

Integrated Report 2024



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Mitsubishi Paper Mills Group

Corporate Philosophy

We aim to contribute to society by being active in the world market, maximizing our technological capabilities and helping protect the global environment.

A corporate group that lives up to the trust of its customers in the world market

PHILOSOPHY

A corporate group that is always on the leading edge of technology

A corporate group that contributes to preserving the global environment and creating a recycling-based society



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Editorial Policy

Mitsubishi Paper Mills publishes the Mitsubishi Paper Mills Group Integrated 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 that help to build a more sustainable society.

■ Scope

The companies included are Mitsubishi Paper Mills Limited and its consolidated subsidiaries (7 companies in Japan and 4 companies overseas), as well as its equity-method affiliates (2 companies in Japan).

■ Reporting Period

The reporting period of this report is the fiscal year 2023 (starting from April 1, 2023 and ending March 31, 2024), with some content included from outside this period.

■ Guidelines Referenced (including but not limited to)

International Integrated Report Framework
Value Co-Creation Guidance
GRI Standard
ISO26000
Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment

■ Contact

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■ Issued

2024/10/1

Our Website

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

Sustainability / Environment

Integrated reports, Corporate reports



SDS / AIS / Analysis test report



Products & Services



Research & Development



Investor Relations

Annual Business Report



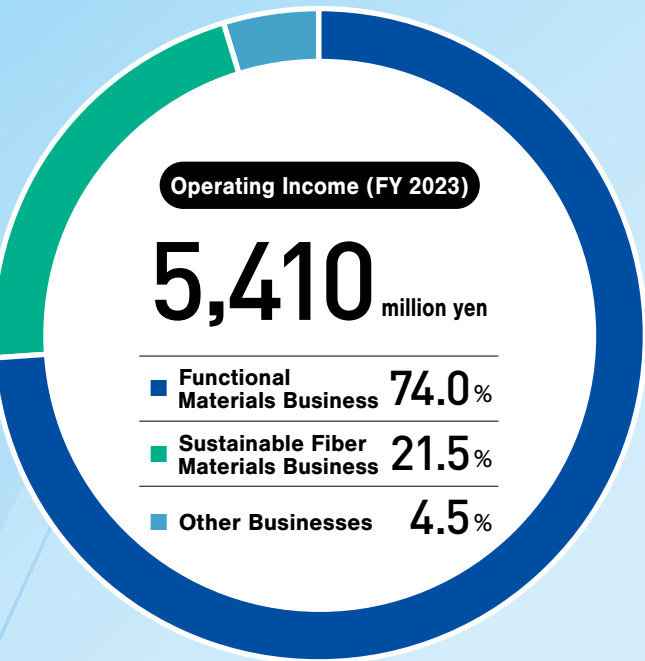
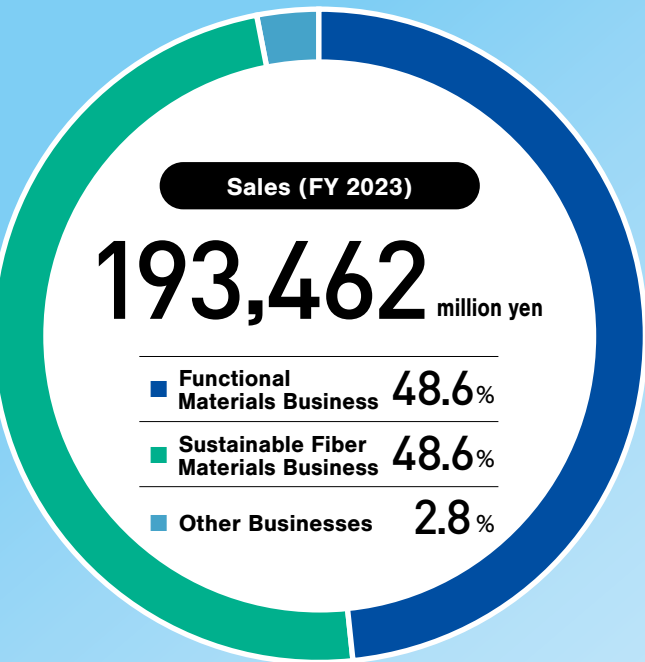
Financial Results, Management Report Materials



I Business Overview About the Mitsubishi Paper Mills Group

The Mitsubishi Paper Mills Group is committed to developing and providing products and services that are useful and safe for society through our advanced technological capabilities and unique innovations and a focus on functional products and sustainable fiber materials. We will continue to fulfill our social responsibilities, contribute to the realization of a sustainable society, and aim for our own sustainable growth.

FY2023 Sales/Operating Income



Functional materials business

Sales **97,351** million yen Operating income **4,053** million yen

- Inkjet paper ● Printing plate material and printing devices
- Thermal paper ● Carbonless paper ● Copy paper
- Separators for power storage devices
- Water treatment membrane support substrate ● Filters
- Decorative laminate base paper ● Tape base paper
- Sterilization paper



Environmentally friendly labels



Inkjet paper

Sustainable Fiber Materials Business

Sales **97,511** million yen Operating income **1,177** million yen

- Uncoated graphic paper ● Lightly coated graphic paper
- Coated graphic paper ● Specialty printing paper
- Sanitary paper ● Packing paper ● White paperboard
- Other specialty paper ● Bleached kraft pulp ● Specialty pulp



Household paper



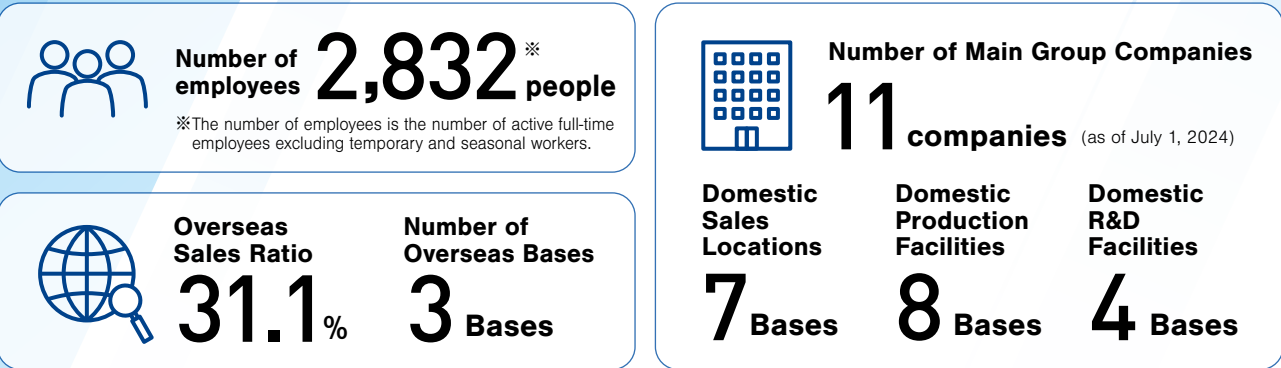
Printing Paper

Other Businesses

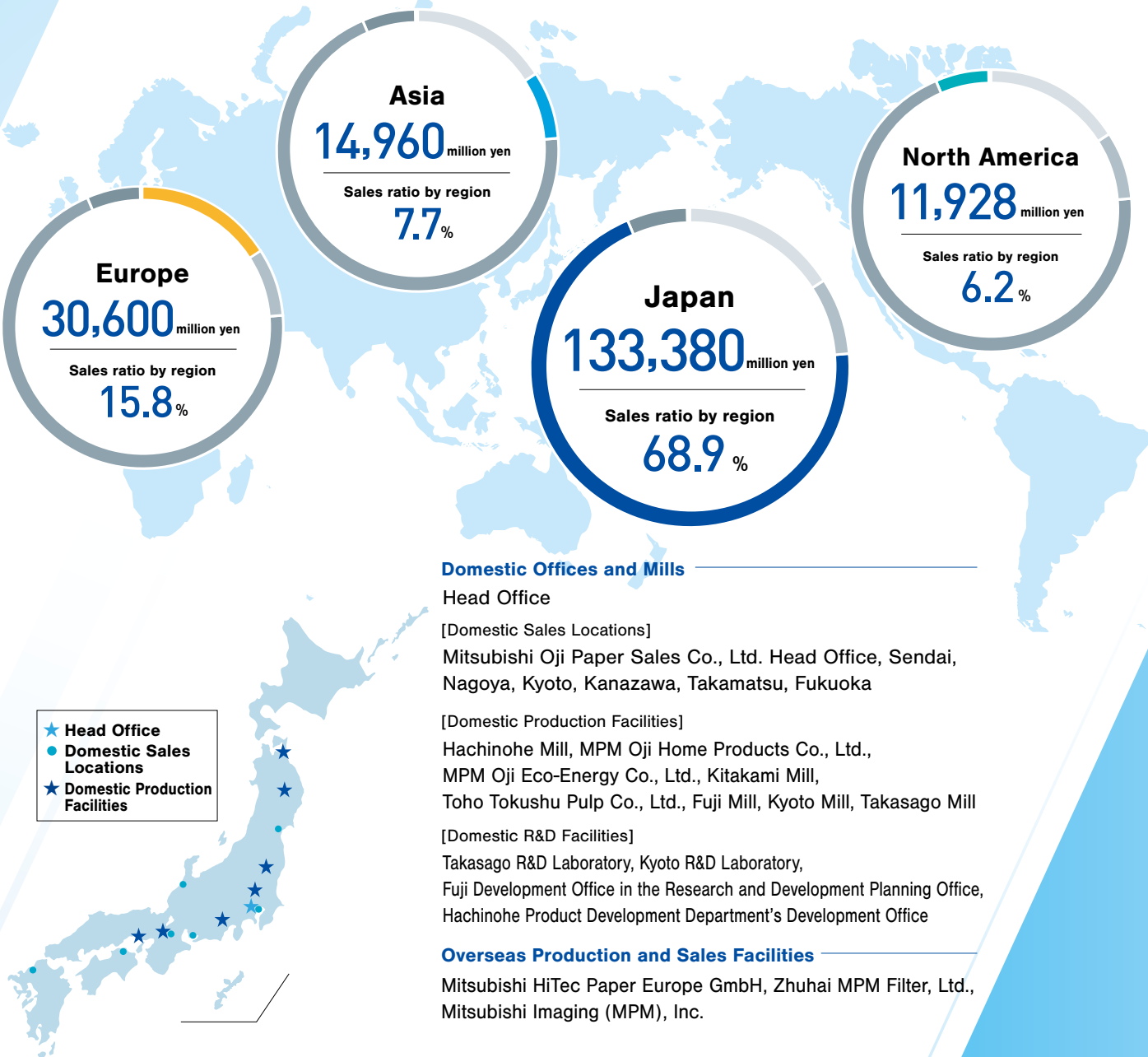
Sales **5,628** million yen Operating income **245** million yen

- Engineering work ● Insurance agency business
- Real estate business

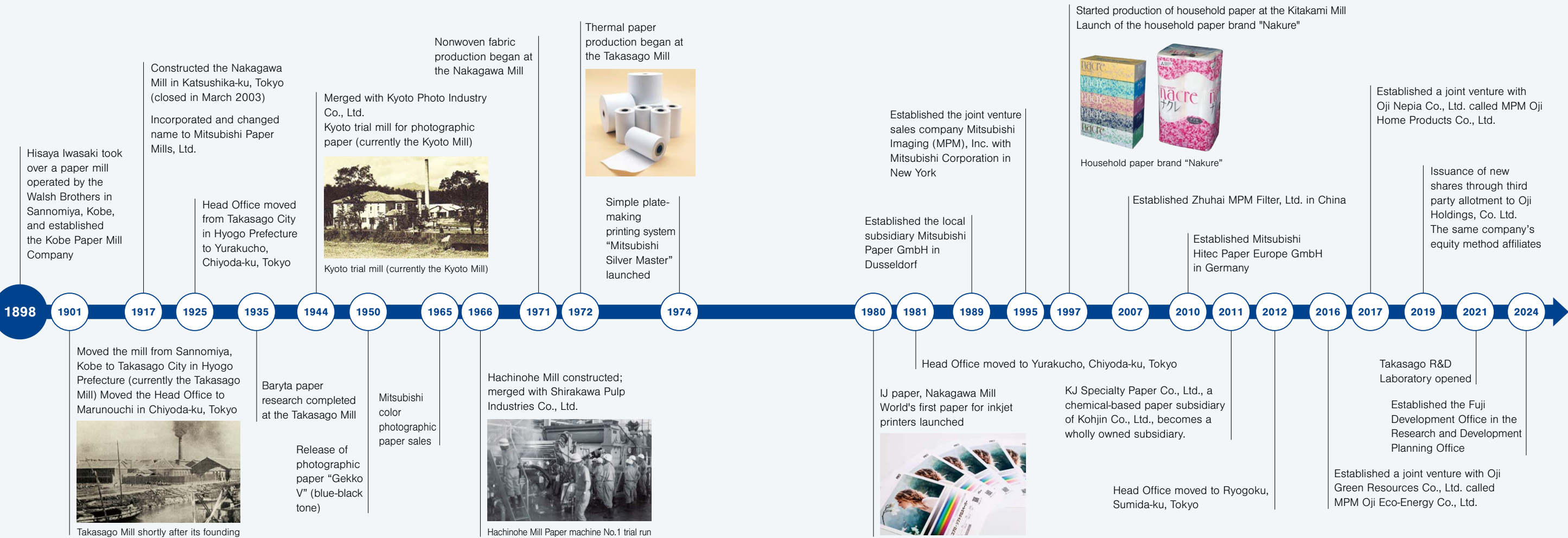
The Mitsubishi Paper Mills Group in Numbers



Sales by Region / Base



Mitsubishi Paper Mills Group's Value Creation History

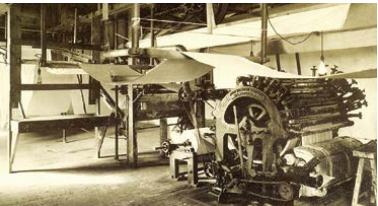


Founding~1920s

Rise of the modern paper manufacturing industry

Mitsubishi and the Walsh brothers: From Kobe Paper Mills to Mitsubishi Paper Mills

As modernization progressed, the demand for paper sharply increased, and the Walsh brothers built a pulp mill for cotton rags in Kobe. Demand for modern Western-style paper increased further between the Russo-Japanese War and World War I. The company moved from Kobe to the Takasago Mill and established the Nakagawa Mill in Tokyo. The pulp raw material source was changed from rags and straw to wood, and high-quality paper production was expanded. The company had a particularly high market share for art paper.



Takasago Mill Coater No.1/1918

1930s~1950s

Transformation during wartime and postwar construction

Product diversification under raw material control Expansion into specialty paper and photographic paper

It became difficult to import base paper for photographic paper (Baryta paper) due to the war, creating strong hopes for domestic production of the paper. The company succeeded in developing Baryta paper at its Takasago Mill, then proceeded with production at the Nakagawa Mill and merged with Kyoto Photo Industry Co., Ltd. (currently the Kyoto Mill.) Photographic paper became the company's signature specialty paper. The photographic paper "Gekko V" developed after the war also gained popularity and became the cornerstone of the Kyoto Mill.



Nakagawa Mill test room/Post-war

1960s~1970s

Severe economic fluctuations and the expansion of information and communications

Establishing an integrated system from pulp to paper Rapid increase in demand for communication paper

Thorough cost reduction was essential in order to respond to drastic market changes, so we established a new Hachinohe Mill capable of integrated mass production of pulp and paper, and the Kitakami Mill solidified its foothold as a pulp mill that uses 100% domestic materials. The Takasago Mill was transformed into a mill for manufacturing communication paper for information and communication equipment such as fax machines and word processors as they became more advanced.



Various types of communication paper

1980s~1990s

Bubble economy and Heisei recession

Advancement in the photosensitive materials sector Launch of household paper brand

As photosensitive material technologies improved dramatically, our color photographic paper and direct plate-making system "Silver Master" became popular both in Japan and overseas. To respond to the European and American markets, we expanded our sales bases in the US and Germany and established a production base in Germany. The Kitakami Mill, which had been a mill specializing in commercial pulp, began producing household paper.



Automatic plate-making machine for the Silver Master CP-550

2000s~early 2010s

Growing risks to the environment and crisis awareness

Strengthen development of functional materials Japan's first commercialization of FSC® certified paper

Sales, research, and development work together to develop a business that develops functional materials with an awareness of environmental issues (currently the Functional Materials Division). We are strongly committed to "environmental contributions" more than ever, in such forms as commercializing FSC® forest-certified paper for the first time in Japan and opening an "Ecosystem Academy" that provides a place for hands-on learning.



FSC® forest certified copy paper

Late 2010s~

"SDGs" and "carbon zero" become buzzwords

Product development aimed at coexistence between human and nature Paper as a sustainable material

Established the "MPM Group Basic Policy on Sustainability" and "Mitsubishi Paper Mills Group Environmental Vision 2050" We are developing functional materials that contribute to resource and energy circulation along with paper and pulp products that can help reduce plastic waste. We are also selling locally produced and locally consumed household paper products that protect and nurture domestic forests.

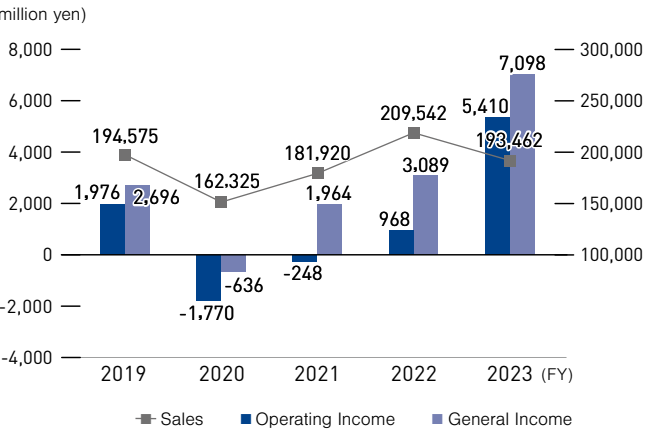


Reverse osmosis membrane element (using our nonwoven fabric)

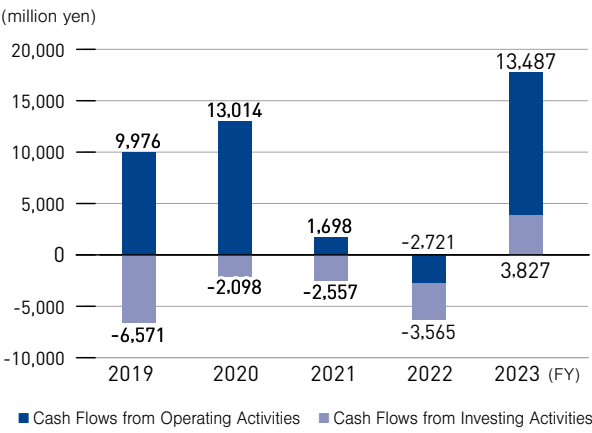
Consolidated Financial and Non-Financial Highlights

Financial Highlights

Performance

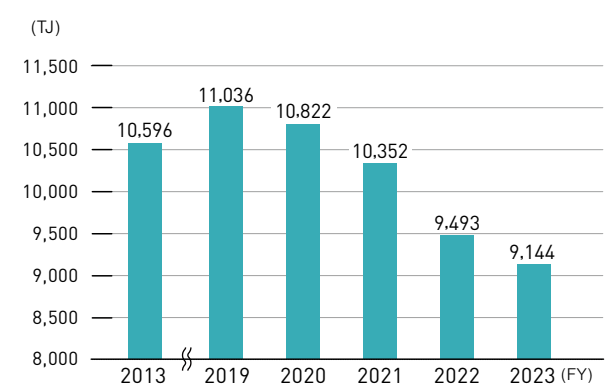


Cash Flow Status

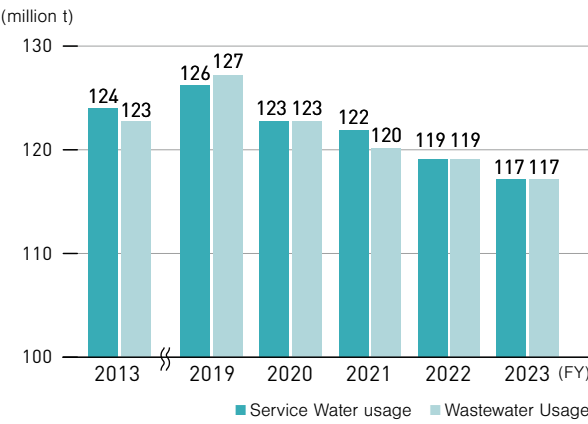


Non-Financial Highlights

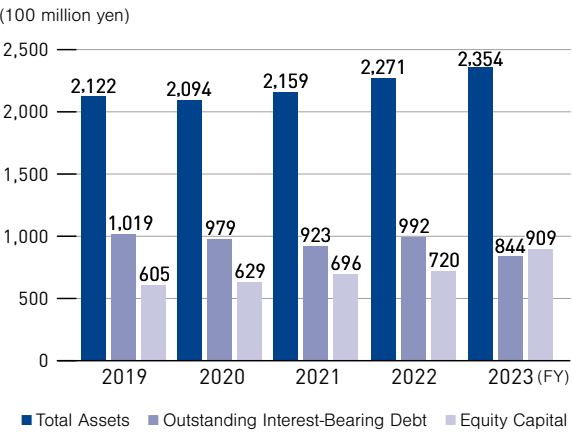
Fossil Fuel-Based Energy Consumption



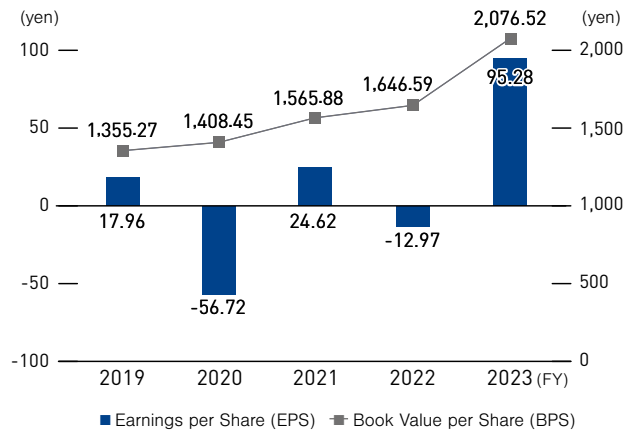
Water Usage and Wastewater Volume



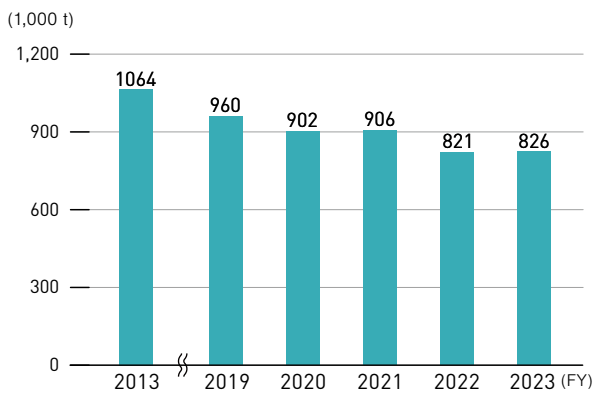
Financial Position



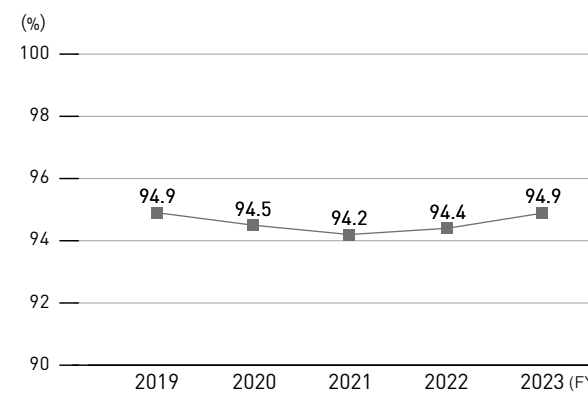
Per Share Information



Greenhouse Gas Emissions

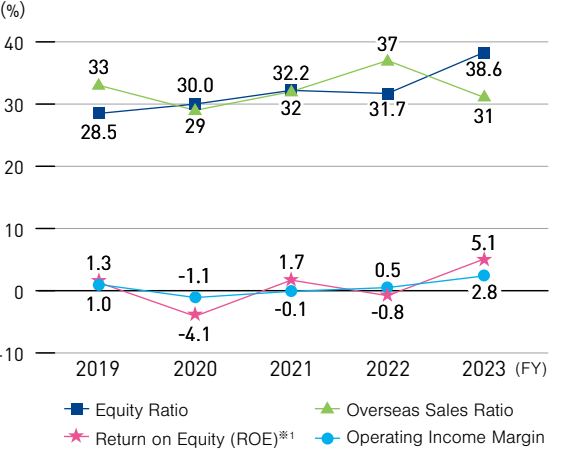


Industrial Waste Effective Utilization Ratio

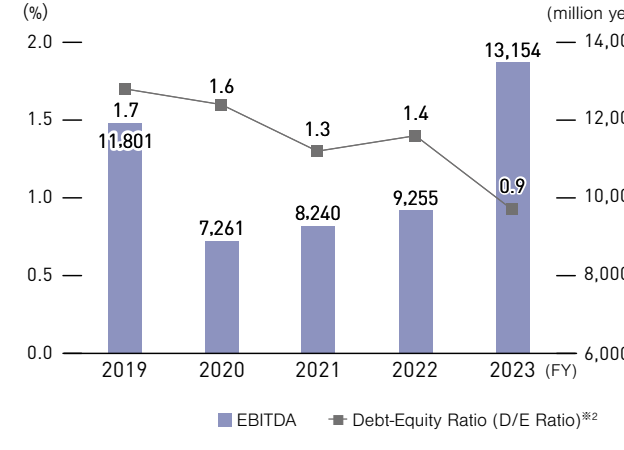


※Waste effective utilization rate = (Waste generated - Final disposal amount) / Waste generated × 100

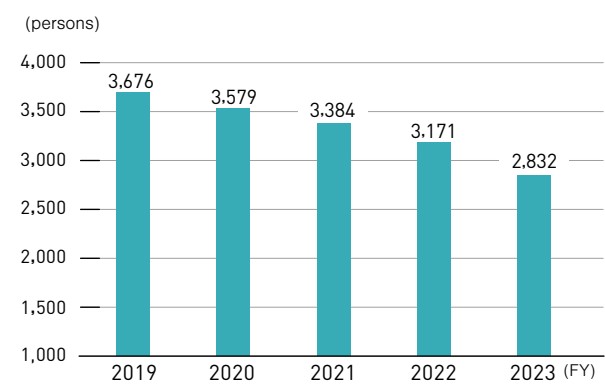
Management Indicators



※1 Return on equity (ROE) = Profit attributable to owners of parent / (net assets - non-controlling interest)
※2 Debt-to-equity ratio (D / E ratio) = Interest-bearing debt / equity capital

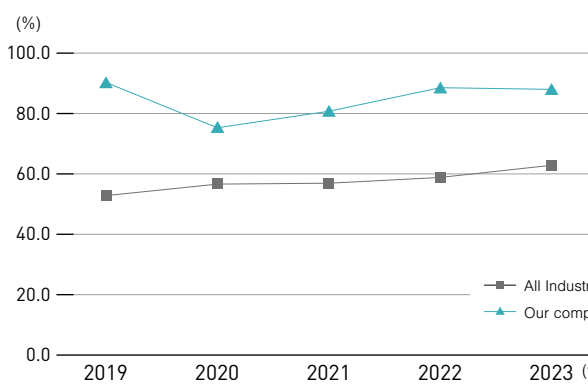


Number of Employees



※The number of employees is the number of active full-time employees excluding temporary and seasonal workers.

Annual paid leave acquisition rate



※Data for all industries is from the Ministry of Health, Labour and Welfare's Monthly Labour Survey
※(year) indicates tabulated results for January to December

We have enhanced our competitiveness and profitability through major organizational transformation as we aim to make further leaps toward our next stage

President and Chief Executive Officer

木坂 隆一

Message from CEO

Executing organizational transformation on an unprecedented scale

Looking back on the second year of our medium-term management plan

Effects of the COVID-19 pandemic have subsided, and the Japanese economy is recovering amid the normalization of social activities and the revival of inbound demand. At the same time, the company's environment remains highly uncertain amid the prolonged Russia-Ukraine conflict, high raw material and fuel prices caused by tensions in the Middle East, effects of global monetary tightening, concerns over the outlook of the Chinese economy, and exchange rate fluctuations.

Despite these circumstances, as a result of our medium-term management plan's basic policies of "Selection and concentration" and "New business expansion", we strengthened our earning power during fiscal year ended March 2024, which led to a sales increase of 193.5 billion yen, growing our consolidated operating income to 5.4 billion yen - an increase of 4.4 billion yen from 1 billion yen in the fiscal year ended March 2023.

While this fell short of our target of 6 billion yen, the year was one in which I felt solid progress toward the 7.5 billion

yen target of the medium-term management plan. Operating income margin improved from 0.5% in the fiscal year ended March 2023 to 2.8% in the fiscal year ended March 2024.

Noteworthy among the initiatives we carried out under the medium-term management plan is our bold organizational transformation. First, in the transfer of non-core businesses, we sold the Flensburg Mill in Germany and transferred the thermal paper finishing and other businesses of our grandchild company Katsumata Co., Ltd. and the sports club management business of subsidiary Ryoshi Co., Ltd.

