Last Update: December 25, 2020

Oji Holdings Corporation

President: Masatoshi Kaku
Contact: +81-3-3563-1111
(Corporate Administration Dept., Corporate Governance Div.)
Securities Code: 3861
https://www.ojiholdings.co.jp/english/

The corporate governance of Oji Holdings Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Drawing on the fundamental values and the behavior principles that the Oji Group (the "Group") has carried down as a company since its founding, the Group has formulated the Oji Group Corporate Code of Conduct by which the Group as a whole engages in corporate activities with an awareness of its responsibility as a corporate citizen and a strong sense of ethics. The Group will continue to strive toward enhancing its corporate governance, regarding it as one of the highest priority issues, by ensuring efficiency, soundness and transparency of the management, while building relationships of trust with its diverse stakeholders. In doing so, the Group aims to increase its corporate value and become a company that is trusted by society.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

The Company has formulated the "Fundamental Policies on Corporate Governance" and posted it on its website.
The Fundamental Policies on Corporate Governance:
<https://www.ojiholdings.co.jp/english/group/policy/governance.html>

[Principle 1.4] (Strategic Shareholdings)
The Oji Group strategically holds shares that are expected to contribute to the sustainable growth of the Group and the improvement of corporate value over the medium- to long-term as part of its management strategy for the purpose of business alliances and strengthening and maintenance of long-term and stable relationships with business partners.
The Article 18 of the "Fundamental Policies on Corporate Governance" stipulates the following regarding strategic shareholdings.

Article 18. The Group, as part of its management strategies, shall strategically hold shares that are deemed to contribute to the sustainable growth of the Oji Group and the enhancement of its medium- to long-term corporate value, from the perspectives of business collaboration as well as strengthening and maintenance of long-term stable relationship with business partners.

2. The Group shall verify the appropriateness of strategic shareholdings at the Board of Directors every year, by concretely examining the purpose of holding the shares, as well as whether the benefits and risks associated with holding the shares are commensurate with the cost of capital. The Group, then, shall proceed

with reducing strategic shareholdings by selling the shares for which there is insufficient rationale in a timely and appropriate manner.

3. The Group, taking into account the management policies of issuing companies involved in strategic shareholdings, shall comprehensively assess the impact of each proposal on the Group which include whether the proposal would contribute to enhancing the medium- to long-term corporate value of the issuing companies, or whether it would lead to harm shareholder value. The Group, then, shall exercise its voting rights, and engage in dialogue with issuing companies and other parties regarding the content of the proposal.

At the Board of Directors meeting held in December 2020, the appropriateness of strategic shareholdings as of the end of March 2020 was examined through the specific examinations for each share which determined whether the purpose of holding was appropriate and whether the benefits and risks associated with holding were commensurate with the cost of capital. The Company proceeds with reducing the strategic shareholding by appropriately selling the shares for which there is insufficient rationale.

[Principle 1.7] (Related Party Transactions)

The Article 19 of the "Fundamental Policies on Corporate Governance" stipulates the following regarding related party transactions.

Article 19. The Company shall make efforts so that dealings between Officers, major shareholders and other parties do not harm the mutual interests of the Company and its shareholders, and shall engage in the following initiatives.

1. Directors and Corporate Officers, when engaging in dealings with the Company on behalf of themselves or third parties, shall follow the provisions of the Companies Act as well as the Group Regulations to obtain prior approval from and perform after-action reporting to the Board of Directors.

2. The Company shall confirm the presence of dealings between the Group and its Directors, Corporate Officers, or their relatives to the second degree every year, and shall strive to grasp the dealings by these parties that involve conflicts of interest.

3. Major dealings involving the Company and its major shareholders, subsidiaries, affiliates, and other related parties shall be reported to the Board of Directors.

[Principle 2.6] (Roles of Corporate Pension Funds as Asset Owners)

In order to enhance the expertise of operations and fulfill its role as an asset owner, the Company complements its expertise as well as knowledge by appointing individuals with expertise and knowledge in pension fund management as investment executors and employing operational consulting firms. In addition, the Company strives to improve qualifications of its personnel by participating in seminars held by the Pension Fund Association of Japan and other pension business managing financial institutions.

As for the operational aspect, the Asset Management Committee makes decisions on investment activities and monitors the investment status and financial condition as necessary, taking into account the interests of corporate pension beneficiaries.

[Principle 3.1] (Full Disclosure)

(i)Management philosophies, management strategies and business plans

The Group works to improve its corporate value over the medium- to long-term by actively going "Beyond the Boundaries", based on its management philosophy of "Creation of Innovative Value", "Contribution to the Future and the World", and "Harmony with Nature and Society".

Under the management philosophy, the Group will contribute to the realization of a truly enriched society by continuing to promote three ways of resource recycling, namely "forest recycling", "paper recycling", and "water recycling", throughout its value chain, and providing value to society through its business.

In addition, the Group recognizes that "safety, environment, and compliance," which is the basis of corporate survival, is the highest priority and most important issue for management. The Group will continue its effort to ensure that its management and employees all over the world fully understand the ideas of eradicating occupational accident risks, preventing environmental accidents, and complying with laws and regulations to fulfill its corporate social responsibility.

Although the business environment has changed drastically and rapidly in recent years, the Group aims to develop a sustainable society by meeting the needs of an ever-changing age and by conducting manufacturing that will support a new future.
Under the current Medium-Term Management Plan which covers fiscal 2019 to 2021, the Group aims to be a global corporate group that consistently generates consolidated operating profit of more than 100 billion yen, by setting “Profitability Improvement of Domestic Business”, “Expansion of Overseas Business”, and “Promotion of Innovation” as fundamental policies and promoting “Contribution to a Sustainable Society”. To this end, the Group will continue to select and concentrate its businesses in order to build an optimal production system for the Group as a whole, and at the same time, work to strengthen promising businesses that are expected to grow and create new businesses that can serve as new pillars. In addition, the Group will respond promptly and accurately to changes in the business environment. So far, the Group have built a diverse portfolio while swiftly detecting the global and domestic situations and taking a variety of initiatives ahead of time. Going forward, the Group will continue to build a business portfolio that is stronger and more resilient to external environment than ever before, in which each of the wide-ranging business areas and regional areas can complement each other, generate synergies, and pursue further growth.

