

Corporate Report 2020



Editorial Policy

Mitsubishi Paper Mills publishes the Mitsubishi Paper Mills Corporate Report, which summarizes financial and non-financial information to provide stakeholders with an understanding of the Group's overall business activities. In these pages, we report on the Mitsubishi Paper Mills Group's corporate value building activities which seek to bring about a more sustainable society.

Scope

The companies included are Mitsubishi Paper Mills Limited and its consolidated subsidiaries (20 companies in Japan and 6 companies overseas), as well as its equity-method affiliates (2 companies in Japan and 1 company overseas)

Reporting Period

The reporting period is fiscal 2020 (April 1, 2019 to March 31, 2020), with some content included from outside this period.

Guidelines Referenced

- ISO26000
- GRI's Sustainability Reporting Standards
- Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment

Contact

Mitsubishi Paper Mills Limited
 General Affairs & Corporate Communications Group, General Affairs & Personnel Department
 2-10-14 Ryogoku, Sumida-ku, Tokyo 130-0026, Japan
 Phone: +81 3 5600 1487
 Facsimile: +81 3 5600 1489
 E-mail : csr@mpm.co.jp

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August 31, 2020 (Previous: August 31, 2019)

Next Report

Late August 2021

Our Website

The Mitsubishi Paper Mills website provides a range of information on subjects that include CSR and the environment, investor relations, products and services, research and development, basic data on the company, and recruitment.

CSR / Environment

Corporate reports, CSR reports
<https://www.mpm.co.jp/eng/env/report-index.html>

Investor Relations

Annual Business Report
<https://www.mpm.co.jp/eng/ir/library/index.html>
 Annual Report
<https://www.mpm.co.jp/eng/ir/library/annual-report.html>

Products & Services

<https://www.mpm.co.jp/eng/products/index.html>

Research & Development

<https://www.mpm.co.jp/eng/rd/index.html>



<Cover photo>
 Fresh verdure in Murabi company-owned forest (Nishigo-mura, Nishi shirakawa-gun, Fukushima)

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Message from the President



Yukihiro Tachifuji
President and
Chief Executive Officer

立藤 幸博

Aims of the Mitsubishi Paper Mills Group

Since its founding in 1898, Mitsubishi Paper Mills has, as "technological Mitsubishi" of the paper industry, contributed to the development of information media such as printing, publishing, and photography by developing and providing new high value-added products that match the times and meet the demand of the times.

As time passes and digital information and communications technology (ICT) advances, the information society is transforming into a social structure that does not require paper as a medium. Amidst these drastic changes in the market and the management environment, we entered into a capital and business alliance agreement with Oji Holdings Corporation with the aim of achieving sustainable growth and increasing the corporate value of the Mitsubishi Paper Mills Group and, in March 2019, we increased our capital through a third-party allocation of new shares, becoming an equity method affiliate of Oji Holdings.

In fiscal 2020, the Mitsubishi Paper Mills Group started the New Mid-Term Management Plan which is centered on the basic principle of Strengthening and diversifying the business base for a new stage. We have been vigorously implementing various measures focused on three key strategies. The first key strategy is to Establish a robust management base through the alliance with the Oji Group. Under this strategy, in fiscal 2020, besides commencing operation of a joint biomass power generation business, we also launched several new initiatives, such as integrating production of some communication paper, establishing a joint venture company for woodchip procurement, and becoming a sales agent. Under the second key strategy, which is to Make structural reforms and enrich existing businesses, we put the household and consumer paper business, which is also a collaboration with the Oji Group, into operation at the Hachinohe Mill and established a direct sales framework eliminating external trading companies in the Imaging Media Business (Functional Materials Division). Under the final key strategy, which is to Diversify the business base by fostering new profit pillars, we have been working to diversify our business by planting the seeds for the next profit pillars, such as expanding sales of water treatment membrane support substrates and various types of battery separators, commencing operation of manufacturing facilities for electronic industrial materials at the Kyoto Mill, as well as focusing on digital transfer inkjet paper and healthcare-related products.

Going forward, we will aim to continue expanding and deepening our capital and business alliance with the Oji Group. We will also proceed with strengthening and diversifying our business base, while responding flexibly to the impact on management of COVID-19, which is currently sending shockwaves around the world. We will aim to further develop the Mitsubishi Paper Mills Group as well as improve corporate value and contribute to society.

We hope for your continued support and encouragement in the future.

Mitsubishi Paper Mills Group Corporate Philosophy



We aim to contribute to society by pursuing the world market, technological capabilities, and the global environment.

Contributing through CSR Activities

The Mitsubishi Paper Mills Group's CSR activities aim to improve corporate value and solve social problems through trust and empathy from our stakeholders.

In recent years, there have been demands to apply the sustainable development goals (SDGs) to management in corporate activities. We were one of the first to produce and sell FSC®-certified paper, and we have been working to make society more sustainable through our paper businesses.

In fiscal 2020, we worked on Enhancing activities to ensure safety and health and Product development centered on harmony with society as the two top priority issues. Under Enhancing activities to ensure safety and health, we revised various personnel systems in consideration of workstyle reform and reviewed training programs with the aim of further improving the performance of human resources. Under Product development centered on harmony with society, we worked on developing products that reflect needs, including those of end-users, and commercialized and launched sales of various food packaging papers that contribute to reducing waste plastic.

For fiscal 2021, considering the Mitsubishi Paper Mills Group's business environment and conditions, we have once again established Product development centered on harmony with society and Enhancing activities to ensure safety and health, which unfortunately was not effective in fiscal 2020, as the two top priority issues.

Product development centered on harmony with society is based on the idea of the SDGs, and aligns with Diversifying the business base by fostering new profit pillars, which is one of the key strategies of the current New Mid-Term Management Plan. We will work to develop new products that will pave the way to realizing a sustainable society. At the same time, with a renewed appreciation of the fact that safety and health undergird the Group's business, we continue stepping up efforts by Enhancing activities to ensure safety and health.

History and Main Offices and Mills of the Mitsubishi Paper Mills Group

History

- April 1898 Hisaya Iwasaki took over a paper mill operated by the Walsh Brothers in Sannomiya, Kobe, and established Kobe Paper Mill Company
- June 1901 Moved the mill (currently Takasago Mill) to Takasago City in Hyogo Prefecture
- February 1917 Constructed the Nakagawa Mill in Katsushika-ku, Tokyo (closed in March 2003)
- November 1917 Incorporated and changed name to Mitsubishi Paper Mills, Ltd.
- April 1944 Merged with Kyoto Photographic Industry Company, Ltd. and made it the Kyoto Trial Mill (currently Kyoto Mill), to produce photographic paper
- November 1950 Acquired all stock of a manufacturer and seller of non-wood pulp (currently Toho Tokushu Pulp Co., Ltd.)
- April 1966 Constructed the Hachinohe Mill in Hachinohe City, Aomori
- April 1966 Merged with Shirakawa Pulp Industry Ltd. and acquired the Shirakawa Mill (currently Hakuryo Paper Technology Co., Ltd.) and the Kitakami Mill (currently Kitakami HiTec Paper Corporation)
- April 1972 Formed Mitsubishi Paper Sales Co., Ltd. (currently Mitsubishi Oji Paper Sales Co., Ltd.) by merging Ryosan Shokai with CASIWA Co., Ltd.
- April 1992 Established Diamic Co., Ltd.
- May 1994 Established the subsidiary Mitsubishi Imaging (MPM), Inc. in New York, U.S.A.
- November 2007 Established Zhuhai MPM Filter Ltd. in China, and commenced filter product processing in China
- April 2008 Established MP Juarez LLC in Mexico, and commenced inkjet paper processing in North America
- October 2010 Formed Mitsubishi HiTec Paper Europe GmbH by integrating two German manufacturing subsidiaries (Mitsubishi Hitec Paper Bielefeld GmbH and Mitsubishi Hitec Paper Flensburg GmbH)
- October 2011 Acquired shares of KJ SPECIALTY PAPER Co., Ltd., a chemical-based paper subsidiary of Kohjin Co., Ltd.
- March 2016 Established joint venture with Oji Green Resources Co., Ltd. called MPM Oji Eco-Energy Co., Ltd.
- April 2017 Established joint venture with Oji Nepia Co., Ltd. called MPM Oji Home Products Co., Ltd.
- March 2019 Issued new shares via a third-party allotment to the Oji Holdings Corporation and became an equity-method affiliated company of the same

Main Offices and Mills

■ Head Office & Branches

Head Office

2-10-14 Ryogoku, Sumida-ku, Tokyo
(Ryogoku City Core)

■ Domestic Sales Locations

Mitsubishi Oji Paper Sales Co., Ltd.

2-10-14 Ryogoku, Sumida-ku, Tokyo
(Ryogoku City Core)
Offices: Osaka Office, Nagoya Office,
Tohoku Office, Kyushu Office
Principal business: Sale of paper and chemicals, etc.

Osaka Sales Branch

1-1, Fushimimachi 2-chome, Chuo-ku, Osaka-shi, Osaka
(Sumitomo Mitsui Bank Koraibashi Building)

Diamic Co., Ltd.

2-10-14 Ryogoku, Sumida-ku, Tokyo
(Ryogoku City Core)
Offices: Tokyo Branch, Osaka Branch, Sapporo Office,
Sendai Office, Nagoya Office, Fukuoka Office, plus
five other sales offices in Japan, and one office
overseas
Principal business: Sale of printing plate materials,
information materials and related equipment

■ Domestic R&D Facilities

Tsukuba R&D Laboratory

46, Wadai, Tsukuba-shi, Ibaraki

Kyoto R&D Laboratory

1-6-6 Kaiden, Nagaokakyo-shi, Kyoto

■ Domestic Production Facilities

Takasago Mill

105 Sakaemachi, Takasagocho, Takasago-shi, Hyogo
Principal products: Carbonless paper, thermal paper,
inkjet paper, non-woven fabric products, speciality
paper

Kyoto Mill

1-6-6 Kaiden, Nagaokakyo-shi, Kyoto
Principal products: Printing plate materials,
photo inkjet paper

Hachinohe Mill

Aza Aomoriyachi, O-aza Kawaragi, Hachinohe-shi,
Aomori
Principal products: Printing paper, white paperboard,
copier paper

Hakuryo Paper Technology Co., Ltd.

3, Aza Maeyamanishi, Nishigo-mura,
Nishi Shirakawa-gun, Fukushima
Principal products: Pressboard

Kitakami HiTec Paper Corp.

35, Sasanagane, Aisari-cho, Kitakami-shi, Iwate
Principal products: Photographic base paper,
sanitary paper

■ Overseas Production and Sales Facilities

Mitsubishi HiTec Paper Europe GmbH

(Bielefeld Mill)
Niedernholz 23, D-33699 Bielefeld, Germany
(Flensburg Mill)
Husumer Strasse 12 D-24941 Flensburg, Germany
Principal products: Carbonless paper, thermal paper,
inkjet paper

Process Development Laboratory

3, Aza Maeyamanishi, Nishigo-mura, Nishi
Shirakawa-gun, Fukushima

KJ SPECIALTY PAPER Co., Ltd.

7-1 Shimbashicho, Fuji-shi, Shizuoka
Principal products: Chemical paper (decorative
laminate base paper, impregnated decorative
sheets, base paper for wallpaper, masking tape
backing, etc.)

Toho Tokushu Pulp Co., Ltd.

(Oyama Mill) 340, O-aza Mamada, Oyama-shi, Tochigi
(Kitakami Mill) 35, Sasanagane, Aisari-cho,
Kitakami-shi, Iwate
Principal products: Non-wood pulp

MPM Oji Home Products Co., Ltd.

Aza Aomoriyachi, O-aza Kawaragi, Hachinohe-shi,
Aomori
Principal products: sanitary paper

MPM Oji Eco-Energy Co., Ltd.

35-10 Aza Kaigan, O-aza Kawaragi, Hachinohe-shi,
Aomori
Principal business: Biomass power generation

Zhuhai MPM Filter Ltd.

17 Yijing Lane, Pingsha Town, Jinwan District, Zhuhai,
Guangdong, China
Principal products: Various filters

Mitsubishi Imaging (MPM), Inc.

555 Theodore Fremd Avenue, Rye, NY 10580
Principal business: Sale of paper and
photographic/printing plate materials

Management Policies

Impact of the Novel Coronavirus

To protect the lives and safety of employees in response to the increased risk of being infected by the novel coronavirus, the Mitsubishi Paper Mills Group has taken measures that include staggered work hours, working in shifts, and reduction of opportunities for contact at our production sites. We have also taken measures to prevent infection, such as implementing remote working in sales and administration departments.

A negative impact from COVID-19 is unavoidable due to restrictions on leaving home and the cancellation of events, which has led to an acceleration in the decline in demand for printing and communication paper and is also affecting the imaging media business field for image output. We are addressing this situation by consolidating our “defensive” business, which includes maintaining a production system in line with ups and downs in demand while placing workers on furlough.

On the other hand, due to increasing hygiene needs, demand for household and consumer paper and filter-related products has risen, while businesses such as power generation are essential for supporting social infrastructure. In addition, paper, which is used in diverse aspects of life, has a key mission in underpinning society. We will respond flexibly to the dramatic and sudden changes brought about by the COVID-19 pandemic and also continue devoting efforts to such “offensive” aspects of business.

New Mid-Term Management Plan (FY2020 – FY2022)

Under the basic principle of Strengthening and diversifying the business base for a new stage, we have been vigorously implementing the New Mid-Term Management Plan aiming to achieve sound and sustainable growth for the Group and maximize corporate value over the medium- to long-term with three key strategies:

- ① Establish a robust management base through the alliance with the Oji Group;
- ② Make structural reforms and enrich existing business; and
- ③ Diversify the business base by fostering new profit pillars.

Status of Initiatives for the Three Key Strategies

■ Establish a robust management base through the alliance with the Oji Group

◇ Joint Biomass Power Generation Business

Hachinohe Eco-Energy Power Station, which takes advantage of the coastal location of the Hachinohe Mill, started commercial operation in September 2019. With electricity sales of approximately 360 million kWh in the fiscal year ended March 31, 2020, it contributed 1,200 million yen to the Group’s consolidated business performance. Electricity sales of approximately 530 million kWh are expected in fiscal 2021 with full operation throughout the year.



Overall view of the biomass power generation plant

◇ Household and Consumer Paper Joint Venture

MPM Oji Home Products Co., Ltd., which engages in the household and consumer paper business, began commercial operation in April 2019. It has worked toward stable production and supply based on cooperation with Oji Nepia Co., Ltd., and while target monthly production was 1,500 t, it achieved monthly production of 1,750 t in March 2020. Amid robust demand for household and consumer paper, MPM Oji Home Products is using the Tohoku region where the brand is already established as a foundation to expand to Tokyo and other areas of the Kanto region.

◇ Synergies through Joint Procurement

In November 2019, Mitsubishi Paper Mills entered into capital participation in OCM Fiber Trading Co., Ltd. (a company for joint procurement of imported woodchips with Oji Holdings and Chuetsu Pulp & Paper Co., Ltd.), establishing a foundation for synergies. We are also making efforts to strengthen our position in negotiations based on joint procurement, such as by sharing information about market conditions and diversifying procurement methods. Moreover, as a result of implementing procurement focused on short-distance sources, and switching to more advantageous raw materials and fuel due to the increase in the volume of information available, synergies amounted to 900 million yen in the fiscal year ended March 31, 2020.

◇ Initiatives to Strengthen Sales Capabilities

In November 2019, the corporate name of our in-house sales agency was changed to Mitsubishi Oji Paper Sales Co., Ltd. The company concluded an agency agreement with Oji Paper Co., Ltd. in January 2019, and also concluded an agency agreement with Oji Materia Co., Ltd. in March 2020. Going forward, too, Mitsubishi Oji Paper Sales plans to conclude agency agreements with the Oji Group companies. By doing this, it will work to enhance its product lineup and expand sales by increasing sales capabilities of sites in Western Japan, where the market share of Mitsubishi Paper Mills is relatively low.



◇ Centralization of the Carbonless Paper Business

In November 2019, it was agreed to transfer the carbonless paper production and sales business of Oji Imaging Media Co., Ltd. to Mitsubishi Paper Mills, and the business was officially transferred in July 2020 after adjustment of the sales network. This is expected to expand market share and improve profitability, and we will aim for at least a 35% share of the domestic market going forward.

■ Make structural reforms and enrich existing business

◇ Reorganization of Business Units and the Research and Development Framework

Thinking it essential to create a company-wide development framework to further transform our business portfolio and expand functional materials where growth is expected going forward, such as filters, nonwoven fabric products, electronic industrial materials, and chemical paper, we centralized our research units and newly established the Research and Development Division in January 2020. In June 2020, we also merged the Imaging Media Division and the Speciality Materials Division to form a new Functional Materials Division. We will continue to accelerate global business growth by fusing our distinctive technological base for functional materials with products, based on an efficient framework for business management.

■ Diversify the business base by fostering new profit pillars

◇ Expand in Nonwoven Fabric Growth Sectors

Sales of battery separators for capacitors and condensers have grown alongside the growth in the IoT and communications equipment market, and have started to be adopted for use in industrial vehicle lithium ion battery applications. Total net sales of battery separators in fiscal 2020 was 600 million yen, up 93% year over year. Also, use of ultrathin-film EM shielding materials as shielding materials for smartphones is expanding.

◇ Plastic Replacement Products

For products to replace plastic, in which there is a high level of interest as an initiative for the SDGs, we commenced domestic production of coated packaging paper with outstanding biodegradable and recycling properties, launching two brands: barricote® and barrisherpa™. We began sales in May 2020 with the aim of achieving 2,000 million yen in sales in five years’ time. In addition, we newly commenced sales of paper straws and packaging paper, which are FSC®-certified products, with the aim of expanding our products in this sector.

FSC® C021528

Consolidated Financial and Non-Financial Highlights

The fiscal year runs from April 1 to March 31.

Fiscal Year	2016	2017	2018	2019	2020
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Profit and Loss (millions of yen):

Net Sales	216,340	201,955	201,492	203,997	194,575
Operating Income	3,872	4,313	1,790	△40	1,976
Ordinary Income	2,216	2,703	652	△914	2,696
Profit Attributable to Owners of Parent	2,217	1,152	3,198	351	801
Capital Investment	4,798	5,995	7,438	12,481	5,525

Cash Flows (millions of yen):

Cash Flows from Operating Activities	12,626	19,839	12,809	19,066	9,976
Cash Flows from Investing Activities	△2,145	△7,070	△5,994	△8,979	△6,571

Financial Position (100 millions of yen):

Total Assets	2,407	2,349	2,374	2,328	2,122
Outstanding Interest-bearing Debt	1,388	1,257	1,193	1,046	1,019
Equity Capital	492	544	597	664	605

Per Share Information*1 (yen):

Earnings per Share (EPS)	64.85	33.72	93.57	10.04	17.96
Book Value per Share (BPS)	1,440.45	1,591.00	1,747.54	1,485.64	1,355.27

Management Indicators:

Operating Income Margin (%)	1.8	2.1	0.9	△0.0	1.0
Overseas Sales Ratio (%)	31	30	32	35	33
Equity Ratio (%)	20.5	23.2	25.2	28.5	28.5
Return on Equity (ROE) (%)*2	4.4	2.2	5.6	0.6	1.3
Debt-Equity Ratio (D/E Ratio)*3	2.8	2.3	2.0	1.6	1.7
EBITDA (millions of yen)	14,534	14,767	12,264	10,076	11,801

Non-Financial Data:

Employees*4	3,697	3,734	3,723	3,668	3,676
Intellectual Property Rights	1,607	1,639	1,655	1,691	1,588 ※6
Industrial Waste Effective Utilization Ratio*5(%)	92	89	92	94	93
Greenhouse Gas Emissions (1,000 tons)	1,066	1,065	1,095	1,037	958
Greenhouse Gas Emissions Emission Intensity (tons / product tons)	1.155	1.155	1.160	1.155	1.185

※1 A one-for-10 reverse stock split of common stock went into effect October 1, 2016.