Next, in the consolidation of subsidiaries, we merged Shin-Hokuryo Forest Products Co., Ltd., Kyoryo Chemical Co., Ltd., and Takasago Paper Processing Co., Ltd. into our company,

merged Ryoko Co., Ltd. into Mitsubishi Paper Engineering Co., Ltd., and merged Ryoshi Co., Ltd. into Mitsubishi Oji Paper Sales Co., Ltd. In July 2024, KJ Specialty Paper Co., Ltd., a manufacturer of decorative laminate base paper and other high-quality specialty papers, was merged into our company. As a result of these actions, the number of subsidiaries and grandchild companies, excluding companies under liquidation, decreased by 14 companies from 25 companies to 11 companies as of March 31, 2022. Assessments of our drastic organizational transformation appear to have been reflected in our share price. I view this as shareholders and investors acknowledging our success in effecting visible organizational reforms.

A paper company that continues contributing to society and the environment

Contribution to a greener society

With respect to the "Contribution to a greener society," the second basic policy of our medium-term management plan, we continue to disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

As an effort to achieve a carbon-neutral society, we will continue our participation in the GX (Green Transformation) League and will promote product development and sales expansion of wrapping paper (kraft paper and barrier paper) products that contribute to the reduction and elimination of plastics, and to the achievement of a safe, comfortable, and sustainable society. As a result of these initiatives, we have reduced CO₂ emissions by 27% compared to FY2013. We will continue working towards our public target of reducing emissions by 40% from the FY2013 data by 2030.

Transformation for sustainability

In our third area of reforms, "Transformation for sustainability," we established the Nissy-Kassy Forest Program to deepen shareholders' understanding of our sustainability promotion activities. Under this initiative, shareholders plant trees in our company-owned forest.

We also continuously undertake organizational transformation to advance initiatives such as diversity & inclusion and the enforcement of compliance. Following the appointment of women in the positions of Outside Director and Standing Audit & Supervisory Board member in the previous fiscal year, we appointed a woman to the position of Executive Officer in the Research and Development Department during the fiscal year. We are also transforming the way we work, including further recruitment of foreigners and expanding the eligibility for working from home so that employees engaged in childcare and nursing care can work with peace of mind.

Regarding the incident of improper conduct at the Shirakawa Office

At the Shirakawa Office of our wholly owned subsidiary Mitsubishi Paper Engineering Co., Ltd., falsification of inspection measurement data and failure to perform some required inspections for heat-resistant pressboard

products came to light during the fiscal year ended March 2024. The incident was uncovered while we moved heat-resistant pressboard product manufacturing from the subsidiary's Shirakawa Office to our Takasago Mill as a component of restructuring. I would like to take this opportunity to deeply apologize for the considerable concern and inconvenience caused to stakeholders.

Upon discovery of the impropriety, we immediately set up a special investigative committee of outside experts to fully clarify the incident, analyze its causes, and commission recommendations for measures to prevent recurrence. The investigation not only addressed the heat-resistant pressboard products manufactured at the Shirakawa Office, but also checked for the presence of similar cases at other manufacturing bases of our company and our subsidiaries. We intend to cooperate fully in the quick and effective resolution of the investigation and to take action including the disclosure of the special investigation committee report as soon as we receive it.

On the day that the matter was announced publicly, inside the company I also explained the background and the importance of the points below to all employees, and encouraged a change in mindset. I further visited all mills (in online format for some overseas mills) and talked with employees about the incident and the importance of quality control.

(A summary of the explanation to employees is as follows.)

- Our group has been working on the reform of our corporate culture with an enforcement of compliance as one component of transformation for sustainability, but



an incident involving years-long disregard for quality and violations of compliance recently came to light.

- In the incident, quality inspection data was falsified in the business of heat-resistant pressboard manufactured at the Shirakawa Office, and products were sold to customers with falsified data. During the transfer of manufacturing from Shirakawa to Takasago as a component of restructuring, inappropriate activity was discovered.
- As the occurrence of problems in compliance could relate directly to the survival of the company, following rules is critical. Violations of rules, even in long running business or practices, must be corrected. Employees

must review their daily work and, when anything seems even slightly wrong, must consult with superiors and colleagues or use the internal whistleblower desk.

- Our group consists of manufacturing companies with a tradition of providing society with high-quality products for over 100 years. I want employees, directly involved in manufacturing or not, to work with a sound confidence and pride in their jobs as professionals.
- Taking the incident as an opportunity, I want all of us to further commit to the reform of the company culture, thoroughly commit to quality, and be reborn as a company that aims to strengthen compliance.

Aiming for final year operating income exceeding the medium-term management plan

Heading into the fiscal year ending March 2025

Due to thorough cost reductions and the effects of rationalization measures, we expect operating income during the final fiscal year of the medium-term management plan to exceed the plan's target of 7.5 billion yen and reach 8.0 billion yen.

In the Functional Materials Business, we will focus on expanding the functional nonwoven fabric-related business, a priority area in the medium-term management plan, and on expanding sales in electronics-related fields in which we expect demand to grow. Sales volume is declining in our German business as demand declines amid economic recession concerns in Europe. To stabilize profits, we plan to undertake a business restructuring at the Bielefeld Mill.

In the Sustainable Fiber Materials Business, we will continue initiatives for price maintenance and for optimization of our production structure and normalization of inventory levels, while also working to expand eco-conscious products, grow export sales in line with exchange rate movements, and enhance earning power.

Based on the research and development capabilities that we have worked to strengthen under the current medium-term management plan, we are investing intensively in high-growth and high-profit businesses to accelerate the transformation of our business portfolio. While expanding sales in the Functional Materials Business, we will work to increase revenue and profit by continuing and advancing

our initiatives to reduce costs in the Sustainable Fiber Materials Business and to strengthen competitiveness through selection and concentration.

In the area of "Contribution to green society," although we have steadily reduced CO₂ emissions, we must undertake large-scale capital investments and further measures to achieve our publicly announced target for FY2030. We will study capital investments to be made under the next medium-term management plan.

In the area of "Transformation for sustainability," in addition to further advancing initiatives including diversity & inclusion and work style reform, we intend to issue integrated reports, enhance information broadcasting through our "Green Webcast" YouTube channel, and otherwise strengthen outgoing communication. Our YouTube channel seems to be popular especially among young shareholders, and we have received comments asking to receive even more information.

For greater development

Our company has arrived at a time to make a big step forward. Under the new medium-term management plan that begins in FY2025, we will set higher targets and develop our business. The key to doing so lies in our research and development capabilities. In general, B2B products such as those in the Functional Materials Business are sold following the processes of

development and commercialization, and time is required for sales to appear. For that reason, it is important that we quickly create a wide lineup of products in numerous segments. To further strengthen our research and development capabilities, in recent years we have also strengthened our recruitment for research positions.

The Fuji Mill, which was a part of KJ Specialty Paper, became a part of the Functional Materials Business alongside the existing Takasago Mill and Kyoto Mill. While each mill handles different products, I believe that the three can demonstrate strong synergies by actively exchanging information and centralizing their research and development. From the autumn of this year, we plan to further strengthen the organization and focus efforts on sales activities in the European and U.S. markets.

In the Sustainable Fiber Materials Business Department, I believe that we need to better highlight the strengths of the Hachinohe and Kitakami Mills. The Hachinohe Mill

is located in a coastal industrial zone and offers great advantages not available to other mills in the import of raw materials and shipping of products. The Kitakami Mill produces bleached kraft pulp from 100% domestic wood and contributes to the revitalization of the local forestry industry and economy. Although demand for paper is declining, we plan to take advantage of the continuously weak yen to strengthen our global expansion.

Above all, as Mitsubishi Paper Mills has extremely high technical capabilities, it is important that we further highlight this strength to the market to gain recognition, and that the research and development department nurture seeds for the future. If we can effect a cycle of these, I think we can reach greater heights. Currently, we have set sales of 200 billion yen and operating income of 15 billion yen as medium- to long-term aspirations, and plan to revise these upward in the next medium-term management plan.

Becoming a company that all stakeholders can support

Communication with stakeholders

We recognize that engaging in fair and transparent corporate activities based on the Mitsubishi Paper Mills Group Code of Conduct and deepening society's understanding of our company through communication with shareholders, customers, local communities, and other stakeholders will contribute to the sustainable growth of our group and to the enhancement of medium- and long-term corporate value.

First, with regard to our shareholder and investors, we will work toward communication with stakeholders through IR, SR, and other activities as stated in our action plan, and toward the enhancement of our corporate value through constructive dialogue. During the fiscal year, we will also strengthen our communication of information to analysts and the media. In particular, as an opportunity to gain understanding of our high-level technological capabilities, we are making preparations to hold a briefing session on our research and development this autumn.

Next, more than ever, we will provide customers and local communities with products and services that promote a sustainable society. We will contribute to the realization of a sustainable society through the expansion of eco-conscious products such as eco-conscious labels and wrapping paper.

As a component of Diversity & Inclusion, we also hope to expand our recruitment of foreigners. We currently have many very talented employees from Vietnam. As DX has solved the language barrier in recent years, I believe we will be able to deploy highly skilled people from various countries.

Utilizing the collective strength of the individual to reach greater heights

Drawing out the motivation of every employee

The motivation of each employee is more important than anything as a driving force for creating new corporate value and growing the company. Going forward, we will continue investing in human resources and advancing initiatives to boost work engagement.

During the fiscal year, we achieved significant increases in salaries and bonuses. We will of course continue to return profits in line with performance. We also have an employee stock ownership plan. As the plan is not yet used by many employees, I hope to boost participation.

We will also continue to transform the way we work, including changes to overtime hours, work from home, childcare, and nursing care, so that employees can work enthusiastically. To gather a wide array of viewpoints within the company, we began holding lunchtime gatherings for general employees in April. There, about eight people from various departments held a cross organizational exchanges of ideas, which lets us hear out many various opinions. I'm delighted to hear comments to the effect that the company is changing dynamically and is moving in a positive direction.

We've also launched mill tours for employees' families. It's my hope that families will understand the value of our business and our products to society, and that this will in turn boost the motivation of employees.

In July, we launched a committee to examine Mitsubishi Paper Mills' Credo. A credo is a set of action guidelines that lets employees embody a company's management philosophy. Instead of setting out our credo in top-down fashion, we intend to have employees from different departments gather over the course of a year to exchange ideas.

We plan to set higher goals in the next medium-term management plan, which will require ambition on the part of all employees. I hope to enhance the sense of unity within Mitsubishi Paper Mills and to make that a driving force for achieving our major goals.

Being a company endorsed by society

In corporate management today, emphasis is placed on integrity, not only on compliance. Integrity is a term expressing sincerity and virtue, and is viewed as a value to be shared by employees and within the code of conduct. Following the quality incident that occurred at the Shirakawa Office, I made my way to all of our mills to explain the importance of integrity in my own words. Accidents in mills occur when operations are prioritized over the safety, which should come first. The same applies to quality. I believe the inappropriate conduct occurred because quality was placed below operations.

As a company that competes through high-quality products backed by assured technologies, Mitsubishi Paper Mills' commitment toward quality must be as high as that toward safety. To do so, we must be a company at which anyone can speak out against dishonest actions, even when the matter isn't one of law. We need to foster a climate that lets employees report immediately when they feel unease on the job, and be a company that values integrity on the part of every individual, something that can make us worthy of support from a wide range of stakeholders.

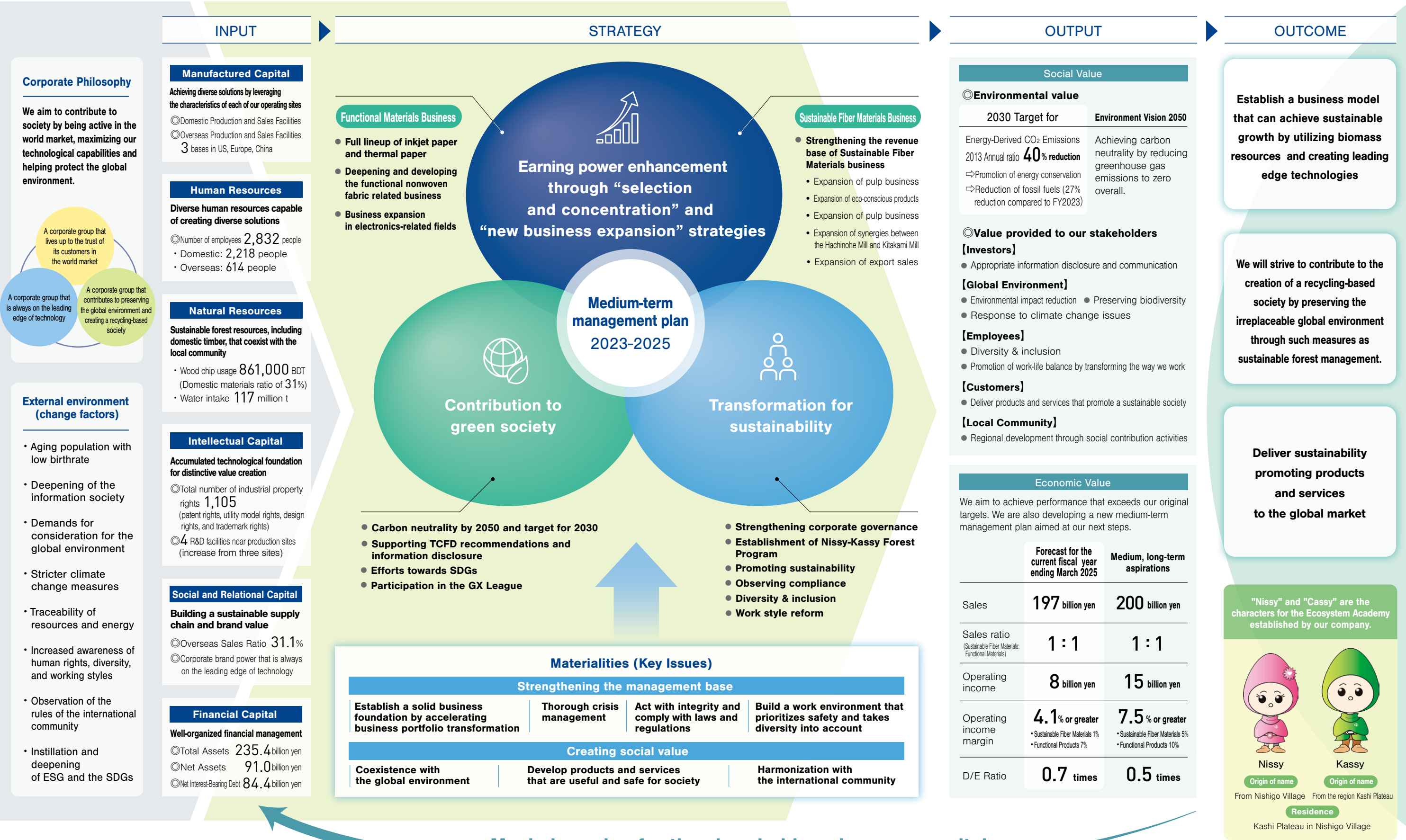
I've felt significant changes occurring in our business structure as well as in employees' mindsets. We will strengthen our messaging within the company to make the atmosphere even more open. It is my hope that employees will not consider the improper conduct incident as a matter unconnected to them, but rather work together to create a company that is honest and comfortable to work in, where anyone can freely express their opinions without hesitation.

I ask our stakeholders for their continued guidance and encouragement in the fiscal year ending March 2025.



Mitsubishi Paper Mills Group's Value Creation Process

The Mitsubishi Paper Group is committed to developing and providing safe, useful products and services for society through advanced technological capabilities and unique innovations with a focus on functional products and Sustainable Fiber materials. Going forward, we will continue to fulfill our social responsibilities and aim for our own sustainable growth while helping to realize a sustainable society.



Risks and Opportunities

For the Mitsubishi Paper Mills Group to enhance its corporate value through business continuity and stable development, it is essential that we correctly recognize our group's circumstances and continue to take appropriate action.

Toward that end, we began by grasping internal and external "changes" such as various phenomena and changes or the possibility of changes in the external environment, as well as the possibility of changes within the Group, including its internal resources and potential, and analyzing the impact these will have on the Group.

Change can pose threats with negative impacts if nothing is done. If appropriate actions are taken, however, change can offer opportunities for reform, positive steps, and new business, leading to enhancement of corporate value.

We organize such opportunities from the standpoint of management with an emphasis on sustainability as a global-scale trend, and study and undertake related measures as materialities (key issues) within our sustainability promotion activities.

The table below shows an analysis of "opportunities" corresponding to various risk factors (factors of change).

Although each "risk" is handled by a separate department, it is important that the impact and how to proceed with the response be understood and determined by the entire Group, and therefore the Risk Management Committee oversees cross-organizational efforts. Risk management initiatives are described on pp. 68-69.

Risk factors and Opportunities Surrounding the Mitsubishi Paper Mills Group

Risk factors (factors of change)	Opportunities (for enhancing corporate value)	Corresponding materialities
Society and economy	<ul style="list-style-type: none">Heightened expectations for natural and renewable materialsExpansion of demand for eco-conscious productsEffective use of company-owned forests (such as forest experience-based learning)Diversification of overseas trade	<ul style="list-style-type: none">Establishment of a strong business foundation by accelerating business portfolio transformationDevelopment of products and services that are useful and safe for societyCoexistence with the global environmentCollaboration with the international community
Natural phenomena	<ul style="list-style-type: none">Heightened demand for risk management systems	<ul style="list-style-type: none">Thorough crisis management
Environmental issues	<ul style="list-style-type: none">Heightened interest in and demand for safe and trusted water and airHeightened demands for environmental considerationEnvironmental responses and their public reporting create standards for evaluation of the company	<ul style="list-style-type: none">Establishment of a solid business foundation by accelerating business portfolio transformationDevelop products and services that are useful and safe for societyCoexistence with the global environmentAct with integrity and comply with laws and regulations
Management	<ul style="list-style-type: none">Changes in management evaluation perspectives (Heightened demand for stronger governance and compliance)	<ul style="list-style-type: none">Act with integrity and comply with laws and regulationsBuild a workplace that prioritizes safety and respects diversityThorough crisis management
Employment	<ul style="list-style-type: none">Heightened societal demands for work style reformInstilling of diversity & inclusion	<ul style="list-style-type: none">Build a workplace that prioritizes safety and respects diversityAct with integrity and comply with laws and regulations
Occupational safety and health	<ul style="list-style-type: none">Heightened interest in labor environments	<ul style="list-style-type: none">Build a workplace that prioritizes safety and respects diversityAct with integrity and comply with laws and regulationsThorough crisis management
Equipment, facilities, and information assets	<ul style="list-style-type: none">Advancement of IT technology (DX technology)	<ul style="list-style-type: none">Build a workplace that prioritizes safety and respects diversity
Transaction	<ul style="list-style-type: none">Digitalization, progress in IT technology (such as AI)	<ul style="list-style-type: none">Act with integrity and comply with laws and regulationsBuild a workplace that prioritizes safety and respects diversity
Products, technologies, and services	<ul style="list-style-type: none">Diversification of customer demandsInclination toward eco-conscious products	<ul style="list-style-type: none">Develop products and services that are useful and safe for societyAct with integrity and comply with laws and regulations

The Mitsubishi Paper Mills Group's Materialities

Our group has determined materialities (key issues) and action plans by considering the "opportunities" we have gained from organizing and analyzing important social changes and management issues over the medium to long term, as well as the interests of our stakeholders and the impact on our business.

Under the recognition that solving these issues also contributes to the realization of a sustainability society, we will contribute to solving these issues through our business activities.

Process for Defining Issues



Materialities	Action Plan	Related SDGs
Establish a solid business foundation by accelerating business portfolio transformation	Top Priority Action Plan Expansion of the Functional Materials Business	3, 6, 7, 9, 11, 12, 13, 14, 15
	Development of applications for pulp and paper materials	6, 9, 12, 14, 15
Develop products and services that are useful and safe for society	Ensuring the quality and safety of products and services	12, 14, 15
	Top Priority Action Plan Development of products that are useful and safe for society	7, 9, 12, 13, 14, 15
Coexistence with the global environment	Top Priority Action Plan Response to climate change issues	7, 9, 12, 13, 14, 15
	Environmental impact reduction and preserving biodiversity	3, 4, 7, 9, 12, 13, 14, 15, 17
	Sustainable procurement of raw materials	8, 10, 12, 14, 15, 16
Harmonization with the international community	Global expansion of business	6, 9, 12, 13, 14, 15, 16
Act with integrity and comply with laws and regulations	Fair corporate activities through observance of compliance	5, 8, 12, 15, 16
	Respect for human rights	5, 8, 12, 15, 16
	Strengthening of corporate governance	5, 8, 12, 15, 16
Build a work environment that prioritizes safety and respects diversity	Promotion of communication with stakeholders	3, 4, 5, 8, 12, 13, 14, 15, 16, 17
	Top Priority Action Plan Enhancing activities to ensure safety and health	5, 8
	Top Priority Action Plan Diversity and inclusion (human resource performance improvement)	5, 8
Thorough crisis management	Top Priority Action Plan Establishing a risk management structure	5, 8, 12, 15, 16



Representative Director,
Senior Executive Vice
President
Strategy Planning Division
General Manager

Shigeharu Sanada

Improvement of the company's financial position is progressing as scheduled. We will accelerate investments in growth areas.

Gaining major confidence in the second year

The fiscal year ended March 2024 was an important year for judging the outlook for the final year of our medium-term management plan, and we steadily advanced our performance in line with original assumptions. The year was by no means an easy one, however. We made difficult requests of our worksites and made corrections to the trajectory of some businesses in line with market changes. I feel that the results of our efforts have given everyone within the company the confidence that we can do anything.

Looking back at performance by division, sales in the Functional Materials Division declined by 12.6 billion yen from the previous fiscal year to 97.4 billion yen while operating income increased by 900 million yen to 4.1 billion yen. The decline in sales was primarily due to economic recession-related decline in demand in Germany, along with the sale of the business of Flensburg Mill. Operating income increased due to expanded sales of separators for power storage devices, increased sales of rewritable media and tape base paper, maintenance of inkjet paper prices, and brand integration.

In the Sustainable Fiber Materials Business Department, sales decreased by 4.1 billion yen from the previous fiscal year to 97.5 billion yen, while operating income increased by 3.6 billion yen to 1.2 billion yen. Although sales volume decreased due to a decline in demand for graphic paper, the decrease in demand was offset by an increase in exports. We were able to limit the decrease in sales volume, maintain revised prices, and implement thorough cost reduction measures, resulting in increased profits. In addition, we made progress in improving profitability through group reorganization and other measures.

Turning confidence into certainty: Finalizing the medium-term management plan

In performance for the fiscal year ending March 2025, we announced sales of 197 billion yen, operating income of 8 billion yen, general income of 8 billion yen, and profit attributable to owners of parent of 8 billion yen. Our operating income target of 8 billion yen marks a 2.6 billion yen increase from the previous fiscal year. This target value will exceed the operating income target of 7.5 billion yen in the medium-term management plan.

In the Functional Materials Business, we forecast

operating income of 7 billion yen, an increase of 2.6 billion yen from the previous fiscal year. The business is able to secure profit primarily from functional nonwoven fabrics such as water treatment membrane support substrate and separators for power storage devices. We also plan to expand sales volume through the development of new sales partners, including in the European and U.S. markets, drawing on our superiority in quality. In our German business during the current fiscal year, we will work to improve production efficiency at the Bielefeld Mill to improve our income position, while achieving restructuring effects including the sale of the business of the Flensburg Mill.

We have also enhanced our research and development structure to expand the Functional Materials Business. As additions to the Kyoto R&D Laboratory and the Takasago R&D Laboratory, we established the Fuji Development Office in the Research and Development Planning Office in anticipation of integration with our subsidiary KJ Specialty Paper Co., Ltd., further expanding our development structure for functional materials. Our three research departments are already not only exchanging information, but are also considering product improvements and collaborations that utilize each of their respective strengths on a daily basis. Our Our Research and Development Division is also undertaking the development of our European and U.S. businesses, using our bases in Germany and the U.S.

In the Sustainable Fiber Materials Business, we forecast an operating profit of 1 billion yen, down 200 million yen from the previous fiscal year. In the previous fiscal year, profit and loss significantly improved as price increases in the domestic paper materials business permeated the market. During the current fiscal year, we will offset the decline in domestic demand for graphic paper by capturing overseas demand and selling pulp products, leading to stable earnings. We will continue to research how we can

utilize and propose pulp materials for environmentally friendly packaging materials and products other than paper.

Accelerating growth by leveraging structural reforms

In May 2025, we plan to publicly announce the medium-term management plan beginning April 2025. Under that medium-term management plan, In the next medium-term business plan, we plan to make upward revisions to our medium- to long-term aspiration targets, improve our growth strategy by expanding sales in the Functional Materials business through strengthening our research and development capabilities, expand exports in the Sustainable Fiber Materials business, and pursue new applications for pulp as a material.

While we will not relax the reins of financial discipline under the next medium-term management plan, I believe that the plan period will be a time to actively consider investments in growth areas based on resources that will be generated in the future. We will do so by further reviewing our business, taking into account the cost of capital and the management resources generated by the organizational integration and business restructuring that we have been carrying out with increased speed. As it will be crucial that we identify changes in the economic environment and the market, we will assess societal needs through the activities of the Sustainability Promotion Committee and will develop a structure that allows us to flexibly and appropriately discern and manage risks.

Finally, enhancing the overall return of profit to shareholders in line with our group's growth is an important management issue, as are future-oriented growth investments and the enhancement of internal reserves to ensure the soundness of our financial position.

We will continue advancing initiatives in accordance with our medium-term management plan in order to meet the expectations of our shareholders.

Medium-term Management Plan Results for the Fiscal Year Ended March 2024 (Interim Fiscal Year)

<Consolidated> (Unit: million yen)	FY2023/3 actual results	FY2024/3 actual results	FY2025/3 plan
Sales	209,542	193,462	197,000
Operating income	968	5,410	8,000
General Income	3,089	7,098	8,000
Profit attributable to owners of parent	▲571	4,170	8,000

※*Financial forecast for the fiscal year ending March 2025

<Based on the following assumptions>

•Exchange rate: 150 yen/USD; •Crude oil price (Dubai): 90 USD/barrel;

•Coal price: 140 USD/ton

Operating income sensitivity

•Exchange rate: 30 million yen decrease in profit per decline of 1 yen/USD

•Crude oil price (Dubai): 100 million yen decrease in profit per 1 USD/barrel rise in price

•Coal price: 30 million yen decrease in profit per 1 USD/ton rise in price

〈By segment〉 (Unit: million yen)		FY2023/3 actual results	FY2024/3 actual results	FY2025/3 plan
Sales	Functional Materials Business	109,967	97,351	100,000
	Sustainable Fiber Materials Business	101,668	97,511	98,000
	Other	5,303	5,628	4,000
	Adjustment	▲7,397	▲7,029	▲5,000
	Consolidated total	209,542	193,462	197,000
Operating income	Functional Materials Business	3,176	4,053	7,000
	Sustainable Fiber Materials Business	▲2,423	1,177	1,000
	Other	120	245	0
	Adjustment	95	▲66	0
	Consolidated total	968	5,410	8,000

Medium-Term Management Plan

(fiscal year ended March 2023 to fiscal year ending March 2025)

Management goals in the medium-term management plan, and our ideal state

To cope with a rapidly changing management environment and to advance restructuring and strengthen our revenue base at an unprecedented speed, we have set a slogan of “Creation of a new Mitsubishi Paper Mills Group” and are tackling our medium-term management plan covering the fiscal year ended March 2023 to the fiscal year ending March 2025.

By undertaking measures in line with the Basic Policy of the current medium-term management plan, we aim to achieve performance that exceeds original targets. We are also formulating a new medium-term management plan to take the next step forward.

Earnings Forecast (consolidated)

	Forecast for the fiscal year ending March 2025 (announced May 13, 2024)	Medium-term management Plan target values
Sales	197.0 billion yen	195.0 billion yen
Operating Income	8.0 billion yen	7.5 billion yen
General Income	8.0 billion yen	8.5 billion yen
Interest-Bearing Debt	73.0 billion yen	76.0 billion yen
D/E Ratio	0.7 times	1.0 times

FY2025/3 Earnings forecast	<based on the following assumptions> <ul style="list-style-type: none">Exchange rate: 150 yen/USDCrude oil price (Dubai): 90 USD/barrelCoal price: 140 USD/ton	<Operating income sensitivity> <ul style="list-style-type: none">Exchange rate: 30 million yen decrease in profit per decline of 1 yen/USDCrude oil price (Dubai): 100 million yen decrease in profit per 1 USD/barrel rise in priceCoal price: 30 million yen decrease in profit per 1 USD/ton rise in price

Medium-Term Management Plan Basic Policy

Basic Policy 1 Enhancement of our profitability through “Selection and Concentration” strategies and “Expansion of New Business”

We will invest heavily in the growing Functional Materials Business, including in functional nonwoven fabrics, industrial specialty paper, and electronics-related products such as separators for energy storage devices and electronics industrial materials, and will achieve steady growth in sales and profit to make these a core business segment.

With a focus on the Sustainable Fiber Materials business, we will also turn existing businesses into core businesses that generate stable revenue by pursuing the potential of pulp and sustainable fiber materials, developing a broad range of applications, and transforming our business structure through a process of selection and concentration.

Through the above initiatives, we will review our business portfolio and strengthen our profitability.

