

(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 10, 2020

**NOTICE OF THE 96TH ORDINARY GENERAL  
MEETING OF SHAREHOLDERS**

Dear Shareholder:

You are cordially invited to attend the 96th Ordinary General Meeting of Shareholders of Oji Holdings Corporation (the “Company”), which will be held on Friday, June 26, 2020, at 10:00 a.m., Japan Standard Time (The reception desk is scheduled to open at 9:00 a.m.), at its Headquarters, 7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan.

**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 pages 4 to 5 by 5:30 p.m. Japan Standard Time, Thursday, June 25, 2020.**

Sincerely yours,

Masatoshi Kaku,  
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 96th term (from April 1, 2019 to March 31, 2020); 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 96th term (from April 1, 2019 to March 31, 2020)

### Items to Be Resolved:

**Item 1: Election of Twelve (12) Directors**

**Item 2: Election of the Accounting Auditor**

**Item 3: Continuation of Policy to Address Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)**

### 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 StatementsThe 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. From the perspective of preventing infection with the novel coronavirus disease (COVID-19), if you will be attending the meeting in person, we ask that before traveling to the venue you check the current situation regarding the spread of the infection and confirm your own physical health; please also take precautions to prevent infection, such as wearing a face mask. Shareholders who are found to be unwell upon their arrival at the venue may be asked by the staff not to enter. If future developments of the situation of infections necessitate a major change in the way the General Meeting of Shareholders will be run, shareholders will be informed via the Company's internet website.
  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. Also please note that they may take measures to prevent being infected by COVID-19, such as by
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wearing a face mask.

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. Courtesy gifts will not be provided. We appreciate your understanding.
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## Instruction for Exercising Voting Rights

### How to Exercise Your Voting Rights

As the exercise of voting rights in the General Meeting of Shareholders is the important right of all shareholders with votes, please review the attached Reference Documents for the General Meeting of Shareholders (on pages 6 to 34) and exercise your voting rights.

You may exercise your voting rights by the following methods.

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

To exercise your voting rights at the General Meeting of Shareholders:

Please present the enclosed voting form at the reception desk.

Also, please bring Notice of Convocation of the 96th Ordinary General Meeting of Shareholders (this document) to the meeting.

Date and time of the meeting: **Friday, June 26, 2020, 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: **Thursday, June 25, 2020 at 5:30 p.m. Japan Standard Time**

2. To exercise your voting rights online:

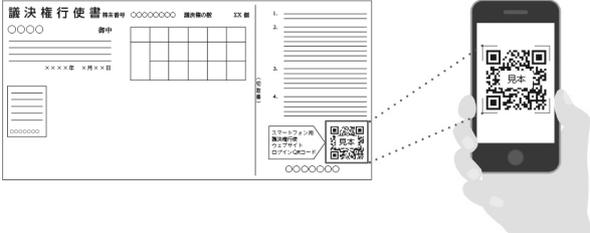
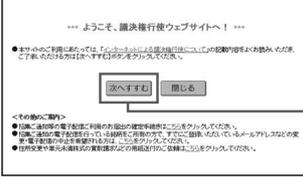
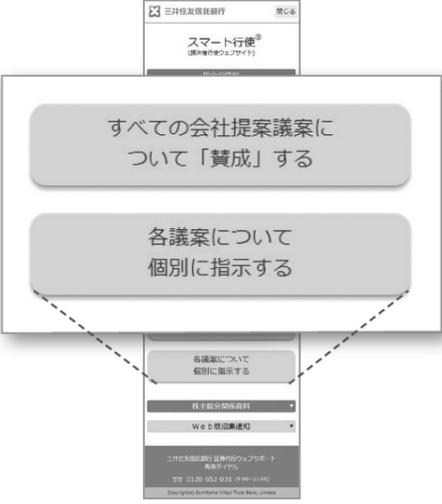
Please use a personal computer or a smartphone to exercise your voting rights by the deadline. Please see the following page for details.

Deadline: **Thursday, June 25, 2020 at 5:30 p.m. Japan Standard Time**

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

1. If you exercise your voting rights both in writing and online, etc., the latter will prevail.
2. If you exercise your voting rights online, etc. 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.

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

Scanning the QR code “Smart vote”	Entering the voter code and password
You can login to the Shareholder Voting Website without entering the voter code and password.	The Shareholder Voting Website <a href="https://www.web54.net">https://www.web54.net</a>
<p>1. Please scan the QR code on the bottom right of the voting form.</p>  <p>* “QR code” is the registered trademark of Denso Wave Incorporated.</p>	<p>1. Please access the Shareholder Voting Website.</p>  <p>「次へすすむ」をクリック</p>
<p>2. After you login, please enter whether you are for or against each agenda item, following the on-screen instructions.</p> 	<p>2. Please enter the voter code given on the voting form.</p>  <p>「議決権行使コード」を入力 「ログイン」をクリック</p>
<p>You may exercise your voting rights using “Smart vote” only once.</p> <p>To change any of your votes after exercising your voting rights, you are requested to access the website for personal computer and login by entering the voter code and password on the voting form to exercise your voting rights again.</p> <p>*You can go to the website for personal computer by scanning the QR code again.</p>	<p>3. Please enter the password given on the voting form.</p>  <p>「パスワード」を入力 実際にご使用になる新しいパスワードを設定してください 「登録」をクリック</p>
<p>4. After you login, please enter whether you are for or against each agenda item, following the on-screen instructions.</p> <p>*The operation screen is for illustrative purposes only.</p>	

Please call the number below with any questions about how to vote on this site from a personal computer or a smartphone.

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.)

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Agenda Items and References

#### Item 1: Election of Twelve (12) Directors

The terms of office for all the current thirteen (13) Directors will expire at the conclusion of this General Meeting of Shareholders. At this juncture, the Company hereby requests the election of twelve (12) Directors.

The candidates for Director were reached after deliberation by the Nomination Committee to be elected at the meeting of the Board of Directors in accordance with the “Fundamental Policies on Corporate Governance” of the Company, and are as follows.

The current areas of responsibility of the below candidates for Director within the Company are listed on pages 52 to 53

<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	Number of attendance at meetings of the Board of Directors
1	Susumu Yajima	Reelection	Representative Director and Chairman of the Board	15/15 (100%)
2	Masatoshi Kaku	Reelection	Representative Director of the Board, President and CEO	15/15 (100%)
3	Yoshiki Koseki	Reelection	Director of the Board and Senior Executive Officer	15/15 (100%)
4	Ryuichi Kisaka	Reelection	Director of the Board and Senior Executive Officer	15/15 (100%)
5	Kazuhiko Kamada	Reelection	Director of the Board and Executive Officer	15/15 (100%)
6	Hiroyuki Isono	Reelection	Director of the Board and Executive Officer	15/15 (100%)
7	Koichi Ishida	Reelection	Director of the Board and Executive Officer	15/15 (100%)
8	Fumio Shindo	Reelection	Director of the Board and Executive Officer	10/10 (100%)
9	Shigeki Aoki	New election	Corporate Officer	
10	Michihiro Nara	Reelection Outside director Independent director	Director	14/15 (93.3%)
11	Toshihisa Takata	Reelection Outside director Independent director	Director	10/10 (100%)
12	Sachiko Ai	New election Outside director Independent director		

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

<b>No. 1</b>  <b>Susumu Yajima</b> (May 11, 1951) 	Reelection	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
		April 2019	Representative Director and Chairman of the Board, the Company (to the present)

Number of the Company shares owned:	140,000
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Term of office as a director (as of the conclusion of this Meeting):	11 years
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Number of attendance at meetings of the Board of Directors:	15/15 (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 corporate planning and forest resources and environment marketing business in the Company as well as the Group companies.

He was in charge of running the Company as Representative Director of the Board, President and CEO from 2015 to March 2019, making utmost efforts, in that capacity, to achieve 100.0 billion yen in operating profit, the target for the Medium-term Management Plan with its final year in fiscal 2018. Since 2019, he has been further contributing to enhancing corporate governance and strengthening the management base as Representative Director and Chairman of the Board.

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.

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

<b>No. 2</b>  <b>Reelection</b>  <b>Masatoshi Kaku</b> (January 2, 1956)  	April 1978 April 2011 April 2012 October 2012 June 2013 April 2019	Joined the former Nippon Pulp Industry Co., Ltd. Corporate Officer, the Company Executive Officer, the Company Executive Officer, the Company Director of the Board and Executive Officer, the Company Representative Director of the Board, President and CEO, the Company (to the present)
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Number of the Company shares owned:	37,820
Term of office as a director (as of the conclusion of this Meeting):	7 years
Number of attendance at meetings of the Board of Directors:	15/15 (100%)

- ▶ **Reasons for selecting as a candidate for outside director**  
 He has a wealth of experience and track record in the areas of engineering, functional materials business, and research and development in the Company as well as the Group companies. He has been in charge of running the Company as Representative Director of the Board, President and CEO since 2019 to lead the implementation of the Medium-term Management Plan with basic policies of enhancing the profitability of the domestic business, expanding the overseas business, promoting innovation, and contributing to a sustainable society in order to consolidate an earnings base with at least 100.0 billion yen in operating profit. 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.

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

<p><b>No. 3</b>      Reelection</p> <p style="text-align: center;"><b>Yoshiki Koseki</b> (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</p> <p>April 2019      Director of the Board and Senior Executive Officer, the Company (to the present)</p>
<p>Number of the Company shares owned:      45,900</p> <hr/> <p>Term of office as a director (as of the conclusion of this Meeting):      8 years</p> <hr/> <p>Number of attendance at meetings of the Board of Directors:      15/15 (100%)</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• President, Oji Industrial Materials Management Co., Ltd.</li> <li>• Chairman, Oji Nepia Co., Ltd.</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 engineering, and household and industrial material business in the Company as well as the Group companies.</p> <p>He is involved in running the Company, as part of its management team, and also currently serving as President of both the Industrial Materials Company and the Household and Consumer Products Company, contributing, in such capacity to measures for bolstering profit-earning capability and expansion in the packaging business, such as containerboard and corrugated containers, and aggressive development in the Household and Consumer Product Business in Japan and overseas, respectively.</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

<p><b>No. 4</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</p> <p>April 2019      Director of the Board and Senior Executive Officer, the Company (to the present)</p>
<p>Number of the Company shares owned:      35,280</p> <hr/> <p>Term of office as a director (as of the conclusion of this Meeting):      5 years</p> <hr/> <p>Number of attendance at meetings of the Board of Directors:      15/15 (100%)</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• President, 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 involved in running the Company, as part of its management team, and also currently serving as General Manager, Corporate Governance Div. as well as President of Oji Management Office Inc., contributing, in such capacity, to the development of a corporate governance system that meets the needs of the times at the Company and Group companies and the planning and promoting of strategic business development to achieve the Medium-term Management Plan.</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

No. 5 Reelection

**Kazuhiko Kamada**

(February 7, 1960)



May 2013	Joined Oji Management Office Inc.
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

- President, Celulose Nipo-Brasileira S.A.

▶ 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 involved in running the Company, as part of its management team, and also currently serving as Director and President of Celulose Nipo-Brasileira S.A. (Brazil), one of the leading Group companies and a company that holds an important place in managing the Group, contributing, in such capacity, to the further strengthening of the base and development of the pulp business through an environmentally-friendly plantation service programs.

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. Kazuhiko Kamada and the Company.

Number of the Company shares owned:	32,600
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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:	15/15 (100%)
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Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 6</b>  <b>Hiroyuki Isono</b> (May 20, 1960)	Reelection	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.

Number of the Company shares owned:	41,772
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:	15/15 (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 corporate planning in the Company as well as the Group companies.

He is involved in running the Company, as part of its management team, and also 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 of competitiveness, the earnings base, and the expansion of the corrugated container business 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.

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

No. 7      Reelection

**Koichi Ishida**

(November 5, 1955)



April 1978	Joined the Company
October 2012	Corporate Officer, Oji Paper Co., Ltd.
April 2014	Director, Oji Paper Co., Ltd.
April 2016	Corporate Officer, the Company
June 2018	Director of the Board and Executive Officer, the Company (to the present)

- ▶ Significant concurrent positions
  - President, Oji Engineering Co., Ltd.

- ▶ Reasons for selecting as a candidate for director

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

He is involved in running the Company, as part of its management team, and also currently serving as Director in charge of the Innovation Promotion Division, as well as President of Oji Engineering Co., Ltd., contributing, in this capacity, to the development of new businesses and products through the promotion of innovation and the enhancement of the 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.

Number of the Company shares owned:	19,696
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Term of office as a director (as of the conclusion of this Meeting):	2 years
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Number of attendance at meetings of the Board of Directors:	15/15 (100%)
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- ▶ Other special notes

- ▶ There is no special interest between Mr. Koichi Ishida and the Company.

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

<b>No. 8</b>  <b>Reelection</b>  <b>Fumio Shindo</b> (March 30, 1958)		April 1984	Joined the Company
	April 2014	Corporate Officer, Oji Paper Co., Ltd.	
	April 2016	Director, Oji Paper Co., Ltd.	
	April 2017	Corporate Officer, the Company	
	April 2018	Executive Officer, the Company	
	June 2019	Director of the Board and Executive Officer, the Company (to the present)	

- ▶ Significant concurrent positions
  - President, Oji Green Resources Co., Ltd.

Number of the Company shares owned:	13,687
Term of office as a director (as of the conclusion of this Meeting):	1 year
Number of attendance at meetings of the Board of Directors:	10/10 (100%)

- ▶ Reasons for selecting as a candidate for director
 

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 Group companies.

