pulp, biomass fuels, and lumber products, etc. outside the Group and to strengthen its trading company function in a wide range of fields.

(d) Printing and Communications Media (Newsprint business, Printing/publication/communications paper business)

The Group is conducting restructuring of its production platform, as appropriate, closely taking into account the current business environment. Oji Paper Co., Ltd. shut down paper machine No.7 at its Tomioka Mill in 2016 and paper machine No.4 at its Kasugai Mill in June 2017. The Group will aim to achieve an increase in cash flows, along with strengthening of its

international competitiveness, through continuously reviewing/restructuring its cost structure by establishing a demand-based optimal production structure.

China's Jiangsu Oji Paper Co., Ltd. has been steadily expanding its sales of printing paper and reducing costs by fully utilizing the strength of the integrated manufacturing of paper and pulp, posting positive operating profit. By increasing sales and further reducing costs through the dry pulp production facilities that began commercial operations in October 2017, the Group will work to further enhance the competitiveness of both the paper business and pulp business, aiming to stabilize and expand positive operating profit.

(e) Improving Research and Development (R&D)

The Group is engaged in innovative value creation including cellulose nano-fiber materials (CNF), medicinal plants, and water treatment technologies, through flexible and streamlined research and development activities, mainly under the initiative of the Innovation Promotion Division, in close collaboration with the operations within the Group.

The Group is placing particularly diligent efforts into developing CNF as a future business pillar. Firstly, regarding facilities, in addition to commencing operations of a manufacturing pilot plant for "CNF Slurry," which is made through the Group's proprietary technology of phosphate esterification and has promise as a commercial application of CNF, in January 2018 the Group introduced the world's first facility for producing continuous transparent sheets, one of its proprietary products. In terms of products, the CNF thickener "AUROVISCO" was officially adopted as a thickener for car chemical products for general consumers, and we launched supply in May 2017. Furthermore, by proactively providing samples of "AUROVEIL," the CNF continuous transparent sheets realized through the Group's proprietary technology and development, "AUROVEIL WP" with improved water resistance, "AUROVEIL 3D," which can be freely molded, and "CNF Powder," which can be dissolved in a range of organic solvents, we are accelerating the development of applications in a broader range of fields. Parallel with the development of these applications, in March 2018, by combining polycarbonate resin and CNF, we succeeded in developing composite materials with clearly superior attributes than existing materials with promising new applications. We will continue to create new possibilities and contribute to the invigoration of the market for CNF, the light, strong, sustainable natural materials.

Regarding medicinal plants, research to cultivate medicinal plant licorice led to the Group developing the first fast cultivation technique in Japan that satisfies the amount of medicinal properties stipulated in the Japanese Pharmacopoeia, 17th edition. From 2017, the Group began to evaluate the mass production of medicinal plant licorice through large-scale cultivation. Going forward, the Group will aim to sell the licorice as material for traditional Chinese medicines and will also consider using the licorice as an ingredient for quasi-drugs, sweeteners, and other applications, as the Group focuses on this as a key new business.

In the water treatment technology field, utilizing the knowhow in water preparation and waste water processing cultivated through the paper manufacturing technology we have developed over many years, we are providing water treatment systems suitable for a variety of water environments by matching that knowhow with a range of needs. At the Water Environment Business Promotion Section launched in 2017, technologies and facilities to implement the appropriate local surveys, water quality analysis, and lab experiments are constantly at the ready. In addition to placing full-time water treatment staff experts at the department and proposing water treatment systems, we have established a system to remove cadmium from industrial waste water. Also, the Group's water processing system has been introduced in the preparation of industrial water used in an industrial park in Thailand. Going forward, while advancing innovation in water treatment system technology, we will aim to expand penetration, contributing to the development of water environments not only in Japan, but also in emerging countries including Southeast Asia.

Additionally, as new development fields, while pursuing development of nano-level microscopic structures through our proprietary technology, as one of our medical goods, we developed and began to provide samples of the disposable "Sponge Bath Hot Cloth," which stays warmer longer, for hospitals and nursing care facilities.



(f) Environmental Management

The Group is the largest owner of forests in Japan among private-sector companies. As such, the Group is committed to promoting environmental management, and is dedicated to developing its business activities in harmony with the environment. In addition to sustainable forest management, the Group is working towards having zero-environmental burden, and will continue to responsibly procure lumber and other raw materials.

Furthermore, in February 2018, the Group concluded a capital alliance agreement for a capital and business alliance with Mitsubishi Paper Mills Limited. Thus far, starting with their business alliance in the communication paper field, the two companies established joint ventures in the biomass power generation business and the household paper business, expanding the scope of their business alliance. This capital alliance will allow the two companies to go beyond one-off cooperative relationships in specific businesses and further strengthen their cooperative relationships in multiple businesses. Furthermore, the implementation of this capital alliance is conditioned on the acquisition of the required approvals and licenses from both Japanese and overseas competition authorities.

Lastly, the Group is making efforts to promote both work-style reforms and diversity. The Group has prioritized empowering women in the workplace, and those efforts have been well received. In December 2017, based on the “Act on Promotion of Women’s Participation and Advancement in the Workplace,” the Group was awarded the highest level (Class 3) “Eruboshi” designation by the Japanese Minister of Health, Labour, and Welfare as a leading company in empowering women in the workplace. Furthermore, in March 2018, the Group was selected for the first time as a “Nadeshiko Brand,” a listed enterprise that is exceptional in encouraging women’s success in the workplace, jointly selected by Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).

By carrying out the measures above, the Group aims to become a global corporate group that continues to create innovative value.

(3) Initiatives to prevent persons considered inappropriate, in light of the basic policies on the control of the Company, from controlling the Company’s decisions on financial and operational policies

[1] Purpose of introducing the Policy

The Board of Directors of the Company sets rules regarding large-scale purchases of the Company’s shares (hereafter referred to as the “Large-Scale Purchase Rules”) as follows, based on the basic policies described in (1) above, and requests compliance with the Large-Scale Purchase Rules from large-scale purchasers. The Board of Directors of the Company has a policy of taking certain measures in the event that a large-scale purchaser does not comply with the Large-Scale Purchase Rules. The Board of Directors of the Company also has a policy of taking certain measures when it is clear that the large-scale purchase will cause damage from which it will be difficult for the Company to recover or in cases where the interests of the Company’s shareholders as a whole will suffer significant damage.

[2] Establishing Large-Scale Purchase Rules

For the interest of all shareholders of the Company, any large-scale purchase shall be conducted in accordance with the Large-Scale Purchase Rules prescribed below. These Large-Scale Purchase Rules require (i) the large-scale purchaser to provide the Board of Directors of the Company with sufficient information in advance and (ii) any large-scale purchase to be commenced only following the passage of the Board of Directors’ Assessment Period (or, if a general meeting of shareholders to confirm the shareholders’ intent (defined in [3] (e) below; the same shall apply hereinafter) is held, after the conclusion of such a meeting).

First, the Company shall have the large-scale purchaser provide to the Board of Directors of the Company sufficient information required for the Company’s shareholders to make a judgment and for the Board of Directors to form an opinion (hereafter, this information is referred to as the “Large-Scale Purchase Information”). Specifics are defined in Appendix 1.

As the concrete details of the Large-Scale Purchase Information may vary based on the details

of the large-scale purchase, when a large-scale purchaser intends to undertake a large-scale purchase, the Company will first have the large-scale purchaser submit to the Company a statement of intent to comply with the Large-Scale Purchase Rules. In the statement of intent the Company asks that the name, address, governing law of incorporation of the large-scale purchaser, the name of its representative, and domestic contact information of the large-scale purchaser, and outline of the proposed large-scale purchase be clearly indicated. Within five (5) business days following receipt of this statement of intent, the Company shall deliver to the large-scale purchaser a list of the Large-Scale Purchase Information which should be submitted to the Company by the large-scale purchaser. In the event that it is considered that the information initially submitted alone is insufficient as Large-Scale Purchase Information, the Company may have additional information submitted until the Large-Scale Purchase Information is sufficiently complete. The Board of Directors of the Company shall promptly disclose the fact that there has been a large-scale purchase proposal. Additionally, the Large-Scale Purchase Information submitted to the Board of Directors of the Company shall be disclosed in full or in part in a timely manner if it is deemed necessary for the Company's shareholders to make a judgment.