Please refer to the Company’s disclosures on its website and materials for management briefings.
Management Philosophies:
<https://www.ojiholdings.co.jp/english/group/policy/philosophy.html>
Management Strategies, Management Plans:
<https://www.ojiholdings.co.jp/english/ir/library/material.html>

(ii) Basic views and guidelines on corporate governance
For basic views, please refer to “I.1. Basic Views” of this Report.
For guidelines, please refer to the “Fundamental Policies on Corporate Governance”.
<https://www.ojiholdings.co.jp/english/group/policy/governance.html>

(iii) Board policies and procedures in determining remuneration of senior management and Directors
Oji Holdings has designed its compensation programs with an emphasis on the roles performed by the Director compensation program such that the Board of Directors promotes sustainable growth and increasing medium- to long-term corporate value of the company and pursues enhanced profitability and capital efficiency. The specifics of the Director compensation program and determination policies are set forth in the Fundamental Policies on Corporate Governance (Article 13). Director compensation comprises base compensation, bonuses that reflect short-term performance, and stock-based compensation that reflects medium- to long-term improvement in corporate value. Determinations are made by the Board of Directors based on recommendations submitted by the Compensation Committee.

The Article 13 of the “Fundamental Policies on Corporate Governance” stipulates the following regarding Director compensation program and determination policies.

Article 13. Compensation for Directors shall comprise base compensation, compensation reflecting short-term performance, and stock-based compensation reflecting medium- to long-term improvement in corporate value, and the total amount shall be within the limit amount resolved at general meetings of shareholders. Compensation for Outside Directors shall comprise base compensation only.

2. Compensation for Corporate Officers who do not concurrently serve as Directors shall comprise base compensation and compensation reflecting short-term performance.

3. Compensation for Directors and Corporate Officers shall be decided by the Board of Directors based upon reports from the Compensation Committee.

4. Compensation for Audit & Supervisory Board Members shall be decided through discussion among the Audit & Supervisory Board Members, within the limit amount resolved at general meetings of shareholders.

(iv) Board policies and procedures for appointment and dismissal of senior management as well as nomination of candidates of Directors and Audit & Supervisory Board Members
At Oji Holdings, the Fundamental Policies on Corporate Governance (Articles 5, 6, and 10) stipulate as a

Director nomination policy that candidates be nominated for Director who possess excellent character and insight and who may contribute to the sustainable growth as well as the increase of medium- to long-term corporate value of the Group and that candidates be appointed for Audit & Supervisory Board Members who are capable of executing the duties of Audit & Supervisory Board Members, and who possess excellent character and insight as well as high level of specialization and extensive experience.
When nominating candidates for Directors, the Nomination Committee, an advisory body to the Board of Directors, deliberates and recommends to the Board of Directors. As for nomination of candidates for Audit & Supervisory Board Members, the Nomination Committee recommends to the Board Of Directors with the consent of the Audit & Supervisory Board, following consultation with the Nomination Committee. The Nomination Committee consists of three independent Outside Directors, the Chairman, and the President, and the Board of Directors receives reporting from the Committee, deliberates and makes decisions.

The Article 5, the Article 6, and the Article 10 of the "Fundamental Policies on Corporate Governance" stipulate the following regarding nomination policy of Directors and Audit & Supervisory Board Members and roles of the Nomination Committee and the Compensation Committee.

(Policies for Director Nomination)
Article 5. The Board of Directors shall nominate candidates for Directors who possess excellent character and insight and who may contribute to the sustainable growth as well as the increase of medium- to long-term corporate value of the Group. However, any nomination shall be conducted following consultation with the Nomination Committee.

2. Individuals with high level of expertise and broad insight, who are capable of expressing opinions from a standpoint independent of the management and from viewpoints of various stakeholders, shall be selected as candidates for independent Outside Directors.

(Roles of the Nomination Committee and Compensation Committee)
Article 6. The Nomination Committee and the Compensation Committee shall be established as advisory bodies to the Board of Directors.

2. The Nomination Committee shall deliberate the following issues/matters and report to the Board of Directors.
1 Nomination policies for candidates for Directors and Audit & Supervisory Board Members, and selection policies for Corporate Officers
2 Nomination of candidates for Directors and Audit & Supervisory Board Members, and selection of Corporate Officers
3 Dismissal of Directors, Audit & Supervisory Board Members and Corporate Officers who do not fulfill the nomination and selection policies
4 Succession planning for the President and Chief Executive Officer
5 Selection and dismissal of Advisors

3. The Compensation Committee shall deliberate the following issues/matters and report to the Board of Directors.
1 Evaluation of Directors and Corporate Officers
2 Compensation structure and standards of Directors and Corporate Officers
3 Analysis and evaluation of the effectiveness of the Board of Directors
4 Compensation structure and standards of Advisors

(Policies for Audit & Supervisory Board Member Nomination)
Article 10. The Board of Directors shall nominate candidates for Audit & Supervisory Board Members who are capable of executing the duties of Audit & Supervisory Board Members, and who possess excellent character and insight as well as high expertise and rich experience. However, any nomination shall be conducted with the consent of the Audit and Supervisory Board, following consultation with the Nomination Committee.

2. Individuals with considerable knowledge of finance and accounting shall be nominated as at least one of the Audit & Supervisory Board Members.

(v) Explanations with respect to individual appointment, dismissal and nomination of Directors and Audit & Supervisory Board Members

The Company explains reasons for appointments of candidates of Directors and Audit & Supervisory Board Members in its referential material of a general meeting of shareholders. Please refer to the said material that is posted on the Company's website.

<https://www.ojiholdings.co.jp/english/ir/stock/meeting.html>

Please refer to descriptions in "II 1. Organizational Composition and Operation" of this Report for reasons for appointments of Independent Directors and Independent Outside Audit & Supervisory Board Members.

[Supplementary Principle 4.1.1] (Brief summary of scope and content of matters delegated to managements)

Please refer to the Article 3 of the "Fundamental Policies on Corporate Governance".

[Principle 4.9] (Independence Standards and Qualification for Independent Outside Directors)

Please refer to the Article 12 of the "Fundamental Policies on Corporate Governance".

Please refer to "II.1. Organizational Composition and Operation" of this Report for information concerning determination of independence of each Independent Outside Director.

[Supplementary Principle 4.11.1] (View on the Balance of Knowledge, etc. as well as Diversity and Size of the Board of Directors as aWhole)

The Board of Directors, in order to fulfill a role necessary for achieving sustainable growth of and improvement of corporate value of the Group over the medium to long term, has been organized while giving due consideration to the balance of diverse knowledge and expertise concerning the business of the Group.

There are currently 12 Directors, 3 of whom are Independent Outside Directors (including one female Director). As with the Directors, diversity, a high level of expertise, and a wealth of experience are required for Audit & Supervisory Board Members. Currently, there are 4 Audit & Supervisory Board Members, 2 of whom are Independent Outside Audit & Supervisory Board Members.