He is involved in running the Company, as part of its management team, and also currently serving as President of the Forest Resources and Environment Marketing Business Company, and Oji Green Resources Co., Ltd., contributing, in such capacity, to the reinforcement of the overseas pulp business and the expansion of the energy business. He also serves as President of the Printing and Communications Media Company, contributing in such capacity, to boosting competitiveness through restructuring the manufacturing system to meet changes in demand and continually reducing costs.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to 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. Fumio Shindo and the Company.
  - ▶ Concerning Mr. Fumio Shindo'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 27, 2019.

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

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No. 9      New election

**Shigeki Aoki**

(August 1, 1961)



April 1984      Joined the former Honshu Paper Co., Ltd.  
September 2014      General Manager, Foods Medical Sales Department, Sales  
Division, Oji F-Tex Co., Ltd.  
April 2016      Corporate Officer, General Manager, Sales Division, Oji  
F-Tex Co., Ltd.  
April 2017      Director and Corporate Officer, General Manager, Sales  
Division, Oji F-Tex Co., Ltd.  
April 2019      Corporate Officer, the Company  
(to the present)

▶ Significant concurrent positions

- President, Oji Functional Materials Progressing Center Inc.

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Number of the      35,669  
Company shares owned:

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▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the area of specialty paper business in the Company as well as Group companies.

He is involved in running the Company, as part of its management team, and also currently serving as President of the Functional Materials Company, contributing, in such capacity, to the development of new products and new businesses, measures to enhance earnings, and the expansion and reinforcement of overseas business.

In view of the aforementioned, he has been newly selected as candidate for Director, as he is expected to 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. Shigeki Aoki and the Company.

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

<b>No. 10</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:	1,500
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:	14/15 (93.3%)

▶ Significant concurrent positions

- Attorney-at-law
- Outside Director, SEIKO EPSON CORPORATION
- 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, especially in the areas such as civil and commercial affairs. 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. 11</b>  Reelection Outside director Independent director  <b>Toshihisa Takata</b> (January 8, 1954) 	April 1976 August 2010 October 2010 January 2013 August 2013 May 2015 June 2016 March 2017 October 2018 June 2019	Joined Ministry of Foreign Affairs of Japan Ambassador Extraordinary and Plenipotentiary of Japan to Kenya Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi and Somalia Ambassador in charge of Okinawan Affairs Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, Samoa, the Cook Islands, and Samoa Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, Samoa, and Niue Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, and Niue Retired from office Director, the Company (to the present)
	Number of the Company shares owned:	600
	Term of office as a director (as of the conclusion of this Meeting):	1 year
	Number of attendance at meetings of the Board of Directors:	10/10 (100%)
	► Reasons for selecting as a candidate for director As a diplomat, he has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as ambassador to various countries, such as New Zealand, etc. He has been selected as a candidate for outside director on an ongoing basis, as he is believed capable of providing 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, 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. Toshihisa Takata and the Company. ► Mr. Toshihisa Takata 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. Toshihisa Takata as an independent director and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Takata 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. Toshihisa Takata, 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. Takata is elected, it is anticipated that the said contract will continue to remain in force. ► Concerning Mr. Toshihisa Takata'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 27, 2019.	

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

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No. 12 New election

Sachiko Ai

(November 30, 1965)



April 1989 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)

April 2015 Deputy General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation

June 2015 General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation

April 2016 Executive Officer, General Manager, Corporate Consulting Division, Mitsubishi UFJ Trust and Banking Corporation

April 2019 Executive Officer, General Manager, Audit Division, Mitsubishi UFJ Trust and Banking Corporation (to the present)

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Number of the Company shares owned: 0

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▶ Significant concurrent positions

- Executive Officer, Mitsubishi UFJ Trust and Banking Corporation

▶ Reasons for selecting as a candidate for director

She has wide-ranging knowledge of business trends in Japan and overseas as well as a wealth of high-level expertise in the financial sector gained through her business experience in corporate sales, business planning, and corporate consulting at a major trust bank.

She has been newly selected as a candidate for outside director, as she is believed capable of providing her opinions to the management of the Company from a standpoint independent therefrom.

Although she does not have experience being directly involved in corporate management, the Company judged that she will be able to duly carry out the duties as an outside director owing to the reasons stated above.

▶ Other special notes

▶ Ms. Sachiko Ai is an Executive Officer of Mitsubishi UFJ Trust and Banking Corporation. Mitsubishi UFJ Trust and Banking Corporation owns shares of the Company. However, the number of shares owned is less than 0.1% of the Company's issued shares. The Company does not have any outstanding borrowings from Mitsubishi UFJ Trust and Banking Corporation.

▶ Ms. Sachiko Ai is a candidate for outside director as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

▶ In the event that Ms. Sachiko Ai is elected, the Company intends to designate Ms. Ai as an independent director and notify the Tokyo Stock Exchange of such designation in accordance with its regulation.

▶ In the event that Ms. Sachiko Ai is elected, it is anticipated that the Company concludes a contract for limitation of liability with Ms. Ai 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.

## Item 2: Election of the Accounting Auditor

The terms of office for the accounting auditor of the Company, PricewaterhouseCoopers Aarata LLC, will expire at the conclusion of this General Meeting of Shareholders. Shareholders are kindly requested to approve the appointment of Deloitte Touche Tohmatsu LLC as successor of the aforementioned, subject to the resolution for approval by the Audit & Supervisory Board.

The Audit & Supervisory Board selected Deloitte Touche Tohmatsu LLC as a candidate for the accounting auditor of the Company as it is expected to conduct audits from a fresh viewpoint, and is believed to have a framework to ensure adequacy in accounting audit, based on the overall evaluation of its global audit system, independence, and expertise as well as audit quality, etc.

Principal place of business, history, etc. of Deloitte Touche Tohmatsu LLC are as follows:

Name	Deloitte Touche Tohmatsu LLC	
Office	Principal place of business	Marunouchi Nijubashi Building 3-2-3 Marunouchi, Chiyoda-ku, Tokyo
History	May 1968 May 1975  February 1990 July 2009	Tohmatsu Awoki & Co. established Joined Touche Ross International (“TRI”) (now Deloitte Touche Tohmatsu Limited (“DTTL”)) alliance Renamed to Tohmatsu & Co. Converted to a limited liability company and changed company name in English to Deloitte Touche Tohmatsu LLC
Overview	Capital	1,041 million yen (As of February 29, 2020)
	Partners (Certified Public Accountants)	523
	Specified Partners	52
	Personnel:	
	Certified Public Accountants	2,714
	Passers of Certified Public Accountant Exam (including Junior Accountants)	1,230
	Other Specialists	2,129
	Administrative staff	173
	Total	6,821 (As of February 29, 2020)
	Number of companies audited	3,306 (As of May 31, 2019)

**(Note)** The candidate has received compensation from the Company over the past two years for advisory services related to M&A reviews, advisory services related to consolidated financial statements, and advisory services related to the adoption of accounting standards.

### Item 3: Continuation of Policy to Address Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)

Having obtained the approval by resolution of the Ordinary General Meeting of Shareholders held on June 29, 2017, the Company has continued a policy to address the large-scale purchase of the Company's shares (hereafter, this policy is referred to as the "Policy").

As the effective period of the Policy expires at the conclusion of this General Meeting of Shareholders, the Company further reviewed it in view of, among others, the developments after the approval of the continuation of the Policy. As a result, the Company decided, at the Board of Directors' meeting held on May 25, 2020, to propose the continuation of the Policy with certain amendments to this General Meeting of Shareholders.

With respect to the continuation of the Policy, in the event that the approval of the majority of the voting rights of the shareholders in attendance (including the shareholders who have exercised their voting rights in writing or online) is obtained at this Meeting, the Company would like to continue the Policy 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 and request the shareholders' approval to the continuation of the Policy.

The reasons for the proposal are stated in 1. and the details of the Policy as amended are stated in 2. below. The Company's basic considerations of the Policy is stated in 1. and the details of the Policy as amended are stated in 2. below. However, please refer to the section below for the necessity, overview, characteristics and main amendments of the Policy.

#### [Necessity of the Policy]

The Company has deemed the revision of the Policy as necessary based on the following reasons.

Responsibility to shareholders	<ol style="list-style-type: none"> <li>1) Appropriate provision of information <ul style="list-style-type: none"> <li>• The Board of Directors of the Company believes that it has an obligation to provide information to shareholders so that they may appropriately evaluate a large-scale purchase.</li> </ul> </li> <li>2) Ensuring appropriate time for assessment <ul style="list-style-type: none"> <li>• The Board of Directors of the Company believes that it has an obligation to ensure time so that shareholders may appropriately assess a large-scale purchase.</li> </ul> </li> </ol> <p>* The Company recognizes that the provision of necessary information and time for assessment so that shareholders may appropriately evaluate a large-scale purchase were not sufficiently ensured under the current legal system related to large-scale purchases. As a result, the Company has judged that it will place significance on providing necessary information and ensuring time for assessment based on the Policy as its obligation to shareholders.</p>
Responsibility to society	<ol style="list-style-type: none"> <li>1) Contribute to a sustainable society over the medium to long term <ul style="list-style-type: none"> <li>• The Group believes that it has an obligation to "Contribution to a Sustainable Society," and will develop wide-ranging businesses such as the pulp and paper manufacturing business, the plantation business and electric power generation business, as well as 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 Value," "Contribution to the Future and the World" and "Harmony with Nature and Society."</li> </ul> </li> <li>2) Sustainable forest management over the medium to long term <ul style="list-style-type: none"> <li>• The Group is committed to promoting environmental management as the largest owner of forests in Japan among private-sector companies and the one of the few private-sector forest management business operators and believes that, by practicing sustainable forest management, in particular, maintaining watershed</li> </ul> </li> </ol>

	<p>protection functions of forests such as flood mitigation, as well as securing water sources, it plays an important role in preserving the land, which is a special position of the Company to be in. The Group thus believes that it has an obligation to maintain and improve the public value of forests over the medium to long term by developing its business activities in harmony with the environment.</p> <p>(Area of forests held by the Company domestically: approximately 190,000 hectares, approximately 0.5% of Japan's territory)</p> <p>* The Company believes that these social obligations that are also important to Japan are not able to be achieved in a day, but can be achieved with a stable management foundation. However, the Company recognizes that the establishment of legal regulations related to the owning of land in Japan is currently insufficient. As a result, the Company has judged that it will place significance on ensuring a management foundation over the medium- to long term- based on the Policy as its obligation to society.</p>
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[Overview of the Policy]

	<p>If a Large-scale purchase of the Company's shares occurs, the Policy is the procedure in which the Board of Directors implements countermeasures in certain cases upon evaluating and investigating the large-scale purchase, while giving maximum respect to the recommendation of the special committee, consisting of members independent from the management team that manages and executes the operations of the Company, after requesting the provision of information related to the large-scale purchaser and the large-scale purchase from the large-scale purchaser.</p> <p>The revision of the Policy was decided by the approval the all Directors of the Company including Independent Outside Directors. Also, all of the Audit &amp; Supervisory Board Members including Independent Outside Audit &amp; Supervisory Board Members expressed their opinions in support of the revision of the Policy.</p>
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[Characteristics of the Policy]

The aim of the Policy is to secure and increase not only the Company's corporate value, but also the common interest of shareholders, and the Company does not assume that there will be circumstances where shareholders (excluding any large-scale purchasers) may be caused economic damage or deprived of any right due to the implementation of countermeasures.

Establishment of the special committee	<p>1) Purpose</p> <ul style="list-style-type: none"> <li>• The special committee shall eliminate arbitrary decisions by the Board of Directors in judging the implementation, etc. of countermeasures.</li> <li>• The special committee shall ensure the objectivity, fairness and rationality of the judgment of the Board of Directors.</li> </ul> <p>2) Members</p> <ul style="list-style-type: none"> <li>• Committee members shall be selected from outside Directors of the Company, outside Audit &amp; Supervisory Board Members of the Company and outside experts.</li> </ul> <p>3) Role</p> <ul style="list-style-type: none"> <li>• The special committee shall deliberate and resolve the following, and report the details of the resolution to the Board of Directors. Whether or not to implement countermeasures, suspending the implementation of countermeasures, the necessity of holding a general meeting of shareholders to confirm the shareholders' intent, etc.</li> <li>• The Board of Directors of the Company shall give maximum respect to the recommendation of the special committee.</li> </ul>
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<p>Holding of a general meeting of shareholders to confirm the shareholders' intent</p>	<ul style="list-style-type: none"> <li>In cases where the large-scale purchaser complies with large-scale purchase rules and the implementation of countermeasures is proposed, The Board of Directors shall hold a general meeting of shareholders to confirm the shareholders' intent without exception to confirm the intent of the shareholders regarding whether to implement countermeasures unless it is extremely difficult to hold such a meeting.</li> </ul>
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[Main amendments]

<p>(1) Restrictions on the implementation requirements for countermeasures</p>
<ul style="list-style-type: none"> <li>The implementation requirements for countermeasures will be even more restrictive so as to eliminate the possibility of arbitrary judgment by the Board of Directors of the Company even further (see 2.(3)(b)(i) and (ii)).</li> </ul>
<p>(2) Enhancement of Corporate Governance</p>
<ul style="list-style-type: none"> <li>The Company established an upper limit for the deadline to submit large-scale purchase information (see 2.(2)).</li> <li>In cases where the large-scale purchaser complies with large-scale purchase rules and the implementation of countermeasures is proposed, 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 (see 2.(3)(e)).</li> <li>Revisions to the Policy during its effective term have been limited to the extent deemed reasonable and necessary by laws and regulations, guideline amendments, etc. (see 2.(4)).</li> </ul>

## 1. Reasons for the proposal

Currently, the Group is striving 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 Value,” “Contribution to the Future and the World” and “Harmony with Nature and Society.”

