

Corporate Report 2022



Editorial Policy

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

Scope

The companies included are Mitsubishi Paper Mills Limited and its consolidated subsidiaries (17 companies in Japan and 6 companies overseas), as well as its equity-method affiliates (2 companies in Japan and 1 company overseas).

Reporting Period

The reporting period is fiscal 2021 (April 1, 2021 to March 31, 2022), with some content included from outside this period.

Guidelines Referenced

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

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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

Corporate reports
<https://www.mpm.co.jp/eng/env/report-index.html>
SDS / AIS / Analysis test report
<https://www.mpm.co.jp/eng/login.html>

Investor Relations

Annual Business Report
<https://www.mpm.co.jp/eng/ir/index.html>
Financial results management report materials
<https://www.mpm.co.jp/ir/library/presentation-materials.html>

Products & Services

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

Research & Development

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



<Cover photo>
Beside a brook in a company-owned forests "Shirakawa Kashi Forest" in Hokkawa (Nishigo Village, Nishishirakawa-gun, Fukushima Prefecture)

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Message from the President



Ryuichi Kisaka
President and
Chief Executive Officer
木坂 隆一

Creation of a new Mitsubishi Paper Mills Group

The Mitsubishi Paper Mills Group has been operating business for over 120 years since the start-up in 1898. However, the changes in lifestyles caused by the novel coronavirus led to the advance of digitalization and accelerated a decline in demand for paper. In order to cope with such changes in the market, it is necessary to reform our business structure for strengthening our revenue base at unprecedented speed.

To do so, we will proceed with (1) enhancement of our earning capacity by “selection and concentration” strategies and “expansion of new business,” (2) “contribution to green society,” and (3) “organizational change to improve sustainability.”

Firstly, we will describe the “enhancement of our earning capacity by “selection and concentration” strategies and “expansion of new business.” The market of information media, including printing, publication, and photography, which have been our core business, is projected to keep shrinking. Accordingly, we will strive to maximize cash flows by thoroughly reducing costs in this field. We have made efforts to shift to the business of functional materials, including non-woven cloth and filters, but as a matter of fact, we cannot respond to changes in the market with the speed of our conventional system. We will accelerate the shift, by swiftly responding to market needs. Through these efforts, we will revise our business portfolio, allocate managerial resources in an optimal manner, and enhance our earning capacity as soon as possible.

Next, we will describe the “contribution to green society.” Our company sells FSC®-certified paper and products that would help reduce and get away from plastics. We will continue efforts to help attain Sustainable Development Goals (SDGs) by developing and providing new environmentally friendly products and implementing initiatives for actualizing a decarbonized society and carbon neutrality.

Lastly, we will describe the “organizational change to improve sustainability.” We will diffuse “the stance of complying with laws and regulations,” which is the base for winning the trust of stakeholders and a prerequisite for our company’s survival, in our company, and strive to eradicate occupational accidents by giving top priority to the safety of all employees of our company. In addition, we will promote “diversity-oriented management,” which triggers innovation and creates value by providing diverse personnel with opportunities to exert their abilities to the maximum degree, and “agile management,” which responds to changes in the environment swiftly and appropriately. For the “workstyle reform,” we will streamline business operations and support employees in childcare and nursing care while working by adopting staggered working hours and telecommuting, with the aim of realizing diverse work-life balances.

Furthermore, we will make efforts to improve our corporate value by communicating with all stakeholders, including clients, business partners, shareholders, investors, local communities, and employees, and disclose information properly, in order to live up to their expectations.

We would appreciate your further support and patronage.

Mitsubishi Paper Mills Group Corporate Philosophy



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

Through sustainability promotion activities

The Mitsubishi Paper Mills Group engages in sustainability promotion for achieving sustainable growth, improving mid/long-term corporate value, and contributing to society, under the above-mentioned corporate philosophy. Our corporate group started manufacturing and selling FSC®-certified paper earlier than anyone else, to help attain SDGs. We also sell kraft paper and barrier paper as products that would reduce and get away from plastics.

Furthermore, in April 2022, we expressed our agreement with “the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)” and joined “TCFD Consortium.” We will disclose information on risks imposed by climate change on business and opportunities in accordance with the TCFD Recommendations, proceed with the medium-term management plan, and strive to realize a sustainable society through business. In addition, we joined “30by30 Alliance for Biodiversity,” which was established by the Ministry of the Environment in April 2022. We make efforts to contribute to the mitigation of global warming and the preservation of biodiversity by utilizing sustainable forest resources, and will accelerate our initiatives by joining this alliance. Accordingly, we will continue the “Ecosystem Academy,” in which we offer a site for experiential environmental education, mainly in company-owned forests, to contribute to the development of a sustainable society.

In fiscal 2021, we worked on “Enhancing activities to ensure safety and health,” “Product development centered on harmony with society” and “Ensuring product quality” as the three top priority issues. For fiscal 2022, considering the Mitsubishi Paper Mills Group’s business environment, conditions and performance evaluation results of the previous fiscal year, we have established “Measures against climate change,” “Enhancing activities to ensure safety and health” and “Product development centered on harmony with society” as the three top priority issues. We will enhance our activities for disclosing information in accordance with the TCFD Recommendations for (1) “Measures against climate change,” strengthening safety guidance for eradicating similar accidents for (2) “Enhancing activities to ensure safety and health,” and developing products intended for contributing to a green society for (3) “Product development centered on harmony with society.”

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

History

April 1898	Hisaya Iwasaki took over a paper mill operated by the Walsh Brothers in Sannomiya, Kobe, and established Kobe Paper Mill Company
June 1901	Moved the mill (currently Takasago Mill) to Takasago City in Hyogo Prefecture
February 1917	Constructed the Nakagawa Mill in Katsushika-ku, Tokyo (closed in March 2003)
November 1917	Incorporated and changed name to Mitsubishi Paper Mills, Ltd.
April 1944	Merged with Kyoto Photographic Industry Company, Ltd. and made it the Kyoto Trial Mill (currently Kyoto Mill), to produce photographic paper
November 1950	Acquired all stock of a manufacturer and seller of non-wood pulp (currently Toho Tokushu Pulp Co., Ltd.)
April 1966	Constructed the Hachinohe Mill in Hachinohe City, Aomori
April 1966	Merged with Shirakawa Pulp Industry Ltd. and acquired the Shirakawa Mill (currently Shirakawa Site) and the Kitakami Mill (currently Kitakami HiTec Paper Corporation)
April 1972	Formed Mitsubishi Paper Sales Co., Ltd. (currently Mitsubishi Oji Paper Sales Co., Ltd.) by merging Ryosan Shokai with CASIWA Co., Ltd.
April 1992	Formed Diamic Co., Ltd. by merging Yamamoto Shokai with Gekko Shokai
May 1994	Established the subsidiary Mitsubishi Imaging (MPM), Inc. in New York, U.S.
January 1999	Acquired the shares of two manufacturers in Germany, including them in the scope of consolidation (present: Mitsubishi HiTec Paper Europe GmbH).
November 2007	Established Zhuhai MPM Filter Ltd. in China, and commenced filter product processing in China
October 2011	Acquired shares of KJ SPECIALTY PAPER Co., Ltd., a chemical-based paper subsidiary of Kohjin Co., Ltd.
March 2016	Established joint venture with Oji Green Resources Co., Ltd. called MPM Oji Eco-Energy Co., Ltd.
April 2017	Established joint venture with Oji Nepia Co., Ltd. called MPM Oji Home Products Co., Ltd.
March 2019	Became an equity-method affiliated company of Oji Holdings Corporation
June 2021	Established Takasago R&D Laboratory

Main Offices and Mills

Head Office & Branches

Head Office

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

Osaka Sales Branch

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

Domestic Sales Locations

Mitsubishi Oji Paper Sales Co., Ltd.

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

Diamic Co., Ltd.

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

Domestic Production Facilities

Hachinohe Mill



Hachinohe-shi, Aomori
Principal products: Printing paper, white paperboard, and copier paper

Kitakami HiTec Paper Corp.



Kitakami-shi, Iwate
Principal products: Photographic base paper and sanitary paper

Shirakawa Site



Nishigo Village, Nishishirakawa-gun, Fukushima Prefecture
Principal product: Pressboard

MPM Oji Home Products Co., Ltd.

Hachinohe-shi, Aomori
Principal product: Sanitary paper

MPM Oji Eco-Energy Co., Ltd

Hachinohe-shi, Aomori
Principal business: Biomass power generation



Takasago Mill



Takasago-shi, Hyogo
Principal products: Non-woven fabric products, thermal paper, carbonless paper, inkjet paper, and speciality paper

Kyoto Mill



Nagaokakyo-shi, Kyoto
Principal products: Photographic paper, printing plate materials and photo inkjet paper

Toho Tokushu Pulp Co., Ltd.



(Oyama Mill) Oyama-shi, Tochigi
(Kitakami Mill) Kitakami-shi, Iwate
Principal product: Non-wood pulp

KJ SPECIALTY PAPER Co., Ltd.



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

Domestic R&D Facilities

Takasago R&D Laboratory

Takasago-shi, Hyogo

Kyoto R&D Laboratory

Nagaokakyo-shi, Kyoto

Hachinohe Development Office in the Product Development Department

Hachinohe-shi, Aomori

Overseas Production and Sales Facilities

Mitsubishi HiTec Paper Europe GmbH

(Bielefeld Mill)
Bielefeld, Germany
Principal products: Thermal paper, carbonless paper, and inkjet paper

(Flensburg Mill)
Flensburg, Germany
Principal products: Thermal paper and inkjet paper

Zhuhai MPM Filter Ltd.

Zhuhai, Guangdong, China
Principal products: Various filters

Mitsubishi Imaging (MPM), Inc

New York, U.S.
Principal business: Sale of paper and plate materials for photography and printing

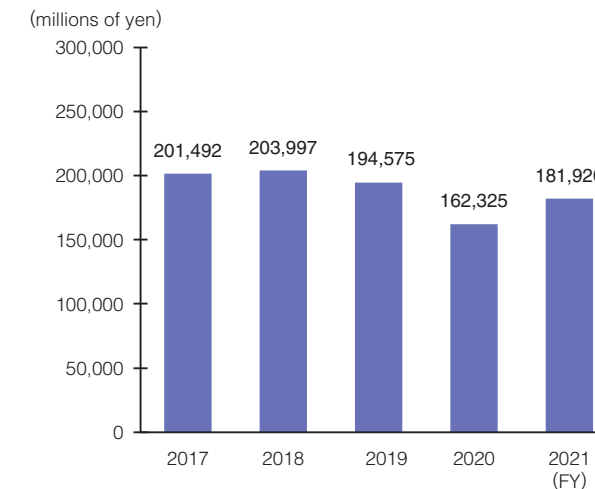
Consolidated Financial and Non-Financial Highlights

The fiscal year runs from April 1 to March 31.

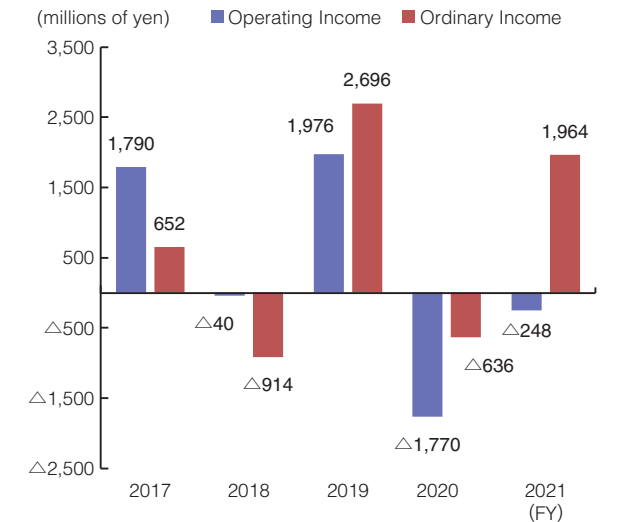
Fiscal Year	2017	2018	2019	2020	2021
Profit and loss situation (millions of yen):					
Sales	201,492	203,997	194,575	162,325	181,920
Operating Income	1,790	△40	1,976	△1,770	△248
Ordinary Income	652	△914	2,696	△636	1,964
Profit Attributable to Owners of Parent	3,198	351	801	△2,532	1,096
Capital Investment	7,438	12,481	5,524	6,422	5,791
Cash flow situation (millions of yen):					
Cash Flows from Operating Activities	12,809	19,066	9,976	13,014	1,698
Cash Flows from Investing Activities	△5,994	△8,979	△6,571	△2,098	△2,557
Financial Position (100 millions of yen):					
Total Assets	2,374	2,328	2,122	2,094	2,159
Outstanding Interest-bearing Debt	1,193	1,046	1,019	979	923
Equity Capital	597	664	605	629	696
Per Share Information (yen):					
Earnings per Share (EPS)	93.57	10.04	17.96	△56.72	24.62
Book Value per Share (BPS)	1,747.54	1,485.64	1,355.27	1,408.45	1,565.88
Management Indicators:					
Operating Income Margin (%)	0.9	△0.0	1.0	△1.1	△0.1
Overseas Sales Ratio (%)	32	35	33	29	32
Equity Ratio (%)	25.2	28.5	28.5	30.0	32.2
Return on Equity (ROE) (%) ^{※1}	5.6	0.6	1.3	△4.1	1.7
Debt-Equity Ratio (D/E Ratio) ^{※2}	2.0	1.6	1.7	1.6	1.3
EBITDA (millions of yen)	12,264	10,076	11,801	7,261	8,241
Non-financial information :					
Number of Employees ^{※3} (Persons)	3,723	3,668	3,676	3,579	3,384
Fossil Energy Consumption [TJ]	12,506	11,886	11,036	10,822	10,352
Industrial Waste Effective Utilization Ratio ^{※4} (%)	95.5	95.9	94.9	94.6	94.2
Greenhouse Gas Emissions (1,000 tons)	1,094	1,039	960	902	906
Greenhouse Gas Emissions Emission Intensity (tons / product tons)	1.159	1.157	1.187	1.431	1.320