The Nomination Committee, which is an advisory body to the Board of Directors, deliberates upon the selection of candidates for Directors and the appointment of Group Corporate Officers before submitting a report to the Board of Directors. Regarding candidates for Audit & Supervisory Board Members, a report is submitted to the Board of Directors after consulting the Nomination Committee and obtaining the consent of the Audit & Supervisory Board.

The Nomination Committee consists of 3 Independent Directors, the Chairman, and the President, and the Board of Directors receives the report from the Nomination Committee, deliberates, and makes decisions.

[Supplementary Principle 4.11.2] (Status of Directors' and Audit & Supervisory Board Members' concurrent positions in other listed companies)

Please refer to a referential material of a general meeting of shareholders that is posted on the Company's website.

<https://www.ojiholdings.co.jp/english/ir/stock/meeting.html>

[Supplementary Principle 4.11.3] (Analysis and evaluation of effectiveness of the Board of Directors)

The Company stipulates in its "Fundamental Policies on Corporate Governance" that the Board of Directors conducts analysis and evaluation of its effectiveness every year and takes required measures to ensure the effectiveness as a whole as well as discloses an overview of the findings.

In order to evaluate the effectiveness of the Board of Directors in FY 2019, we conducted a survey on the roles, organization and management of the Board of Directors for all of the Directors and Audit & Supervisory Board Members from April to May 2020. With regard to the evaluation results, after the analysis was conducted by the Compensation Committee to which the Independent Directors participated, the Board of Directors deliberated based on the analysis results.

As a result, it was confirmed that the Board of Directors and its subordinate Meetings have continued to function well. In particular, it was confirmed that improvements were made to the "formulation of management strategy and presentation of management direction" and the "implementation and effect of measures to improve the Board of Directors", which were highly evaluated from the previous survey. On the other hand, the Company identified issues that still need to be addressed, such as the "enhancement and revitalization of discussions to ensure the effectiveness of the Board of Directors", and decided to implement measures.In keeping with the findings, the Company will consider and take required measures to continually work on functional improvements of the Board of Directors.

[Supplementary Principle 4.14.2] (Policy for training for Directors and Audit & Supervisory Board Members)
The Article 14 of the "Fundamental Policies on Corporate Governance" stipulates the following regarding policy for training for Directors and Audit & Supervisory Board Members.
Please refer to Directors' Skill Map for the capabilities of Oji Holdings' Directors.
<https://ojiholdings.disclosure.site/en/themes/83/>

Article 14. The Company shall provide Directors and Audit & Supervisory Board Members with the following opportunities for training.

1. Training for Internal Directors and Standing Audit & Supervisory Board Members
Trainings shall be conducted upon assuming posts, with the aim of acquiring knowledge to fulfill roles and responsibilities of individuals, including knowledge concerning compliance and corporate governance. The Company shall support acquisition of required knowledge also while in their term, through the Board of Directors, Management Meetings, etc.

2. Training for Outside Directors and Outside Audit & Supervisory Board Members
Briefings shall be conducted upon assuming posts, with the aim of acquiring knowledge to fulfill roles and responsibilities of individuals, including knowledge concerning business overview and management strategies. The Company shall support acquisition of required knowledge also while in their term, through implementation of inspection visits to workplaces, etc.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)
Please refer to the Article 17 of the "Fundamental Policies on Corporate Governance".

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Shares Held (Shares)	Percentage (%)
The Master Trust Bank of Japan, Limited (Trust Account)	93,038,600	9.38
Custody Bank of Japan, Limited (Trust Account)	60,751,245	6.12
Custody Bank of Japan, Limited (Trust Account 4)	34,639,600	3.49
Sumitomo Mitsui Banking Corporation	31,668,430	3.19
Nippon Life Insurance Company	25,658,305	2.59
Mizuho Bank, Limited	21,636,990	2.18
Oji Group Employee Stock-holding Association	20,141,332	2.03
Custody Bank of Japan, Limited (Trust Account 5)	17,097,700	1.72
The Norinchukin Bank	16,654,660	1.68
Chieko Fujisada	14,844,782	1.50

Controlling Shareholder (excluding Parent Company)	-
Parent Company	None

Supplementary Explanation

The Company, owning 22,330,000 of its treasury stocks as of September 30, 2020, is not included in the Status of Major Shareholders.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Pulp & Paper
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥ 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

-

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

-

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision of Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Not determined
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (only if he/she does not concurrently serve as the President)
Number of Directors	12 persons
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	3 persons
Number of Independent Directors	3 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Michihiro Nara	Lawyer											
Toshihisa Takata	Other											
Sachiko Ai	From another company											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or Executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an Executive thereof
e. Major client or supplier of the Company or an Executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an Executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which the Company's Outside Directors/Audit & Supervisory Members are mutually appointed to (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Michihiro Nara	○	-	The Company appoints Mr. Nara as an Outside Director in its expectation on him to reflect his rich experiences, sophisticated expertise, and deep insights as a lawyer to the Company's management. Mr. Nara is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standards of independence for Independent Officers set by the Tokyo Stock Exchange.
Toshihisa Takata	○	-	The Company appoints Mr. Takata as an Outside Director in its expectation on him to reflect his rich experiences, sophisticated expertise, and deep insights as a diplomat to the Company's management. Mr. Takata is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standards of independence for Independent Officers set by the Tokyo Stock Exchange.
Sachiko Ai	○	-	The Company appoints Ms. Ai as an Outside Director in its expectation on her to reflect her sophisticated expertise in the financial sector and a wealth of insight into a wide range of domestic and overseas business trends, cultivated through her business experiences in the Corporate Marketing, Corporate Planning and Corporate Consulting departments at a major trust bank, to the Company's management. Ms. Ai is an Executive Officer of Mitsubishi UFJ Trust and Banking Corporation (the "Trust Bank"). Although the Trust Bank holds shares of the Company, the number of shares is less than 0.1% of the total number of shares issued by the Company, and the Company has no outstanding loans from the Trust Bank. Ms. Ai is designed as an Independent Officer as it is unlikely that she has any conflict of

			interest with the Company's general shareholders, for the facts that she does not have any special interests with the Company and the Company's important subsidiaries and she does not go against any of the standards of independence for Independent Officers set by the Tokyo Stock Exchange.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5 persons	5 persons
Full-time Members	None	None
Inside Directors	2 persons	2 persons
Outside Directors	3 persons	3 persons
Outside Experts	None	None
Other	None	None
Chairperson	Inside Director	Inside Director

Supplementary Explanation

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

・Nomination Committee

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

・Compensation Committee

1. Remuneration system and levels for Directors and Corporate Officers
2. Evaluation of Directors and Corporate Officers
3. Analysis and evaluation of the effectiveness of the Board of Directors
4. Remuneration system and levels for Advisors

The Nomination Committee and the Compensation Committee comprise the Chairperson, the President and all Independent Directors, with the President serving as the Committee Chair.

