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(Securities Code: 3864)
June 1, 2018

To Our Shareholders with Voting Rights

Kunio Suzuki
President and Chief Executive Officer
Mitsubishi Paper Mills Ltd.
2-10-14 Ryogoku, Sumida-ku, Tokyo, Japan

Notice of the 153rd Ordinary General Meeting of Shareholders

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 153rd Ordinary General Meeting of Shareholders of Mitsubishi Paper Mills Ltd. (hereinafter “MPM”). The meeting will be held for the purposes as described below.

In the event you are not able to attend the meeting, you can exercise your voting rights in writing. If exercising your voting right in writing, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Tuesday, June 26, 2018.

- 1. Date and Time:** Wednesday, June 27, 2018 at 10:00 a.m.
2. Place: MPM Conference Room (11th Floor, Ryogoku City Core)
2-10-14 Ryogoku, Sumida-ku, Tokyo

3. Agenda of the Meeting:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 153rd Business Term (from April 1, 2017 to March 31, 2018)
 2. Non-Consolidated Financial Statements for the 153rd Business Term (from April 1, 2017 to March 31, 2018)

Proposals to be resolved:

- Proposal No. 1:** Election of Nine (9) Directors
Proposal No. 2: Election of One (1) Audit & Supervisory Board Member
Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

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- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk to register your attendance.
 - Please be advised that in the event the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements require modifications, MPM will post such modifications on its website (<http://www.mpm.co.jp/ir>).

Reference Documents for the General Meeting of Shareholders

Proposal No.1: Election of Nine (9) Directors

The terms of the offices of all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders.

Consequently, we hereby propose that nine (9) Directors be elected.

Regarding the selection of the candidates, in accordance with the Director Qualification listed in “MPM Basic Policies on Corporate Governance”(*), the Board of Directors has decided after seeking and receiving advice from the Nomination and Remuneration Committee chaired by an independent outside director.

(*) For your reference, the relevant provisions of “MPM Corporate Governance Basic Policy” pertaining to Directors are listed below:

(Director Qualification and Nomination Procedures)

Article 18. The post of MPM's director shall be filled by a person who has integrity, insights, abilities and a wealth of experience, etc. as well as an elevated sense of ethics.

2. When determining a director candidate, MPM shall pay attention to the diversity of those who compose the Board of Directors, weighing the balance between personnel who can play to their strengths in corporate management in a business area in which the group currently operates, or may operate in the future, personnel who are fit for business administration, personnel who can adequately fulfill supervising functions and others.
3. With respect to outside director candidates, MPM shall nominate personnel who can provide suggestions and advice aimed at frank and active, and constructive deliberations regarding corporate management based on their experience, knowledge, expertise, etc., and, from his/her independent standpoint, supervise corporate management and monitor any conflict of interest between the management team, etc. and MPM and have opinions of stakeholders reflected appropriately.
4. The independence of an outside director shall be judged based on the Independence Criteria in the Appendix.
5. A decision on any director candidate nomination shall be made by the Board of Director In light of the preceding four paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.
6. All directors shall be appointed to a one-year term of office and shall be subject to an election at an ordinary general meeting of shareholders.

(Establishment of a Voluntary Nomination and Remuneration Committee)

Article 23. MPM establishes a Nomination and Remuneration Committee as an advisory body for the Board of Directors.

2. Members of the Nomination and Remuneration Committee shall be elected from among representative directors and independent outside directors and be chaired by an independent outside director.
3. The Nomination and Remuneration Committee shall, in response to inquiry from the Board of Directors, examine the appropriateness of the contents of proposals to be presented to the Board of Directors, and give advice, with respect to each of the following items:
 - i) Director and Audit & Supervisory Board Member candidate nomination and executive officer election; and
 - ii) Policy on remuneration of directors and executive officers and details of the remuneration for each individual.
4. Any inquiry on the contents of proposals to be presented to the Board of Directors set forth in the preceding paragraph shall as a general rule be made by the President and Representative Director. If the Board of Directors provides otherwise, however, such a procedure shall be followed.