Under this management philosophy, in the “FY2019–2021 Medium-term Management Plan,” the Oji Group has established “Profitability Improvement of Domestic Business,” “Expansion of Overseas Business,” and “Promotion of Innovation” as the fundamental policies for Group management strategies and, through “Contribution to a Sustainable Society,” aims to be a global corporate group that can maintain stable consolidated operating profit of at least 100.0 billion yen.

The Group will accomplish this Medium-term Management Plan, and recognizes that this is an important period to establish a solid management foundation.

The Group is committed to promoting environmental management as the largest owner of forests in Japan among private-sector companies and the one of the few private-sector forest management business operators and believes that, by practicing sustainable forest management, in particular, maintaining watershed protection functions of forests such as flood mitigation, as well as securing water sources, it plays an important role in preserving the land, which is a special position of the Company to be in. The Group thus believes that it is one of its social obligations to maintain and improve the public value of forests over the medium-to long-term by developing its business activities in harmony with the environment.

Within this environment and against the backdrop of the development of Japanese legal system, changes in the business environment, etc., it can be anticipated that, in the future, a large-scale purchase will be undertaken with the objective of acquiring control of the Company.

The Board of Directors of the Company does not reject even a large-scale purchase as long as it is based on the takeover proposal, etc. that contribute to the corporate value and the common interests of the shareholders of the Company. Provided that appropriate information is provided by the purchaser and time for assessment is secured including the opportunity to evaluate alternatives to allow shareholders to make informed decisions, the Company believes that shareholders should ultimately make their own decision on such a proposal by accepting or not accepting the purchase offer.

However, in not a few cases, such a large-scale purchase does not actually contribute to the corporate value of the target company and eventually the common interest of its shareholders. Example of such large-scale purchases include the one whose purpose, etc. is clearly detrimental to the corporate value of the target company and the common interest of its shareholders, the one that effectively forces the shareholders to sell their shares, and the one that does not provide sufficient time or information for the Board of Directors or the shareholders of the target company to examine the terms and conditions of the large-scale purchase or for the Board of Directors of the target company to make alternative proposals.

On the other hand, the Company cannot currently say that the establishment of a legal system related to the owning of land in Japan and large-scale purchases has been sufficient, and under the current laws and regulations, the Company recognizes that the Board of Directors of the Company have not been able to provide information to shareholders so that they may appropriately evaluate a large-scale purchase, or ensure sufficient time for shareholders to appropriately assess a large-scale purchase.

Accordingly, with respect to large-scale purchases that would impact the management of the Company, while giving maximum respect to the recommendation of the special committee, consisting of members independent from the management team that manages and executes the operations of the Company, the Company believes the suitability of these purchases should be judged in accordance with certain rules.

Continuing to uphold the basic approach outlined above, the Board of Directors of the Company decided to propose to this General Meeting of Shareholders the continuation, with certain amendments, of the Policy whose purpose is, among others, to ensure the collection of information about the proposed large-scale purchase and to secure the assessment period and the opportunity to propose alternatives.

## 2. Details of the Policy

### (1) 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).

A large-scale purchase means the purchase of the Company's share certificates, etc. (Note 1) 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 (in either case, a purchase to which the Board of Directors of the Company has given its consent beforehand is excluded) and a large-scale purchaser means a person who undertakes such a purchase.

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.

## (2) Details of Large-Scale Purchase rules

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 through the establishment of a reasonable submission deadline (not more than sixty (60) days counted from the day on which the Company delivers the list of Large-Scale Purchase Information) by the Board of Directors of the Company on the condition

that a similar judgment is reached by the special committee, and the specific deadline established and the reasons that the reasonable period is necessary shall be disclosed to shareholders.

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 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’ Assessment Period will not be extended. 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.

The Company speculates that the issuance of subscription rights to shares will be used as a specific countermeasure. 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.

(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)

(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 of the Company 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 of the Company, 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 or not 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 of the Company 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 of the Company shall give maximum respect to the special committee's recommendation. A summary of the rules of the special committee is found in Appendix 3.

(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, 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 interest of shareholders. 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) Effective term of the Large-Scale Purchase rules

In the event that the consent of a majority of the voting rights of the shareholders in attendance (including the shareholders who exercise voting rights in writing or online) is obtained at this Meeting 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 Meeting, and this shall apply in successive terms thereafter.

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. Furthermore, even during the effective term of the Policy, the Board of Directors of the Company may revise the Policy within the extent deemed reasonable and necessary by laws and regulations, guideline amendments, etc. upon receiving approval from the special committee. In the event that the Board of Directors resolves to abolish or otherwise amend the Policy, matters deemed appropriate by the Board of Directors of the Company or the special committee shall be disclosed in an appropriate and timely manner in accordance with applicable laws and regulations.

### 3. Supplemental explanations

#### (1) Members of the special committee

Mr. Michihiro Nara, Mr. Toshihisa Takata and Mr. Norio Henmi are nominated as members of the special committee and will work as members of the special committee in the event that the continuation of the Policy is approved in this Meeting. A profile of each of these individuals is set forth in Appendix 4.

#### (2) Impact on shareholders and investors of the Company

While it is not assumed that there will be circumstances where shareholders (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 2. (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.

(3) Satisfaction of the requirements of the guidelines regarding takeover defense

The Policy satisfies the three principles (principle of protecting and enhancing corporate value and the common interests of shareholders, principle of prior disclosure and shareholders' opinion, and principle of ensuring the necessity and reasonableness) set out in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Protection and Enhancement of Corporate Value and Common Interests of Shareholders" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(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

(Appendix 2)

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.

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

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)

\* In the event approval is given to the agenda Item 1, Mr. Michihiro Nara shall be appointed as an outside director.

Toshihisa Takata

(Date of birth: January 8, 1954)

Brief history

April 1976 Joined Ministry of Foreign Affairs of Japan

August 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya

October 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi

January 2013 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi and Somalia

August 2013 Ambassador in charge of Okinawan Affairs

May 2015 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, Samoa, the Cook Islands, and Samoa

June 2016 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, Samoa, and Niue

March 2017 Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, and Niue

October 2018 Retired from office

June 2019 Director, the Company (to the present)

\* In the event approval is given to the agenda Item 1, Mr. Toshihisa Takata shall be appointed as an outside director.

Norio Henmi

(Date of birth: June 13, 1957)

Brief history

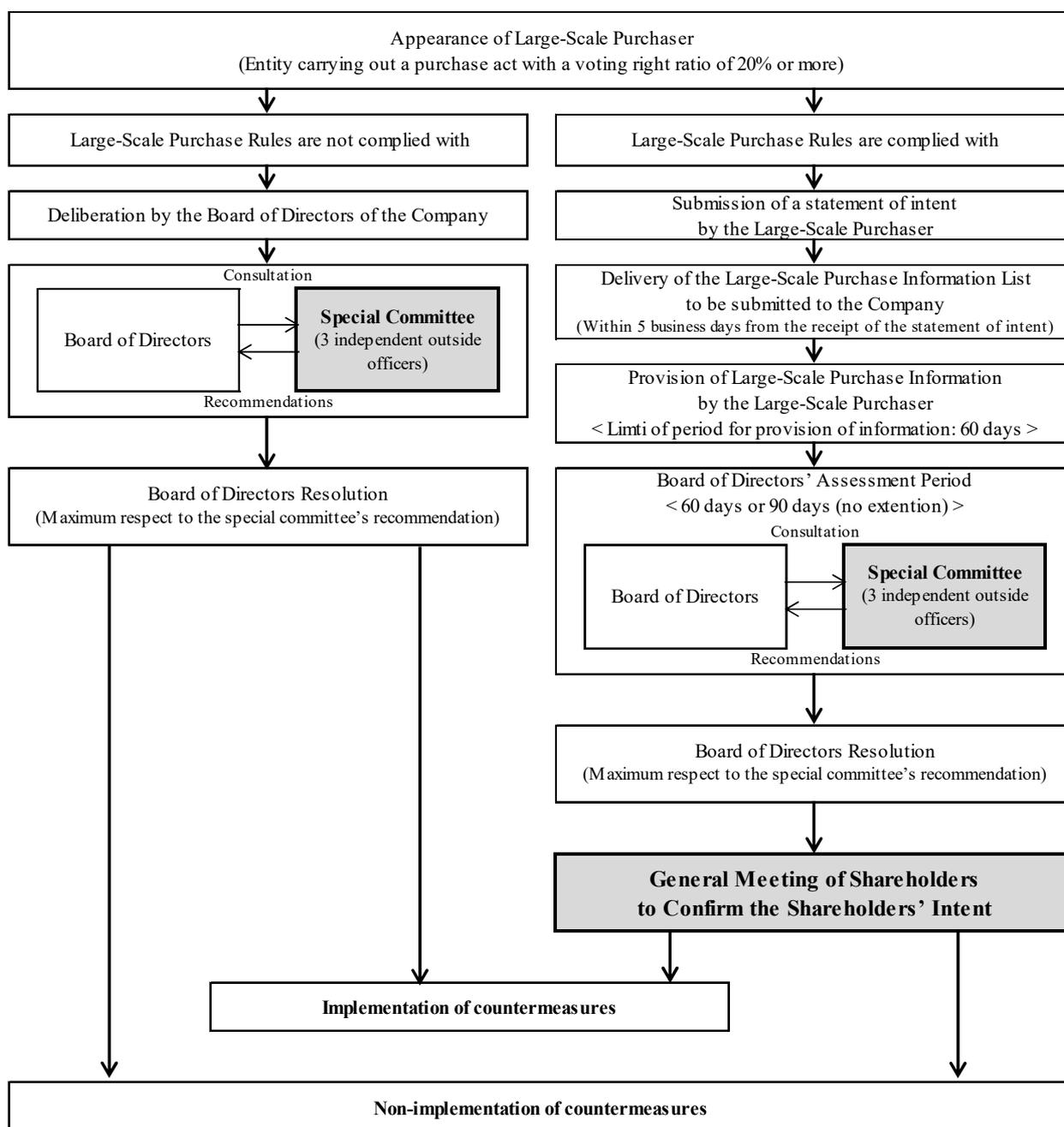
April 1989 Registered as an attorney-at-law

June 2018 Audit & Supervisory Board Member, the Company (to the present)

\* Mr. Norio Henmi is an outside audit & supervisory board member as prescribed in Article 2, Item 16 of the Companies Act.

(Reference)

Scheme for the Implementation of the Policy (Conceptual Diagram)



The above diagram is the scheme for implementation of the policy illustrated as explanation to our shareholders. Please refer to the text for the exact contents of this policy.

(Attached Documents)

Business Report (from April 1, 2019 to March 31, 2020)

1. Review of Group Operations

(1) Review of Operations

In the “FY2019–2021 Medium-term Management Plan,” the Oji Group has established “Profitability Improvement of Domestic Business,” “Expansion of Overseas Business,” and “Promotion of Innovation” as the fundamental policies of the Group management strategies and, by “Contribution to a Sustainable Society,” aims to become a global corporate group that can maintain stable consolidated operating profit of at least 100.0 billion yen. Based on this basic policy, in domestic business, we promoted capital efficiency by rebuilding the production system in order to respond to structural changes in demand, while concentrating management resources on promising businesses. and worked to enhance the Group’s cash earning capacity. In the overseas business, in addition to expanding the number of overseas bases, we worked to organically expand from existing bases, by developing new businesses that utilize existing infrastructure, etc., and created synergies between businesses and between bases.

Net sales for the year under review were 1,507.6 billion yen, a decrease of 43.4 billion yen (down 2.8%) year on year, due to the softening of the pulp market in overseas business, etc., despite a price correction effect in domestic business. The Group’s overseas sales ratio fell by 2.1 percentage point year on year to 29.9%.

Although operating profit increased in domestic business, in overseas business, operating profit saw a decrease of 4.1 billion yen (down 3.7%) year on year to 106.1 billion yen.

Non-operating profit and loss saw a decrease of 13.0 billion yen year on year due to a decrease in equity in earnings of affiliates, and ordinary profit saw a decrease of 17.1 billion yen (down 14.4%) year on year to 101.3 billion yen.

Extraordinary profit and loss saw an increase of 24.4 billion yen year on year due to a decrease in impairment loss, etc., and income before income taxes and minority interests increased 7.3 billion yen (up 8.1%) to 98.1 billion yen, while profit attributable to owners of parent saw an increase of 6.2 billion yen (up 11.9%) to 58.2 billion yen year on year.

The situation for each business segment was as follows.

Segment	Net sales		Operating profit	
Household and Industrial Materials	686,066 million yen	(Up 0.7% year on year)	40,937 million yen	(Up 82.7% year on year)
Functional Materials	214,669 million yen	(Down 4.2% year on year)	15,354 million yen	(Down 16.4% year on year)
Forest Resources and Environment Marketing Business	285,551 million yen	(Down 12.5% year on year)	28,847 million yen	(Down 55.4% year on year)
Printing and Communications Media	292,653 million yen	(Down 3.4% year on year)	11,326 million yen	(–)
Others	289,392 million yen	(Down 1.6% year on year)	8,976 million yen	(Down 8.8% year on year)
Subtotal	1,768,334 million yen	(Down 3.3% year on year)	105,441 million yen	(Down 4.5% year on year)
Adjustments	(260,726) million yen	(–)	683 million yen	(–)
Total	1,507,607 million yen	(Down 2.8% year on year)	106,125 million yen	(Down 3.7% 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 686,066 million yen (Up 0.7% year on year)

Operating profit 40,937 million yen (Up 82.7% year on year)

Main Businesses: Containerboard/corrugated containers, Boxboard/folding cartons, Packaging materials/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 food and mail order remained firm. Both domestic and export sales volume of white paperboard decreased from the previous year.

As for packaging material, domestic sales volume decreased from the previous year due to a drop in demand for automotive and export-related products. Export sales decreased from the previous year.