In fiscal 2019 (the period from April 1, 2019 to March 31, 2020), the Nomination Committee was held once with the attendance rates of its members were as follows: Susumu Yajima 100%, Masatoshi Kaku 100%, Michihiro Nara 100%, and Toshihisa Takata 100%. During the same period, the Compensation Committee was held twice with the attendance rates of its members were as follows: Susumu Yajima 100%, Masatoshi Kaku 100%, Michihiro Nara 100%, Nobuaki Terasaka 100%, and Toshihisa Takata 100%.
*In June 2019, Nobuaki Terasaka retired and Toshihisa Terasaka was newly appointed, and their attendance

rate at the Compensation Committee held during their terms of office was 100%.
(Committee members are as of fiscal 2019 for both the Nomination Committee and the Compensation Committee.)

With the addition of 1 Independent Director, the Committees will consist of 2 Inside Directors and 3 Independent Directors. The Nomination Committee and the Compensation Committee will make greater use of the external perspective of Independent Directors.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	Not determined
Number of Audit & Supervisory Board Members	4 persons

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board Members regularly meet with the Accounting Auditor to receive explanations on plans and implementation status of audits as well as financial statement audit results, and exchange opinions.
Audit & Supervisory Board Members and the Company's Internal Audit Department meet once every month to exchange information on audit plans and results, and ensure cooperation between them.
Regarding Independent Directors and Independent Outside Audit & Supervisory Board Members, the content of the Holdings Management Meeting and the Group Management Meeting is reported twice a month, in principle. Through these opportunities, reports and opinions are exchanged in order to form a collaborative relationship.
*The number of Audit & Supervisory Board Members decreased from 5 to 4 (3 to 2 Independent Outside Audit & Supervisory Members) following the death of Norio Henmi in November 2020.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2 persons
Number of Independent Outside Audit & Supervisory Board Members	2 persons

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Makoto Katsura	Other													
Mikinao Kitada	Lawyer													

* Categories for "Relationship with the Company"
* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past
* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past
a. Executive of the Company or its subsidiaries
b. Non-executive Director or accounting advisor of the Company or its subsidiaries

c. Non-executive Director or Executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an Executive thereof
g. Major client or supplier of the Company or an Executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director/Audit & Supervisory Board Member
i. Major shareholder of the Company (or an Executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Director himself/herself only)
k. Executive of a company, between which the Company's Outside Directors/Audit & Supervisory Members are mutually appointed to (the Director himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Makoto Katsura	○	−	The Company appoints Mr. Katsura as an Outside Audit & Supervisory Board Member in its expectation on him to reflect his rich experiences, sophisticated expertise, and broad perspectives as a diplomat to the Company's audits. Mr. Katsura is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standard of independence for Independent Officers set by the Tokyo Stock Exchange.
Mikinao Kitada	○	−	The Company appoints Mr. Kitada as an Outside Audit & Supervisory Board Member in its expectation on him to reflect his rich experiences, sophisticated expertise, and broad perspectives as a public prosecutor and as a lawyer to the Company's audits. Mr. Kitada is designed as an Independent Officer as it is unlikely that he has any conflict of interest with the Company's general shareholders, for the facts that he does not have any special interests with the Company and the Company's important subsidiaries and he does not go against any of the standard of independence for Independent

			Officers set by the Tokyo Stock Exchange.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/ Audit & Supervisory Board Members	5 persons

Matters relating to Independent Directors/Audit & Supervisory Board Members

–

[Incentives]

Incentive Policies for Directors	Performance-linked remuneration, stock options

Supplementary Explanation

While the Company had adapted stock options as stock-based remuneration for Directors (excluding Independent Directors, the same applies hereinafter) since 2006, it decided to replace it with performance-linked and stock-based remuneration and passed a resolution at the 92nd annual general meeting of shareholders on June 29, 2016, to motivate Directors to contribute more to improving the medium- to long-term business performances and enhancing corporate values. In addition, the Board of Directors held on June 21, 2019 has approved the continuation of performance-linked and stock-based remuneration system.
Under the performance-linked, stock-based remuneration system, a trust funded by the Company acquires the Company stocks, and delivers those of the number equivalent to points granted to each Director in accordance with certain criteria such as business results and financial indicators, to each Director. The Company shares are delivered to each Director at the time of retiring from the Board of Directors, in principle. The initial trust period of the trust is three years, and it may be extended and continued for another three years at the expiration, based on the resolution of the Board of Directors. Please refer to the Company's Financial Reports for the method of calculating the points.
Accordingly, new granting of stock options has been discontinued.

Financial Reports (Japanese only):
<https://www.ojiholdings.co.jp/ir/library/security.html>

Recipients of Stock Options	Inside Directors

Supplementary Explanation

New grant of stock options has been discontinued, as stated in the above.

[Director Remuneration]

Disclosure of Individual Director's Remuneration	No Individual Disclosure

Supplementary Explanation

Remuneration paid to Directors and Audit & Supervisory Board Members is disclosed in the Company's Business Report and the Financial Report, which provide a breakdown of total amount paid by type. The Company does not disclose individual remuneration. In fiscal 2019, the total amount of remuneration for 17 Directors was 684 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods

(a) Overview of remuneration, etc. for corporate officers
The Company designs the executive remuneration system by emphasizing its role in encouraging the Board of Directors to promote the sustainable growth of the Company and the enhancement of corporate value over the medium to long term and to improve profitability and capital efficiency.
Specific Director remuneration system and decision policies are defined in the Fundamental Policies on Corporate Governance. Remuneration for corporate officers comprises: (1) base remuneration, (2) bonus, which is remuneration reflecting short-term business performances, and (3) stock-based remuneration reflecting medium to long term improvements in corporate value. Decision on remuneration shall be made at the Board of Directors following the deliberation and reporting of the Compensation Committee.
The total remuneration amount shall be within the limit set by the resolution of a general meeting of shareholders. Based on the resolution of the 92nd annual general meeting of shareholders held on June 29, 2016, the total amount of (1) and (2) shall not exceed 700 million yen per annum and, separately from (1) and (2) above, (3) shall not exceed 570,000 points per fiscal year, where 1 point is generally equivalent to 1 share in the Company. Note that new granting of stock options has been discontinued as a result of the introduction of the stock-based remuneration system. Remuneration for Independent Directors comprises (1) only.
The total amount of remuneration for Audit & Supervisory Board Members shall be determined through the discussions of Audit & Supervisory Board Members within the limit set by the resolution of a general meeting of shareholders. The total amount of remuneration for Audit & Supervisory Board Members shall be 97 million yen or less per annum based on a resolution of the 82nd annual general meeting of shareholders held on June 29, 2006.