The candidates are as follows:

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 36,900 Attendance of Board of Directors meetings 100% (16/16)
1	Kunio Suzuki	
 <p>(October 12, 1950) age 67</p> <p>REAPPOINTMENT CANDIDATE</p>	Profile and position in MPM	
	April 1974	Joined MPM
	June 2005	Executive Officer, Head, Hachinohe Mill
	June 2006	Senior Executive Officer, Head, Hachinohe Mill
	June 2007	Director, Managing Executive Officer, Head, Hachinohe Mill
	June 2009	President and Chief Executive Officer (to present)
	Reasons for nominating as a candidate for Director	
	<p>Mr. Kunio Suzuki is familiar with production of paper which is the core of MPM's business. He has been President and Chief Executive Officer since 2009, and led strongly MPM's recovery from the damage caused by the Great East Japan Earthquake, reconstruction of the business portfolio and the progress of alliances. He has a great insight and a wealth of experience related to MPM's business. As Chairman of the Board of Directors meeting, he properly plays a lead of the management. In order to improve MPM's corporate value, MPM believes that his strong leadership is required, and he has thus been nominated as a candidate for Director.</p>	

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 9,700 Attendance of Board of Directors meetings 100% (16/16)
2	Kazuhisa Taguchi	
 <p>(April 1, 1954) age 64</p> <p>REAPPOINTMENT CANDIDATE</p>	Profile and position in MPM	
	April 1978	Joined MPM
	April 2007	Executive Officer, Head, Kyoto Mill
	June 2009	Senior Executive Officer, Vice President, Imaging & Development Company
	June 2011	Director and Senior Executive Officer
	June 2013	Director and Managing Executive Officer, General Manager, Imaging Division
	June 2014	Director and Senior Managing Executive Officer, General Manager, Imaging Division
	April 2015	Director and Vice President, General Manager, Imaging Division
	May 2015	Representative Director and Vice President, (to present)
		<div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"> Supervisor, Imaging Media Division Energy Business Department and Technology & Environmental Department In charge of Kitakami Div. & Energy Business Department General Manager, Kitakami Division </div>
	Reasons for nominating as a candidate for Director	
	<p>Mr. Kazuhisa Taguchi has a professional knowledge and a wealth of experience mainly in the imaging business which is a feature of MPM with an advanced technology base. He has been Director and Vice President since April 2015, steering the globalization of the entire business. In order to carry out management for future growth while standing on the technology that MPM has developed over many years, MPM has large expectations for his ability, and he has thus been nominated as a candidate for Director.</p>	

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 1,200 Attendance of Board of Directors meetings 100% (16/16)
3	Kanji Morioka	
 (April 1, 1960) age 58 REAPPOINTMENT CANDIDATE	Profile and position in MPM	
	April 1982	Joined The Mitsubishi Bank Ltd. (current MUFG Bank Ltd. (hereinafter “MB”))
	June 2009	Executive Officer (In charge of East Japan area branches), MB Executive Officer, General Manager, General Affairs Department, MB
	May 2010 June 2011 June 2015 June 2016	Audit & Supervisory Board Member (Full-Time), MB Director and Senior Managing Executive Officer, MPM Representative Director and Senior Managing Executive Officer, MPM (to present) Supervisor, President’s Office [In charge of Raw Materials & Purchasing Dept. and Internal Audit Department] [Director responsible for Corporate Social Responsibility]
Reasons for nominating as a candidate for Director		
Mr. Kanji Morioka has experience in business execution at a mega-bank, and is familiar with management and finance. He also has a broad network of contacts and a great insight. MPM believes that he should play a role as a supervisory function required of the Board of Directors, and also has large expectations for his superior management talent to tackle challenges such as the progress of alliances and the improvement of corporate structure. He has thus been nominated as a candidate for Director.		

