

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated December 10, 2020 issued by Daio Paper Corporation, and is for reference purposes only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

December 10, 2020

To Whom It May Concern:

Name of Company: Daio Paper Corporation
Name of Representative: Masayoshi Sako
President and Representative Director
Securities Code: 3880
(First Section, Tokyo Stock Exchange)
Contact Person: Yukihiro Tanaka
Director
General Manager of Corporate Planning Division, Corporate Unit
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Regarding the Changes in Senior Management Structure and Revision of Executive Officer System

Daio Paper Corporation (hereinafter, “Daio” or “we”) hereby announces that we have resolved at the Board of Directors meeting held today to change the senior management structure and revise the executive officer system, details of which are stated below.

Daio is changing the senior management structure and revising the executive officer system in order to expedite the managerial decision-making process and to strengthen the oversight function of the Board of Directors, by clarifying the roles of the “Board of Directors,” which is responsible for decision-making and management oversight, and the “executive officers,” who are responsible for business operations.

Of the details shown below, matters related to the election of directors and amendments to the Articles of Incorporation in consequence of the changes in senior management structure will be officially decided at the Annual General Meeting of Shareholders scheduled in June 2021. As for the details of amendments to the Articles of Incorporation and executive appointments, we will make announcements as soon as they are determined.

Notes

1. Purposes of changing the senior management structure and revising the executive officer system

(1) To clarify roles and responsibilities and expedite the decision-making process

By separating the roles and responsibilities of the Board of Directors, which functions as the “decision maker of important matters in corporate management” and “overseer of the execution of business operations,” from those of the executive officers, who carry out the “execution of business

operations,” we aim to make bold and swift decisions in management, put in place a flexible and robust structure with which to execute business operations, and thereby further increase the value of our company.

- (2) To strengthen oversight function of the Board of Directors and enhance the executive officer system
- We aim to increase the effectiveness of the Board’s oversight by reducing the number of directors on the Board and raising the proportion of outside directors (independent directors). On the other hand, we will also enhance the executive officer system—by boosting its position and size—to ensure flexibility in business execution.

2. Composition of the Board of Directors

- (1) Reduce the number of directors on Board

The number of directors on the Board will be reduced to invigorate Board meetings and expedite the decision-making process and thereby improve management efficiency. Accordingly, the number of directors on the Board set out in the Articles of Incorporation will be changed from 20 or less to 15 or less.

- (2) Secure the proportion of outside directors (independent directors) at one-third or more of the Board

The number of outside directors (independent directors) will be set at one-third or more of the total number of directors on the Board to strengthen its management oversight.

- (3) Reduce the duration of directors’ terms of office

The duration of the terms of office of directors on the Board will be reduced from two years to one year, to clarify the accountability of management and thereby provide a sense of urgency to the management, as well as to have more opportunities to seek the confidence of shareholders.

3. Revision of the executive officer system

- (1) Outline of the revised executive officer system

To strengthen the oversight function of the Board of Directors and let the execution of business operation be borne by executive officers, the executive officer system will be revised as follows:

- 1) Election and dismissal of executive officers shall be resolved by the Board of Directors.
- 2) Executive officers shall perform their task as the officers responsible for the execution of business in their charge.
- 3) Directors may, except for outside directors, concurrently serve as an executive officer.
- 4) Position titles of the executive officers shall comprise of the following six, namely: President, Executive Vice President, Senior Managing Executive Officer, Managing Executive Officer, Senior Executive Officer, and Executive Officer.
- 5) Duration of the terms of office of executive officers shall be one year, and their reappointment shall not be precluded.

(2) Date of revision of the executive officer system

Thursday, April 1, 2021

End