(b) Decision-making body for defining remuneration determining policy and its activities
Decision-making authority for determining amounts of remuneration for Directors of the Company or methods of calculation is vested in the Board of Directors and such decisions shall be made following the deliberation and reporting of the Compensation Committee.
The Compensation Committee consists of the Chairman, the President and all Independent Directors and has the role of deliberating on performance appraisal of the Directors and Group Corporate Officers, remuneration system and levels for Directors and Group Corporate Officers, analysis and evaluation of the effectiveness of the Board of Directors, and remuneration system and levels for Advisors, and to submit reports to the Board of Directors. The Compensation Committee held meetings twice in the fiscal year under review, deliberated on remuneration system and levels, and performance appraisal, etc. for the Directors, and submitted reports to the Board of Directors. Based on the reports from the Compensation Committee, the Board of Directors made decisions on matters regarding remuneration.

(c) Percentages of payment of performance-linked remuneration and other remunerations
Remuneration for Directors is comprised of (1) base remuneration that is fixed remuneration, and (2) bonus and stock-based remuneration that is performance-linked remuneration. The basic payment percentages are: fixed remuneration of 50%, bonus of 25%, and stock-based remuneration of 25% for Inside Directors and fixed remuneration of 100% for Independent Directors. Percenteges of payment vary according to changes in bonus and stock-based remunerations, which are performance-linked remunerations.

(d) Methods of calculating performance-linked remunerations
(Method of calculating bonus)
Because bonus is remuneration reflecting short-term business performances, consolidated operating profit shall be used as an evaluation indicator for 70% of the base amount of bonus for each Director (excluding Independent Directors). For the remaining 30%, appraisal based on the business performance of each segment of which the Director is in charge is reflected. Each of the 70% and 30% portions fluctuates in the range of 0 to 150%.

(Method of calculating stock-based remuneration)

Stock-based remuneration is provided to further clarify the link between the remuneration for the Directors and the Company's business performance as well as the value of its shares and making the Directors share not only the benefits of higher share prices but also the risks of lower share prices with shareholders, thereby providing greater motivation to contribute to improving business performance and increasing corporate value over the medium to long term. In addition, as the Company aims for an expansion of corporate scale while maintaining a high level of quality as a medium to long term target, the ratio of payment of performance-linked stock remuneration is linked with consolidated net sales and consolidated ordinary profit, and fluctuates in the range of 0 to 150%.

Please refer to the Company's Financial Report for details on the performance-linked method of bonuses and stock remuneration.

Financial Reports (Japanese only):
<https://www.ojiholdings.co.jp/ir/library/security.html>

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

In view to strengthen the supervisory function of Outside Officers, contents of Holdings Management Meetings and Group Management Meetings as well as issues to be discussed by the Board of Directors are reported to them two times every month, in principle. In addition, on-site inspections are conducted as part of efforts to further improve Outside Officers' understanding of the Group. Since October 2020, as part of efforts aimed at "improving the effectiveness of the Board of Directors," the observer participation (voluntary) of Outside Officers in the Group Management Meetings has been started to encourage further sharing information.
The Audit and Supervisory Board Members' Office has been established as a system to assist duties of all Audit & Supervisory Board Members including Independent Outside Audit & Supervisory Board Members. With several employees that include dedicated employees appointed in it, the Audit & Supervisory Board Members' Office conducts reports on important information to Independent Outside Audit & Supervisory Board Members.

[Status of Retired Representative Directors & Presidents]

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

Total number of advisors/counselors who are former Representative Directors/Presidents, etc.	1 person

Others	Only when the necessity for business is particularly recognized, the Company appoints a person who has retired from the Board of Directors to an Advisor after deliberation and reporting by the Nomination Committee, which is comprised by the Chairman, the President and all Independent Directors. An Advisor engages in the work requested from the President and does not participate

	in management decisions. The term of office for the person listed above is two years based on the internal regulations. An Advisor is paid a certain amount of remuneration which is determined by deliberation and reporting by the Compensation Committee, which is comprised by the Chairman, the President and all Independent Directors.

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

The Company has adopted a COMPANY system under which the Company undertakes the formulation of Group management strategies as well as the supervision of the Group governance, while each COMPANY comprised of closely associated businesses forms the center of the Group's business operations. This structure accelerates decision making by each business unit and clarifies management responsibilities.
Decisions on execution of important matters concerning the Group's management are made by the Board of Directors, following deliberations by Holdings Management Meetings and (or) Group Management Meetings. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers and COMPANY Presidents. At the same time, the Company secures a check-and-balance function within the Group by clearly determining authority and responsibility of each organization in its Organization Regulations, Group Management Regulations and Authorities Regulations. In addition, the Company formulates in-house regulations on obtaining approvals, Group CEO's Decisions Regulations and COMPANY President's Approval Regulations, and appropriately operates business procedures based upon them.
The Company has established the Internal Audit Department to audit the Group's internal controls, in order to strengthen internal controls. In the area of finance, each division manager carries out independent and strict management in accordance with internal accounting regulations, and the Internal Audit Department regularly monitors transactions in each division to confirm the effectiveness of the control function and the reliability of financial reporting.
As a company with the Audit & Supervisory Board, the Company strives to strengthen the governance of the entire Group through audits of the execution of duties by Directors by Audit & Supervisory Board Members and the Audit & Supervisory Board.
In 2015, the Company established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors. In addition to improving the objectivity and transparency of decisions made by each Committee, the Compensation Committee analyses and evaluates the effectiveness of the Board of Directors.
In principle, the Board of Directors is held once every month and comprises 12 Directors including 3 Independent Directors.
In principle, the Audit & Supervisory Board is held once every month and comprises 4 Audit & Supervisory Board Members, of which 2 are Independent Outside Audit & Supervisory Board Members.
Please refer to the Fundamental Policies on Corporate Governance for the policies and procedures concerning nomination of Officer candidates and remuneration of Officers.
<https://www.ojiholdings.co.jp/english/group/policy/governance.html>

The Company has concluded contracts for limitation of liability, by which the liability stipulated in the Article 423, paragraph (1) of the Japanese Companies Acts is limited by the provision of the Article 427, paragraph (1) of the said Acts, with all Independent Directors and Independent Outside Audit & Supervisory Board Members. The amount of limit of liability for damages under the said contracts is to be the amount specified in laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