Transforming the Business Portfolio

Functional Materials Business	Sustainable Fiber Materials Business	Restructuring
Sales Operating income margin target 10% With demand for paper decreasing, we will focus our investments on the growing Functional Materials Business and steadily increase sales and profits, making it our core business.	Sales Operating income margin target 5% We will change our existing businesses, focusing on “Sustainable Fiber Materials business,” to make it a more stable profit-earning infrastructure business through a process of selection and concentration.	Profit improvement Efficacy targets 1 billion yen In addition to the left, we will do restructuring, etc. by the end of the fiscal year ending in March 2025

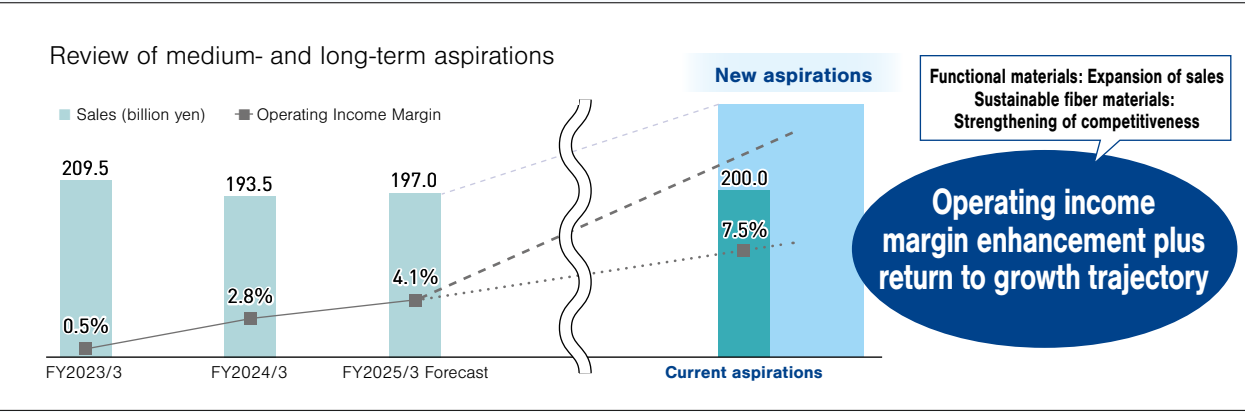
Basic Policy 2 Basic Policy 2 Contribution to a greener society

In addition to sales promotion of environmentally friendly products that would contribute to the reduction and elimination of plastics and to a safe, comfortable, sustainable society, we will engage in activities for contributing to a greener society, such as carbon neutrality by 2050.

Basic Policy 3 Basic Policy 3 Transformation for sustainability

We will transform our organization in order to promote various initiatives such as the promotion of strengthening corporate governance, the promotion of sustainability, the observance of compliance with laws and regulations, diversity & inclusion, and work style reform.

Subsequent Medium-Term Management Plan (from fiscal year ending March 2026)



Concrete Business Strategies

Business Strategy 1
Deepening and developing the functional nonwoven fabric related business

Additional sales of 2.5billion yen in the functional nonwoven business that contribute to safe, comfortable and sustainable society.(7.5 billion yen in the fiscal year ended March 2022 → 10 billion yen in the fiscal year ending March 2025)

Water treatment membrane support substrate business

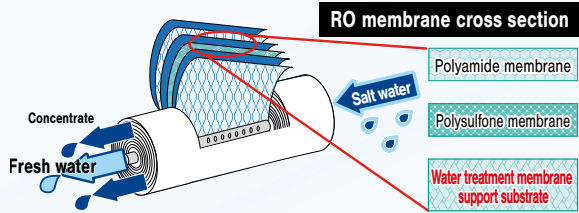
- Expanding the business on growing global market of water treatment business utilizing our advanced production technology in the production of the nonwoven fabric
- Developing functional membrane market with specialty fiber non woven

Filter business

- Expansion of Energy Recovery Ventilator (ERV) core business in line with the growth of global demand for ERVs that achieve room ventilation as well as eco-conscious energy saving

Entering new market segments of nonwoven fabrics

- Market development of super heat-resistant glass fiber nonwoven fabric under the concept of fire and heat-resistant, non-flammable, and lightweight
- Expanding business areas through developments in that such as functional filter media.



Business Strategy 2
Business expansion in electronics-related fields

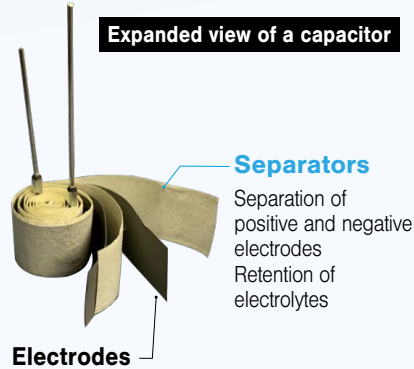
Additional sales of 2.0 billion yen in separators for power storage devices and electronic industrial materials, combined(1.5 billion yen in the fiscal year ended March 2022 → 3.5 billion yen in the fiscal year ending March 2025)

Separators for power storage devices business (operation of new paper machinery)

- Starting operation of the No. 13 paper machinery at the Takasago Mill, we will expand the scale of the business for vehicles, energy saving, and communication equipment

Electronic industrial materials business with specialty DFR* as a bridgehead

- With the system of high development technology acquired by extensive experience with photographic sensitive materials, we will expand the scale of processing business for parts processing of electronics-related materials as information and communication technology advances. *DFR: Dry film resist



Business Strategy 3
Expansion of core inkjet paper and thermal paper products

Enhancement of our lineup of inkjet paper and thermal paper, the core products of the Functional Materials Division

Expansion of inkjet paper

- Capture demand for label applications, industrial inkjet, etc. in the digital field, strengthen our lineup of products that meet the cost requirements of overseas markets, and expand sales

Expansion of thermal paper

- Strengthen the lineup of products for the POS cash register market that remains robust, and expand sales
- Proposing linerless (backing paperless)* to the market in the logistics label field and cultivating new markets

*Announced in March 2024: Water Thermal® linerless thermal label with rewettable adhesive

Business Strategy 4
Strengthening the revenue base of Sustainable Fiber Materials business

– From "paper" to "materials" – Explore the potential of pulp and sustainable fiber materials and open up wide-ranging applications

Expansion of pulp business

- An increase in sales of pulp for external sales through product line expansion, coping with shrinking demand for graphic paper.

Structural change in production and sales systems

- Shift to profitability-focused sales expansion policy, with optimization of production systems that includes energy-saving and equipment consolidation in line with demand, thorough organizational rationalization that includes subsidiary restructuring, and brand consolidation

Expansion of eco-conscious products

- Expansion of kraft paper, which is in strong and steady demand for paper bags of e-commerce and takeout bags at restaurants etc.
- Expansion of barrier paper against a backdrop of the accelerated movement towards "reduced plastic" and "plastic-free" products following the enforcement of new plastic laws in Japan in April 2022



[Example of adoption of our barrier paper] DO Cacao chocolate, Lotte Co., Ltd.

Business Strategy 5
Contribution to a greener society

Carbon neutrality by 2050 and FY 2030 Target

〈FY 2030 Target〉

CO₂ emissions originating in energy
FY2013 Annual ratio 40% reduction
⇒ Promotion of energy saving ⇒
Reduction in fossil fuel use

〈Mitsubishi Paper Mills Group Environmental Vision 2050〉

Contribution to the Japanese government's long-term goal of "decarbonized and carbon neutral society by 2050, which enables net zero greenhouse gas emissions."

Support for the TCFD recommendations and information disclosure

- Support for the recommendations of the TCFD, participation in TCFD Consortium
- Carrying out scenario analysis of climate-related risks and opportunities, information disclosure based on TCFD recommendations

Actions for the SDGs

- Participation in "30 by 30 Alliance for Biodiversity" established by Japanese Ministry of the Environment
- Contribution to the building of a sustainable society by continued implementation of "Ecosystem Academy"

Business Strategy 6
Transformation for sustainability

Strengthening corporate governance

- Building a governance system at the level of the prime market standards of TSE
- Appropriate disclosure of information
- Improving communication with outside directors

Promotion of sustainability

- Creation of sustainability promotion committee
- Promotion of corporate-wide activities involving a director in charge of sustainability promotion

Diversity & inclusion

- Development of personnel systems, which takes advantage of Diversity
- Reallocation of human resources, which offers flexibility with the changing external environment
- Enhancing career advancement education

Observance of compliance

- Extensive training, cultivation of corporate culture
- Improvement of the effectiveness of the whistle-blowing system
- Building up credibility with stakeholders

Transformation of the way we work

- Improvement of work efficiency, work hour reduction through reviewing human resources allocation
- Strengthening the system of occupational safety and health
- Support for balancing childcare and nursing care responsibilities through the introduction of staggered work hours/teleworking systems
- Introduction of shared-desk style at the Head Office

Functional Materials Business

We aim to expand the sales of growth products by strengthening sales of our core products and enhancing our research and development capabilities.

Sales	97,351	million yen	(11.5% decrease from the previous fiscal year)
Operating income	4,053	million yen	(27.6% increase from the previous fiscal year)

Steady achievement of results in the third year of the medium-term management plan by further strengthening our core products and expanding sales of growth products

In the Functional Materials Division in the fiscal year ended March 2024, imaging materials such as inkjet paper and communication paper such as thermal paper, the core products of the division, contributed to securing profit, with operating income growing from the previous year through expanded sales. Sales of functional nonwoven fabric-related products, rewritable media, and tape base paper exceeded sales in the previous year. In particular, separators for energy storage devices, for which we are tackling new business expansion under the medium-term management plan, are seeing increased adoption for use in electric double-layer capacitors and capacitor applications.

We aim to achieve sales of 100 billion yen and operating income of 7 billion yen in the fiscal year ending March 2025. We will continue working to expand sales of growth products, with sales of core products as the foundation. Our inkjet paper, particularly for photo applications, has played a pioneering role. By riding the wave of on-demand printing, we lead the market. We will strengthen our sales capabilities by further improving cost competitiveness and by opening up emerging markets. Our thermal paper also maintains a high market share in Japan. We will steadily grow sales by further improving our cost competitiveness.

To increase sales of water treatment membrane support substrates during the fiscal year, we are working to boost our development speed and expand into industrial and seawater desalination plant applications. We aim to expand sales beyond Asia to Europe, the United States, and the Middle East.

In July of this year, our subsidiary KJ Special Paper Co., Ltd. merged with Mitsubishi Paper Mills Limited. At the new Mitsubishi Paper Mills Fuji Mill, we will focus on expanding our lineup and sales of sterilized paper



used as packaging material for sterilized medical equipment.

Expanding sales of products in the growth and maturity stages, and further strengthening research and development capabilities

The Functional Materials Division classifies its businesses into growth phase, mature phase, and declining phase, and, following analysis of risks, invests in development and sales capabilities.

As noted above, the Functional Materials Division will strengthen our inkjet paper and thermal paper, which are in the mature stage of communication paper.

We will work to expand business by leveraging our technologies for water treatment membrane support substrates and separators, which are in the growth phase. We will expand sales to Europe and the US by adding high added value to water treatment membrane substrates, while separators will capture demand by improving quality and expand sales both domestically and internationally.

As a new initiative, we have developed environmentally friendly thermal linerless labels. By eliminating the label mount (liner), these significantly reduce waste. We plan to begin sales of the labels in the current fiscal year as a product that serves the global environment.

We will not only work to increase the added value of products but we will also focus on exploring and developing related products. Beginning this current fiscal year, the division's research departments are the three bases in Kyoto, Takasago, and Fuji, through which we will create synergies in assessing market needs and developing products.

In our German business, which came under the division in the previous fiscal year, we will continue to promote business restructuring and work to increase sales of our main product, thermal paper.

Expansion of the inkjet business

As a pioneer in the field of inkjet paper, our company has earned a high reputation for its outstanding quality and reliability, and we are providing a wide variety of inkjet papers to the global market. In the future, we will further expand sales regions and enrich our product portfolio as we work to maximize sales.

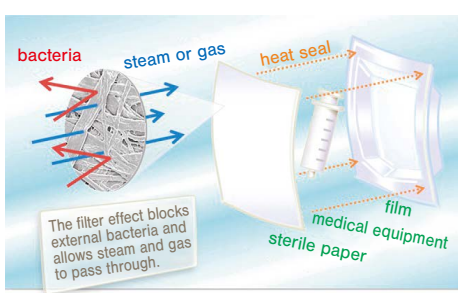
We aim to expand the business by actively putting forth proposals in existing applications as well as new applications including sublimation printing transfer paper and label printing, where we expect our inkjet technologies to penetrate. As an initiative aimed at the Sustainable Development Goals (SDGs), we are developing environmentally friendly photo inkjet paper that is high quality, durable, and recyclable.



Sterilized paper

This packaging material base paper excels in bacterial barrier properties, ensuring the safety of medical equipment. Its quality standards are based on the ISO11607-1 and EN868 Series international standards and conform to sterilization methods including EOG (ethylene oxide gas), gamma radiation, and steam. The material features high water repellency with excellent heat seal strength and peelability.

We will combine these features with our lineup of uncoated, coated, and nonwoven materials and focus on expanding sales.



Re-wetting adhesive linerless thermal label "Water Thermal"

With the expansion of e-commerce goods markets in recent years, demand has been strong for logistics labels used on exterior packaging. However, a solution is being sought for the sustainability issue of discarding the liner paper (the same area as the label). To eliminate liners and silicone from logistics labels for maximum environmental consideration, we focused on rewettable glue that expresses adhesion when activated by water, and developed the Water Thermal® linerless thermal label with rewettable adhesive. We are promoting collaboration with printer manufacturers, introducing the product together with printer systems that seamlessly perform both printing and rewetting. Amid considerable attention on the market, we will work to create a market as soon as possible.



Main products

- Inkjet paper
- Printing plate material and printing devices
- Thermal paper
- Carbonless paper
- Copier paper
- Separators for power storage devices
- Water treatment membrane support substrate
- Filters
- Decorative laminate base paper
- Tape base paper
- Sterilization paper



Sustainable Fiber Materials Business

We will develop new paper material products to replace plastics and grow our business.

Sales	97,511	million yen	(4.1% decrease from the previous fiscal year)
Operating income	1,177	million yen	(±0 compared to previous fiscal year)

Amid declining demand for printing paper, secure profits through price revisions and exports

In the fiscal year ended March 2024, the Sustainable Fiber Materials Business Department's sales of domestic printing paper decreased. However, the department secured stable profit through price revisions and favorable exports. Sales of wrapping paper were also strong at 180% the level of the previous fiscal year in Japan. Sales of bleached kraft paper, which contributes to the reduction and elimination of plastics when used in paper bags and other products, were particularly strong.

Exports of printing paper also grew under the weaker yen. Our group company Mitsubishi Oji Paper Sales Co., Ltd. established a new overseas sales department and achieved sales growth from the previous year. The sales volume and value of commercial pulp decreased due to the boiler accident at the Hachinohe Mill, but I feel that the Paper Materials Division as a whole has been a promising year for the future.

In the current fiscal year, we plan to continue bouncing back from a decline in domestic sales volume of printing paper by expanding sales of wrapping paper and increasing exports. Following printing paper, we will work to expand exports of softwood pulp, which we began at the Kitakami Mill in the previous fiscal year.

Leveraging our high technological capabilities to propose the replacement of petrochemical materials with paper materials

As a strategy aimed at the next three years, we will first tackle expanding applications for wrapping paper. In Asia, the need for shopping bags is increasing under



growing awareness of reducing and eliminating plastics. We will expand sales of barrier paper and kraft paper while showing examples of its use in Japan. Kraft paper in particular has been well received in Japan for its strength and ink color development. We plan to highlight applications for the wealthy overseas customers.

In the medium and long term, we will promote the commercialization of cellulose as a material to compensate for the attenuation of printing paper. I believe that cellulose fiber, which is obtained from wood pulp, will gain attention as a natural replacement for petroleum-derived chemical materials amid demand for the reduction and elimination of plastics. To achieve this, it is necessary to tune the product characteristics of pulp, which is currently established for papermaking, for use as a molding material. We are asking our research department to proceed with the development.

Industrial paper is another alternative to printing paper. Our idea is to substitute paper for the plastic sheets used in electronics industry production processes, for which we expect demand on the scale of hundreds of thousands of tons per year.

Our company possesses world-class technological development capabilities, built up in the manufacturing of photographic paper. I want to take advantage of that strength and work to boost sales through a solid grasp of such substitution needs. We intend to deeply incorporate the above plans into the next medium-term management plan.

Examples of wrapping paper usage

Our wrapping paper, which contributes to the reduction and elimination of plastics, has earned the support of customers who seek packaging that is maximally considerate of the environment. Examples of adoption are steadily growing.

barricote® WGOM coated paper with barrier properties for packaging

Our barricote® WGOM coated paper with barrier properties for packaging, based on bleached kraft paper, was adopted for use in Lotte's "DO Cacao chocolate" in 2022. In 2023, in recognition of its high oxygen/water vapor barrier performance that is able to retain the moisture content of soap, the paper was adopted for use in the packaging of Botchan Shikon Soap. This product was born from collaboration between the town of Kami-machi and the retailer Hataso Store in Sendai, both in Miyagi Prefecture, with the aim of industrializing Lithospermum root extract.

barricote® HS, a heat-sealable coated paper for packaging

barricote® JHS Unbleached kraft paper, a paper imbued with suitability for heat-sealing, was adopted for use in packaging for paper amenities including paper toothbrushes and paper shoe horns made by STEC Co., Ltd. The paper was recognized as a recyclable paper material as well as a FSC® forest-certified paper that contributes to the SDGs through its use. The paper amenities are distributed in lounges of major airlines and in major foreign hotel groups.

Bleached kraft coating for vivid printing

Developed in response to customer requests for paper that can replace plastics without the dull look of paper printing, Bleached Kraft Coat N FSC®-Certified-MX was adopted as secondary packaging by a major confectionery manufacturer. Its combination of vivid color development with excellent bending resistance in an FSC® forest-certified paper has spurred inquiries from many customers. Our Double-Gloss Unbleached Kraft Paper, with a glossy feel on both sides, has also been well received for use in paper tote bags.

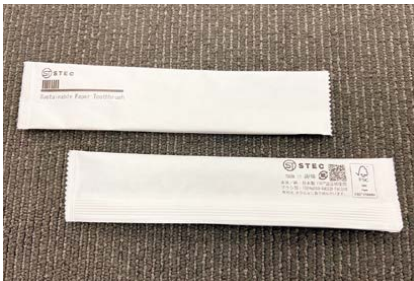
Base paper for tall paper cups and paper plates

By combining the bulky paper production technology cultivated in printing paper and the high-strength technology cultivated in packaging paper, we have developed base paper for bulky cups and paper plates that contributes to weight reduction. The paper has been adopted by paper container manufacturers in recognition of its excellent processability and strength, for use in cups and paper plates that are lightweight yet have a voluminous feel.

Our company will continue to focus on quality improvement and new developments to expand our range of packaging paper products.



Adopted for use in Shikon Soap barricote® WGOM



Paper packaging adopted by STEC Co., Ltd.



Bleached Kraft Coat N FSC®-Certified-MX



Paper containers made from our bulk paper cup and paper plate paper

Main products

- Printing paper (coated, lightly coated, non-coated, specialty)
- Sanitary paper (household paper (tissue, toilet paper))
- Packing paper (bleached/unbleached kraft paper, barrier paper)
- Paperboard (white paperboard)
- Specialty paper (photo base paper, industrial paper)
- Pulp (bleached kraft pulp, wood free pulp)

Research & Development

Our mission is the unending improvement of quality and the development of products for the future.

A year of strengthening our personnel system to meet each divisions' needs

The second year of the medium-term management plan was a year of advancing research and development in line with goals set by the Functional Materials Division and the Sustainable Fiber Materials Business Department. The Functional Materials Division expanded its market share by enhancing the quality of separators for power storage devices and water treatment membrane support substrates, and devoted resources to the horizontal expansion of applications. The Sustainable Fiber Materials Business Department focused on the development of barricote® and barrisherpa® as environmentally friendly container and packaging materials while also working on new application development for pulp materials in response to requests from the divisions.

In terms of organizational changes, KJ Specialty Paper Co., Ltd. merged with our company in July of this year. Within the relaunched Fuji Mill, a new Fuji Development Office was established to conduct research and development on new products for the mill. We believe that active information exchange and collaboration between the Fuji Development Office and existing research and development departments will yield high synergy.

We also focused on recruitment for research and development positions and increased personnel by about 20% through new graduate recruitment and mid-career recruitment. With this influx of people holding diverse knowledge and experiences, the breadth of our research is expanding.

In the current fiscal year, the final year of the medium-term management plan, we will continue contributing to product improvement and market share expansion at all mills, allocating more resources than ever to the development of products that will support Mitsubishi Paper Mills 10 to 20 years into the future as we head into the next medium-term management plan. In order to grasp new necessities, we will undertake quality enhancement and greater speed in our research and development by researching patent and technical information and by closely exchanging information on markets with sales staff.



High quality, the strength of the company, is the driving force behind our expanding market share

The Research and Development Division intends to make efforts toward further expansion of functional materials, which has been incorporated into the new medium-term management plan. We will strive to further improve the quality of our growing products, such as separators for energy storage devices and water treatment membrane substrates, and contribute to our acquisition of the top market share. We will also continue the development of applications for heat-resistant glass nonwoven fabrics that contribute to health and safety for processing workers and are capable of withstanding 1000°C burner testing.

In the paper materials field, our container and packaging materials, which combine barrier functionality with the beautiful print color development paper that runs in our company's genes, are beginning to find use in food packaging and other applications. Going forward, we will continue to promote sales and horizontal expansion while listening to feedback from customers.

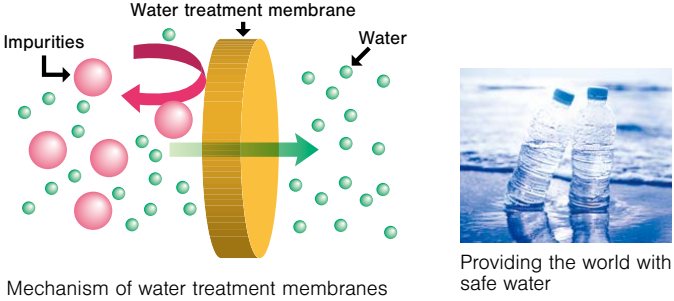
The strength of Mitsubishi Paper Mills' products lies in high quality aligned with the needs of the customers who choose our products. Unending enhancement of quality and the securing of technology for stable production are indispensable for expanding our products' market shares. With business divisions, mills, and research and development departments acting as one, we will review research themes every six months and construct a research and development structure that generates products capable of meeting our customers' diverse needs.

We also recognize that the era is no longer one in which a company can create something all on its own. We intend to explore new collaborations with external institutions including companies, universities, and research institutions.

Water treatment membrane support substrate

Water treatment membranes separate and remove impurities and salts in water. They use a membrane that allows only water molecules, and not ions or large molecules such as impurities, to pass through. Water treatment membranes are very thin and thus prone to tearing, which creates a need for a water treatment membrane support substrate that provides support for the membrane from the back. Our water treatment membrane support substrate, composed of wet-laid nonwoven fabric of polyester fibers, pursues maximum uniformity. It has is highly regarded in the field of water purification/seawater desalination for the ability to create elements without compromising the performance of the water treatment membrane.

In addition to commercializing water treatment membrane support substrates that feature further enhanced quality and those that find use in the manufacturing and processing of pharmaceuticals, foods, and beverages for their superior chemical resistance, in order to expand the Functional Materials Business we are developing water treatment membrane support substrates that possess specialty properties for separation membranes used in gas separation, energy production, and other fields.

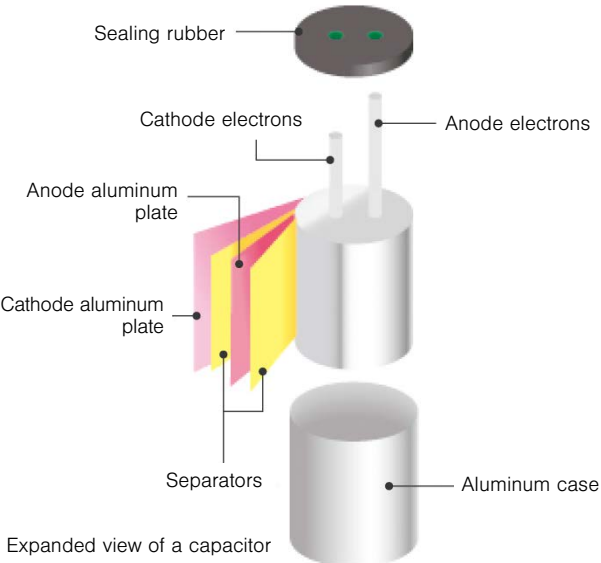


Application in the fields of foods, beverages, and pharmaceuticals

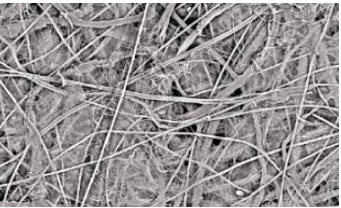
Separators for power storage devices

Demand for electric double-layer capacitors is growing in renewable energy fields including wind and solar power, as well as in smart grids, smart meters, and other infrastructure, with a need for thinner separators. Separators with high heat resistance are also needed to boost the performance of conductive polymer capacitors, which are seeing an increased use in electric vehicles and in smartphones, tablets, and other small electronic devices.

Our company has already commercialized the NanoBase2 separator for electric double-layer capacitors, which optimally pairs synthetic fibers with cellulose fibers, as well as separators for conductive polymer capacitors that use aramid fibers with high heat resistance. As new uses for energy storage devices are created with the advancement of technology, we are pushing the development of separators that pursue thinness while further enhancing quality in terms of heat resistance, uniformity, and strength by making full use of technology that uniformly mixes different kinds of fibers.



Growing demand in the field of renewable energy



SEM image of separator for power storage devices

Dry film resist

Specialty dry film resist with expanding applications in electronics-related fields

Applying our optical patterning and coating technologies, we are developing a specialty dry film resist used as a functional film in electronics-related fields for etching, electroforming, sandblasting, and other precision photofabrication processing.

The resist features enhanced functionality in terms of high resolution, adhesion, and durability, and its range of applications is growing in electronics industry fields including information and communication equipment manufacturing, component and material processing for semiconductor manufacturing equipment, and automotive electrical component processing.

Resists for physical processing methods

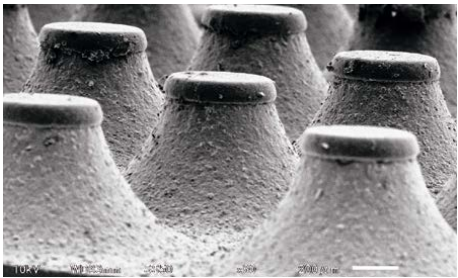
Dry film resists for sandblasting

Sandblasting is a method of grinding brittle materials by spraying abrasive grains with air. Our dry film resists for sandblasting absorb the impact of abrasive particles through viscoelasticity, helping to protect workpieces from abrasion. Our development and provision of dry film resists made with elastic resin photopolymers and tailored to work materials including glass, ceramics, and carbon fiber reinforced plastics have been positively received by customers.

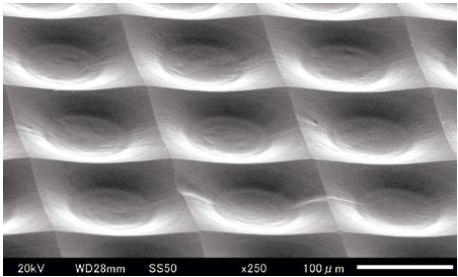
Resists for chemical processing methods

Dry film resists with high chemical resistance and high durability

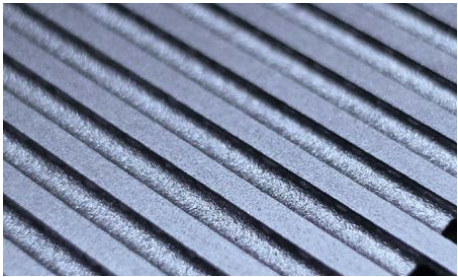
Through the combined use of a UV curing system and thermosetting system, we have developed dry film resists that feature enhanced chemical resistance and that accommodate strong acids and alkalis not usable with conventional dry film resists. Customers using the resists in etching applications are on the rise. While our past dry film resists were mainly used in etching of thin copper with a thickness less than 1 mm, we are now working to develop high-durability dry film resists for use in etching of copper with a thickness of 1 mm or more. We anticipate use in applications such as high-current control circuits for electric vehicles and thick copper parts for heat dissipation in high-speed data communication devices.