Next, in accordance with the degree of difficulty of the assessment, etc. of the large-scale purchase, a sixty (60)-day period (in the case of the purchase of all the shares of the Company through a public tender offer only for cash (yen) consideration) or a ninety (90)-day period (in the case of other large-scale purchases) after the completion of submission of the Large-Scale Purchase Information shall be set aside as a period for the assessment, investigation, negotiation, opinion formation, and the preparation of alternative proposals by the Board of Directors (hereafter referred to as the "Board of Directors' Assessment Period"). The Board of Directors of the Company shall promptly disclose the fact that the submission of the Large-Scale Purchase Information was completed and matters relating to the Board of Directors' Assessment Period. The large-scale purchase shall be commenced only following the passage of the Board of Directors' Assessment Period (or, if a general meeting of shareholders to confirm the shareholders' intent is held, after the conclusion of such a meeting).

During the Board of Directors' Assessment Period, the Board of Directors of the Company, while receiving the advice of outside experts, shall make a sufficient assessment and investigation of the submitted Large-Scale Purchase Information and shall disclose an opinion as the Board of Directors. As necessary, the Board of Directors may negotiate with the large-scale purchaser concerning improvements in the terms of the large-scale purchase and may also present, as the Board of Directors of the Company, alternative proposals to the shareholders. Additionally, the Board of Directors of the Company shall submit the Large-Scale Purchase Information to a special committee and request an assessment and investigation of the information. The special committee shall undertake its own assessment and investigation of the Large-Scale Purchase Information and shall make a recommendation concerning the measures of response which the Board of Directors of the Company should take in accordance with the Policy. The Board of Directors of the Company shall take the special committee's recommendation into consideration and shall determine a measure of response that complies with the Policy while giving maximum respect to that recommendation.

[3] Policies in the event of a large-scale purchase

(a) When a large-scale purchaser does not comply with the Large-Scale Purchase Rules

When a large-scale purchaser does not submit a statement of intent, when a large-scale purchaser commences a large-scale purchase prior to the passage of the Board of Directors' Assessment Period, when a large-scale purchaser does not provide sufficient information in accordance with the Large-Scale Purchase Rules, or when a large-scale purchaser otherwise does not comply with the Large-Scale Purchase Rules, the Board of Directors of the Company shall, for the purpose of protecting the interests of the Company's shareholders as a whole, take measures, such as the issuance of subscription rights to shares, deemed to be within the authority of the Board of Directors by the Companies Act, other laws and the Company's Articles of Incorporation and may oppose the large-scale purchase. The Board of Directors of the Company shall, in advance of deciding to implement countermeasures, consult the special committee concerning the appropriateness of the implementation of the countermeasures and shall receive the special committee's recommendation. While giving maximum respect to the recommendation of the special committee, the Board of Directors of the Company shall make a decision on the implementation of the countermeasures having referenced the opinions of attorneys, financial advisors and other outside experts.

With respect to concrete countermeasures, measures deemed appropriate at that time shall be selected. An outline of the case where subscription rights to shares are issued based on a shareholder allotment as a concrete countermeasure shall, as a general principal, be as set forth in Appendix 2. In the event subscription rights to shares are issued, the exercise period, exercise terms and acquisition terms may be established having given consideration to their impact as a countermeasure, such as making the exercise terms and acquisition terms of the subscription rights to shares so as not to vest in a specific shareholder group that has a certain percentage or more of the voting rights.

The establishment of these Large-Scale Purchase Rules and countermeasures in the event that a large-scale purchaser does not comply with said rules are deemed to be a fair and appropriate response for the purpose of protecting the rightful interests of the Company's shareholders as a whole. Contrarily, it is possible that, through the countermeasures, a large-scale purchaser that does not comply with the Large-Purchase Rules may ultimately experience detrimental effects including economic losses. May this serve as advanced warning against commencing a large-scale purchase in disregard of the Large-Scale Purchase Rules.

(b) When a large-scale purchaser complies with the Large-Scale Purchase Rules

With respect to the purchase of the Company's shares on a scale that may have an impact on the management of the Company, the purposes of the Large-Scale Purchase Rules, from the perspective of protecting the interests of the Company's shareholders as a whole, are to provide information necessary for shareholders to make a judgment whether to accept such a purchase, to provide shareholders with the assessment and opinion of the Board of Directors of the Company who are actually responsible for the management of the Company and, furthermore, to ensure that there is an opportunity for shareholders to be presented with alternative proposals. When the Large-Scale Purchase Rules are being complied with, these rules are not, as a general principle, in place to inhibit the large-scale purchase simply on the judgment of the Board of Directors of the Company alone.

However, exceptionally, even though a large-scale purchaser complies with the Large-Scale Purchase Rules, when the Board of Directors of the Company judges, having referred to the opinions of attorneys, financial advisors and other outside experts and having given maximum respect to the recommendation of the special committee, that it is clear that the large-scale purchase will cause damage from which it will be difficult for the Company to recover or the interests of the Company's shareholders as a whole will suffer significant damage, measures set forth in [3] (a) above may be taken in order to deter the large-scale purchase (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent).

Timely and appropriate disclosures shall be made in the event it is decided to take such countermeasures. Concretely, when acts are deemed to fall within the patterns below, the

Company shall consider, as a general principle, the large-scale purchase to fall within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer significant damage.

(i) When purchases clearly infringe on the interests of shareholders as a whole due to acts listed in the following [1] to [4], etc.

[1] Act of buying up shares and demanding that the Company buy those shares at a high price

[2] Act of taking temporary control of the Company and engaging in management to realize the profits of the purchaser to the detriment of the Company, such as acquiring important assets, etc. of the Company at a low price

[3] Act of appropriating the assets of the Company to secure the debts or to be a source for repayment of the debts of the purchaser or its group companies, etc.

[4] Act of taking temporary control of the Company management, disposing of high valued assets, etc. without immediate relation to the business of the Company, and paying out a temporarily high dividend with the profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares

(ii) When it is objectively probable that purchases will effectively force shareholders to sell shares, such as coercive two-tiered tender offers (meaning the purchase of shares such as in a public tender offer under which the second stage purchase terms are disadvantageously set compared to the initial purchase terms or the second stage purchase terms are left ill-defined)

(iii) When the proposed large-scale purchase falls under any the following [1] to [3], thereby involving the objective probability that it will significantly damage the corporate value of the Company including its social credibility or cause significant disadvantages to the shareholders of the Company:

[1] The management policy, business plan, etc., to be adopted after the large-scale purchaser acquires the control of the Company are extremely irrational or inappropriate;

[2] It is objectively probable that a significant problem will arise in relation to environmental preservation, compliance, or the transparency of governance with respect to the management policy, business plan, etc., to be adopted after the large-scale purchaser acquires the control of the Company; or

[3] It is objectively probable that the disclosure of information about the large-scale purchaser will be insufficient and inappropriate from the perspective of the protection of the shareholders of the Company.

(c) Suspension after implementation of countermeasure

Even after the decision to take countermeasures in accordance with the Policy, the Board of Directors of the Company may decide to suspend the implementation of the countermeasures, having given maximum respect to the recommendation of the special committee, (i) when the large-scale purchaser halts the large-scale purchase and (ii) when there is a change in the relevant facts, etc. upon which the determination to take countermeasures were premised, and it is judged that the large-scale purchase will not cause damage from which it will be difficult for the Company to recover, and furthermore, will not significantly damage the interests of the Company's shareholders as whole (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held and a resolution supporting the suspension of the implementation of countermeasures has been passed at the meeting, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent). In the case of, for example, a gratis allotment of subscription rights to shares as a countermeasure, when circumstances have arisen, such as the large-scale purchaser withdrawing the large-scale purchase, after the determination of shareholders who should receive an allotment of rights and the Board of

Directors judges, having considered the recommendation of the special committee, that the implementation of countermeasures is inappropriate, the gratis allotment of subscription rights to shares may be suspended during the period up to the effective date of the subscription rights to shares or, during the period after the gratis allotment of the subscription rights to shares up to the start of their exercise period, the Company may acquire the subscription rights to shares without consideration and suspend the implementation of the countermeasures.

In the event that the implementation of countermeasures is suspended as noted above, information concerning this will be promptly disclosed along with matters deemed necessary by the special committee.