The Company has introduced the Executive Officer system in 1999 ("Executive Officer" was renamed to "Group Corporate Officer" along with the transition to a pure holdings company system on October 1, 2012), in order to speed up decision-making, strengthen systems for business execution, and clarify executive responsibilities. In June 2007, the Company has introduced Independent Directors to strengthen monitoring of management and to pursue a corporate management which has higher degrees of transparency and efficiency. In addition, the Company has introduced the system of Audit & Supervisory Board Members including

Independent Outside Audit & Supervisory Board Members, and appointed 4 Audit & Supervisory Board Members, of which 2 are Independent Outside Audit & Supervisory Board Members. There are 2 standing Audit & Supervisory Board Members, and 1 of them possesses considerable knowledge of finance and accounting. Audit & Supervisory Board Members conduct audits on Directors' business executions based upon audit plans set at the Audit & Supervisory Board, through actively making attendances in the Board of Directors and other important meetings. With such systems in mind, the Company recognizes that it is committed to enhancing its effective monitoring of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures for Vitalization of General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In principle, a convocation notice is sent 3 weeks prior to a general meeting of shareholders. A convocation notice is also posted on the Company's website before being sent.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights, excluding that via mobile phone, is allowed.
Participation in Electronic Voting Platform	The Company participates in electric voting platform.
Providing Convocation Notice in English	An English translation of a convocation notice is posted on the Company's website.
Other	Regarding a business reporting at a general meeting of shareholders, the Company works to make it easy-to-understand through visualization using narration and monitors.

2. IR Activities

	Supplementary Explanations	Explanation by Representative(s)
Regular Investor Briefings for Analysts and Institutional Investors	Executives hold financial results briefings on the day of the announcement of financial results for the second quarter and the final financial results, and small meetings on the day of announcement of financial results for the first and the third quarters for analysts and institutional investors. Individual face-to-face and online interviews are also held quarterly. Meetings to explain management plans, to explain the progress of research and development, and to tour the Group mills/plants, etc. are also held.	Yes
Regular Investor Briefings for Overseas Investors	Executives regularly visit institutional investors in North America and Europe to engage in face-to-face dialogue. Individual interviews online are also conducted as appropriate. The Company issues an integrated report (in English) for overseas investors.	Yes
Posting of IR Materials on Website	Following information are being posted on the Company's website: -Annual/Quarterly Financial Reports -Summary of Consolidated Financial and Business Results -Information and explanatory materials on account settlement -Management briefing materials (on Medium-tern Management Plan, etc.) -Timely disclosure materials other than financial results etc. The Company's website:	

	<https://www.ojiholdings.co.jp/english/ir/>	
Establishment of Department and/or Manager in Charge of IR	Public Relations and Investor Relations Department is responsible for investor relations. In addition, relevant departments responsible for subject operations work together with the Public Relations and Investor Relations Department as necessary.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting Positions of Stakeholders	The Company respects the positions of and fosters the relationship of trust with its diverse stake holders by encouraging its officers and employees promote corporate activities with an awareness of their responsibility as corporate citizens and a high ethical principle worthy of the trust of society, pursuant to the provisions of the "Oji Group Corporate Code of Conduct".
Implementation of Environmental Activities, CSR Activities etc.	The Group regards the environmental problems as one of priority issues in its management, and has formulated the "Oji Group Environmental Charter" along with the "Environmental Charter Action Guidelines" to reflect the philosophies of the Environmental Charter in its business activities. In September 2020, the Group newly established the "Environmental Vision 2050" as its long-term vision for the environment, and the "Environment Action Program 2030" which will be started in fiscal 2021 with the target achievement year as fiscal 2030. The core of the "Environmental Vision 2050" is to maximize the CO2 absorption and fixation capacity of forests through forest conservation and planting, while thoroughly saving energy in the manufacturing and logistics sectors and expanding the use of renewable energy. By doing so, the Group will work toward the goal of net zero carbon (net zero green house gas (GHG) emissions) in 2050. As part of this process, the Group sets a target to reduce GHG emissions by 70% or more by fiscal 2030 from the fiscal 2018 level. At the same time, the Group will make concerted efforts to promote the effective use of resources, reduce various environmental impacts, and maintain and conserve biodiversity. "Environmental Vision 2050" < https://ojiholdings.disclosure.site/en/themes/191/> "Environment Action Program 2030" < https://ojiholdings.disclosure.site/en/themes/150/> Since 2003, the Group has been participating in the United Nations Global Compact, supporting the Ten Principles in the areas of "human rights, labor, the environment, and anti-corruption", and striving to put them into practice in its daily business activities. The Sustainability Strategies, the materiality issues, and the KPIs are published in the "Oji Group Integrated Report". As a result of these activities, the Company is included in the following stock indices for ESG investments. -FTSE4Good Global Index, and FTSE Blossom Japan Index -Dow Jones Sustainability Asia Pacific Index -MSCI Japan Empowering Women Select Index (WIN) -JPX-Nikkei Index 400 -SOMPO Sustainability Index

	-S&P/JPX Carbon Efficient Index The status of the Group's environmental and CSR activities are available in Japanese and English on the Group's website for a wide range of stakeholders. The Company's website: < https://www.ojiholdings.co.jp/english/> Sustainability Report (Online) < https://ojiholdings.disclosure.site/en/ > Oji Group Integrated Report: < https://www.ojiholdings.co.jp/english/ir/information/group_report.html >
Other	<Efforts for Human Resources Development, Working Style Reforms, and Promotion of Diversity> Of the approximately 36,000 employees of the Group, the overseas ratio has already exceeded 50%. The Group welcomes a wide variety of values and promotes Human Resources Development, Working Style Reforms, and Diversity Promotion. The main measures are as follows. [Human Resources Development] 1. Next-generation development 2. Global human resource development 3. Management training and training by job type 4. Support for employee development [Promotion of Working Style Reforms] The Group works on developing the working environment in which each and every employee can make the most of his/her ability. 1. Reduction of total working hours and promotion of operational efficiency 2. Initiatives to establish personnel systems for promotion of working style reforms (1) Role-based personnel grading system (2) Certified researcher system, creative human resource development system (3) Retirement at age 65 [Promotion of Diversity] The Group strives to carry out initiatives that enable its diverse human resources, regardless of gender, age, disability or nationality, to actively assume roles at work, to ultimately strengthen the Group's competitiveness with their diverse values and ideas. 1. Change of mindset and behavior of management level employees 2. Development of abilities and careers of diverse human resources 3. Improvement in work-life management <Establishment of the Oji Group Human Rights Policy> The Group believes that the responsibility to respect human rights is an important element of the global code of conduct. In August 2020, the Group established the "Oji Group Human Rights Policy" based on the United Nations Guiding Principles on Business and Human Rights to further strengthen and implement its initiatives on respect for human rights. Under the policy, the Group will continue its effort to uniformly introduce measures related to human rights and ensure that all domestic and overseas Group companies are made thoroughly aware of the basic policies. <Efforts to Improve Employee Health> In October 2020, the Group established the "Oji Group Health Declaration" and is working to ensure the health of its employees under the supervision