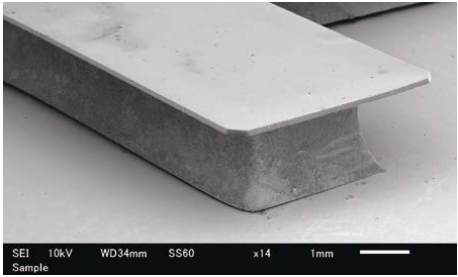
Glass sandblasting



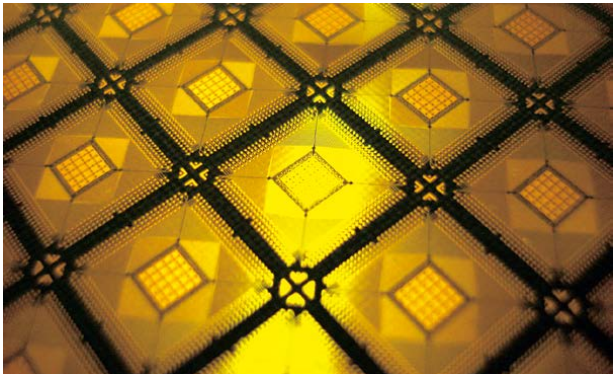
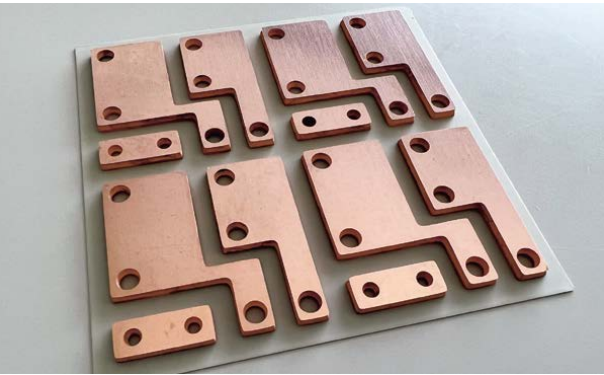
Glass etching



Titanium etching



Etching of 3-mm copper plate

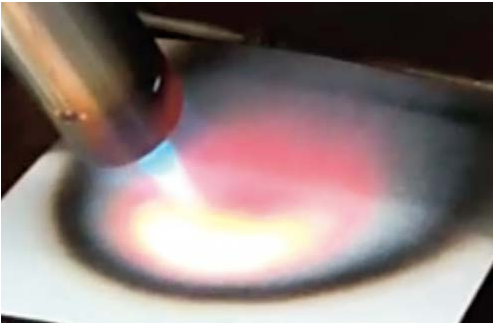


Heat-resistant glass nonwoven fabric

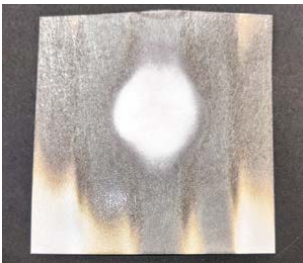
Combining our inorganic fiber-based papermaking technologies and inorganic pigment coating technologies, we have developed a heat-resistant glass nonwoven fabric.

The product was designed with highly safe glass fibers and inorganic pigments, and is designed with consideration for the work safety of customers involved in processing, without using heat-resistant materials that impose upon the well-being of humans and the environment. The product is easy to process and features a heat resistance capable of withstanding burner testing at over 1000°C, beyond the melting point of glass fibers.

We anticipate the adoption of our product in applications including fireproofing materials, insulating materials, and protective materials used in building materials, automobile parts, and electrical equipment. We intend to undertake research and development to further enrich the quality and lineup of the product, extending it to a wide range of applications.



Application of 1000°C or hotter flame for 10 minutes



Heat-resistant glass nonwoven fabric
No hole results



General glass sheet

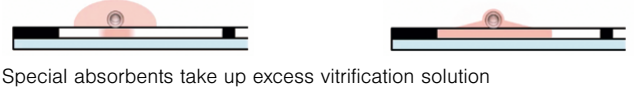
Cryopreservation and thawing system for vitrified livestock embryos

As a special promotion fund subsidy program of the Japan Racing Association aimed at stably supplying high-quality livestock products, we are collaborating with Kitasato University on research and development aimed at extending Diamour®, our vitrified cryopreservation device for eggs and embryos in research, to livestock-related applications.

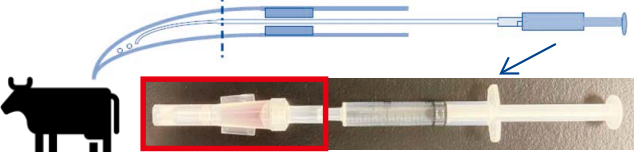
Utilizing absorption technologies developed through our inkjet printing paper development, Diamour® is designed to let anyone easily and stably minimize the volume of the preservation solution required for ultra-rapid vitrification.

We have developed a cryopreservation and thawing system that combines Diamour® with a newly developed thawing device that allows thawed embryos to be directly and easily transferred to recipient cows in the barn, making it easy to thaw vitrified embryos.

We are working to evolve the system, enhance the conception rate, and contribute to the advancement of the livestock industry.



Preservation device (Diamour-LS)



Thawing device



Wagyu beef calf born through embryo transplantation using our system

Serving as a company that creates a sustainable society



We will carry out action plans for organizational culture reform, including the expansion of our core businesses that directly relate to the realization of a sustainable society.

Representative Director, Senior Executive Vice President
Director responsible for Sustainability Promotion
Shigeharu Sanada

Acceleration of our sustainability promotion activities

The improper quality inspection incident that came to light in a subsidiary in the fiscal year ended March 2024 had a considerable impact on our group's promotion of sustainability. An investigation by a special committee is underway. We are determined to thoroughly pin down the reasons why concerns over unusual activity were not raised over the years and why the issue was not corrected despite being noticed by some parties, and will work to instill correct conduct in every individual in the organization.

The fiscal year ended March 2024 has passed, and two years of the medium-term management plan are now behind us. Looking at the achievements of our sustainability promotion activities, we can first note growth in our eco-conscious products that contribute to building a sustainable society. We have focused our efforts on paper material products making use of natural materials, including water treatment membrane support substrates and total heat exchange filters that achieve a comfortable society, FSC®-certified paper that contributes to proper forest management, wrapping paper that contributes to the reduction and elimination of plastics, and other functional products. Sales have grown from 18.5 billion yen in FY2020 to 30.2 billion yen in FY2023.

We are advancing our CO₂ emissions reduction initiatives through information disclosure in line with the TCFD recommendations and through participation in the GX League in FY2023. Our emissions in FY2023 represented a 27% reduction from FY2013 emissions, compared to our target of a 40% reduction by FY2030.

In the area of diversity & inclusion, we appointed women to outside director and Standing Audit & Supervisory Board member positions in 2023, and appointed a woman to the position of executive officer in FY2024. We are also undertaking the hiring of foreign

nationals and people with disabilities. To further deepen our shareholders' understanding of our sustainability promotion initiatives, we established the Nissy-Kassy Forest Program that offers tree-planting experiences in our company-owned forests in the Shirakawa district of Fukushima Prefecture.

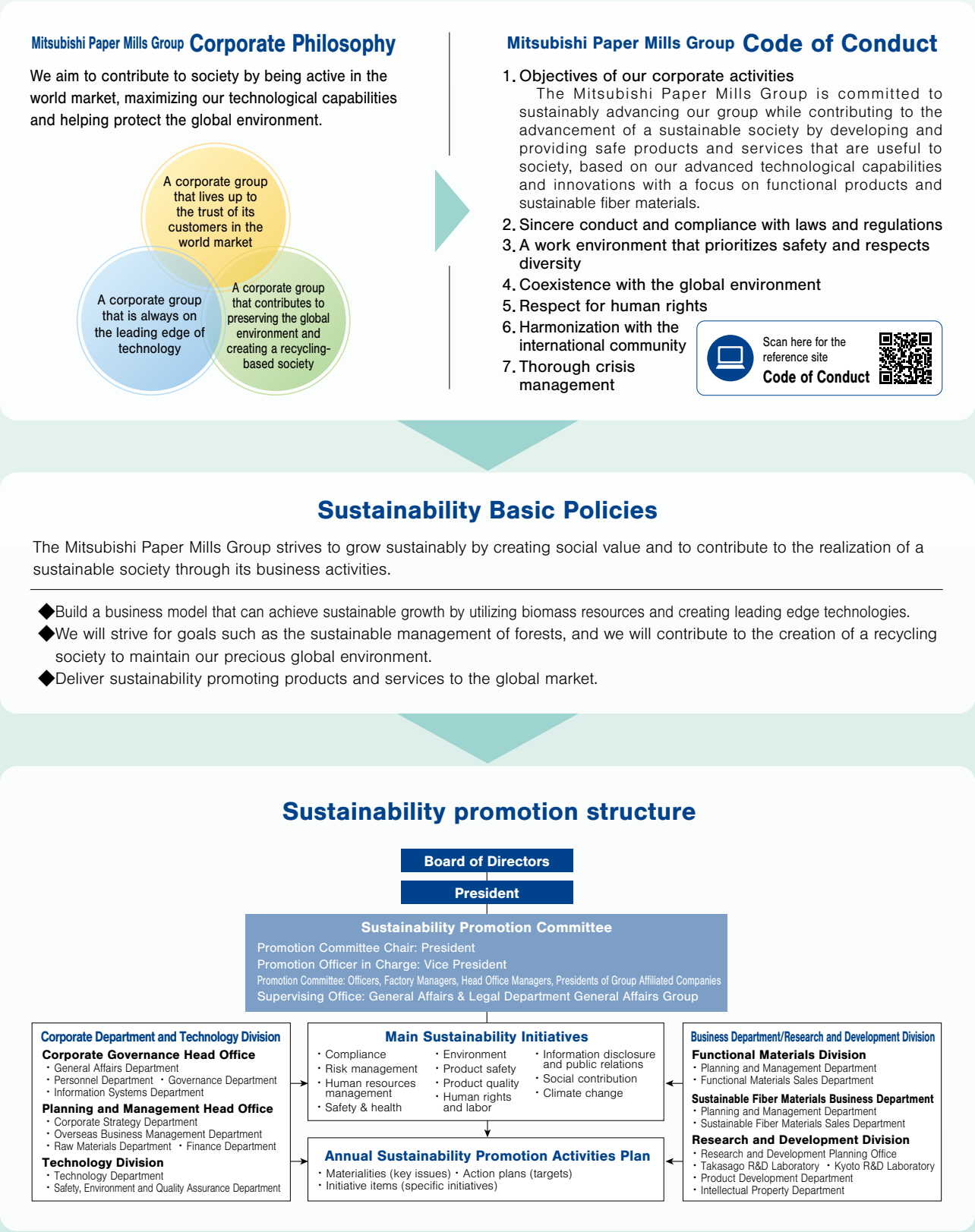
As future sustainability promotion activities, we have added the three items below to the Top Priority Action Plans ("Development of safe products that are useful to society", "Responding to climate change issues" and "Enhancing activities to ensure health and safety") that we set in FY2023.

- ①**Expansion of the Functional Materials Business**
By expanding our functional products business with a focus on eco-conscious products, we will work to enhance our contribution to a sustainable society while also strengthening profitability.
- ②**Diversity and inclusion (human resource performance improvement)**
While securing diverse human resources, we seek to grow into a strong company in which every employee has a professional mindset and can envision self-actualization through work. To that end, we will undertake transformation of the way we work, review of personnel systems, enrichment of training and other investments in human resources, and measures for organizational climate reform and for assessment of on-the-ground conditions through engagement surveys and opportunities for in-house dialogues.
- ③**Establishing a risk management structure**

Amid a rapidly changing social environment, it is increasingly important that we accurately assess and address risks surrounding our business. We will strengthen our initiatives in this area through means that include creating rules for accurate risk measurement and risk-taking. Through such measures, we will continue to take on the challenge of creating a sustainable society.

Mitsubishi Paper Mills Group The positioning of our sustainability activities

Under the Code of Conduct that serves as our guidelines for materializing our Corporate Philosophy, we have established Sustainability Basic Policies and carry out a variety of sustainability promotion activities across the group, centered on the Sustainability Promotion Committee chaired by the President.



ESG/ISO26000 and Mitsubishi Paper Mills Group’s Initiatives

The Mitsubishi Paper Mills Group views ISO 26000, an international standard for organizational social responsibility, as a common indicator for promoting sustainability and promotes activities in each field.

Our group's initiatives (materialities) correspond to the ISO26000 Core subjects as shown in the table below.



ESG	ISO26000 Core subjects	Our materialities	Action Plan
E	Environment	Coexistence with the global environment	Response to climate change issues Environmental impact reduction and preserving biodiversity Sustainable procurement of raw materials
		Develop safe products and services that are useful to society	Development of safe products that are useful to society
S	Human Rights	Act with integrity and comply with laws and regulations	Respect for human rights Fair corporate activities through observance of compliance
		A work environment that prioritizes safety and respects diversity	Enhancing activities to ensure safety and health Diversity and inclusion (human resource performance improvement)
	Labor Practices	Act with integrity and comply with laws and regulations	Respect for human rights Fair corporate activities through observance of compliance
		A work environment that prioritizes safety and respects diversity	Enhancing activities to ensure safety and health Diversity and inclusion (human resource performance improvement)
	Fair Business Practice	Sincere conduct and compliance with laws and regulations	Respect for human rights Fair corporate activities through observance of compliance Promotion of communication with stakeholders
	Consumer Issues	Development of safe products and services that are useful to society	Development of safe products that are useful to society Ensuring the quality and safety of products and services
	Community Involvement and Development	Act with integrity and comply with laws and regulations	Promotion of communication with stakeholders
	Organizational Governance	Act with integrity and comply with laws and regulations	Strengthening of corporate governance
		Thorough crisis management	Establishing a risk management structure

Sustainability Promotion Activities Related to ESG Initiatives(Targets and Results)

E Response to climate change issues Top Priority Action Plan

Objectives (FY2030)

- 1 Decrease in fossil fuel energy-derived CO₂ emissions by 40% (compared to FY2013)
- 2 Reduction of an equivalent of 62,000 t of coal per year through energy saving and fuel conversion initiatives (compared to FY2013)
- 3 Establishment of a system to quantitatively assess Scope 3 CO₂ emission amounts; formulation and execution of CO₂ reduction measures across the supply chain
- 4 Conformity to standards required as of 2030; also, significant information disclosure in response to climate change issues

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 • Promotion of initiatives to achieve CO ₂ reduction targets • Promotion of energy conservation and fuel conversion at mills through measures taken by company-wide CO ₂ reduction task force, undertaken at factory manager meetings	Decrease in fossil fuel energy-derived CO ₂ emissions by 27% (compared to FY2013)	Decrease in current fiscal year fossil fuel energy-derived CO ₂ emissions by 28% (compared to FY2013)
2 • ① Reduction of coal usage in Hachinohe Mill coal boilers through company-wide CO ₂ reduction task force measures • ② Energy saving promotion	① Coal equivalent 110,000 t per year reduction (compared to FY2013) FY2023 coal usage 209,742 t ② Energy saving deterioration of -3.0% (compared to FY2022)	① Coal equivalent 112,000 t per year reduction (compared to FY2013) ② Energy saving target 2.0% (from 2022)
3 Build a method to quantitatively calculate Scope 3 CO ₂ emissions, which are not currently calculated	Investigate calculation methods for Scope 3 CO ₂ emissions	Carry out Scope 3 CO ₂ emissions calculation using FY2023 data
4 Response to TCFD	Study of external verification of Scope 1+2	•External verification of Scope 1+2 •Calculation of Scope 3 •Formulation of a 2030 decarbonization transition plan

E Environmental impact reduction and preserving biodiversity

Objectives (FY2030)

- 1 Industrial waste effective utilization ratio 98.4%
- 2 Recycling rate 100%
- 3 Continued reduction of 1% compared to the previous fiscal year (water usage, BOD, COD, SS, SOx)
- 4 CDP target score Climate Change: A, Forests: A
- 5 Make the company-owned forest a place where people can gather for hands-on forest environmental learning
- 6 Number of experiential learning events: 36 / Forest survey/research-results announced on the website/ number of items of information disseminated: 24

Eco Academy Activities: Creating a place where local people can connect with each other to create a sustainable society

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Enhancement of industrial waste effective utilization ratio	Industrial waste effective utilization ratio: 94.9%	Industrial Waste Effective Utilization Ratio Company-wide 6 mills: 97%
2 Compliance with the Act on Promotion of Plastic Resource Recycling (Issued April 2022)	Recycling rate: 97.1%	Recycling rate: 98% (Hachinohe 90%, other mills 100%)
3 Management of internal company target items	Water usage amount: 1.5% reduction year-on-year BOD/COD: 15.1% reduction year-on-year SOx: 4.9% reduction year-on-year SS: 4.6% reduction year-on-year	1% continuous reduction year-on-year (Water usage, BOD/COD, SOx, SS)
4 External environmental evaluation improvement: CDP evaluation improvement	CDP score Climate Change: B-, Forests: B	CDP target score Climate Change: B, Forests: A- Water Security: C-
5 Preservation of biodiversity, response to TNFD	• Participation in the 30by30 Alliance for Biodiversity established by the Ministry of the Environment • Started preparation to apply for certification as a natural coexistence site (tentative name)	Implementation of hands-on forest environment learning using company-owned forests and acquisition of a Nature Symbiotic Site (tentative name) certification
6 Promoting activities of the Ecosystem Academy, leveraging collaboration with local communities	① Number of experiential learning events: 19 ② Forest surveys/research cases: 6 ③ Number of posts: Blog 74; YouTube 5	① Number of experiential learning events: 12 ② Forest surveys/research-reports: 3 ③ Number of items of information disseminated: Blog 74; YouTube 4

E Sustainable procurement of raw materials



Objectives
(FY2030)

- 1 FSC®-certified chip quantity 200,000 BDT or more (reflecting the spread of FSC® certification and an increase in the proportion of our certified products)
- 2 Domestic materials ratio of 25% or more (maintenance of domestic materials, which are gradually decreasing, with a focus on softwood chips)

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 FSC®forest-certified materials procurement	FSC®authentication chip quantity 151,000 BDT	FSC® 120,000 BDT
2 Domestic wood chip usage promotion	Domestic materials ratio: 30.6%	Domestic materials ratio: 29%

E S Development of products that are useful and safe for society

Top Priority Action Plan



Objectives
(FY2030)

- 1 FSC®-certified product sales volume 13,500 t per month
- 2 Environmentally friendly product sales: 43.9 billion yen per year
- 3 Promote company profit-generating activities
- 4 Milestones of Japan's plastic resources circulation strategy: By 2030, aim to reduce single-use plastic emissions by 25% and achieve a reuse/recycling rate of 60%, building a world where paper packaging is a common choice

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Maintenance of FSC®-certified product sales volume • Maintenance of FSC®-certified paper sales volume amid growing use of cheap, non-certified Asian chips to cut costs	FSC®certification sales volume target 13,000 t per month, actual 13,356 t per month, 102.7% vs. the plan, 135.1% vs. the previous year	FSC®certification sales volume 13,300 t per month
2 Expansion of existing eco-conscious products and new development of products	Eco-conscious product sales: 31.0 billion yen per year, 128% year-on-year	Eco-conscious product sales: 32.7 billion yen per year, 105% year-on-year
3 Gathering information and searching for new products through participation in CLOMA (Clean Ocean Materials Alliance)	Participation in the CLOMA Working Group (100%)	Continued participation in the CLOMA Working Group (information gathering and sharing)
4 While listening to customer requests, we will expand our unique products with environmentally friendly characteristics	• Commercialized Products: 4 • barricote: Award recipient in WORLD STAR Contest • Water Thermal development: Exhibit at LABELEXPO (Belgium) • Adoption by Nestlé	Product development: 7 cases • Development of non-PVDC (polyvinylidene chloride) packaging • Environmentally friendly inkjet media development • Environmentally friendly tape development, etc.

S Enhancing activities to ensure safety and health

Top Priority Action Plan



Objectives
(FY2030)

- 1 2 3 4 5
- Number of deaths/serious accidents: 0
- Occupational accident frequency rate: 50% decrease compared to 2020 (1.95)

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Reliable horizontal deployment of measures implemented in past fatal disasters	• Number of deaths and serious accidents: 0 (2023.01.01~2023.12.31) • Occupational accident frequency rate: 1.41 (2023.01.01~2023.12.31)	• Number of deaths and serious accidents: 0 (2024.01.01~2024.12.31) • Occupational accident frequency rate: 0.98 (50% decrease compared to 2020 (1.95))
2 Activation of safety activities		
3 Establishment of the practice of advance safety meetings by three parties (equipment manager/orderer, main contractor, and subcontractor)		
4 Promotion of "essential safety of equipment" and "visualization and digital transformation of hazards"		
5 Improving and maintaining mental and physical health and a healthy workplace environment		

S Diversity and inclusion (human resource performance improvement)

Top Priority Action Plan



Objectives
(FY2030)

- Establishment of a remuneration system commensurate with role and work skills
- Human resources information system management for all domestic consolidated companies
- Securing and assigning human resources within consolidated group companies (right people in the right places)

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
Appropriate staffing and training of current staff, and recruitment of human resources necessary to improve business performance	• Implementation of workplace improvement workshops and reviews • Implementation of work engagement surveys	• Analysis of work engagement survey results and formulation of improvement plans • Review of training content

S Fair corporate activities through observance of compliance



Objectives
(FY2030)

- 1 Build a system that allows necessary information to be conveyed in a timely manner to departments/persons that need it
- 2 Build and operate a strong legal compliance system and eliminate the occurrence of legal violations
- 3 Build and operate a legal compliance system covering the entire group and eliminate the occurrence of legal violations

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Promote a better understanding of laws applicable to our operations and enforce compliance	Publication of compliance news (11 times/year)	Publication of compliance news (6 times/year) Inspections of legal and regulatory violations
2 Establish a culture that accurately recognizes and emphasizes compliance risks by further enhancing compliance education	No serious incidents occurred	Number of serious corporate scandals: 0 Cases of harassment: 0
3 Through the new Compliance Promotion Leader & Leader Conference, we aim to raise the level of compliance activities across the group, including at overseas locations	Leader Conference meetings (6 times)	Number of serious corporate scandals: 0 Leader Conference meetings (6 times)

S Respect for human rights



Objectives
(FY2030)

- Instilling a company-wide awareness of respect for human rights and constantly implementing human rights due diligence

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
Activities to raise awareness about business and human rights	Start first round of human rights due diligence • Confirm the situation of human rights in our company and in related parties • Implement human rights improvement measures such as harassment education • Compliance Committee examines the effectiveness of improvement measures	• Completion and inspection of first round of human rights due diligence (4 stages in total) • Confirmation of the situation of human rights situation from the previous fiscal year, under a narrowed scope

S G Promotion of communication with stakeholders



Objectives
(FY2030)

- 1 Disseminate product information and corporate activity information in a timely and effective manner, and convincingly highlight our sustainability activities to stakeholders
- 2 Enhance information dissemination to stakeholders through booklets and website
- 3 At each site, remain a presence needed by the community

Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Further enrichment of IR information and new product information by utilizing websites, etc.	Promote information sharing with affiliated companies and communicate information on new products, etc. through websites and e-mail newsletters Release of 44 videos on "GreenWebcast" official YouTube channel (34,000 views)	Renewal of English pages on corporate website Post to "GreenWebcast" every 1 to 2 weeks
2 Enrichment of Integrated Report	Renewal from Corporate Report to Integrated Report (published in September)	Reorganize and enrich the Integrated Report with reference to award-winning reports from different industries
3 Participation in local activities at each location and continuation of smooth relationships with communities	Community clean-ups, blood drive cooperation, provision of paper, and donation of Braille calendars at each location	At each location, continuation of activities that are needed locally and that contribute to coexistence with the community

S Ensuring the quality and safety of products and services



Objectives (FY2030)	1 Continue to operate the legal monitoring system and reduce the occurrence of legal violations to zero 2 Number of product safety incidents: 0 3 Number of Class A quality incidents: 0
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Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Management of chemical substances-related laws and regulations • Monitoring of domestic and foreign laws and regulations purposes of compliance with laws and regulations on chemical substance management • Continuous up-to-date management of chemical substances subject to chemical substance management guidelines in compliance with laws and regulations by updating our internal company chemical substance management database • Sharing of information on related laws and regulations through monthly product safety reports	• Violations of chemical substances-related laws and regulations: 0 • Updating of chemical substance management internal database (6 times in accordance with NITE information updates) • Communication of product safety reports (monthly) • Monitoring of domestic and international laws and regulations (as necessary)	• Violations of chemical substances-related laws and regulations: 0 • Updating of chemical substance management internal database (in accordance with NITE information updates) • Communication of product safety reports (monthly) • Monitoring of domestic and international laws and regulations
2 Achievement of zero product safety incidents through product safety audits (on-site/written) and regular meetings of the Safety Committee and Subcommittees (twice a year)	Number of product safety incidents: 0 Product safety audits are written audits Regular meetings of the Product Liability (PL) Committee and subcommittees	Number of product safety accidents: 0 Implementation of product safety audits Meetings of the Product Liability (PL) Committee and subcommittees
3 Improve our Quality Control System through company-wide quality meetings and on-site quality audits, and conduct horizontal communication of information on past problems	Number of A-class quality incidents: 4	Number of A-class quality incidents: 0

G Strengthening of corporate governance



Objectives (FY2030)	1, 2 Compliance with the criteria required of companies in the market where our company is listed (Prime Market assumed) 1, 2 Build a governance system to enable our company's group to grow autonomously 3 Maintain the same level of governance within the group and conduct consistent promotion of sustainability activities
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Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
1 Enforcement of governance based on the Basic Policies on Corporate Governance	Submit plan (progress report) aimed at compliance with listing maintenance standards in June	Verification of Corporate Governance Code and submission of governance report based on the Code to the Tokyo Stock Exchange (June)
2 Inspection of governance functions	Outside officer briefing sessions (17 times) Officer interviews (January)	Outside officer briefing sessions (1-2 times/month)
3 Strengthening of Mitsubishi Paper Mills Group corporate governance	Used the Integrated Report and minutes and materials of the Sustainability Promotion Committee to inform employees and enhance understanding	Hold Sustainability Promotion Committee, Risk Management Committee, and Compliance Committee meetings and inform workplaces of outcomes

G Establishing a risk management structure

Top Priority Action Plan



Objectives (FY2030)	Build risk response capabilities and improve the sustainability of our Group
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Initiative Items	Activity Results FY 2023	Activity Plan FY 2024
Appropriate management of risk items identified by the Risk Management Committee	Mill BCP: Selection of priority products for recovery at each mill, preparation of recovery schedules, and implementation of issues identification	Mill BCP: Preparation of supply chain risk response plans at each mill Development of risk management regulations

Building a foundation that sustains the creation of value

Environment

Actions for the Environment

The Mitsubishi Paper Mills Group intends to make an active contribution to the building of a sustainable society. Toward this end, the group will strive not only to prevent global warming and preserve biodiversity but also to earn the trust of all stakeholders through the sustainable use of forest resources and through efforts to develop environmentally friendly production technologies and products. This commitment is set forth in our Environmental Charter, composed in April 1993, and continues to guide the development of our unique business activities that leverage the Group's business fields.

- 42 Special Feature I Reducing the environmental impact of business activities
- 47 Response to Climate Change
- 48 Chemical Substance Management
- 50 Preserving Biodiversity

Contributing to the realization of a carbon-neutral society

Reducing the environmental impact of business activities

With the aim of a sustainable society, we promote the reduction of CO₂ emissions and the efficient use of resources. We will also actively contribute to global warming countermeasures by strengthening our Environmental Management System and participating in the GX League.

Mitsubishi Paper Mills' challenge to lead the way in CO₂ reduction and resource recycling

Director, Managing Executive Officer
Technology Division General Manager, Research
and Development Division Deputy General Manager **Kazuhiro Nakauchi**



Environmental Basic Policy and management structure

Mitsubishi Paper Mills Limited undertakes global warming countermeasures as a top priority under the "Mitsubishi Paper Mills Group Environmental Vision 2050." In particular, we have set a goal of reducing energy-related CO₂ emissions by 40% compared to FY2013 by 2030, and achieved a 27% reduction in FY2023. This achievement was made possible through our promotion of energy-saving measures, the introduction of renewable energy, and fuel conversion.

Our Safety and Environmental Management Office and the Safety and Environmental Management Offices of mills cooperate on management systems for environmental impact reduction, working together to implement environmental risk management and prevention measures primarily through the Environmental Conservation Committee. We have established a system for rapidly responding to any environmental incidents and take all possible steps to manage risks.

Initiatives aimed at carbon neutrality

We are implementing a number of specific measures to achieve carbon neutrality by 2050. In particular, the Hachinohe Mill has greatly reduced CO₂ emissions by enhancing the efficiency of boilers that use waste wood as fuel. In manufacturing processes, too, we are undertaking fuel conversion from heavy oil

to LNG (liquefied natural gas) as we promote the use of more environmentally friendly sources of energy.

Through such initiatives, we were able to constrain CO₂ emissions in FY2023 to 694,000 tons, and are making steady progress towards achieving our target for 2030.

Through participation in the GX League, we also intend to achieve further technological innovations by making use of knowledge obtained from other companies' initiatives. We will continue to undertake horizontal deployment of our technologies to ensure progress at our mills.

Resource utilization for a recycling-based society

We are also making efforts toward the effective use of resources. The Hachinohe Mill uses black liquor and paper sludge, by-products of pulp manufacturing, as sources of energy. Through such actions, we work to not only reduce fossil fuel use but also to recycle wastes as renewable resources. In particular, we have successfully reduced the amount of waste that goes to final disposal by reusing incinerated residue obtained from used tires and paper sludge as civil engineering materials and raw materials for cement and steel. Through such initiatives, we aim to achieve coexistence with local communities and realize a sustainable recycling-based.



Environmental Charter

Basic Principles

The Mitsubishi Paper Mills Group intends to make an active contribution to the protection of the global environment and the creation of a recycling-based society. We will strive to prevent global warming and conserve biodiversity while also working to earn the trust of our stakeholders through the sustainable use of forest resources.