(d) Establishment of special committee and investigation thereby

In the Policy, in order to ensure the objectivity, fairness and rationality of the judgment of the Board of Directors when judging whether the large-scale purchaser has complied with the Large-Scale Purchase Rules, whether the large-scale purchase falls within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer significant damage, and then whether to take countermeasures against the large-scale purchase, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures and whether to suspend their implementation, the Company shall establish a special committee as an organization independent from the Board of Directors, and the Board of Directors of the Company shall give maximum respect to the committee's recommendation. The special committee shall consist of three (3) members who shall be selected from among Outside Directors, Outside Audit & Supervisory Board Members, company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications.

When a decision is made to implement countermeasures, to or not to hold a general meeting of shareholders to confirm the shareholders' intent, or to suspend the implementation of countermeasures, the Board of Directors shall always consult with the special committee and receive its recommendation. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company, or request the attendance of the Company's Directors, Audit & Supervisory Board Members, employees, etc. at meetings of the special committee and request explanations concerning necessary information. The special committee shall deliberate and form resolutions and, based on the contents of those resolutions, present their recommendation to the Board of Directors of the Company. When judging whether to implement countermeasures, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures and whether to suspend the implementation of countermeasures, the Board of Directors shall give maximum respect to the special committee's recommendation. A summary of the rules of the special committee and names and brief histories of the members of the special committee are provided in Appendix 3 and 4.

(e) Procedure for the confirmation of the shareholders' intent

If the Board of Directors of the Company has determined, after giving maximum respect to the recommendations of the special committee, that whether to implement countermeasures should be determined through the procedure for the confirmation of the shareholders' intent, the Board of Directors of the Company may hold a general meeting of shareholders to confirm the shareholders' intent (hereinafter "general meeting of shareholders to confirm the shareholders' intent"). In cases where the large-scale purchaser complies with Large-Scale Purchase Rules and the implementation of countermeasures is proposed solely on the grounds that the large-scale purchase falls under the categories listed in (b) (iii) above, a general meeting of shareholders to confirm the shareholders' intent shall always be held to confirm the intent of the shareholders regarding whether to implement countermeasures unless it is extremely difficult to hold such a meeting. In conjunction with the holding of a general meeting of shareholders to confirm the shareholders' intent, the Board of Directors of the Company may also solicit the

shareholders of the Company on the exercise of voting rights at the general meeting of shareholders to confirm the shareholders' intent in order to prevent damage to the corporate value and the common interests of shareholders of the Company. The convocation procedure and the voting methods of the general meeting of shareholders to confirm the shareholders' intent shall be the same as those of the ordinary or extraordinary general meeting of shareholders, which are based on laws and regulations and the Articles of Incorporation of the Company, and the Board of Directors of the Company shall obey the resolution of the general meeting of shareholders to confirm the shareholders' intent on whether to implement countermeasures.

[4] Impacts on shareholders and investors of the Company

While it is not assumed that there will be circumstances where shareholders of the Company (except for any large-scale purchasers) may be caused economic damage or deprived of any right due to the implementation of countermeasures based on the Policy, the Board of Directors of the Company shall timely and appropriately disclose information in accordance with relevant laws and regulations and financial instruments exchange rules when it decides to take concrete countermeasures.

In the event that a gratis allotment of subscription rights to shares is undertaken as one of the possible countermeasures, an allotment of subscription rights to shares shall be made to shareholders recorded in the final shareholder registry on the record date separately determined at a meeting of the Board of Directors of the Company and publically announced, in accordance with the number of shares held. Thus, shareholders need to be recorded in the final shareholder registry on the said record date. Additionally, shareholders need to complete payment of a fixed sum within the prescribed period in order to exercise the subscription rights to shares and obtain those shares. However, in the event that the Company undertakes the acquisition of subscription rights to shares in accordance with acquisition terms that allow the Company to acquire subscription rights to shares in exchange for shares of the Company, shareholders who hold the subscription rights to shares subject to the said acquisition by the Board of Directors of the Company may receive the grant of the Company's shares as consideration for the acquisition of the subscription rights to shares by the Company without the need for the payment of monies. Separate notification of the details of these procedures shall be made in accordance with laws and regulations and financial instruments exchange rules when in fact subscription rights to shares are issued or acquired.

Even though a resolution has once been passed for the gratis allotment of subscription rights to shares, there may be cases where the Company, in accordance with [3] (c) above, suspends the gratis allotment of subscription rights to shares during the period up to the effective date for the gratis allotment of subscription rights to shares or, acquires the subscription rights to shares without consideration up to the day immediately prior to the first date of the exercise period of the subscription rights to shares following the effective date for the gratis allotment of the subscription rights to shares. In these events, there is a possibility for corresponding fluctuation in the stock price of the Company's shares. For example, in the event that after the determination of shareholders who should receive a gratis allotment of subscription rights to shares (on or after the ex-rights date), the Company acquires the subscription rights to shares without consideration and does not issue new shares, no dilution of the per-share value of the shares shall arise and, therefore, investors who traded in the Company's shares on the premise that dilution of the value of the Company's shares would occur risk suffering a loss due to fluctuations in the stock price.

[5] Effective term of the Large-Scale Purchase Rules

Since the approval of the shareholders was obtained at the 93rd Ordinary General Meeting of Shareholders held on June 29, 2017, with respect to the continuation of the Policy, the effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Ordinary General Meeting of Shareholders, and this shall apply in successive terms thereafter. In the event that the Board of Directors of the Company determines to continue the Policy, an announcement to that effect will be promptly made. The Board of Directors of the Company also intends, from the perspective of protecting the interests of shareholders as a whole, to occasionally reassess the Policy as needed in consideration of development and revisions to relevant laws and regulations including the

Companies Act and the Financial Instruments and Exchange Act.

Even during the effective term, the Policy shall be abolished at the point in time when a resolution is passed to abolish the Policy in a general meeting of shareholders or when a resolution is passed to abolish the Policy at a meeting of the Board of Directors of the Company. Additionally, even during the effective term of the Policy, there may be cases where the Board of Directors of the Company revises the Policy within the scope of the intent of the approval given at the general meeting of shareholders.

- (4) Decisions by the company's Board of Directors that the Policy is in line with the basic policies on the control of the Company, in accord with the corporate value of the Company and ultimately, the common interests of the shareholders, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company, and reasons hereof

For the following reasons, we believe that the Policy is in line with the basic policies on the control of the Company described in (1) above, in accord with the common interests of the shareholders of the Company, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company:

- [1] The Policy satisfies the requirements of the guidelines regarding takeover defense

The Policy satisfies the three principles (the principle of ensuring and increasing corporate value and the common interests of the shareholders; the principle of practicing prior disclosure and confirming shareholder's intentions; and the principle of ensuring necessity and suitability) set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

- [2] The Policy has been introduced to Protect and Enhance the Common Interests of the Shareholders

As stated in the "Purpose of Introducing the Policy" in (3) [1] above, the Policy is to be intended to be introduced for our shareholders to decide, when the purchase, etc. of the Company's shares, etc. is offered, whether or not to accept such purchase offer, etc., or, for the Board of Directors of the Company to gain information and time necessary to present an alternative proposal, and thereby can negotiate with the purchaser, etc. on behalf of our shareholders, and to protect and enhance the corporate value of the Company and ultimately the common interests of the shareholders.

- [3] Reasonable and Objective Requirements for Implementation

As stated in the "Policies in the event of a large-scale purchase" described in (3) [3] above, the countermeasures under the Policy are designed not to be implemented unless certain predetermined reasonable and detailed, objective requirements are satisfied, so as to disqualify such cases of the large-scale purchase not in compliance with the Large-Scale Purchase Rules, or takeover that, even when in compliance with the Large-Scale Purchase Rules, apparently infringes on the common interests of the shareholders or could effectively pressuring our shareholders into selling shares, and therefore we believe we have secured a mechanism to prevent any arbitrary implementation by the Board of Directors of the Company.

- [4] Emphasis on the Shareholder's Intentions

The Company proposes the continuation of the Policy as an agenda item at the general meetings of shareholders of the Company to confirm intentions of the shareholders. If the continuation of the Policy is not resolved at any given general meeting of shareholders, the Policy will be promptly abolished and in that context, survival or otherwise of the Policy, and its contents are dependent on reasonable intentions of the shareholders of the Company.