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 8,385 Attendance of Board of Directors meetings 100% (16/16)
4	Junji Harada	
 (October 30, 1956) age 61 REAPPOINTMENT CANDIDATE	Profile and position in MPM	
	April 1984	Joined MPM
	January 2011	Executive Officer, Unit Manager, New Business Development Unit, Imaging and Development Company
	January 2012	Executive Officer, General Manager, Speciality Materials Division
June 2012	Director and Executive Officer, General Manager, Speciality Materials Division	
January 2015	Director and Senior Executive Officer; General Manager, Speciality Materials Division	
June 2015	Director and Managing Executive Officer	
January 2018	Director and Senior Managing Executive Officer (to present) [In charge of Speciality Materials Division and Intellectual Property Department and Technology & Environmental Department] [General Manager, Speciality Materials Division]	
Reasons for nominating as a candidate for Director		
Mr. Junji Harada has achieved satisfactory results as General Manager of the Speciality Materials Division, such as the development of new products and the establishment of a production system. He has essential expertise in the growth strategy of MPM. Toward future growth, MPM is promoting the conversion and construction of the business portfolio. MPM has large expectations for his direction related to appropriate management, and he has thus been nominated as a candidate for Director.		

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 1,910 Attendance of Board of Directors meetings 100% (16/16)
5	Masaki Shuto	
 (May 4, 1956) age 62 REAPPOINTMENT CANDIDATE	Profile and position in MPM	
	April 1979	Joined MPM
	June 2011	Executive Officer, General Manager, Finance & Accounting Department
	January 2015	Senior Executive Officer, General Manager, Finance & Accounting Department
	June 2015	Director and Managing Executive Officer (to present) (In charge of Finance & Accounting Department)
	Reasons for nominating as a candidate for Director	
	Mr. Masaki Shuto has been long involved in the accounting department, and has a wealth of experience and great insight related to finance and accounting. He has played a strong leadership for financial strength improvement, which is MPM's issue. In order to promote the Mid-Term Management Plan steadily, MPM has large expectations for his superior ability for a firm management base as well as for his appropriate supervision of management. He has thus been nominated as a candidate for Director.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 1,400 Attendance of Board of Directors meetings 100% (16/16)
6	Naoki Okawa	
 (May 1, 1958) age 60 REAPPOINTMENT CANDIDATE	Profile and position in MPM	
	April 1982	Joined MPM
	January 2015	Executive Officer, General Manager, General Affairs & Personnel Department
	June 2015	Director and Executive Officer, General Manager, General Affairs & Personnel Department
	January 2017	Director and Senior Executive Officer (to present) (In charge of General Affairs & Personnel Department and Legal Department General Manager, General Affairs & Personnel Department)
	Reasons for nominating as a candidate for Director	
	Mr. Naoki Okawa has been long involved in the Personnel and General Affairs Departments, and has a wealth of experience and great insight related to the corporate sector. He is in charge of the General Affairs & Personnel Department as General Manager, and working to strengthen corporate governance. In order to advance the Medium-term Management Plan strongly, MPM has large expectations for his ability to use management resources effectively and to fulfill the supervision of management appropriately. He has thus been nominated as a candidate for Director.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held.....
7	Nobuhiro Sato	3,800
 (September 7, 1957) age 60 NEW CANDIDATE	Profile and position in MPM	
	April 1980	Joined MPM
	June 2013	Executive Officer, General Manager, Business Communication Paper Sales Dept. Paper Division
	June 2015	Executive Officer, In Charge of German Operations
	January 2016	Deputy General Manager, Paper Division
	January 2018	Senior Executive Officer, In Charge of German Operations; Deputy General Manager, Paper Division
		Senior Executive Officer, In Charge of German Operations; General Manager, Paper Division (to present)
	Reasons for nominating as a candidate for Director	
	Mr. Nobuhiro Sato has been long involved in the sales section of the Paper Division, and has a wealth of market experience and knowledge. As General Manager of the Paper Division, he is overseeing the rationalization of distribution and structural reform of our paper business, including German operations. In consideration of the future business development of MPM, he is expected to leverage his judgment and execution toward growth and improvement of corporate value over the mid- to long-term. He has thus been nominated as a candidate for Director.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held.....
8	Tomohisa Shinagawa	0
	Attendance of Board of Directors meetings 100% (16/16)	
 (June 14, 1958) age 60 REAPPOINTMENT CANDIDATE OUTSIDE DIRECTOR CANDIDATE INDEPENDENT DIRECTOR CANDIDATE	Profile and position in MPM	
	April 1985	Registered as an attorney-at-law (Daini Tokyo Bar Association) Joined Mori Sogo (current Mori Hamada & Matsumoto (hereinafter “MHM”))
	January 1993	Partner, MHM
	June 2006	Outside Director, MPM (to present)
	June 2010	Outside Audit & Supervisory Board Member, R&D Computer Co., Ltd. (to present)
	January 2013	Senior Counsel, MHM (to present)
	Important positions concurrently held at other companies, etc.	
	Senior Counsel, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, R&D Computer Co., Ltd. Director, Nippon Revival Investments Co., Ltd.	
	Reasons for nominating as a candidate for Director	
	Mr. Tomohisa Shinagawa is an attorney-at-law belonging to MHM. He is familiar with corporate legal affairs, and has great insight to oversee corporate management. He provides objective and valuable advice over the overall management at Board of Directors meetings, serving as a satisfactory supervision of management. He is expected to continue to contribute to corporate governance reinforcement by providing advice on overall management of MPM. MPM also has large expectations for his supervisory function for the determination of important business operations and execution from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Director.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held..... 0
9	Somitsu Takehara	Attendance of Board of Directors meetings 100% (16/16)
Profile and position in MPM		
 (April 1, 1952) age 66 REAPPOINTMENT CANDIDATE OUTSIDE DIRECTOR CANDIDATE INDEPENDENT DIRECTOR CANDIDATE	January 1977	Joined Peat Marwick Mitchell & Company
	December 1981	Joined Coopers & Lybrand
	July 2000	General Manager, Transaction Service Division, ChuoAoyama
	April 2005	Representative Director, ZECOO Partners Inc.
	June 2005	Outside Director, CDG Co., Ltd. (to present)
	February 2007	Outside Director, S-Pool, Inc. (to present)
	June 2014	Outside Audit & Supervisory Board Member, EDION Corporation (to present)
	April 2015	Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University (to present)
	June 2015	Outside Director, GENKI SUSHI Co., Ltd. (to present)
	June 2016	Outside Director, MPM (to present)
November 2017	Director & Chairman, ZECOO Partners Inc. (to present)	
Important positions concurrently held at other companies, etc.		
Representative Director, ZECOO Partners Inc. Outside Director, CDG Co., Ltd. Outside Director, S-Pool, Inc. Outside Director, GENKI SUSHI Co., Ltd. Outside Audit & Supervisory Board Member, EDION Corporation Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University		
Reasons for nominating as a candidate for Director		
Mr. Somitsu Takehara has expertise in finance and accounting as a certified public accountant. He is Representative Director of ZECOO Partners Inc., and has a wealth of experience of management consulting business and great insight into corporate management. He is expected to contribute to corporate governance reinforcement by making the most of his experience and providing advice over the overall management, MPM also has large expectations for his supervisory function for the determination of important business operations and execution from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Director.		