Calculations assume this reverse stock split occurred at the beginning of fiscal 2016.

※2 Return on equity (ROE) = Profit attributable to owners of parent / (net assets - non-controlling interest)

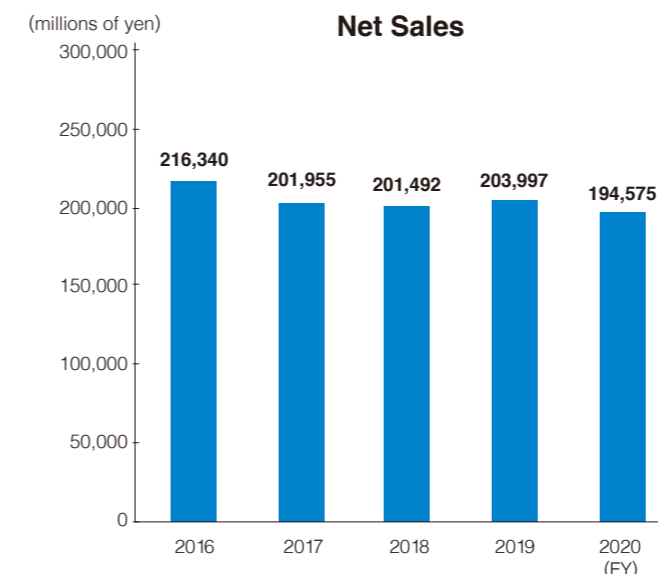
※3 Debt-equity ratio = Interest-bearing debt / equity capital

※4 Employees denotes full-time employees and does not include temporary workers

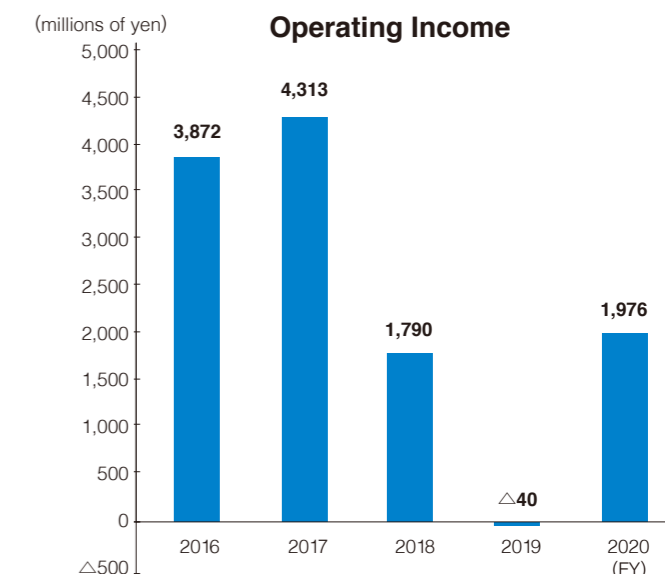
※5 Industrial waste effective utilization ratio = (waste generated - final disposal volume) / waste generated

※6 As part of our continuous maintenance and management of intellectual property, we conducted an intensive inventory of intellectual property, such as patents, starting in 2019. As a result, the number of intellectual property rights owned has decreased.

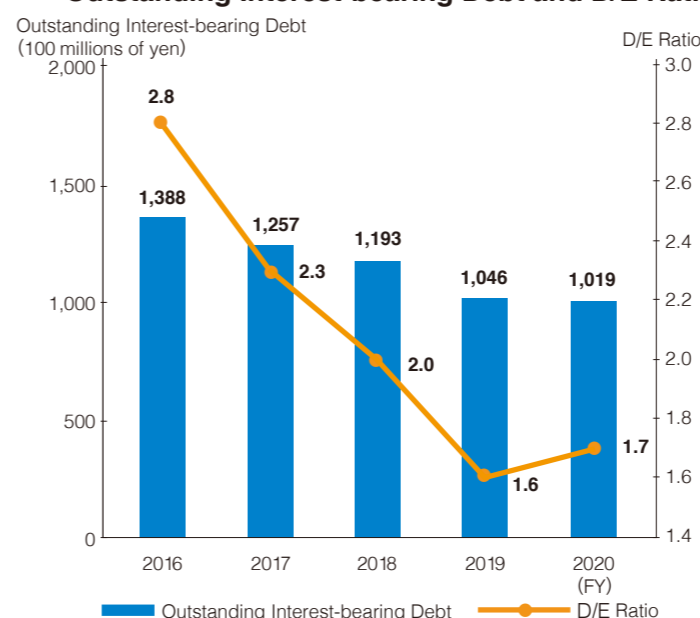
Net Sales



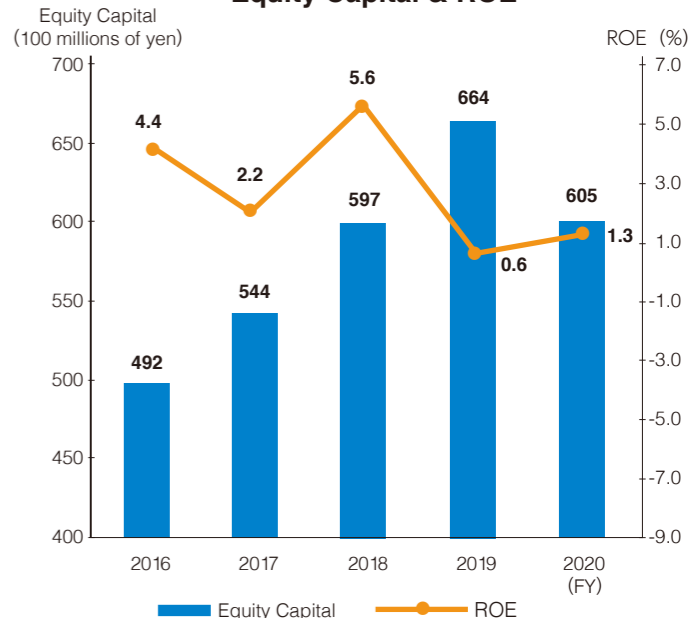
Operating Income



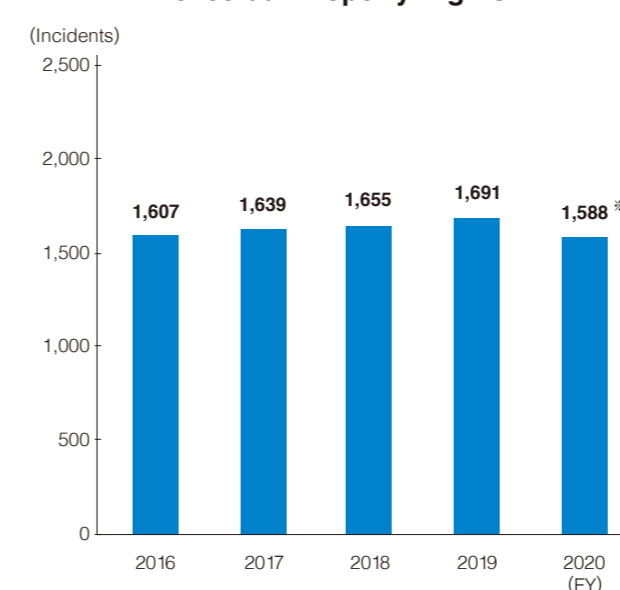
Outstanding Interest-bearing Debt and D/E Ratio



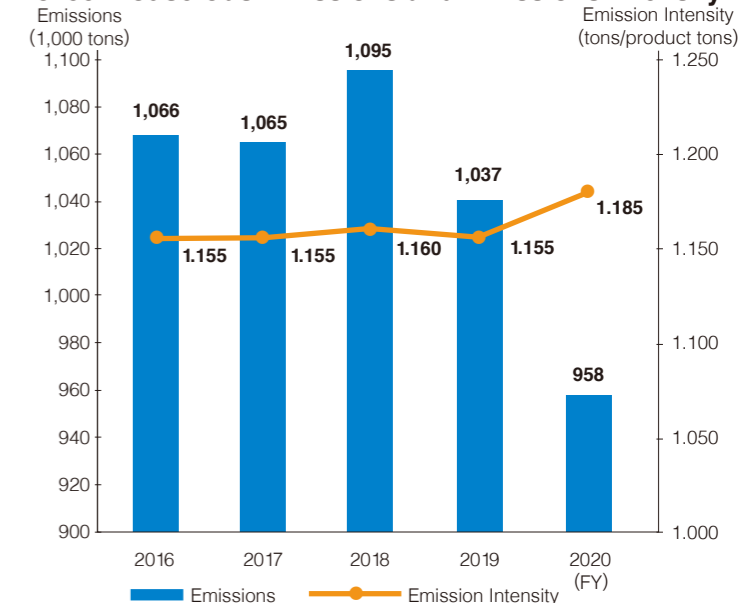
Equity Capital & ROE



Intellectual Property Rights



Greenhouse Gas Emissions and Emissions Intensity



Special Feature : Products Contributing to a Sustainable Society

Environmentally Conscious Products

The Mitsubishi Paper Mills Group selects and promotes the sale of products that contribute to energy conservation, resource conservation, resource recycling, prevention of global warming, and preservation of biodiversity over the lifecycle (from procurement of materials to disposal) of the product or service as environmentally conscious products.

■ barricote® and barrisherpa™, coated packaging paper with barrier properties and heat sealability



Amid strong calls for measures to counter global warming and the plastic debris in the oceans accompanying the sharply rising global consumption of plastic for containers and packaging, our packaging paper is an alternative material that can contribute to reducing waste plastic.

barricote® is an environmentally-friendly coated packaging paper which is biodegradable and fully recyclable (FSC®-certified paper), which are inherent properties of paper. A filmless, heat sealable flexible packaging material for food and daily hygiene products, barricote® includes the following features, and offers a product lineup that meets a wide range of packaging needs.

- ① A range of specialized grades for use as primary packaging in direct contact with food and as secondary packaging for the large packages used in bulk packaging;
- ② Advanced barrier properties against oxygen and water vapor for primary packaging grades;
- ③ Gravure printability, which is the main flexible packaging printing technique.



barrisherpa™ is a laminated hybrid product of barricote® and plastic film. While maintaining the heat sealability and strength of plastic film, it contributes to reducing the amount of plastic use, and can also be combined with plant-derived, biodegradable plastic film. For the logo design, we created a design based on the concept of a tree growing in the sunlight.

■ Bleached Kraft HD FSC®-certified – MX, bleached kraft paper contributing to the SDGs



This paper, which features outstanding printability and suitability for the manufacture of bags, is an FSC®-certified bleached kraft paper that contributes to the SDGs through the use of paper. Manufactured without the use of fluorescent dyes and in compliance with Voluntary Standard of Paper and Paperboard Intended for the Use for Food Contact formulated by the Japan Paper Association, the product can be used with peace of mind for food packaging applications.



■ Biodegradable Inkjet Media



Biodegradable inkjet media uses plant-derived biodegradable resin that will ultimately be broken down into water and carbon dioxide by microorganisms in the soil.

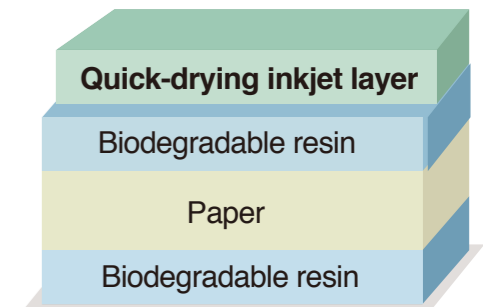
By replacing polyethylene resin with biodegradable resin, it is an environmentally conscious product in which the materials in the paper, ink absorbing layer and all the other major components will return to earth.

With normal usage, there is little biodegradation, but products begin to biodegrade once buried in the ground. Our biodegradable inkjet media can be used for diverse applications, including posters, labels, and tags.



《Biodegradability of this media under various environmental conditions》

	Biodegradability
Normal storage environment (Assumes indoor usage (up to 50°C))	Does not degrade
Soil degradability (in compost) (Reference conditions: ISO 14855 (JISK6953))	Degrades
Soil degradability (in soil) (Reference conditions: ISO 17556 (JISK6955))	Degrades slowly
Biodegradability in marine environment (Reference conditions: ASTM D7081)	Does not degrade



■ Paper Straws



FSC®-certified paper is used for our paper straws which consider the environment and local communities.

We are strengthening the manufacturing processes and quality control of overseas manufacturers with a track record of use in places such as Europe, the U.S., South America, and South Korea and importing paper straws that have passed the quality control of Mitsubishi Paper Mills and can guarantee peace of mind and safety.

Confirmations are also done by a Japanese analysis organization with respect to the Food Sanitation Act standards and the Japan Paper Association Voluntary Standards (heavy metals testing).

Customized variations such as printing that matches the brand image of a restaurant are also available.

We hope the straws will be used in efforts to reduce single-use plastics (plastic elimination and reduction), an area where interest is rising.

ThermoRewrite®

ThermoRewrite® is a rewritable thermal recording material developed by Mitsubishi Paper Mills that can display the latest information by repeated printing and erasing. It is not a single-use disposable product, but can be used many times, contributing to resource conservation and resource recycling.

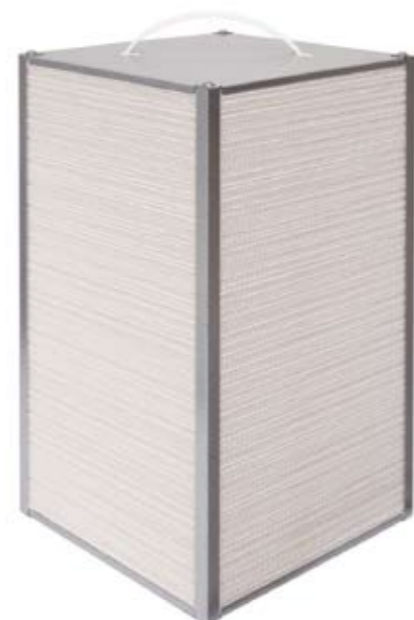
ThermoRewrite® is being used in Japan, Europe, China, and Southeast Asia for a wide variety of applications, such as cards for reward points, IDs, and access control.



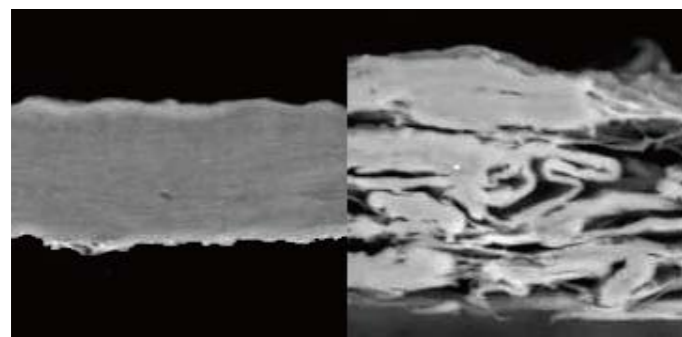
Air Filter Energy Recovery Ventilator (ERV) core

ERVs are also known as energy-saving ventilation fans. In the case of regular ventilation, energy for an air conditioner or similar equipment is used to exhaust conditioned air outside as it is. However, ventilation using a ERV enables the collection of energy (temperature and humidity) by captured external air from room air that is being exhausted, reducing energy loss.

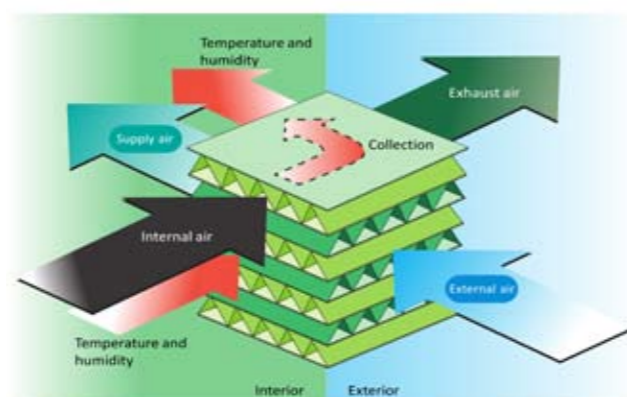
Paper is an effective material for energy collection, and a paper filter (ERV core) is the central part of a ERV. Paper made with our unique special-thin paper technology is extremely thin (high temperature collection efficiency), high density (high shielding properties so dirty internal air will not leak into external supply air), and hydrophilic (high humidity collection efficiency), giving it outstanding energy collection efficiency. Energy recovery products (energy recovery paper and cores) using our special-thin paper have been used in ERVs in Japan and overseas.



ERV core



Our energy recovery paper (0.04mm) Other companies' energy recovery paper (0.07mm)
Comparison of our product and other companies' products



Schematic and general principle

COVID-19 Initiatives

In terms of COVID-19 initiatives, Mitsubishi Paper Mills created a range of products that take advantage of our technology, facilities, and resources. Through our business, we are making active contributions to support measures to prevent the spread of COVID-19.

Alcohol-based Liquid Disinfectant "pure Leaf room and article disinfectant"
Non-sticky type containing at least 70% plant-derived ethanol

In the area of alcohol preparations, for which demand is increasing, Mitsubishi Paper Mills commenced production and sale of "pure Leaf room and article disinfectant." This has a high concentration of ethanol, which is a powerful disinfectant. In accordance with the notification from the Ministry of Health, Labour and Welfare on the use of high-concentration ethanol products associated with the outbreak of COVID-19, this has been formulated with an ethanol concentration of 70 - 80% and does not contain any methanol. This product is not a pharmaceutical or a quasi-drug, however, it is possible to be used in many ways such as cleaning and disinfecting items as a substitution of ethanol for disinfection.



Collapsible Desktop Partitions Environmentally conscious Laminated Paperboard

Mitsubishi Paper Mills has commenced production and sales of collapsible desktop partitions that can be easily installed as a measure against droplet infection in places where face-to-face seating is unavoidable, such as offices, schools, cafeterias, and children's centers. The partitions are made of either wood cellulose or laminated paperboard, and are manufactured at our mills in Japan and the mill of our Chinese subsidiary. All of the parts are made of the same type of paper products and are environmentally conscious.



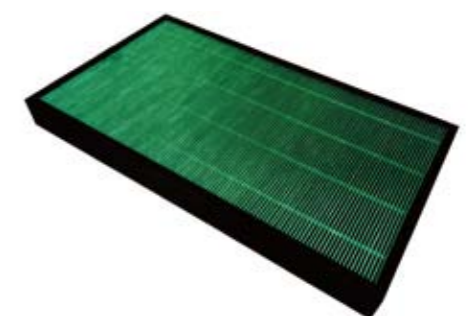
Aller Sweep® Filter with Anti-Virus Functionality Inhibits Harmful Substances with the Power of Plant-Derived Ingredients

Mitsubishi Paper Mills produces and sells speciality filters that with diverse functions, such as deodorizing, dust collecting, anti-bacterial, anti-viral, and anti-allergen. Among our product lineup, there has been an increase in inquiries from air conditioner manufacturers in Japan and overseas about Aller Sweep®, a speciality filter with a virus-suppressing effect. Aller Sweep® is a filter that uses very safe plant-derived ingredients, such as ginkgo leaf extracts, as its principal agents, acting to suppress bacteria, viruses, and allergens adhering to the surface of the filter.