For disposable diapers, domestic sales volume for baby disposable diapers decreased, but export sales volume increased from the previous year. Sales volume for adult disposable diapers decreased from the previous year. Sales volume of household paper decreased from the previous year due to factors such as the mill suspension caused by the Kasugai Mill of Oji Paper Co., Ltd., but sales increased due to the effect of price adjustments.

In the overseas business, although sales volume of containerboard increased in Southeast Asia, sales decreased from the previous year due to the impact of weaker market conditions. Sales volume decreased from the previous year in Oceania. Sales of corrugated containers remained firm in Southeast Asia, mainly for beverages and processed food. Sales volume in Oceania was largely in line with the previous year. Sales volume of disposable diapers increased significantly from the previous year due to sales expansion of “Whito,” strong sales on e-commerce websites in China, and penetration of Oji-brand products in Malaysia, as well as continued sales expansion in Indonesia.

[Functional Materials]

Net sales 214,669 million yen (Down 4.2% year on year)

Operating profit 15,354 million yen (Down 16.4% year on year)

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

In the domestic business, despite development of new products and cultivation of new customers, sales volume of specialty paper decreased from the previous year due to the sales for the electronics and industrial sectors remaining sluggish. In export sales, sales volume decreased from the previous year due to the effect of the slowdown in the Chinese and Korean economies. Sales volume of thermal paper increased steadily due to steady sales.

In the overseas business, sales volume of thermal paper decreased in Europe and Southeast Asia from the previous year, but increased in North America and South America.

[Forest Resources and Environment Marketing Business]

Net sales 285,551 million yen (Down 12.5% year on year)

Operating profit 28,847 million yen (Down 55.4% year on year)

Main Businesses: Pulp, Energy, Plantation service, Lumber processing

In the domestic business, sales volume of the pulp business was around the same as the previous year.

In the energy business, sales of electricity increased compared to the previous year due to the operation of a biomass power generation facility by MPM Oji Eco Energy Co., Ltd. in Hachinohe City, Aomori Prefecture.

In the overseas pulp business, sales volume increased from the previous year, sales decreased mainly reflecting the impact of weaker market conditions.

[Printing and Communications Media]

Net sales 292,653 million yen (Down 3.4% year on year)

Operating profit 11,326 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. Sales volume of printing/communication paper decreased from the previous year mainly reflecting a fall in demand.

In the overseas business, although Jiangsu Oji Paper Co., Ltd. achieved sales growth in printing paper, sales decreased mainly reflecting the impact of weaker market conditions.

[Others]

Net sales 289,392 million yen (Down 1.6% year on year)

Operating profit 8,976 million yen (Down 8.8% year on year)

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

Sales in the others segment decreased from the previous year due to a decrease in sales for the engineering businesses and real estate business.

## (2) Capital investment of Oji Group

The Group's capital investment for the year under review amounted to 97.5 billion yen, an increase of 35.3 billion 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
MPM Oji Eco-Energy Co., Ltd.	Joint electric power generation business with Mitsubishi Paper Mills Limited
Oji India Packaging Pvt. Ltd.	Works to construct a new corrugated container mill (Western and Southern India)
Harta Packaging Industries Sdn. Bhd.	Works to construct a new corrugated container mill (Cambodia)
Harta Packaging Industries Sdn. Bhd.	Works to install additional corrugated container production equipment (Malaysia)
GS Paperboard & Packaging (Selangor) Sdn. Bhd.	Works to install additional corrugated container production equipment (Malaysia)
United Packaging Co., Ltd.	Works to install additional folding carton production facilities (Vietnam)
Ojitex Haiphong Co., Ltd.	Works to construct a new corrugated container mill (Vietnam)
PT. Oji Indo Makmur Perkasa	Works to construct a new mill for disposable diapers (Indonesia)
Celulose Nipo-Brasileira S.A.	Works to renovate pulp manufacturing facilities (Brazil)

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

Company name	Work description
Mori Shigyo Co., Ltd.	Works to construct a new corrugated container mill (Funabashi region, Chiba)
Oji Nepia Co., Ltd.	Works to construct a new household papers mill (Oji Materia Edogawa Mill)
Oji F-Tex Co., Ltd.	Works to renovate hydroelectric power plant (Kaore Power Plant, Nakatsu Mill)
GSPP Holdings Sdn. Bhd.	Works to install additional corrugated container production equipment (Malaysia)
PT. Oji Sinar Mas Packaging	Corrugated board joint venture with APP (Indonesia)
Oji Fibre Solutions (NZ) Ltd.	Works to construct a new corrugated container mill (New Zealand)
Oji Fibre Solutions (NZ) Ltd.	Wastewater treatment facility renewal works (New Zealand)
Oji Papeis Especiais Ltda.	Works to increase in production of thermal recording paper (Brazil)
Jiangsu Oji Paper Co., Ltd.	Works to install manufacturing equipment for household papers, etc. (China)

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

Segment	92nd FY2015	93rd FY2016	94th FY2017	95th FY2018	96th FY2019
Net sales (millions of yen)	1,433,595	1,439,855	1,485,895	1,550,991	1,507,607
Operating profit (millions of yen)	71,987	70,243	70,781	110,212	106,125
Ordinary profit (millions of yen)	60,517	52,949	65,958	118,370	101,289
Profit attributable to owners of (millions of yen)	12,706	40,270	36,222	51,977	58,181

parent						
Profit per share (yen)		12.86	40.74	36.64	52.52	58.78
Total assets (millions of yen)		1,909,483	1,901,029	1,960,753	1,951,369	1,885,280
Net assets (millions of yen)		711,230	759,198	810,011	815,406	831,657
Net assets per share (yen)		587.62	635.95	681.52	684.50	699.12

- (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. 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 the Future and the World” and “Harmony with Nature and Society.”

Under this management philosophy, in the “FY2019–2021 Medium-term Management Plan,” the Oji Group has established “Profitability Improvement of Domestic Business,” “Expansion of Overseas Business,” and “Promotion of Innovation” as the fundamental policies for Group management strategies and, by “Contribution to a Sustainable Society,” aims to be a global corporate group that can maintain stable consolidated operating profit of at least 100.0 billion yen. The numerical management targets for fiscal 2021, the final year of this Medium-term Management Plan, are as follows.

Numerical Management Targets FY2021			
Consolidated operating profit	Percentage of Overseas Sales	ROE	Net D/E Ratio
More than ¥150.0 billion	40%	10.0%	0.7 times (maintain the level of FY2018)

\*Net D/E ratio = net interest-bearing debt/net assets

In “Profitability Improvement of Domestic Business,” we will pursue greater capital efficiency by restructuring the manufacturing system in accordance with changes in domestic demand and effectively utilizing existing facilities while concentrating management resources in promising businesses, strengthening cash earning capabilities. In “Expansion of Overseas Business,” we will promote organic expansion from existing business bases and the creation of synergies between businesses and business bases. Moreover, in “Promotion of Innovation,” we will work to promote the development and early commercialization of new businesses and products that meet environmental and social needs, “Contribution to a Sustainable Society” through these initiatives. In order to achieve this, we will implement the following specific initiatives.

##### (a) Household and Industrial Materials

- Industrial Materials (Containerboard and corrugated containers business, Boxboard and folding cartons business, Packaging papers and paper bags business)

Overseas, in order to make the business foundations more robust, we will increase the number of containerboard machines in Malaysia (scheduled to begin operations in April 2021) and update the energy supply and drainage facilities. Furthermore, operations began at the

following corrugated container factories: the fifth site in Vietnam in July 2019, the third site in Cambodia in February 2020, and the fourth site in India in March 2020, and we are moving forward with construction of the first corrugated container factory in Indonesia (scheduled to begin operation during 2020). We are also forging ahead with the establishment and relocation of a new corrugated container factory in Christchurch, New Zealand (scheduled to begin operations in January 2021). Going forward, in order to further continue expansion into Southeast Asia, India, and Oceania, we are pursuing organic expansion at existing local sites. In Japan, we are moving forward with the construction of one of the largest corrugated container factories in the country in the Funabashi area of the Kanto region, where growth in demand for corrugated containers is expected to be particularly significant (scheduled to begin operation from July 2020). We are also restructuring the manufacturing system by suspending the operation of, and relocating manufacturing facilities for containerboard, responding to structural changes in domestic demand. In addition, we are promoting total packaging solutions including integrated manufacturing, sale, product development, and proposals from container board, boxboard and packaging materials to corrugated containers, folding cartons and paper bags primarily at the Packaging Innovation Center, in which research and development related to packaging for the Group as a whole is centralized. As one of our specific initiatives in this area, we have commenced the provision of OJI FLEX PACK'AGE and sale of "Rakudan," continuous corrugated container sheet, its packaging material, as a next-generation packaging solution that reduces packaging materials, saves on labor, and reduces freight costs.

Moreover, in December 2019, we decided to enter the paper container-related business in a collaboration with Ishizuka Glass Co., Ltd. We will mutually utilize the two companies' management resources and expertise to strengthen the foundation of the business and advance into new fields through new product development as well as to meet the need for paper materials that is expanding against the backdrop of growing global environmental awareness. Based on our ability to generate proposals supported by sales channels that extend to all parts of the country, and by our integrated materials and processing, we will work to expand the business across a wide range, improving competitiveness and profitability.

- Household and Consumer Products (Household paper business, Disposable diaper business)  
In the household paper business, we aim to develop items such as environmentally friendly products that have obtained forest certifications, and high-quality products exemplified by "hana-celeb," resulting in further improvements in value for the "Nepia" brand. Also, with regard to the household paper joint venture with Mitsubishi Paper Mills Limited commenced last year, we are making full use of the extensive infrastructure at their Hachinohe factory and its location as the first base for the household paper business in the Tohoku region to expand sales and streamline logistics. Furthermore, household paper manufacturing facilities in China and a new processing site in the Kanto region, where make full use of the paper products made in aforementioned facilities in China, are scheduled operations in stages from July 2020 and August 2020, respectively.  
We are making efforts to further increase sales in the Tokyo metropolitan area and raise our market presence, and going forward we will work to expand the household paper business, for which stable demand is expected to continue.  
In the disposable diaper business for babies, we will make efforts to raise the value of the "Nepia" brand in the diaper business, too, by further increasing the sales of the "Genki!" brand, renewed in May and which is unified for both Japan and overseas, as well as pioneering the high-quality, high-price segment with the highest-ever quality "Whito" brand, which uses new technology in search of improved comfort for babies. In China, we have commenced sales of "Whito" in addition to "Genki!" and we are working to expand sales while in Malaysia we are engaged in manufacturing and sales at two business bases. Moreover, in addition to sales from our joint venture company in Indonesia, we are aiming for further expansion of business, including expansion to surrounding countries, by securing cost competitiveness and reinforcing the business base with the start of operation of a local Indonesian factory for disposable diapers in January 2020. We will continue to develop disposable diapers for adults

that resolve the various problems that nursing facilities face in Japan, where society is continuing to age.

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

With regard to thermal paper and adhesive products, which are the core businesses in Southeast Asia, we promoted material processing integrated business through M&As of downstream business companies engaged in processing, printing, and sales of thermal paper and adhesive products in Malaysia to further solidify upstream business in raw sheet production and sales. In addition, we are gaining an accurate and timely understanding of end-user needs and are working to further expand business fields.

Also, in Brazil, we decided to enhance and expand facilities to practically double production capacity (scheduled to be completed in December 2021) in order to meet strong demand for thermal paper in South America. Going forward, we will leverage the Group's core technologies which are strengths we have cultivated to date in "papermaking," "paper processing" (coating and adhesives), and "film" to respond to growing demand that follows economic development in the emerging markets of Southeast Asia, South America, the Middle East, and Africa.

In Japan, we are strengthening the foundations of existing businesses by continuously reviewing the production system and improving competitiveness and profitability. Specifically, in November 2019, we made the decision to completely transfer production and sales of the carbonless paper business to Mitsubishi Paper Mills Limited. Amid a continued contraction of the carbonless paper market due to structural changes in demand and computerization, the complete transfer of production and sales in that field enables us to pursue the selection and concentration of business lines to raise productivity and strengthen competitiveness while Mitsubishi Paper Mills expects to expand its market share and improve profitability.

In the specialty paper business, we are promoting plastic-free production, making proposals for various materials used for paper trays, containers, straws, etc. In addition, we are developing composite materials that combine cellulose with other materials and heat-resistant glass paper with high heat resistance and low dielectric properties, and we will continue to develop and popularize new products to meet the needs in various fields.

Going forward, we will continue to quickly develop products with advanced functionality and high value added through the fusion of our core technologies together with new materials. In addition, through persistent pursuit of a research and development-based business, we will work on expanding into new business fields such as film capacitors for electric vehicles.

(c) Forest Resources and Environment Marketing Business (Pulp business, Energy business, Plantation and lumber processing businesses)

In the pulp business, we have implemented a continuous flow of strategic countermeasures for profitability at key sites in order to strengthen the business foundation so it is able of withstanding fluctuations in the pulp market. In New Zealand, the Group's know-how and operations management methods are being introduced and applied, and steps are being taken to stabilize operations and improve efficiency. In Brazil, we are moving forward with continuous profitability countermeasures by upgrades to cutting-edge manufacturing facilities. In the domestic dissolving pulp business, in addition to products aimed at rayon applications, we have begun production of high-value-added products such as materials for medical supplies and filtering applications in an attempt to grow the business.