Scan here for the reference site
Environmental Charter



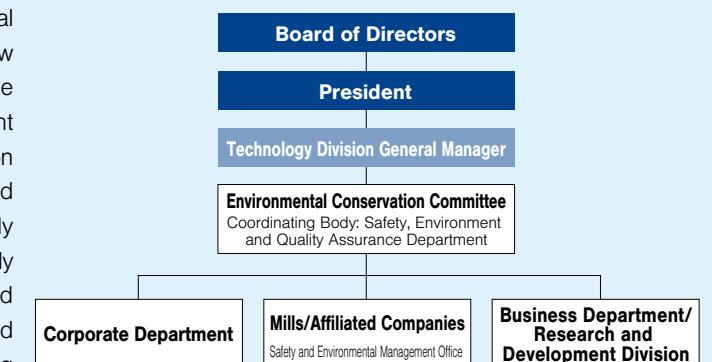
Basic Policy

- ① Implement measures to counteract global warming
- ② Protection and nurturing of forest resources, with appropriate care given to the preservation of biodiversity
- ③ Promote the sustainable use of resources
- ④ Development of 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

In order to realize the basic principles of the Environmental Charter, our company's group is implementing a new environmental management system from April 2023. The Safety, Environment and Quality Assurance Department newly established within the Head Office Technology Division oversees environmental management within the group, and has built a system to more quickly and accurately comply with laws and regulations, share information, and horizontally deploy environmental management. We have established a management system that integrates factories, affiliated companies, and the Head Office, with the Head Office taking the lead in dealing with group-wide issues as required by the situation.

We have also established a Safety and Environmental Management Office at each mill, creating a system that can immediately respond to environmental incidents.



Obtaining environmental management certification

Our company's group production bases have obtained ISO14001 certification in order to continuously improve our environmental performance. Based on the philosophy of EMS, we are making continuous efforts to not only comply with laws and regulations, but also to conduct business activities that are environmentally friendly.

- 1 Hachinohe MillJMAQA-E027 (Registered December 1998)
- 2 Kitakami MillJQA-EM7421 (Registered April 2018)
- 3 Fuji Mill.....JCQA-E0654 (Registered March 2005)
- 4 Kyoto MillJQA-EM0621(Registered December 1999)
- 5 Takasago MillJMAQA-E090 (Registered February 2000)



Conducting environmental audits

The Safety, Environment and Quality Assurance Department of the Technology Division is in charge of these initiatives and conducts environmental audits once a year to check our environmental performance. In doing so, we evaluate the various environmental risks surrounding us and confirm the effectiveness of our efforts. In addition to regular audits, we also conduct follow-up audits to prevent recurrence, and our production bases and head office are working closely together to advance these efforts.



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(バリコート®)

 **Green Webcast**



Mitsubishi Paper Mills Limited Official Channel **Green Webcast**

We have launched an official YouTube Channel called "Green Webcast". We are currently publicizing videos about the group's products and initiatives aimed at contribution to a greener society.



Global warming countermeasures

The Mitsubishi Paper Mills Group formulated "the Mitsubishi Paper Mills Group Environmental Vision 2050" to contribute to the Japanese government's long-term goal of "Achieving carbon neutrality by 2050."



Scan here for the reference site
**Mitsubishi Paper Mills Group
Environmental Vision 2050**



Mitsubishi Paper Mills Group Environmental Vision 2050

**Maximum utilization of
resources such as renewable
energy**

**Utilizing carbon fixation
technologies**

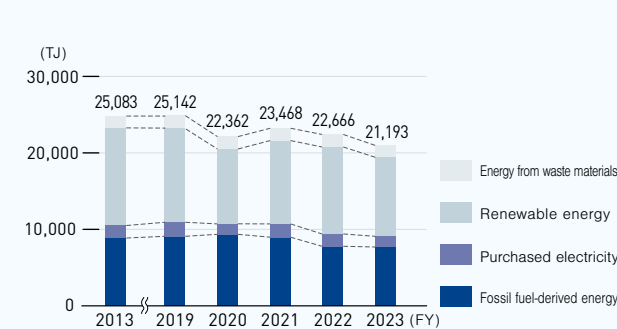
**Development of eco-conscious
products**

Through these efforts, we aim to achieve carbon neutrality and contribute to the Japanese government's long-term goal of "Realize a decarbonized or carbon neutral society with zero greenhouse gas emissions overall by 2050."

Initiatives to reduce CO₂ emissions

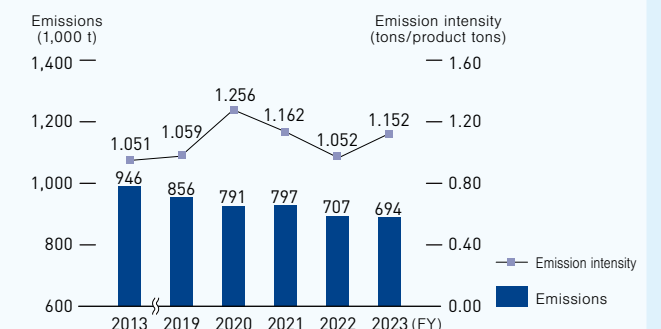
The Mitsubishi Paper Mills Group has set a target of reducing our energy-derived CO₂ emissions in Japan by 40% compared to FY2013 by FY2030, and is working on reducing our fossil fuel-based energy and overall energy consumption.

Energy consumption



[Scope] Hachinohe Mill, Kitakami Mill, Toho Tokushu Pulp Co., Ltd., Shirakawa Office, Fuji Mill, Kyoto Mill, Takasago Mill

CO₂ emissions and emission intensity



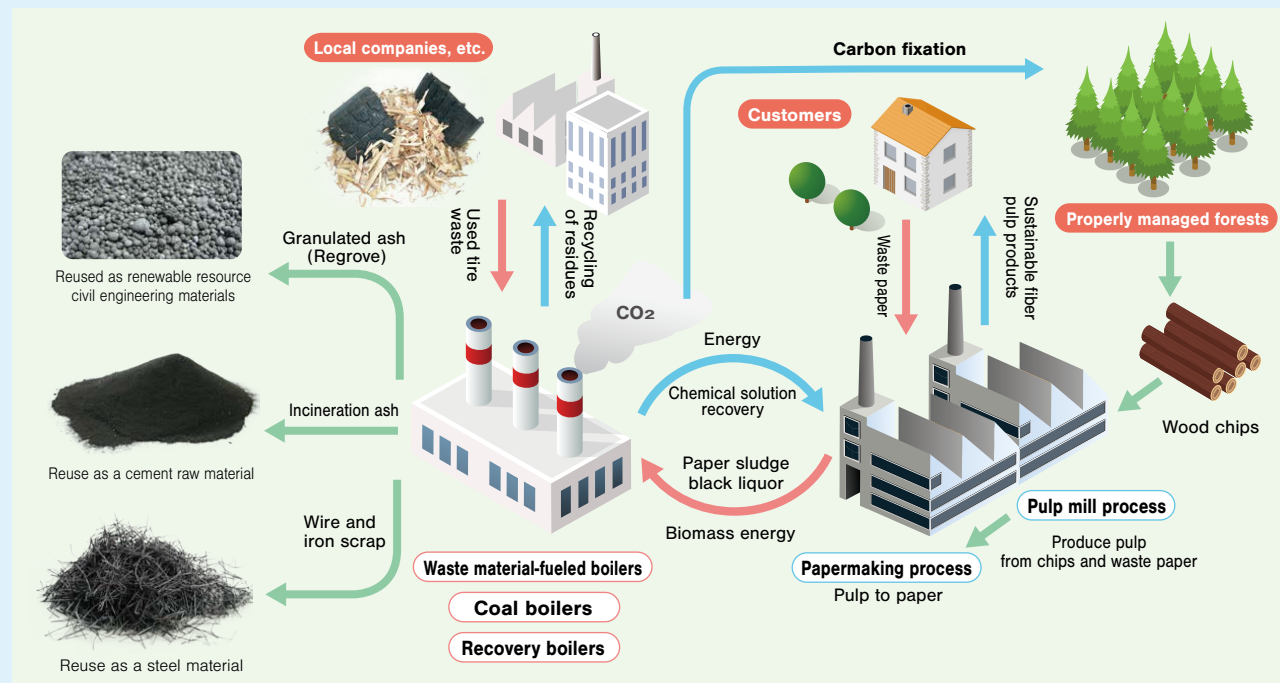
Participation in the GX League

Our group participates in the Ministry of Economy, Trade and Industry's GX League, which became active in FY2023. In addition to demonstrating our commitment to realizing a carbon neutral society in 2050, we will strengthen our systems aimed at achieving our group's publicly stated targets for 2030.



The GX League is a group of companies actively engaged in GX (Green Transformation) in collaboration with governments, universities, financial institutions, and other parties. It was established as a venue to discuss the transformation of economic and social systems overall and to practice the creation of new markets.

Actions for the Environment



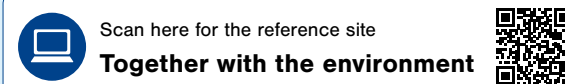
Effective Use of Materials

The Mitsubishi Paper Mills Group's main mill, the Hachinohe Mill, obtains energy from the black liquor generated in the pulp production process as well as from the waste (paper sludge) generated in the use of wastepaper and the papermaking process. The black liquor is burned in recovery boilers, where heat energy and chemicals used to manufacture pulp are recovered. The paper sludge, along with items such as cut up tires, waste wood, and other waste materials, is used as fuel for a waste boiler. The incinerator bottom ash produced by the waste boiler and the ash produced by a coal boiler are used to make a recycled construction material named Regrove and are also recycled into cement material and

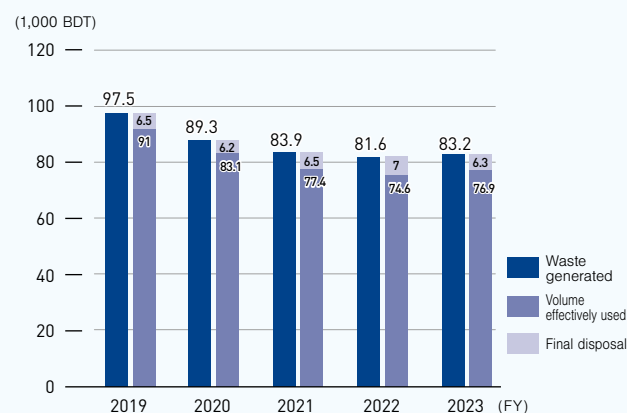
raw steelmaking material. These efforts to effectively use waste reduce final disposal volume while at the same time reducing fossil fuel usage.

In addition, in response to the Plastic Resource Circulation Act., we will systematically work to reduce plastic waste discharged from our group factories and increase the recycling rate.

※The results for FY 2021 have been published on our website in accordance with this law.

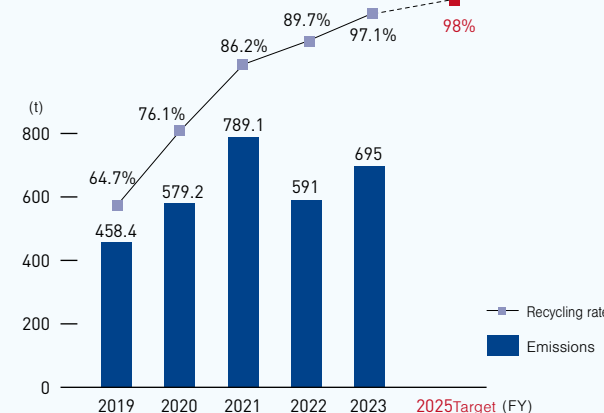


Waste Generated and Volume Effectively Reused



[Scope] Hachinohe Mill, Kitakami Mill, Toho Tokushu Pulp Co., Ltd., Shirakawa Office, Fuji Mill, Kyoto Mill, Takasago Mill

Changes in plastic waste emissions and the recycling rate



Response to Climate Change

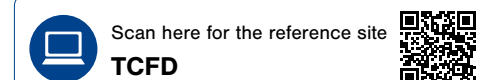
Information disclosure in line with TCFD recommendations

Based on the Mitsubishi Paper Mills Group's Corporate Philosophy and Sustainability Basic Policies, to achieve sustainable growth, increase corporate value over the medium- to long-term, and contribute to society, we will continue to disclose information in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations regarding both the risks and

opportunities that climate change poses to our business. This document discloses information in accordance with this proposal. The Mitsubishi Paper Mills Group is committed to creating social value and to contribute to the realization of a sustainable society through its business activities.

Indicators and Goals

- We have formulated the Mitsubishi Paper Mills Group Environmental Vision 2050, under which our company aims to become carbon neutral by 2050. The Mitsubishi Paper Mills Group strives to achieve carbon neutrality through maximum use of renewable energy, the application of carbon fixation technologies, and development of eco-conscious products. We will contribute to the Japanese government's long-term goal of "Realize a decarbonized or carbon neutral society with zero greenhouse gas emissions overall by 2050."
- In FY2023, our energy-derived CO₂ emissions in Japan were 694,000t. This marked a 27% (252,000t) reduction compared to the 946,000 t of energy-derived CO₂ emissions in Japan in FY2013. By FY2030, we aim to reduce energy-derived CO₂ emissions in Japan by 40% compared to fiscal 2013 to 568,000t or less.
- We launched the Fiscal 2030 CO₂ Reduction Task Force as a concrete initiative to reduce domestic energy-derived CO₂ emissions by 40% compared to FY2013. As specific measures, we will promote energy conservation efforts and switch coal to fuel in existing boilers to reduce coal usage.
- Our emissions of greenhouse gases in Japan in FY2023, including CO₂ in Scopes 1 and 2, were 826,000t. This was a 22% (238,000t) reduction compared to the fiscal 2013 energy-derived CO₂ emissions in Japan of 1,064,000t. By fiscal 2030, we aim to reduce emissions by 36% from fiscal 2013 level to 681,000t or less.
- Regarding CO₂ reduction with the supply chain included, we will continue to investigate Scope 3 calculation methods and future disclosure.
- Paper production uses large amounts of water resources. The amount of industrial water intake in fiscal 2023 was 117 million t. We will continue to promote water recycling (circular use of water) within the process and aspire for effective use. Furthermore, each factory has a wastewater treatment facility, and the water used within the factory is purified in accordance with legally mandated standards before being released back into the community. We also strive to conserve water quality, comply with standards, and strive to preserve the local environment.
- Our company owns about 2,000 ha of forests, mainly in the Tohoku region. We will continue to improve domestic timber's self-sufficiency rate and conserve forests by actively using timber from Northern Tohoku.



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 laws and regulations. All of

our mills, offices, and affiliated production companies manage and handle chemical substances according to these guidelines. We also formulated the Mitsubishi Paper Mills Group Green Procurement Standards and Procedures based on these guidelines to promote green procurement and make efforts to mitigate environmental risks posed by chemical substances .

Emission transfer amount of PRTR target substances

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	820	0	0	450
2	Chloroform	127	17,200	3,900	0	0
3	2,2-Dibromo-2-cyanoacetamide	210	0	729	0	32
4	Dioxins	243	0.00	25.60	0.00	0.00
5	Triethylamine	277	1,500	0	0	0
6	Toluene	300	15,217	0	0	37,240
7	Boron and its compound	405	0	0	96	82
8	Formaldehyde	411	36	1	0	1,101
9	Methylnaphthalene	438	100	0	0	0
10	Diethylene glycol monobutyl ether	627	0	2,400	0	0

[Scope] Takasago Mill, Kyoto Mill, Fuji Mill, Hachinohe Mill, Kitakami Mill, Shirakawa Office, Toho Tokushu Pulp Co., Ltd.

Response to PCB

With regards to equipment (ballasts) containing high concentrations of PCBs, we have completed detoxification treatment within the legal deadline in fiscal 2022. We will also progressively process the treatment of equipment containing low concentrations of PCBs, with the aim of completing the treatment within the legal deadline in fiscal 2026.

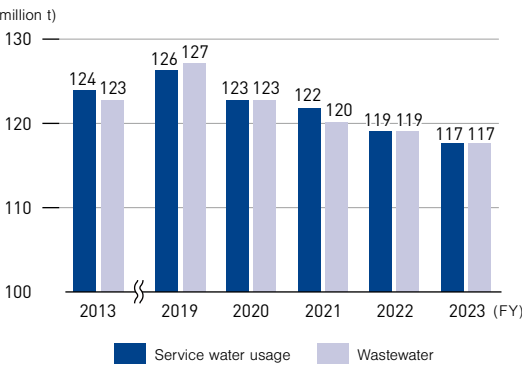
Water risk management

Water usage reduction

Paper production requires large amounts of water resources, but reducing water usage will reduce the consumption of thermal energy and electric energy, which will contribute to CO₂ reduction.

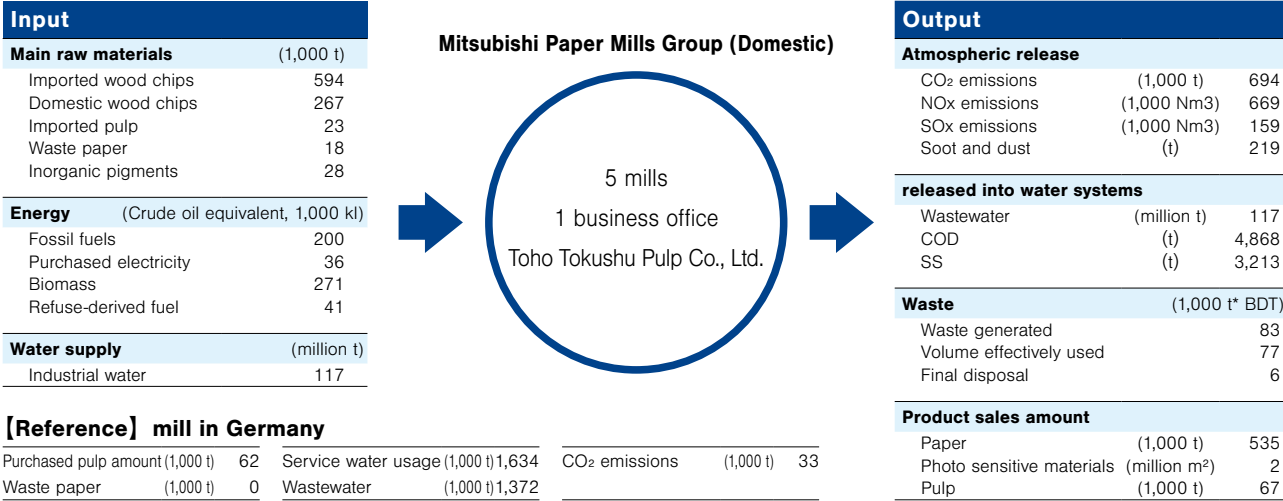
We will continue to promote water recycling (circular use of water) within our process and work to effectively use water while reducing the amount of water used. In addition, we strive to preserve the environment by appropriately treating the water we use with wastewater treatment equipment.

Trends in water usage and wastewater volume



Environment-related Data

Material Balance



Environmental impact data

		FY2013	FY2020	FY2021	FY2022	FY2023	Target	(achievement year)
Natural resources								
Fossil Fuel-Based Energy Consumption	TJ	10,596	10,822	10,352	9,493	9,144		—
Fossil fuel energy intensity GJ/product-tons	GJ/product-tons	11.8	15.9	15.1	14.1	15.2		—
Service water usage	million t	124	123	122	119	117		—
Wastewater	million t	123	123	120	119	117		—
Atmosphere								
CO ₂ emissions*1	1,000 t	943	791	797	707	694	568	(FY2030)
NO _x	1,000 Nm ³	878	753	738	726	669		—
SO _x	1,000 Nm ³	265	205	185	162	159		—
Soot and dust	t	322	200	253	269	219		—
Water quality								
COD	t	6,359	5,748	6,134	5,748	4,868		—
SS	t	3,599	3,106	3,349	3,410	3,213		—
Waste								
Waste generated	1,000 t	95	150	140	140	161		—
Final disposal amount	1,000 t	10	8	8	8	8		—
Final disposal rate*2	%	89.5%	94.5%	94.2%	94.4%	94.9	98.4%	(FY2050)

*1 For CO₂ emissions missions from purchased electricity, we use the CO₂ emissions coefficient provided by the Federation of Electric Power Companies of Japan.
*2 Final disposal rate = (Waste generated – Final disposal amount)/Waste generated × 100
[Scope] Hachinohe Mill, Kitakami Mill, Toho Tokushu Pulp Co., Ltd., Shirakawa Office, Fuji Mill, Kyoto Mill, Takasago Mill

Environmental Accounting

Environmental Conservation Costs				(million yen)
Classification	Principal Initiatives	Investments	Expenditures	
(1) Costs within business areas		145	2,242	
① Pollution control costs	Air pollution, water pollution, foul odor, noise, and vibration measures, etc.	35	1,469	
② Global environmental conservation cost	Includes domestic afforestation, energy conservation measures, etc.	51	0	
③ Resource recycling costs	Includes waste measures and waste paper and other product recycling	59	773	
(2) Upstream/downstream costs	Container and packaging recovery and recycling, etc.	243	243	
(3) Management activity costs	Includes environmental education, environmental management systems, and certification acquisition	3	24	
(4) R&D costs	Environment-friendly product development, etc.	1	249	
(5) Social activity costs	Greening, environmental beautification, environmental data disclosure, etc.	18	18	
(6) Environmental damage costs	Fees for pollution-related health damage	0	47	
Total		410	2,746	
Economic Benefit of Environmental Conservation Measures				(million yen)
Classification	Effects	Amount		
Earnings	Reuse of recovered pallets	233		
	Profit from sales of materials effectively recycled	38		
Cost reduction	Cost reduction from decreased energy usage	196		
	Cost reduction from improved material yield	84		
Total		551		

[Scope] Hachinohe Mill, Kitakami Mill, Toho Tokushu Pulp Co., Ltd., Shirakawa Office, Fuji Mill, Kyoto Mill, Takasago Mill
The statistical method conforms with the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment

Preserving Biodiversity

Ecosystem Academy

In line with the Mitsubishi Paper Mills Group Sustainability Basic Policies, we provided opportunities for experiential forest environment learning (hands-on learning, forest surveys and research) and undertook activities that contribute to the enhancement and development of the group's corporate value while contributing to the preservation of biodiversity. Specifically, we provide experiential forest environment learning mainly at the Shirakawa Sanso visitors' center and at our company-owned forest in the Shirakawa District. Through participation in the 30by30 Alliance for Biodiversity promoted by the Ministry of the Environment, we will further enrich these activities.

We also provide opportunities for shareholders to take part in tree planting at our company-owned forest in the Shirakawa District.

Experiential forest environmental learning

This program combines forest observation, tree planting, and tree growth measurement experiences using our company-owned forests and lectures, paper making, paper craft experiences, and other activities at the Shirakawa Sanso visitors' center. These provide opportunities to consider forest preservation, prevention of global warming, and biodiversity under the theme of collaboration between nature and industry, thereby contributing to achievement of the SDGs.

In FY2023, we held 18 environmental learning events with 565 participants (264 adults and 301 children).

The Murabi Company Forest (Nishigo Village, Fukushima Prefecture) has been accredited as "A Place to Experience Fukushima Prefecture" based on the Act on Enhancing Motivation on Environmental Conservation and Promoting of Environmental Education.



Tree cultivation and branch trimming experience



Log cutting experience



The 7th Seicho no Mori (Forest of Growth) Tree Planting Event

Forest Surveys and Research

We engage in ongoing surveys of forest ecosystems and biodiversity using our company-owned forests. These include surveys of tree growth and soil organisms, trail camera animal surveys, and surveys of birds in cooperation with the Shirakawa Chapter of the Wild Bird Society of Japan.



Tree height measurement



Japanese serow (trail camera animal survey)



Varied tit

Fresh-water crab



Sika deer (trail camera animal survey)

Information communication

We created a website for the Ecosystem Academy Office and occasionally deliver information on forest conditions and the content of learning via the "Eco Aca Forest Blessings Blog."



Scan here for the reference site
Mitsubishi Paper Mills Ecosystem Academy



Eco Aca Forest Blessings Blog



Building a foundation that sustains the creation of value

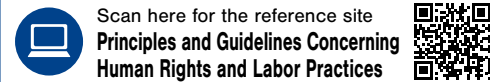
Social
Connections with Society, Regions, and People

In aiming for sustainable enhancement of our corporate value, we recognize the importance of collaboration with varied stakeholders. We will build positive relationships with all stakeholders (shareholders, investors, customers, society, communities, and employees) to contribute to the resolution of social issues throughout the entire supply chain, including human resource development, occupational safety, and respect for human rights.

- 52 Special Feature II Human capital initiatives
- 55 Occupational Safety and Health Initiatives
- 56 Provision of Responsible Products
- 58 Social Contribution Activities/Initiatives in Local Communities
- 59 Fair Business Practice
- 60 Sustainable Procurement of Raw Materials

Human resources strategies as a source of value creation

Human capital initiatives



We aim to contribute to society by being active in the world market, maximizing our technological capabilities, and helping protect the global environment, as set out in the Mitsubishi Paper Mills Group Corporate Philosophy. As people are the most important element in doing so, we are working to strengthen our human capital so that we can fulfill our social responsibilities as a company and achieve sustainable development.

Securing and developing human resources

To achieve the Corporate Philosophy and the management targets of the Mitsubishi Paper Mills Group, we are working to develop human resources who can "understand and put into practice our business philosophy and goals, promoting sustainable growth for the self and the organization, undergoing change without being caught in preconceptions, and taking action from an ethical perspective.

We are also developing systems for acquiring and utilizing advanced expertise and are diversifying opportunities for active participation.

① Training by rank

To develop human resources for achieving our management philosophy and management targets, we conduct rank-specific education that spans new employees to executive candidates. Along with in-house training, our rank-specific education is aimed at the acquisition of high-level business skills through staged study of management skills leveraging external institutions.

We are also working to foster a workplace climate by conducting education on compliance, diversity & inclusion, management targets, and other subjects in rank-specific education, and by making this education known to employees at all levels.



New employee training

② Self-development

To enhance employees' motivation through the enhancement and utilization of their skills, we are working to enrich self-development through means including expanded allowances for obtaining qualifications, subsidies for the correspondence education programs, business skill courses (reskilling), and our English conversation study subsidy program.

Mitsubishi Paper Mills' human resource development system

	New employees/young employees	Mid-level employees	Newly appointed managers	Section chiefs	General managers
Strengthening of management capabilities		Core position training	Newly appointed manager training	Section chief training	General manager training/ Executive candidate training
Career development and skill improvement	New employee training/ Young employee training				
	Job rotation, OJT				
	Correspondence education assistance, reskilling				
Fostering of climate of compliance and of inclusion awareness		Compliance education			
		Female leader training			
Foundation for human resource development	Fostering of workplace culture through communication of human rights philosophy through those such as compliance leaders				
	Personnel system that conducts fair evaluations and draws out growth based on achievements, efforts, and capabilities				
	Enhancement of work engagement through improvement of work environment				
	Promotion of physical and mental health through transformation of the way we work and initiatives for prioritizing safety and health				



Initiatives towards diversity & inclusion

Based on our Principles and Guidelines on Human Rights and Labor Practices, the Mitsubishi Paper Mills Group undertakes a variety of initiatives to continue creating a workplace that enables all employees to respect each other without discrimination, fully utilize their abilities, and feel comfortable and fulfilled.

While actively communicating our philosophy and guidelines to employees, we work to foster a workplace culture of mutual respect through programs, education, recruitment, and other means.

① Promoting active participation by women

We are creating an environment in which both men and women can balance work with childcare as they wish. We strive to prevent separation from work through shortened working hours for childcare, childbirth leave, split childcare leave, work from home for childcare or nursing care leave, and other programs, providing support for employees who balance work with childcare or nursing care for family members.

To promote active participation by women, we will conduct career advancement training aimed at developing management candidates. Based on the Act on the Promotion of Women's Active Engagement in Professional Life (Act to Advance Women's Success), we have also formulated an action plan for active participation by women and are undertaking associated initiatives.

FY2024 results	
Appointment of outside director (1), executive officer (1), and Standing Audit & Supervisory Board member (1)	
Target	Recruitment rate of 30% or higher (Until FY 2025) 100 or more full time employees
Initiative item	Ongoing promotions to management positions
Results	FY 2023 Recruitment Rate 40% (End of March 2024) 81 full-time employees Ratio of management positions 3.0%

② Promotion of employment of foreigners

We will promote the employment of foreigners to work as sales personnel in overseas sales strategies and as mill personnel in light of future labor shortages caused by Japan's declining birthrate.

Initiative Items	Continued recruitment
Results	FY 2023 Recruitment results 5 people Acceptance of temporary employees 26 people

③ Promotion of employment of people with disabilities

Our company's rate of employment of people with disabilities exceeds the statutory rate. We will work to foster a comfortable working environment for people with disabilities and will continue active hiring.

Target	Legally required employment rate of disabled people 2.3%
Results	Results FY 2023 Actual Results 2.6%

④ Promotion of mid-career recruitment

We engage in active mid-career recruitment to revitalize our organization by making use of diverse experiences and values. We have also established a welcome-back program to utilize alumni who have left the company in the past, and are proactively working to absorb knowledge and experience gained outside the company.