Notes:

1. No conflict of interests exists between MPM and each candidate.

2. (1) Limitation of Liability Agreements

MPM is scheduled to execute a Limitation of Liability Agreement with Mr. Tomohisa Shinagawa and Mr. Somitsu Takehara, limiting their liability pursuant to Article 427 Paragraph 1 of the Companies Act. Based on these agreements, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.

(2) Independent Director

MPM has notified the Tokyo Stock Exchange Mr. Tomohisa Shinagawa and Mr. Somitsu Takehara as Independent Directors.

(Reasons for notification as Independent Director)

Tomohisa Shinagawa

Mr. Tomohisa Shinagawa meets the Independence Criteria of MPM's Independent Directors. MPM has been ensured the effective operation under which MPM does not ask him about the issues concerned with the duties execution at all so that he can serve a supervision function from an independent viewpoint in the Board of Directors since MPM first elected him as an Outside Director. In consideration of the above-mentioned situation and the expertise that he has, MPM has appointed him as an Independent Director.

MPM has traded with MHM transactions such as legal services, and the amount is 11 million yen in the fiscal year ended March 2018. For MPM and MHM there is no relationship that affects Mr. Shinagawa's independence.

Somitsu Takehara

Mr. Somitsu Takahara meets the Independence Criteria of the MPM's Independent Directors. In consideration of this and the expertise that he has, MPM has appointed him as an Independent Director.