We have introduced new filter media production equipment at the mill of our Chinese subsidiary to increase production capacity, meeting a broad range of demand in Japan and overseas not only for Aller Sweep® but also for composite filter media with deodorizing and dust collection components as well as filters using these composite filter media.



Aller Sweep® filter media



Aller Sweep® and HEPA composite filter

Overview of Business Segments

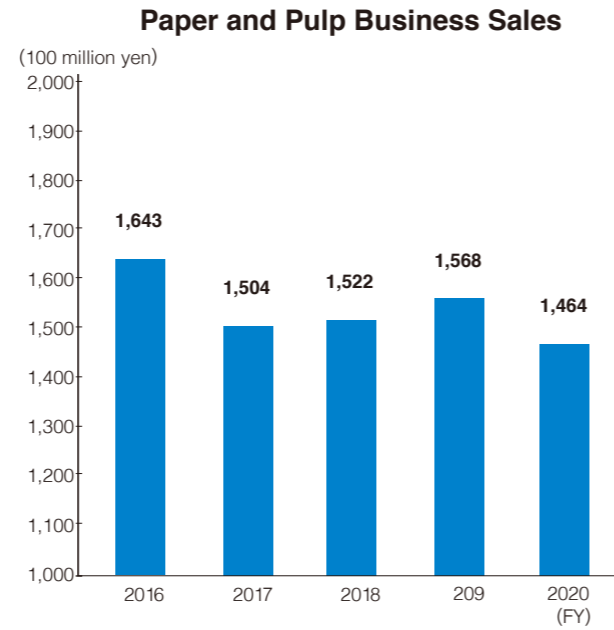


Printing Paper Business

Business Results

In the domestic market, although we worked to maintain prices, the slump in demand for both printing paper and communication paper gained further momentum, resulting in declines in both sales volume and sales revenue. For exports, although sales volume increased, mainly in printing paper for Asia, sales revenue fell due to a downturn in market conditions. We have already suspended operation of papermaking machine No. 4 at the Hachinohe Mill to establish a production system in line with ups and downs in demand. However, given that the decline in demand has accelerated more than expected, we intensified production cuts from the third quarter of the fiscal year onward with the aim of tightening demand and supply.

Despite the effect of price revisions since last year, European subsidiaries recorded a drop in sales revenue, due to a drop in sales volume for thermal paper and pressure-sensitive paper in addition to exchange rate effects. As a result, net sales for all paper and pulp businesses was ¥146,413 million, down 6.6% year over year.



Business Strategies

In terms of Establishing a robust management base through the alliance with the Oji Group, we established the household and consumer paper joint venture with Oji Nepia according to plan and the carbonless paper business of Oji Imaging Media was transferred to Mitsubishi Paper Mills.

In terms of Making structural reforms and enriching existing businesses, we strengthened the purchasing base of the Mitsubishi brand and the Oji brand with Mitsubishi Oji Paper Sales Co., Ltd. and worked to enhance products and boost sales capabilities.

In terms of Diversifying the business base by fostering new profit pillars, we newly commenced sales of bleached kraft paper for packaging applications to shift away from printing paper, for which demand continues to decline, and toward packaging paper, an area where strong demand is expected going forward. For barrier paper that contributes to reducing plastic, we also commenced production and sample work of products for Japan and the Asian region at our domestic mills.

We will continue to promote further business cooperation with the Oji Group by advancing shared inter-regional OEM, reducing logistics expenses, including mutual use of warehouses and distribution, and integrating production brands as well as shifting away from printing paper and toward packaging paper. At the same time, we will establish a robust management base and work to rebuild existing businesses and shift product categories.

Business Topics

《Commenced Sales of New Product Margari Light FSC®-certified - MX, High Quality, Lightweight Coated Bulky Paper》

Although demand for paper media continues to decline due to the digitization of information media, we create products that meet the quality requirements of customers that do use paper. We commenced sale of Margari Light FSC®-certified – MX, a bulky printing paper with outstanding color development and reproducibility that contributes to the SDGs (Sustainable Development Goals) through the use of paper.



Products

■ Printing Paper



Used for catalogs, pamphlets, and books, among other things

■ Communication Paper



Used for copier paper, slips, and receipts among other things

■ Household and Consumer Paper



Popular as household and consumer paper with a high-grade texture

■ Pressboard



Used as insulating material for transformers, among other things

■ barricote® and barrisherpa™



Barrier paper that contributes to reducing plastic usage

■ Bleached Kraft Paper



Used in the production of paper bags and shopping bags among other things

Overview of Business Segments

Imaging Media Business

Business Results

Domestic sales revenue increased as sales remained strong, particularly for photosensitive materials.

In overseas markets, owing to the effect of the alliance, orders received for photosensitive materials were stable and inkjet paper enjoyed a rise in demand among emerging countries and for business applications. However, sales revenue declined, impacted significantly by a slump in demand for existing products.

As a result, total sales for the Imaging Media Business were ¥33,607 million, a 4.8% decrease year-over-year. Operating income decreased ¥868 million from ¥537 million in the previous period to record a loss of ¥330 million. The Imaging Media Business recorded sales and profit declines owing to such factors as lower prices due to appreciation in the value of the yen and a rise in production costs in addition to the decline in sales volume in overseas markets because of the downturn in demand for existing products.

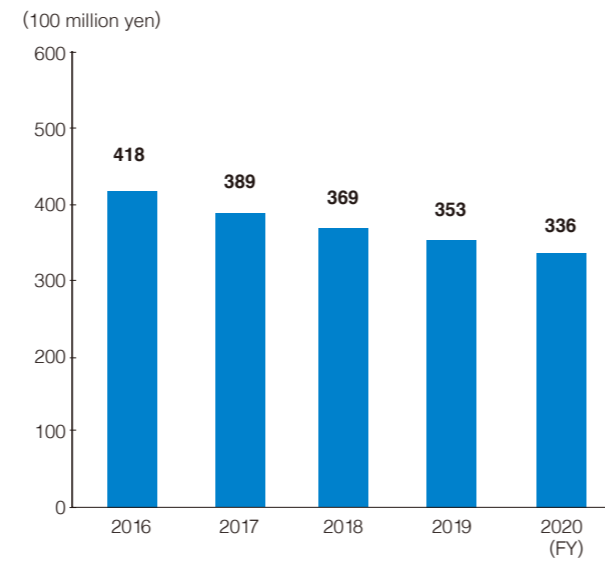
Business Strategies

The Imaging Media Business is working on the following initiatives as strategies under the New Mid-Term Management Plan. In the area of resin coated base paper for photographic applications, we are further reinforcing the business base through our alliance with industry partner Fujifilm Corporation, working to streamline the production system, improve profits, and strengthen competitiveness.

In the area of existing products, we are working to boost sales of products that are nearing maturation by proactively rolling out products in overseas markets, as well as building an overseas direct sales framework and boost sales capabilities and ensure profits. In the area of inkjet paper, we are expanding new products. In particular, we have launched environmentally conscious inkjet paper that uses biodegradable resin and are working to expand sales of business applications, such as product labels and ID cards, utilizing its special features. In the area of products for printing, we are expanding business into the Asian region, which is experiencing marked growth primarily in Thermal Graphic Arts Film for cardboard and package printing, and will continue to secure profits from existing products.

In the area of new businesses, we are expanding profitability of functional films such as photosensitive resists for electronic industrial materials through the full-scale operation of coater No. 10 at the Kyoto Mill. We are also making efforts to cultivate new customers, mainly overseas, for digital transfer inkjet paper in various textile fields ranging broadly from fast fashion which is suited to inkjet printing. In addition, we will develop and expand sales of new products for electronics industry-related fields and the medical/healthcare field.

Imaging Media Business Sales



Business Topics

《Kyoto Mill Coater No. 10》

Coater No. 10, which was newly installed at the Kyoto Mill last year, began operations smoothly. It is mainly producing new products related to electronic industrial materials. It is also used for research and development and is making a significant contribution to increasing the speed of new product development. We exhibited new products and products under development at Asia's leading exhibition for electronics R&D, manufacturing and packaging technology (34th Nepcon Japan) held in January 2020, and the positive dry film resists attracted significant attention in particular with strong industry demand for commercialization.



Products

Inkjet Paper Products

- Inkjet paper for fine art



- Inkjet proofing paper



- Environmentally conscious inkjet paper

Products for Photography

- Mitsubishi Grace Color Paper MG-1000
- Color paper processing chemicals



Products for Printing

- CTP (Computer to Plate) printing plate systems

- Silver DigiPlates (SDP)
- Thermal DigiPlates (TDP) and Thermal Graphic Arts Film (T-GAF)



- CTP printing plates for newspaper printing

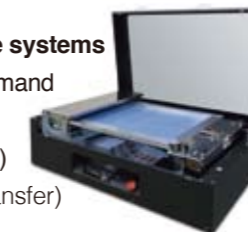
- PD-NEWS

- Analog printing plate systems

- Silver masters (SLM)

- Digital screen mask make systems

- MDS-360 (Mitsubishi on Demand Silkscreen)/ TSM (Thermal Screen Mesh) and DST (Digital Screen Transfer)



Resin Coated Base Paper Products

- Resin coated base paper

- For photography
- For inkjet printing
- For sublimation thermal transfer printing



Products made from base paper for photographic paper

- Speciality paper

- Processing base paper (Release/Casting paper)
- Laminated board (sheet pallets and shielding plates)

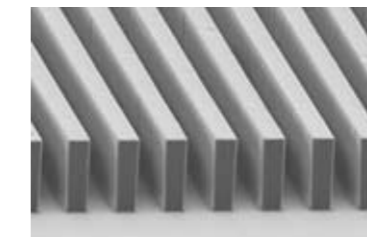


Sheet pallet

New Businesses

- Electronic Industrial Materials

- Photosensitive resists
- Resist precision etching systems
- Silver nanoparticle ink
- Transparent conductive films (for touch panels and electromagnetic shields)



Photosensitive resists

- Digital signage

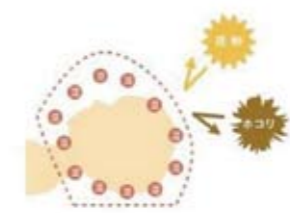
- SaiVis (projection screen films)

- Medical/healthcare

- Diamour, a cryopreservation device for fertilized eggs
- My Dome, a cover that warms, moisturizes, and provides restful sleep



Diamour



My Dome



Digital transfer inkjet paper

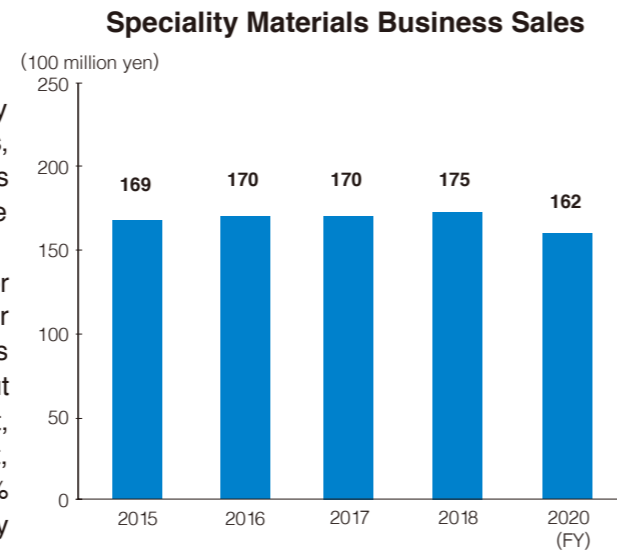
Overview of Business Segments

Speciality Materials Business

Business Results

In the Speciality Materials Business, we handle speciality materials and various chemical papers, such as nonwoven fabrics, air filters, and rewritable media, and we are taking proactive steps toward new business in areas related to electronics, the environment, and energy conservation.

With regard to speciality materials, sales revenue increased for battery separators but decreased for rewritable media and water treatment membrane support substrates. In chemical paper, sales revenue for impregnated paper for building materials increased but decreased for decorative laminate base paper, our core product, as well as wall coverings base and tape base paper. As a result, total sales for the Speciality Materials Business decreased 7.5% year-over-year to ¥16,178 million. Operating income increased by approximately ¥300 million to ¥953 million.



Business Strategies

As a key strategy under the New Mid-Term Management Plan, we are working to utilize proprietary technologies and expand sales in Asia, primarily China, as well as in Europe and the U.S. We will work to make steady progress in businesses such as nonwoven fabrics which include water treatment membrane support substrates and high heat-resistant battery separators, and filter-related products, decorative laminate base paper, and tape base paper.

In the area of water treatment membrane support substrates, we are expanding sales channels in Asia, primarily China, and Europe. Sales of battery separators for capacitors and condensers are increasing, and we have commenced full-scale supply of battery separators for lithium-ion batteries. We are planning to enlarge our nonwoven fabric production facilities to respond to business expansion.

In the area of filters, we are targeting the Chinese market, which is experiencing growth in demand for air purifiers, energy recovery ventilators, and fresh air systems which combine both functions on the back of rising concern with atmospheric pollution and the indoor air environment. We have introduced new production facilities and evaluation equipment at our Chinese subsidiary, and we are reinforcing our sales development, and production systems in China with the aim of expanding business.

In chemical paper, we are harnessing our detailed customization of products in response to required quality to expand sales of tape base paper in Japan and Europe. We are also aiming to expand business with the commercialization of Heat & Fire Resistant Bio-soluble Ceramic Fiber Sheet used as materials in environmental compliance equipment such as VOC removal devices. We are also working to roll out new products, including Thin EMI Shield Materials for use in smartphone materials based on thinner nonwoven fabric sheets, and paper straws as an environmentally conscious product.

Business Topics

《Water Treatment Membrane Support Substrates》

In recent years, with the effective use of water resources under the spotlight, the water treatment-related business is growing significantly on a global scale. Mitsubishi Paper Mills produces and sells water treatment membrane support substrates for reverse osmosis (RO) membranes used in seawater desalination and water purifiers, and flat sheet membrane support substrate used in the membrane bioreactor (MBR) method, which has been attracting attention in wastewater treatment. We will contribute to the preservation of water resources through our water treatment membrane support substrates.



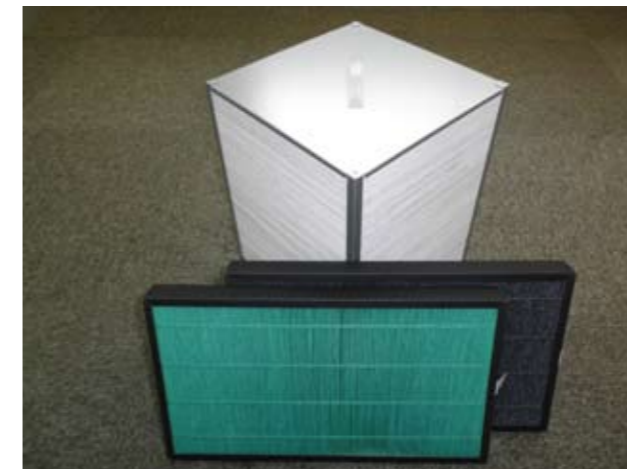
Products

Water Treatment Membrane Support Substrate



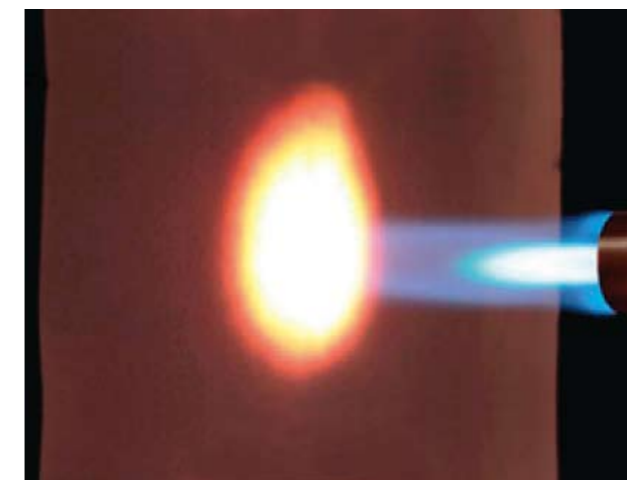
Used as treatment membrane support substrates in water treatment elements and contribute to effective use of water resources

Air Purifier Filters and Energy Recovery Ventilator core



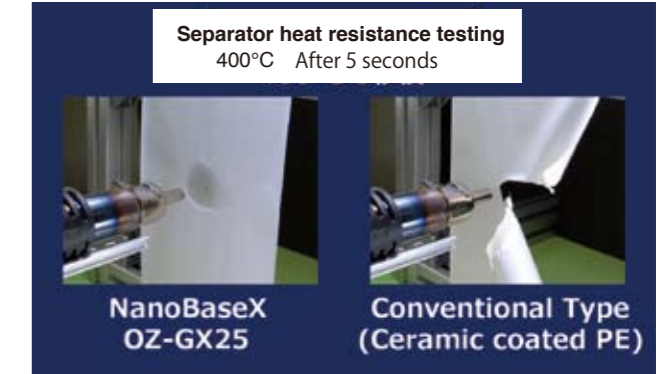
Comply with China National Standards (GB Standards)

Heat & Fire Resistant Bio-soluble Ceramic Fiber Sheet (Koceran)



Used in heat resistant materials, VOC removal devices, and as an adsorption base material for dehumidifiers

High Heat-Resistant Battery Separators



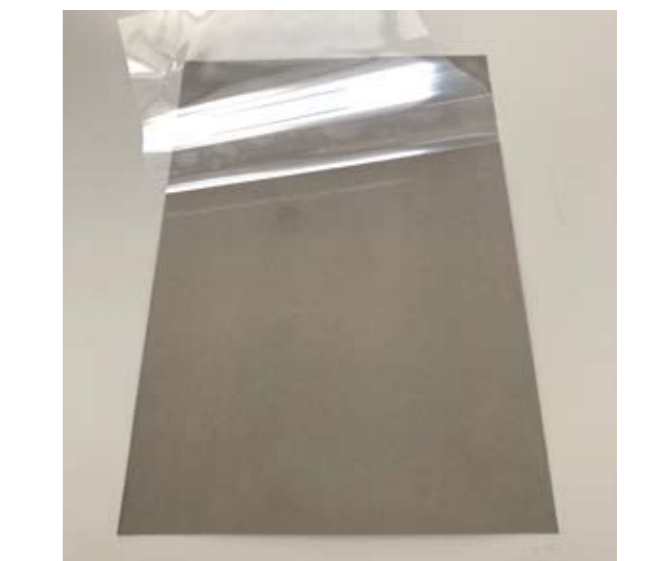
Contribute to improved safety of lithium-ion batteries with high heat resistance

Thermal Rewrite Cards



An economical and resource-conserving information media allowing information to be repeatedly re-written.

Thin EMI Shield Materials



Thin nonwoven fabric sheets contribute to the thinning of electronics

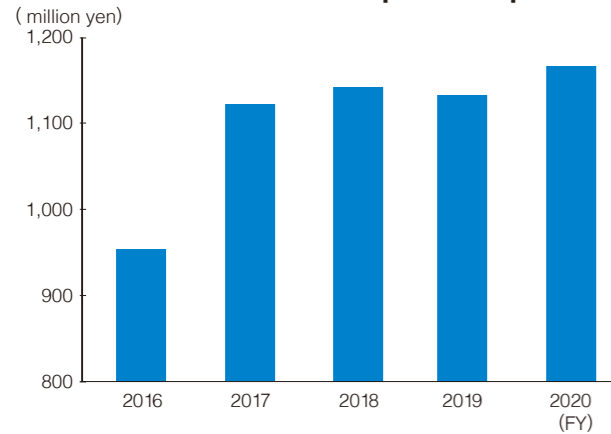
Research and Development

In line with our "Mitsubishi Paper Mills for High Grade and Information Media" philosophy, Mitsubishi Paper Mills develops and manufactures products in a wide variety of fields that include not only printing and communication paper but also imaging-related materials and functional materials. At each of our research centers, along with researching our existing field of paper and peripheral basic technologies, we are combining the paper technologies we have developed over the years with silver halide photosensitive material technologies developed in our photo and printing fields to develop advanced products for our digital society. We are also mobilizing technical capabilities honed through the development of photosensitive materials, special materials, and other materials to develop printing equipment and systems as well as new functional materials (electronic industrial materials and amenities fields).