※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
 ※3 The number of employees is working personnel and does not include the number of temporary employees.
 ※4 Industrial waste effective utilization ratio = (amount generated-final disposal amount) / amount generated

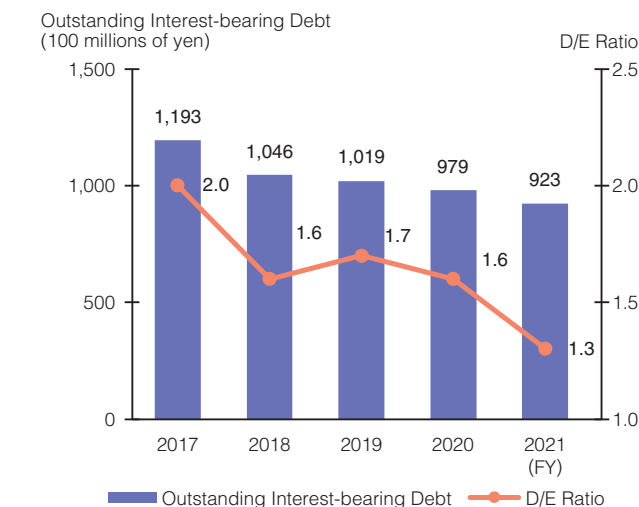
Sales



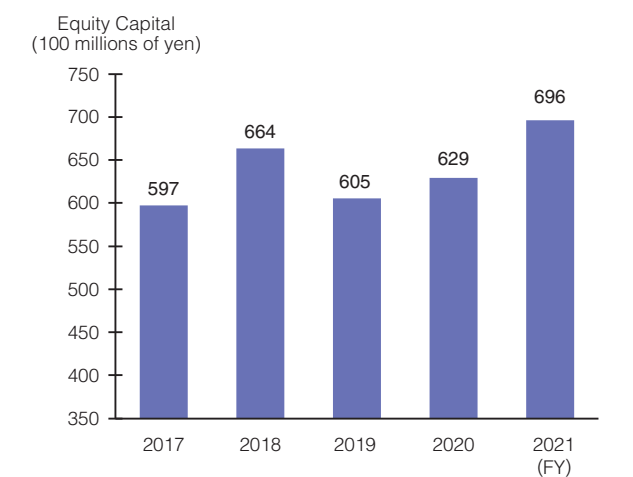
Operating Income and Ordinary Income



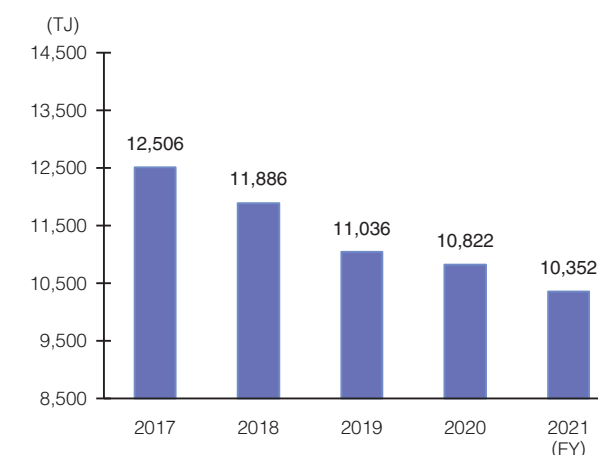
Outstanding Interest-bearing Debt and D/E Ratio



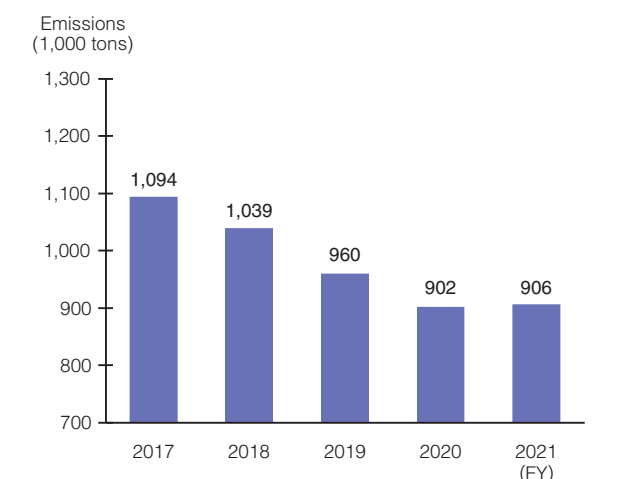
Equity Capital



Fossil Energy Consumption



Greenhouse Gas Emissions

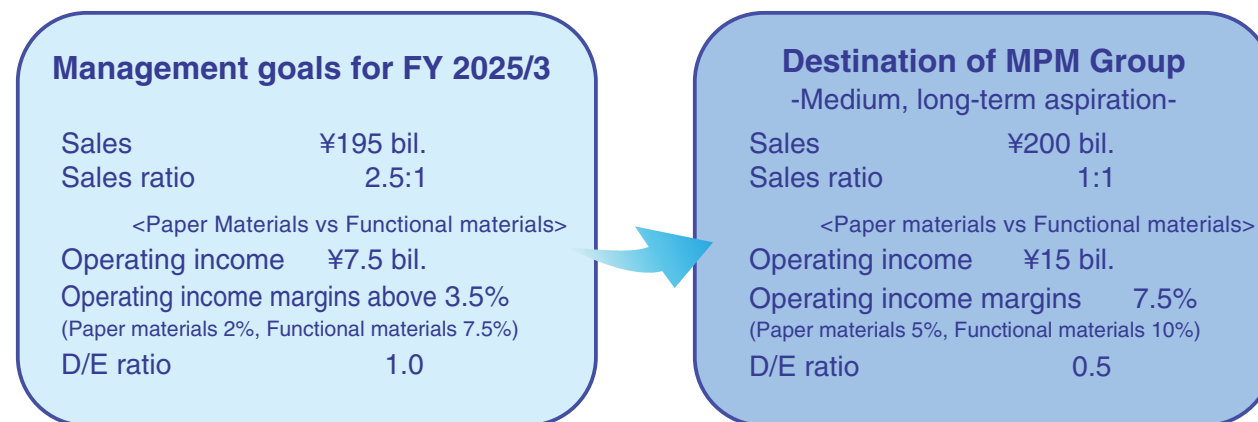


Special Feature: Medium-term Management Plan (FY 2023/3 - FY 2025/3)

The changes in lifestyles caused by the novel coronavirus led to the advance of digitalization and accelerated a decline in demand for paper. In order to cope with such changes in the market, it is necessary to reform our business structure for strengthening our revenue base at unprecedented speed.

To do so, our corporate group set the slogan of “Creation of new Mitsubishi Paper Mills Group,” and started a medium-term management plan (FY 2023/3 to FY 2025/3) this fiscal year.

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



Basic principles

(1) Enhancement of our earning capacity by “selection and concentration” strategies and “expansion of new business”

We will invest mainly in the growing “functional materials business,” such as functional non-woven fabric, electronics-related products, including battery separators and electronics industry materials, and industrial speciality paper, to steadily grow sales and profit, and make it our main business segment. In the existing businesses, focusing on the “paper materials business,” we will pursue the potential of pulp and paper materials, seek a broad range of applications, and reform our structure by selection and concentration, to make it our stable profit-earning infrastructure business. a mainstay business that would earn stable revenues. Through the above efforts, we will transform our business portfolio and enhance our earning capacity.

(2) Contribution to green society

In addition to the initiatives for “less-plastic” and “plastic-free” society and the sales promotion of environmentally friendly products that would contribute to the realization of a safe, comfortable, sustainable society, we will engage in activities for contributing to green society, such as the initiatives to realize carbon neutrality by 2050.

(3) Organizational change to improve sustainability

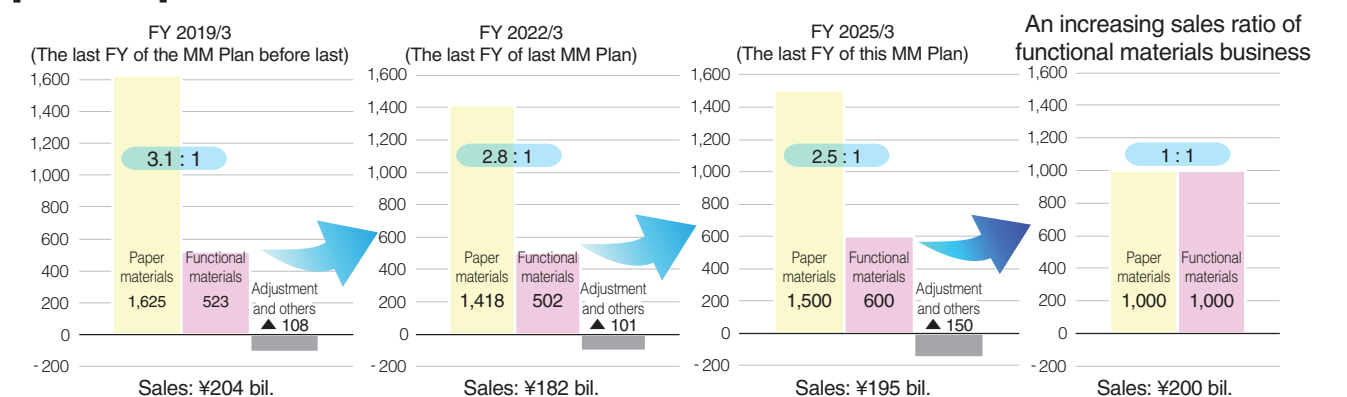
We will promote the strengthening of corporate governance, observance of compliance with laws and regulations, diversity & inclusion, work style reform, etc. and reform our organizations.

Through the above-mentioned activities, our corporate group will contribute to the sustainable society and improve our corporate value.

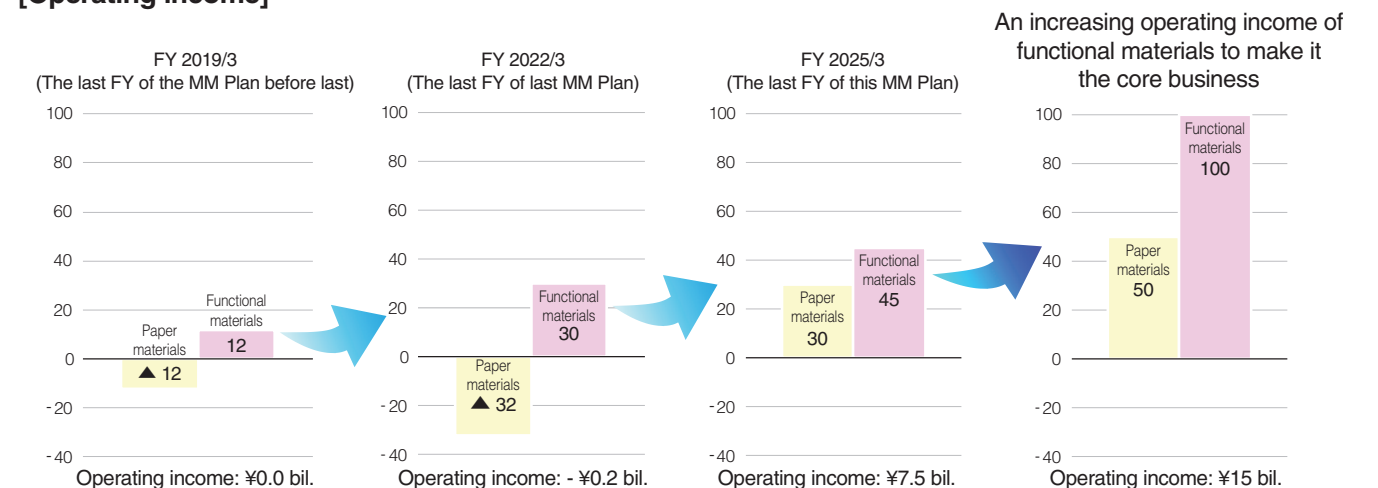
Transforming the business portfolio

- With paper demand decreasing, we will ensure the steady increase of sales and profit by intensive investment to our growing “**functional materials business**,” and make it our main business segment. (Target operating income margin: 10%)
- We will change our existing businesses, focusing on “**paper materials business**,” to stable profit-earning infrastructure business by selection and concentration. (Target operating income margin: 5%)
- We will also take an extra profit improvement measures equivalent to ¥1 bil. By FY2025/3 with systematization etc.