- [5] Not a Dead-Hand Takeover Defense Measure or Slow-Hand Takeover Defense Measure

As described in (3) [5] "Effective term of the Large-Scale Purchase Rules" above, the Policy is one that may be abolished by the Board of Directors consisting of Directors that were elected at a general meeting of shareholders of the Company. It is possible for a person who has purchased the Company's share certificates, etc. in bulk to nominate Directors at a general meeting of shareholders of the Company and abolish the Policy through the Board of Directors consisting of

such Directors. Accordingly, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which its implementation cannot be stopped even by replacing a majority of the members of the Board of Directors). Furthermore, the term of office of Directors of the Company is one (1) year, meaning the Policy is not a slow-hand takeover defense measure (a takeover defense measure in which the replacement of the members of the Board of Directors cannot occur all at once and therefore it takes time to stop its implementation).



(Appendix 1)

Large-Scale Purchase Information

1. Information on the large-scale purchaser and its group (in the case of a fund, including the partners and other constituent members)

(1) Names, capital relation, and financial details

(2) In the case where the large-scale purchaser is an individual: Nationality, professional experience, names of companies or other organizations (hereafter referred to as “juridical person”), their principal businesses and addresses which the relevant person proposing the takeover has managed, operated or has been employed at, and the beginning and ending dates of such management, operation or employment

(3) In the case where the large-scale purchaser is a juridical person: In respect to the relevant juridical person and its important subsidiaries, etc., principal businesses, country where incorporated, governance status, financial details of capital and long-term borrowing for the past three (3) years, major legal procedures pending in court relating to the relevant juridical person or its assets, outline of businesses undertaken up to the present, and names of Directors, corporate officers, etc.

(4) If any: Criminal history for the past five (5) years (excluding traffic violations and similar petty crimes), violations relating to the Financial Instruments and Exchange Act and the Companies Act (including foreign laws comparable to these) for the past five (5) years, and whether there are other important issues relating to compliance

2. The objective, method and details of the large-scale purchase (including the value/type of consideration for the acquisition, timing of acquisition, structure of related transactions, lawfulness of the method of acquisition, and feasibility of acquisition)

3. Basis for the calculation of the consideration for the acquisition of the Company’s shares (including the facts/assumptions which are the premise of the calculation, calculation method, numerical information used in the calculation, and synergies which it is assumed will be created through the series of transactions relating to the acquisition and bases of the calculation for such synergies)

4. Financial resources for the large-scale purchase (including concrete name of the supplier (including the material supplier) of funds, procurement method, and details of related transactions)

5. Post-purchase management policy, business plan, and capital and dividend policies for the Company

6. Post-purchase policies dealing with the Company’s employees, trading partners, customers, regional society, and other interested parties (stakeholders) relating to the Company

7. Details and prospects of required procedures when executing the large-scale purchase, such as required approval of governmental authorities and agreement of third parties. The applicability of antitrust laws or other competition laws and of other important laws of the countries and regions where the large-scale purchaser or the Company engages in business or sells products and thoughts concerning whether these laws will be obstacles when executing the large-scale purchase and that basis

8. Other information reasonably judged necessary and requested by the Board of Directors or the special committee of the Company

## Summary of Subscription Rights to Shares

### 1. Shareholders subject to the allotment of subscription rights to shares and issuance terms

Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors shall be allotted subscription rights to shares at a rate of one (1) right per share possessed (however, excluding common shares held by the Company). There may be cases where shareholders shall be granted the right to receive an allotment of subscription rights to shares and are solicited to subscribe to subscription rights to shares for subscription and cases where a gratis allotment of subscription rights to shares shall be made.

### 2. Class and number of shares to be delivered upon exercise of subscription rights to shares

The class of shares to be delivered upon exercise of the subscription rights to shares shall be the common shares of the Company, and the upper limit of the total number of the shares to be delivered upon exercise of subscription rights to shares shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The number of shares to be delivered upon exercise of one (1) subscription right to shares shall be one (1) share; provided, however, if the Company makes a share split or a share consolidation, the required adjustments shall be made.

### 3. Total number of subscription rights to shares to be issued

The total number of subscription rights to shares to be allotted shall be the number prescribed by the Board of Directors of the Company, and its upper limit shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The Board of Directors may make an allotment of subscription rights to shares multiple times within a scope not to exceed the upper limit of the total allotment number.

### 4. Amount to be paid in for each subscription right to shares

Gratis (No payment of monies is required.)

### 5. Amount of property to be contributed upon exercise of subscription rights to shares

The amount of property to be contributed upon exercise of subscription rights to shares shall be an amount of one (1) yen or more prescribed by the Board of Directors.

### 6. Restrictions on transfer of subscription rights to shares

The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.

### 7. Exercise terms of subscription rights to shares

The Company may determine terms for the exercise of subscription rights to shares, such as not allowing the exercise of rights by persons belonging to a specific shareholder group holding 20% or more voting rights (excluding persons whose acquisition or possession of the Company's share certificates, etc. is deemed by the Board of Directors of the Company not to be contrary to the interests of the Company's shareholders as a whole). Details shall be separately determined at a meeting of the Board of Directors of the Company.

### 8. Exercise period, etc. of subscription rights to shares

The exercise period, acquisition terms, and other necessary matters of subscription rights to shares shall be separately determined by the Board of Directors. With respect to acquisition terms, the Company may determine terms that allow the Company to acquire subscription rights to shares held by persons other than those whose exercise of subscription rights to shares due to the exercise terms of 7. above is not allowed and may deliver one (1) share per subscription right to shares.

(Appendix 3)

Summary of the Rules of the Special Committee

1. The special committee shall be established for the purposes of defying arbitrary judgments of the Board of Directors regarding the implementation, etc. of countermeasures against large-scale purchases, and ensuring objectivity, fairness, and rationality of the judgment of the Board of Directors.
2. The special committee shall consist of three (3) members, independent from the management team that manages and executes the operations of the Company, and appointed by the Board of Directors of the Company from among any of the following relevant persons: (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company, (iii) outside experts. However, outside experts shall be company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications, and such persons must conclude with the Company contracts that include a duty of care of prudent manager provision, determined separately by the Board of Directors of the Company.
3. The terms of office of special committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years after their appointment. However, this limit shall not apply in cases where the term of office is otherwise provided for by a resolution of the Board of Directors of the Company.
4. The special committee shall receive consultations from the Board of Directors, deliberate and form resolutions regarding the various matters listed in the items below, and present their recommendation to the Board of Directors of the Company based on the contents of those resolutions. In said deliberations and forming of resolutions, each member of the special committee shall consider the deliberated action from the perspective of whether said action will contribute or not contribute to the corporate value and the common interests of the shareholders of the Company, not with the purpose of pursuing the committee member's own personal benefit or that of the management team of the Company.
  - [1] The appropriateness of implementing countermeasures against large-scale purchases
  - [2] Suspending the implementation of countermeasures against large-scale purchases
  - [3] Whether it is necessary to hold a general meeting of shareholders to confirm the shareholders' intent
  - [4] From among the other matters that the Board of Directors of the Company should pass judgment on, matters for which the Board of Directors of the Company has consulted the special committee
5. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company.
6. In order to gather necessary information, the special committee may request the attendance of the Company's Directors, Audit & Supervisory Board Members, employees, or others that the special committee recognizes as necessary, and may demand explanations regarding matters that the special committee inquires about.
7. Resolutions by the special committee shall be made, as a general principle, with of all members of the special committee in attendance and by a majority of those in attendance. However, under unavoidable circumstances, resolutions may be made with a majority of the members of the special committee in attendance and by a majority of their voting rights.

(Appendix 4)

### Names and Brief Histories of the Members of the Special Committee

Members of the special committee are following three members.

Michihiro Nara

(Date of birth: May 17, 1946)

Brief history

April 1974	Registered as an attorney-at-law
June 2014	Director, the Company (to the present)

\* Mr. Michihiro Nara is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act.

Nobuaki Terasaka

(Date of birth: April 9, 1953)

Brief history

April 1976	Joined Ministry of International Trade and Industry
July 2009	Director-General, Nuclear and Industrial Safety Agency
August 2011	Retired from office
June 2015	Director, the Company (to the present)

\* Mr. Nobuaki Terasaka is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act.