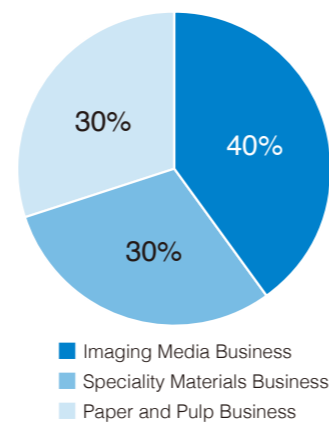
To enrich existing businesses and diversify the business base by fostering new profit pillars, we newly established the Research and Development Division in January 2020, centralizing research units and rebuilding a Group-wide research and development structure for the future.

Building a sustainable society is the most important goal for the papermaking industry, whose business base relies on an abundance of forest resources. Combining concern for the environment and dedication to enriching cultural life is the starting point of all our product development efforts.

Research and Development Expenses



FY2020 R&D Expense Allocation



Intellectual Property

Intellectual property is an important asset in developing our business and reinforcing our competitiveness. We submit applications for more than 200 patents, utility models, and designs a year in Japan and overseas, not only to protect existing products, but also to raise our profile in new fields. In particular, we are submitting more applications overseas in areas such as the U.S., Europe, China, South Korea, and Taiwan to back up our cultivation of new markets. As of March 31, 2020, we held 542 patents in Japan and 283 internationally. We have also been actively applying for and registering trademarks to improve customer confidence in our products.

Bases for Product and Technology Development

Tsukuba R&D Laboratory

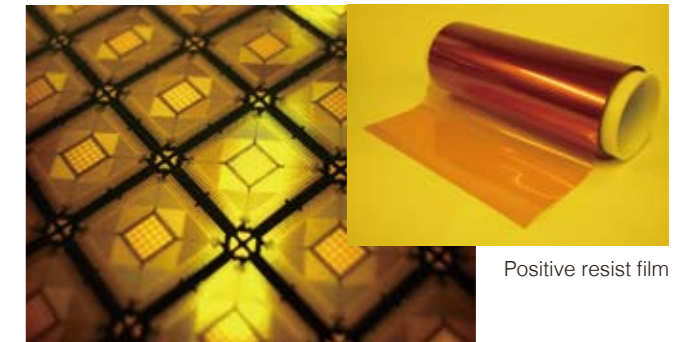
Leveraging core technologies developed over the years in nonwoven fabric and paper production, the Tsukuba R&D Laboratory is developing base substrates for various types of separation membranes, and paper products that are alternatives to plastic for containers and packaging, both of which contribute to achieving the SDGs; and very safe separators for batteries, which are becoming smaller and more powerful. The Laboratory is working to strengthen development capabilities and the ability to make proposals to customers by adopting new materials and improving its evaluation technology to meet a wide range of new needs. Additionally, advanced analysis technologies are necessary to develop new products, so our analysis group is working assiduously researching and considering new analysis technologies.



PPS (polyphenylene sulfide) fiber nonwoven fabric in development

Kyoto R&D Laboratory

Using core technologies consisting of the Group's extensive photosensitive resin, inkjet media, and silver halide photography technologies, this laboratory is developing and commercializing a range of products including resist films, which enjoy unique properties in the electronics industry; micro-structure fabrication systems, which involves wet processing of difficult-to-process insulating materials; sensor films for touch panels; and conductor pattern-forming systems that use silver nano particle ink. And in the printing field, we have developed and are now selling a MDS system that can make a screen printing mask with only data from a PC, without the need for block copy films, emulsion coating, image development, or drying processes.



Positive resist film



Cryopreservation device for infertility treatment (Closed type)

Process Development Laboratory

Production and printing technologies for paper and functional materials are rapidly changing, along with customers' demands for quality. To respond to these changes, we use pilot plants with papermaking machines, coaters, and calendaring equipment, and use plate making machines and printing equipment to test prototypes and evaluate quality to quickly get end products and pipeline products to market. Along with developing production technologies and new products, and supporting technologies by leveraging the Laboratory's equipment and capabilities, we design and produce product samples to better convey the features of our products to customers.

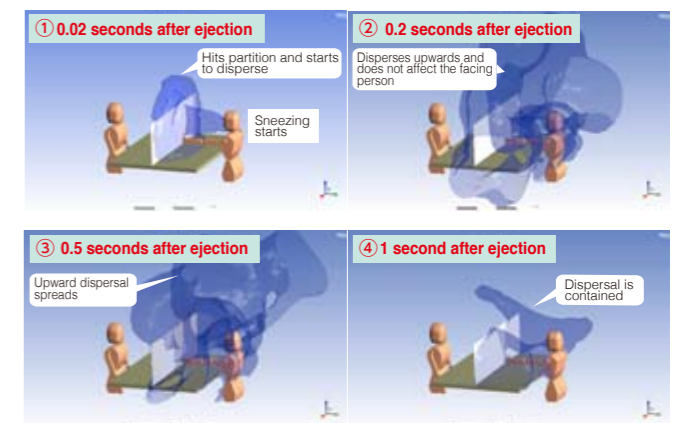


Calendaring equipment (while laminating)

Coating Flow Analysis Business

MPM CAE Center Co., Ltd. (established in April 2011) conducts contracted research and provides consulting services using numerical analysis techniques. It provides services that meet users' needs through the use of coupled analysis techniques and high-speed analysis systems. With its high level of technical expertise, the company has long been engaged in scientifically analyzing coatings, which are applied to base substrates, and has created numerical analysis (computer simulation) technology for optimizing them.

Leveraging this technology, most recently, we ran droplet prevention simulations on the collapsible desktop partitions (see page 14) developed as a countermeasure to COVID-19 and confirmed their effectiveness.



Desktop partition droplet prevention simulation

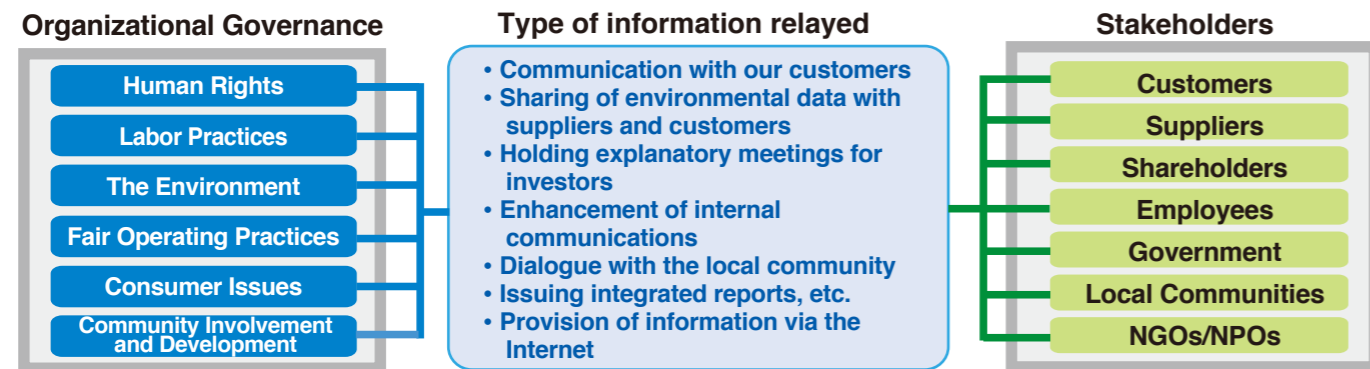
Mitsubishi Paper Mills Group CSR

The Way We See CSR

Based on the belief that the purpose of CSR is to improve corporate value and solve various social problems by obtaining trust and empathy from everyone, we have positioned CSR as one of the key management issues in our business activities.

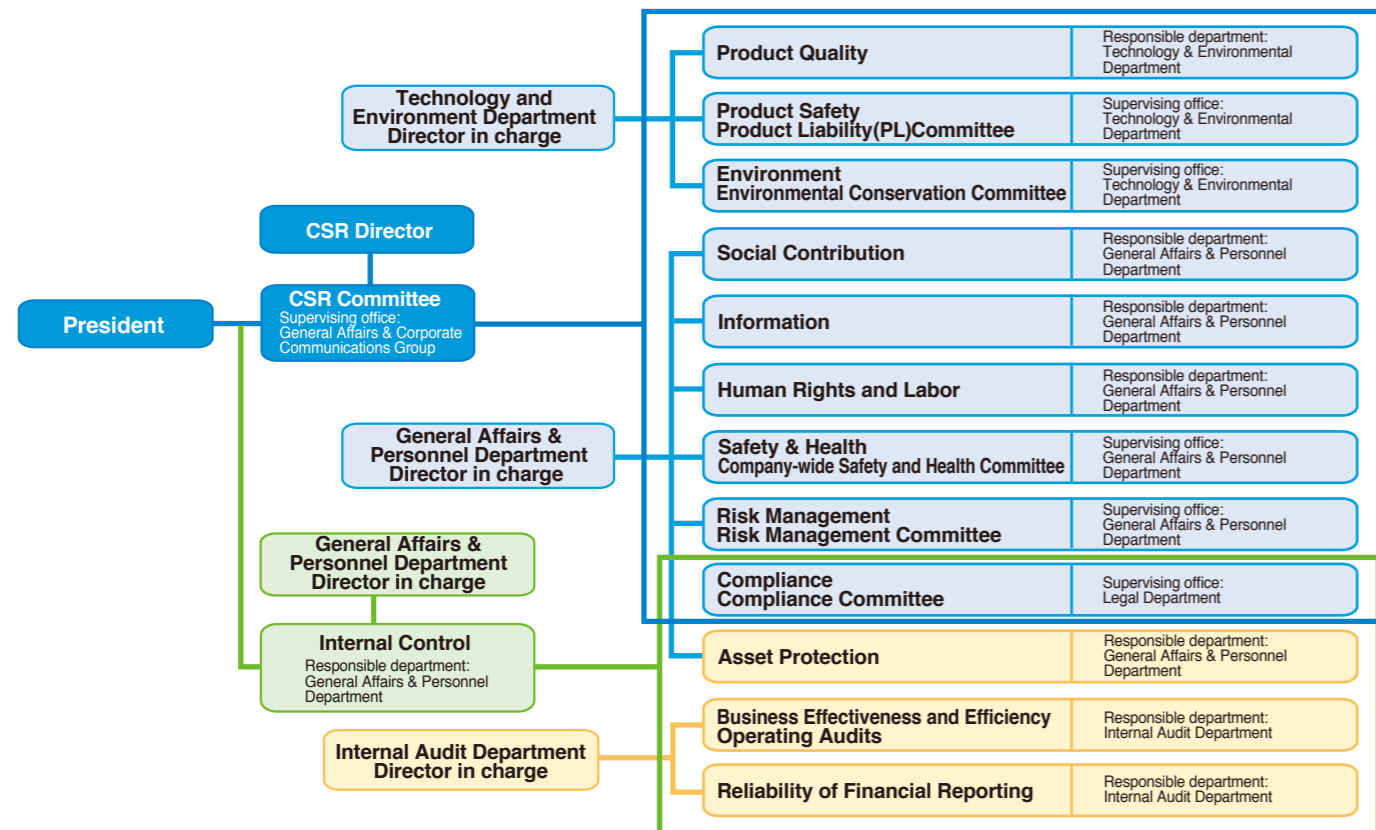
We established the Code of Conduct of the Mitsubishi Paper Mills Group as a materialization of this philosophy. Since then, we have respected the spirit of the code and dedicated ourselves to putting it into practice.

⇒ Reference site: Code of Conduct of the Mitsubishi Paper Mills Group
<https://www.mpm.co.jp/eng/company/kensyou.html>



CSR Promotion Structure

To carry out the business of the Mitsubishi Paper Mills Group with an emphasis on CSR, we have nominated a CSR director and have established a CSR committee, which is chaired by the president. The CSR Committee oversees all nine areas of the Group's CSR activities (compliance, risk management, safety and health, the environment, product safety, product quality, human rights and labor, information, and social contribution).



ISO 26000 and Initiatives of MPM Group

The Mitsubishi Paper Mills Group views ISO 26000, an international standard for organizational social responsibility, as a common indicator for promoting CSR and promotes activities in each field. In this corporate report, we note the following as activities being done for the "seven core subjects" and "issues" of ISO 26000.

Core subjects	Issues	Page mentioned
Organizational Governance	Organizational Governance	Mitsubishi Paper Mills Group CSR Pgs. 23-25 Corporate Governance Pgs. 26-32
	1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social, and cultural rights 8. Fundamental principles and rights at work	Compliance Pg. 31 Risk Management Pg. 32 Promoting Social Responsibility in the Value Chain Pg. 33 Responsible Raw Material Procurement Pgs. 33-34 Relationship with Employees Pgs. 41-42 Relationship with Communities Pgs. 45-48
Human Rights	1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace	Compliance Pg. 31 Risk Management Pg. 32 Relationship with Employees Pgs. 41-42
	1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity, and restoration of natural habitats	Special Feature Pgs. 11-14 Responsible Raw Material Procurement Pgs. 33-34 Relationship with the Environment Pgs. 35-40
The Environment	1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights	Compliance Pg. 31 Fair Operating Practices Pgs. 33-34
	1. Fair marketing, factual and unbiased information, and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness	Special Feature Pgs. 11-14 Information Disclosure Pg. 30 Fair Operating Practices Pgs. 33-34 Relationship with the Environment Pgs. 35-40 Relationship with Customers Pgs. 43-44
Fair Operating Practices	1. Fair marketing, factual and unbiased information, and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness	Special Feature Pgs. 11-14 Information Disclosure Pg. 30 Fair Operating Practices Pgs. 33-34 Relationship with the Environment Pgs. 35-40 Relationship with Customers Pgs. 43-44
	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Preserving Biodiversity Pg. 37 Relationship with Communities Pgs. 45-48
Consumer Issues	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Preserving Biodiversity Pg. 37 Relationship with Communities Pgs. 45-48
Community Involvement and Development	1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment	Preserving Biodiversity Pg. 37 Relationship with Communities Pgs. 45-48

Mitsubishi Paper Mills Group CSR

Key Issues (Material Issues) Concerning CSR Activities

With the goal of contributing to making society more sustainable through its business activities, the Mitsubishi Paper Mills Group has set forth the following issues toward satisfying the needs of society.

Process for Defining Issues

■ Process 1 Ascertain the circumstances surrounding the Mitsubishi Paper Mills Group

We analyzed the circumstances surrounding the Mitsubishi Paper Mills Group from environmental, social, and governance viewpoints. We then identified issues referencing ISO 26000, GRI, the SDGs and other guidelines, and assessed efforts that are being made with respect to these issues.






■ Process 2 Establish key issues and top priority issues to satisfy the needs of society

We assigned priority to each issue based on how they impact our business and on feedback from stakeholders. We then extracted key issues that address social needs and from among them established top priority issues based on a comprehensive consideration of our business environment and progress made in addressing key issues.

■ Process 3 Verify the appropriateness of the process

The CSR Committee, a cross-organizational body, verified the appropriateness of our process for determining issues and established key issues and top priority issues through discussions held at meetings of the Board of Directors.

Key Issues and Top Priority Issues in FY 2021

ISO 26000 Core Subjects	Key Issues (◎: Top Priority Issues)
Organizational Governance/ Fair Operating Practices 	Ensuring the effectiveness of corporate governance Establishing a risk management structure Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards Ensuring strict legal compliance Promoting communication with stakeholders Expanding initiatives out to affiliated Group companies
Human Rights/ Labor Practices 	◎ Enhancing activities to ensure safety and health Promoting various measures to improve human resource performance
The Environment 	Promoting activities to prevent global warming Promoting activities to preserve biodiversity Improving and enlarging our environmentally conscious product lineup Reducing environmental risk and impact
Consumer Issues 	Ensuring product safety Ensuring product quality ◎ Product development centered on harmony with society
Community Involvement and Development 	Promoting community support activities Promoting cultural contribution activities Promoting activities of the Ecosystem Academy

⇒ The action plan for each key issue is shown in the Fiscal 2021 CSR Action Plan on page 51-52.

Corporate Governance

Basic Policy on Corporate Governance

Mitsubishi Paper Mills' corporate activities are based on its corporate philosophy: Live up to the trust of its customers in the world market; Always be on the leading edge of technology; Contribute to preserving the global environment and creating a recycling society. Under this philosophy, the group pursues corporate group management that values CSR, enhances management transparency, and augments corporate governance, all to achieve the sustainable growth of the group and the medium- to long-term improvement of its corporate value. We have established the Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance so that we can take concrete steps toward achieving the above, and make it available on our website.

⇒ Reference link: Corporate Governance
<https://www.mpm.co.jp/eng/company/governance.html>

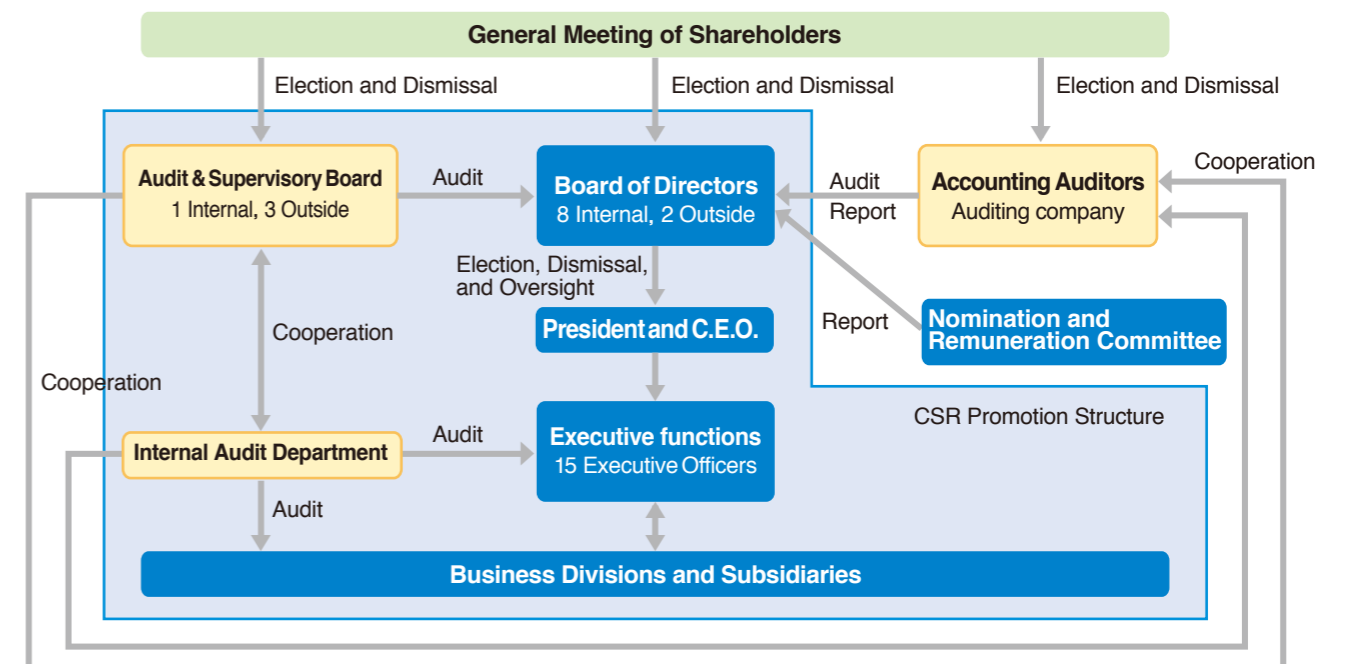
Corporate Governance Framework

Mitsubishi Paper Mills has chosen to structure itself as a company with a board of corporate auditors and assigned two independent outside directors, thereby creating a structure fulfilling the role required by the Board of Directors. We also divide up the oversight and executive functions, adopting an executive officer system to limit the size of the Board of Directors, speed up decision-making, and define responsibilities for business execution.