[Sales ratio]



[Operating income]



Special Feature: Medium-term Management Plan (FY 2023/3 - FY 2025/3)

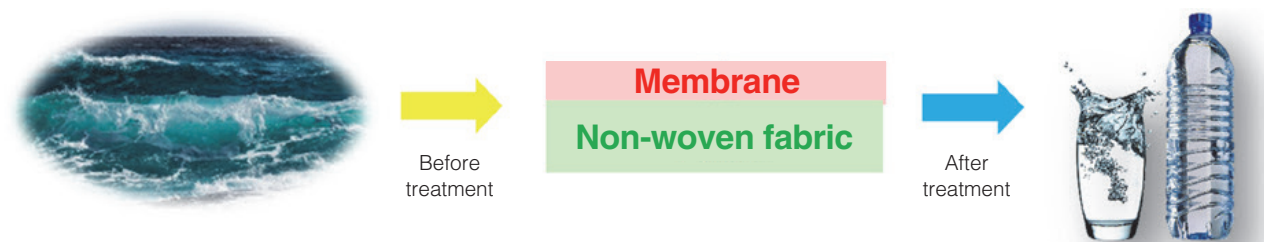
Concrete business strategy

○Deepening and developing of functional non-woven fabric related business

- ▷ Contribution to the creation of sustainable society with safety and comfort
Additional ¥2.5 bil. sales of **functional non-woven fabric related business**
(FY2022/3 ¥7.5 bil. → FY2025/3 ¥10 bil.)

■ Water treatment membrane support substrate business

- ◇ Gain market share abroad due to increased demand in water related businesses and take competitive advantage of the high technology used in the production of the nonwoven fabric.
- ◇ Application to functional films by utilizing special fibers

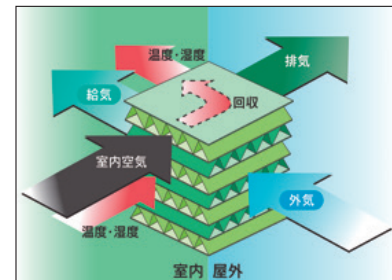


■ Filter business

- ◇ Expansion of the total enthalpy heat exchanger business in parallel with the growth of global demand for total heat exchangers, which can achieve ventilation for coping with COVID-19 and energy saving for conserving the environment



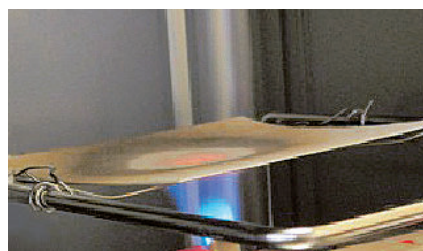
Film-type total heat exchange element
(newly developed product)



Mechanism of a total heat exchange element

■ Entering new market segments of non-woven fabrics

- ◇ Release and promotion of super heat-resistant glass fiber non-woven fabric under the concept of the resistance to fire and heat, fireproofing property, and lightness in weight
- ◇ Expansion of our business domain through the entry into the (dry) melt-blown non-woven fabric market and the development of functional filter media, etc.



Super heat-resistant glass fiber non-woven fabric



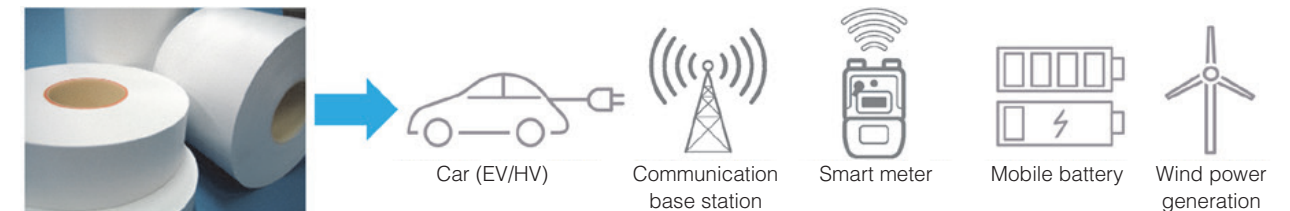
Process for producing melt-blown non-woven fabric

○Business expansion in electronics-related field

- ▷ Additional ¥2 bil. sales in total of **battery separator** and **electronics industry materials**
(FY2022/3 ¥1.5 bil. → FY2025/3 ¥3.5 bil.)

■ Battery separator business (New paper machine in operation)

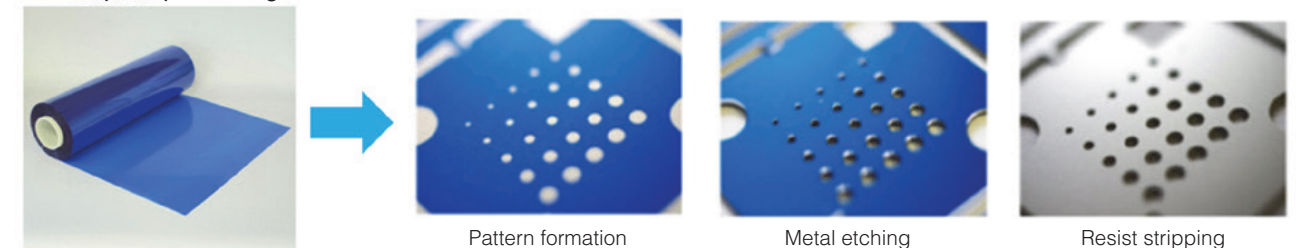
- ◇ Starting the operation of No. 13 paper machine at Takasago Mill, we will expand the scale of business for car, energy saving and communication equipment.



■ Electronics industry materials business based on special DFR* (*DFR: Dry Film Resist)

- ◇ With the system of high development technology acquired by extensive experience with photographic sensitive materials, we will expand the scale of processing business of electronics-related materials as information and communication technology advances.

<Metal parts processing>



○Further expansion of other functional materials business

- ▷ Additional ¥5.5 bil. sales of other functional materials business such as **industrial speciality paper area** by expansion of product line and new product development.

■ Sales expansion of KJ SPECIALTY PAPER Co., Ltd. and Kitakami HiTec Paper Corporation new business development

- ◇ KJ SPECIALTY PAPER Co., Ltd. will increase sales by utilizing our quality-advantage for the base paper for decorative laminates and masking tape backing, where the foreign market demand is expected to grow.
- ◇ Kitakami HiTec Paper Corporation will accelerate the shift in business focus from market-shrinking imaging field to industrial materials field by retooling and remodeling current facilities and developing new products.



Base Paper for Decorative Laminates



Masking Tape Backing



Production equipment of
Kitakami HiTec Paper Corporation

Special Feature: Medium-term Management Plan (FY 2023/3 - FY 2025/3)

Strengthening the Revenue Base of Paper Materials Business

▷ ~ From “paper” to “materials” ~

Explore the potential of pulp and paper materials, and open up wide-ranging applications

■ Expansion of pulp business (Sales of original kraft pulp: ¥4.5 bil. in FY 2022/3 → ¥7.5 bil. in FY 2025/3)

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

■ Expansion of eco-conscious products (Sales: ¥0.5 bil. in FY 2022/3 → ¥3 bil. in FY 2025/3)

- ◇ Expansion of kraft paper, which is in strong and steady demand for paper bag of e-commerce and takeout bag at restaurants etc.
- ◇ Expansion of barrier paper against a backdrop of the acceleration of movement toward “less plastic” and “plastic-free” products following the enforcement of new plastic law in April 2022



■ Structural change in production and sales systems

- ◇ Optimizing production system including streamlining facilities according to energy-saving and demand, promoting drastic systematization including reorganization of subsidiaries, and changing to a sales policy for profitability, i.e. streamlining the brand etc.

Changing to stable profit-earning infrastructure business by structural reform with selection and concentration

Contribution to Green Society

▷ Carbon neutrality by 2050 and 2030 Target

<2030 Target>

- Decrease in energy-related CO2 emissions by 40% from 2013
- ⇒ Promotion of energy saving
- ⇒ Reduction in fossil fuel use

<MPM Group Green Vision 2050>

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

▷ Support for the recommendations of the TCFD 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 of SDGs

- Participation in “30by30 Alliance for Biodiversity” established by Japanese Ministry of the Environment
- Contribution to the creation of sustainable society by continuous activity of “Ecosystem Academy”



Organizational Change to Promote Sustainability

▷ Strengthening corporate governance

- Building up a system of governance meeting the Prime Market standards of TSE
- Appropriate disclosure of information
- Good 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 diverse human resources
- Reallocation of human resources, which offers flexibility with the changing external environment
- Enrichment of career advancement training

▷ Observance of compliance

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

▷ Workstyle reform

- Improvement of working efficiency, reducing working hours by revision of human resources allocation
- Strengthening the system of occupational safety and health
- Helping employees to balance work with child and family care, introducing staggered working hours/working from home systems
- Introduction of shared-desk style at the Head Office



Management Targets

Consolidated indicators	Target values (FY 2025/3)
Sales	¥195 bil.
Operating income	¥7.5 bil.
Ordinary income	¥8.5 bil.
Interest-bearing liabilities	¥76 bil.
D/E ratio	1.0
Depreciation	¥7.5 bil.

Target value in each segment	Sales	Operating income
Paper materials	¥150 bil.	¥3 bil.
Functional materials	¥60 bil.	¥4.5 bil.
Others	¥5 bil.	¥0
Adjustment	(¥20 bil.)	¥0
Total	¥195 bil.	¥7.5 bil.

<Assumptions> *FY 2025/3

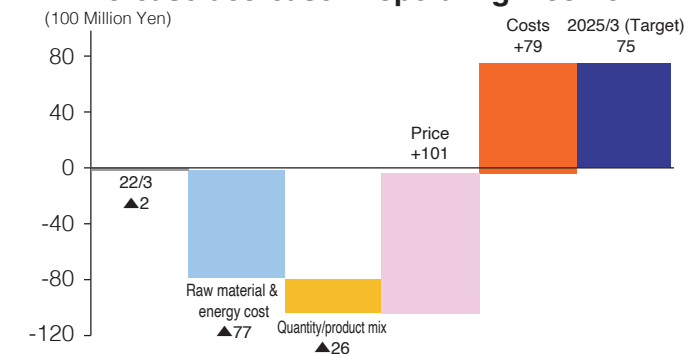
\$1 = ¥125

€1 = ¥135

Dubai Crude Oil ⇒ \$85 per barrel

Coal price (FOB AU) ⇒ \$200 per MT

Increase/decrease in operating income



<Investment plan of Medium-term three-year Management Plan>

Investment plan ¥22 bil.

(Breakdown)

Strategic investment *1 ¥9 bil.

Investment in maintenance and improvement ¥13 bil.

*1 With the recent energy costs hike, we are going to make investments in shifting energy, energy-saving, growth strategies and transforming business portfolio.

(Breakdown) Paper materials business ¥2.5 bil.
Functional materials business ¥4.5 bil.
Others ¥2 bil.

Overview of Business Segments

Functional materials business

The functional materials business globally sells a wide array of promising functional materials, including inkjet printing paper, water treatment membrane support substrates, highly functional filter materials, battery separators, and photosensitive films, based on a variety of characteristic core technologies, such as the high-definition image-forming technology, the technology for producing highly functional non-woven fabric, and the technology for producing high-quality resist materials.

Business Results

As a result, total sales for the functional materials business increased 25.0 % year-over-year to ¥50,430 million. Operating income increased by ¥3,580 million year-over-year to ¥2,958 million.

The sales of water treatment membrane support substrates, battery separators, etc. were healthy thanks to the growth of demand, and the sales of decorative laminate base paper and tape base paper increased from the previous year, due to the strong demand. Also for photographic photosensitive materials and inkjet paper, which are used mainly for printing out images, demand recovered as the restrictions on travels and events have been eased, as the vaccination against the novel coronavirus progressed, and we increased new clients for products in the growing electronics field. Sales and profit grew, thanks to the increase in sales quantity and the improvement in productivity due to cost reduction.

Business Strategies

In the functional non-woven fabric-related business, we make efforts to reel in new clients for water treatment membrane support substrates and promote the application to membrane bioreactors (MBRs) with the aim of deepening and expanding the business, and promote the sales of air filters for air purifiers and total heat exchange ventilation fans, whose sales are growing as customers became more conscious of the quality of indoor air. In order to enter new non-woven fabric fields, we concentrate on the sales promotion of super heat-resistant glass fiber non-woven fabric and the newly released (dry) melt-blown non-woven fabric. As a measure for expanding the electronics-related business, we are increasing the production output of battery separators with a new papermaking machine and expanding the sales of functional films, such as the photosensitive resist for electronic industrial materials.

In the imaging-related business, we will fortify the base for existing businesses while continuously reforming our production system, promote the sales of new products in the growing field while flexibly responding to the market trend in each country, and improve profitability inside and outside Japan.

Regarding the activities of affiliated companies, KJ SPECIALTY PAPER Co., Ltd. will concentrate on the sales promotion of decorative laminate base paper and tape base paper, whose overseas market is expected to grow, while Kitakami HiTec Paper Corporation will promote the shift to the industrial material domain, by producing special-purpose release/casting paper by remodeling existing equipment.