In the energy business, we are proceeding with expanding the business further. Biomass power generation facilities began operating in 2019 in a joint venture with Mitsubishi Paper Mills Limited. Moreover, we have decided to build a biomass power generation facility in Tokushima Prefecture as part of a joint venture with ITOCHU ENEX Co., Ltd., and are preparing for operations to begin in 2022. We are also working to strengthen the biomass fuel business in line with the expansion of the energy business and are expanding production of woodchips for fuel by utilizing untapped domestic wood resources. Overseas, we are implementing initiatives in Indonesia and Malaysia to increase procurement of palm kernel shells for fuel applications.

In the lumber processing business, we are taking steps to increase purchases, sales, and the production capacity for timber products and processed wood products, mainly in Asian and Oceanian regions. The sales locations we set up in China and Southeast Asia are promoting the expansion of sales of pulp and wood products.

In November 2019, we commenced three-company joint procurement with Chuetsu Pulp & Paper Co., Ltd. and Mitsubishi Paper Mills Limited for the imported woodchips that are the main raw material in the papermaking business with the aim of reducing raw material procurement costs. As a result, we are reducing costs through the effective operation of woodchip carriers, expansion of direct trading, optimization of suppliers, and improvements in operational efficiency.

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

In Japan, we are ascertaining the changes in the business environment due to increased use of ICT and so forth, establishing an optimal production structure by shutting down paper machines and remodeling them into paperboard machines, and making effective use of our existing equipment to improve productivity and our capacity utilization ratio, and other aspects to achieve an increase in cash flow, along with strengthening our international competitiveness. Also, we will aim to improve our competitiveness and profitability through measures such as reducing costs by resolving complicated transportation arrangements, thereby realizing the effects of the business alliance with Mitsubishi Paper Mills Limited as early as possible.

In China, we are utilizing integrated paper and pulp production systems to the fullest extent, of which only a few exist, to reduce costs and strengthen competitiveness.

(e) Efforts to promote innovation and to realize a sustainable society

Under one of our management philosophies, “Harmony with Nature and Society,” we are committed to promoting environmental management, and are dedicated to developing business activities in harmony with the environment. Our goal is to support the realization of true affluence and a sustainable society through the enhancement of flexible and efficient research and development activities, efforts to seek out new needs, and by creating products and businesses by means of promoting innovation.

Regarding cellulose nanofiber (CNF), a next-generation material anticipated to be applicable in various industries, the CNF thickener “AUROVISCO” has been adopted as a thickener for car chemical products as well as a compound for ensuring the smooth pumping of concrete. In addition, “AUROVISCO CS,” which received the silver medal at one of the world’s largest exhibition for raw materials for cosmetics that took place in the Netherlands in 2018, was commercialized in April 2019. Also, in October 2019, a resin glass containing CNF and polycarbonate was exhibited as a car part at the booth of Ministry of the Environment in the Tokyo Motor Show. This composite material is lighter than inorganic glass and is expected to dramatically reduce the weight of automobiles. Furthermore, in February 2020, the CNF sheets “AUROVEIL,” realized through the Group’s proprietary technology and development, were adopted as materials for table tennis rackets. In addition to the slurries, composite resins, and sheets used in these applications, CNF powder, which is dissolvable in organic solvents has also been added to the lineup of various CNFs, and going forward, we are continuing to develop applications in a broader range of fields to drive the commercialization of CNF and aggressively lead its penetration into the market.

In order to combat marine plastic waste, demand for paper products instead of plastic is rising around the world, and we are actively developing environmentally-friendly materials and products. In material development, we are accelerating development of products such as a composite material made from biodegradable plastic and pulp, recyclable packaging materials, water- and heat-resistant cup lids made from pulp, and we already have some products about to be adopted. For alternatives to plastic straws, base materials for water-resistant straws have been adopted by domestic straw manufacturers. We are also responding to many inquiries regarding the “SILBIO BARRIER,” a paper material that has water vapor and oxygen barrier properties and are working to further enhance its functionality as well as on its

commercialization. Furthermore, on the market, an Oji Group paper product was also adopted as a replacement for plastic in Nestlé Group product packaging materials in Japan, the second country after Thailand. Going forward, as a packaging materials supplier, we will continue contributing to initiatives that take the global environment into consideration.

We are also currently developing pulp as the raw material for the manufacture of plastics with the aim of curbing CO<sub>2</sub> emissions derived from fossil fuels and contributing to the prevention of global warming by replacing conventional plastics, which have oil as the raw material, with biomass plastics, which have sustainable biomass as the raw material. Common biomass plastics are manufactured from edible raw materials such as corn, but the Group will further contribute to a sustainable society with its biomass plastics, which use pulp derived from trees, which are non-edible, as the raw material to eliminate competition with food ingredients.

In the civil engineering field, we have jointly developed “KAMIWAZA” with Shimizu Corporation. This is a technology for improving the productivity of temporary construction using people- and environmentally-friendly paper materials that are easy to handle as a substitute for the steel and wood materials conventionally used as temporary construction materials. We will continue to pursue new solutions using paper materials.

Regarding hemicellulose, a component of wood, we launched “hydrolyzed xylan,” which was extracted and purified by the Group’s original technology, and was highly evaluated as a raw material for cosmetics, and commercialized in January 2019. Additionally, we are proceeding with the development of a new “sulfated hemicellulose (similar substance to existing pentosan polysulfate, a raw material for pharmaceuticals),” which is a chemically modified hemicellulose. In order to accelerate our efforts to enter the pharmaceutical business, in April 2020 we established “Oji Pharma Co., Ltd.” and are promoting collaboration with universities and pharmaceutical companies.

In the water treatment technology field, utilizing our technology in water preparation and waste water processing cultivated over many years, we are commercializing competitive water treatment systems. Our water treatment systems are operating at an industrial park in Thailand, as well as being adopted for a new water preparation facility at Myanmar’s largest beer company, a domestic use water production facility and waste water treatment facility at a large-scale complex in Myanmar scheduled to be completed in 2020. We are providing support for more optimal operation of water treatment facilities by embedding remote monitoring IoT technology across waste water treatment facilities, industrial water facilities, and domestic use water production facilities. While advancing innovation in water treatment system technology, we will aim to expand penetration, contributing to the improvement of water environments in Japan and overseas.

Going forward, we are continuing efforts to care for the environment, which involves aspects such as, countermeasures against climate change, conservation of biodiversity and providing environmentally-friendly products, while promoting sustainable forest management and responsibly procuring lumber and other raw materials.

Also, to achieve medium- to long-term enhancement of corporate value and sustainable growth, we are making efforts to promote work style reforms and diversity so that diverse personnel can demonstrate their talents.

We position the enhancement of corporate governance as a priority issue for management and will make continuous efforts to strengthen governance in order to increase corporate value and bring about a company trusted by society, and ensure the efficiency, soundness, and transparency of management while building trusting relationships with diverse stakeholders.

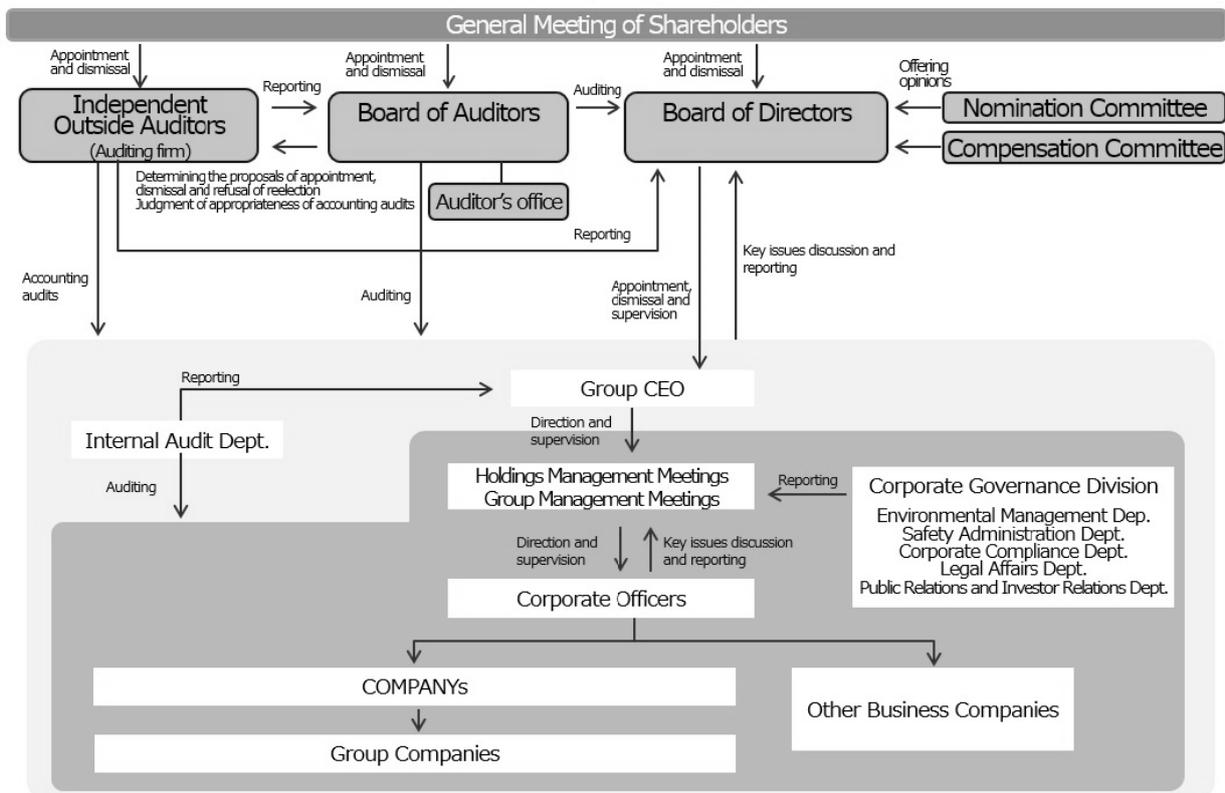
Through the measures discussed above, the Oji Group aims to be a corporate group that provides value to society in different fields and contributes to the achievement of Sustainable Development Goals (SDGs), and that constantly anticipates the needs of the day, strives to innovate, and grows in a sustainable manner.

<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 the Group 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>).

The corporate governance system of the Company is as shown below.



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

(as of March 31, 2020)

Segment	Main Businesses
Household and Industrial Materials	Containerboard and corrugated containers business, Boxboard and folding cartons business, Packaging papers 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, Plantation service and lumber processing 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, 2020)

## (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, 2020)

Segment	Number of employees	Change from previous fiscal year-end
Household and Industrial Materials	18,254	An increase of 484
Functional Materials	5,133	A decrease of 81
Forest Resources and Environment Marketing Business	7,450	An increase of 152
Printing and Communications Media	3,303	A decrease of 69
Others	2,670	A decrease of 15
Total	36,810	An increase of 501

**(8) Significant subsidiaries**

(as of March 31, 2020)

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 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 Seitai, Co., Ltd.	Chuo-ku, Tokyo	Household and Industrial Materials	429	(55.0)	Production and distribution of heavy-duty paper sack
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 475	(100)	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)
Ojitex Haiphong Co., Ltd.	Vietnam	Household and Industrial Materials	Millions of US dollars 35	100	Production and distribution of corrugated container products (sheet and box)
Ojitex (Vietnam) Co., Ltd.	Vietnam	Household and Industrial Materials	15	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	(56.3)	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
Celulose Nipo-Brasileira S.A.	Brazil	Forest Resources and Environment Marketing Business	Millions of US dollars 257	(56.3)	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
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

Company name	Headquarter location	Category	Capital stock	Percentage of voting rights of the Company	Major business description
Kyokuyo Co., Ltd.	Chuo-ku, Tokyo	Others	millions of yen 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. 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.
2. Capital stock value less than the minimum unit is truncated for presentation.
3. The percentage of voting rights of the Company shown in parentheses denotes one that includes voting rights held by subsidiaries.
4. The number of the Group's consolidated subsidiaries as of March 31, 2020 stood at 189, including significant subsidiaries whose names are listed above. The number of equity method affiliate companies totaled 24 as of March 31, 2020.
5. There is no subsidiary that falls under the category of specified wholly-owned subsidiary as of March 31, 2020.

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

The Group obtained necessary cash by securing loans from financial institutions and issuing corporate bonds.

In addition, the balance of interest-bearing liabilities as of March 31, 2020 decreased 38.9 billion yen from previous fiscal year-end to 581.7 billion yen.

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

(as of March 31, 2020)

Lender	Loan balance
	millions of yen
Sumitomo Mitsui Banking Corporation	62,413
Mizuho Bank, Ltd.	55,951
The Norinchukin Bank	43,204
Sumitomo Mitsui Trust Bank, Limited	24,649
Nippon Life Insurance Company	22,120

- (Notes) 1. The loan balances listed above include loans provided by the lenders to overseas subsidiaries.  
2. In addition to the loans listed above, the Company obtained 182,530 million yen in syndicate loans.  
3. 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**

Not applicable.

**(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 7 yen per share with the record date of March 31, 2020 by comprehensively considering the business results for the current fiscal year and future business environment, etc.

Combined with the interim dividend of 7 yen per share, which was implemented for the interim period, this will bring total dividends for the current fiscal year to 14 yen per share, an increase of 2 yen from the previous fiscal year.