Mikinao Kitada

(Date of birth: January 29, 1952)

Brief history

April 1976	Appointed public prosecutor
January 2012	Superintendent Public Prosecutor of Osaka High Public Prosecutors Office
January 2014	Retired from office
March 2014	Registered as an attorney-at-law
June 2014	Audit & Supervisory Board Member of the Company (to the present)

\* Mr. Mikinao Kitada is an Outside Audit & Supervisory Board Member as prescribed in Article 2, Item 16 of the Companies Act.

**Consolidated Statement of Changes in Net Assets**  
(Fiscal year ended March 31, 2018)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	103,880	112,455	357,999	(14,394)	559,942
Cumulative effect of error correction			(7,323)		(7,323)
Balance at the beginning of current period after retrospective application	103,880	112,455	350,676	(14,394)	552,618
Changes of items during the period					
Dividends from surplus			(9,910)		(9,910)
Profit attributable to owners of parent			36,222		36,222
Purchase of treasury stock				(119)	(119)
Disposal of treasury stock		(13)		49	35
Change in equity-treasury stock				0	0
Change of scope of consolidation			741		741
Transfer from retained earnings to capital surplus		13	(13)		-
Change in ownership interest of parent due to transactions with non-controlling shareholders		(369)			(369)
Reversal of revaluation reserve for land			85		85
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(369)	27,124	(70)	26,684
Balance at the end of current period	103,880	112,086	377,801	(14,465)	579,303

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	34,075	(729)	5,921	33,164	4,863	77,294	266	137,244	774,747
Cumulative effect of error correction				(1,255)		(1,255)		(6,970)	(15,548)
Balance at the beginning of current period after retrospective application	34,075	(729)	5,921	31,908	4,863	76,039	266	130,273	759,198
Changes of items during the period									
Dividends from surplus									(9,910)
Profit attributable to owners of parent									36,222
Purchase of treasury stock									(119)
Disposal of treasury stock									35
Change in equity-treasury stock									0
Change of scope of consolidation									741
Transfer from retained earnings to capital surplus									-
Change in ownership interest of parent due to transactions with non-controlling shareholders									(369)
Reversal of revaluation reserve for land									85
Net changes of items other than shareholders' equity	5,212	559	(85)	64	12,548	18,299	(19)	5,848	24,128
Total changes of items during the period	5,212	559	(85)	64	12,548	18,299	(19)	5,848	50,813
Balance at the end of current period	39,287	(170)	5,835	31,973	17,412	94,338	246	136,122	810,011

**<Reference> Consolidated Statements of Cash Flows (Condensed)**

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
Cash flows from operating activities	123,178	157,406
Cash flows from investing activities	(74,025)	(40,247)
Cash flows from financing activities	(41,793)	(114,468)
Effect of exchange rate changes on cash and cash equivalents	(310)	(1,010)
Net increase (decrease) in cash and cash equivalents	7,049	1,679
Cash and cash equivalents at the beginning of the year	51,352	47,643
Increase in cash and cash equivalents resulting from merger	25	60
Increase in cash and cash equivalents from share transfer	–	522
Increase in cash and cash equivalents from newly consolidated subsidiary	51	1,445
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(134)	–
Cash and cash equivalents at the end of the year	58,343	51,352

## Notes to Consolidated Financial Statements

### Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

#### 1. Matters concerning the scope of consolidation

##### (1) Number of consolidated subsidiaries: 189

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Mori Shigyo Co., Ltd., Oji Nepia Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd., Oji Paper Co., Ltd., Oji Papés Especiais Ltda., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd.

Please note that the Company has newly added 8 companies into the scope of consolidation as of the current fiscal year. The primary reasons for this were as follows: Acquisitions (5 companies), an increase in materiality (2 companies), and new establishment (1 company). 16 companies have also been excluded from the scope of consolidation. This was due to liquidation of 7 companies and a decrease in materiality of 5 companies and other such factors.

##### (2) Main non-consolidated subsidiaries

Main non-consolidated subsidiaries include:

PT. Korintiga Hutani, Tomakomai Energy Agency Co., Ltd., DHC Ginza Corporation

These companies are excluded from the scope of consolidation, as all of these non-consolidated subsidiaries are small-sized companies and their total assets, net sales, profit/loss (amount corresponding to the Company's equity in such subsidiaries), retained earnings (amount corresponding to the Company's equity in such subsidiaries), etc., do not have significant impact on the consolidated financial statements.

#### 2. Matters concerning the application of the equity method

##### (1) Non-consolidated subsidiaries and affiliates under the equity method

Number of non-consolidated subsidiaries under the equity method: 1

Main non-consolidated subsidiaries under the equity method include:

PT. Korintiga Hutani

Number of affiliates under the equity method: 22

Main affiliates under the equity method include:

Chuetsu Pulp & Paper Co., Ltd., Kokusai Pulp & Paper Co., Ltd., and Yupo Corporation

Please note that the Company has newly added 2 companies into the scope of equity method application as of the current fiscal year.

##### (2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied

Main non-consolidated subsidiaries and affiliates to which the equity method was not applied include:

Tomakomai Energy Agency Co., Ltd., DHC Ginza Corporation

These non-consolidated subsidiaries and affiliates to which the equity method was not applied are excluded from the scope of the equity method, as their profit/loss (amount corresponding to the Company's equity in such subsidiaries and affiliates), retained earnings (amount corresponding to the Company's equity in such subsidiaries and affiliates), etc., do not have significant impact on the consolidated financial statements.

3. Matters concerning the fiscal year of consolidated subsidiaries

Of the Company's consolidated subsidiaries, the fiscal year of Oji Papés Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd. and other 79 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used. However, we made the adjustments necessary for consolidation purposes if major transactions were executed between their account closing dates and the consolidated account closing date. For certain consolidated subsidiaries, we prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date that were prepared in the same way as the settlement of full-year accounts.

4. Matters concerning accounting policies

(1) Standard and method of valuation of significant assets

(i) Marketable securities

Held-to-maturity debt securities: Stated at cost using the amortized cost method.

Available-for-sale securities

Securities with market quotations: Stated at market based on the market price as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).

Securities without market quotations: Stated at cost using the moving-average method.

(ii) Derivatives

Stated at market

(iii) Inventories

Mainly stated at cost using the periodic average method

(The amount stated on the balance sheets is calculated by using the method of write-downs based on the decreased profitability.)

(2) Depreciation method of significant depreciable assets

Property, plant and equipment (excluding lease assets)

Declining balance method (provided, however, that the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), accompanying facilities of buildings and structures acquired on or after April 1, 2016 and certain consolidated subsidiaries)

Lease assets

Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Standards for significant reserves

(i) Allowance for doubtful accounts

In order to prepare for potential credit losses on receivables outstanding at the end of the current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(ii) Provision for loss on litigation

The Company's consolidated subsidiary in Brazil is in the following litigation with the tax authorities in the country: tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/COFINS (burden charges on social integration plan/social insurance loan) and others; lawsuit relating to INSS social insurance premiums and various taxes and dues; and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is



recorded.

(4) Translation of important assets or liabilities denominated in foreign currencies into Japanese yen  
Monetary assets/liabilities and payables denominated in foreign currencies are translated into yen at the spot exchange rates as of the consolidated balance sheet date and the translation differences are treated as profit or loss. Assets and liabilities as well as revenues and expenses of overseas subsidiaries and the like are translated into yen at the spot exchange rates as of the consolidated balance sheet date. The translation differences are recorded within foreign currency translation adjustment and non-controlling interests under net assets.

(5) Significant hedge accounting method

(i) Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge method.

Designation (*furiate-shori*) is applied to monetary assets/liabilities denominated in foreign currencies with foreign exchange forward contracts qualifying for such designation and designated exceptional accounting (*tokurei-shori*) is applied to interest rate swaps qualifying for such exceptional accounting, and integration accounting (*ittai-shori*) is applied to interest rate and currency swaps qualifying for such integration accounting (*tokurei-shori* and *furiate-shori*).