Business Topics

《To increase the production output of battery separators》

Recently, telecommunication device-related infrastructure (5G base stations), renewable energy (wind power generation and recharging), new energy-based vehicles (EVs, etc.) and so on have been distributed further, so the number of orders for our separator NanoBase is increasing. In order to respond to such demand growth, we built a new papermaking machine (No. 13) in the Takasago Mill, and held a completion ceremony on February 17, 2022. We will develop a system for stable supply in promising markets, and expand our business.



Shigeharu Matsuzawa
Director, Managing
Executive Officer and
General Manager of
Functional Materials Business



Product introduction

Functional non-woven fabrics

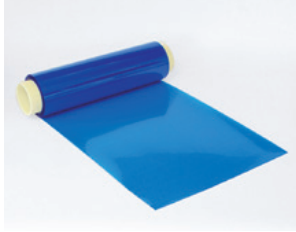
- Water treatment membrane support substrates
- Industrial filters
- Air filters
- Super heat-resistant glass fiber non-woven fabric



Air filters

Electronics

- Battery separators
- Photosensitive resist
- Resin etching system



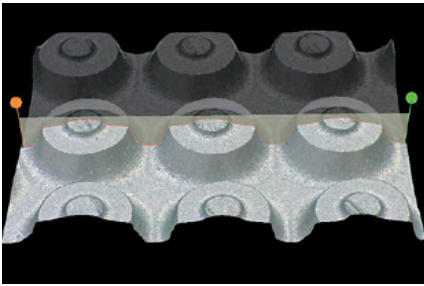
Dry film resist for sandblasting



Element (front) with built-in water treatment membrane support substrates (back) and support substrate



Battery separators



Two-stage pin dot processing of ceramics

Speciality paper for printing out images

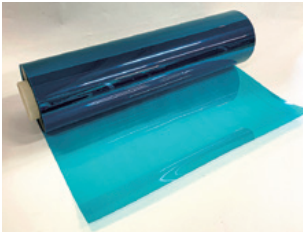
- Inkjet paper
- Photo/poster paper
- Digital printing transfer paper
- Label paper
- Antibacterial/antivirus paper, etc.



- Products for photography
- [Mitsubishi Grace] Color paper and processing chemicals

Printing

- Laser thermal-sensitive film (TRF-IR830)
- CTP (Computer to Plate) printing plate systems
- CTP printing plates for newspaper printing
- Digital screen mask make systems



TRF-IR830/high-definition chemical-free thermal-sensitive film

→ Significant reduction of environmental burdens caused by important materials for package printing, silk-screen printing, etc. whose demand is growing

New businesses and other new products

- Commercial tape base materials for doing away with plastics
- Environmentally friendly base materials for interior finishing
- Rewritable media
- Paper straws
- Medical/Healthcare



Pure Leaf Eco
(Alcoholic disinfection solution in paper containers)



Diamond
(A cryopreservation device used for assisted reproductive technology)

Overview of Business Segments

Paper materials business

Business Results

In the domestic market, both sales quantity and amount of mainly printing paper increased from the previous year, when demand was greatly reduced due to the COVID-19 pandemic. In exports, both sales quantity and amount increased. In terms of production, we have continued to adapt our production system to demand trends.

Regarding commercial pulp, both sales quantity and amount increased due to soaring market prices caused by global distribution delays and damage from torrential rains in North America.

On the other hand, raw material and fuel prices soared, which had a significant impact on costs.

As a result, the paper materials business posted the growth of sales and the decline in profit. The outlook for the COVID-19 pandemic remains uncertain, and we are currently requesting product price revisions for printing paper, communication paper, and white paperboard, as raw material and fuel prices have been higher than expected due to the impact of the situation in Ukraine and other factors.

Nobuhiro Sato
Director, Managing Executive Officer and General Manager of Paper Materials Business

Business Strategies

Under the medium-term management plan (FY 2023/3-FY 2025/3), we will work on the following structural reform based on "selection" and "concentration" in order to establish a stable revenue base as an existing business that supports our company's foundation, and we will also pursue the potential of pulp and paper materials and develop a wide range of applications while transforming our product portfolio.

(1) Expansion of pulp business

In response to declining demand for graphic paper, our company will expand sales of externally marketed pulp by expanding its lineup of pulp products. In the fall of 2022, the pulp manufacturing facilities of Kitakami HiTec Paper Corporation (Kitakami City, Iwate Prefecture), which previously produced only bleached kraft pulp (LBKP) made from hardwood, will be remodeled to begin production and sales of bleached kraft pulp (NBKP) made from 100% domestic softwood.

(2) Expansion of the packaging field

In addition to bleached kraft paper, we will expand sales of bleached kraft coated paper, unbleached kraft paper, and high-performance paperboard by launching new products, as well as expand sales of barrier and heat-sealable barricote® to meet the demand for "reducing and doing away with plastics" while shifting our product portfolio from "printing and information field" to "packaging field."

(3) Structural changeover of production and sales systems

We will shift to a profit-oriented sales policy by optimizing the production system to meet demand, thoroughly streamlining the organization, and eliminating and consolidating brands.

Business Topics 《Example of adoption of barricote® coated paper for packaging in Japan》

Our company's "barricote"® coated paper for packaging has been adopted for the outer bag of Lotte's new brand "DO Cacao Chocolate."

Barrier property of barricote® has enabled us to fulfill our customers' request to deliver chocolate to consumers while retaining the rich aroma of the chocolate, which is made from cacao grown in Papua New Guinea and finished with a fruity raisin aroma using proprietary fermentation technology.



Product introduction

Printing Paper



Used for catalogs, books, etc.

Communication Paper



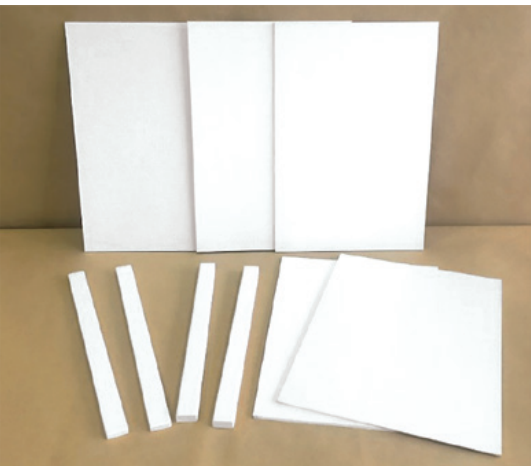
Used for copy paper, copy slips, receipts, etc.

Household and Consumer Paper



It has a reputation as a household paper with a high-class texture.

Heat-resistant Pressboard



Used as an insulator for transformers.

barricote® and barrisherpa®



Barrier paper that can contribute to reducing the amount of plastic used

Bleached Kraft Paper



Used for paper bags, shopping bags, etc.

Research & Development

In our R&D, in addition to sophisticating existing fields and strengthening fundamental technologies through synergies with peripheral fields, our company is actively exploring and cultivating new fields and building future-oriented research themes. In particular, we will focus on development that will help achieve the goals of our mid-term management plan: "Contribution to a green society," "Deepening and expanding functional non-woven fabric-related business," and "Expanding business in electronics-related fields."

In addition, in the reorganization of the R&D laboratories implemented in 2021, we have created an operating environment that allows us to concentrate on basic research, product development, testing on pilot machines, and use of actual machines, thereby making it possible to speed up the development process by improving efficiency. Furthermore, we are focusing on improving the abilities and qualities of researchers and collaborating with external research institutions, including the Oji Group, in order to build a strong R&D system that will support our business.

Product Development Contributing to the Realization of a Green Society

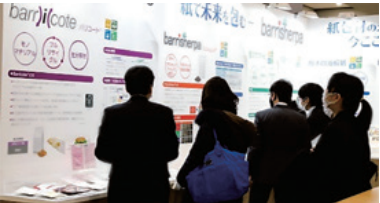
Coated paper for packaging “barricote®”

We have achieved both high water vapor barrier and oxygen barrier properties for barricote®, a coated paper for packaging developed with the aim of reducing the use of disposable plastics, by applying many compounding and manufacturing technologies for water-based coating on paper that have been developed for printing and communication paper. We will continue to expand our product lineup and aim to create a world where paper packaging materials are a common choice.

(Photo: TOKYO PACK 2021 exhibition booth →)



Kunihiro Nakagawa
Executive Officer and
General Manager of
Research and
Development Division



Laser thermal-sensitive film

We have commercialized TRF-IR830, a laser thermal-sensitive film for screen printing and flexographic plate-making. TRF-IR830 forms high-density images through a thermosensitive reaction caused by laser imaging, and can output images using an aluminum CTP platesetter. Unlike silver halide films, TRF-IR830 is a completely process-less film that does not require chemical development, significantly reducing environmental burdens.

(Photo: TRF-IR830 output image →)



Development of Functional Non-woven Fabrics

Membrane substrates

We are developing base materials suitable for separation membranes used in various industries such as food, pharmaceuticals, and air purification, using special fibers with properties such as heat resistance and chemical resistance, by utilizing our "uniform wet laid non-woven fabric manufacturing technology" acquired through the manufacturing and sale of "water treatment membrane substrate" used in reverse osmosis membranes for seawater desalination plants and water purifiers and separation membranes for membrane bioreactor used for treating sewage and industrial effluent.

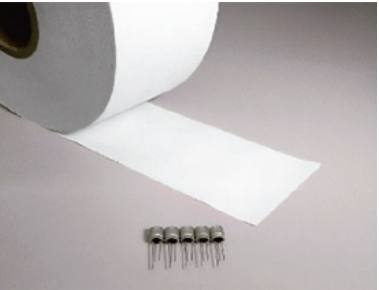
New non-woven fabric

By combining the wet laid non-woven papermaking technology of inorganic fibers and the coating technology of inorganic pigment, we are developing super heat-resistant sheets, ranging from the thin non-woven type to the thick board type, for various applications for construction materials, automobiles, etc. In addition, we are developing functional filter materials by combining the melt-blown dry non-woven fabric whose market we entered in FY 2021 and the wet non-woven fabric technology.

Development in the electronics-related field

Battery separators

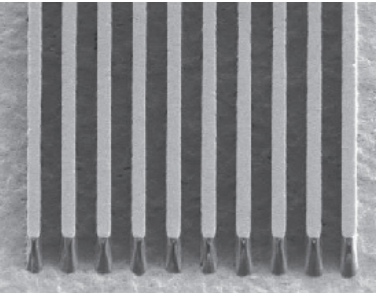
We are developing separators that are thin yet strong for use in lithium-ion batteries, electric double-layer capacitors, and solid electrolytic capacitors used in automobiles, telecommunications equipment, and other products. In designing separators, we are also working to realize higher performance separators by adopting scientific and theoretical methods.



Expanding the electronic industrial materials business with specialty DFR as a starting point

Based on the coating and photopolymer technologies cultivated through the development of silver halide photographic materials and printing plate materials, we are developing distinctive dry film photoresists (DFR) for use in etching, electroforming, sandblasting, and other precision photofabrication processes. We are accelerating our entry into the electronics industry, including information and telecommunications equipment manufacturing, by developing functions such as high resolution and high chemical resistance.

(Photo: DFR resolving 3 μm →)



Various Initiatives, etc.

Expansion of the pulp business

Kitakami HiTec Paper Corporation has decided to begin production of high-quality bleached kraft pulp (NBKP) 100% made from domestic softwood. Our company has been producing high-quality bleached kraft pulp (LBKP) 100% made from domestic hardwood, mainly lumber from Iwate Prefecture for some time, and will continue its research to expand its pulp business beyond paper applications, where demand is declining, by enriching its pulp product lineups.

Alliance with the Oji Group

In research and development, we are promoting initiatives such as mutual use of analytical equipment and evaluation facilities, new product development by utilizing the technologies of both companies, effective use of intellectual property and sharing of related information, and support for exchange in terms of production technology.

Organization of Research and Development Division

Research and Development Division

Intellectual Property Department

Product Development Department

Takasago R&D Laboratory

Kyoto R&D Laboratory

Analysis Group



Takasago R&D Laboratory staff members
measuring physical properties

Initiatives Toward Sustainability

Message from an Executive in Charge of Promotion of Sustainability

The new mid-term management plan, which was explained from page 9, is based on the belief that our company's core business is to contribute to the realization of a sustainable society, a comfortable environment, and convenient and affluent lifestyles, and we will continue to enhance our contribution to society by responding quickly to changing social needs and further refining our "skills" in our core business.

Specifically, in the area of functional products, where we will increase our business weight, water treatment membrane-related products that contribute to the supply of safe and secure water and filter-related products that produce fresh and pollution-free air would realize a "comfortable environment." Electronic industrial materials, which are utilized in the microfabrication of devices such as smartphones and a variety of materials at which Japan excels, and battery separators, which help use electricity more efficiently, contribute to the creation of "convenient and affluent lifestyles."

In our Paper Materials Business, paper and the pulp that forms its base are manufactured from renewable raw materials produced from properly managed forests, and are environmentally friendly and sustainable products that can replace materials derived from fossil fuels. One of our company's unique characteristics is that it strives to make effective use of domestic forest resources, including pulp from the Kitakami Business Division, which is made from 100% domestic timber from the Tohoku region, and will use its expertise in this area for new applications.

And our company must not only contribute to a sustainable society, but also enhance its own sustainability. To this end, organizational reforms, such as strengthening corporate governance and promoting human resource management, are indispensable. We believe that the most important factor in implementing these reforms is communication with our various stakeholders.