(a) Type of dividend property

Cash

(b) Matters related to allotment of dividend property to shareholders and total amount thereof 7 yen per common share of the Company; Total amount 6,944,379,484 yen

(c) Effective date of dividends of surplus

June 11, 2020

**(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, 2020)

- (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) (22,327,605 shares)  
 (3) Total number of shareholders 65,690 shareholders  
 (5,877 increase compared with March 31, 2019)

### (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)	85,345	8.6
Japan Trustee Services Bank, Ltd. (Trust account)	58,342	5.9
Japan Trustee Services Bank, Ltd. (Trust account 4)	33,971	3.4
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	19,766	2.0
Japan Trustee Services Bank, Ltd. (Trust account 5)	16,700	1.7
The Norinchukin Bank	16,654	1.7
Japan Trustee Services Bank, Ltd. (Trust account 9)	16,154	1.6

- (Notes) 1. The Company holds treasury stock of 22,327 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 (22,327 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, 2020)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director and Chairman of the Board*	Susumu Yajima	
Representative Director of the Board, President and CEO*	Masatoshi Kaku	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*	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. Oji Asia Management Sdn. Bhd.
Director*	Shoji Fujiwara	President, Functional Materials Company President, Oji Functional Materials Progressing Center Inc.
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. In charge of Oji Container Co., Ltd.
Director*	Ryuichi Kisaka	President, Printing and Communications Media Company President, Oji Paper Co., Ltd. In charge of Oji Logistics Co., Ltd.
Director*	Kazuhiko Kamada	President, Celulose Nipo-Brasileira S.A.
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*	Koichi Ishida	Deputy General Manager, Corporate Governance Div. In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Director*	Fumio Shindo	President, Forest Resources and Environment Marketing Business Company President, Oji Green Resources Co., Ltd.
Director	Michihiro Nara	Attorney-at-law Outside Director, Seiko Epson Corp. Outside Director, Nihon Tokushu Toryo Co., Ltd.
Director	Toshihisa Takata	
Audit & Supervisory Board Member	Tomihiko Yamashita	(Standing) Audit & Supervisory Board Member of Oji Container 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	Nobuko Otsuka	(Standing) Audit & Supervisory Board Member of Oji F-Text Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd. and Oji Real Estate Co., Ltd.

Positions	Name	Responsibilities and significant concurrent positions
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
Audit & Supervisory Board Member	Norio Henmi	Attorney-at-law

- (Notes) 1. Mr. Michihiro Nara and Mr. Toshihisa Takata, Directors, are outside directors as prescribed in Article 2, Item 15 of the Companies Act.  
The Company has designated them as independent directors and notified the Tokyo Stock Exchange of such designation in accordance with its regulation.
2. Mr. Makoto Katsura, Mr. Mikinao Kitada and Mr. Norio Henmi are outside audit & supervisory board members as prescribed in Article 2, Item 16 of the Companies Act.  
The Company has designated them 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 95th Ordinary General Meeting of Shareholders held on June 27, 2019.
- |            |                                  |                  |                 |                  |  |
|------------|----------------------------------|------------------|-----------------|------------------|--|
| Assumption | Director                         |                  |                 |                  |  |
|            | Fumio Shindo                     | Toshihisa Takata |                 |                  |  |
| Retirement | Director                         |                  |                 |                  |  |
|            | Kiyotaka Shindo                  | Kazuo Fuchigami  | Hidehiko Aoyama | Nobuaki Terasaka |  |
| Assumption | Audit & Supervisory Board Member |                  |                 |                  |  |
|            | Nobuko Otsuka                    |                  |                 |                  |  |
| Retirement | Audit & Supervisory Board Member |                  |                 |                  |  |
|            | Motokazu Ogata                   |                  |                 |                  |  |
4. Standing Audit & Supervisory Board Members were elected by a resolution of the Audit & Supervisory Board at a meeting held on June 27, 2019, as follows.
- |   |                    |
|---|--------------------|
| Audit & Supervisory Board Member (Standing) | Tomihiko Yamashita |
| Audit & Supervisory Board Member (Standing) | Nobuko Otsuka      |
5. Mr. Ryoji Watari, Representative Director of the Board and Executive Vice President, resigned and retired from his respective office, becoming regular Director, effective March 31, 2020.
6. Ms. Nobuko Otsuka, Audit & Supervisory Board Member, has experience in the areas of taxation, accounting, and internal audits at the Regional Taxation Bureau, a tax accountant corporation, and the Company, and possesses considerable knowledge of finance and accounting.
7. The eleven (11) Directors of the Board whose names are marked with an asterisk concurrently serve as Executive Officers.
8. Effective April 1, 2020, 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, 2020)

Positions	Name	Responsibilities
Chairman of the Board*	Susumu Yajima	
President and Chief Executive Officer*	Masatoshi Kaku	Group CEO
Senior Executive Officer*	Yoshiki Koseki	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.
Senior Executive Officer*	Ryuichi Kisaka	General Manager, Corporate Governance Div. President, Oji Management Office Inc. In charge of: Oji Human Support Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd. Oji Asia Management Sdn. Bhd.
Executive Officer*	Kazuhiko Kamada	President, Celulose Nipo-Brasileira S.A.
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.
Executive Officer*	Koichi Ishida	Deputy General Manager, Corporate Governance Div. In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Executive Officer*	Fumio Shindo	President, Forest Resources and Environment Marketing Business Company and President, Printing and Communications Media Company President, Oji Green Resources Co., Ltd. In charge of Oji Logistics Co., Ltd.
Senior Executive Officer	Masaru Yokoyama	General Manager, Innovation Promotion Div.
Senior Executive Officer	Yutaka Fushino	Senior Managing Director, Oji Industrial Materials Management Co., Ltd. and President, Oji Container Co., Ltd.
Senior Executive Officer	Tan Dilun	President & CEO, Oji Asia Packaging Sdn. Bhd. and President, Oji Asia Management Sdn. Bhd.
Corporate Officer	Hisashi Ibayashi	Managing Director, Oji Functional Materials Progressing Center Inc. and President, Oji Imaging Media Co., Ltd.
Corporate Officer	Tadashi Kitamura	Managing Director, Oji Industrial Materials Management Co., Ltd. and President, Mori Shigyo Co., Ltd.
Corporate Officer	Azumi Kawabe	Vice President, Forest Resources and Environment Marketing Business Company President, Oji Eco Materials Co., Ltd.
Corporate Officer	Shigeki Aoki	President, Functional Materials Company President and Representative Director, Oji Functional Materials Progressing Center Inc.
Corporate Officer	Akio Hasebe	Managing Director, Oji Industrial Materials Management Co., Ltd.
Corporate Officer	Takao Funada	Managing Director, Oji Industrial Materials Management Co., Ltd. and President and Representative Director, Oji Materia Co., Ltd.
Corporate Officer	Muraji Nishi	Managing Director, Oji Functional Materials Progressing Center Inc. and President and Representative Director, Oji F-Tex Co., Ltd.

Positions	Name	Responsibilities
Corporate Officer	Takayuki Moridaira	Vice President, Printing and Communications Media Company Representative Director, President and CEO, Oji Paper Co., Ltd.
Corporate Officer	Hirokazu Yasui	President, Oji Paper Management (Shanghai) Co., Ltd. and President, Jiangsu Oji Paper Co., Ltd.

(Note) The eight (8) 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	Fixed remuneration	Performance-linked remuneration		Total
			Bonuses	Stock-based remuneration	
Director (Outside Director)	17 (3)	316 million yen (30 million yen)	211 million yen (-)	155 million yen (-)	684 million yen (30 million yen)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	6 (3)	91 million yen (39 million yen)	- (-)	- (-)	91 million yen (39 million yen)
Total	23	408 million yen	211 million yen	155 million yen	775 million yen

- (Notes)
- Remuneration, etc. for Directors is composed of (1) basic remuneration, which is a fixed remuneration, (2) bonuses (remuneration based on short-term performance), and (3) stock-based remuneration (remuneration that reflects medium- to long-term increase in corporate value). Basic remuneration is the only remuneration for Outside Directors.
  - The maximum remuneration, etc. for Directors concerning (1) and (2) above is 700 million yen a year. (resolution of the 92nd Ordinary General Meeting of Shareholders held on June 29, 2016).
  - For the remuneration, etc. for Directors (excluding Outside Directors) mentioned in (3) in Note 1, the Company introduced a performance-linked and stock-based remuneration plan for Directors (excluding Outside Directors) separately from the maximum remuneration mentioned in Note 2. (resolution of the 92nd Ordinary General Meeting of Shareholders held on June 29, 2016).  
Under the plan, the total number of rank-based basic points for each Director (excluding Outside Directors) multiplied by the performance-linked payment rate forms the number of points to be granted for the fiscal year, and the points are granted to those who were Directors (excluding Outside Directors) on the last day of the fiscal year on the date of the Company's Ordinary General Meeting of Shareholders. 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). The Company resolved to continue the plan at the Board of Directors meeting held on June 21, 2019, and disposed of 1,035,700 shares of treasury stock for the plan on November 21, 2019.
  - The maximum remuneration, etc. for Audit & Supervisory Board Members is 97 million yen a year (resolution of the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006).
  - The amount of remuneration, etc. for each Director is determined by the Board of Directors in light of the report of the Compensation Committee. In addition, the amount of remuneration, etc. for each Audit & Supervisory Board Member is determined through consultation with the Audit & Supervisory Board Members.
  - As of March 31, 2020, the number of Directors stood at thirteen (13) and that of Audit & Supervisory Board Members at five (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, 2020)

Position	Name	Concurrent positions
Outside Director	Michihiro Nara	Attorney-at-law, Outside Director, Seiko Epson Corporation, Outside Director, Nihon Tokushu Toryo Co., Ltd.
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
Outside Audit & Supervisory Board Member	Norio Henmi	Attorney-at-law

(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, 2020

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	14/15 (93.3%)	–	Provided expert opinions based on his rich experience and his wide-ranging knowledge from attorney's professional perspective
Outside Director	Toshihisa Takata	10/10 (100%)	–	Provided expert opinions based on his rich experience as a diplomat and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Makoto Katsura	14/15 (93.3%)	14/14 (100%)	Provided expert opinions based on his rich experience as a diplomat and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Mikinao Kitada	15/15 (100%)	14/14 (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	Norio Henmi	13/15 (86.7%)	14/14 (100%)	Provided expert opinions based on his rich experience and his wide-ranging knowledge from attorney's professional perspective

(Note) In respect of status of attendance, Mr. Toshihisa Takata, Director, only attended meetings of the Board of Directors held after he assumed office on June 27, 2019.

#### **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 105
The amount required to be paid to Accounting Auditors by the Company and its consolidated subsidiaries	260
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., Harta Packaging Industries Sdn. Bhd., and Ojitex Haiphong Co., Ltd.

##### **(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, 2020	As of March 31, 2019 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	73,943	78,756
Notes and accounts receivable–trade	301,682	334,852
Short-term investment securities	10,381	9,471
Merchandise and finished goods	98,483	101,940
Work in process	23,467	20,094
Raw materials and supplies	94,946	94,758
Short-term loans receivable	3,749	6,294
Accounts receivable–other	20,232	14,531
Other	15,407	14,603
Allowance for doubtful accounts	(1,811)	(1,838)
<b>Total current assets</b>	<b>640,484</b>	<b>673,465</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	188,286	188,861
Machinery, equipment and vehicles	297,632	318,702
Tools, furniture and fixtures	5,560	4,914
Land	235,700	235,975
Forests	109,664	110,882
Standing timber	85,858	89,719
Lease assets	34,849	2,296
Construction in progress	58,241	33,404
<b>Total property, plant and equipment</b>	<b>1,015,794</b>	<b>984,759</b>
Intangible assets		
Goodwill	4,672	6,682
Other	8,388	9,903
<b>Total intangible assets</b>	<b>13,060</b>	<b>16,586</b>
Investments and other assets		
Investment securities	150,831	186,287
Long-term loans receivable	7,558	7,398
Long-term prepaid expenses	3,998	21,336
Net defined benefit asset	32,019	37,115
Deferred tax assets	7,184	10,732
Other	15,258	14,806
Allowance for doubtful accounts	(910)	(1,119)
<b>Total investments and other assets</b>	<b>215,941</b>	<b>276,558</b>
<b>Total noncurrent assets</b>	<b>1,244,796</b>	<b>1,277,904</b>
<b>Total assets</b>	<b>1,885,280</b>	<b>1,951,369</b>

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

	As of March 31, 2020	As of March 31, 2019 (Ref.)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	209,669	253,929
Short-term loans payable	172,027	193,175
Commercial papers	14,000	3,000
Current portion of bonds	20,000	20,000
Accounts payable–other	16,330	16,705
Accrued expenses	48,485	48,912
Income taxes payable	22,984	17,941
Other	29,479	22,705
<b>Total current liabilities</b>	<b>532,976</b>	<b>576,369</b>
<b>Noncurrent liabilities</b>		
Bonds payable	80,000	70,000
Long-term loans payable	295,647	334,402
Deferred tax liabilities	48,412	62,486
Deferred tax liabilities for land revaluation	7,803	7,806
Net defined benefit liability	54,213	52,874
Long-term deposits received	7,492	7,728
Other	27,078	24,295
<b>Total noncurrent liabilities</b>	<b>520,647</b>	<b>559,593</b>
<b>Total liabilities</b>	<b>1,053,623</b>	<b>1,135,963</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,880	103,880
Capital surplus	110,750	110,474
Retained earnings	457,568	413,023
Treasury stock	(13,577)	(13,753)
<b>Total shareholders' equity</b>	<b>658,623</b>	<b>613,625</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,004	32,981
Deferred gains or losses on hedges	(957)	317
Revaluation reserve for land	5,813	5,816
Foreign currency translation adjustment	2,390	13,223
Remeasurements of defined benefit plans	5,261	11,428
<b>Total accumulated other comprehensive income</b>	<b>33,512</b>	<b>63,767</b>
Subscription rights to shares	216	222
Non-controlling interests	139,305	137,790
<b>Total net assets</b>	<b>831,657</b>	<b>815,406</b>
<b>Total liabilities and net assets</b>	<b>1,885,280</b>	<b>1,951,369</b>