(ii) Hedging instruments and hedged items

Hedging instruments

Foreign exchange forward contracts

Currency options

Interest rate and currency swaps

Interest rate swaps

Commodity swaps

Hedged items

Monetary assets/liabilities denominated in foreign currencies

Monetary assets denominated in foreign currencies

Loans payable denominated in foreign currencies

Borrowings and loans

Electricity and heavy oil

(iii) Hedging policy

The risk management policy of the Group requires hedging against the foreign exchange fluctuation risk, interest rate fluctuation risk and price fluctuation risk on raw materials arising in the normal course of the business of the Group.

(iv) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedging instruments and hedged items is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate, and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(6) Other important matters forming the basis of preparation of consolidated financial statements

(i) Accounting treatment method for retirement benefits

In order to prepare for the provision of retirement benefits for employees, the difference between retirement benefit obligations and pension assets is recorded as net defined benefit liability based on the estimated amounts as of the end of the current fiscal year. In addition, unrecognized actuarial losses and unrecognized prior service cost are recognized as remeasurements of defined benefit plans in accumulated other comprehensive income in the net assets section, after adjusting for tax effects.

Standards for net defined benefit liability are as follows:

a) Method to attribute the estimated amounts of retirement benefits to the period

In the calculation of retirement benefit obligation, the projected benefit formula is used to attribute the estimated benefit to the period through the end of the current fiscal year.

b) Method to recognize actuarial losses and prior service cost as expenses

Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises (12-20 years).

Actuarial losses are accounted for as expenses for the subsequent fiscal years calculated by

- using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise (11-20 years).
- c) Adoption of the simplified method for small-sized companies, etc.  
In certain consolidated subsidiaries, the simplified method, in which the Company's benefit obligation is assumed to be equal to an amount required for voluntary resignations at the end of the current fiscal year, is applied for the calculation of net defined benefit liability and retirement benefit cost.
  - (ii) Accounting treatment for consumption taxes  
Consumption and local consumption taxes are accounted for under the tax exclusion method.
  - (iii) Application of consolidated taxation system  
Consolidated taxation system is applied.
  - (iv) Method and period of amortization of goodwill  
Amortization period on goodwill is determined on a case by case basis and using straight-line method over a period considered reasonable that does not exceed 20 years. Goodwill considered immaterial is expensed in the fiscal year incurred.

## 5. Additional information

### (Method of accounting treatment for retirement benefits)

For a portion of consolidated subsidiaries from among consolidated subsidiaries which have adopted defined-benefit corporate pension plans as their retirement allowance plans, the Company conducted a revision of retirement allowance plans and an overhauling of benefit levels, along with a transfer of the entire amounts of corporate pension plans for currently active employees. This transfer entailed the moving of funds from defined-benefit pensions to defined contribution pensions, and was effective as of March 21, 2018. With respect to the accounting treatment conducted in parallel with this transfer, the Company has applied "Accounting Standard for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1). In terms of profit/loss resulting from this transfer, the Company has recorded extraordinary income in the amount of 1,305 million yen, which is recorded as gain on revision of retirement benefit plan.

## 6. Change in presentation

### (Consolidated Statements of Income)

Because of the increased materiality, "Insurance income" that was reported in "Miscellaneous income" under "Non-operating income" in the prior fiscal year is separately reported in the current fiscal year. The amount of "Insurance income" in the prior fiscal year was 249 million yen.

Because of the increased materiality, "Loss on disaster" that was reported in "Other" under "Extraordinary loss" in the prior fiscal year is separately reported in the current fiscal year. The amount of "Loss on disaster" in the prior fiscal year was 905 million yen.

Because of the decreased materiality of the amount, "Business structure improvement expenses" (283 million yen in the current fiscal year) that was separately reported in the prior fiscal year is included in "Other" under "Extraordinary loss" in the current fiscal year.

## 7. Notes on error correction

With respect to the accounting treatment of the afforestation assets subsequent to the assessment of the fair value at the time of the business combination in the fiscal year ended March 31, 2013, the Company has not extinguished valuation differences (differences between the book value at the time and the fair value) and left the valuation unchanged. After a review of such accounting treatment, the Company has decided to extinguish such valuation differences in accordance with the deforestation and made error corrections, including corrections to items which had not been corrected in light of their materiality. The cumulative effect of the error corrections is reflected in the book value of the net assets as of the beginning of the current fiscal year.

Consequently, at the beginning of the period in the Consolidated Statement of Changes in Net Assets, the balances of retained earnings, foreign currency translation adjustment, non-controlling interests and total net assets all decreased by 7,323 million yen, 1,255 million yen, 6,970 million yen and 15,548 million yen, respectively.

## Notes to Consolidated Balance Sheets

### 1. Assets pledged as collateral and obligations related to collateral

#### (1) Assets pledged as collateral (millions of yen)

Cash and deposits	2,298
Notes and accounts receivable–trade	3,287
Merchandise and finished goods	1,901
Short-term loans receivable	4,174
Buildings and structures	12,573
Machinery, equipment and vehicles	10,523
Land	13,521
Standing timber	19,197
Investment securities	889
Long-term loans receivable (including the amount scheduled to be collected within one year)	317
Other	4,919
Total	<u>73,603</u>

Of the above, the following amounts have been eliminated in the consolidated balance sheets: within the short-term loans receivable, 4,174 million yen of loans receivable from consolidated subsidiaries, within the investment securities, 326 million yen of investments in consolidated subsidiaries, and within the long-term loans receivable, 317 million yen of loans receivable from consolidated subsidiaries.

#### (2) Obligations related to collateral (millions of yen)

Short-term loans payable	4,173
Long-term loans payable	2,549
Notes and accounts payable–trade	326
Total	<u>7,048</u>

### 2. Accumulated depreciation of property, plant and equipment (millions of yen)

2,520,894

(including the amount of accumulated impairment loss)

### 3. Guarantee obligations (millions of yen)

Tokyo Branch of Forest Corporation	7,646
PT. Korintiga Hutani	7,126
Other	1,926
Total	<u>16,699</u>

### 4. Tax and other litigations

The Company's consolidated subsidiary in Brazil is in the following litigation with the tax authorities in the country: tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/COFINS (burden charges on social integration plan/social insurance loan) and others; lawsuit relating to INSS social insurance premiums and various taxes and dues; and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is recorded. Based on the opinions of the outside legal counsel, likelihood of incurrence of litigation loss has been evaluated for each case, and as a result, although litigation is expected, provisions on litigation loss are not provided for tax related matters of 15,751 thousand US dollars, labor related 9,387 thousand US dollars and 2,350 thousand Real due to low probability of occurrence of litigation loss.

5. Notes discounted (millions of yen)	13,979
Notes receivable endorsed	535
6. Revaluation of land	
Pursuant to the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998) and the “Act on Partial Amendment to the Act on Revaluation of Land” (Act No. 19 of March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries and recorded revaluation reserve for land in the net assets section.	
- Revaluation method: The value is calculated based on the property tax valuation prescribed in Article 2, Item 3 of the “Enforcement Order on Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.	
- Revaluation date:	March 31, 2002

### Notes to Consolidated Statements of Income

#### 1. Gain on revision of retirement benefit plan

Profit resulting from the revision of retirement benefit plans resulted from the following: For a portion of consolidated subsidiaries from among consolidated subsidiaries which have adopted defined-benefit corporate pension plans as their retirement allowance plans, the Company conducted a revision of retirement allowance plans and an overhauling of benefit levels, along with a transfer of the entire amounts of corporate pension plans for currently active employees. This transfer entailed the moving of funds from defined-benefit pensions to defined contribution pensions.

#### 2. Impairment loss

Asset grouping is based on the minimum cash generation unit.

Impairment loss of 2,369 million yen in extraordinary loss is recorded due to lowering the book value to recoverable value for the branches posting continuing operating loss and idle assets whose land value depreciated rapidly that recoverable values do not exceed the book value.

The breakdown of the losses are buildings and structures of 9 million yen, machinery, equipment and vehicles of 828 million yen, land of 822 million yen, standing timber of 202 million yen, goodwill of 501 million yen, and other of 5 million yen, of which 5 million yen is recorded in extraordinary loss as other.

When the recoverable value is calculated based on net realizable value, the amount is valued based on real estate appraisal standards. When the recoverable value is calculated based on value in use, the calculation is made by discounting future cash flows by 4.60 to 8.00%. When the value in use calculated based on the future cash flows is negative, valuation is conducted with the recoverable amount as zero.