Our company conducts a questionnaire targeted at its directors and audit and supervisory board members to help them improve corporate governance, and then interviews each of them to identify issues that need to be addressed. The Board of Directors discussed measures to address these issues and reviewed the composition of the Board of Directors, increasing the number of outside directors with management experience in the manufacturing industry, and greatly expanding opportunities for dialogue with outside directors. We also revamped our personnel system, making it emphasize the challenge of taking on heavier missions and achieving results through dialogue between superiors and subordinates. There is no finish line in the advancement of corporate governance. We will continue to work toward creating a new Mitsubishi Paper Mills that can enhance and maximize its organizational capabilities.



Shigeharu Sanada
Representative Director,
Vice President & CEO

We have launched an official channel!

In order to help our stakeholders better understand our products and our efforts to contribute to a green society, we have launched the "Mitsubishi Paper Mills Official Channel" and will begin distributing videos on the channel.

We will continue to provide a variety of videos in the future, so please stay tuned to learn more about our company's initiatives.



The Way We See Sustainability

The Mitsubishi Paper Mills Group aims to enhance its corporate value by earning the trust and appreciation of all stakeholders, while contributing to the realization of a sustainable society by providing solutions to various social issues. To this end, we have positioned sustainability promotion activities as one of the important management issues to be addressed in our business.

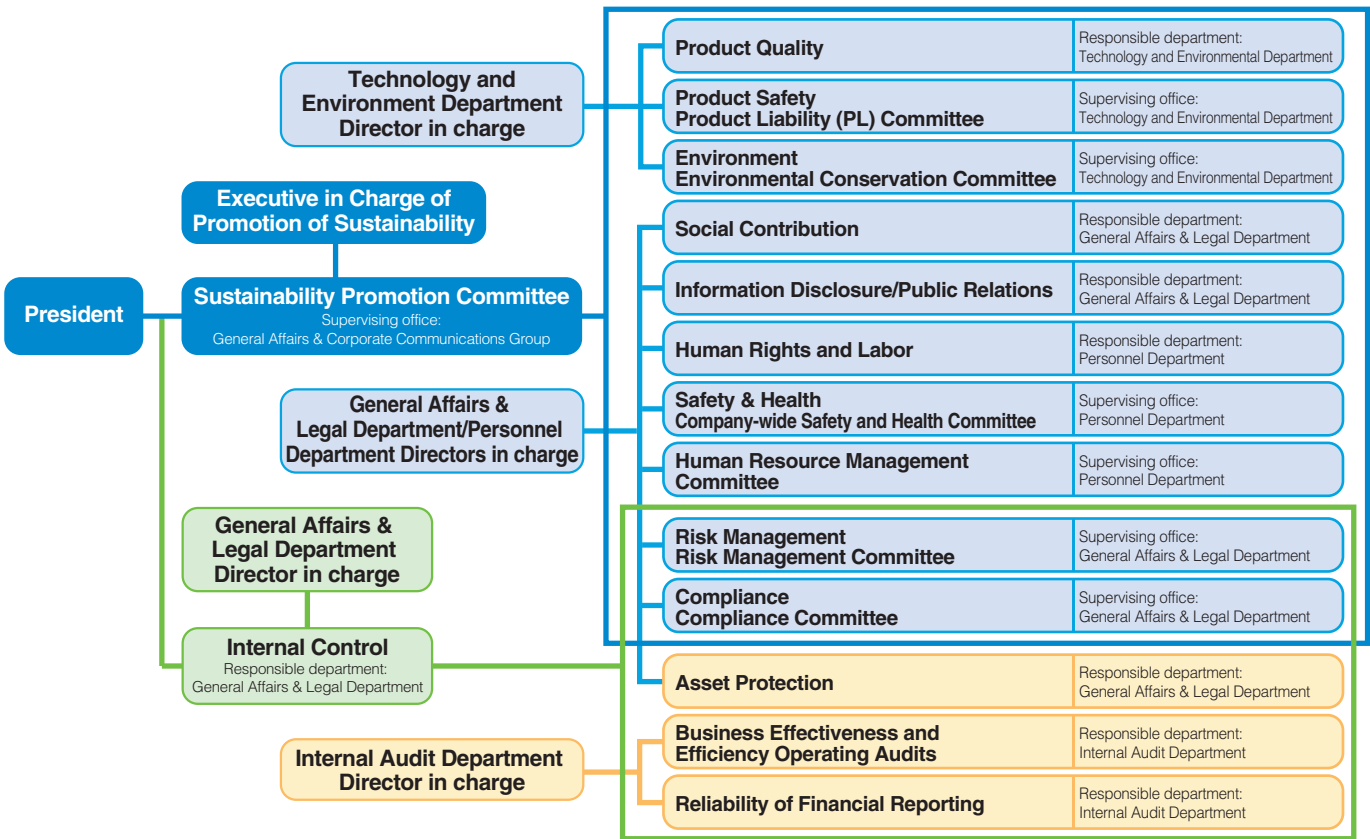
We established the Code of Conduct of the Mitsubishi Paper Mills Group as a materialization of this philosophy. Since then, we have respected the spirit of the code and dedicated ourselves to putting it into practice.

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



Sustainability Promotion Structure

In order to promote corporate group management with an emphasis on sustainability, we have appointed a director in charge and have established the Sustainability Promotion Committee, chaired by the President, to oversee all sustainability promotion activities (compliance, risk management, human resources management, safety and health, environment, product safety and quality, human rights and labor, information disclosure and public relations, social contribution, etc.) across the entire corporate group.



Initiatives Toward Sustainability

ESG/ISO 26000 and Initiatives of MPM Group

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

ESG	Core subjects	Issues	Page mentioned	
G	Organizational Governance	Organizational Governance	Sustainability	Pgs. 21-26
			Corporate Governance	Pgs. 27-34
	Human Rights	1. Due diligence	Compliance	Pg. 31
		2. Human rights risk situations	Risk Management	Pg. 32
		3. Avoidance of complicity	Promoting Social Responsibility in the Value Chain	Pg. 43
		4. Resolving grievances		
		5. Discrimination and vulnerable groups	Responsible Raw Material Procurement	Pgs. 43-44
		6. Civil and political rights	Relationship with Employees	Pgs. 45-46
		7. Economic, social, and cultural rights	Relationship with Communities	Pgs. 49-50
		8. Fundamental principles and rights at work		
S	Labor Practices	1. Employment and employment relationships	Compliance	Pg. 31
		2. Conditions of work and social protection	Risk Management	Pg. 32
		3. Social dialogue	Relationship with Employees	Pgs. 45-46
		4. Health and safety at work		
		5. Human development and training in the workplace		
	Fair Operating Practice	1. Preventing corruption	Compliance	Pg. 31
		2. Responsible political involvement	Fair Operating Practices	Pgs. 43-44
		3. Fair competition		
		4. Promoting social responsibility in the value chain		
		5. Respect for property rights		
	Consumer Issues	1. Fair marketing, factual and unbiased information, and fair contractual practices	Special Feature	Pgs. 9-14
		2. Protecting consumers' health and safety	Information Disclosure	Pg. 33
		3. Sustainable consumption	Fair Operating Practices	Pgs. 43-44
		4. Consumer service, support, and complaint and dispute resolution	Relationship with the Environment	Pgs. 37-42
		5. Consumer data protection and privacy	Relationship with Customers	Pgs. 47-48
		6. Access to essential services		
		7. Education and awareness		
	Community Involvement and Development	1. Community involvement	Preserving Biodiversity	Pg. 39
		2. Education and culture	Relationship with Communities	Pgs. 49-50
		3. Employment creation and skills development		
		4. Technology development and access		
		5. Wealth and income creation		
		6. Health		
		7. Social investment		
E	The Environment	1. Prevention of pollution	Response to TCFD	Pgs. 35-36
		2. Sustainable resource use	Responsible Raw Material Procurement	Pgs. 43-44
		3. Climate change mitigation and adaptation	Relationship with the Environment	Pgs. 37-42
		4. Protection of the environment, biodiversity, and restoration of natural habitats		

Key Issues (Material Issues) Concerning Sustainability Promotion Activities

With the goal of contributing to the realization of a sustainable society through its business activities, the Mitsubishi Paper Mills Group has established the following items to satisfy the needs of society.

Process for Defining Issues

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

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

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

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

■ Process 3: Verify the appropriateness of the process

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

Key Issues and Top Priority Issues in FY 2022

ESG/ISO 26000 core subjects	Key issues (items with an asterisk (◎)represent top priority issues)
G/Organizational Governance S/Fair Operating Practices <div>      </div>	Ensuring the effectiveness of corporate governance Establishing a risk management structure Fostering a corporate culture that emphasizes compliance Ensuring strict legal compliance Promoting communication with stakeholders Expanding initiatives out to affiliated Group companies
S/ Human Rights/Labor Practices <div>   </div>	◎Enhancing activities to ensure safety and health Promoting various measures to improve human resource performance
E/The Environment <div>       </div>	Promoting activities to prevent global warming Promoting activities to preserve biodiversity ◎Initiatives for coping with climate change Improving and enlarging our environmentally conscious product lineup Reducing environmental risk and impact
S/ Consumer Issues <div>    </div>	Ensuring product safety Ensuring product quality ◎Product development centered on harmony with society
S/ Community Involvement and Development <div>    </div>	Promoting community support activities Promoting cultural contribution activities Promoting activities of the Ecosystem Academy

Fiscal 2021 Sustainability Promotion Activities

In fiscal 2021, we worked on the three top priority issues; “enhancing activities to ensure safety and health,” “product development centered on harmony with society” and “Ensuring product quality,” In terms of initiatives to reduce greenhouse gas emissions and products, we worked to expand environmentally conscious products to contribute to the UN Sustainable Development Goals (SDGs).

ISO 26000 Core Subjects 1. Organizational Governance 2. Fair Operating Practices

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring the effectiveness of corporate governance	· Ensure good governance based on the Basic Policies on Corporate Governance · Review governance functions	· Revised the Basic Policies on Corporate Governance in line with the June 2021 revision to the Corporate Governance Code issued by the Tokyo Stock Exchange. · Conducted an assessment of the effectiveness of the Board of Directors, and from this fiscal year, interviews with directors and audit and supervisory board members were conducted to improve the effectiveness of the Board of Directors.	○ ○
· Establishing a risk management structure	· Enhance structural preparations and our risk map in the interest of Group management · Discuss ways of improving simulation and training	· In order to accurately identify risks, the secretariat presented a method of reorganizing items to facilitate inspection and confirmation, and committee members confirmed the new risk map. · Conducted training on how to back up the website in the event of a loss of head office functions. · Conducted training via safety check system notification.	○ ○ ○
· Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws and regulations through more robust compliance education	· Planned and conducted compliance training for all group companies in Japan (under the theme of building appropriate relationships with business partners/promoting awareness and understanding of business entertainment and gift-giving guidelines) (the hybrid method using both group training and video distribution).	○
· Ensuring strict legal compliance	· Build effective legal functions · Promote a better understanding of laws applicable to our operations, and enforce compliance	· Provided legal education "Basic Knowledge of Labor Management" in the form of online streaming, which was also provided to affiliated companies. · Compliance News published six times (lowering the age of adulthood, legal education, points to keep in mind when drafting contracts, revision of insider trading prevention regulations, patent disputes, laws governing international transactions).	○ ○
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc. · Disseminate information about new products, etc. (sharing information about affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our corporate reports	· Disseminated financial results briefing (video streaming and teleconference to cope with COVID-19), general meeting of shareholders-related matters, corporate reports, financial statements, etc. · Disseminated new products (Pure Leaf Clean and non-woven masks) related to COVID-19 and the processing technology using plant-derived polyphenol ingredients. · Held exhibitions related to the Ecosystem Academy and the 2022 calendar exhibition as special exhibitions, and enhanced permanent exhibitions. · Issued Corporate Report 2021 at the end of August in an integrated report format.	○ ○ ○ ○
· Expanding initiatives out to affiliated Group companies	· Step up efforts at continually promoting CSR activities	· Distributed the booklet version of the Corporate Report 2021 and also provided educational training to domestic affiliated companies via online video streaming to promote understanding of CSR among group employees as a whole.	○

ISO 26000 Core Subjects 3. Human Rights 4. Labor Practices

Key Issues	Action Plan	Activity Results	Evaluation
· Enhancing activities to ensure safety and health	· (1) Strengthen KY (danger prediction) activities and thoroughly call attention to single-person work in case of trouble · (2) Give guidance on safety to temporary staff thoroughly	· (1)Hazard prediction training based on the background of events, broadcasted safety messages on the premises that address priority items, and strengthened reporting, consultation and communication in emergencies, etc. · (2)Participated in safety education at partner companies and contractors, provided guidance using case studies of accidents, and conducted safety patrols during work start and demolition.	△ △
· Promoting various measures to improve human resource performance	· Inspect systems installed for reforming workstyles and improve operations · Promote and standardize updated training programs	· Promoted company-wide deployment of a workflow system, established a telecommuting system, and used a web conferencing system as part of efforts to reform workstyles and respond to the COVID-19 pandemic. · Conducted online training this year under the three main themes of facilitation of meetings, presentation, and improvement of communication skills in various training programs.	○ ○