Initiative Items	Ongoing mid-career recruitment
Results	FY2023 mid-career recruitment 23 persons (including 1 manager)



Hachinohe Mill Family Tour March 2024

Creation of a comfortable working environment for all employees

The safety and health of everyone involved in our business activities are the top priority of the Mitsubishi Paper Mills Group. We strive to create a comfortable working environment where employees are able to work energetically with fulfillment and in good health.

1 Initiatives to improve work engagement

In order to understand the voices of employees, including their thoughts and opinions, we conduct a work engagement survey in order to improve the workplace environment. We will take action (improvement measures) based on the results and aim for further development.

- Conduct a work engagement survey and share the strengths and challenges of each workplace based on the survey results
- Planning and implementation of action plans through workplace environment improvement workshops

2 Transformation of the way we work

We are introducing a telework system as a flexible way of working that accommodates the lifestyles of individual employees, with implementation beginning at the Head Office. Together with the staggered working hours system, these systems aim to improve work-life balance and alleviate stress from commuting through rush hours, and thereby are also contributing to increase productivity.

Moreover, with the introduction of an undesignated desk system at the head office, it is now possible to flexibly choose a workplace according to the purpose and situation, which improves work efficiency and revitalizes communication.

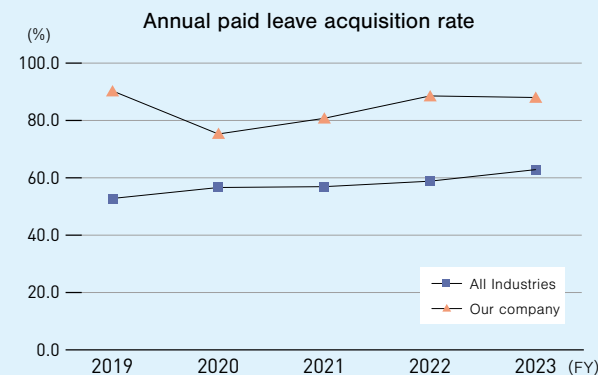
We are also working to improve the efficiency of internal meetings, and are working to shorten meeting times by reviewing the operation of meeting bodies, leading to a reduction in total working hours.

Health Management

Based on the recognition that "the physical and mental health of employees is the source of corporate vitality", Mitsubishi Paper Mills has declared that its management will collaborate with the health insurance union (Collaboration Health) to maintain and improve the health of its employees. Furthermore, we will extend these activities to the entire Mitsubishi Paper Mills Group and employees' families, comprehensively promoting work-life balance, improving productivity, and creating a vibrant workplace.

3 Regular program reviews in conjunction with our labor union

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



※Data for all industries is from the Ministry of Health, Labour and Welfare's Monthly Labour Survey
※(year) indicates tabulated results for January to December

4 Declaration of Eradication of Harassment

Harassment is unacceptable for employees to continue working in good health. Adding to our existing Compliance Code of Conduct and other in-house rules, in September 2023 the president issued a declaration to eradicate harassment to again reaffirm our determination to never tolerate harassment.

Examples of initiatives

- Stress check implementation
- External EAP (Employee Assistance Program) utilization
- Influenza vaccine cost subsidy
- Subsidy for gynecological cancer screening
- Walking campaign implemented (health maintenance and promotion)

Occupational Safety and Health Initiatives

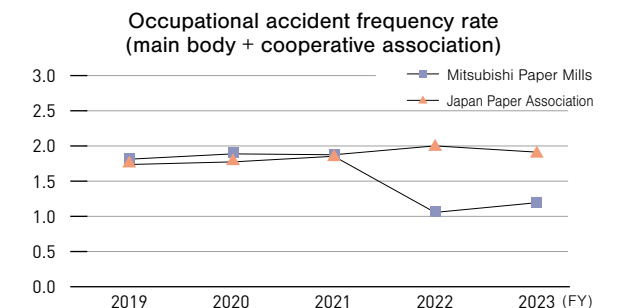
With the safety and health of everyone involved in the Mitsubishi Paper Mills Group's business activities as our top priority, we aim to create an accident-free workplace environment where people can work with peace of mind. Toward this end, we have formulated a health and safety promotion plan with "Prioritizing Safety and Health" as its basic philosophy, and are advancing safety and health initiatives.

2023 safety and health achievements

Target	Results
Number of deaths/serious accidents 0	Number of deaths/serious accidents 0
Reduction of industrial accident frequency rate 50% decrease (2030) compared to 2020 (1.95)	Occupational accident frequency rate 1.41

Occupational accident frequency rate (safety results)

The occupational accident frequency rate for the Mitsubishi Paper Mills Group (including cooperative associations) remained between 1.83 to 1.95 from 2019 to 2021. In 2022, it declined to 1.14 due to a decrease in accidents (Japan Paper Association occupational accident frequency rate: 2.01). In 2023, the rate increased from the previous year to 1.41 (Japan Paper Association occupational accident frequency rate: 1.96).



2024 Mitsubishi Paper Mills Group Safety and Health Promotion Plan

We are advancing initiatives to enhance safety awareness and hazard sensitivity, with the goal that all employees of the Mitsubishi Paper Mills Group follow rules and think on their own about ensuring safety during work. Top management at all workplaces and the Head Office safety department work together to make equipment inherently safer, formulate safety guidelines, and achieve zero fatalities and serious accidents.

Priority efforts to prevent industrial accidents

We will focus on the following four points in order to build a safety culture in which employees think for themselves about ensuring safety during work, and to foster a culture that promotes the visualization of danger.

1. Reliable horizontal deployment of measures implemented in past serious accidents
2. Activation of safety activities
3. Establishing the practice of advance three-party safety meetings
4. Promotion of "making equipment inherently safer," "visualization and digital transformation of hazards," and "heat stroke countermeasures"

Our Head Office and mills work together to promote safety activities while safety departments actively head to workplaces to confirm the status of education and equipment safety. Through participation in safety inspections during regular repair work and in workplace safety and health meetings, we aim to prevent the occurrence of similar accidents and to improve and energize safety activities.

Maintenance and improvement of mental and physical health

As part of our efforts to manage our mental and physical health, we have set management standards for long working hours and strengthened management to prevent overwork that causes excessive fatigue and stress.

1) Mental and physical health management

- Prevention of long working hours and compliance with health management rules for all employees, including managers
- Recommendation of secondary health check-ups and specific health guidance for persons with findings indicated in regular health check-ups

2) Improving the workplace hygiene environment

- Inspection through workplace patrols and improvement of points pointed out (hygiene)

Basic Policy ...Aiming for zero accidents in the Mitsubishi Paper Mills Group based on the basic philosophy of "Prioritizing Safety and Health"

Slogan ..."Enforcement of compliance with rules and with workplace 3S, and elimination of accidents" (3S: seiri, seiton, seiso (sorting, setting in order, clean-up))

Priority target... "Zero deaths and serious accidents" (serious accidents: accidents involving danger to life)

Provision of Responsible Products

In order to provide products that customers can use with peace of mind, Mitsubishi Paper Mills confirms quality requirements, quality design, and manufacturing methods in each business segment. We have established a Product Safety Charter to ensure product safety, and we are proceeding with initiatives to improve safety.

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.

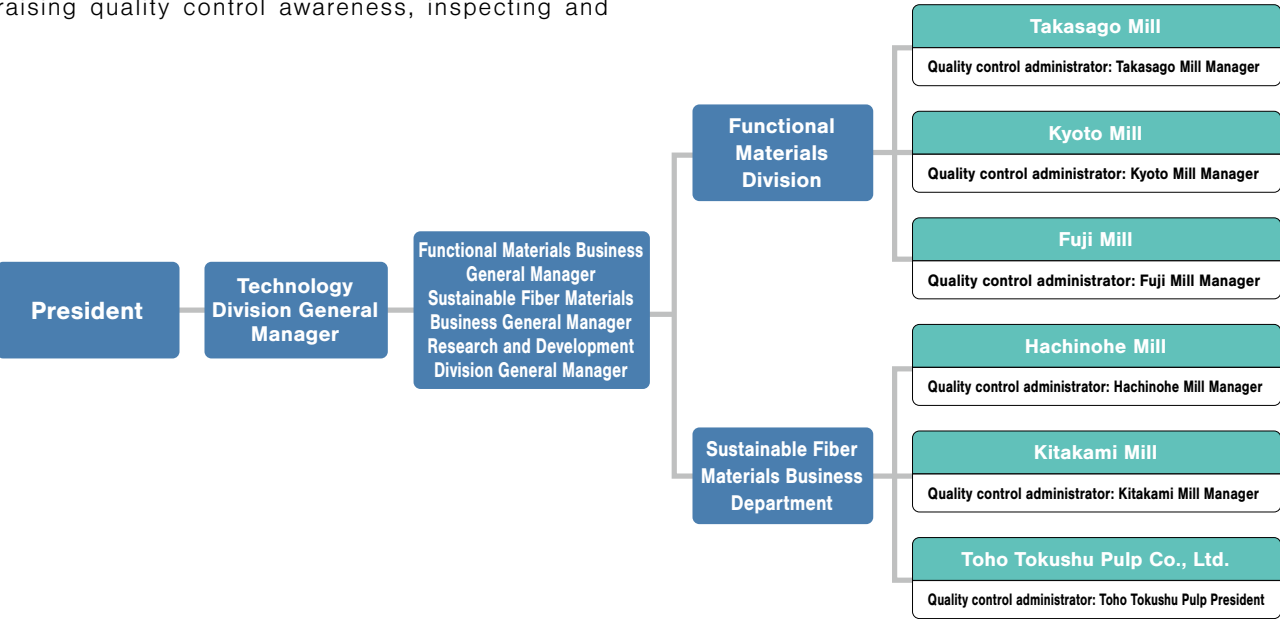
From here on, too, in order to maintain sound management and continue to provide society with safe products and satisfying services that meet the needs of the times, the entire company will be certain to implement the following:

1. We will strengthen our quality control systems and product safety control systems, and will provide products confirmed to be safe using the latest 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 our products and on the safety of the products.

Quality Control System

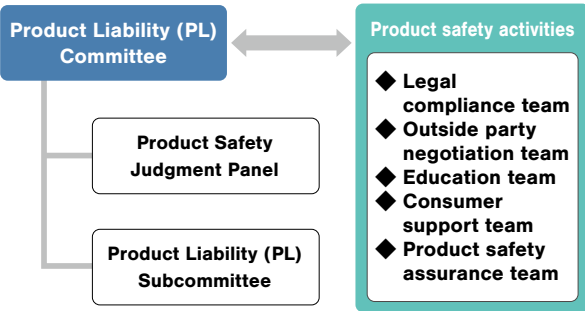
The Safety, Environment and Quality Assurance Department, established within the Head Office Technology Division in April 2023, works to strengthen our quality control system. By setting up a company-wide system to deal with major quality problems under the leadership of the Technology Division, we will create a management system that integrates the mills and the head office. The Safety, Environment and Quality Assurance Department conducts regular on-site quality audits to prevent compliance violations. At overseas sales offices, too, the Technology Division will take the lead in raising quality control awareness, inspecting and

improving corrective measures, and building a system to prevent quality problems from occurring. Furthermore, all Mitsubishi Paper Mills mills have obtained ISO9001 certification and are working to continuously improve quality. Through the quality assurance of our products and services, we aim to further improve customer satisfaction, and we will continue to strive to maintain and improve the quality of our products.



Product Safety Control System

In order to actively promote specific product safety activities, we have established a Product Safety Judgment Panel and a Product Liability (PL) Subcommittee as specialized organizations within the Product Liability (PL) Committee. We exercise strict management in accordance with product safety regulations. In addition, we promptly obtain information on new laws and regulations as well as toxicity information, and conduct constant safety inspections of chemical substances to ensure the safety of the raw materials we use.



Communicating with customers

In the Mitsubishi Paper Mills Group, the sales, R&D, production, and technology departments work as one to provide products that satisfy customer needs. Technical and production staff accompany sales activities to hear customer feedback, and as a corporate group that is always at the forefront of technology, we strive to create products that are useful to the world. In order to facilitate the communication with customers, we actively participate in exhibitions.



Exhibited content: Textile prints, sublimation transfer paper



Exhibited content: Functional nonwoven fabric (PET nonwoven fabric, polyolefin nonwoven fabric)

Encouraging a 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 the Chemical Substance Management Guidelines and the 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 products that are environmentally friendly, safe, and reliable.

Social Contribution Activities/Initiatives in Local Communities

The Mitsubishi Paper Mills Group aims to grow together with communities and has formulated its Social Contribution Activities Policy to proactively interact with communities through its business activities. Through activities such as those conducted by the Ecosystem Academy (see page 56), 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.



Scan here for the reference site
**Social Contribution -
Direction of Activities**

Braille Calendars

Traffic Safety Reader for Mothers and Children

The Hachinohe Mill donated 2,200 copies of “Traffic Safety Reader for Mothers and Children” to the Hachinohe District Traffic Safety Association to help prevent traffic accidents among new schoolchildren. They were distributed to new first graders at 59 elementary schools in six municipalities: Hachinohe, Hashikami, Gonohe, Oirase, Rokunohe, and Shingo. Donations have been made almost every year since 1969, and a total of 233,560 copies have been donated.



"Traffic Safety Reader for Mothers and Children" donation ceremony

Braille Calendars

We began producing Braille calendars in 1997, with the 2024 edition marking the 28th year of this effort. We donate the calendars to local social welfare organizations and Braille libraries mainly through our business sites. We use embossed braille that does not use plastics, and we use ecofriendly FSC®-certified paper that can be recycled after use.



Braille Calendar (2024 edition)

Community Cleanup Activities

All of our business sites regularly undertake beautification and cleanup activities in their surrounding areas to promote efforts in developing comfortable urban environments together with local communities.



Kitakami Mill: "Kitakami River basin cleanup campaign"



Takasago Mill: Participation in "Operation Cleanup"



Toho Tokushu Pulp Co., Ltd. Oyama Mill: "Green and Light Fostering System"

Scene from
cleanup campaign



Cleaning activities
Watch the video here

Fair Business Practice

Ensuring Fair Trade

We promote business activities with an emphasis on legal compliance based on the belief that it is through fair and friendly competition and providing valuable technology that we can truly be worthy of trust. We have updated our “Antimonopoly Act Compliance Manual to deepen the understanding of the purposes and provisions of the Antimonopoly Act and its complementary laws, such as the Subcontract Act and the Premiums and Representations Act.

In addition, we have endorsed the purpose of the “Declaration of Partnership Building” by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations, and announced our participation in the “Declaration of Partnership Building” portal site on March 17, 2022.

What is the “Declaration of Partnership Building”?

①Coexistence and co-prosperity across the supply chain and new collaboration going beyond scale and affiliation

②Observance of desirable business practices (Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) between the parent company and subcontractors

Preventing Corruption

The Mitsubishi Paper Mills Group Compliance Conduct Standards prohibit the entertaining of or giving of gifts to civil servants and the provision of benefits to officials in foreign governments and public organizations, to avoid any business activities that could result in social corruption.

We also created guidelines for business entertainment and gift-giving to strengthen internal discipline regarding the provision and receipt of benefits, to prevent ambiguous relationships in dealings with other private sector parties.

Disavowal of Organized Crime Groups


The Mitsubishi Paper Mills Group maintains a resolute stance against organized crime groups that threaten social order and safety. This stance is set forth in the Mitsubishi Paper Mills Group Compliance Conduct Standards. We also carry out compliance education and ensure that executives, employees, and other company

personnel are fully aware of our policies. In addition, we have also implemented a search system that uses an external database and that enables us to mitigate the risk of inadvertently forming ties with organized crime groups.

Promoting Social Responsibility in the Value Chain

We aim to establish business relationships of mutual prosperity based on the belief that all suppliers involved in procuring raw material and similar operations in order to provide competitive products. To ensure that we conduct ourselves responsibly and ethically, and that suppliers take a similar business stance in practicing fair transactions, we have established our Basic Policy on Materials


Procurement and our Approach to the Protection and Cultivation of Forest Resources and Wood Procurement and Products, which lay out our basic approach to raw material procurement. We are also working to promote social responsibility among our suppliers through means such as regular questionnaire surveys.



Scan here for the reference site
Raw material procurement

Sustainable Procurement of Raw Materials

The Mitsubishi Paper Mills Group uses forest resources effectively and efficiently through the procurement of wood chips, the main raw material for paper, and practices responsible procurement by only purchasing raw materials produced from properly managed forests.



Scan here for the reference site

Basic Policy on Materials Procurement

FSC® forest certification system

FSC® Forest Certification assesses and certifies responsible forest management from economic, environmental and social perspectives. It aims to ensure that the world's forests are kept healthy by labeling wood and wood products sourced from responsibly managed forests and products made with other low-risk wood. In 2001, our Hachinohe Mill became the first paper mill in Japan to obtain CoC certification (certification related to the management of processing and distribution processes) and began producing FSC®-certified paper. Since then, we have successively acquired CoC certification at our domestic factories and have expanded the variety of certified products. We are also working to

obtain FM certification for company-owned forests in Japan, and have obtained forest certification for company-owned forests in Iwaizumi Town, Iwate Prefecture, Shichinohe Town, Aomori Prefecture, and Saigo Village, Fukushima Prefecture. The Vancouver Declaration for the UN SDGs and FSC® Certification was announced at the Forest Stewardship Council (FSC®) General Assembly in 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.



Method for Verifying Legal Compliance and Sound Management

We have confirmed that all wood chips and wood pulp came from forests that were legally and appropriately managed, using one of the following methods:

- ① Certification using the forest certification system and CoC certification system (FSC® Certified Wood, FSC® Managed Wood)

② Demonstration of proprietary initiatives by individual companies or organizations (controlled wood)

For ②, we verify that wood is controlled in accordance with the FSC® Requirements for Sourcing Controlled Wood (FSC®-STD-40-005). The verification method conforming to these requirements is shown on the right.

Collection of information concerning wood chips and pulp

Understand the place of origin, wood type, forest management methods, etc. through 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

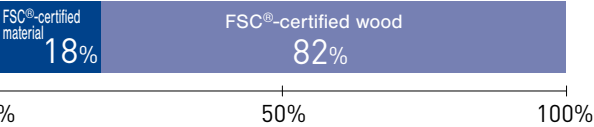
Risk evaluation(taking measures to mitigate risk when necessary)

Assessment and verification that the place of origin is low-risk in terms of (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) Conversion of natural forests to forests and non-forest uses
(E) Wood from forests in which genetically modified trees are planted
Receiving audits of risk assessment results by an FSC®certifying body

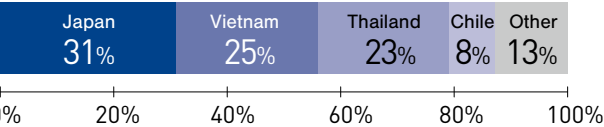
Raw Wood Procurement in FY 2023

We verified that all wood chips and wood pulp procured in FY2023 came from forests that were legally and appropriately managed. Industry average of domestic materials ratio in 2023: 26.7% (Source: Japan Paper Association materials)

Types of raw wood



Countries that produce raw wood chips



Building a foundation
for value creation

Governance
Corporate Governance



Scan here for the reference site

Corporate Governance

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Corporate Governance as a Management Foundation

Basic concept

Mitsubishi Paper Mills’ corporate activities are based on its corporate philosophy: “Earning the trust of customers in the global market”, “Always be on the leading edge of technology”, and “Contributing to the global environmental conservation and a recycling-based society”. Based on this philosophy, the Group pursues

corporate group management that values sustainable growth (sustainability) of our company and society, works to enhance management transparency, and boost corporate governance, all to achieve the sustainable growth of the Group and the medium- to long-term improvement of its corporate value.

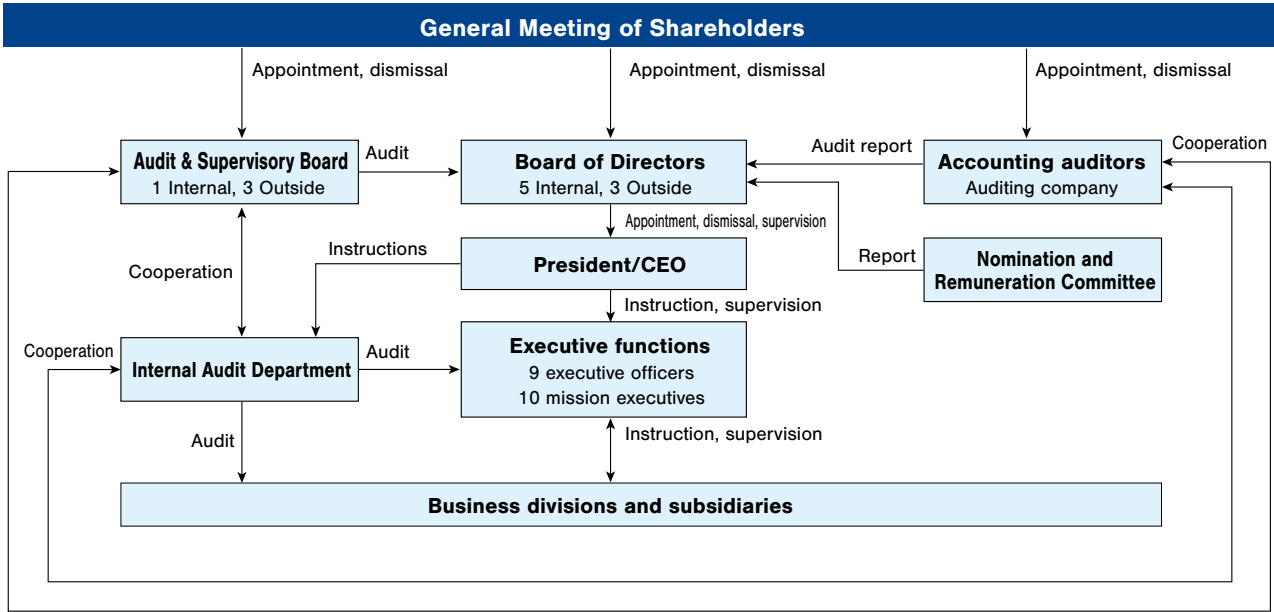
Corporate Governance Framework

Our company has designated an independent company with an Audit & Supervisory Board as its organizational design. We have appointed three independent outside directors, accounting for more than one third of the Board of Directors, to create a system that allows the Board of Directors to adequately fulfill the roles required of it. We 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 on management, and define responsibilities for business execution. 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.

In addition to regular monthly Board of Directors meetings, special Board of Directors meetings are held as necessary to make decisions and supervise matters

concerning those outlined by laws, regulations, and the Articles of Incorporation, as well as the execution of significant business. Our Audit & Supervisory Board, which also includes outside Audit & Supervisory Board members, holds meetings periodically and as needed. As a general rule, we hold a management meeting once a week with executive officers and other executives to discuss management policies, management strategies, and basic business strategies. We make quick and optimal decisions, ensure group governance, discuss group strategies, and share important information.

In terms of business execution, we have adopted a division system, and we aim to strengthen our business execution system by giving each business division responsibility for earnings and authority. The scope of the organization’s responsibilities is clarified through the division of duties regulations, and decisions are made appropriately based on the rules of the Board of Directors, its bylaws, and other company rules.



Nomination and Compensation Committee (Advisory body to the Board of Directors)

In order to ensure the propriety of the appointment of officers and the determination of compensation, we have established a voluntary Nomination and Remuneration Committee and have established procedures for the committee to consider in advance any proposals that

are to be deliberated by the Board of Directors. The Nomination and Remuneration Committee is comprised of two independent outside directors and two representative directors, with an independent outside director serving as the chair.

Members of the Nomination and Remuneration Committee (FY2024)			
Representative Director		Independent Outside Director	
Representative Director Kisaka	Representative Director Sanada	Outside Director Kataoka (Chair)	Outside Director Watanabe

Chairs are appointed from independent outside directors

Main roles and authority of the Nomination and Remuneration Committee
<ul style="list-style-type: none">■ Examining the appropriateness of the following proposals to be deliberated by the Board of Directors and reporting the results of the examination<ul style="list-style-type: none">• Nomination of director and auditor candidates• Appointment and dismissal of those in positions such as executive officers• Policy regarding executive compensation• Details of individual compensation■ Discussion and examination of CEO succession planning

About the appointment and dismissal of directors

The Basic Corporate Governance Policy stipulates that the Nomination and Remuneration Committee will consider the appropriateness of nominations for director and auditor candidates, appointment and dismissal of representative directors, executive directors, and executive officers, and will report to the Board of Directors.

From the perspective of diversity & inclusion, we appointed women in outside director and Standing Audit & Supervisory Board member positions in FY2023, and a woman for executive officer in FY2024.

About executive compensation

The Basic Corporate Governance Policy stipulates that the Nomination and Remuneration Committee will consider the appropriateness of the policy regarding executive remuneration along with the content of individual compensation, and will report to the Board of Directors.

We have operated the committee in this way since its establishment, and in 2021 introduced a performance-linked stock compensation system. Furthermore, we are revising the system to ensure than incentives work appropriately, such as by refining the system to make it more appropriate and in line with actual circumstances.

Standard composition ratio of performance-linked stock compensation

Category	Monetary compensation	Stock compensation		Total
	Fixed	Fixed	Performance-linked	
Director, Executive Officer (Excluding outside/part-time, etc.)	75%	12.5%	12.5%	100%
Outside/Part-time Directors	100%	—	—	100%

Directors and Audit & Supervisory Board Members

Directors



President /CEO
Representative Director
Ryuichi Kisaka



Representative Director
Senior Executive Vice President
Shigeharu Sanada
In charge of the Corporate Governance Division
Strategy Planning Division General Manager
Director responsible for Sustainability Promotion



Director
Managing Executive Officer
Yuji Takagami
Sustainable Fiber Materials Business General Manager
President, Mitsubishi Oji Paper Sales Co., Ltd.



Director
Managing Executive Officer
Kunihiro Nakagawa
Functional Materials Business General Manager
In Charge of Research and Development Division
In Charge of Germany Business, Fuji Mill Manager



Director
Managing Executive Officer
Kazuhiro Nakauchi
Technology Division General Manager, Research and Development Division Deputy General Manager
President, Mitsubishi Paper Engineering Co., Ltd.



Outside Director
Yoshihiro Kataoka
Partner Chief, Kataoka & Kobayashi LPC
Attorney



Outside Director
Atsuko Watanabe
Watanabe Sogo Law Office
Attorney



Outside Director
Soichi Nadahara
Former Chief Technology Officer (CTO) of SCREEN Holdings Co., Ltd. Managing Director

Main knowledge, experience, and abilities of individual directors

Name	Characteristic	Corporate Management	Finance/Accounting	Manufacturing/Technology/R&D	Business/Sales	Human Resources/Labor Affairs	Purchasing/Procurement	International	Legal Affairs/Compliance	ESG
Ryuichi Kisaka	Internal	●	●	●	●			●		●
Shigeharu Sanada	Internal	●	●			●	●	●	●	●
Yuji Takagami	Internal			●	●					
Kunihiro Nakagawa	Internal			●	●					
Kazuhiro Nakauchi	Internal			●						●
Yoshihiro Kataoka	Outside								●	
Atsuko Watanabe	Outside					●			●	
Soichi Nadahara	Outside	●		●				●		

Audit & Supervisory Board Members



Full-time Audit & Supervisory Board Member
Yasuyuki Kusuda



Full-time Audit & Supervisory Board member, Outside Audit & Supervisory Board member
Nobuko Otsuka
Former Full-time Audit & Supervisory Board Member of Oji Holdings Corporation



Outside Audit & Supervisory Board Member
Hiroaki Tonooka
Former Director and Executive Vice President of Meiji Yasuda Life Insurance Company



Outside Audit & Supervisory Board Member
Satoshi Takizawa
President and Chief Executive Officer of Mitsubishi UFJ Trust Business Co., Ltd.