	of the Chief Health Officer (Group CEO). The Group promotes health promotion activities in cooperation with each health insurance union and labor union of the Group, and industrial physicians at each business site. In order to reduce the risk of diseases such as lifestyle-related diseases and mental health, the Group works to create a workplace where each employee is physically and mentally healthy and can demonstrate his/her abilities, such as by enhancing various medical examinations and health consultation desks. <Evaluation of Efforts for Promotion of Diversity> In June 2017, the Company was selected as an "MSCI Japan Empowering Women Select Index (WIN)", ESG Index by MSCI, in recognition of its efforts to promote diversity. In addition, in December 2017, the Company was awarded the L-boshi the Highest Level, which is given to an excellent company under the Law for Promotion of Women's Participation and Advancement. In March 2018, the Company was selected as a Nadeshiko Brand as a listed company that excels in promoting women's participation in society. *Sustainability Report (Online) < https://ojiholdings.disclosure.site/en/themes/143/ >

IV. Matters Related to the Internal Control System

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

The Company sets the "Matters Concerning Development of Systems to Ensure Listed Company's Appropriate Business Operations (i.e. Fundamental Policies on the Construction of an Internal Control System)" as the following, pursuant to the provisions of the Article 362, paragraph (4), item (vi) of the Japanese Companies Act and the Article 100, paragraph (1) and paragraph (3) of the Ordinance of the Japanese Companies Act.

1. A system for ensuring that the execution of duties by Directors and employees of Oji Holdings (the "Company") and its subsidiaries shall comply with laws, regulations, and the Articles of Incorporation

(1) The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, reconfirms that Directors and employees of the Company and its subsidiaries shall promote corporate activities with an awareness of responsibility as a corporate citizen and by a strong sense of ethics that respond to the trust of society, and promises to continue such activities.

(2) The Company shall strive to identify and remedy any problems by establishing a division for ensuring thorough compliance with laws and regulations through development of a Group-wide compliance system including training on legal compliance and an internal whistleblowing system.

(3) The Company has established an internal system for preventing any form of relationship with anti-social forces by introducing an internal contact office. The Company shall maintain a firm stance against anti-social forces.

(4) The Internal Audit Department shall conduct audits on compliance and report the results of the audits at

the meeting stipulated in the Group Regulations.

2. A system related to the storage and management of information regarding the execution of duties by Directors

(1) The Company shall store and manage documents (including documents issued by electromagnetic means) in accordance with laws and regulations and the Company's regulations on the handling of documents. Documents shall be accessible by Directors and Audit & Supervisory Board Members at all times upon request.

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

(1) Important matters related to the Group-wide risk management and internal control systems shall be deliberated and reported, and proposed amendments to the Fundamental Policies on the Construction of an Internal Control System shall be deliberated, at a meeting stipulated in the Group Regulations.
(2) The Company shall clarify its risk management structure by establishing fundamental regulations on the management of the Group's risks, and at the same time, manage Group-wide risks exhaustively and comprehensively and establish a system for handling each specific risk.
(3) The Internal Audit Department shall conduct audits on the status of risk management and report the results to the meeting stipulated in the Group Regulations.

4. A system for ensuring efficient execution of duties by Directors of the Company and its subsidiaries

(1) The Company shall establish a Group-wide management philosophy, fundamental management policies, medium-term management plans, and annual budget of the overall Group to clarify the goals and tasks to be shared by Directors and employees of the Company and its subsidiaries.
(2) Each Director of the Company and its subsidiaries shall implement specific measures related to operations they are in charge of by following the above philosophy, fundamental policies, and plans, check the status of their progress accurately and promptly by making use of information technology systems and similar tools, and report the status to the Board of Directors of the Company and its subsidiaries. The Group shall establish a system for better achieving targets and completing tasks by encouraging improvements to eliminate or reduce factors that impair efficiency
(3) The Company shall clarify the authorities and responsibilities of employees of the Company and its key subsidiaries in an attempt to ensure their duties are carried out organizationally and efficiently.

5. A system for ensuring appropriate business operations of the corporate group consisting of the Company and its subsidiaries, and a system related to reporting to the Company on matters concerning the execution of duties by Directors of the Company's subsidiaries

(1) The roles of the Company and its subsidiaries and the Group's governance structure shall be clearly stipulated in the Group Regulations.

(2) Unified procedures for internal approval and reporting in the Group shall be stipulated in the Group Regulations, thereby ensuring internal checks within the Group.

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

(1) The Company shall establish a division that assists Audit & Supervisory Board Members in the execution of their duties and assign several dedicated employees who are capable of validating the Company's business operations

(2) The division that assists Audit & Supervisory Board Members in the execution of their duties shall be under the direct control of the Audit & Supervisory Board, and personnel reassignment and personnel evaluations of employees who belong to the division and disciplinary actions against them shall be subject to approval by Audit & Supervisory Board Members.

(3) Employees who belong to the division that assists Audit & Supervisory Board Members in the execution of their duties shall follow directions and orders from Audit & Supervisory Board Members.

7. A system for reporting to Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the subsidiaries, and those who have received reports from these persons, and a system for ensuring that they shall not receive disadvantageous treatment as a result of the reporting

(1) It is stipulated in the Group Regulations that matters related to the execution of important duties and matters that may cause a substantial loss should be deliberated or reported at a meeting specified by the Group Regulations. The Company shall secure a system under which important matters are reported to Audit & Supervisory Board Members through their attendance at the meeting or the inspection of documents.

(2) Directors and employees of the Company and its subsidiaries and Audit & Supervisory Board Members of the subsidiaries shall report matters to the Audit & Supervisory Board, including those that are deemed necessary by Audit & Supervisory Board Members and those that Audit & Supervisory Board Members specially request them to report, in addition to matters designated by law, on an as-needed basis.

(3) The Company shall report the status of compliance, such as internal audits, risk management, and whistleblowing, to Audit & Supervisory Board Members on a regular basis.

(4) The Company shall secure a system that ensures that under the whistleblowing system, whistleblowers shall not receive any disadvantageous treatment as a result of their whistleblowing.