To ensure the optimal decisions are made quickly, special meetings of the Board of Directors are held as needed in addition to the regular monthly meetings, and decisions are made about and oversight provided concerning matters prescribed in laws and regulations, the Articles of Incorporation, as well as for the execution of significant business. Matters concerning management policy, management strategy, and basic business strategies are discussed at executive board meetings composed of the main executive officers that are, in principle, held twice a month, as well as at management review meetings composed of small groups of executive officers and senior managers involved in the subject matter that are held as needed. Our Audit & Supervisory Board, which also includes outside Audit & Supervisory Board members, holds meetings periodically and as needed.

For business execution, we have adopted a system of business divisions. To strengthen our business execution structure, we have given these divisions the responsibility for revenue generation and authority to make decisions. In addition, senior managers including site managers check on the business outlook twice a month in order to share management status in a timely manner and ensure the implementation of management policy.

In addition, we have a Nomination and Remuneration Committee that, in the interest of maintaining objectivity and transparency in matters concerning executive appointment and remuneration, is chaired by an independent outside director and that acts as an advisory body to the Board of Directors.



Corporate Governance

Board of Directors and Audit & Supervisory Board Members

(as of August 31, 2020)

Directors



Representative Director, Chairman
Kunio Suzuki



Representative Director,
President & CEO
Yukihiro Tachifuji



Representative Director,
Senior Executive Vice President
Yoshiaki Takeda



Director, Managing Executive Officer
Naoki Okawa



Director, Managing Executive Officer
Nobuhiro Sato



Director, Managing Executive Officer
Shinpei Yamada



Director, Managing Executive Officer
Kazuyoshi Ando



Director, Managing Executive Officer
Shigeharu Sanada



Outside Director
Soumitsu Takehara
ZECO Partners, Inc.
Chairman and Certified Public Accountant



Outside Director
Yoshihiro Kataoka
Kataoka & Kobayashi LPC.
Partner Chief and Attorney-at-law

Audit & Supervisory Board Members



Standing Audit & Supervisory
Board Member
Koichi Nakayama



Outside Audit & Supervisory
Board Member
Hiroaki Tonooka
The Kitasato Institute
Director



Outside Audit & Supervisory
Board Member
Takayuki Nakazato
Ryoshin Holdings Co., Ltd.
President



Outside Audit & Supervisory
Board Member
Takeshi Kobayashi
DBJ Capital Co., Ltd.
Chairman

Outside Directors

■ Somitsu Takehara, Director (Born April 1, 1952)

Number of MPM shares held: 0

Career Summary

January 1977 Joined Peat Marwick Mitchell & Co.
December 1981 Joined Coopers & Lybrand
July 2000 General Manager, Transaction Service Division, Chuo Aoyama
April 2005 Representative Director, ZECO Partners Inc.
November 2017 Director & Chairman, ZECO Partners Inc. (to present)

Reason for election

Expertise in finance and accounting, extensive knowledge of corporate management

Important positions concurrently held at other companies, etc.

Representative Director, ZECO Partners Inc.
Outside Audit & Supervisory Board Member, EDION Corporation (since June 2014)
Outside Director, Genki Sushi Co., Ltd. (since June 2015)
Outside Director, Shinmei Holdings Co., Ltd. (since October 2018)
Outside Auditor, TBS Holdings, Inc. (since June 2020)

Board of Directors and Audit & Supervisory Board meeting attendance (FY 2020)

Board of Directors meetings: 14 of 14

■ Yoshihiro Kataoka, Director (Born July 30, 1954)

Number of MPM shares held: 0

Career Summary

April 1980 Registered as an attorney-at-law (Tokyo Bar Association)
April 1983 Hosoda and Kataoka Law Office
September 1984 Chief, Yoshihiro Kataoka Law Office
June 1990 Partner Chief, Kataoka & Kobayashi LPC (to present)

Reason for election

Expertise in law and many years of experience in corporate legal affairs

Important positions concurrently held at other companies, etc.

Partner Chief, Kataoka & Kobayashi LPC
Visiting Professor, Chuo Law School (since April 2007)
Outside Audit & Supervisory Board Member, The Higo Bank Ltd. (since June 2011)

Board of Directors and Audit & Supervisory Board meeting attendance (FY 2020)

Board of Directors meetings: 10 of 10

■ Hiroaki Tonooka, Audit & Supervisory Board Member (Born January 23, 1953)

Number of MPM shares held: 0

Career Summary

April 1976 Joined Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company) (hereinafter "MY")
July 2005 Director, General Manager; Group Market Planning & Research Department, MY
December 2005 Director, MY
April 2006 Director, Managing Executive Officer, MY
July 2006 Managing Executive Officer, MY
April 2008 Senior Managing Executive Officer, MY
July 2012 Director, Deputy President, MY
April 2016 Director, MY
June 2016 Adviser, MY
July 2016 Director, The Kitasato Institute (to present)

Reason for election

Expertise in finance and accounting, extensive experience in corporate management

Important positions concurrently held at other companies, etc.

Director, The Kitasato Institute

Board of Directors and Audit & Supervisory Board meeting attendance (FY 2020)

Board of Directors meetings: 14 of 14,
Audit & Supervisory Board meetings: 12 of 12

■ Takayuki Nakazato, Audit & Supervisory Board Member (Born June 15, 1958)

Number of MPM shares held: 0

Career Summary

April 1982 Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation) (hereinafter "MUTB")
June 2010 Executive Officer, General Manager; Corporate Management Department, MUTB
June 2012 Director, Managing Executive Officer, MUTB
June 2014 Managing Executive Officer, MUTB
June 2015 Senior Managing Executive Officer, MUTB
June 2016 Director and President, Shinwa Building Co., Ltd. (to present)
August 2016 Director and President, Ryoshin Holdings Co., Ltd. (to present)
August 2019 Director and President, Ryoshin Urban Development Co., Ltd. (to present)

Reason for election

Expertise in finance and accounting, extensive experience in corporate management

Important positions concurrently held at other companies, etc.

Director and President, Shinwa Building Co., Ltd.
Director and President, Ryoshin Holdings Co., Ltd.
Outside Director, PASCO Corporation (since June 2018)
Director and President, Ryoshin Urban Development CO., Ltd.

Board of Directors and Audit & Supervisory Board meeting attendance (FY 2020)

Board of Directors meetings: 14 of 14,
Audit & Supervisory Board meetings: 12 of 12

■ Takeshi Kobayashi, Audit & Supervisory Board Member (Born April 11, 1955)

Number of MPM shares held: 0

Career Summary

April 1979 Joined Japan Development Bank (currently Development Bank of Japan Inc.) (hereinafter "DBJ")
June 2009 Executive Officer and General Manager of Human Resources Management Department, DBJ
June 2010 Managing Executive Officer, DBJ
June 2011 Standing Audit & Supervisory Board Member, DBJ
June 2014 Member of the Board, Managing Executive Director, Japan Nuclear Fuel Limited (hereinafter "JNFL")
June 2016 Managing Executive Officer, JNFL
July 2018 Adviser, Research Institute of Capital Formation, DBJ
June 2019 Chairman, DBJ Capital Co., Ltd. (to present)

Reason for election

Expertise in finance and accounting, great discernment of corporate management

Important positions concurrently held at other companies, etc.

Outside Corporate Auditor, Takagi Seiko Corporation (since June 2018)
Chairman, DBJ Capital Co., Ltd.
Outside Corporate Auditor, Keisei Electric Railway Co., Ltd. (since June 2019)

Board of Directors and Audit & Supervisory Board meeting attendance (FY 2020)

Board of Directors meetings: 13 of 14,
Audit & Supervisory Board: 11 of 12

Corporate Governance

Assessments of the Board of Directors' Effectiveness

Every year, the Board of Directors conducts a questionnaire for Directors and Audit & Supervisory Board Members to analyze and evaluate the effectiveness of the Board of Directors as a whole. The results of the questionnaire are then discussed at the Board of Directors. An outline of the questionnaire and results is provided below. In addition to sharing the current understanding, the Board of Directors will identify and discuss issues to make future improvements and continually work to improve its effectiveness.

(1) Date of Analysis and Evaluation of the Board of Directors' Effectiveness in FY2020

December 26, 2019 - January 10, 2020 Questionnaire conducted
February 10, 2020 Discussions held at Board of Directors meeting

(2) Questionnaire Topics

- a. Composition of the Board of Directors
- b. Operation of the Board of Directors
- c. Functions of the Board of Directors
- d. Other proposals for Improvements

(3) Analysis and Evaluation of FY2020 Board of Directors' Effectiveness —Summary of Results

a. Composition of the Board of Directors

The composition of the current Board of Directors is deemed generally appropriate due to the presence of individuals with varied career histories and experience, as well as to the number of members of the Board, the balance among the members, and the knowledge and understanding that each possesses. There are future issues, such as ensuring diversity, including the appointment of female officers, obtaining a wide range of knowledge across all departments, and developing human resources.

b. Operation of the Board of Directors

The operation of the Board of Directors is deemed generally appropriate with respect to the frequency of meetings, time required for meetings, the proceedings, and conducting reviews. Although there is a system for providing information, which includes sending out materials on important matters in advance, there is a need to provide information to further deepen discussion and improve operational efficiency. Efficient operation of the Board of Directors is required so that time can be allocated in proceedings according to priority, allowing sufficient time for important matters such as medium- to long-term management strategy and investment strategy as well as follow up of matters discussed and resolved in the past.

c. Functions of the Board of Directors

Although these functions appear to be generally working appropriately, it has become more important for us to discuss management strategy with an awareness of investment and capital costs to improve corporate value over the medium- to long-term now that the alliance with the Oji Group is fully underway, and it is necessary to develop systems to more effectively monitor and supervise business execution. Also, the Board of Directors still needs to address such issues as discussing matters from an ESG perspective and speaking with outside parties; discussing issues from the viewpoint of the corporate group; investigating the status of investor relations (IR) and shareholder relations (SR) initiatives and soliciting feedback from stakeholders such as employees, customers, and distributors; and considering share-based compensation as medium- to long-term incentives.

d. Other Proposals for Improvements

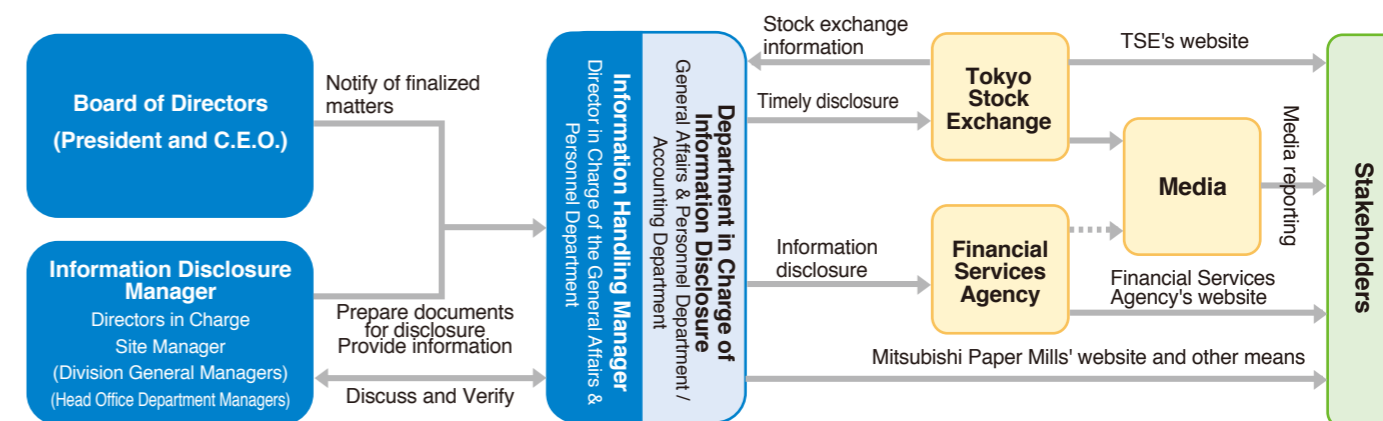
Issues in the previous effectiveness assessment have been generally addressed. However, the Board of Directors needs to continue discussions directed at improvements, such as the appointment of female officers and the introduction of share-based compensation as medium- to long-term incentives. To further strengthen governance, it is necessary to deepen discussion of management strategy through cross-divisional exchange of opinions regardless of the jurisdiction of each Director.

Information Disclosure

The Mitsubishi Paper Mills Group expresses its commitment to transparency in its business activities in the Code of Conduct of the Mitsubishi Paper Mills Group. The Group has established and publicized its Disclosure Policy based on this code and has declared that it will practice the timely and proper disclosure of corporate information. We have also established Information Disclosure Regulations for ensuring that stakeholders receive an accurate, timely, and fair disclosure of information on a continuous basis, with our General Affairs & Corporate Communications Group in charge of managing these efforts. It also regularly holds public relations sessions and manages to the disclosure of information about the Group. Furthermore, in the interest of fair disclosure, materials from financial result briefings are also disclosed at the time meetings are held.

⇒ Reference site: Disclosure Policy
https://www.mpm.co.jp/eng/ir/disclosure/disclosure_policy.html

Information Disclosure System



Communication

IR Information Site

An investor relations page can be found on the Mitsubishi Paper Mills website. Information is disseminated in a timely manner on this page, which provides primarily earnings highlights, an IR calendar, an IR library (with access to annual business reports, mid-term management plan materials, annual reports), General Meeting of Shareholders presentation materials, stock information, etc.

⇒ Reference site: Investor Relations
<https://www.mpm.co.jp/eng/ir/index.html>



Head Office Gallery: Paper Design Square

We have built a gallery at the head office displaying our principal products to engender a stronger affinity with Mitsubishi Paper Mills Group products in addition to regularly held planned exhibitions.

Location: Ryogoku City Core, 2-10-14, Ryogoku, Sumida-ku, Tokyo, Japan

Mitsubishi Paper Mills Head Office, 11F, next to general reception

Hours: 9:00-17:00 (closed on Saturdays and Sundays, public holidays, and designated holidays)

*We provide alcohol-based sanitizer and masks and regularly disinfect tables, etc. at the gallery as measures against COVID-19.



Corporate Governance

Compliance

To ensure our actions remain in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group, the Group has laid out rules to be followed in the Mitsubishi Paper Mills Group Compliance Conduct Standards, and believes legal compliance is the prerequisite for all corporate activities. We have also established a Compliance Committee supervised by the Legal Department under the CSR Committee to ensure Group-wide knowledge of the Code of Conduct and the Conduct Standards and enforce legal compliance through a variety of awareness programs.



Code of Conduct of the Mitsubishi Paper Mills Group pocket card

Activities to Promote Better Awareness of Compliance

The Mitsubishi Paper Mills Group considers continued awareness programs to be essential for promoting an understanding of the importance of compliance and for fostering a corporate culture that emphasizes good compliance. We conduct discussion-based compliance training for all employees, which aims to raise compliance awareness in the workplace; provide legal affairs education taught by instructors that include lawyers from a variety of specializations for improving employees' concern for legal issues; and issue our Compliance News newsletters on a regular basis.

Compliance Training

Our fiscal 2020 compliance training was held at the end of August 2019 for all line managers in the Group. The line managers then implemented this with their teams over the following six months. This year, the training took up the theme of workplace harassment given the June 2020 amendment to the Labor Policy Comprehensive Promotion Act. A total of 3,119 employees participated in the training, and the aggregated results and all of the comments are being shared among all executives and employees through the Compliance News newsletter.

Legal Affairs Training

We held the following legal affairs training session for executives, line managers, and related staff to promote a better understanding of laws that apply to the participants' work and ensure compliance.

- ▷ Overview and Main Points of Revisions to the Civil Code (Law of Obligations)

Date: October 30, 2019

Instructor: Kosuke Tsunashima, attorney at law

Anderson Mōri & Tomotsune

Participants: 267

Compliance News

Eleven issues of Compliance News were released in fiscal 2020, introducing easy-to-understand discussions about topics such as the compliance training review, corporate structures, industrial property rights, and copyright.

Corporate Ethics Hotline internal whistleblowing system

Mitsubishi Paper Mills has an internal whistleblowing system that is available to all employees working in the Mitsubishi Paper Mills Group in Japan. Under the system, care is taken to ensure informants do not receive unfair treatment, such as having points of contact both inside and outside the company. Whistleblowing cases are also reviewed at regular meetings of the Compliance Committee.

Risk Management

To maintain and improve corporate value, it is important to properly manage a range of risks that arise in the course of business activities. In our Group, the Risk Management Committee, which is supervised by the General Affairs & Personnel Department oversees Group-wide risk management efforts based on the CSR promotion structure. Divisions at company headquarters, committees, and business sites are working on a variety of measures to strengthen risk management, including the establishment of various rules and manuals for responding to relevant risks, development of prevention systems and drills, and formulation of recurrence prevention measures when problems occur.



Improving Our Risk Map

The Risk Management Committee is currently monitoring more than 200 risks Group-wide. We analyze the impact of these risks and the frequency with which they occur to build our risk map, and we regularly identify and analyze risks to improve the effectiveness of our risk management.

Building a Crisis Management System

The Mitsubishi Paper Mills Group formulated the Mitsubishi Paper Mills Group's Crisis Management Manual to respond quickly in fulfilling its corporate social responsibility and maintaining social credibility in the event of an accident or disaster that brings serious harm to people or equipment, or impacts surrounding communities. In addition, to construct an effective risk management system, we regularly conduct various drills and operation tests at every business site and on a scale that involves the entire company, and work to identify and resolve issues. We have run drills using the safety check system installed at the Company's headquarters in 2018 at business sites and Group companies in Japan to build a Group-wide crisis management system. We have also been working to prevent the spread of COVID-19 by combining working from home and staggered working hours.



Autumn fire prevention campaign: simultaneous water spraying drill (Takasago Mill)

Enhancing Information Management

The Group practices efficient and integrated use of information and works to manage it properly. Along with establishing Information Management Regulations that set forth our measures for managing and protecting information handled in our business activities, we have codified a guideline for upholding these regulations in the form of the Information Handling Guidelines.

Creation of a Business Continuity Plan (BCP)

The Mitsubishi Paper Mills Group's experience with the Hanshin-Awaji Earthquake and Great East Japan Earthquake has impressed on it the need for strengthening emergency preparedness. We are building an effective business continuity plan informed by our experience in recovering from profound devastation.