## Consolidated Statements of Income

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

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019 (Ref.)
Net sales	1,507,607	1,550,991
Cost of sales	1,143,665	1,175,093
Gross profit	363,942	375,897
Selling, general and administrative expenses	257,816	265,685
Operating profit	106,125	110,212
Non-operating income		
Interest and dividends income	5,319	5,468
Equity in earnings of affiliates	2,889	12,593
Other	6,096	9,535
Total non-operating income	14,305	27,596
Non-operating expenses		
Interest expenses	6,948	6,419
Foreign exchange losses	4,797	4,046
Other	7,396	8,973
Total non-operating expenses	19,142	19,439
Ordinary profit	101,289	118,370
Extraordinary income		
Gain on sales of investment securities	5,070	2,091
Insurance claim income	1,513	904
Gain on redemption of securities to retirement benefit trust	–	11,224
Other	508	1,271
Total extraordinary income	7,092	15,492
Extraordinary loss		
Business restructuring expenses	2,758	1,348
Loss on disaster	2,583	3,716
Loss on retirement of noncurrent assets	1,910	1,933
Impairment loss	1,728	34,141
Other	1,262	1,925
Total extraordinary losses	10,242	43,065
Income before income taxes and minority interests	98,138	90,797
Income taxes—current	35,018	31,227
Income taxes—deferred	(1,380)	(6,560)
Profit	64,500	66,130
Profit attributable to non-controlling interests	6,319	14,152
Profit attributable to owners of parent	58,181	51,977

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

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

	As of March 31, 2020	As of March 31, 2019 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	5,830	4,161
Operating accounts receivable	128	183
Short-term loans receivable	215,522	293,870
Accounts receivable–other	18,817	9,648
Other	195	129
Allowance for doubtful accounts	(1,434)	(1,943)
<b>Total current assets</b>	<b>239,060</b>	<b>306,049</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	16,649	17,338
Structures	238	266
Machinery and equipment	680	329
Vehicles	0	0
Tools, furniture and fixtures	943	911
Land	42,640	42,640
Forests	15,642	15,642
Standing timber	22,131	22,288
Lease assets	187	10
Construction in progress	309	334
<b>Total property, plant and equipment</b>	<b>99,422</b>	<b>99,761</b>
Intangible assets		
Software	16	10
Other	56	58
<b>Total intangible assets</b>	<b>73</b>	<b>69</b>
Investments and other assets		
Investment securities	61,718	73,246
Stocks of subsidiaries and affiliates	559,609	557,249
Investments in capital	2	2
Investments in capital of subsidiaries and affiliates	8,386	8,717
Long-term loans receivable	42,426	6,516
Long-term prepaid expenses	761	906
Deferred tax assets	668	–
Other	611	607
Allowance for doubtful accounts	(20)	(16)
<b>Total investments and other assets</b>	<b>674,163</b>	<b>647,229</b>
<b>Total noncurrent assets</b>	<b>773,659</b>	<b>747,059</b>
<b>Total assets</b>	<b>1,012,719</b>	<b>1,053,109</b>

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

	As of March 31, 2020	As of March 31, 2019 (Ref.)
Liabilities		
Current liabilities		
Short-term loans payable	213,908	240,560
Commercial papers	14,000	3,000
Current portion of bonds	20,000	20,000
Accounts payable–other	12,876	13,027
Accrued expenses	2,197	2,809
Income taxes payable	11,585	1,276
Other	1,249	1,328
Total current liabilities	275,816	282,002
Noncurrent liabilities		
Bonds payable	80,000	70,000
Long-term loans payable	284,645	320,070
Deferred tax liabilities	–	2,342
Provision for retirement benefits	1,908	2,092
Long-term deposits received	4,115	4,373
Other	2,314	2,509
Total noncurrent liabilities	372,984	401,388
Total liabilities	648,800	683,390
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus		
Capital reserve	108,640	108,640
Other capital surplus		
Total capital surplus	108,640	108,640
Retained earnings		
Retained earnings reserve	24,646	24,646
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	14,884	15,172
General reserve	101,729	101,729
Retained earnings brought forward	6,133	4,069
Total retained earnings	147,394	145,618
Treasury stock	(13,821)	(14,013)
Total shareholders' equity	346,094	344,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,842	25,682
Deferred gains or losses on hedges	(233)	(312)
Total valuation and translation adjustments	17,608	25,369
Subscription rights to shares	216	222
Total net assets	363,918	369,718
Total liabilities and net assets	1,012,719	1,053,109

## Non-consolidated Statements of Income

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

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019 (Ref.)
Operating revenue	37,665	30,991
Operating expenses		
General and administrative expenses	14,239	13,741
Other	2,409	2,351
Operating profit	21,017	14,898
Non-operating income		
Interest and dividends income	4,684	4,898
Brand maintenance income	1,550	1,403
Foreign exchange gains	843	–
Other	987	222
Total non-operating income	8,065	6,524
Non-operating expenses		
Interest expenses	3,858	3,940
Brand maintenance expenses	1,726	1,683
Foreign exchange losses	–	43
Other	759	1,600
Total non-operating expenses	6,344	7,268
Ordinary profit	22,738	14,154
Extraordinary income		
Gain on sales of investment securities	109	1,231
Other	8	22
Total extraordinary income	118	1,253
Extraordinary loss		
Loss on valuation of shares of subsidiaries and affiliates	6,740	2,493
Loss on sales of shares of subsidiaries and associates	–	748
Other	556	853
Total extraordinary losses	7,297	4,095
Income before income taxes	15,558	11,312
Income taxes–current	488	742
Income taxes–deferred	388	(108)
Profit	14,682	10,678

## Report on Audits

### Certified Copy of the Accounting Auditor's Report

#### REPORT OF INDEPENDENT AUDITORS

May 22, 2020

To the Board of Directors of Oji Holdings Corporation

**PricewaterhouseCoopers Aarata LLC**  
**Tokyo Office**

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)

#### Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Oji Holdings Corporation (the "Company"), which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with 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 22, 2020

To the Board of Directors of Oji Holdings Corporation

**PricewaterhouseCoopers Aarata LLC  
Tokyo Office**

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)

**Audit Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Oji Holdings Corporation (the "Company"), which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules (hereinafter collectively referred to as the "Non-consolidated Financial Statements, Etc.") applicable to the 96th business year from April 1, 2019 through March 31, 2020.

In our opinion, the Non-consolidated Financial Statements, Etc. referred to above present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Non-consolidated Financial Statements, Etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.**

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements, Etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the Non-consolidated Financial Statements, Etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements, Etc., management is responsible for assessing whether it is appropriate to prepare the Non-consolidated Financial Statements, Etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

**Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.**

Our responsibilities are to obtain reasonable assurance about whether the Non-consolidated Financial Statements, Etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Non-consolidated Financial Statements, Etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these Non-consolidated Financial Statements, Etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Non-consolidated Financial Statements, Etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the Non-consolidated Financial Statements, Etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Non-consolidated Financial Statements, Etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the Non-consolidated Financial Statements, Etc. and notes to the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Non-consolidated Financial Statements, Etc., including the related notes thereto, and whether the Non-consolidated Financial Statements, Etc. fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Conflicts of Interest

We or engagement partners have no interests in the Company, which should be stated in compliance with 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 96th business year from April 1, 2019 to March 31, 2020, 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, 2020.

## 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 22, 2020

Audit & Supervisory Board of Oji Holdings Corporation

Audit & Supervisory Board Member (Standing)	Tomihiro Yamashita	(Seal)
Audit & Supervisory Board Member (Standing)	Nobuko Otsuka	(Seal)
Audit & Supervisory Board Member	Makoto Katsura	(Seal)
Audit & Supervisory Board Member	Mikinao Kitada	(Seal)
Audit & Supervisory Board Member	Norio Henmi	(Seal)

Note: Mr. Makoto Katsura, Mr. Mikinao Kitada and Mr. Norio Henmi are outside audit & supervisory board members prescribed in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.

(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 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**The 96th term  
(from April 1, 2019 to March 31, 2020)**

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, 2020

(as of March 31, 2020)

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) 1	12 (1,000 shares of common stock per unit)	Common stock 12,000 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) 1	15 (1,000 shares of common stock per unit)	Common stock 15,000 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) 1	15 (1,000 shares of common stock per unit)	Common stock 15,000 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) 3	46 (1,000 shares of common stock per unit)	Common stock 46,000 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) 4	72 (1,000 shares of common stock per unit)	Common stock 72,000 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) 4	57 (1,000 shares of common stock per unit)	Common stock 57,000 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) 7	117 (1,000 shares of common stock per unit)	Common stock 117,000 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 is divided into: the "Group Regulations for Preventing Acts of Giving Bribes and Corruption" and the "Group Regulations for Preventing Acts of Receiving Bribes and Corruption," aimed to develop and enhance the existing system. The preventative structure and measures against bribery and corruption are 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, the scope of risks to be managed are defined as risks affecting all the tangible and intangible property owned by Oji Group. The risks to be managed are divided into Group-shared risks and risks affecting specific operational lines, and these risks are further categorized into the following risk types: environmental risks, compliance risks, information security risks, product liability risks, natural disaster risks, etc.
- Risk management structures are clarified to expedite response by defining the departments responsible for risk management and the departments to support such management for each risk type.
- In preparation for situations of emergency, structures are in place to provide reporting and information collection on a 24-hour/day system to ensure expeditious initial response. In addition, inspection and maintenance, etc. of the equipment and other hardware required during emergencies is continuously carried out and steps are taken to enhance the crisis management structure.
- In particular, if a serious situation arises that requires a Group-wide response, there is a system in place whereby an Group emergency headquarters is set up to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers.
- 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 to the Group Management Meeting and Audit & Supervisory Board Members.

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

- Fifteen 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 five (5) members composed of two (2) Standing Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members held 14 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 “Profitability Improvement of Domestic Business,” “Expansion of Overseas Business,” “Promotion of Innovation,” and “Contribution to a Sustainable Society” 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

The Company implements measures outlined in "(4) Issue to address of Oji Group" on page 38 of the Business Report of the NOTICE OF THE 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS as initiatives to enhance corporate value and the common interests of the shareholders of the Company for the purpose of encouraging a large number of investors to continue investing in the Company for a long time.

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.

(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 [3] (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 (3) 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.

Toshihisa Takata

(Date of birth: January 8, 1954)

Brief history

April 1976	Joined Ministry of Foreign Affairs of Japan
August 2010	Ambassador Extraordinary and Plenipotentiary of Japan to Kenya
October 2010	Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi
January 2013	Ambassador Extraordinary and Plenipotentiary of Japan to Kenya, Eritrea, Seychelles, and Brundi and Somalia
August 2013	Ambassador in charge of Okinawan Affairs
May 2015	Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, Samoa, the Cook Islands, and Samoa
June 2016	Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, Samoa, and Niue
March 2017	Ambassador Extraordinary and Plenipotentiary of Japan to New Zealand, the Cook Islands, and Niue
October 2018	Retired from office
June 2019	Director, the Company (to the present)

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

Norio Henmi

(Date of birth: June 13, 1957)

Brief history

April 1989	Registered as an attorney-at-law
June 2018	Audit & Supervisory Board Member of the Company (to the present)

\* Mr. Norio Henmi 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, 2020)

(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	110,474	413,023	(13,753)	613,625
Cumulative effects of changes in accounting policies			(752)		(752)
Restated Balance	103,880	110,474	412,271	(13,753)	612,872
Changes of items during the period					
Dividends from surplus			(12,883)		(12,883)
Profit attributable to owners of parent			58,181		58,181
Purchase of treasury stock				(582)	(582)
Disposal of treasury stock		(8)		758	750
Change in equity-treasury stock				0	0
Change of scope of consolidation			92		92
Increase (decrease) resulting from merger of consolidated subsidiaries			(88)		(88)
Transfer from retained earnings to capital surplus		8	(8)		—
Change in ownership interest of parent due to transactions with non-controlling shareholders		276			276
Reversal of revaluation reserve for land			3		3
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	276	45,297	176	45,750
Balance at the end of current period	103,880	110,750	457,568	(13,577)	658,623

	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	32,981	317	5,816	13,223	11,428	63,767	222	137,790	815,406
Cumulative effects of changes in accounting policies								(504)	(1,257)
Restated Balance	32,981	317	5,816	13,223	11,428	63,767	222	137,286	814,149
Changes of items during the period									
Dividends from surplus									(12,883)
Profit attributable to owners of parent									58,181
Purchase of treasury stock									(582)
Disposal of treasury stock									750
Change in equity-treasury stock									0
Change of scope of consolidation									92
Increase (decrease) resulting from merger of consolidated subsidiaries									(88)
Transfer from retained earnings to capital surplus									—
Change in ownership interest of parent due to transactions with non-controlling shareholders									276
Reversal of revaluation reserve for land									3
Net changes of items other than shareholders' equity	(11,976)	(1,274)	(3)	(10,832)	(6,167)	(30,255)	(6)	2,019	(28,242)
Total changes of items during the period	(11,976)	(1,274)	(3)	(10,832)	(6,167)	(30,255)	(6)	2,019	17,507
Balance at the end of current period	21,004	(957)	5,813	2,390	5,261	33,512	216	139,305	831,657

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

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

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Cash flows from operating activities	124,491	140,571
Cash flows from investing activities	(64,801)	(66,636)
Cash flows from financing activities	(58,148)	(45,539)
Effect of exchange rate changes on cash and cash equivalents	(1,737)	(2,241)
Net increase (decrease) in cash and cash equivalents	(196)	26,152
Cash and cash equivalents at the beginning of the year	82,794	58,343
Increase in cash and cash equivalents resulting from merger	9	20
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(216)	(1,722)
Cash and cash equivalents at the end of the year	82,390	82,794

## 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 1 company into the scope of consolidation as of the current fiscal year. The primary reasons for this were as follows: New establishment. 2 companies have also been excluded from the scope of consolidation due to a decrease in materiality.