8. Matters related to policies on expenses generated concerning the execution of duties by Audit & Supervisory Board Members

(1) Where an Audit & Supervisory Board Member has requested a payment of expenses needed for the execution of their duties, such expenses shall be processed promptly.
(2) The Company shall set an annual budget for the expenses needed by Audit & Supervisory Board Members for fulfilling the audit plan.

9. Other systems for ensuring that audits by Audit & Supervisory Board Members shall be conducted effectively

(1) The Company shall provide opportunities for regular exchanges of opinions between Audit & Supervisory Board Members and the Representative Director and Accounting Auditors.

Based on the said Fundamental Policies, the Company constructs an internal control over financial reporting, conducts assessment on effectiveness of the internal control, and creates an internal control report subject to a resolution of the Board of Directors.

2. Basic Views on Eliminating Anti-Social Forces

As for measures to eliminate anti-social forces, the Company describes the improvement of the system in the "Fundamental Policies on the Construction of an Internal Control System" as mentioned above. It clearly states in the "Oji Group Corporate Code of Conduct "that it would discontinue the relationship with anti-social forces, and works to ensure that all officers and employees are fully informed.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted

Supplementary Explanation

(1) Fundamental Policies on Control of Company
Given that the Company's shares have been listed on stock exchange and subject to free transactions by its shareholders and investors, the Company does not categorically reject even a large-scale purchase as long as it is based on a proposal that contributes to the corporate value and common interests of shareholders of the Company. With respect to such a proposal, the Company believes that the decision as to whether to respond to it should to be left ultimately to a judgment of its shareholders.

Under the management philosophies of “Creation of Innovative Value”, “Contribution to the future and the world”, and “Harmony with Nature and Society, the Group works to increase its corporate value over the medium to long-term as we proceed “beyond the boundaries”. Setting “Profitability Improvement of Domestic Business”, “Expansion of Overseas Business”, and “Promotion of Innovation” as the fundamental policies of the management strategy, the Group aims to become a global corporate group through “Contribution to a Sustainable Society”. Besides, as the largest owner of forests in the private sector, the Group regards sustainable forest management and the medium- to long-term maintenance and enhancement of public values of forests as one of its social responsibilities. With this in mind, the Company believes that providing appropriate information concerning a purchaser and securing an adequate period for consideration, including an opportunity to consider alternative proposals, are indispensable in order for shareholders to make an appropriate judgment when there was a proposal on a large-scale purchase. However, there may be some cases where the Company and its shareholders are not provided with sufficient time and information to study details of such proposals or alternative proposals, etc. In addition, there may be some proposals which do not contribute to the corporate value and common interests of shareholders of the Company, considering an aim of purchases as well as management policies after purchases. The proposals, for example, include those clearly infringe the corporate value and common interests of shareholders of the Company; those which have a sort of structure that could pressure shareholders into agreeing to purchases; or those with an objective probability to extremely harm the Company’s corporate value including its social credibility or to create extreme disadvantages to the Company’s shareholders.

The Company considers that any individual that conducts or makes a proposal on such large-scale purchases is not appropriate as an individual to manage decision-making of the Company’s financial and operational policies.

(2) Overview of the Policy to Address Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)

The Company has introduced the “Policy to Address Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)”, with an aim to prevent any individual that is judged inappropriate to manage decision-making of the Company’s financial and operational policies, according to the above-written “Fundamental Policies on Control of Company”, from actually doing it.

In concrete terms, the Company requests a large-scale purchaser who is about to purchase the Company’s shares that are equivalent to 20% or more of its voting rights, to comply with the Large-Scale Purchase Rules which aim to secure a period for gathering and studying information as well as an opportunity for offering alternative proposals. The Board of Directors of the Company evaluates and considers a proposal, taking into account whether a large-scale purchaser complies with the Rules, and whether a large-scale purchase causes a difficult-to-recover damage to the Company or a substantial loss to the interests of the Company’s shareholders as a whole. Then, the Board of Directors may voice an opinion as the Board of Directors, offer an alternative proposal to the Company’s shareholders, and, in some cases, take a countermeasure. In ensuring objectivity, fairness and rationality regarding this decision, the Company establishes the Special Committee which is independent from the Board of Directors and comprises 3 persons that include 2 Independent

Directors and 1 Independent Outside Audit & Supervisory Board Member. Although the final decision as to whether to take a countermeasure against a large-scale purchase or to hold a general meeting of shareholders to confirm the shareholders' intent on the decision is to be made by the Board of Directors, the Board of Directors is asked to maximally respect recommendations from the Special Committee. Having said, the Company shall unexceptionally hold the general meeting of shareholders to confirm the shareholders' intent, unless it is extremely difficult to do so, and follow the resolution passed on whether to take a countermeasure; when the Company has an intention to take a countermeasure even though a large-scale purchaser complies with the Large-Scale Purchase rules and only for a reason that a large-scale purchase act falls into a specific pattern.

For more details, please refer to "Continuation of Policy to Address Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)", the document which was disclosed on May 25, 2020. The said document is available at the Company's website, <https://www.ojiholdings.co.jp/english/ir/>.

For your additional information, the continuation of the Policy until the conclusion of the last ordinary general meeting of shareholders within 3 years from the ordinary general meeting of shareholders held on June 26, 2020 was approved by shareholders at the ordinary general meeting of shareholders held on June 26, 2020.

For details of the current Special Committee, please refer to the disclosure document dated December 25, 2020, "Notice Regarding Partial Changes to Special Committee Members Based on the Policy to Address Large-Sale Purchase of the Company's Shares (Takeover Defense Measures).

2. Other Matters Concerning Corporate Governance System

<<Overview of System for Timely Disclosure>>

The Company's systems for timely disclosure of company information are as follows.

(1) Disclosure of Decided Facts

Any matter that is decided at the Board of Directors or meetings stipulated in the Management Meetings Regulations is disclosed in accordance with the Securities Exchange's rules.

(2) Disclosure of Occurrence of Facts

In a case where an important fact occurs, a Director and a department in charge that have recognized the occurrence of the fact will conduct a report to the Board of Directors or meetings stipulated in the Management Meetings Regulations, and will disclose in accordance with the Securities Exchange's rules. In addition, in a case of an occurrence of any fact that requires an urgent disclosure, the Representative Director will promptly make a decision on the disclosure.

(3) Disclosure of Account Settlement Information

With regards to account settlement information, financial figures are prepared by the Corporate Governance Division, approved by the Board of Directors, and then disclosed.

(4) Management of Inside Information

Inside information among officers and employees are thoroughly managed in accordance with the "Group Inside Information and Inside Trading Prevention Regulations".

• Corporate Governance Structural Diagram