Fair Operating Practices

Ensuring Fair Trade

We believe that the kind of trust, technologies, and contributions that have true value and that are essential to achieving the Group's corporate philosophy of Live up to the trust of our customers in the world market, Always be on the leading edge of technology, and Contribute to preserving the global environment and creating a recycling society, arise from engaging in fair competition and achieving mutual growth. In the Mitsubishi Paper Mills Group Compliance Conduct Standards, we pledge to comply with related laws, and we have also established an Antimonopoly Act Compliance Manual to promote a better understanding of, and compliance with, the Antimonopoly Act and related laws (Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and the Act Against Unjustifiable Premiums and Misleading Representations) by all executives and employees. Guided by these principles, our business practices emphasize free and fair competition, regardless of circumstances.

Preventing Corruption

The Mitsubishi Paper Mills' Compliance Conduct Standards prohibit business activities that may result in social decay: entertaining or giving gifts to civil servants (including quasi-civil servants) and giving benefits to officials in foreign governments and public organizations. As part of efforts to build fair and transparent relationships, we have also established internal rules governing all manner of contributions and donations to organizations, and we strongly prohibit bribery, the provision of improper benefits, illegal political donations, and other acts that could constitute political or administrative collusion.

Disavowal of Anti-Social Elements

The Mitsubishi Paper Mills Group maintains a resolute stance against anti-social elements that threaten social order and safety. This stance is set forth in the Mitsubishi Paper Mills Group Compliance Conduct Standards, and executives, employees, and other company-related people are made fully aware of the content of the standards. We have also implemented an anti-social elements search system that uses an external database and that enables us to mitigate the risk of inadvertently entering into relationships with anti-social elements.

Promoting Social Responsibility in the Value Chain

We aim to forge business relationships of mutual prosperity based on the belief that all suppliers involved in procuring raw material and similar operations are partners so we can provide competitive products. In order to ensure that we as the Mitsubishi Paper Mills Group conduct ourselves responsibly and ethically, and that suppliers practice fair trade with a similar business posture, we have established a Basic Policy for Procurement and a Policy on Forest Resource Preservation and Nurturing, and on Wood Procurement and Products, which lay out our basic approach to raw material procurement. We work to promote social responsibility by periodically having our suppliers, too, complete questionnaires.

⇒ Reference site: Procurement of Raw Materials
<https://www.mpm.co.jp/eng/env/timber.html>

Responsible Raw Material Procurement

The Mitsubishi Paper Mills Group conducts business with wood as a principal raw material. In the interest of sustainable wood procurement, we were one of the first organizations to acquire FSC® certification*, and procure timber from forests being properly managed in accordance with FSC certification.

*FSC: Forest Stewardship Council®

FSC® C021528

FSC Certification

FSC certification was established in 1993 with the goal of auditing and certifying responsible forest management according to sound economic, environmental, and social principles. It aims to ensure that the world's forests are kept healthy by labeling wood and wood products sourced from these forests. There are two types of FSC certification: forest management (FM) certification and chain of custody (CoC) (processing and distribution process management) certification. In August 2001, the Mitsubishi Paper Mills Group became the first paper mill in Japan to acquire CoC certification.

The Vancouver Declaration for the UN SDGs and FSC Certification was announced at the Forest Stewardship Council General Assembly of October 2017, which was held to drive greater support for the SDGs and FSC. Mitsubishi Paper Mills stands in solidarity with the declaration, and signed it along with 57 other companies in Japan and other countries.

⇒ Reference site: FSC-Certified Paper
<https://www.mpm.co.jp/eng/env/fsc.html>



The mark of responsible forestry

Method for Verifying Legal Compliance and Sound Management

1. Evidence of use of the forestry certification and CoC certification schemes (FSC-certified wood, FSC controlled wood)

2. Evidence of methods of individual companies or organizations (controlled wood)

In 2. above, we verify that wood is controlled in accordance with Requirements for Sourcing Controlled Wood (FSC-STD-40-005). The verification method in conformance with these requirements is described below.

Collection of information concerning wood chips and pulp

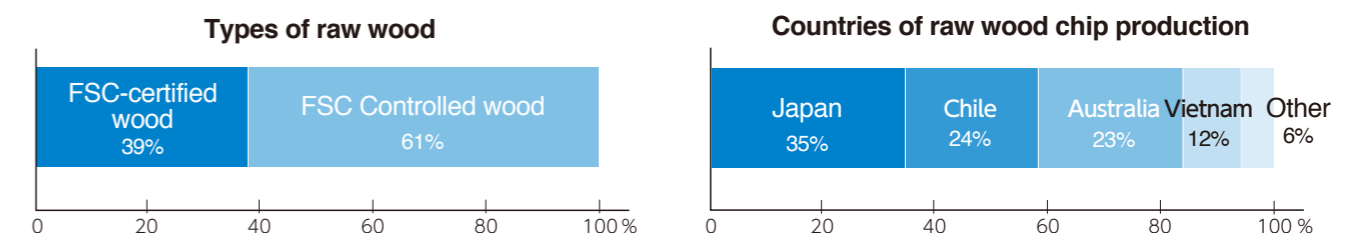
- Confirmation of the place of origin, wood type, forest management methods, etc. from traceability reports
- Confirmation of documentation certifying the place of origin (e.g. documents related to transport and sales)
- Regularly auditing suppliers and verifying document reliability

Assessing risk (taking measures to mitigate risk when necessary)

- Assessing and verifying that place of origin of wood is a low risk with respect to A) through E) below.
 - A) Illegally harvested wood
 - B) Wood harvested in violation of traditional and human rights
 - C) Wood from forests in which high conservation values are threatened by management activities
 - D) Wood from forests being converted to plantations and non-forest use
 - E) Wood from forests in which genetically modified trees are planted
- Receiving audits of risk assessment results by an FSC certifying body

Raw Wood Procurement in Fiscal 2020

We have verified that all wood chips and wood pulp procured in fiscal 2020 came from forests that were legally and appropriately managed.



Relationship with the Environment

The Mitsubishi Paper Mills Group intends to make an active contribution to the protection of the global environment and the creation of a recycling society. To this end, the Group will not only strive to prevent global warming and preserve biological diversity, but also to earn the trust of all its stakeholders through the use of sustainable forest resources and through efforts to develop environmentally friendly production technologies and products. This commitment is set forth in our Environmental Charter, formulated in April 1993 to guide our distinctive business activities, which leverage the Group's lines of business.

Environmental Charter

1. [Fundamental Principles]

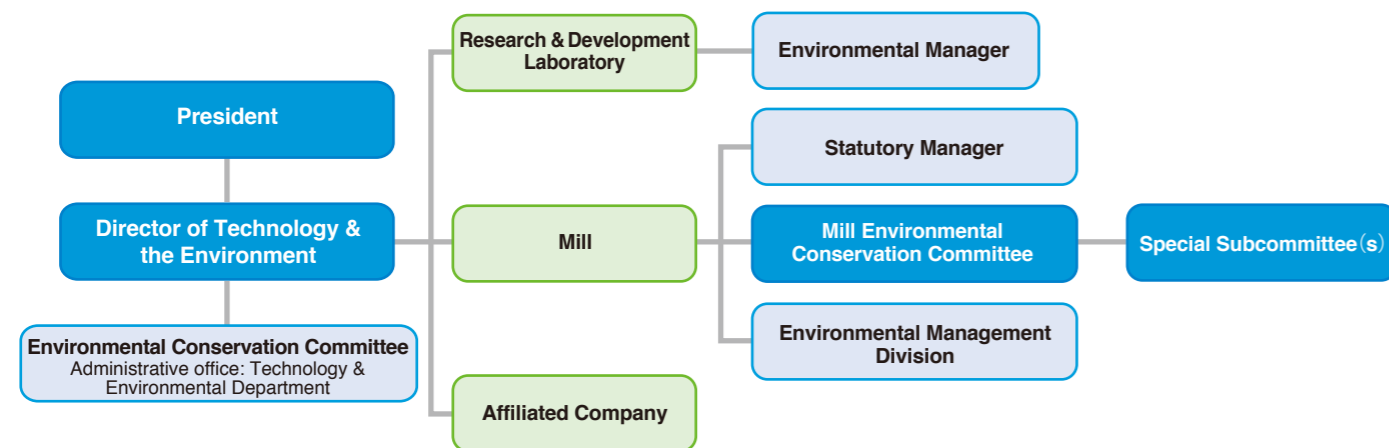
The Mitsubishi Paper Mills Group intends to make an active contribution to the protection of the global environment and the creation of a sustainable society. To this end, the Group will not only strive to help prevent global warming and preserve biodiversity, but also to earn the trust of all its stakeholders through the use of sustainable forest resources.

2. [Basic Policies]

- ① Implement measures to counter global warming
- ② Protect and nurture forest resources, with appropriate care given to the preservation of biodiversity
- ③ Promote the sustainable use of resources
- ④ Develop environmentally friendly production technologies and products
- ⑤ Develop and fully utilize environmental management systems
- ⑥ Promote environmental communication
- ⑦ Draw up appropriate contingency plans

Environmental Management System

To realize the fundamental principles of the Environmental Charter, the Mitsubishi Paper Mills Group has acquired ISO 14001 certification for its major production facilities and is working to continuously improve the Group's environmental performance. We have a company-wide system for ensuring the effectiveness of these efforts. The Technology & Environmental Department is in charge of these initiatives and conducts environmental audits once a year for all major business sites as a way to check these sites' environmental performance.



Chemical Substance Management

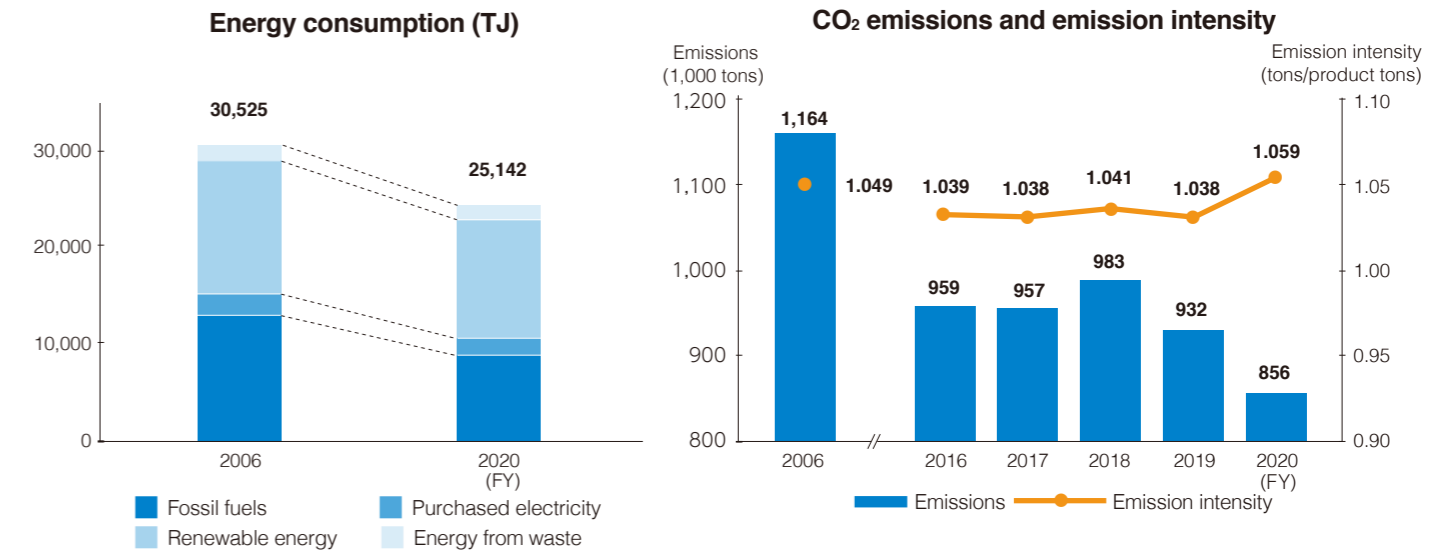
With the aim of protecting the environment and ensuring product safety with respect to chemical substances throughout our entire supply chain, the Mitsubishi Paper Mills Group has formulated its own Chemical Substance Management Guidelines and Rules for Administration of the Chemical Substance Management Guidelines in conformance with various regulations. The guidelines take into account the impact on the environment and human health, as well as social trends and other considerations. All our mills, offices, and affiliated production companies control and handle chemical substances properly and efficiently according to these guidelines, with central oversight by the Technology & Environmental Department at the head office. We also formulated the Mitsubishi Paper Mills Group Green Procurement Standards and Procedures based on these guidelines, promote green procurement and make efforts to mitigate environmental risks posed by chemical substances.



Preventing Global Warming

Manufacturing Segment Initiatives

The Mitsubishi Paper Mills Group has the target of bringing CO₂ emissions down to 920 thousand tons or less by fiscal 2021 and is working on reducing its fossil fuel-based energy and overall energy consumption. In fiscal 2020, we reduced CO₂ emissions to 856 thousand tons, achieving our target ahead of schedule. We will work on further reductions, having set the next target of bringing CO₂ emissions down to 770 thousand tons or less by fiscal 2026.



(Scope of statistics: Mitsubishi Paper Mills Limited, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd., and KJ SPECIALTY PAPER Co., Ltd.)

Logistics Segment Initiatives

Eco Rail Mark Certification

Mitsubishi Paper Mills acquired Eco Rail Mark certification in October 2010, becoming the first to do so in the paper industry. Since then, we have contributed to global environmental preservation through the dissemination of the Eco Rail Mark. Under the Eco Rail Mark system, companies or products are certified and allowed to use the Eco Rail Mark if they use a certain volume of eco-friendly rail freight transport. Usage of the mark offers consumers a standard for making decisions.



Green Management Certification

Namitsu Co., Ltd., a distribution company affiliated with the Mitsubishi Paper Mills Group, has Green Management Certification at its main facilities and is reducing the level of CO₂ emitted by its trucks during transport. Ongoing efforts that include the use of start-stop systems improve fuel efficiency and reduce fuel consumption. Aimed at reducing the environmental impact of the transport industry, Green Management Certification is given to business entities that have been audited and certified by the Foundation for Promoting Personal Mobility and Ecological Transportation for having reduced the environmental impact of their operations by a certain degree in accordance with the Green Management Promotion Manual.

Initiatives for the Office and the Home

We are taking a number of measures to reduce energy usage in office buildings, including meticulous efforts to turn off lights. In addition, the Tsukuba R&D Laboratory tracks the building's power usage through a demand monitoring device and equalizes the power load through peak shifting. The Mitsubishi Paper Mills Group also promotes participation in the household environmental accounting booklet program, raising awareness for environmental preservation by having employees monitor their household CO₂ emissions.



Relationship with the Environment

Material Balance

Input

Main raw materials	(1,000t)
Imported wood chips	721
Domestic wood chips	378
Purchased pulp	30
Waste paper	26
Inorganic pigments	44
Energy	(Crude oil equivalent, 1,000 kl)
Fossil fuels	237
Purchased electricity	48
Biomass	322
Refuse-derived fuel	43
Service water	(Million tons)
Industrial water	126

Mitsubishi Paper Mills Group (Domestic)



Output

Atmospheric release	
CO ₂ emissions	(1,000 t) 856
NO _x emissions	(1,000 Nm ³) 835
SO _x emissions	(1,000 Nm ³) 187
Soot and dust	(t) 376
Released into water systems	
Wastewater	(Million tons) 127
COD	(t) 7,045
SS	(t) 3,719
Waste	(1,000 t)
Waste generated	93
Volume effectively used	74
Final disposal amount	7
Product sales amount	
Paper	(1,000 t) 683
Photosensitive materials	(Million m ²) 58
Pulp	(1,000 t) 68

Reference: 2 mills in Germany

Purchased pulp	(1,000 t)	117		
Waste paper	(1,000 t)	0	CO ₂ emissions	(1,000 t) 42
Service water usage	(1,000 t)	2,755	Wastewater	(1,000 t) 1,937

Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Tsukuba R&D Laboratory, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd., KJ SPECIALTY PAPER Co., Ltd.

Figures from Mitsubishi HiTec Paper Europe GmbH (two mills in Germany: the Bielefeld Mill and the Flensburg Mill) are also provided as a reference but are not included in the total for the Mitsubishi Paper Mills Group as environmental regulations differ in Germany.

Amount of PRTR-listed Substances Emitted and Transferred in FY 2020

Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Kitakami HiTec Paper Corporation, KJ SPECIALTY PAPER Co., Ltd.

Unit: kg/year (mg-TEQ/year is used for dioxins only)

No.	PRTR Class 1 Designated Chemical Substances	Cabinet order No.	Emissions		Amount transferred	
			Atmosphere	Water	Sewerage	Off-site
1	Xylene	80	620	0	0	950
2	Silver and its water-soluble compounds	82	0	0	0	0
3	Chloroform	127	20,100	4,700	0	0
4	Cyclohexylamine	154	0	0	0	0
5	2,2-Dibromo-2-cyanoacetamide	210	2	782	0	38
6	Dioxins	243	0.00	29.14	0.00	0.19
7	Triethylamine	277	1,300	0	0	0
8	Toluene	300	12,700	0	0	5,700
9	Hydrazine	333	0	0	0	0
10	Hydroquinone	336	0	0	64	0
11	Boron and its compounds	405	0	0	150	0
12	Formaldehyde	411	116	1	32	722
13	Methylnaphthalene	438	185	0	0	0

PCBs

Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Tsukuba R&D Laboratory, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd., KJ SPECIALTY PAPER Co., Ltd.

Efforts are underway to detoxify hardware (stabilizers) containing high concentrations of PCBs and we expect to be able to detoxify all stabilizers by the legally mandated deadline. We also plan to gradually detoxify hardware containing low concentrations of PCBs.

Environmental Indicators

Environmental Impact Data

Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Tsukuba R&D Laboratory, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd., KJ SPECIALTY PAPER Co., Ltd.

		FY 2006	FY 2018	FY 2019	FY 2020	Target (FY)
Natural resources						
Fossil fuel-based energy consumption	TJ	15,131	12,506	11,886	11,036	
Fossil fuel energy intensity	GJ/product-tons	13.6	13.2	13.2	13.6	12.1 (FY2021)
Service water usage	Million t	125	127	126	126	
Wastewater	Million t	-	127	127	127	
Atmosphere						
CO ₂ emissions*1	1,000 t	1,164	983	932	856	920 (FY2021)
NO _x	1,000 Nm ³	1,076	857	826	835	
SO _x	1,000 Nm ³	247	264	260	187	
Soot and dust	t	-	375	392	376	
Water quality						
COD	t	7,717	7,702	7,504	7,045	
SS	t	3,417	3,660	3,621	3,719	
Waste						
Waste generated	1,000 t	120	114	105	93	
Final disposal amount	1,000 t	15	9	7	7	
Final disposal rate*2	Percentage vs. production volume	1.40%	0.95%	0.75%	0.80%	0.30% (FY2021)

*1 For CO₂ emissions from purchased power, we use the CO₂ emissions coefficient provided by the Federation of Electric Power Companies.

*2 Final disposal rate = (final disposal volume / production volume) x 100

Environmental Accounting in FY 2020

Scope of statistics: Head Office, Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Tsukuba R&D Laboratory, Kitakami HiTec Paper Corporation, KJ SPECIALTY PAPER Co., Ltd.