Although MPM has traded with ZECOO Partners Inc. in the past transaction of financial accounting consulting service, there are no transactions in the fiscal year ended March 2018. For MPM and ZECOO Partners Inc., there is no relationship that affects Mr. Takehara's independence.

(3) Terms as Outside Director

Mr. Tomohisa Shinagawa will have served as Outside Director for twelve (12) years at the close of this Ordinary General Meeting of Shareholders.

Mr. Somitsu Takehara will have served as Outside Director for two (2) year at the close of this Ordinary General Meeting of Shareholders.

Proposal No. 2: Election of One (1) Audit & Supervisory Board Members

Outside Audit & Supervisory Board Members Mr. Tsuyoshi Inoue will expire as of the close of this Ordinary General Meeting of Shareholders.

Consequently, we hereby propose that one (1) Outside Audit Supervisory Board Member be elected.

The submission of this proposal has been approved by the Audit & Supervisory Board.

The selection of the candidate is carried out according to the requirements and the nomination procedures listed in “MPM Basic Policies on Corporate Governance”(*).

(*) For your reference, the relevant provisions of “MPM Basic Policies on Corporate Governance” pertaining to Directors are listed below:

(Audit & Supervisory Board Member Qualification and Nomination Procedures)

Article 20. The post of MPM's Audit & Supervisory Board Member shall be filled by a person who has integrity, insights, abilities and a wealth of experience, etc., has an elevated sense of ethics and is able to adequately deliver audits of the group's corporate management by ensuring their independence from executives and maintaining a fair and impartial attitude.

2. The post of at least one of MPM's Audit & Supervisory Board Members shall be filled by a person who has appropriate knowledge in the areas of finances and accounting.
3. The independence of an outside Audit & Supervisory Board Member shall be judged based on the Independence Criteria in the Appendix.
4. A decision on any Audit & Supervisory Board Member candidate nomination, including any substitute Audit & Supervisory Board Member, shall be made by the Board of Directors in light of the preceding three paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.

The candidate is as follows:

Date of birth, etc.	Name	Number of shares of MPM held..... 0
 (April 11, 1960) age 58 NEW CANDIDATE OUTSIDE DIRECTOR CANDIDATE INDEPENDENT DIRECTOR CANDIDATE	Takeshi Kobayashi	
	Profile and position in MPM	
	April 1979	Joined Japan Development Bank (current Development Bank of Japan Inc. (hereinafter “DBJ”))
	June 2009	Executive Officer, General Manager of Human Resources Management Department, DBJ
	June 2010	Managing Executive Officer, DBJ
	June 2011	Audit & Supervisory Board Member, DBJ
	June 2014	Managing Executive Director Officer & Member of the Board, Japan Nuclear Fuel Ltd.(hereinafter “JNFL”)
	June 2016	Managing Executive Officer, JNFL (to present)
	Important positions concurrently held at other companies, etc.	
	Managing Executive Officer, JNFL (scheduled to retire on June 29, 2018)	
Reasons for nominating as a candidate for Director		
Mr. Takeshi Kobayashi has long worked in business execution and auditing at Japan Development Bank of Japan, and later served as Managing Executive Officer of JNFL. He has a wealth of knowledge and experience in corporate management. MPM has large expectations for his appropriate and effective audit function from an independent viewpoint as an Outside Audit & Supervisory Board Member by leveraging his experience. He has thus been nominated as a candidate for Audit & Supervisory Board Member.		

Notes:

1. No conflict of interests exists between MPM and the candidate.
2. Mr. Takeshi Kobayashi is new nominated as Outside Audit & Supervisory Board Member candidate.

(1) Limitation of Liability Agreements

MPM is scheduled to execute a Limitation of Liability Agreement with Mr. Takeshi Kobayashi, limiting his liability pursuant to Article 427 Paragraph 1 of the Companies Act. Based on these agreements, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.

(2) Independent Audit & Supervisory Board Member

MPM has notified the Tokyo Stock Exchange Mr. Takeshi Kobayashi as Independent Audit & Supervisory Board Member.