## Notes to Consolidated Statement of Changes in Net Assets

1. Class and number of shares issued as of the end of the current fiscal year  
Common stock 1,014,381,817

2. Class and number of treasury stock as of the end of the current fiscal year  
Common stock 25,937,293

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year, are 1,181,416 shares of the Company held by Trust Delivering Shares for Officers.

3. Matters related to dividends

(1) Amount of dividends from surplus distributed during the current fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 12, 2017	Common stock	4,955	5.0	March 31, 2017	June 7, 2017
Board of Directors' Meeting held on November 6, 2017	Common stock	4,955	5.0	September 30, 2017	December 1, 2017

(Notes) 1. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on May 12, 2017, is a dividend amount of 6 million yen for shares of the Company held by Trust Delivering Shares for Officers.

2. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on November 6, 2017, is a dividend amount of 5 million yen for shares of the Company held by Trust Delivering Shares for Officers.

(2) Dividends with the record date falling within the current fiscal year and with the effective date falling within the following fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 11, 2018	Common stock	4,955	Retained earnings	5.0	March 31, 2018	June 6, 2018

(Note) Included within the total dividend amount is a dividend amount of 5 million yen for shares of the Company held by Trust Delivering Shares for Officers.

4. Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding at the end of the current fiscal year (excluding those for which the exercise period has not started).  
Common stock 726,000

## Notes on Financial Instruments

### 1. Matters related to financial instruments

The Group invests temporary surplus cash in low-risk financial instruments such as bank deposits only and does not make any investment for speculative purposes.

The Group reduces customer credit risk from notes and accounts receivables–trade by the following methods:

- The Group checks and manages due dates and balances of receivables on a customer by customer basis.
- Each sales department of the Group periodically monitors, and investigates, as necessary, the credit position of key customers.

With respect to stocks, which are the Group's main investment securities, the Group checks periodically their fair values and financial conditions of such issuing entities (the companies with which the Group has business relationships) and reviews the benefits of continuing to hold such stocks, considering its relationships with such companies.

With respect to loans, short-term loans payable are mainly for financing related to operating activities, while long-term loans payable are mainly for financing related to investment in property, plant and equipment. Long-term loans payable with floating interest rates are partly hedged by using derivative transactions (interest rate swaps) by which interest rates are fixed. In utilizing derivative transactions, the Group limits the counterparties to highly rated financial institutions to reduce counterparty risk.

Derivative transactions entered into and managed by the Group are as follows:

- Foreign exchange forward contracts, currency options and currency swaps to hedge foreign exchange fluctuation risk related to operating debts/credits, loans payable, etc. denominated in foreign currencies,
- Interest rate swaps to hedge interest rate fluctuation risk on loans, and
- Commodity swaps to hedge price fluctuation risk related to energy purchases.

The Group enters into and manages derivative transactions in accordance with its derivative transaction standards.

## 2. Matters related to fair values etc. of financial instruments

The following table presents the Company's financial instruments on the consolidated balance sheets, their fair values and the differences at March 31, 2018 (the consolidated account closing date for the current fiscal year).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	50,357	50,357	–
(2) Notes and accounts receivable–trade	325,373		
(3) Short-term loans receivable	3,504		
Allowance for doubtful accounts (*1)	(1,493)		
	327,384	327,384	–
(4) Long-term loans receivable	7,855		
Allowance for doubtful accounts (*2)	(1,358)		
	6,496	6,740	244
(5) Short-term investment securities and investment securities			
(i) Held-to-maturity debt securities	10,118	10,131	12
(ii) Stocks of affiliates	13,864	7,145	(6,718)
(iii) Available-for-sale securities	103,938	103,938	–
Total assets	512,160	505,698	(6,462)
(1) Notes and accounts payable–trade	248,490	248,490	–
(2) Short-term loans payable	137,041	137,041	–
(3) Commercial papers	1,000	1,000	–
(4) Bonds payable	100,000	100,598	598
(5) Long-term loans payable	409,381	418,568	9,186
Total liabilities	895,913	905,698	9,784
Derivative transactions (*3)	(420)	(420)	–

- (\*1) The amount of allowance for doubtful accounts that is recorded individually for notes and accounts receivable–trade and short-term loans receivable is excluded.
- (\*2) The amount of allowance for doubtful accounts that is recorded individually for long-term loans receivable is excluded.
- (\*3) Receivables and payables arising out from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

Note 1: Method for measuring fair values of financial instruments and matters relating to securities and derivative transactions

### Assets

- (1) Cash and deposits, (2) Notes and accounts receivable–trade, and (3) Short-term loans receivable

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments.

- (4) Long-term loans receivable

The fair value of long-term loans receivable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate if similar new borrowings.

- (5) Short-term investment securities and investment securities

The fair value of equity securities equals quoted market price. The fair value of debt securities equals quoted market price or has been provided by financial institutions, etc. with which the Company has business relationships.

### Liabilities

- (1) Notes and accounts payable–trade, (2) Short-term loans payable and (3) Commercial papers

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments. The current portion of long-term loans payable

(the consolidated balance sheet amount: 16,870 million yen) is included in “(5) Long-term loans payable.”

(4) Bonds payable

The fair value of bonds payable issued by the Company is measured based on the market price (Reference: Statistical Prices for OTC Bond Transactions). The bonds payable includes the current portion (the consolidated balance sheet amount: 40,000 million yen).

(5) Long-term loans payable

The fair value of long-term loans payable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate for similar new borrowings. Part of the long-term loans payable carrying variable interest rates are subject to exceptional accounting (*tokurei-shori*) of interest rate swaps and to integration accounting (*ittai-shori*) of interest rate and currency swaps (exceptional accounting; appropriation). (Refer to Derivative transactions below.) The aforementioned interest rate swap or sum of principal and interest accounted for in combination with interest rate swap is discounted by the reasonably estimable interest rate for the similar borrowings. The long-term loans payable includes the current portion (the consolidated balance sheet amount: 16,870 million yen).

Derivative transactions

The fair value of derivative transactions is based on the price provided by financial institutions with which the Company has business relationships. The designated exceptional accounting (*tokurei-shori*) of interest rate swaps and the integration accounting (*ittai-shori*) of interest rate and currency swaps are included in the fair value of the underlying long-term loans payable, as they are accounted for as part of the long-term loans payable. (described in (5) Long-term loans payable above).

Note 2: Regarding non-listed stocks and investments in capital (the consolidated balance sheet amount: 46,821 million yen), as quoted prices are not available and also the future cash flows cannot be estimated reliably, the fair value of the items is deemed to be extremely difficult to measure and are not included in “(5) Short-term investment securities and investment securities.”

**Notes on Investment and Rental Property**

Disclosure is omitted due to immateriality in the consolidated financial statements.

**Notes on Per Share Information**

1. Net assets per share	681.52 yen
2. Profit per share	36.64 yen

(Calculated from the weighted average number of common shares during the period)



## Non-consolidated Statement of Changes in Net Assets

(Fiscal year ended March 31, 2018)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity											
	Capital stock	Capital surplus			Retained earnings reserve	Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings		
						Reserve for advanced depreciation of noncurrent assets	Reserve for overseas investment loss	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	103,880	108,640	–	108,640	24,646	15,833	36	101,729	952	143,198	(13,935)	341,783
Changes of items during the period												
Reversal of reserve for advanced depreciation of noncurrent assets						(365)			365	–		–
Reversal of reserve for overseas investment loss							(19)		19	–		–
Dividends from surplus									(9,910)	(9,910)		(9,910)
Profit									12,584	12,584		12,584
Purchase of treasury stock										–	(119)	(119)
Disposal of treasury stock			(14)	(14)						–	50	35
Cancellation of treasury stock										–	–	–
Transfer from retained earnings to capital surplus			14	14					(14)	(14)		–
Net changes of items other than shareholders' equity										–		–
Total changes of items during the period	–	–	–	–	–	(365)	(19)	–	3,043	2,659	(69)	2,589
Balance at the end of current period	103,880	108,640	–	108,640	24,646	15,468	17	101,729	3,995	145,857	(14,005)	344,373

