

# Fair Operating Practices

## Ensuring Fair Trade

Believing that the Mitsubishi Paper Mills Group will be able to win really valuable trust, create valuable technologies, and make a valuable contribution through fair and friendly competition, we carry out business activities while putting importance on the compliance with laws and regulations. In order to deepen the understanding of the purposes and provisions of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act), the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors that complements the Anti-Monopoly Act, and the Act against Unjustifiable Premiums and Misleading Representations, we have updated “the Antimonopoly Act Compliance Manual.”

The education on legal affairs in 2020, which was conducted in the form of a video seminar amid the coronavirus pandemic, was focused on the Antimonopoly Act and the subcontracting law. (See page 31).



## Preventing Corruption

The Mitsubishi Paper Mills Group Compliance Conduct Standards prohibit business activities that may result in social decay: entertaining or giving gifts to civil servants and giving benefits to officials in foreign governments and public organizations.

We also produced new “guidelines for business entertainment and gift-giving” to tighten the regulations regarding the provision and receipt of benefits, so that there will be no murky relationships among individuals.

## Disavowal of Anti-Social Elements

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

## Promoting Social Responsibility in the Value Chain

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

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

## Responsible Raw Material Procurement

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

※FSC: Forest Stewardship Council®

FSC® C021528



## FSC® Certification

FSC® certification was established in 1993 with the goal of auditing and certifying responsible forest management from the 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 these forests. There are two types of FSC® certification: forest management (FM) certification and chain of custody (CoC) (processing and distribution process management) certification. In August 2001, the Mitsubishi Paper Mills Group became the first paper mill in Japan to acquire CoC certification. The Vancouver Declaration for the UN SDGs and FSC® Certification was announced at the Forest Stewardship Council General Assembly 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.



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

## Method for Verifying Legal Compliance and Sound Management

- Evidence of use of the forestry certification and CoC certification schemes (FSC®-certified wood, FSC® controlled wood)
- Evidence of methods of individual companies or organizations (controlled wood)
 

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

  - ◎ **Collection of information concerning wood chips and pulp**
    - Confirmation of the place of origin, wood type, forest management methods, etc. from traceability reports
    - Confirmation of documentation certifying the place of origin (e.g. documents related to transport and sales)
    - Regularly auditing suppliers and verifying document reliability
  - ◎ **Assessing risk (taking measures to mitigate risk when necessary)**
    - Assessing and verifying that place of origin of wood possesses a low risk with respect to A) through E) below.
      - Illegally harvested wood
      - Wood harvested in violation of traditional and human rights
      - Wood from forests in which high conservation values are threatened by management activities
      - Conversion of natural forests to forests and non-forest uses
      - Wood from forests in which genetically modified trees are planted
    - Receiving audits of risk assessment results by an FSC® certifying body

## Raw Wood Procurement in Fiscal 2021

We have verified that all wood chips and wood pulp procured in fiscal 2021 came from forests that were legally and appropriately managed.