(Reasons for notification as Independent Audit & Supervisory Board Member)

Mr. Takeshi Kobayashi meets the Independence Criteria of MPM's Independent Audit & Supervisory Board Members. In consideration of it and the expertise that he has, MPM has notified him as an Independent Audit & Supervisory Board Member.

There is financial transaction between DBJ and MPM. This amount is 257 million yen in the fiscal year ended March 2018. Although the amount of the loan is 17,344 million yen as of March 31, 2018, accounting for 17.1% of MPM's total loan amount, that is not the degree which is necessary and essential for MPM's financing irreplaceably.

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

In case of the number of incumbent Audit & Supervisory Board Members becomes less than that is required by laws and ordinances, pursuant to the provisions of the Companies Act, Article 329, Paragraph 3, we propose that one (1) substitute Audit & Supervisory Board Member be elected.

However, Mr. Koichi Nakayama does not meet the requirements of Outside Audit & Supervisory Board Members so that he is to be elected to fill a vacancy of Mr. Kenji Oka (Full-time Audit & Supervisory Board Member).

The submission of this proposal has been approved by the Audit & Supervisory Board.

The candidate is as follows:

Date of birth, etc.	Name	Number of shares of MPM held..... 0
(May 30, 1958) age 60 NEW CANDIDATE	Koichi Nakayama	
	Profile and position in MPM	
	April 1981	Joined MPM
	June 2007	General Manager, Office Department, Hachinohe Mill.
	June 2009	General Manager, Affiliated Company Management Department, President's Office
	June 2014	General Manager, Legal Department
	January 2016	Counselor, General Manager, Legal Department (to present)
Reasons for nominating as a candidate for Director		
Mr. Koichi Nakayama has long worked in corporate sectors of MPM, including the Accounting and Corporate Planning Department. He is now General Manager of the Legal Department. He is familiar with MPM's business in general, and has knowledge of finance and legal affairs. In case of there is an accident among Audit & Supervisory Board Members, he will be able to promptly carry out the duties of Audit & Supervisory Board Members. He has thus been nominated as a substitute candidate for Audit & Supervisory Board Member.		

Notes:

No conflict of interests exists between MPM and the candidate.

End

Appendix

(1) Analysis and Evaluation of the effectiveness of the Board of Directors, 2017

In order to analyze and evaluate the effectiveness of the Board of Directors as a whole, MPM's Board of Directors conducted questionnaires to the Directors and Audit & Supervisory Board Members, and conducted discussions at the Board of Directors meeting based on the results.

- i) The date of the analysis and evaluation of the effectiveness of the Board of Directors
 - Questionnaire conducted: December 27, 2017 - January 10, 2018
 - Discussion at Board of Directors: January 31, 2018
- ii) Questionnaire items
 - a) Composition of the Board of Directors
 - b) Management of the Board of Directors
 - c) Functions of the Board of Directors
 - d) Other recommendations for improvement
- iii) Results of analysis and evaluation of the effectiveness of the Board of Directors, 2017
 - a) Composition of Board of Directors

From the viewpoint of MPM's business type, international nature (domestic demand type), nature of its products (material), company size, etc., the current number of members of the Board of Directors, the balance of the members, knowledge and understanding of each member are evaluated as appropriate overall.
 - b) Management of the Board of Directors

The frequency of holding, the time required, the management of the agenda, the documents to be prepared, and the information provision system are generally evaluated to be appropriate. For appropriate and sufficient discussion at the Board of Directors, it is considered useful to respond flexibly to the procedure of the meeting, so the Board of Directors will respond accordingly in the future.
 - c) Functions of the Board of Directors

Regarding strategic decision-making, effective monitoring, consideration of the interests of stakeholders, improvement of the environment for appropriate risk-taking, consideration and mutual oversight of conflicts of interest, and setting of scope of delegation toward the execution side are evaluated to be appropriate. In the future, the Board of Directors will consider timely and proper understanding of the status of IR and SR, and consider creating a structure that can make prompt management decisions in response to the B to C business.
 - d) Other recommendations for improvement

The effectiveness of the Board of Directors is being improved with the previous evaluation, and the method of analyzing and evaluating the current effectiveness is judged to be appropriate at present. The Board of Directors will continue to examine the ideal way it should be including from the perspective of objectivity and other aspects. The meetings of Outside Directors and Outside Audit & Supervisory Board Member are held aiming at sharing information and sharing recognition between them. It is judged that the current way of holding the meetings is smooth and useful. The Board of Directors recognizes that MPM's stance towards the stock market has room for improvement on IR and SR policies and methods, so the Board of Directors will discuss this in the future as well.