Outside officers

Director

Yoshihiro Kataoka (Born July 30, 1954)

April 1980	Registered as an attorney-at-law
April 1983	Hosoda and Kataoka Law Office
September 1984	Chief, Yoshihiro Kataoka Law Office
June 1990	Partner Chief, Kataoka & Kobayashi LPC. (to present)
June 2010	Supervisor, Comforia Residential REIT, Inc.
June 2011	Outside Audit & Supervisory Board Member, The Higo Bank, Ltd.
March 2013	Outside Audit & Supervisory Board Member, Silis Holdings Co., Ltd. (current Silis Co.)
April 2014	Outside Audit & Supervisory Board Member, Casa Inc.
June 2019	Outside Director, MPM (to present)
June 2021	Outside Director, Higo Bank, Ltd. (Audit & Supervisory Committee Member)
July 2022	Supervisor, SHIMIZU PRIVATE REIT, Inc. (to present)

Important positions concurrently held at other companies, etc.	Partner Chief, Kataoka & Kobayashi LPC Supervisor, SHIMIZU PRIVATE REIT, Inc.
Board of Directors meetings attendance	Board of Directors meetings:100%(16/16)

Director

Soichi Nadahara (born December 2, 1957)

April 1986	Joined Toshiba Corporation
April 2001	Group Manager, Processing Technology Promotion Center, Semiconductor Equipment Company, Toshiba Corporation
April 2004	General Manager, Technical Administrative Division, Semiconductor Equipment Company, Dainippon Screen MFG. Co., Ltd. (hereinafter "DS")
October 2004	Vice President, Semiconductor Equipment Company and General Manager, Technical Administrative Division, DS
April 2006	Vice President, Semiconductor Equipment Company and Corporate Officer, DS
April 2011	Vice President, Semiconductor Equipment Company and Senior Corporate Officer, DS
April 2013	Senior Corporate Officer, Chief Technology Officer (CTO), General Manager, Technological Development Center, DS
June 2014	Managing Director, CTO, DS
October 2014	Managing Director, CTO, SCREEN Holdings Co., Ltd. (hereinafter "SH")
April 2021	Managing Director, Senior Fellow, SH
June 2021	Senior Fellow, SH
April 2023	Advisor, SH (to present)

Important positions concurrently held at other companies, etc.	Visiting professor, Nagoya University Associate professor, Kyoto University of Advanced Science
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Audit & Supervisory Board Member

Hiroaki Tonooka (Born January 23, 1953)

April 1976	Joined Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company) (hereinafter "MY")
July 2005	Director, General Manager, Corporate Market Development Department, MY
December 2005	Director, MY
April 2006	Senior Managing Director, MY
July 2006	Managing Executive Officer, MY
April 2008	Senior Managing Executive Officer, MY
July 2012	Director and Executive Officer, Vice President, MY
June 2014	Outside Corporate Auditor, Nippon Kayaku Co., Ltd.
April 2016	Director, MY
June 2016	Outside Audit & Supervisory Board Member, MPM (to present)
July 2016	Advisor, MY
May 2022	Director and Councilor, The Kitasato Institute Councilor, Japan College of Social Work (to present)

Important positions concurrently held at other companies, etc.	Director and Councilor, The Kitasato Institute Councilor, Japan College of Social Work
Board of Directors and Audit & Supervisory Board meetings attendance	Board of Directors meetings:100%(16/16) Audit & Supervisory Board meetings:100%(17/17)

Director

Atsuko Watanabe (Born February 3, 1964)

April 1996	Registered as an attorney-at-law and joined Nagaishi Law Office
August 2010	Watanabe Atsuko Law Office (current Watanabe General Law Office) (to present)
June 2021	Outside Director, Hokkan Holdings Limited (to present)
June 2023	Outside Director, MPM (to present)

Important positions concurrently held at other companies, etc.	President, Watanabe General Law Office Outside Director, Hokkan Holdings Limited
Board of Directors meetings attendance	Board of Directors meetings:100%(12/12)

Full-time Audit & Supervisory Board Member

Nobuko Otsuka (Born September 15, 1961)

April 1985	Joined Tokyo Regional Taxation Bureau
March 2006	Joined Tohmatsu Tax Co. (current Deloitte Tohmatsu Tax Co.)
January 2016	Joined Oji Management Office Inc.
April 2018	General Manager, Internal Audit Dept. and General Manager, Compliance Dept., Corporate Governance Division, Oji Holdings Corporation
June 2019	Full-time Audit & Supervisory Board Member, Oji Holdings Corporation
June 2023	Full-time (outside) Audit & Supervisory Board Member, MPM (to present)

Important positions concurrently held at other companies, etc.	—
Board of Directors and Audit & Supervisory Board meetings attendance	Board of Directors meetings:100%(12/12) Audit & Supervisory Board meetings:100%(13/13)

Audit & Supervisory Board Member

Satoshi Takizawa (Born June 21, 1961)

April 1984	Joined Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation (hereinafter "MUTB"))
June 2010	Executive Officer and General Manager of Financial Planning Department, Mitsubishi UFJ Financial Group, Inc. and Executive Officer, MUTB
June 2012	Executive Officer, General Manager, Corporate Planning Dept., MUTB
June 2013	Managing Executive Officer, MUTB
June 2016	Senior Executive Officer, MUTB
April 2019	President and Chief Executive Officer, Mitsubishi UFJ Trust Business Co., Ltd. (to present)
June 2021	outside Audit & Supervisory Board Member, MPM (to present)

Important positions concurrently held at other companies, etc.	President and Chief Executive Officer, Mitsubishi UFJ Trust Business Co., Ltd.
Board of Directors and Audit & Supervisory Board meetings attendance	Board of Directors meetings:100%(16/16) Audit & Supervisory Board meetings:100%(17/17)

Assessments of the Board of Directors Effectiveness

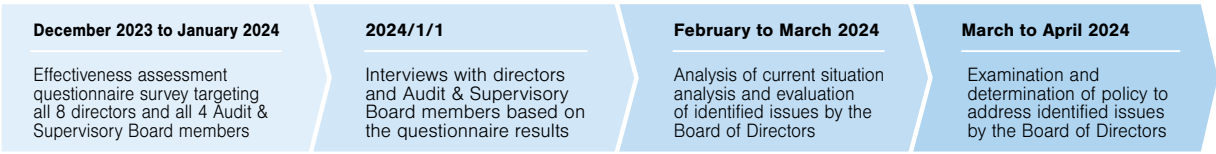
The Board of Directors conducts questionnaires and interviews for directors and Audit & Supervisory Board members to analyze and evaluate the effectiveness of the Board of Directors as a whole. The results of the questionnaire are then discussed at Board of Directors meetings. An overview is as shown below. In addition to sharing current understanding, the Board of Directors will continually work to improve its effectiveness through initiatives that contribute to identification of issues and to demonstration of the functions of the Board of Directors.

FY2023 General Evaluation

As a result of the evaluation from the perspectives of the Composition of the Board of Directors, the Operation of the Board of Directors, and the Functions of the Board of Directors, this company's Board of Directors has been able to appropriately fulfill its expected roles and functions. Furthermore, since a certain degree of improvement has been made with regard to the issues identified in the previous year's evaluation, it can be said that the effectiveness has been ensured.

① Composition of the Board of Directors	Given the current size of this company, the Board of Directors has an appropriate number of members to carry out its functions, and each member generally possesses sufficient skills. The composition ratio of internal and outside officers can also be considered appropriate, and we further evaluate discussions as energetic. We further see that, with the appointment of women to director and Audit & Supervisory Board member positions from outside the company, diversity has progressed particularly in terms of gender diversity. Looking ahead, there is a need to develop executive human resources, including women, through the development of internal executive training systems.
② Operation of the Board of Directors	The frequency of meetings, the management of proceedings, and tracing of items to be resolved are generally being carried out appropriately. In particular, the establishment of the outside officer management briefing sessions from April 2022 is evaluated as having contributed to improving the system of information sharing with outside officers and to enhancing the quality of deliberations and energizing discussions in Board of Directors meetings by drawing on the knowledge and experience of outside officers. To further demonstrate the functions of outside officers, it is necessary to increase study sessions on business and R&D issues and themes, as well as opportunities for outside officers to participate as observers in internal meetings. Issues have been raised calling for further improvements in sharing discussion items at internal meetings with outside directors and methods for monitoring important medium- to long-term projects.
③ Functions of the Board of Directors	Continuing from the previous year, monitoring of the status of business execution by executives, mutual monitoring of directors, and governance regarding remuneration are functioning appropriately. On the other hand, it was recognized that there is a need to expand discussions on achieving sustainability management that contributes to increasing corporate value and discussions that fully take into account stakeholder perspectives. In particular, although the Board of Directors examines management with awareness of capital costs and stock price from the standpoint of investors, further deepening of discussions and easily understood disclosure are required. With regard to human resources strategy, there is shared recognition of this as a key matter. However, comprehensive discussions based on the overall picture are insufficient, and there is a need to clarify the skills required for future business strategies and to hold active discussions from the perspective of management strategy.
④ Other	There is also a need to deepen discussions within the Board of Directors on IR activities as a company listed on the Prime Market, as well as on ways to deepen the sharing of issues among Directors. There is also a need to further invigorate Board of Directors meetings by setting up opportunities for exchanges of opinions off-site, separate from Board of Directors meetings that must conduct deliberations of numerous topics.

Evaluation process



- Evaluation items**
- ① Composition of the Board of Directors (Number of members, skills possessed, diversity)
 - ② Operation of the Board of Directors (Meeting frequency, proceedings, materials, information provision system)
 - ③ Functions of the Board of Directors (discussions in Board of Directors meetings, status of execution of work, mutual supervision of directors, committee functions)
 - ④ Other (status of improvement of issues identified in the previous fiscal year's effectiveness assessment)

Improvement status of issues identified in the previous year's effectiveness evaluation

Based on the above assessment, the issues identified in the previous fiscal year's effectiveness assessment ((1) monitoring the medium-term management plan, (2) setting effective KPIs, (3) deepening discussions on sustainability issues, (4) enhancing discussions on human resources strategies, and (5) further strengthening the information provision system) are evaluated as follows.

① Monitoring the medium-term management plan ② Setting effective KPIs	Quantitative KPI monitoring is carried out appropriately every month and efforts for improvement are being made, but the setting and verification of KPIs for medium-term management issues that should be addressed other than as indicators is an issue for the future.
③ Deepening discussions on sustainability issues	While results of sustainability promotion activities and materials on priority issues are covered and discussions with sustainability in mind have progressed, there remains a need for improvement in further discussions aimed at enhancements in substantive terms, such as interim progress in the execution of measures and risk awareness at planning stages.
④ Enhancing discussions on human resource strategies	In addition to examination and development of human resource development programs, engagement surveys have been proposed as a measure. As of the time of the evaluation, however, all are in the process of development of programs or analysis of survey results, and further efforts are required for discussion and verification based on these measures. Following the presentation of an overall picture for human resources strategy, there remains a need to strengthen executive human resources development measures (including for women), particularly as described in the FY2023 overall evaluation (1),
⑤ Further strengthening the information provision system	Efforts have been made to improve the information provision system for key matters through regular management briefings for outside officers, and the provision of materials is also being conducted earlier. Regarding explanations of industry terms and other matters contained in the materials, we will continue to provide supplementary explanations to outside directors as necessary.

Extracted issues and initiatives

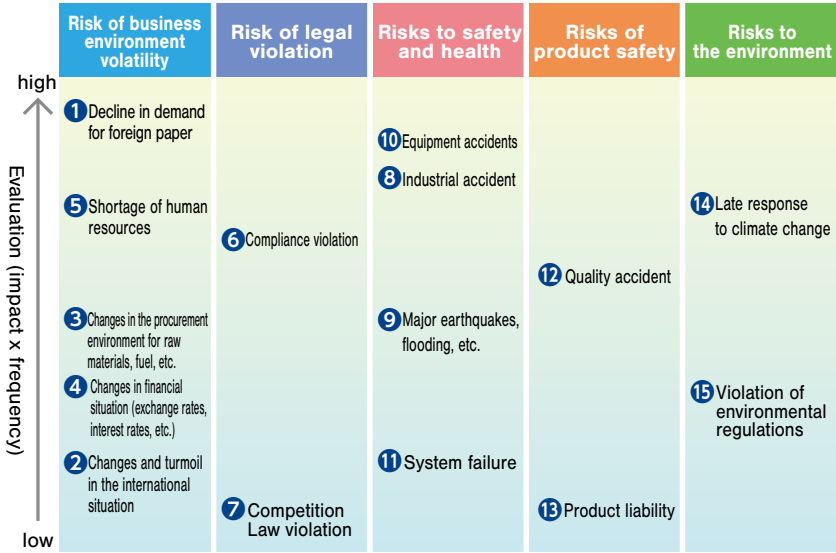
Based on the results of the evaluation above, we will identify the following issues to improve corporate value and further demonstrate the functions of the Board of Directors, and we will proceed with initiatives.

- ① Monitoring the medium-term management plan and discussing the formulation of the new medium-term management plan
- ② Deepening discussions on sustainability issues
- ③ Enriching discussions on human resource strategies

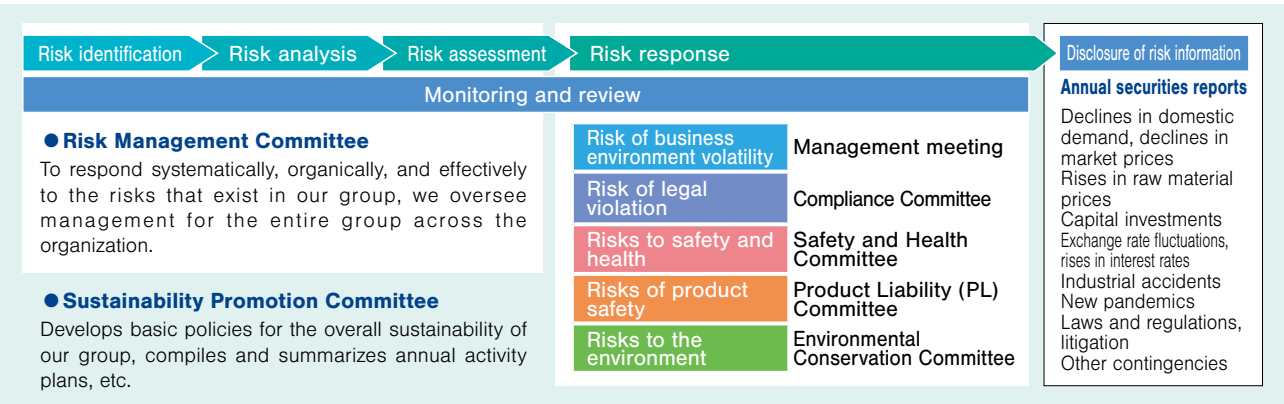
Risk Management

Under our sustainability promotion structure, the Risk Management Committee placed under the General Affairs Department oversees risk management for the group as a whole. Head Office departments, committees, and workplaces undertake varied risk management strengthening measures, such as the development of rules and manuals to address risks, the construction of prevention systems and related training, and the formulation of measures to prevent recurrence of issues.

Risk Map



Risk Management System



Risks and countermeasures identified by departments are compiled into a risk management table, deliberated by the Risk Management Committee, and put into practice. The committee regularly checks progress and reviews results to enhance the effectiveness of our company-wide risk management.

Initiatives for major risks

Classification	Principal risk contents	Countermeasures
Risk of business environment volatility	1 Decline in demand for foreign paper	● Transforming the business portfolio ● Switch to non-foreign pulp, wrapping paper, etc.
	2 Changes and turmoil in the international situation	● Diversification (expansion) of buyers and procurement sources ● Securing of alternate routes
	3 Changes in the procurement environment for raw materials, fuel, etc.	● Promotion of multi-source purchasing ● Consideration of alternative raw materials ● Enhancement of yields and energy intensity
	4 Changes in financial situation (exchange rates, interest rates, etc.)	● Planning of flexible sales and export strategies with exchange rates in mind ● Reduction of interest-bearing debt and diversification of funding sources
	5 Shortage of human resources	● Review of personnel systems, including work style transformation ● Creation of systems with integrated flow of recruitment, training, and performance ● Enrichment of training
Risk of legal violation	6 Compliance violations	● Ongoing implementation of compliance education ● Thorough education on internal whistleblowing system
	7 Competition Law violations	● Development of Antimonopoly Law compliance manual ● Ongoing implementation of compliance education

Classification	Main Risks	Countermeasures
Risks to safety and health	8 Industrial accidents	● Horizontal communication of information on accidents at other mills and other companies ● Inspection of accident reports from a technical perspective and planning of measures to prevent recurrence
	9 Major earthquakes, floods, etc.	● BCP formulation ● Cultivation of disaster prevention awareness, implementation of accident prevention drills, sharing of accident prevention information
	10 Equipment accidents	● Securing of equipment, materials, and spare supplies ● Prioritized aging equipment renewal plans ● Horizontal communication of incident cases ● Strengthening of accident prevention education and maturing of company culture
	11 System failure	● Strengthening of firewalls and other security measures ● Awareness raising and training
Risks of product safety	12 Quality incidents	● Horizontal communication of quality complaints ● Quality auditing ● Communication and sharing of information on status of quality troubles and on recurrence prevention measures in company-wide quality meetings
	13 Product liability	● Auditing of quality control status ● Regular meetings of Product Liability (PL) Committee and subcommittees
Risks to the environment	14 Late response to climate change	● Energy saving promotion ● Reduction of minimum output of coal boilers ● Fuel conversion from coal, setting of CO ₂ reduction targets
	15 Violations of environmental regulations	● Horizontal communication of information on accidents at other mills and other companies ● Compilation of past environmental troubles and implementation of environmental measures prioritized over the medium- to long-term

Compliance

To remain a company that earns and lives up to the trust of society, we make efforts to foster a corporate culture that focuses on compliance, promotes integrity, and enhances the awareness of executives and employees. We value not only compliance with laws and regulations but also conduct that upholds high ethical standards and integrity, as we aim to deepen the trust of stakeholders and achieve sustainable growth.

Code of Conduct

Our basic principles for the activities of the group has been formulated and upheld as "the Code of Conduct of the Mitsubishi Paper Mills Group". This applies to all executives and employees of the Mitsubishi Paper Mills Group, and serves as a guideline for daily activities.



Training Regarding Compliance

In FY2023, we held discussions on ways to eradicate harassment at all workplaces, targeting all employees of our group companies in Japan. A total of 2,893 people participated. In FY2024, we are conducting company-wide training on topics including data falsification.

Compliance promotion leader training

Our group has appointed 14 compliance promotion leaders (as of September 2024) who are responsible for compliance across the group and regularly hold study groups aimed at enhancing compliance. We are working to enhance compliance through means such as training sessions held by outside auditors in March 2024.

Internal Whistleblowing System

Our group has established internal and external hotlines for use by officers and employees in the group in Japan, including part-time employees, temporary employees, and employees retired within the past year. Reports to the hotline are through a system we have in place that allows direct reporting to the company's Internal Audit Department or an external specialist company, and this ensures that information is communicated to top management in strict confidentiality. In addition, the whistle-blowing status is checked at the regularly held meeting of the Compliance Committee, and reported to the Board of Directors.

Conducting human rights due diligence

Based on our group's Human Rights Policy, the Mitsubishi Paper Mills Group implements human rights due diligence to check and advance our human rights situation. We checked the human rights situation of parties inside and outside the company in 2023, and are enacting necessary measures such as repeat investigations and human rights promotion to address any recognized concerns.



Stakeholder Engagement

The Mitsubishi Paper Group will contribute to the development of the market and society by quickly responding to changes in the business environment and by foreseeing future changes and taking bold action.

As a good corporate citizen, we strive to contribute to the advancement of local communities and to continue providing products that delight our customers.


Toward that end, we will always work to maintain and develop healthy relationships with stakeholders through open and fair communication with communities.




Stakeholders	Involvement with stakeholders	Means of engagement
Customers	We provide safe, secure, and high-quality products and services that meet the trust placed in us by our customers. Through communication with customers, we engage in the development of products and services that contribute to solving customers' issues. We will also undertake the creation of sustainable products together with customers to meet the diverse demands and expectations of global markets.	<ul style="list-style-type: none">Business activitiesExhibitionsWebsite (products information, consultation desk, service information)
Suppliers	Our company engages in responsible procurement based on our Basic Material Purchasing Policy, with the aim of realizing a sustainable society across the supply chain. We believe that building strong partnerships with suppliers is vital in achieving this. By striving to gain understanding of our approach to procurement and by checking on the status of our initiatives through sustainable procurement questionnaires, interviews, and other means, we work as one with suppliers in the pursuit of more sustainable procurement.	<ul style="list-style-type: none">Purchasing activitiesExplanation of the Basic Policy for Materials Procurement to suppliersSustainable procurement questionnaires for suppliers
Shareholders and other investors	We engage in fair, equitable, and transparent disclosure of information in a timely and appropriate manner. Through dialogues with shareholders and investors, we also will strive to gain deep understanding of our management policy and business. We sincerely consider feedback received, strive to incorporate this into management and improve our information disclosure, and aim to enhance our corporate value.	<ul style="list-style-type: none">Financial results briefingsMedium-term management plan briefing sessionsGeneral Meetings of ShareholdersWebsite (Investor relations, video gallery)Publication of Integrated ReportExchange of IR information
Local communities	As a member of our local communities, we want to engage in multifaceted corporate activities that meet the expectations of community members while conducting business normally and stably at all workplaces and contributing to the advancement of regions through our business. We actively create opportunities for communication as we seek to help create sustainable and prosperous local communities built on relationships of trust through mutual understanding.	<ul style="list-style-type: none">Workplace toursExperiential forest environmental learningCommunity event participation, sponsorship, and implementationLocal environmental conservation and other volunteer activities by employees
Employees	We are revising our personnel system and implementing various personnel policies so that each employee can demonstrate their diverse capabilities and work with a sense of security and enthusiasm. We place importance on opportunities for dialogue and make efforts to attentively hear out individuals' opinions.	<ul style="list-style-type: none">Dialogues with labor unions, in-house newsletterWork engagement surveysCompany management policy briefingsEstablishment of internal whistleblower line

Information Disclosure and Public Relations

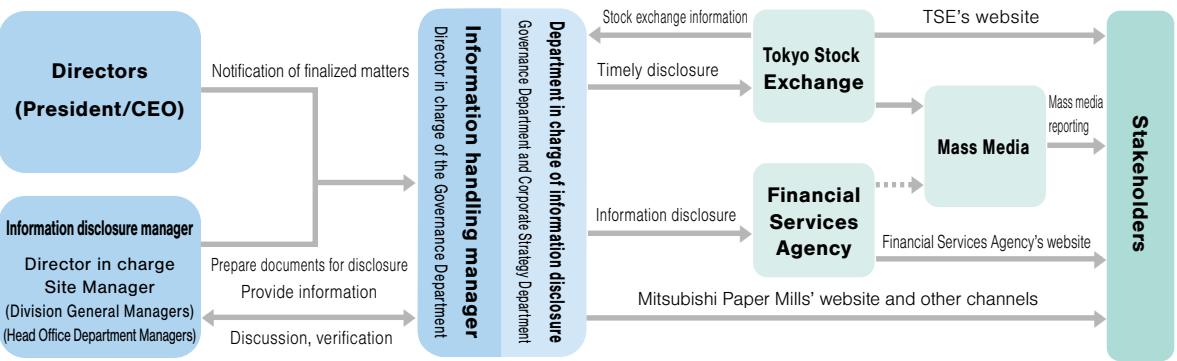
The Mitsubishi Paper Mills Group expresses our commitment to transparency in business activities in the Mitsubishi Paper Mills Group Code of Conduct. We have prepared and released a Disclosure Policy based on the Code of Conduct, and have declared our intent to conduct appropriate and timely disclosure of corporate information. We have also established Information Disclosure Regulations to ensure that stakeholders receive accurate, timely, and fair disclosure of information on a continuous basis. Our Public Relations and General Affairs Office conducts regular public relations sessions and manages the disclosure of information concerning our group. In the interest of fair disclosure, we also disclose financial result briefing materials concurrently with the briefings.

 Scan here for the reference site

Disclosure Policy



Information Disclosure System




Communication


Establishment of the Mitsubishi Paper Mills Nissy-Kassy Forest Program

To thank our shareholders for their ongoing support, to deepen their understanding of our group's sustainability promotion activities and business activities that produce high-quality paper material products from the bounty of the forest, and to gain their aid with these activities, in September 2023 we established the participatory Nissy-Kassy Forest Program for tree planting and other experiences.




 Scan here for the reference site

Notice of creation of the program




IR Information Website

Our website contains an investor relations information section. This section disseminates information in a timely manner, including earnings highlights, an IR calendar, General Meeting of Shareholders-related materials, stock information, and an IR library with annual business reports, medium-term management plans, earnings briefings, securities reports, historical financial data, and earnings reports.

 Scan here for the reference site


Investor Relations







Video Gallery

In order to help people better understand our products and our efforts to contribute to a green society, we have launched the "Mitsubishi Paper Mills Official Channel Green Webcast". With the theme of "Green", we introduce a wide range of information, including the state of our company-owned forests, our products, and events. Please be sure to subscribe to our channel.


Mitsubishi Paper Mills Limited Official Channel
We would like to introduce this video to all stakeholders to help them understand our group.

 YouTube channel

Mitsubishi Paper Mills Limited Official Channel





To achieve medium- and long-term growth
What Corporate Governance Should the Mitsubishi Paper Mills Group Practice?

Discussion 1
Outside Director Roundtable Discussion

Creating an organization with a firmly rooted corporate philosophy
Outside Director Yoshihiro Kataoka × Outside Director Atsuko Watanabe × Outside Director Soichi Nadahara

Discussion 2
Outside Audit & Supervisory Board Member Roundtable Discussion

Defensive governance is the key to growth
Outside Audit & Supervisory Board Member Hiroaki Tonooka × Outside Audit & Supervisory Board Member Satoshi Takizawa × Full-time Audit & Supervisory Board member, Outside Audit & Supervisory Board member Nobuko Otsuka



Outside Director

Yoshihiro Kataoka × Atsuko Watanabe × Soichi Nadahara

Creating an organization with a firmly rooted corporate philosophy

As a new-era paper manufacturing group contributing to a sustainable society, we will undertake further strengthening of our governance system to ensure the enhancement of our corporate value and sustainable growth.

Looking back on the medium-term management plan, what reforms have been implemented to strengthen the governance system?

Kataoka Strengthening of our governance is addressed under "Organizational reform for sustainability," one of the basic policies of the medium-term management plan. The first item of this organizational reform is the strengthening of corporate governance.

Specifically, related to the basic policy of "Selection and concentration" in the medium-term management plan, a major organizational restructuring was carried out after the current executive team was formed. In FY2022, the decision was made to transfer the business of the Flensburg Mill in Germany, which had long been an unprofitable department. Withdrawal from the business was completed in FY2023. The company transferred a portion of the business of the Shirakawa Mill to an Oji Holdings group company in FY2021 and transferred the remaining heat-resistant pressboard business to the Takasago Mill in FY2023, in an effort to boost profit through consolidation of production bases and to accelerate the development of related products. The company also carried out other reorganizations and sold off assets with low relevance to profitability and core businesses.

The company is steadily executing the medium-term management plan under this new structure, and is working to strengthen governance through other reorganizations and integrations.

Watanabe I also see the reworking of the executive officer system as a major reform that took place in the current fiscal year. The company has established a new system that divides the previous executive

officers into the position of executive officers and the new position of mission executives. Employees in this new position hold deputy posts or other positions in key organizations and play vital roles as officers in specific fields. The aim of the system is to clarify management responsibilities and speed up decision-making by narrowing down members who engage in executive decision-making as executive officers, to quickly develop them as candidates for the next level of management, such as executive officers, by appointing personnel other than executive officers as new mission executives. Although this system has only just begun, I'll be watching with anticipation to see what sort of results it will produce.

What is your assessment of these governance reforms?

Kataoka Under President Kisaka's new system, organizational transformation is being carried out at a quick pace and on an unprecedented scale. If governance reform moves forward with this same momentum, I think that unified strengthening of governance will take place throughout the company and at all group companies. Naturally, I also expect this to contribute significantly to the overall improvement of profit.

Watanabe That's right. At the latest General Meeting of Shareholders, I was told by a shareholder that "no other company has been able to achieve selection and concentration to such a degree". I was very happy as an outside director to hear that, and was reminded that this is a very encouraging management team. As Director Kataoka noted, profit is also rising steadily. I think we can anticipate further growth during the current medium-term management



Photo, from left: Atsuko Watanabe, Yoshihiro Kataoka, Soichi Nadahara

plan and in the next three years.

What are your thoughts on the duties and roles of outside directors?

Kataoka I believe that the major responsibilities of outside directors, as stated in the Companies Act, are to ensure the principle of shareholder equality and to monitor conflicts of interest.

On that point, we closely monitor the relationship with Oji Holdings Co., Ltd., a major shareholder. This is a point for close attention, as President Kisaka comes from the Oji Group. However, he has focused considerable effort on demonstrating synergies through business alliances, and I've suggested that efforts should also be made toward publicizing those effects. It's been reported that the effects of synergies have exceeded 10 billion yen since the capital business alliance was implemented in 2019.

As I believe shareholders are aware, it was the Oji Group in which the company sought support through a business alliance following continued business under-performance. This has yielded considerable synergies for both sides, but I feel that, in tangible and intangible terms combined, our group has received greater benefit than the Oji Group has.

Watanabe Taking another point of view, I see the role of outside directors as performing verification from a third-party perspective. A business entity has its own corporate culture, and numerous things viewed as normal within the entity may not seem so in the eyes of society. Many risks may be hidden in the

gap between what is normal in a company and the perception of society. Conversely, unnoticed treasures may also lie within that gap.

Mitsubishi Paper Mills is in a fortunate situation, with board members both inside and outside the company having diverse outside experience. In my work as an attorney, for many years I've addressed emergency situations including companies facing existential crises and disputes within the company or with outside parties. With this experience, I would like to contribute to the early detection and early response of risks in the company's activities during normal times, from the perspective of whether there are any unnoticed risks lurking.

Nadahara I was appointed as an outside director in the current fiscal year. Unlike Mr. Kataoka and Ms. Watanabe, who are attorneys, I come from a company that has been involved in the development of semiconductors and semiconductor manufacturing equipment for 40 years. The company is in the manufacturing industry, like Mitsubishi Paper Mills, but you deal with different products, common sense and expertise differ. I hope to combine these things effectively and look at Mitsubishi Paper Mills from a new perspective.

I'm still learning about Mitsubishi Paper Mills, but my initial impression was that the company is a very serious one in which all employees work conscientiously. At the same time, I also feel that the company could be a bit more adventurous.

Tell us about the challenges that the governance system faces heading into the next medium-term management plan.

Kataoka The Mitsubishi Paper Mills Group Corporate Code of Conduct underwent revision in March 2023. I believe that the challenge is to have the corporate philosophy, purpose, and details of management policy take root in the front lines and secondary lines of the company.