ISO 26000 Core Subjects 5. The Environment

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting activities to prevent global warming	· Continue reducing CO ₂ emissions in our business activities and investigate becoming low-carbon or carbon-free in the future · Support and get involved in renewable energy projects	· CO ₂ emissions increased from last year, due to the recovery in production volume. As the emission intensity is improving, the CO ₂ emissions target for the next period and the long-term vision have been determined. · Currently seeking projects that will lead to in-house use and corporate profits. Obtained non-fossil fuel certificates from Hachinohe, Japan, and is currently selling our products to power suppliers.	○ ○
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC®-certified wood we procure · Conduct ecosystem studies in company-owned forests · Take measures to address microplastic waste in the oceans	· Achieved the procurement target of FSC®-certified chips due to increased production from Australia and Chile, which have high FSC® ratios. · Ecosystem Academy Gallery Exhibition; Conducted a survey on the ecosystem (tree planting and growth, soil animals, wild birds, and animals) in the forest owned by Shirakawa Site. · Started to sell barrier-coated paper of recyclable paper. Developed water-repellent, oil-proof paperboard as base paper for paper containers as alternatives to plastic containers. · Started the in-house production of wrapping material made from unbleached pulp for in-house use, and we are considering external sales.	○ ○ ○ ○
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC®-certified paper · Develop and roll out new environmentally conscious products	· Sales volume of FSC®-certified paper: 10,203 tons/month on average.	○
· Reducing environmental risk and impact	· Manage environmental management goals company-wide for improving performance · Expand environmental evaluation activities	· Registration of environmentally friendly products (Pure Leaf series). · The following in-house environmental targets have been set to reduce environmental risks.	○ ○
		· CDP score (climate change: D; forest: B-).	△

ISO 26000 Core Subjects 6. Consumer Issues

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring product safety	· Enhance chemical substance management · Enrich the activities of the Product Liability (PL) · Subcommittee Acquire Product Safety Awards	· Reflected substances subject to the amended Enforcement Order of the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement and the SDS system. · Held the meetings of Product Liability (PL) Committee and Product Liability (PL) Subcommittee to investigate the impact on our company with regard to domestic and foreign laws and regulations, and shared information on how to respond to such laws and regulations. · Passed the first screening, but failed in the second screening.	○ ○ △
· Ensuring product quality	· Promote thorough adherence to ISO 9001 management and improve customer satisfaction (reducing complaints, etc.); continue to conduct quality audits (1) Step up monitoring of repeat complaints (2) Review efforts to prevent data falsification (manage contractors and control published data such as labels and SDS)	· The monthly progress status of quality control initiatives is summarized and distributed as "Quality Summary at each location" via e-mail for information sharing. Measures were taken for serious and repeated complaints, and each site took measures to prevent reoccurrence.	○
· Product development centered on harmony with society	· While listening to customer requests, we will expand our unique products with environmentally friendly characteristics	· Worked on paper packaging materials "barriote™" and "barriherpa®," and adopted them for primary packaging. · Development of kraft coated paper with improved gravure and flexographic printability and non-fluorinated water-repellent, oil-proof paperboard.	△

ISO 26000 Core Subjects 7. Community Involvement and Development

Key Issues	Action Plan	Activity Results	Evaluation
· Promotion of local contribution activities	· Participation in local activities in each place and continuation of smooth relationships with the community	· Conducted cleaning, donated blood, provided papers and distributed braille calendars. Donated sterilization solutions and partitions for the prevention of infectious diseases.	○
· Promoting cultural contribution activities	· Implement ongoing support focusing on Mitsubishi and related industry groups	· Cooperated with grants to Mitsubishi-related foundations and promoted public relations activities. Made donations to and sponsored various related groups.	○
· Promoting activities of the Ecosystem Academy	· Ensure these activities become established and developed as ongoing collaborations with society	· Forest environment education for local people (ranging from children to adults). · Launched the Nishigo Paper-Making Study Group at the Nishigo Village Community Center Club. · Implemented 21 experiential forest environment education programs for schools, local governments, etc.	○

Top priority issues (Evaluation) ○: Target met △: Target not met

Fiscal 2022 Sustainability Promotion Action Plan

For fiscal 2022, we have set three priority action plans: "measures against climate change," "enhancing activities to ensure safety and health," and "product development centered on harmony with society." In the area of “measures against climate change,” we will disclose information in line with TCFD Recommendations; in the area of “enhancing activities to ensure safety and health,” we will strengthen safety guidance to eliminate common accidents; and in the area of “product development centered on harmony with society,” we will develop products with an awareness of contributing to a green society.

Materiality (Key Issues)	Sustainability Strategies and Initiatives	ISO26000
To establish a solid business foundation by accelerating business portfolio transformation	1. To widely develop "functional products" from a diverse business base. To contribute to the realization of a safe, comfortable, and sustainable society through a variety of functional materials. 2. From paper to paper materials. We will promote new business development of paper and pulp as sustainable materials, and contribute to global environmental conservation and the realization of a recycling-oriented society.	Consumer Issues
To contribute to a decarbonized society	3. To specify targets for the reduction of energy-derived CO ₂ emissions for the target year of fiscal 2030 4. Optimization of energy balance suitable for production volume 5. Reduction of CO ₂ emissions in the supply chain, etc.	The Environment
Transparency of corporate activities and legal compliance	6. Ensuring the effectiveness of corporate governance 7. Expanding initiatives out to affiliated Group companies 8. Establishing a risk management structure 9. Ensuring strict legal compliance 10. Fostering a corporate culture that emphasizes compliance 11. Promoting communication with stakeholders 12. Measures against climate change	Organizational Governance, Human Rights, Fair Operating Practices and the Environment
Safety and health activities and respect for human rights	13. Enhancing activities to ensure safety and health 14. Promoting various measures to improve human resource performance	Labor Practices and Human Rights
Environmental preservation and raw materials procurement	15. Promoting activities to preserve biodiversity 16. Reducing environmental risk and impact 17. Sustainable procurement of raw materials	The Environment and Fair Operating Practices
Quality and safety of products and services and product development	18. Ensuring quality and safety of products and services 19. Improving and enlarging our environmentally conscious product lineup 20. Product development centered on harmony with society	Consumer Issues
Contribution to social participation and development	21. Promoting community support and cultural contribution activities 22. Promoting activities of the Ecosystem Academy	Community Involvement and Development

Most important actions

Corporate Governance

Basic Policy on Corporate Governance

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

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

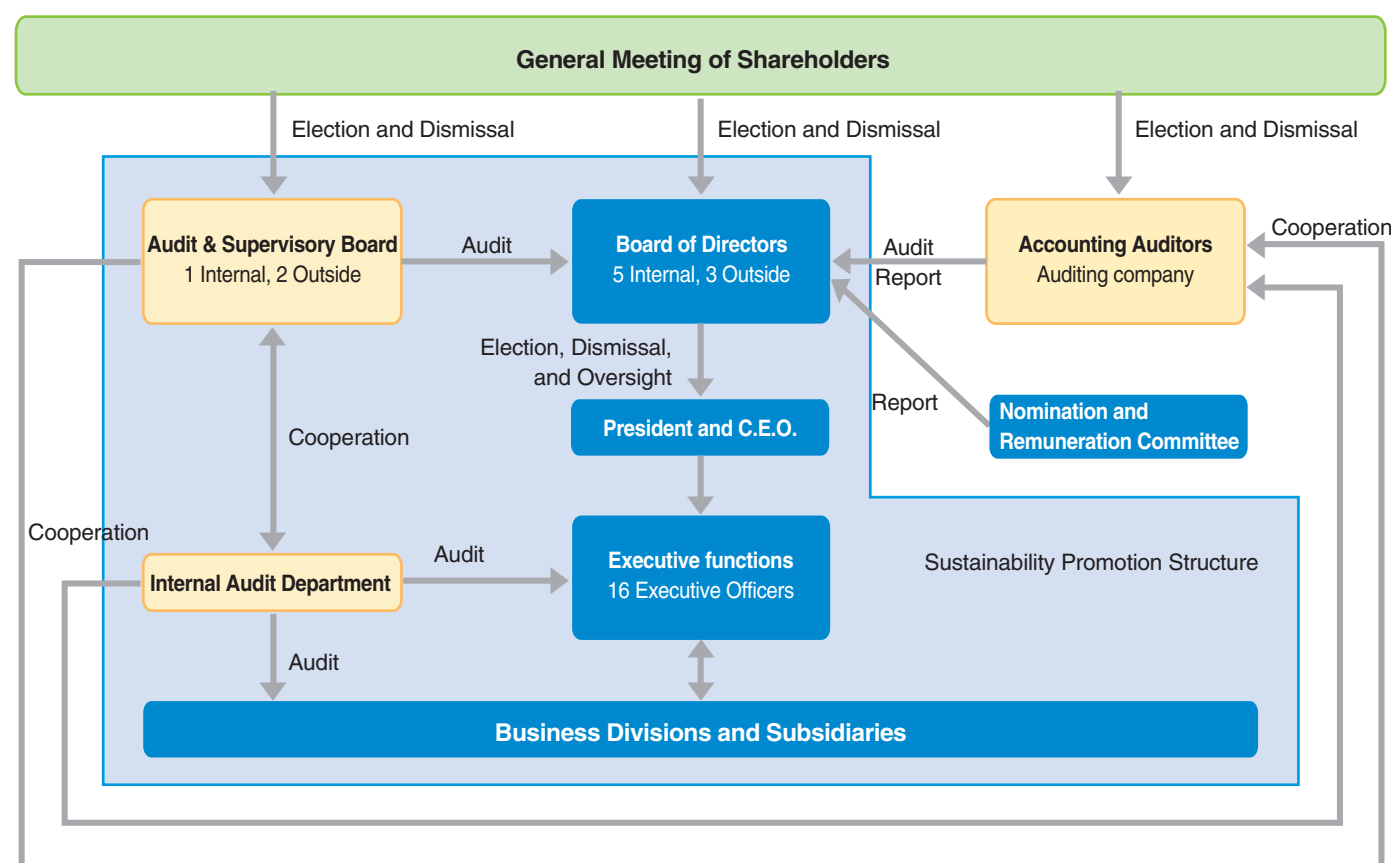
Corporate Governance Framework

Mitsubishi Paper Mills has chosen to structure itself as a company with a board of corporate auditors and the Board of Directors elects three independent outside directors (the ratio of the number of independent outside directors is more than one-third). Furthermore, we also divide up the oversight and executive functions, adopting an executive officer system to limit the size of the Board of Directors, speed up decision-making on management, and define responsibilities for business execution. At special meetings of the Board of Directors which are held as needed in addition to the regular monthly meetings, decisions are made about and oversight provided concerning matters prescribed in 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.

The Management Committee, consisting of executive officers and other senior management, meets once a week in principle to discuss important matters related to the management of the Mitsubishi Paper Mills Group, as well as to ensure thorough group governance and the sharing of group strategies and important information, thereby enabling prompt and practical business execution. The divisional system has strengthened the execution system by giving each division responsibility for earnings and authority.

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.



Board of Directors and Audit & Supervisory Board Members

(as of September 1, 2022)

Directors



Representative Director, President & CEO
Ryuichi Kisaka
 In charge of Energy Business Office and Technology and Environment Department



Representative Director, Vice President & CEO
Shigeharu Sanada
 In charge of Management Planning Department, Accounting Department, Personnel Department, General Affairs & Legal Department, Shirakawa Site, Overseas Business Management Division, Raw Material Department, and Internal Audit Department. Executive in Charge of Promotion of Sustainability



Director, Managing Executive Officer
Nobuhiro Sato
 In charge of Paper Materials Division. General Manager of Paper Materials Division. Director and President of Mitsubishi Oji Paper Sales Co., Ltd.



Director, Managing Executive Officer
Shigeharu Matsuzawa
 In charge of Functional Materials Division, Research and Development Division and the business in Germany. Assistant manager in charge of Kitakami Business Division. General Manager of Functional Materials Division.



Director, Senior Corporate Adviser
Kunio Suzuki



Outside Director
Soumitsu Takehara
 Director and Chairman of ZECOO Partners Inc. Certified public accountant



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



Outside Director
Mitsunori Shinohara
 Former Representative Director and Vice President of NH Foods Ltd.

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member
Koichi Nakayama



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
 Representative Director and President of Mitsubishi UFJ Trust Business Co., Ltd.