(2) Basic Policies on Corporate Governance Independence Criteria

As a policy on the independence of MPM's outside directors and outside Audit & Supervisory Board Members, any party to which any of the following items applies shall be deemed not to be independent; provided, however, that Item below should be applied only with respect to an outside Audit & Supervisory Board Member;

A person who is an executive director, executive officer, or other employee of MPM or a subsidiary of MPM (hereinafter referred to as "executive"), or a person who has been an executive of MPM or a subsidiary of MPM in the past 10 years;

A party that deals with MPM or a significant subsidiary (*1) of MPM as a major business partner (hereinafter referred to as the "group") (*2) (if such a party is an organization, such as a corporation, an executive thereof);

A major business partner of MPM (*3) (if such a business partner is an organization, such as a corporation, an executive thereof);

An executive of any financial institution, etc. that is a major lender to MPM (*4) or any other major creditor, or the parent company or a significant subsidiary (*1) thereof;

A certified public accountant, or a member, partner, associate, staff or employee of an auditing firm which is the independent auditor of the group;

A consultant, accounting expert or legal expert who receives a large amount of money or other asset (*5) other than officer remuneration from the group (if the party who receives such an asset is an organization, such as a corporation, a member, partner, associate, staff or employee thereof);

A party that receives any donation of a large amount of money or other asset (*5) from the group (if the party that receives such an asset is an organization, such as a corporation, an officer, member or employee of that organization);

An executive of any company or the parent company or a significant subsidiary (*1) thereof that is in an interlocking relationship of outside officers with the group;

A shareholder who holds shares representing 10% or more votes in MPM (if such a shareholder is an organization, such as a corporation, an executive thereof);

A person to which any of to above has applied in the past three years;

A close relative (*7) of any person to which any of to above applies (limited to a person who is in a significant position (*6)); or

A close relative (*7) of any person to which any of (1) to (3) below applies;

- (1) A person who is a non-executive director of any subsidiary of MPM;
- (2) A certified public accountant, or a tax accountant, who is an accounting advisor to any subsidiary of MPM (if such an accounting advisor is a corporation, a certified public accountant or a tax accountant that belongs to that corporation); or
- (3) A person to which either (1) or (2) above, or the position of MPM's non-executive director, has applied in the past one year.

(*1) A significant subsidiary means a consolidated subsidiary, which, in the case of MPM, means a company stated in the business report as "MPM's significant subsidiary."

(*2) A party that deals with the group as a major business partner means a party that receives the payment from the group in an amount that exceeds 5% of the consolidated net sales for the most recent business year of that party.

(*3) A major business partner of MPM means a business partner that makes the payment to MPM in an amount that exceeds 5% of the consolidated net sales for MPM's most recent business year.

(*4) A major lender to MPM means a lender that is necessary and essential for MPM's financing and on which MPM relies to an irreplaceable degree.

(*5) A large amount of money or other asset means such an asset of which total value for the most recent business year of the party that receives such an asset is: (i) in the case of an individual

person, 10 million yen or more or; (ii) in the case of an organization, such as a corporation: (ii-1) in the case of a consultant, etc., 2% or more of the consolidated net sales of that organization (a law firm, etc.) or; (ii-2) in the case of donation, more than 30% of the gross annual expenses of that organization (a public-interest incorporated association, etc.).

(*6) A person who is in a significant position means: an executive director, corporate officer, executive officer, or an employee in the position of general manager or a higher senior managerial position; a certified public accountant among those who belong to an auditing firm or accounting firm; a lawyer among those who belong to a law firm or; an officer, such as a councilor, trustee or auditor among those who belong to a foundation, association, educational institution or other corporation, or any other person who can objectively and reasonably be deemed to be of the level of significance equivalent thereto.

(*7) A close relative means a spouse, or a relative within the second degree of kinship.