##### (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: 23

Main affiliates under the equity method include:

Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., Ltd., and Yupo Corporation

##### (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 Fibre Solutions (NZ) Ltd. and other 82 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

###### (i) 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)

###### (ii) 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.

##### (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

<u>Hedging instruments</u>	<u>Hedged items</u>
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency options	Monetary assets denominated in foreign currencies
Interest rate and currency swaps	Loans payable denominated in foreign currencies
Interest rate swaps	Borrowings
Commodity swaps	Electricity

(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 (11-19 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.

(Application of Tax Effect Accounting for Transition from Consolidated Taxation System to Group Total System)

Regarding the items for which the tax exemption system was reviewed in line with the transition to the group total system and the transition to the group total system that was established under the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020), in line with the treatment of Paragraph 3 of the "Treatment of Application of Tax Effect Accounting for Transition From Consolidated Taxation system to Group Total System" (Business Response

Report No. 39, March 31, 2020), the Company and a part of its domestic consolidated subsidiaries will not apply Paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law prior to the revision.

(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. Change in accounting policy

### (Application of IFRS 16 “Leases)

The Oji Group’s IFRS-compliant subsidiaries have adopted IFRS 16 “Leases” from the beginning of the current fiscal year. Accordingly, right-of-use assets and lease liabilities are recognized at the commencement date for all leases. In applying this accounting standard, the Oji Group’s IFRS-compliant subsidiaries have adopted a method of recognizing cumulative effects at the commencement date, the method recognized as a transitional measure. As a result, the Consolidated Balance Sheet shows increases of “Lease assets” in “Property, plant and equipment” of 15,720 million yen, “Other” in “Current liabilities” of 2,353 million yen, and “Other” in “Non-current liabilities” of 15,932 million yen. In addition, land-use rights of 16,440 million yen, which were previously included in “Long-term prepaid expenses” in “Investment and other assets,” are included in “Lease assets” in “Property, plant and equipment” as right-of-use assets.

As the cumulative effect on net assets at the beginning of the current fiscal year was reflected, the Consolidated Statement of Changes in Net Assets includes a decrease in the beginning balance of “Retained earnings” of 752 million yen and a decrease in the beginning balance of “Non-controlling interests” of 504 million yen.

The effect of this change on the Consolidated Statements of Income and Per Share Information is immaterial.

### (Application of US accounting standard ASU 2014-09 Revenue from contracts with customers)

Subsidiaries in the Group adopting of US accounting standard have applied Application of US accounting standard ASU 2014-09 “Revenue from contracts with customers from the beginning of current fiscal year. Financial impact from this accounting standard on the consolidated financial statements is considered immaterial.

## 6. Change in presentation

### (Consolidated Statements of Income)

“Insurance income” which was included in “Other” in “Extraordinary income” last fiscal year, is separately disclosed due to the increased materiality in the current fiscal year. “Insurance income” was 904 million yen last fiscal year.

“Business restructuring expenses” included in “Other” in “Extraordinary loss” last fiscal year is separately disclosed due to the increased materiality in the current fiscal year. “Business restructuring expenses” was 1,348 million yen last fiscal year.

“Loss on disaster” included in “Other” in “Extraordinary loss” last fiscal year is separately disclosed due to the increased materiality in the current fiscal year. “Loss on disaster” was 3,716 million yen last fiscal year.

“Loss on retirement of noncurrent assets” included in “Other” in “Extraordinary loss” last fiscal year is separately disclosed due to the increased materiality in the current fiscal year. “Loss on retirement of noncurrent assets” was 1,933 million yen last fiscal year.

## 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	1,956
Notes and accounts receivable–trade	2,278
Merchandise and finished goods	1,404
Work in process	15
Raw materials and supplies	484
Short-term loans receivable	3,931
Other current assets	2,449
Buildings and structures	7,142
Machinery, equipment and vehicles	8,467
Tools, furniture and fixtures	147
Land	8,885
Forests	919
Standing timber	17,527
Construction in progress	720
Other intangible assets	1,029
Investment securities	831
Other investments and other assets	20
Total	<u>58,211</u>

Of the above, the following amounts have been eliminated in the consolidated balance sheets: within the notes and accounts receivable–trade, 230 million yen of notes and accounts receivable–trade from consolidated subsidiaries, within the short-term loans receivable, 3,931 million yen of short-term loans receivable from consolidated subsidiaries, and within the investment securities, 373 million yen of investments in consolidated subsidiaries.

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

Short-term loans payable	3,765
Long-term loans payable	1,930
Notes and accounts payable–trade	411
Accounts payable–other	3
Total	<u>6,109</u>

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

2,631,513

(including the amount of accumulated impairment loss)

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

Tokyo Branch of ForestCorporation	6,058
PT. Korintiga Hutani	6,965
Other	1,431
Total	<u>14,454</u>

### 4. Notes discounted (millions of yen)

Notes receivable endorsed 222

### 5. 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. Business restructuring expenses

Business restructuring expenses are mainly the amount of impairment losses on the assets in question due to the decision to stop production facilities at Oji Materia Co., Ltd. Nayoro Plant, Oji Paper Co., Ltd. Tomakomai Plant and others.

### 2. Impairment loss

In the case of business assets, the Group classifies assets by rental property units and individual property units in leased real estate and idle assets, based on the smallest unit that generates almost independent cash flows based on business categories.

In the current fiscal year, asset groups whose operating income continues to be negative and idle assets where the market value declines significantly are subject to the impairment test, and the book value is reduced to the recoverable amount for items whose recoverable value falls below the book value. The reduced amount of 3,671 million yen is recorded as impairment loss in extraordinary loss.

The breakdown of the losses are buildings and structures of 956 million yen, machinery, equipment and vehicles of 1,727 million yen, tools, furniture and fixtures of 4 million yen, land of 418 million yen, standing timber of 87 million yen, lease assets of 417 million yen, and other of 62 million yen, of which 1,943 million yen is recorded in Extraordinary loss as business structuring expenses.

If the recoverable amount of the asset is based on the net realizable value, the asset is valued by the real estate appraisal method and the like. If the recoverable amount of the asset is based on usage value, it is calculated based on discounted future cash flow using 5.3% to 8.2% rate.

## 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 24,368,163

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year, are 1,829,612 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 13, 2019	Common stock	5,946	6.0	March 31, 2019	June 5, 2019
Board of Directors' Meeting held on November 5, 2019	Common stock	6,937	7.0	September 30, 2019	December 2, 2019

(Notes) 1. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on May 13, 2019, is a dividend amount of 7 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 5, 2019, 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 25, 2020	Common stock	6,944	Retained earnings	7.0	March 31, 2020	June 11, 2020

(Note) Included within the total dividend amount is a dividend amount of 12 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 640,000

## 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, 2020 (the consolidated account closing date for the current fiscal year).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	73,943	73,943	–
(2) Notes and accounts receivable–trade	301,682		
(3) Short-term loans receivable	3,749		
Allowance for doubtful accounts (*1)	(1,799)		
	303,633	303,633	–
(4) Long-term loans receivable	7,558		
Allowance for doubtful accounts (*2)	(646)		
	6,912	7,191	279
(5) Short-term investment securities and investment securities			
(i) Held-to-maturity debt securities	10,381	10,381	–
(ii) Stocks of affiliates	33,967	11,254	(22,712)
(iii) Available-for-sale securities	75,511	75,511	–
Total assets	504,349	481,915	(22,433)
(1) Notes and accounts payable–trade	209,669	209,669	–
(2) Short-term loans payable	129,523	129,523	–
(3) Commercial papers	14,000	14,000	–
(4) Bonds payable	100,000	100,234	234
(5) Long-term loans payable	338,151	344,688	6,537
Total liabilities	791,343	798,115	6,771
Derivative transactions (*3)	24	24	–

- (\*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: 42,504 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: 20,000 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: 42,504 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: 41,352 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 “Assets (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	699.12 yen
2. Profit per share	58.78 yen

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

(Note) Shares of the Company held by Trust Delivering Shares for Officers and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating “Net assets per share” (1,829,612 shares). Moreover, in calculating “Profit per share,” they are included in the number of treasury stocks deducted from the average number of shares outstanding during the period (1,341,298 shares).

## Non-consolidated Statement of Changes in Net Assets

(Fiscal year ended March 31, 2020)

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

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings reserve	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings					
						Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	103,880	108,640	—	108,640	24,646	15,172	101,729	4,069	145,618	(14,013)	344,126
Changes of items during the period											
Reversal of reserve for advanced depreciation of noncurrent assets						(288)		288	—		—
Dividends from surplus								(12,883)	(12,883)		(12,883)
Profit								14,682	14,682		14,682
Purchase of treasury stock										(582)	(582)
Disposal of treasury stock			(23)	(23)						774	750
Transfer from retained earnings to capital surplus			23	23				(23)	(23)		—
Net changes of items other than shareholders' equity											
Total changes of items during the period	—	—	—	—	—	(288)	—	2,063	1,775	192	1,968
Balance at the end of current period	103,880	108,640	—	108,640	24,646	14,884	101,729	6,133	147,394	(13,821)	346,094

	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	25,682	(312)	25,369	222	369,718
Changes of items during the period					
Reversal of reserve for advanced depreciation of noncurrent assets					—
Dividends from surplus					(12,883)
Profit					14,682
Purchase of treasury stock					(582)
Disposal of treasury stock					750
Transfer from retained earnings to capital surplus					—
Net changes of items other than shareholders' equity	(7,840)	78	(7,761)	(6)	(7,768)
Total changes of items during the period	(7,840)	78	(7,761)	(6)	(5,800)
Balance at the end of current period	17,842	(233)	17,608	216	363,918

## 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.

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.

(Application of Tax Effect Accounting for Transition From Consolidated Taxation System to Group Total System)

Regarding the items for which the tax exemption system was reviewed in line with the transition to the group total system and the transition to the group total system that was established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), in line with the treatment of Paragraph 3 of the “Treatment of Application of Tax Effect Accounting for Transition From Consolidated Taxation system to Group Total System” (Business Response Report No. 39, March 31, 2020), the Company will not apply Paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16,

2018). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law prior to the revision.

6. Change in presentation

(Non-consolidated Statements of Income)

“Loss on sales of investment securities” in Extraordinary losses separately disclosed last fiscal year is included in “Other (1 million yen)” due to the immateriality in the current fiscal year.

**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	318
Total	<u>478</u>

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

Long-term loans payable (including the amount scheduled to be paid within one year)	1,243
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2. Accumulated depreciation of property, plant and equipment (millions of yen)

	54,085
(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	233,591
Long-term monetary receivables from subsidiaries and affiliates	42,492
Short-term monetary payables to subsidiaries and affiliates	111,494
Long-term monetary payables to subsidiaries and affiliates	4

4. Guarantee obligations, etc. (millions of yen)

Jiangsu Oji Paper Co., Ltd.	31,849
PT. Korintiga Hutani	6,965
Oji Paper Co., Ltd.	2,660
GS Paperboard & Packaging	1,597
Other	2,254
Total	<u>45,327</u>

**Notes to Non-consolidated Statements of Income**

1. Volume of transactions with subsidiaries and affiliates (millions of yen)

Operating revenue	36,749
Of which business advisory fee income	14,294
Of which dividends income	19,411
Other	3,042
Operating expenses	10,637
Transaction volume–non-trading	5,409

## 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 24,157,217

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,829,612 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	10,466
Other	2,888
Subtotal	<u>28,450</u>
Valuation allowance	<u>(13,368)</u>
Total deferred tax assets	<u>15,081</u>
Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(7,743)
Reserve for advanced depreciation of noncurrent assets	(6,568)
Other	(101)
Total deferred tax liabilities	<u>(14,413)</u>
Net amount of deferred tax assets	<u>668</u>

## 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)	(23,000)	Short-term loans receivable	18,818
					Business advisory fee (Note 2)	4,576	–	–
Consolidated subsidiary	Mori Shigyo Co., Ltd.	Indirect: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Borrowing of funds (decrease in the balance) (Note 1)	(6,224)	Short-term loans payable	11,075
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Borrowing of funds (increase in the balance) (Note 1)	9,743	Short-term loans payable	11,747
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)	(1,833)	Short-term loans receivable	13,280
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (increase in the balance) (Note 1)	11,342	Short-term loans receivable	17,428
							Long-term loans receivable	14,100
Consolidated subsidiary	OCM Fiber Trading Co., Ltd.	Indirect: 70.0	–	Financing relationship	Lending of funds (increase in the balance) (Note 1)	5,780	Short-term loans receivable	14,294
Consolidated subsidiary	Oji Paper 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)	(25,771)	Short-term loans receivable	94,000
					Borrowing of funds (increase in the balance) (Note 1)	3,416	Short-term loans payable	19,862
					Business advisory fee (Note 2)	3,530	–	–
					Interest income (Note 1)	1,011	–	–

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 (decrease in the balance) (Note 1)	(5,427)	Short-term loans receivable	10,662
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)	3,444	—	—
					Outsourcing fees (Note 4)	2,471	—	—
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
Consolidated subsidiary	Japan Brazil Paper and Pulp Development Ltd.	Direct: 56.0 Indirect: 0.3	—	Financing relationship	Borrowing of funds (decrease in the balance) (Note 1)	(1,480)	Short-term loans receivable	10,380

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 | 367.29 yen |
| 2. Profit per share     | 14.83 yen  |
- (Calculated from the weighted average number of common shares during the period)

(Note) Shares of the Company held by Trust Delivering Shares for Officers and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating "Net assets per share" (1,829,612 shares). Moreover, in calculating "Profit per share," they are included in the number of treasury stocks deducted from the average number of shares outstanding during the period (1,341,298 shares).

### 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.