Corporate Governance

Outside Directors

■ Somitsu Takehara, Director (Born on April 1, 1952)		Number of MPM shares held: 0
Career Summary January 1977 Joined Peat Marwick Mitchell & Co. December 1981 Joined Coopers & Lybrand July 2000 General Manger, Transaction Service Division, Chuo Aoyama April 2005 Representative Director, ZECOO Partners Inc. November 2017 Director & Chairman, ZECOO Partners Inc. (to present)		Important positions concurrently held at other companies, etc. Director & Chairman, ZECOO Partners Inc. Outside Director, Genki Sushi Co., Ltd. (since June 2015) Outside Director, SHINMEI Holdings Co., Ltd. (since October 2018) Outside Audit & Supervisory Board Member, TBS Holdings, Inc. (since June 2020)
Reason for election Expertise in finance and accounting, extensive knowledge of corporate management		Board of Directors meeting attendance (FY 2021) Board of Directors meetings: 13 of 14
■ Yoshihiro Kataoka, Director (Born on July 30, 1954)		Number of MPM shares held: 0
Career Summary April 1980 Registered as an attorney-at-law (Tokyo Bar Association) April 1983 Hosoda and Kataoka Law Office September 1984 Chief, Yoshihiro Kataoka Law Office June 1990 Partner Chief, Kataoka & Kobayashi LPC (to present)		Important positions concurrently held at other companies, etc. Partner Chief, Kataoka & Kobayashi LPC Visiting Professor, Chuo Law School (since April 2007) Outside Director, The Higo Bank Ltd. (since June 2011)
Reason for election Expertise in law and many years of experience in corporate legal affairs		Board of Directors meeting attendance (FY 2021) Board of Directors meetings: 14 of 14
■ Mitsunori Shinohara, Director (Born on September 25, 1954)		Number of MPM shares held: 0
Career Summary April 1979 NH Foods Ltd. (hereinafter "NH") April 2010 Executive Officer, and Head of Corporate Planning Department, Group Management Division, NH. April 2012 Executive Officer, and Head of Management and Supervision Department of Meat Business Division, NH. April 2014 Executive Officer, Head of Management and Supervision Department of Meat Business Division and Chief of Business Planning Office, NH. April 2015 Executive Officer and Head of Affiliated Companies Division, NH. June 2015 Director, Executive Officer, and Head of Affiliated Companies Division, NH. April 2016 Director, Managing Executive Officer, and Head of Affiliated Companies Division, NH. April 2017 Representative Director and Vice President in charge of Reform of the Business Structure of the Corporate Group, NH. April 2018 Representative Director and Vice President in charge of Reform of the Structure of the Corporate Group, NH. April 2019 Director, NH. June 2019 Resigned		Important positions concurrently held at other companies, etc. Holds no important positions at other companies
Reason for election Extensive experience in marketing, sales and management planning for businesses including overseas business		
■ Hiroaki Tonooka, Audit & Supervisory Board Member (Born on January 23, 1953)		Number of MPM shares held: 0
Career Summary April 1976 Joined Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company) (hereinafter "MY") July 2005 Director, General Manager; Group Market Planning & Research Department, MY December 2005 Director, MY April 2006 Director, Managing Executive Officer, MY July 2006 Managing Executive Officer, MY April 2008 Senior Managing Executive Officer, MY July 2012 Director, Deputy President, MY April 2016 Director, MY June 2016 Adviser, MY July 2016 Director, The Kitasato Institute (to present)		Important positions concurrently held at other companies, etc. Director and Councilor, The Kitasato Institute Councilor, Japan College of Social Work (since May 2022)
Reason for election Expertise in finance and accounting, extensive experience in corporate management		Board of Directors meeting attendance (FY 2021) Board of Directors meetings: 14 of 14, Audit & Supervisory Board meetings: 12 of 12
■ Satoshi Takizawa, Audit & Supervisory Board Member (Born on June 21, 1961)		Number of MPM shares held: 0
Career Summary April 1984 Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation) (hereinafter "MUFJ TBC") June 2010 Executive Officer and head of Financial Planning Section of Mitsubishi UFJ Financial Group, Inc. and an Executive Officer of MUFJ TBC June 2012 Executive Officer and head of Management Planning Section of MUFJ TBC June 2013 Managing Executive Officer, MUFJ TBC June 2016 Director, Senior Managing Executive Officer, MUFJ TBC June 2019 Representative Director and President of Mitsubishi UFJ Trust Business Co., Ltd. (to present)		Important positions concurrently held at other companies, etc. Representative Director and President of Mitsubishi UFJ Trust Business Co., Ltd.
Reason for election Expertise in finance and accounting, great discernment of corporate management		Board of Directors meeting attendance (FY 2021) Board of Directors meetings: 10 of 10, Audit & Supervisory Board meetings: 8 of 8

Assessments of the Board of Directors Effectiveness

The Board of Directors conducts a questionnaire for Directors and Audit & Supervisory Board members to analyze and evaluate the effectiveness of the Board of Directors as a whole. The results of the questionnaire are then discussed at the Board of Directors.

An outline of the questionnaire and results is provided below. In addition to sharing the current understanding, the Board of Directors will identify and discuss issues to make future improvements and continually work to improve its effectiveness.

(1) Date of Analysis and Evaluation of the Board of Directors’ Effectiveness in FY2021

January 7, 2022 - January 17, 2022: Questionnaire conducted
February 28, 2022: Discussions held at Board of Directors meeting

(2) Questionnaire Topics

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

(3) Analysis and Evaluation of FY2021 Board of Directors’ Effectiveness -Summary of Results

a. Composition of the Board of Directors

It can be considered that the number of members, the knowledge and experience of each member, and the skills of the members generally maintain an appropriate structure for the functioning of the Board of Directors. On the other hand, issues were raised regarding the internal/external ratio and the need to improve the diversity of the board members, and it was confirmed that continued consideration is needed regarding the appointment of 1/3 or more of independent outside directors*, the formulation of a plan to train female managers for the appointment of female directors, and the invitation of female directors from outside our company.

*Our company has already conducted appointment so that the ratio of outside directors would be 1/3 or higher at the General Meeting of Shareholders on June 28, 2022.

b. Operation of the Board of Directors

The frequency of meetings, the time required, agenda operation, discussions, and tracing of items to be resolved are generally appropriate and contribute to improving the quality of deliberations. In order to further invigorate discussions and improve the quality of deliberations, it is necessary to share information across divisions, enhance opportunities for information sharing outside the Board of Directors meetings by holding various briefings and round-table discussions from the executive side, and further accelerate the timing of the provision of materials.

c. Functions of the Board of Director

Constructive discussions are held on the direction to be taken in the mid-to-long term and management strategies, and the monitoring of business execution is functioning adequately.

The improvement of governance related to directors' remuneration, one of the issues addressed in the previous fiscal year, has been improved through the introduction of a performance-based share-based payment plan in June 2021. On the other hand, the following items are expected to be improved in order to promote portfolio transformation and performance improvement.

- Ongoing discussions on management strategies that incorporate internal and external knowledge
- Extensive discussions on sustainability initiatives with an awareness of SDGs and ESG
- To formulate a human resource development plan, including diversification, and provide feedback to management on employee engagement, including group companies.

d. Other Proposals for Improvements

In addition to the above, recommendations were also made regarding more elaborate dialogue and explanations to shareholders and investors, and the nature of communication between outside directors and outside executives.

Corporate Governance

Message from an Outside Director



Soumitsu Takehara
Outside Director

Our company has been unable to improve its performance over the long term due to the decline in demand for printing paper against the backdrop of the advance of digital technology in its mainstay Printing Paper Business. Under these circumstances, the Board of Directors has been discussing building a profit-generating system based on the market-oriented mindset of "making things that sell well" instead of the conventional product-oriented mindset of "if we make good products, they will sell well." However, during the period of the previous mid-term management plan, the changes in the economic environment were beyond the scope of the expected reduction in demand, fluctuations in raw material and fuel prices, and price revisions. Thus, due to the impact of the economic environment changes, especially with the spread of the novel coronavirus and soaring raw material and fuel prices, our company could not achieve its

targeted performance.

Our company entered into a capital and business alliance with Oji Holdings Corporation and achieved the synergies expected to some extent during the period of the previous mid-term management plan. However, we needed to strengthen the alliance further to respond to the rapid changes in the external economic environment. Therefore, in the new fiscal year, we invited several executives from Oji Holdings Corporation, including the president. We hope the performance will recover under the new management system and business plan.

Under the new mid-term management plan, we will reorganize the Printing Paper Business into the Paper Materials Business to establish a system for producing and selling products with higher profit margins. Moreover, we aim to further develop the Functional Materials Business, which has been growing steadily in the former mid-term management plan, and transform it over the long term into an establishment that accounts for more than half of our profits. To that end, strengthening development and sales and expanding the lineup of functional products are challenges to be addressed in the future.

Since I was appointed an outside director, I have focused mainly on how I can contribute to improving corporate value by making changes to this company that has such a long history and acted to protect the interests of minority shareholders other than Oji Holdings, which represent approximately two-thirds of our company's shares. I would like to continue to play a role in governance by providing appropriate advice and proposals.

Compliance

In order to remain a corporate group that can earn the trust of society and live up to its expectations, the Mitsubishi Paper Mills Group makes efforts to foster a corporate culture focused on compliance and enhance the awareness of executives and employees.

Code of Conduct of the Mitsubishi Paper Mills Group

Our basic concept for compliance has been formulated and upheld as "the Code of Conduct of the Mitsubishi Paper Mills Group." In order to realize the philosophy of the code, we gave shape to each item and formulated "the Mitsubishi Paper Mills Group Compliance Conduct Standards." This applies to all executives and employees of the Mitsubishi Paper Mills Group, and serves as a guideline for daily activities.

⇒ Reference link: Code of Conduct
<https://www.mpm.co.jp/eng/company/gaiyo.html>



Code of Conduct of the Mitsubishi Paper Mills Group pocket card

Training Regarding Laws, Regulations, Etc. Related to Business Operations

In order to foster the knowledge of laws and regulations on business operations and legal mind, we regularly hold in-company seminars on legal affairs while inviting experts, including lawyers. In the fiscal 2021, workstyle reform received some attention. Thus, we focused on labor-management in response to the situation, such as the enforcement of the law against workplace bullying. With the cooperation of a professional lawyer, we created a video seminar tailored for our company and shared it widely within our group, not only in the Personnel Department, but also with people involved in labor management in the companies and departments, to systematize basic affairs and deepen their understanding.

Contents: "Basic Knowledge of Labor Management" 1. Working time management 2. Handling holidays and vacations 3. Recognizing workplace bullying

Lecturer: Takeo Okazeri, Attorney General, Takai Okazeri Law Firm

Corporate Ethics Hotline, an Internal Whistleblowing System

Mitsubishi Paper Mills has an internal whistleblowing system that is available to all employees working in the Mitsubishi Paper Mills Group in Japan. The Whistleblower Protection Act has been revised recently, and we are developing regulations to respond to this. The whistle-blowing status is checked at the regularly held meeting of the Compliance Committee, and reported to the Board of Directors.

Risk Management

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



Improving Our Risk Map

The Risk Management Committee analyzes the impact of these risks ascertained by our company and the frequency with which they occur to build our risk map, and it regularly identifies and analyzes risks to improve the effectiveness of our risk management.

Corporate Governance

Building a Crisis Management System

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



Fire drill
Takasago Mill

Enhancing Information Management

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

Creation of a Business Continuity Plan (BCP)

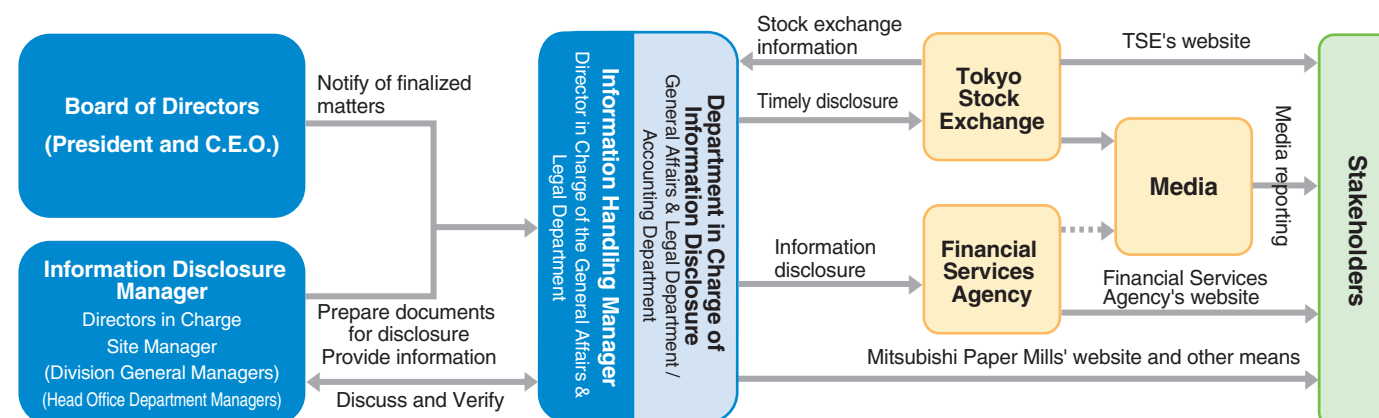
The Mitsubishi Paper Mills Group’s experience with the Hanshin-Awaji Earthquake and Great East Japan Earthquake has impressed on it the need for strengthening emergency preparedness. We are building an effective business continuity plan informed by our experience in recovering from profound devastation.

Information Disclosure/Public Relations

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

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

Information Disclosure System



Communication

IR Information Website

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

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



Head Office Gallery: Paper Design Square

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

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

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

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



Message from an Outside Audit & Supervisory Board Member



Hiroaki Tonooka
Outside Audit &
Supervisory
Board Member

What is required from companies has changed dramatically in recent years. For example, companies are expected to aim to improve corporate value, considering their contribution not only to shareholders, but also to various stakeholders including its employees, customers, business partners, and society, as well as environmental protection. This is only natural, considering that companies are social entities.