As a by-product of reorganization, some falsification of inspection data was discovered at the Shirakawa Mill. This fortunately did not affect product safety, and so did not progress to the level of a public problem. The company has taken the incident as an opportunity to set up a special investigative committee of outside experts to conduct a company-wide investigation and identify problem points. I believe that this series of tasks, too, will lead to the strengthening of governance.

Watanabe "Selection and concentration" is progressing successfully. I think that a challenge lies in completing this process and in the creation of subsequent new systems. It is vital that the company focuses its initiatives on transformation for sustainability, a basic policy of the medium-term management plan. Reorganization has progressed under President Kisaka, with major results achieved through the previous fiscal year. I recognize these achievements as due to the skill of President Kisaka, a business manager from outside the company who has made improvements in areas where the company's "normal" was actually not.

Reorganization is a matter of creating a stage, so to speak. Looking ahead, I think it will be necessary to create systems focused on the individual employees who will be active on that stage.

Nadahara I think employees also recognize that the company is undergoing dramatic change. Amid that, I think it is important that each employee is able to think of each management issue as their own.

Tell us about future initiatives to strengthen the governance system.

Kataoka While the company should enforce compliance in order to strengthen governance through the dissemination of management policies and the Corporate Philosophy into the workplace, rather than just following laws and regulations or passing them



down from the management to the workplace it is also necessary and beneficial to advance purposeful and integrity-driven management.

I recommend the practice of integrity and purpose management methods to the company's executive team. The executive department also believes that awareness of this point already exists, as seen in the revision of the Corporate Code of Conduct. However, I'm considering urging not only QC circles for quality management but also practice and execute the PDCA spiral and PDCA cycle stemming from workplaces, including governance grounded in integrity and purpose. I believe that doing so will greatly contribute to sustainability and the fostering of a positive corporate culture in a company that enjoys openness internally as well.

The Mitsubishi Paper Mills management team engages in deep study and is working to execute a variety of measures, but time is still needed for such a spirit to penetrate into the company. The accumulation of leadership from above and of discussion from below is essential.

Watanabe I know someone in his late 70s, whom I met again after a long time last year, whose father and grandfather were employees of the company and grew up in company housing where the Nakagawa Mill was located. He told me about some of his memories of living in the housing, and told me that "Mitsubishi Paper is a good company."

Mitsubishi Paper Mills should continue to be a company that earns such praise. I intend to propose that it advances its business through further efforts to create an environment in which all employees are motivated to improve their skills and enhance their awareness.

Nadahara Regarding what Ms. Watanabe said about the motivation of employees, I think there is a need to further consider about what governance is from the perspectives of manufacturing and technology development. As Mitsubishi Paper Mills is associated with technological capabilities, I think it would be good for the company to focus on compliance and governance structures that let engineers be positively involved in development and manufacturing.

The word compliance inevitably brings up an image of rigid adherence to rules. Given that, I'm considering how much flexibility we can incorporate into it while maintaining a system that does just that.

Kataoka Compliance may come from ISO9001, but in the end it's about risk control. However, ISO9001 also covers how to take advantage of opportunities. When it comes to compliance, though, people tend to think passively. I also always say that research and development demand flexibility, like the play in the steering of a car. It's not wrong to think that research and development must contribute to business performance, but a company must also have the leeway to allow researchers to do what they want to do. I think the perspective of how to link the interests of individual researchers to business performance is important for the future growth of a company.

Nadahara I think it's important that all employees thoroughly reaffirm the Corporate Philosophy once more. Meeting customer needs in the global market, always staying at the forefront of technology, and contributing to the global environment and a recycling-oriented society - I believe that only by putting these principles into practice can a company be recognized by society and generate profits. As an outside director,



I hope to contribute to creating such a company.

In closing, please speak on your aspirations as an outside director and deliver a message to our stakeholders.

Watanabe A female executive officer was appointed this fiscal year. I believe that the emergence of female executive officers from within the company will spur a change in mindset among young and mid-level employees, and will also bring about changes in the operation and management of the company from the perspective of diversity. I invite all stakeholders to watch this area with anticipation.

Nadahara In today's society, the trend is to make companies increasingly open. As societal demands become more diverse, communication with stakeholders is vital. I want to keep a close eye on this area as an outside director.

Kataoka A need to deepen IR activities was noted in the assessment of the effectiveness of the Board of Directors. I also feel a need for a bit more effort in IR activities. First, I would like to speak up within the company to suggest increasing such opportunities and more emphatically communicating resulting achievements.

Outside Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member

Full-time Audit & Supervisory Board member,
Outside Audit & Supervisory Board member

Hiroaki Tonooka × Satoshi Takizawa × Nobuko Otsuka

Defensive governance is the key to growth

Now, at a time when integrity is being emphasized in corporate activities, Mitsubishi Paper Mills is further strengthening the structure and functions of the Audit & Supervisory Board. Through effective auditing, we will promote the sound development of the organization.

The second year of the medium-term management plan has ended. What is the Audit & Supervisory Board's assessment of the year?

Tonooka In FY2023, the Audit & Supervisory Board took on a four-person structure. As I said last year, Standing Audit & Supervisory Board Member Kusuda has experience as a factory manager in a technical field, and Standing Audit & Supervisory Board Member Otsuka also serves as an auditor at another company. Part-Time Audit & Supervisory Board Member Takizawa and I come from private

companies. In auditing work in the previous fiscal year, I think we were able to make effective use of our differences in careers and experiences while leveraging our individual qualities.

Ms. Otsuka, who was appointed last year, has a particular wealth of experience as an auditor, and Mr. Kusuda is well-versed in technology and development. Opinions are now being presented from new angles. I myself am now in my ninth year as an Audit & Supervisory Board member. I feel that we have been able to have a wide variety of discussions and that

our audit work has become more fulfilling.

Takizawa I'm of the same mind. This has truly been a substantial year. With a diverse team of members, even a part-time employee like me has a better understanding of what's going on at the company and what the challenges are. The current fiscal year is a period for preparing the next medium-term management plan. I feel that the ground has been prepared for us to solidly express opinions from the independent standpoint of auditors.

The recovery in business performance under President Kisaka's leadership has also had a positive impact on the company. In the previous fiscal year the company achieved an increase in its dividend, improved employee treatment, and I feel that we have changed from a period of defensive management to one where we can think more positively about everything. The external environment remains difficult, but there are bright signs visible within the company.

Otsuka I was appointed last year in the middle of unprecedented major reorganization and management reforms within the Mitsubishi Paper Mills Group. For me, the past year was one in which we were able to draw on the knowledge of three members as a financial expert, manager, and engineer and my experience in government administration, information analysis, accounting, and internal auditing, sharing information brought in by each of us and engaging in deep discussions.

It was a very instructive experience for me, but I think the Audit & Supervisory Board was able to contribute considerably to the enhancement of governance in a dynamically changing company. At the same time, I'm also staying mindful of the next steps in advancing governance in the third year of the medium-term management plan and heading into the next management plan.

What points are you focusing on in the fiscal year ending March 2025?

Tonooka This year, the last year of the medium-term management plan, I want to pay close attention to three points.

The first is that in this fiscal year, the company is aiming for an operating income of 8 billion yen, a target that exceeds the 7.5 billion yen of the original plan. We'll see whether this can be achieved through an appropriate process. The second point is the

next medium-term management plan. The demands of shareholders, customers, employees, society, and other stakeholders are greatly diversifying, and the company must create a compelling vision while meeting those demands. The third point concerns the incident of improper conduct at a subsidiary. This is an important matter relating to the essence of governance and calls for reforms in the current fiscal year without waiting for the next medium-term management plan. We will solidly check on the progress of this.

Takizawa While the executive side oversees aspects of both offense and defense, we auditors are in a position to contribute to defensive governance. Therefore, in discussions on the next medium-term management plan, I mainly want to make suggestions regarding defensive aspects such as risk management and internal control. Defensive governance forms a base for offensive management. We will fulfill our duties as auditors so that the executive side can fully engage in business activities.

Otsuka The executive side is required to focus on increasing profit through business, but it is also necessary to improve governance and compliance to the same level. However, there is a risk that this will be overlooked as the company focuses too much on achieving its business plan. I see the mission of auditors as supporting the executive side, while asking whether the most important things in advancing the business are being forgotten. While maintaining a compassionate view of employees and other people, I want to pay close heed to how the executive side incorporates human resources investments, compliance, internal control, and other matters into its management.

What does the Audit & Supervisory Board consider to be defensive governance?

Tonooka This is the third year of the structure under President Kisaka. Major reforms have been carried out, and results are starting to appear in the numbers. However, there is little public information about how employees are feeling about the current company situation and the recent incidents. If the company can reform its culture so that all individuals can work happily while freely expressing opinions, business performance will likely grow even more. I believe that defensive governance is about people



Photo, from left: Satoshi Takizawa, Nobuko Otsuka, Hiroaki Tonooka

and mechanisms. I think that this means raising the awareness of all employees and creating accompanying mechanisms, by which the company will change and a solid foundation for growth will appear. There is some debate as to whether this is within the scope of an auditor's responsibilities [laughs].

Takizawa Responding to incidents of impropriety is a key topic during the current fiscal year. Though, if there are any problems with ensuring psychological safety as we analyze the root causes and formulate measures to prevent recurrence, then I would like to pay close attention to that point as well. That may go outside the zone of defense of auditors, but I plan to make a number of recommendations.

Otsuka An organization is in essence a framework by which people act. In corporate activities to date, however, there has been a tendency to think that as long as a framework is built, people will move mechanically. In reality, however, I believe that compliance and internal controls cannot function properly without a socio-behavioral approach that includes psychology and the company culture, such as the personality and emotions of each individual.

The three elements of the triangle of impropriety – motivation, opportunity, and justification – express the environment and emotions leading to improper conduct by people. I believe that a perspective of going beyond prevention of improprieties to engage in corporate activities with an awareness of people's mindsets is a point that auditors should place importance on when thinking about defensive governance.

What initiatives will you undertake to enhance the effectiveness of the Audit & Supervisory Board?

Takizawa The internal control reporting system underwent its first significant revision in about 15 years, which will come into effect from the current fiscal year. The purpose of this revision is to increase the effectiveness of the internal control reporting system. The company has already reviewed the current situation on the executive side and has organized the required responses.

While the content of the revision covers a wide range, the scope of evaluation of internal control was quickly changed to 100% from the current fiscal year,

as if synchronized with the response to the incident of improper conduct. From the standpoint of an auditor, I expect that this revision will strengthen the internal audit system, so I will be closely monitoring this point as well.

Tonooka I'd like to hear more of what employees have to say. I intend to ask how workplaces can be made more work-friendly when I travel to local bases, and will also pay close attention to the results of engagement surveys.

Otsuka To make auditing activities more closely used by the executive side, we've worked toward making activities visual. In addition to sharing Audit & Supervisory Board discussions with directors, we engage in feedback to bases on the results of field audits and other audits, strengthening of collaboration with three-way audits (Internal Audit Department, auditing companies) and group auditors, talks with executives and employees, and sharing of activity reports.

As Mr. Tonooka said, I hope for continued opportunities to listen to the opinions of executives as well as a wide range of employees. Broad feedback within the company has also made great contributions to deepening discussions in the Audit & Supervisory Board. I would also like to actively hear the opinions of external stakeholders and input trend information into the company.

Takizawa In addition to the new internal control reporting system revisions mentioned earlier, I'd like the executive side to work on strengthening IR. In March of last year, all listed companies in the Prime Market and Standard Market received requests by the Tokyo Stock Exchange to "take actions aimed at achieving management with an awareness of capital



costs and stock price". This raises the question of how to effectively communicate the company's growth strategies in the next medium-term management plan to stakeholders and to the market. But that's a matter of aggressive management [laughs]

Otsuka Because you're also a manager, Mr. Takizawa [laughs].

Takizawa Contribution to a greener society and the enhancement of sustainability are requirements of the times, but these are also costly things. Over the next three years, too, I think the balance of attack and defense will be important.

In closing, please speak about your aspirations as Audit & Supervisory Board members and deliver a message to our stakeholders.

Tonooka On a personal level, I intend to closely monitor how the company should proceed with reform of its culture. I want Mitsubishi Paper Mills to be a company where all employees can work happily and freely express opinions and revitalize the company while keeping customers, shareholders, society, and other stakeholders in mind. As an auditor, I intend to make every effort to strengthen compliance and governance.

Takizawa The company's Audit & Supervisory Board works toward good communication with the executive side. The minutes of Audit & Supervisory Board meetings are open to all directors. The executive side can then understand what auditors currently view as issues and what they are discussing. We also hold meetings with the Representative Director four times a year, during which auditors can ask what the Representative Director is currently thinking about and ask about medium- and long-term

topics and matters that have not yet solidified.

At the same time, we're able to exchange information from just the right distance, sharing opinions and information obtained from site audits with the executive side. This isn't possible without a relationship of trust between the executive side and the Audit & Supervisory Board, a state that I want to maintain. It's our duty to rein in the executive side when we feel it is going too far. I intend to make suggestions without holding back, even if they're difficult to hear.

Otsuka As I said earlier, I'll continue to share information gained through dialogues and engage in thorough discussions so the Audit & Supervisory Board can offer effective recommendations.

In audits, I believe that it's important to not only point out past problems and urgent issues but also to shed light on the immediate path ahead.

For example, as an auditor I want to pay close attention to how the executive side will undertake the enhancement of awareness concerning integrity, the fostering of corporate culture, and other matters. However, given that the company's ranking in the Gender Gap Index and other global indicators is still low, I believe that minor changes based on existing concepts will not be enough. I would like Mitsubishi Paper Mills to develop its foundation of "people" as a truly sincere company based on mutual respect. In the creation of this foundation, I hope that we can brightly illuminate the step ahead from our positions as auditors.



Consolidated Balance Sheets

	(Unit: million yen)	
	FY 2022 (March 31, 2023)	FY 2023 (March 31, 2024)
Assets		
Current assets		
Cash and deposits	8,325	10,009
Notes receivable - trade	8,074	10,493
Accounts receivable-trade	38,470	37,642
Merchandise and finished goods	25,257	23,092
Work in process	6,322	6,744
Raw materials and supplies	18,498	12,007
Other	4,166	1,981
Allowance for doubtful accounts	△92	△40
Total current assets	109,024	101,930
Non-current assets		
Property, plant and equipment		
Buildings and structures	96,663	93,141
Cumulative depreciation	△76,243	△75,238
Accumulated impairment loss	△716	△575
Buildings and structures, net	19,703	17,327
Machinery, equipment and vehicles	359,855	351,839
Cumulative depreciation	△323,296	△319,910
Accumulated impairment loss	△1,640	△1,061
Machinery, equipment and vehicles, net	34,918	30,866
Land	20,625	20,317
Leased assets	4,651	4,800
Cumulative depreciation	△3,512	△4,037
Leased assets, net	1,138	763
Construction in progress	733	1,018
Other	8,861	7,399
Cumulative depreciation	△7,426	△6,358
Accumulated impairment loss	△299	△33
Other, net	1,135	1,008
Total property, plant and equipment	78,256	71,301
Intangible assets		
Other	2,379	1,954
Total intangible assets	2,379	1,954
Investments and other assets		
Investment securities	21,605	26,376
Long-term loans receivable	765	315
Net defined benefit asset	12,035	31,680
Deferred tax assets	2,132	999
Other	923	901
Allowance for doubtful accounts	△64	△78
Total investments and other assets	37,398	60,194
Total non-current assets	118,034	133,450
Total assets	227,058	235,380

	(Unit: million yen)	
	FY 2022 (March 31, 2023)	FY 2023 (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,710	24,779
Electronically recorded obligations	3,485	4,607
Short-term loans payable	61,467	62,026
Commercial paper	5,000	-
Lease obligations	509	408
Accrued expenses	6,597	7,149
Income taxes payable	302	1,261
Contract liabilities	371	461
Reserve for loss on business transfer	1,614	-
Other	2,399	3,577
Total current liabilities	110,457	104,272
Non-current liabilities		
Long-term loans payable	32,603	22,281
Lease obligations	596	348
Deferred tax liabilities	938	8,210
Provision for share benefits	53	114
Provision for directors' retirement benefits	49	36
Net defined benefit liability	7,603	6,855
Asset retirement obligations	885	939
Other	1,827	1,367
Total non-current liabilities	44,559	40,153
Total liabilities	155,016	144,425
Net assets		
Shareholders' equity		
Capital stock	36,561	36,561
Capital surplus	6,524	6,523
Retained earnings	13,357	17,336
Treasury shares	△430	△416
Total shareholders' equity	56,012	60,005
Accumulated other comprehensive income		
Valuation difference on other securities	5,532	9,399
Adjustment for foreign currency exchange	1,111	763
Remeasurements of retirement benefits	9,372	20,763
Total accumulated other comprehensive income	16,015	30,926
Non-controlling interests	13	22
Total net assets	72,041	90,954
Total debt and net assets	227,058	235,380

Consolidated Statements of Income•Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	FY 2022 (March 31, 2023)	FY 2023 (March 31, 2024)
Consolidated Statements of Income		
Sales	209,542	193,462
Cost of sales	182,288	165,315
Gross profit	27,253	28,146
Selling, general and administrative expenses	26,285	22,736
Operating income	968	5,410
Non-operating income		
Interest income	27	5
Dividend income	652	503
Share of profit of entities accounted for using equity method	670	658
Foreign exchange gains	983	1,249
Other	545	456
Total non-operating income	2,878	2,872
Non-operating expenses		
Interest expense	574	938
Other	182	245
Total non-operating expenses	757	1,183
General Income	3,089	7,098
Special Profit		
Gain on disposal of noncurrent assets	39	1,289
Gain on sales of investment securities	4	1,681
Dividend income	31	1,571
Gain on business transfer	-	230
Subsidy income	347	-
Other	3	-
Total special profit	427	4,772
Special Losses		
Loss on disposal of noncurrent assets	263	218
Accident-related losses	-	2,687
Business restructuring expenses	-	859
Impairment loss	52	546
Contract termination losses	-	449
Loss on business transfer	3,192	119
Non-current assets reduction loss	329	-
Loss on valuation of investment securities-	12	-
Other	674	86
Total special losses	4,523	4,968
Net profit or loss before taxes and other adjustments(△)	△1,006	6,902
Income taxes-current	354	1,562
Income taxes deferred	△797	1,163
Income taxes	△443	2,725
Net profit or losses(△)	△563	4,177
Net income attributable to non-controlling shareholders	7	6
Net profit or loss attributable to parent company shareholders(△)	△571	4,170

	(Unit: million yen)	
	FY 2022 (March 31, 2023)	FY 2023 (March 31, 2024)
Consolidated Statements of Comprehensive Income		
Net profit or losses(△)	△563	4,177
Other comprehensive income		
Valuation difference on other securities	843	3,864
Adjustment for foreign currency exchange	171	△348
Remeasurements of defined benefit plans, net of tax	2,189	11,390
Share of other comprehensive income of entities accounted for using equity method	△12	5
Total other comprehensive income	3,192	14,912
Comprehensive income	2,628	19,089
(Breakdown)		
Comprehensive income attributable to owners of parent	2,620	19,081
Comprehensive income attributable to non-controlling interests	8	8

Consolidated Statements of Changes in Net Assets

Previous fiscal year (from April 1, 2022 to March 31, 2023) (Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the term	36,561	6,488	13,962	△228	56,784
Changes during the term					
Loss attributable to owners of parent(△)			△571		△571
Disposition of treasury shares				11	11
Acquisition of treasury shares				△214	△214
Changes in consolidation scope		35	△32		2
Changes in items other than shareholders' equity during the term, (net)					
Total amount of changes during the term	-	35	△604	△202	△771
Balance at the end of the term	36,561	6,524	13,357	△430	56,012

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on other securities	Adjustment for foreign currency exchange	Remeasurements of retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the term	4,688	952	7,182	12,824	5	69,613
Changes during the term						
Loss attributable to owners of parent(△)						△571
Disposition of treasury shares						11
Acquisition of treasury shares						△214
Changes in consolidation scope						2
Changes in items other than shareholders' equity during the term, (net)	843	158	2,189	3,191	8	3,199
Total amount of changes during the term	843	158	2,189	3,191	8	2,428
Balance at the end of the term	5,532	1,111	9,372	16,015	13	72,041

Consolidated fiscal year (from April 1, 2023 to March 31, 2024) (Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the term	36,561	6,524	13,357	△430	56,012
Changes during the term					
Distribution of surplus			△223		△223
Profit attributable to owners of parent			4,170		4,170
Disposition of treasury shares			△0	15	15
Acquisition of treasury shares				△0	△0
Increase due to merger		△0	31		31
Changes in items other than shareholders' equity during the term, (net)					
Total amount of changes during the term	-	△0	3,978	14	3,993
Balance at the end of the term	36,561	6,523	17,336	△416	60,005

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on other securities	Adjustment for foreign currency exchange	Remeasurements of retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the term	5,532	1,111	9,372	16,015	13	72,041
Changes during the term						
Distribution of surplus						△223
Profit attributable to owners of parent						4,170
Disposition of treasury shares						15
Acquisition of treasury shares						△0
Increase due to merger						31
Changes in items other than shareholders' equity during the term, (net)	3,866	△347	11,390	14,910	9	14,919
Total amount of changes during the term	3,866	△347	11,390	14,910	9	18,912
Balance at the end of the term	9,399	763	20,763	30,926	22	90,954

Consolidated cash flow statement

(Unit: million yen)

	FY 2022 (March 31, 2023)	FY 2023 (March 31, 2024)
Cash flows from operating activities		
Net profit or loss before taxes and other adjustments(△)	△1,006	6,902
Depreciation Expenses	8,287	7,727
Accident-related losses	-	2,687
Impairment loss	52	546
Increase / decrease in assets regarding retirement benefits (△ Increase)	△1,520	△1,883
Increase / decrease in asset liabilities regarding retirement benefits (△ Decrease)	167	△2,284
Increase / Decrease in reserves for directors' retirement benefits (△ Decrease)	△19	△13
Increase / Decrease in reserves for stock benefits (△ Decrease)	29	65
Interest and dividend income	△679	△508
Equity method investment profit or loss (△ Increase)	△670	△658
Foreign exchange profit or loss	△573	△1,169
Interest expense	574	938
Investment security sales profit or loss (△ Increase)	△4	△1,681
Valuation of investment securities profit or loss (△ Increase)	12	-
Fixed asset sales profit or loss (△ Increase)	223	△1,070
Business transfer profit or loss (△ Increase)	3,192	△110
Non-current assets reduction loss	329	-
Subsidy income	△347	-
Dividend income	△33	△1,627
Increase / decrease in trade receivables (△ Increase)	△4,498	△925
Decrease / Increase in inventories (△ Increase)	△8,115	9,497
Increase / Decrease in trade payables (△ Decrease)	3,293	△3,336
Other	△1,395	1,699
Subtotal	△2,703	14,794
Subsidies received	547	155
Insurance payouts received	185	1,590
Payments of accident-related losses	-	△2,687
Interest and dividend income received	680	516
Interest expenses paid	△535	△886
Income taxes paid or refunded (△ = payment)	△896	5
Cash flows from operating activities	△2,721	13,487
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	△4,546	△1,682
Proceeds from sales of property, plant and equipment and intangible assets	717	2,931
Purchase of investment securities	△11	△12
Proceeds from sales of investment securities	12	3,184
Payments of loans receivable	△0	△0
Collection of loans receivable	450	450
Expenditures from business transfer	△187	△1,757
Other	1	714
Cash flows from investing activities	△3,565	3,827
Cash flows from financing activities		
Net increase / decrease in short-term loans payable (△ Decrease)	3,774	△5,807
Net increase/decrease in commercial paper (△ = decrease)	△1,000	△5,000
Proceeds from long-term loans payable	14,288	7,150
Repayments of long-term loans payable	△11,196	△11,886
Repayments of lease obligations	△441	△496
Payment of dividends	-	△223
Purchase of treasury shares	△214	△0
Proceeds from sales of treasury shares	-	0
Dividends paid to non-controlling interests	△0	-
Cash flows from financing activities	5,209	△16,264
Effect of exchange rate change on cash and cash equivalents	213	604
Net increase / decrease in cash and cash equivalents (△ Decrease)	△863	1,655
Cash and cash equivalents at beginning of period	9,047	8,325
Increase in cash and cash equivalents due to new consolidation	142	-
Increase in cash and cash equivalents associated with mergers with non-consolidated subsidiaries	-	28
Cash and cash equivalents at end of period	8,325	10,009

Company Profile/Company Data

Company Profile

Company Name Mitsubishi Paper Mills Limited
MITSUBISHI PAPER MILLS LIMITED
Address 2-10-14 Ryogoku, Sumida-ku, Tokyo 130-0026, Japan
Representative Ryuichi Kisaka, President & CEO
Founded 1898 (Meiji 31)
Capital Stock 36,561 million yen
Consolidated Number of Employees 2,832
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 manufacturing, processing, and sale of paper, pulp, functional nonwoven fabric, separators for storage devices, and electronic materials. The main products and services of its divisions are as shown below.

[Functional Materials Business]

Inkjet paper, printing plate material and printing devices, thermal paper, carbonless paper, copier paper, separators for storage devices, water treatment membrane support substrates, filters, decorative laminate base paper, tape base paper, sterilization paper

[Sustainable Fiber Materials Business]

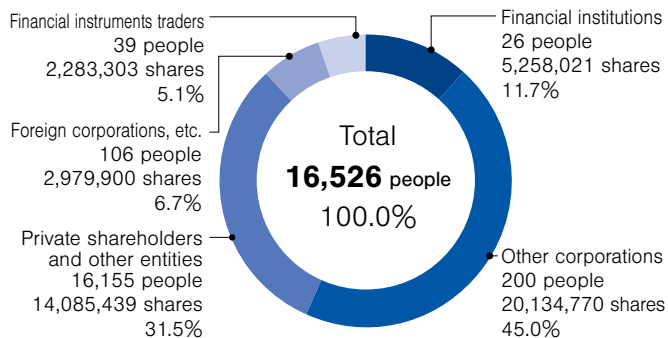
Uncoated graphic paper, lightly coated graphic paper, coated graphic paper, specialty printing paper, sanitary paper, packing paper, white paperboard, other specialty paper, bleached kraft pulp, specialty pulp

[Other Businesses]

Engineering operations, sports insurance agency business, real estate business

Main Group Companies
Mitsubishi Oji Paper Sales Co., Ltd.
MPM Operation Co., Ltd.
MPM Oji Home Products Co., Ltd.
Mitsubishi Paper Engineering Co., Ltd.
Toho Tokushu Pulp Co., Ltd.
NAMITSU Co., Ltd.
MPM Oji Eco-Energy Co., Ltd.
(* Equity method affiliate)
Mitsubishi Paper Holding (Europe) GmbH
Mitsubishi HiTec Paper Europe GmbH
Mitsubishi Imaging (MPM), Inc.
Zhuhai MPM Filter, Ltd.

- Total number of authorized shares 90,000,000
- Total number of outstanding shares 44,741,433
- Total number of shareholders 16,526 (249 year-over-year increase)



Scan here for the reference site
Business Overview

Scan here for the reference site
Investor Relations

Our Domestic/Foreign Business Bases

Domestic Offices and Mills

Hachinohe Mill
Primary products: Printing paper, white paperboard, copier paper, packing paper, bleached kraft pulp

MPM Oji Home Products
Primary products: Sanitary paper

MPM Oji Eco-Energy Co., Ltd.
Principal business: Biomass power generation

Research & Development Laboratory
Hachinohe Development Office in the Product Development Department

Takasago Mill
Primary products: Nonwoven fabric products, thermal paper, carbonless paper, inkjet paper, specialty paper, heat resistant pressboard

Research & Development Laboratory
Takasago R&D Laboratory

Kyoto Mill
Primary products: Photographic inkjet paper, printing plate materials

Research & Development Laboratory
Kyoto R&D Laboratory

Kitakami Mill
Primary products: inkjet paper, sanitary paper, bleached kraft pulp

Toho Tokushu Pulp Co., Ltd.
◎ **Kitakami Mill**
Primary products: Non-wood pulp

Toho Tokushu Pulp Co., Ltd.
◎ **Koyama Mill**
Primary products: Non-wood pulp

Head Office
2-10-14 Ryogoku, Sumida-ku, Tokyo(Ryogoku City Core)
Mitsubishi Oji Paper Sales Co., Ltd.
Principle business: Sale of paper, printing plate materials, functional materials and products, chemicals, etc; insurance agency business; real estate business

Sales Locations
Head Office, Sendai, Nagoya, Kyoto, Kanazawa, Takamatsu, Fukuoka

Fuji Mill
Primary products: decorative laminate base paper, impregnated decorative sheets, base paper for wallpaper, masking tape backing.

Research & Development Laboratory
Fuji Development Office in the Research and Development Planning Office

★ Head Office

● Domestic Sales Locations

★ Domestic Production Facilities

Hachinohe Mill

Kitakami Mill

Toho Tokushu Pulp Co., Ltd.
(Kitakami Mill, Koyama Mill)

Takasago Mill

Kyoto Mill

Fuji Mill

Overseas Production and Sales Facilities

Mitsubishi HiTec Paper Europe GmbH
◎ **Bielefeld Mill**
Bielefeld, Germany
Primary products: Thermal paper, carbonless paper, and inkjet paper

Zhuhai MPM Filter, Ltd.
Zhuhai, Guangdong, China
Primary products: Various filters

Mitsubishi Imaging (MPM), Inc.
New York, U.S.
Principle business: Sale of paper and plate materials for photography and printing

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