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	26,591	(397)	26,194	266	368,244
Changes of items during the period					
Reversal of reserve for advanced depreciation of noncurrent assets					–
Reversal of reserve for overseas investment loss					–
Dividends from surplus					(9,910)
Profit					12,584
Purchase of treasury stock					(119)
Disposal of treasury stock					35
Cancellation of treasury stock					–
Transfer from retained earnings to capital surplus					–
Net changes of items other than shareholders' equity	2,857	59	2,916	(19)	2,897
Total changes of items during the period	2,857	59	2,916	(19)	5,486
Balance at the end of current period	29,449	(338)	29,111	246	373,731

## Notes to Non-consolidated Financial Statements

### Notes on Matters Concerning Important Accounting Policies

1. Standard and method of valuation of marketable securities
  - Held-to-maturity debt securities: Stated at cost using the amortized cost method.
  - Stocks of subsidiaries and affiliates: Stated at cost using the moving-average method.
  - Available-for-sale securities
    - Securities with market quotations: Stated at market based on the market price as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).
    - Securities without market quotations: Stated at cost using the moving-average method.
2. Depreciation method of noncurrent assets
  - Property, plant and equipment:  
(excluding lease assets) Declining balance method  
However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), and accompanying facilities of buildings and structures acquired on or after April 1, 2016.
  - Intangible assets: Straight-line method
  - Lease assets: Depreciation expenses arising from lease assets in a finance lease transaction that does not transfer ownership are calculated by using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. There are no lease assets pertaining to finance lease transactions that transfer ownership.
3. Standards for reserves
  - Allowance for doubtful accounts: In order to prepare for potential credit losses on receivables outstanding at the end of the current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.
  - Allowance for loss on transfer of shares of subsidiaries and affiliated companies: In order to prepare for the loss on transfer of shares of subsidiaries and affiliated companies, an estimated loss on the said transfer is recorded.

Provision for retirement benefits:

In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the current fiscal year is recorded based on the estimated amounts of the retirement benefit obligation as of the end of the current fiscal year.

In the calculation of retirement benefit obligation, the benefit formula basis is used to attribute the estimated benefit to the period through the end of the current fiscal year.

Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises.

Actuarial losses are accounted for as expenses for the subsequent fiscal years calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise.

4. Hedge accounting method:

Designated exceptional accounting (*tokurei-shori*) is applied to interest rate swaps qualifying for such exceptional accounting. Integration accounting (*ittai-shori*) is applied to interest rate and currency swaps qualifying for such integration accounting (*tokurei-shori* and *furiate-shori*).

5. Other important matters forming the basis of preparation of financial statements

Accounting treatment for retirement benefits

The accounting treatment method for unrecognized actuarial gain or losses and the untreated amounts of unrecognized prior service cost related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

Accounting treatment for consumption taxes

Consumption and local consumption taxes are accounted for under the tax exclusion method.

Application of consolidated taxation system

Consolidated taxation system is applied.

6. Change in presentation

(Non-consolidated Statements of Income)

Because of the increased materiality of the amount, “Loss on valuation of investment securities” that was included in “Other” under “Extraordinary loss” in the prior fiscal year is separately reported in the current fiscal year. The amount of “Loss on valuation of investment securities” in the prior fiscal year was 2 million yen.

## Notes to Non-consolidated Balance Sheets

1. Assets pledged as collateral and obligations related to collateral	
(1) Assets pledged as collateral (millions of yen)	
Forests	159
Standing timber	296
Long-term loans receivable	317
(including the amount scheduled to be collected within one year)	
Total	<u>773</u>
(2) Obligations related to collateral (millions of yen)	
Long-term loans payable	1,648
(including the amount scheduled to be paid within one year)	
2. Accumulated depreciation of property, plant and equipment (millions of yen)	52,658
(including the amount of accumulated impairment loss)	
3. Receivables from and payables to subsidiaries and affiliates (millions of yen)	
Short-term monetary receivables from subsidiaries and affiliates	378,968
Long-term monetary receivables from subsidiaries and affiliates	34,475
Short-term monetary payables to subsidiaries and affiliates	186,766
Long-term monetary payables to subsidiaries and affiliates	4
4. Guarantee obligations, etc. (millions of yen)	
Jiangsu Oji Paper Co., Ltd.	23,891
PT. Korintiga Hutani	7,126
Other	4,910
Total	<u>35,929</u>

## Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates (millions of yen)	
Operating revenue	27,061
Of which business advisory fee income	15,227
Of which dividends income	8,703
Other	3,129
Operating expenses	11,418
Transaction volume–non-trading	7,065

## Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock as of the end of the current fiscal year  
Common stock 24,554,718

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,181,416 shares of the Company held by Trust Delivering Shares for Officers.

## Notes on Tax Effect Accounting

Deferred tax assets and deferred tax liabilities by major category of cause

Deferred tax assets	(millions of yen)
Stocks of subsidiaries resulting from company split	15,095
Investment securities	8,328
Other	3,568
Subtotal	<u>26,992</u>
Valuation allowance	<u>(11,099)</u>
Total deferred tax assets	<u>15,893</u>
Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(12,837)
Reserve for advanced depreciation of noncurrent assets	(6,826)
Other	(330)
Total deferred tax liabilities	<u>(19,994)</u>
Net amount of deferred tax liabilities	<u>(4,100)</u>

### (Change in presentation)

Because of the decreased materiality of the amounts, “Provision for retirement benefits,” “Allowance for doubtful accounts,” “Loss carried forward” and “Deferred gains or losses on hedges” of the deferred tax assets that were separately reported in the prior fiscal year are included in “Other” in the current fiscal year.

## Notes on Noncurrent Assets Used by the Company under Lease Arrangements

Apart from the noncurrent assets recorded on the non-consolidated balance sheets, the Company uses certain additional research equipment and office equipment under finance lease transactions that do not transfer ownership.

## Notes on Transactions with Related Parties

### Subsidiaries and affiliates

(Millions of yen)

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount (Note 5)	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Materia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(14,000)	Short-term loans receivable	54,318
					Borrowing of funds (decrease in the balance) (Note 1)	(16,775)	Short-term loans payable	111
					Business advisory fee (Note 2)	4,551	–	–
Consolidated subsidiary	Mori Shigyo Co., Ltd.	Indirect: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Borrowing of funds (increase in the balance) (Note 1)	700	Short-term loans payable	15,400
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Short-term loans receivable	16,900
					Borrowing of funds (increase in the balance) (Note 1)	2,632	Short-term loans payable	13,396
Consolidated subsidiary	Oji F-Tex Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(1,906)	Short-term loans receivable	14,644
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(2,001)	Short-term loans receivable	22,333
Consolidated subsidiary	Oji Paper Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Short-term loans receivable	199,224
					Borrowing of funds (increase in the balance) (Note 1)	16,350	Short-term loans payable	70,502
					Individually attributed amount concerning consolidated taxation (increase in the balance)	3,405	Accounts payable-other	12,653
					Business advisory fee (Note 2)	4,515	–	–
					Interest income (Note 1)	2,009	–	–

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount (Note 5)	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Nepia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (increase in the balance) (Note 1)	2,116	Short-term loans receivable	12,231
Consolidated subsidiary	Oji Management Office Inc.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship Outsourcing indirect services	Personnel expenses (Note 3)	3,751	–	–
					Outsourcing fees (Note 4)	3,366	–	–
Consolidated subsidiary	Oji Oceania Management (NZ) Limited	Indirect: 100.0	Concurrent appointment by directors of the Company	Financing relationship	–	–	Long-term loans receivable	21,285

Terms and conditions of the transaction and the policy for determining them;

Note 1: The interest rates for loans and borrowings of money are determined in a rational manner by considering market rates. These loans and borrowings are not secured by collateral.

Note 2: Business advisory fees are charged for management and operational support.

Note 3: Personnel expenses consist of the amount paid for employees assigned to the Company from Oji Management Office Inc.

Note 4: Outsourcing fees are paid for operational support.

Note 5: The transaction amount is presented exclusive of consumption and local consumption taxes. The balance at the end of the fiscal year is presented inclusive of consumption and local consumption taxes.

### Notes on Per Share Information

- |                         |            |
|-------------------------|------------|
| 1. Net assets per share | 377.32 yen |
| 2. Profit per share     | 12.71 yen  |
- (Calculated from the weighted average number of common shares during the period)

### Company Applicable to Consolidated Dividends Regulations

The Company will be subject to the application of regulations on consolidated dividends when and after the final date of the current fiscal year is the final date of the most recent fiscal year.