Statistical method: Conforms with the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment

Environmental Conservation Costs

Unit: Million yen

Classification	Principal Initiatives	Investments	Expenditures
(1) Costs within business areas		629	2,113
1. Pollution control costs	Includes air pollution, water pollution, foul odor, noise, and vibration measures	104	1,226
2. Environmental conservation costs	Includes domestic afforestation, energy conservation measures, etc.	472	32
3. Resource recycling costs	Includes waste measures and waste paper and other product recycling	53	855
(2) Upstream/downstream costs	Includes container and packaging recovery and recycling	285	285
(3) Management activity costs	Includes environmental education, environmental management systems, and certification acquisition	4	64
(4) R&D costs	Includes the development of green products	0	0
(5) Social activity costs	Includes greening, environmental beautification, and environmental data disclosure	29	29
(6) Environmental damage costs	Fees for pollution-related health damage	0	52
Total		947	2,543

Economic Benefit of Environmental Conservation Measures

Unit: Million yen

Classification	Benefit	Amount
Earnings	Benefit of reusing recovered pallets	451
	Profit from sales of materials effectively recycled	28
Cost reduction	Cost reduction from decreased energy usage	19
	Cost reduction from improved material yield	190
Total		688

Relationship with Employees

Based on our Principles and Guidelines Concerning Human Rights and Labor Practices, the Mitsubishi Paper Mills Group makes a number of efforts to continue to create comfortable and fulfilling work environments where each and every employee can fully display his/her abilities.

Occupational Safety and Health Initiatives

The Mitsubishi Paper Mills Group views occupational safety and health activities as activities that should be given priority in all initiatives. From the CSR point of view, and based on the Group-wide Safety and Health Management Guideline, which incorporates the fundamental principles of safety and health, which are mentioned in the Principles and Guidelines Concerning Human Rights and Labor Practices, we carry out a number of activities as a unified corporate group.

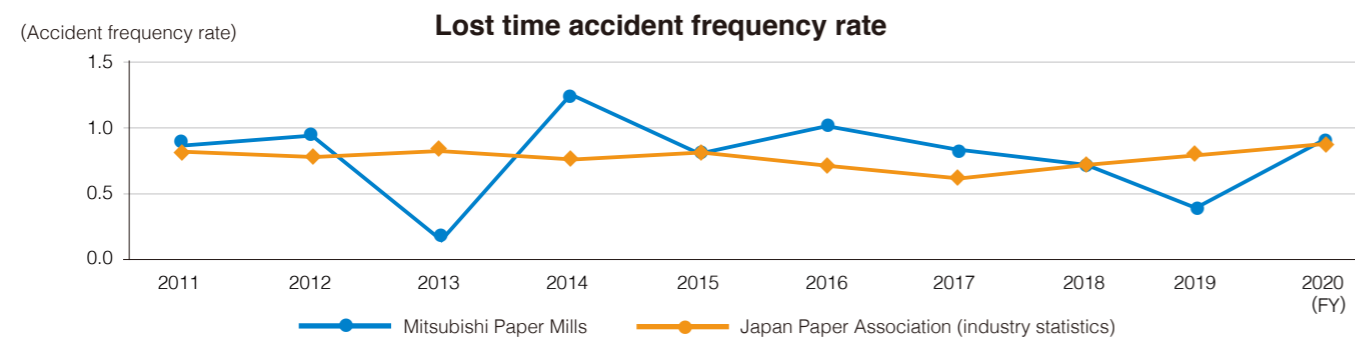
Fiscal 2020 Activities

We worked primarily on the two activities below as key initiatives aimed at eliminating human error, which is one of the causes of occupational accidents.

- ① We enhanced safety and health education and provided training by rank and education on the rules and principles for equipment, among other areas.
- ② In initiatives to improve communication, we used communication manuals, had discussions to confirm work details, and had reciprocal inspection patrols of other workplaces.



Rank-based safety education (November 2019, Takasago Mill)



※ Scope of statistics: Takasago Mill, Kyoto Mill, Shirakawa Site, MPM Operation Co., Ltd., Kitakami HiTec Paper Corporation, KJ SPECIALTY PAPER Co., Ltd., and each site's Collaboration Committee

Promoting Good Mental and Physical Health

We are promoting the Employees Assistance Program.

We aim to raise employees' health awareness through collaboration on health. As health awareness has risen, the number of employees using the external EAP initiative has also been increasing year after year. In 2019, we expanded mental health counselling services to enable ongoing counselling. Going forward, we will continue promoting the external EAP to maintain and promote health.



Personal card for health consultation service



Efforts to Create Comfortable Work Environments

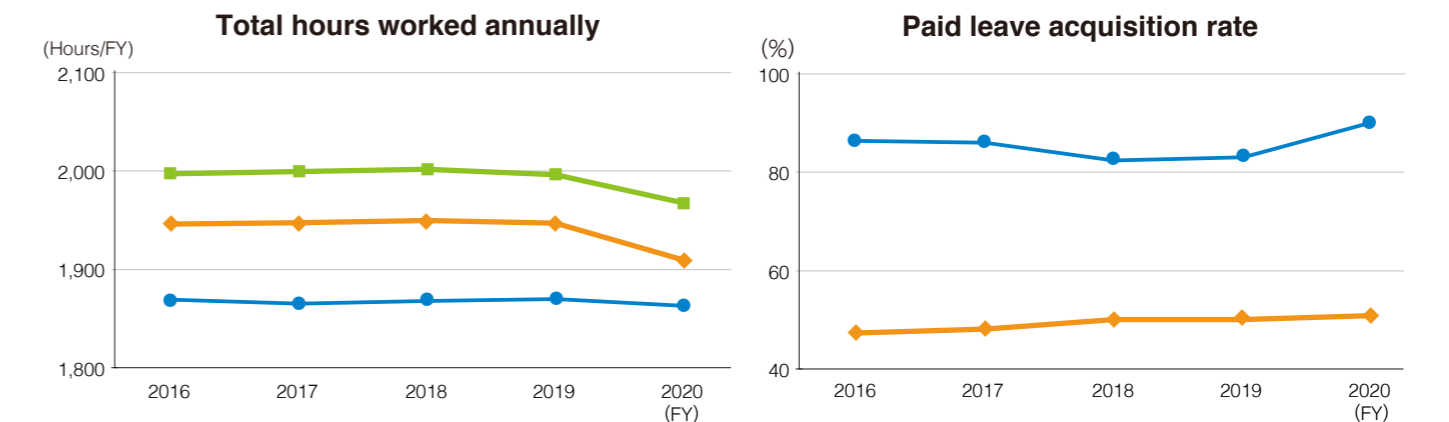
We believe that pursuing a good work-life balance not only contributes to healthier, more prosperous lives for employees but also makes the company more competitive. We are implementing a number of initiatives to create comfortable work environments, with the desire to make the Group a vibrant and fulfilling place to work.

Introduction of a Staggered Work Hours System

We introduced a system of staggered working hours as a flexible way of working to match the lifestyles of each individual employee. We commenced implementation of the system gradually, starting with our headquarters. The staggered working hours system aims to improve work-life balance and alleviate stress from commuting congestion, and is thereby expected to also increase productivity. During the spread of COVID-19, we worked to prevent the spread of infection by combining working from home with staggered working hours.

Regular Program Reviews Done in Conjunction with Our Labor Union

Together with our labor union, we regularly hold meetings of a specialized committee to review human resource programs and hold labor-management discussions on creating better programs. Meetings focus on issues such as wages, retirement benefits, taking annual paid leave, hours worked, reemployment, and work-life balance.



※ All Industries' and manufacturers' data are from the Ministry of Health, Labour and Welfare's Monthly Labour Survey (companies with 500 employees or more; general workers only)
 ※ Society: From the Ministry of Health, Labour and Welfare's General Survey on Working Conditions.

Work-life Balance Initiatives

Mitsubishi Paper Mills has a number of programs to help employees balance work, parenting, and caregiving. For example, in light of the "first-grade wall" problem, which refers to the difficulty of putting children in childcare until nighttime once they enter elementary school, employees can take advantage of shortened working hours to provide childcare until their children reach the end of first grade.

Furthering Diversity

As part of our women's empowerment initiatives, the Mitsubishi Paper Mills Group is working to get more women working at production sites. To achieve this, we have prepared plans for improving the workplace environment, and we are gradually implementing them.

Relationship with Customers

To provide customers with products they can feel good about using, we have established our own Product Safety Code, and are making efforts to maintain and improve product safety. Along with maintaining legal compliance and conducting fair marketing practices, we will continue to actively communicate with our customers and provide products that benefit society.

Product Safety Code

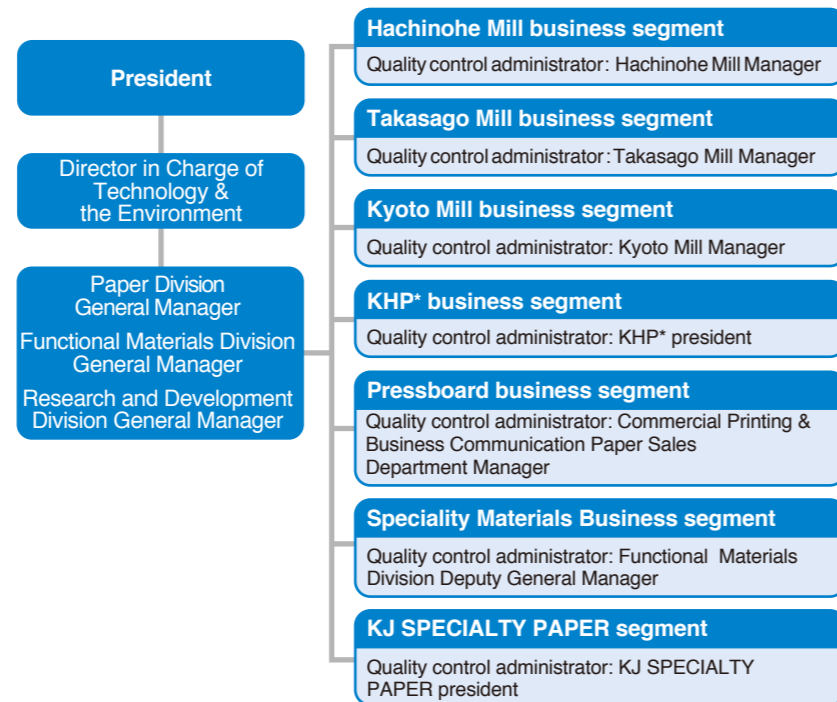
Mitsubishi Paper Mills believes that the role of a company in society is to provide satisfying services along with safe and useful products to customers, and we have utilized our excellent technologies to provide safe products to society. From here on, too, we will steadily implement the following actions throughout the entire company to maintain sound management and continue providing society with safe products and satisfying services that meet the needs of the times.

- (1) We will strengthen our quality control systems and product safety control systems, and will provide products confirmed to be safe using state-of-the-art science and technology.
- (2) We will work to stabilize the manufacturing process and always provide products of uniform quality.
- (3) We will provide accurate and reliable information on the correct way to use products and the safety of products.

Quality Control System

To be able to quickly respond to customer feedback and quality issues, the Group's businesses are divided into seven segments, and have built a quality control system overseen by the president.

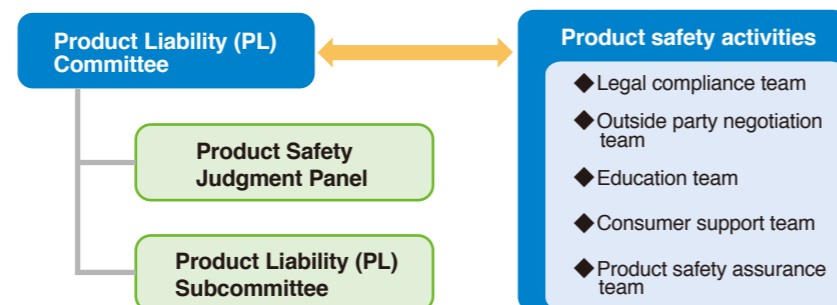
The key production facilities in each business segment have acquired ISO 9001 certification. In addition, quality control administrators, who have responsibility for and authority over quality in the business segment, share information with the relevant business division general managers while working to maintain and improve the quality control system. Furthermore, to guarantee quality control system effectiveness, the Technology & Environmental Department at the head office regularly audits quality control efforts for each business segment and issues reports to the officer in charge.



*KHP: Kitakami Hitec Paper Corp. (as of August 31, 2020)

Product Safety Control System

With the goal of actively promoting specific product safety initiatives, we have established a Product Liability (PL) Subcommittee and a Product Safety Judgment Panel under the Product Liability (PL) Committee, whose membership is composed of individuals appointed from every head office division, every mill, and affiliated companies. This committee supports every division in their product safety management activities.

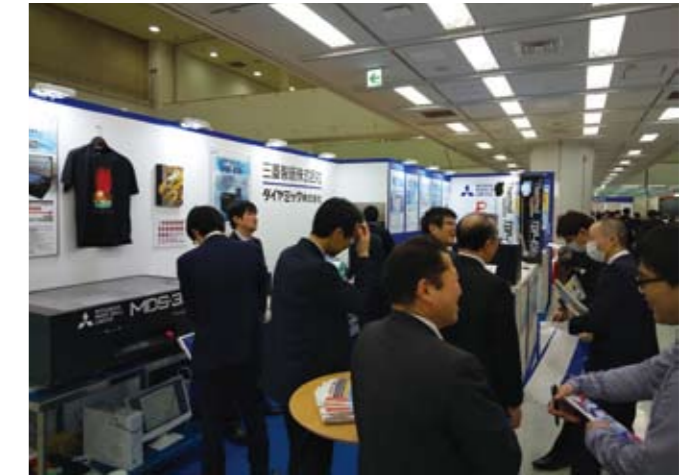


Communication with Customers

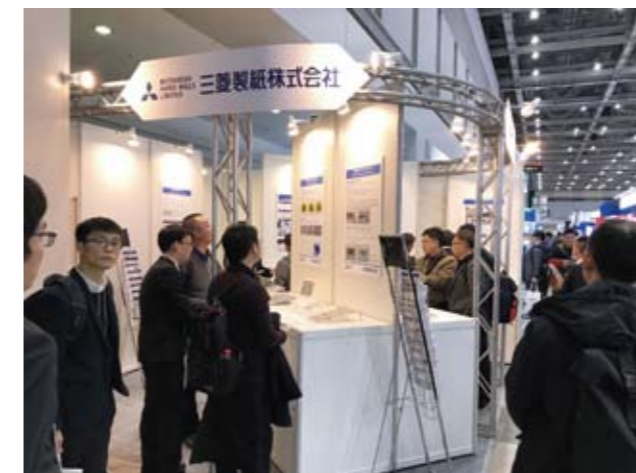
In the Mitsubishi Paper Mills Group, the sales, R&D, production, and technology departments work as one to provide products that satisfy customers' needs. Our technology and production personnel accompany sales staff and gather feedback from customers as we, a corporate group that is consistently on the cutting edge of technology, make efforts to create products that benefit the world at large.



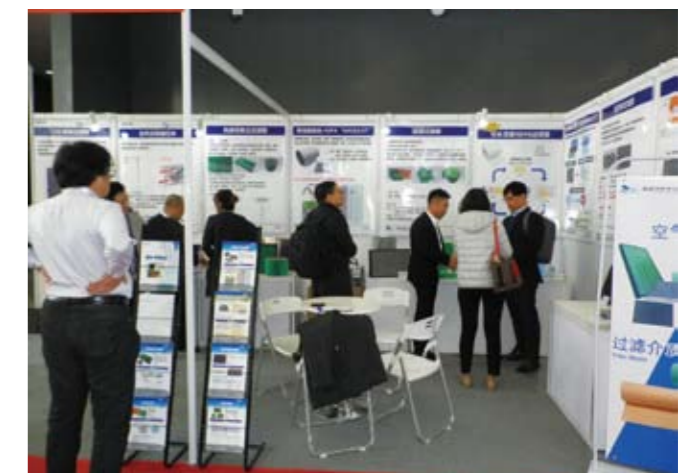
Specialized and comprehensive sign & display expo
61st Sign & Display Show (August 2019, Tokyo)



Comprehensive event for the printing media business
page2020 (February 5 – 7, 2020, Tokyo)



Exhibition for Electronics R&D, Manufacturing and Packaging Technology
34th NEPCON JAPAN (January 2020, Tokyo)



18th Shanghai International Nonwovens Exhibition
(December 2019, Shanghai)
We exhibited jointly with Kunshan Oji Filter Co., Ltd.

Encouraging the Worry-Free Use of Our Products

The products the Mitsubishi Paper Mills Group provides are made from raw materials proven to be safe. Along with swiftly obtaining toxicological data and information about new regulations, all departments involved — including affiliated companies — share information with each other and conduct thorough safety inspections of the raw materials used. With respect to chemical substance control, we have established Chemical Substance Management Guidelines and Green Procurement Guidelines and strictly control everything from the raw materials we use to our products' constituent substances. Also, not only do we ensure compliance with laws and regulations, we also meet voluntary standards set by the industry according to product application and satisfy the demands of individual customers. We will contribute to the betterment of society by continuing to provide eco-friendly, safe products that customers can feel safe and comfortable about using.

Relationship with Communities

The Mitsubishi Paper Mills Group aims to grow together with communities and has formulated its Social Contribution - Direction of Activities to proactively interact with communities through its business activities. Through activities such as those conducted by the Ecosystem Academy (see page 37), which uses forests owned by Mitsubishi Paper Mills, we undertake a number of social contribution activities that take advantage of the characteristics of each of our business sites.

Social Contribution - Direction of Activities

- Environmental protection: We will contribute to the creation of a recycling society to maintain our precious global environment.
 - ⇒ Our efforts to conserve the global environment are activities making full use of our business and include supporting forest thinning, etc. together with NPOs and supporting FSC®-certified forests.
- Living alongside local communities: We are strengthening our social contributions rooted in local communities.
 - ⇒ Mills and offices play key roles by actively engaging in local community activities and contributing to the development of those communities.
- Supporting volunteer activities: We support the volunteer activities of our employees.

Communication with Community Members

As members of their communities, every business site in the Group proactively participates in local activities and furthers communication with every community member in a variety of ways.

Dialogue with Community Members

In addition to providing plain language explanations of our business situation to community members, we regularly hold dialogues with community members to learn their thoughts on and solicit suggestions concerning our business and learn about community issues. We also work to stimulate local economies through our business activities.

- Shirakawa Site Briefing on the State of Operations (April)
- Hachinohe Mill Environmental Monitoring Meeting (November)
- Kitakami HiTec Paper Corporation Community Gathering (December) etc.

Students' Work Experience

Mitsubishi Paper Mills regularly takes in local students looking to experience life in the workplace. Through lectures and actual work experience in various workplaces, the students use this program as a means to gain valuable experience wholly different from their school life. We hope the program will help them in their lives.



Takasago Trial Week 2019
Students' work experience program for middle school students
(Takasago Mill, November 2019)



Students' work experience program for middle school students
(Kyoto Mill, November 2019)

FSC® C021528



Coexistence with the Community

In addition to actively participating in community events, our sites welcome and deepen our interaction with community members through efforts that include allowing our facilities to be used free-of-charge for events.

Sponsorship of the Takasago Lantern Festival

Takasago Lantern Festival 2019 was held in September in Hyogo Prefecture's Takasago, home to the Takasago Mill. The festival featured such things as illuminated historical buildings, candle-lined alleys, jazz galleries, and refreshment stands, and attracted many visitors.

The Uomachi Club, a Western-style house owned by the mill, was also decorated with lights, and visitors were treated to a jazz performance.



The Uomachi Club, all lit up (Takasago Mill)



Lecture and papermaking workshop at the Environmental Fair
(Kyoto Mill, November 2019)

Participation in the Nagaokakyo City Environmental Fair

Every year in November, Nagaokakyo City—home of the Kyoto Mill—holds its Environmental Fair as a means to promote better environmental awareness among residents.

To bring further excitement to the event, the Kyoto Mill conducts papermaking workshops and gives talks on the lifecycle and bounties of the forest to elementary school students and their parents and also provides information about environmental efforts being made by Mitsubishi Paper Mills.

Contributing to Local Communities

Sponsorship of the Coming-of-Age Day Event in Fukushima Ward, Osaka

NAMITSU Co., Ltd. sponsors a raffle every year as part of the Coming-of-Age Day Memorial Gathering, held in Fukushima Ward, Osaka, where the company has its head office, to celebrate the beginning of adult life for everyone turning 20. Through efforts such as these, we will continue strengthening relations with community members and achieving mutual growth.



Coming-of-Age Day Memorial Gathering in Fukushima Ward



Braille Calendar (2020 edition)

Braille Calendars

We began producing braille calendars in 1997, and the 2020 edition marked the 24th year of this effort.

Until the 2019 edition, it contained cooking recipes and has been well appreciated by those it has been donated to, such as social welfare organizations and braille libraries, as well as the visually impaired who use the calendar. However, we renewed the themes for this edition to allow the visually impaired and able-bodied people to enjoy cooking and sports together.

Relationship with Communities

Mitsubishi HiTec Paper Europe Receives BEM Award

In April 2020, Mitsubishi HiTec Paper Europe, based in Germany, received the papermaking industry's first Sicher Mit System (Systematic Safety) certification from BG RCI, the German Social Accident Insurance institution, for its outstanding occupational safety and health management system.

In addition, the company's Flensburg Mill received the BEM Award (Labor-supporting Management) from the State of Schleswig-Holstein at the end of 2019 in recognition of its exemplary design of workplaces for people with disabilities and was presented with a prize of 10,000 Euros. The company will use the prize money for further improving occupational safety and health management.



Presentation of BEM Award to employees

Community Cleanup Activities

Every one of our business sites regularly undertakes activities to beautify and clean up the surrounding areas and promotes initiatives to develop comfortable urban environments together with local communities.

As examples of such activities, the Tsukuba R&D Laboratory participates in group cleanups with employees from the member companies of the Tsukuba North Industrial Park Liaison Council in April and October each year to make the environment in the complex even cleaner. In addition, the Oyama Mill of Toho Tokushu Pulp Co., Ltd. takes part in Oyama City's Green and Light Adopt-a-Road Campaign and makes efforts every month to maintain and improve the environment around roads.



Industrial park liaison group cleanup (Tsukuba R&D Laboratory)



Green and Light Adopt-a-Road campaign (Oyama Mill of Toho Tokushu Pulp Co., Ltd.)



Cleanup activities around a mill (KJ SPECIALTY PAPER Co., Ltd.)



G20 Osaka Summit CleanUP Campaign (NAMITSU Co., Ltd.)



Making Use of our Business Activities

Providing Paper to Hachinohe Higashi High School and Others for Calligraphy Performance

The Hachinohe Mill regularly provides Hachinohe Higashi High School's calligraphy club, as well as other schools involved, with the jumbo-sized paper used at calligraphy performances. Famous as a frequent participant in the Shodo Performance Koshien, a national calligraphy competition, Hachinohe Higashi High School also gives outstanding performances at various events in the area. We look forward to lending our support to future calligraphy performances by Hachinohe Higashi High School as well as other schools involved.



Performance piece by Hachinohe Higashi High School in Hachinohe festival square



Support for "From Paper to Books Exhibition 2019" (Hachinohe Mill)

Participation in Hachinohe Book Center Events

Every year, the Hachinohe Mill participates in various activities at the Hachinohe Book Center, a bookstore run by the city government, which is one of the core activities of "book city" Hachinohe.

In 2019, the mill provided woodchips, the raw material for papermaking, to an exhibition entitled "From Paper to Books", which delighted visiting children, and also helped collect mill sound sources to be used as the sound during the exhibition.

Photo Printing Service

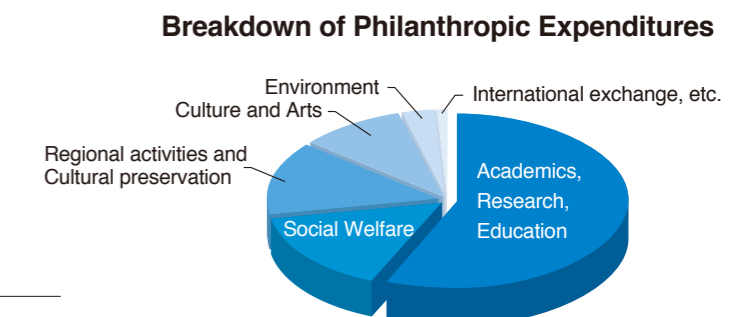
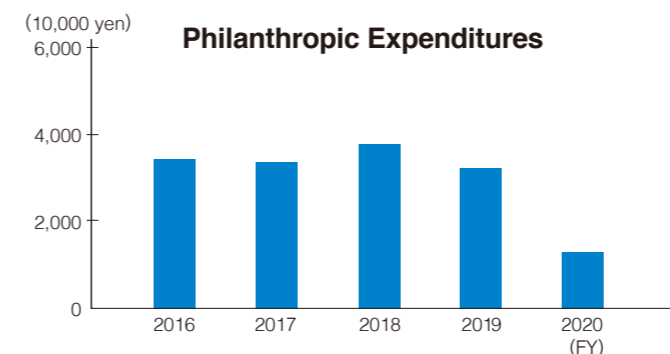
We provide photo and printing services for the Chibikko Otama & Tadaoki Funso Corner (Dress up and photography corner for children), one of the events at the Nagaokakyo Garasha (Gracia) Matsuri festival, which adds color to autumn in Nagaokakyo City, the home of the Kyoto Mill. Last year, children were again shy about putting on make-up and a glamorous kimono for the first time while being shown to the red carpet and photographed. The photographs are very popular as presents for the family.



Printing services at Nagaokakyo Garasha(Gracia)Matsuri festival (Kyoto Mill)

Philanthropic Expenditures

Mitsubishi Paper Mills is a member of the Keidanren 1% Club and is a company which continually contributes to improving social sustainability. Whether it's in academics, research, or education, our aim is to be of benefit to society in many fields.



Fiscal 2020 CSR Activities

In fiscal 2020, we established "enhancing activities to ensure safety and health" and "product development centered on harmony with society" as our two top priority issues, and undertook activities aimed at improving corporate value. We also promoted initiatives to reduce greenhouse gas emissions, took part in local environmental preservation activities, and worked to expand environmentally conscious products, including FSC®-certified paper to contribute to the UN sustainable development goals (SDGs) with our products.

ISO 26000 Core Subjects 1. Organizational governance 2. Fair operating practices

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring the effectiveness of corporate governance	· Ensure good governance based on the Basic Policies on Corporate Governance · Review governance functions	· Implemented initiatives based on the Basic Policies on Corporate Governance and held meetings of the Nomination and Remuneration Committee · Reviewed director and audit & supervisory board member training conducted last fiscal year and had Board of Directors do a self-evaluation of their effectiveness	○ ○
· Establishing a risk management structure	· Enhance structural preparations and our risk map in the interest of Group management · Discuss ways of improving simulation and training	· Conducted semiannual risk map reviews and updated risk assessments and evaluations · Conducted training on backing up information disclosure during emergencies · Conducted training on safety check system notification and made notifications at time of September 9 typhoon	○ ○
· Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws and regulations through more robust compliance education	· Rolled out compliance education on power harassment to all employees (Participants: 3,119)	○
· Ensuring strict legal compliance	· Strengthen legal functions · Promote a better understanding of laws and regulations applicable to our operations, and enforce compliance · Strengthen and improve systems through Group-wide implementation of Information Management Regulations	· Screened contracts, handled legal consultations, and exchanged information with Legal Division at Oji Holdings · Conducted legal affairs education on revised Civil Code (Participants: 267) · Regularly published Compliance News newsletter to raise awareness of compliance · Conducted onsite audit at the Kitakami Site to confirm operation status of the Information Management Regulations and Information Handling Guidelines	○ ○ ○
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc. · Disseminate information about new products, etc. (sharing information about affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our corporate reports	· Disseminated information on the New Mid-Term Management Plan (analyst briefing materials), the General Meeting of Shareholders, the Corporate Report, the Annual Report, earnings briefings, and the dividend of surplus · Disseminated information on relocation of the Mitsubishi Paper Sales head office, start of MOH operations, sales launch of rucre, commencement of barricote sales and establishment of banners, launch of new SaiVis products, and on trade exhibits · Held 6 planned exhibitions and exhibited products in a timely fashion in the permanent exhibit · Issued Corporate Report 2019 in August in an integrated report format	○ ○ ○ ○
· Expanding initiatives out to affiliated Group companies	· Step up efforts at continually promoting CSR activities	· Conducted awareness raising activities using corporate reports and better familiarized Group employees with CSR policy	○

ISO 26000 Core Subjects 3. Human rights 4. Labor practices

Key Issues	Action Plan	Activity Results	Evaluation
· Enhancing activities to ensure safety and health	· Improve efforts to eliminate serious accidents Review standard operating procedures (SOPs) that have the risk of fatal accidents · Foster a safety culture for preventing human errors ① Enrich safety and health education ② Stimulate communication	· Checked for discrepancies between actuality and SOPs that have the risk of fatal accidents and completed all reviews and revisions · ① Conducted education at each business site in line with the plan and also implemented imaginative initiatives, such as issuing news and making equipment principles widely known as education on rules and principles · ② Implemented initiatives that matched the circumstances at each business site to stimulate communication	△ ○
· Promoting various measures to improve human resource performance	· Revise HR systems according to the state of current issue resolution and conduct rank-based training · Consider new training programs for skill improvement	· Revised systems with awareness of recruitment, human resource retention, and workstyle reform · Reviewed rank-based training · Introduced four new training programs aimed at improving performance of human resources	○ ○

ISO 26000 Core Subject 5. Environment

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting activities to prevent global warming	· Promote CO ₂ emissions reductions in our business activities and employees' homes · Support and get involved in renewable energy projects	· Reduced emissions and increased efficiency by making good use of subsidies to invest in energy-saving measures · Commenced operations at Hachinohe Eco-Energy Power Station and collected information on new business	○ ○
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC-certified wood we procure · Participate in the Japan Business Initiative For Biodiversity (JBIB)	· Made active use of FSC-certified wood chips and met targets · Deepened biodiversity knowledge through participation in related seminars	○ ○
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper · Develop and roll out new environmentally conscious products	· Released Bleached Kraft Paper and Margari Light, which are new FSC-certified paper products · Registered four new environmentally conscious products	○ ○
· Reducing environmental risk and impact	· Reduce industrial waste · Improve environmental communication	· Apr-Dec final disposal volume: 4,078 t, final landfill waste percentage: 0.68% · Held Environmental Monitoring Meetings (Hachinohe), participated in Takasago Environment Ten Company Liaison Council (Takasago), participated in Gakunan Council for Coordinated Groundwater Pumping (KJSP*), and others	△ ○

※ KJ SPECIALTY PAPER Co., Ltd.

ISO 26000 Core Subject 6. Consumer issues

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring product safety	· Enhance chemical substance management · Enrich the activities of the Product Liability (PL) Subcommittee	· Updated chemical substance database as needed and shared the latest information · Business sites promptly reported to local governments in accordance with PRTR Law · Convened the PL Subcommittee four times and shared information on laws and regulations promptly · No product complaints or PL issues	○ ○
· Ensuring product quality	· Promote thorough adherence to ISO 9001 management and improve customer satisfaction (reducing complaints, etc.); continue to conduct quality audits	· Conducted follow-up internal audit and confirmed corrective action was taken	○
· Product development centered on harmony with society	· In product areas with high potential, aim to develop highly-useful products that reflect consumer demands and that target end-users	· Decided to import and sell paper-based recyclable food packaging manufactured at German subsidiary (MPE) and started marketing it · Developed a range of paper for use in food packaging that is better suited to the domestic market, and began introducing it to customers	○

ISO 26000 Core Subject 7. Community involvement and development

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting community support activities	· Take part in local activities at each business site and continue good relations with communities	· Every business site fostered goodwill with local communities through efforts that included participating in events, providing products, and opening up facilities	○
· Promoting cultural contribution activities	· Implement ongoing support focusing on Mitsubishi and related industry groups	· Made donations to and sponsored various related groups and their plans	○
· Promote Eco System Academy activities	· Ensure these activities become established and developed as ongoing collaborations with society	· Conducted instructor development and skill improvement training · Held experiential environmental education sessions in Fukushima, Tokyo, Kyoto, Aomori and Iwate · Held 10th Environment Seminar (at HQ), etc.	○

Top priority issues

(Evaluation) ○: Target met △: Target not met

Fiscal 2021 CSR Action Plan

For fiscal 2021, we have again chosen "enhancing activities to ensure safety and health" and "product development centered on harmony with society" as our two top priority issues. Implementing our action plans will see us carry out the PDCA cycle to improve the quality of our CSR activities, while at the same time faithfully incorporating feedback gained through dialogue with stakeholders as we undertake initiatives uniquely suited to the Mitsubishi Paper Mills Group.

ISO 26000 Core Subjects 1. Organizational governance 2. Fair operating practices

Key Issues	Action Plan
· Ensuring the effectiveness of corporate governance	· Ensure good governance based on the Basic Policies on Corporate Governance · Review governance functions
· Establishing a risk management structure	· Enhance structural preparations and our risk map from the point of view of Group management · Discuss ways of improving simulation and training
· Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws and regulations through more robust compliance education
· Ensuring strict legal compliance	· Build effective legal functions · Promote a better understanding of laws applicable to our operations, and enforce compliance (includes updated responses to changes in laws and regulations, such as the revision of the Civil Code)
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc. · Disseminate information about new products, etc. (sharing information about affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our corporate reports
· Expanding initiatives out to affiliated Group companies	· Step up efforts at continually promoting CSR activities

ISO 26000 Core Subjects 3. Human rights 4. Labor practices

Key Issues	Action Plan
· Enhancing activities to ensure safety and health	· Improve the level of safety awareness of Mitsubishi Paper Mills Group employees ① Be thorough about predicting hazards ② Step up activities in collaboration with partners, affiliates, and others
· Promoting various measures to improve human resource performance	· Revise and consolidate HR systems based on workstyle reform · Secure human resources by stepping up recruitment activities and develop human resources by revising training programs

ISO 26000 Core Subject 5. Environment

Key Issues	Action Plan
· Promoting activities to prevent global warming	· Continue reducing CO ₂ emissions in our business activities and investigate becoming low-carbon or carbon-free in the future · Support and get involved in renewable energy projects
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC-certified wood we procure · Conduct ecosystem studies in company-owned forests · Take measures to address microplastic waste in the oceans · Participate in the Japan Business Initiative For Biodiversity (JBIB)
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper · Develop and roll out new environmentally conscious products
· Reducing environmental risk and impact	· Reduce industrial waste · Expand environmental evaluation activities · Improve environmental communication

ISO 26000 Core Subject 6. Consumer issues

Key Issues	Action Plan
· Ensuring product safety	· Enhance chemical substance management · Enrich the activities of the Product Liability (PL) Subcommittee
· Ensuring product quality	· Ensure effective ISO 9001 management and improving customer satisfaction (reducing complaints, etc.); continue to conduct quality audits ① Step up monitoring of repeat complaints ② Review efforts to prevent data falsification (manage contractors and control published data such as labels and SDS)
· Product development centered on harmony with society	· In product areas with high potential, aim to develop highly-useful products that reflect customer demands and that target end-users

ISO 26000 Core Subject 7. Community involvement and development

Key Issues	Action Plan
· Promoting community support activities	· Take part in local activities at each business site and continue good relations with communities
· Promoting cultural contribution activities	· Implement ongoing support focusing on Mitsubishi and related industry groups
· Promoting activities of the Ecosystem Academy	· Ensure these activities become established and developed as ongoing collaborations with society

Top priority issues

FSC® C021528

Company Profile and Corporate Data (as of March 31, 2020)

Company Name

Mitsubishi Paper Mills Limited

Address

2-10-14 Ryogoku, Sumida-ku, Tokyo 130-0026, Japan

Representative

Yukihiro Tachifuji, President & CEO

Founded

1898

Paid-in Capital

36,561 million yen

Consolidated Number of Employees

3,676

Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor

Ernst & Young ShinNihon LLC

Main Business Activities

The Mitsubishi Paper Mills Group is primarily engaged in the manufacture, processing, and sale of paper, pulp, and photosensitive materials, and the main products and services of each division are provided below.

[Paper and Pulp Business]

Coated and uncoated graphic papers, magazine paper, speciality printing paper, communication paper, hygiene paper, electrical insulation pressboard, high-quality white paperboard, speciality white paperboard, and other speciality paper, bleached kraft pulp, and speciality pulp

[Imaging Media Business]

Inkjet paper, photographic paper, base paper for photographic paper, printing plate materials, plate making systems, CTP software, and chemicals

[Speciality Materials Business]

Functional paper, nonwoven fabrics, filters, rewritable media, battery separators, and speciality materials

[Warehouse and Transport Business]

Warehousing and transport-related business

[Other Businesses]

Engineering operations, sports facility management, insurance agency business, real estate business

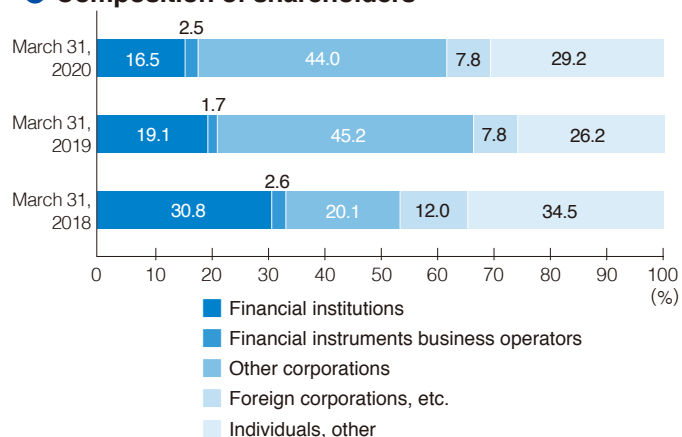
⇒ Reference site: Corporate Profile/Business Fields
<https://www.mpm.co.jp/eng/company/gaiyo.html>

Main Group Companies

Mitsubishi Oji Paper Sales Co., Ltd.
 Kitakami Hitec Paper Corp.
 Mitsubishi Paper Engineering Co., Ltd.
 Ryoshi Co., Ltd.
 Diamic Co., Ltd.
 NAMITSU Co., Ltd.
 MPM Oji Home Products Co., Ltd.
 Pictorico Co., Ltd.
 Shin-Hokuryo Forest Products Co., Ltd.
 Toho Tokushu Pulp Co., Ltd.
 Hachinohe Paper Processing Co., Ltd.
 KJ SPECIALTY PAPER Co., Ltd.
 Takasago Paper Processing Co., Ltd.
 Hachiryō Co., Ltd.
 Ryoko Co., Ltd.
 MPM Operation Co., Ltd.
 Kyoryo Chemical Co., Ltd.
 Hokuryo Co., Ltd.
 Hakuryo Paper Technology Co., Ltd.
 MPM Oji Eco-Energy Co., Ltd.
 Mitsubishi Paper Holding (Europe) GmbH
 Mitsubishi HiTec Paper Europe GmbH
 Mitsubishi Imaging (MPM), Inc.
 MPM Hong Kong Limited
 Zhuhai MPM Filter, Ltd.

- Total number of authorized shares 90,000,000
- Total number of outstanding shares 44,741,433
- Shareholders 16,555
(119 year-over-year increase)

● Composition of shareholders



⇒ Reference site: Investor Relations
<https://www.mpm.co.jp/eng/ir/index.html>