On the other hand, the environment surrounding the paper and pulp industry is becoming increasingly severe. The demand for paper has declined due to digitization, and the novel coronavirus crisis has further aggravated this trend. In addition, the business suffered a direct hit due to the rise in raw material and fuel prices in the previous fiscal year, which was accelerated by Russia’s invasion into Ukraine, and the depreciation of yen, resulting in the posting of an operating loss for the second consecutive term.

Under these circumstances, our company has formulated and announced a three-year medium-term management plan starting this fiscal year. The plan is aimed at (1) strengthen our earning capacity by “selection and concentration” strategies and “expansion of new business,” (2) contribution to green society, and (3) organizational change to improve sustainability. These goals are in line with what is required from companies these days. However, needless to say, the most important thing for our company now is (1) to strengthen our earning capacity. In order to achieve this, we have set a future vision from a long-term perspective. Based on this vision, we aim to transform the business portfolio by revitalizing the existing printing paper business to become the paper materials business and concentrating investment in the growing functional materials business. The targets for the end of fiscal 2024, the final year of the plan, are sales of 195 billion yen, an operating income of 7.5 billion yen, and an ordinary income of 8.5 billion yen. Although we chose the Prime Market after the reclassification of the Tokyo Stock Exchange’s market sections, we did not reach the market capitalization standards for tradable shares. Our company formulated this medium-term management plan to fulfill this goal. Achieving this goal is our responsibility to stakeholders and society, which we must achieve at all costs.

It has been six years since I was first elected as an outside Audit & Supervisory Board member of the company. I believe that our company’s strength lies in its steady corporate culture. Still, to carry out this plan, we need to have drastic efficiency in moving faster than ever before and in determining what we will do by when and how far we will go in this quarter, and what we have to change to be able to do so, if we cannot achieve it. For that, revitalization of the culture is indispensable. As of this term, expectations are increasing as the president and other management team members have changed. As an outside Audit & Supervisory Board member, I will keep an eye on whether appropriate measures are being decided and implemented through proper processes, especially from an external perspective and a stakeholder perspective.

Response to TCFD

Support for TCFD Recommendations and Information Disclosure

The Financial Stability Board established TCFD (Task Force on Climate-related Financial Disclosures) to discuss how to disclose climate-related information and the measures financial institutions should take. The global issue of climate change is considered a factor that will severely impact companies. Therefore, climate change has become a risk and an opportunity for business activities in the medium-long term. Thus, it is becoming necessary for companies to incorporate the impact of climate change into their management strategies to achieve sustainable growth.

In April 2022, the Mitsubishi Paper Mills Group announced its support for the TCFD Recommendations and joined the TCFD Consortium. To achieve sustainable growth, increase corporate value over the medium- to long-term, and contribute to society, we will disclose information based on the TCFD Recommendations regarding the risks and opportunities that climate change poses to our business.



● Governance

- We recognize that climate change is one of our most important business challenges, so the Board of Directors will discuss and decide on basic policies and important matters related to climate change. In addition, an executive in charge of promotion of sustainability will discuss the risks and opportunities and report them to the Board of Directors at least once a year.
- We have launched company-wide TCFD project teams that include an executive in charge of promotion of sustainability.
- We have established the Sustainability Promotion Committee to oversee the sustainability promotion activities of the entire Mitsubishi Paper Mills Group and manage the progress of the TCFD project teams under the Risk Management Committee, which is under its umbrella.
- Management Committee and the Board of Directors make investment decisions related to decarbonization.

● Risk management

- We identify risks related to climate change from items recognized by the Risk Management Committee within the Sustainability Promotion Committee. The TCFD project teams also manage climate change-related risks.

● Strategies

- We have established measures for the risks and opportunities identified by the TCFD project teams.
- We joined the 30 by 30 Alliance for Biodiversity established by the Ministry of the Environment. We also offer opportunities for experiential education about biodiversity and the blessings of forests by utilizing the Ecosystem Academy in company-owned forests.

● Indicators and goals

- We have formulated the Mitsubishi Paper Mills Group Environment Vision 2050, in which our company aims to become carbon neutral by 2050.
- In fiscal 2020, energy-derived CO₂ emissions in Japan were 792,000 tons. By fiscal 2030, we aim to reduce energy-derived CO₂ emissions in Japan by 40% from fiscal 2013 level to 568,000 tons or less.
- The domestic emissions of greenhouse gases in fiscal 2020, including CO₂, for SCOPE 1+2 is 902,000 tons. By fiscal 2030, we aim to reduce emissions by 36% from fiscal 2013 level to 681,000 tons or less. In the future, we will consider measures for SCOPE 3.
- 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.

● Conducting scenario analysis

- In order for humans and the earth to coexist, it is necessary to limit the increase in the average global temperature to less than 1.5°C above pre-industrial levels to curb the severe impacts of climate change.
- For the scenario set in this analysis, we referred to the IEA's WEO SDS (Sustainable Development Scenario) and the external scenarios presented by the Intergovernmental Panel on Climate Change (IPCC). Scenarios in a carbon-neutral world where social systems transition to climate change mitigation so as not to emit greenhouse gases pose more significant transition risks. As for the scenario of a world highly impacted by climate change, it requires adaptation to face the fury of nature, where physical risk is more significant.
- We believe we can increase our resilience against future risks by taking measures to deal with transition and physical risks in multiple scenarios of the future world. In addition, even in a harsh world with transition and physical risks, we believe adopting countermeasures for both can reduce them. We will also seize the listed opportunities and promote future business expansion.

Mitsubishi Paper Mills (MPM) Scenario Analysis Results

Table 1 Implementation of scenario analysis and strategies and countermeasures against risks

Category		Risk item	Risk details (impact on MPM)	Risk assessment			Strategies and countermeasures
				1.5°C	2°C	4°C	
Transition risks	Policies and legislation	• Enhancing regulations on GHG emissions, limiting emissions • Energy source conversion • Changes in legal regulations and environmental regulation limits for various raw materials and fuels	• Increasing costs due to increases in carbon taxes and dues, introducing emissions trading schemes, etc. • Cost increases due to energy source conversion • Legal restrictions on various raw materials and fuels, restrictions on production and sales due to changes in environmental regulation limits, a difficulty in substituting said raw materials and fuels, a lack of substitutes, shortage of alternative fuels to coal, increase in procurement costs	Large	Medium to large	Small	• Reducing coal dependency by maximizing the use of renewable energy • Promotion of energy conservation in manufacturing and distribution processes • Investing in the energy transition • Relying on multiple vendors of raw materials and fuels, decentralization of procurement sources, and reviewing supply chains
	Technologies	• Cost of transition to low-carbon technologies	• Increasing energy costs due to the introduction of renewable energy and equipment upgrades	Large	Medium to large	Small	• Curbing energy costs by actively adopting the latest energy-saving equipment and technologies
	Market	• Increasing consumer interest in low-carbon products and services • Augmentation of raw material and fuel costs • Changes in the external financial environment	• Declining demand for products and services that use fossil fuels • Impact on sales due to focusing on carbon emissions in the environmental performance index • Instability in the supply of chips for raw materials and various raw materials and fuel, and price increase • Withdrawal of investments, termination of loans, and difficulty in raising funds in companies that use fossil fuels	Large	Medium to large	Small	• Promoting the resources recycling business model and forest conservation further • Dissemination of information on the implementation status of sustainable forest management and sustainable procurement policies • Relying on multiple vendors of raw materials and fuels, decentralization of procurement sources, and reviewing supply chains • Disclosure of information related to climate change risks, costs, etc.
	Evaluation	• Negative feedback from stakeholders	• Difficulty in raising funds due to changes in the assessment of companies' attitudes toward climate change • Loss of opportunities to receive orders, deterioration of social credibility, avoidance of transactions, loss of human resources due to assessments such as having inadequate measures against climate change	Large	Medium to large	Small	• Dissemination of product information that can contribute to climate change mitigation and adaptation • Proactive disclosure of information to stakeholders
Physical risk	Short term (acute)	• Aggravation and increase of extreme weather events such as typhoons, floods, and heat waves • Temperature rise, changes in precipitation, etc.	• Suspension of business activities due to damage or destruction of in-house equipment and disaster (e.g. employees unable to come to work) • Functional deterioration of water supply, electricity, port facilities, and suspension of infrastructure services • Suspension of material and product delivery due to disruption of the distribution network (supply chain) • Suppliers of raw materials and fuel are damaged, resulting in procurement difficulties and supply interruptions.	Small	Small to Medium	Large	• Implementation of measures to prevent similar disasters through the establishment of a system to deal with natural disasters and horizontal dissemination of disaster information • Stabilization of procurement through diversification of raw material suppliers and means of transportation • Formulation, implementation, and operation of preventive measures against predictable wind and flood damage, such as strengthening buildings • Countermeasures against salt damage and water damage in manufacturing facilities
	Long-term (chronic)	• Rising average temperature and sea level • Changes in precipitation and weather patterns	• Difficulties in procurement due to deterioration of tree growth, deterioration in quality, decrease in yield, forest fires at suppliers, etc. • Decrease of available water due to seawater intrusion, increased water turbidity, decreased river flow, water intake restrictions, etc. • Increasing risk of flooding due to rising sea levels (earthquakes, tsunamis, storm surges, high waves) and salt damage • Conversion from afforestation to farmland due to food shortages and its increased necessity and expansion	Small	Small to Medium	Large	• Stabilization of procurement through diversification of raw material suppliers and means of transportation • Mitigating the impact of storm surges through land reclamation led by local governments • Improving water intake and purification equipment and water-saving technologies

Table 2 Strategies and measures for opportunities

Category	Opportunity item	Understanding of the business environment (MPM opportunities)	Strategies and countermeasures	External market growth		
				1.5°C	2°C	4°C
Opportunity	Resource efficiency	• Increasing demand for clean water under various environmental conditions • Increasing need for securing drinking water and efficient ventilation • Increasing demand for textiles that do not require water • Timber collection base in the Tohoku region, which is rich in forest resources	• Sales promotion of water treatment membrane support substrates used for reverse osmosis membranes (RO membranes) that contribute to securing safe and secure water (seawater desalination, etc.)	Maintain - Expand	Expand	Expand
			• Entering the fields of liquid filtration for beverages, industrial water, oil, etc. using liquid filter materials	Maintain - Expand	Expand	Expand
			• Sales promotion of total heat exchange elements and dust collection filters that contribute to air optimization	Maintain - Expand	Expand	Expand
			• Expanding waterless textile printing business using sublimation transfer paper	Maintain	Expand	Expand
	Energy resources	• Contributing to a decarbonized society • Electrification advances and various types of batteries are becoming widespread • Activating biomass power generation	• Strengthening the development and sales expansion of paper products in line with demand for plastic waste reduction	Expand	Expand	Maintain
			• Stable procurement of resources and reduction of procurement costs by promoting the use of domestic materials	Expand	Expand	Maintain
			• Expanding the use of renewable energy for heat and electricity	Expand	Expand	Maintain
			• Balancing energy costs and reduction of environmental impact by utilizing biomass, waste materials, RPF, etc.	Expand	Expand	Maintain
	Products and services	• Addressing social issues by providing sustainable materials • Adopting measures to prevent the spread of infection, etc. • Shifting from plastics, etc. to carbon-neutral pulp, etc.	• Development and sales of various battery separators	Expand	Expand	Maintain
			• Expanding external sales of fuel chips and increasing power generation income	Expand	Expand	Maintain
			• Promotion of sales and popularization of FSC®-certified paper	Expand	Expand	Maintain
			• Promotion of sales and popularization of barricote®, bleached and unbleached kraft paper, paperboard, etc.	Expand	Expand	Maintain
	Market	• Ownership of company-owned forests in Japan • Using domestic timber from the Tohoku region	• Enhancing sales of filters (increasing sales of ventilation fans, air purifiers, air conditioners, etc.)	Maintain	Maintain - Expand	Expand
			• Improving sales of masks, disinfectants, etc.	Maintain	Maintain - Expand	Expand
			• Product development of paper pulp materials that can replace fossil-derived containers and packaging	Expand	Expand	Maintain
			• Examining the use of the carbon credit system associated with forests' ability to absorb CO ₂	Expand	Expand	Maintain
	Resilience	• Securing forest resources that produce carbon-neutral materials • Climate change mitigation through absorption of CO ₂ by forests • Using black liquor energy	• Promoting the improvement of the self-sufficiency rate of wood and forest conservation by using domestic wood	Expand	Expand	Maintain
			• Promoting the use of raw materials that have received international forest certifications	Expand	Expand	Maintain
			• Promoting forest conservation, procuring resources from properly managed forests, disseminating information on the Ecosystem Academy, etc.	Expand	Expand	Maintain
			• Reducing the impact of soaring fuel costs by using black liquor energy	Expand	Expand	Maintain

Relationship with the Environment

The Mitsubishi Paper Mills Group intends to make an active contribution to the creation of a sustainable society. To this end, the Group will not only strive to prevent global warming and preserve biodiversity, but also to earn the trust of all its 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, formulated in April 1993 to guide our distinctive business activities, which leverage the Group's lines of business.

⇒ Reference link: Environmental Charter
<https://www.mpm.co.jp/eng/env/timber.html>

Environmental Charter

1. Fundamental Principles

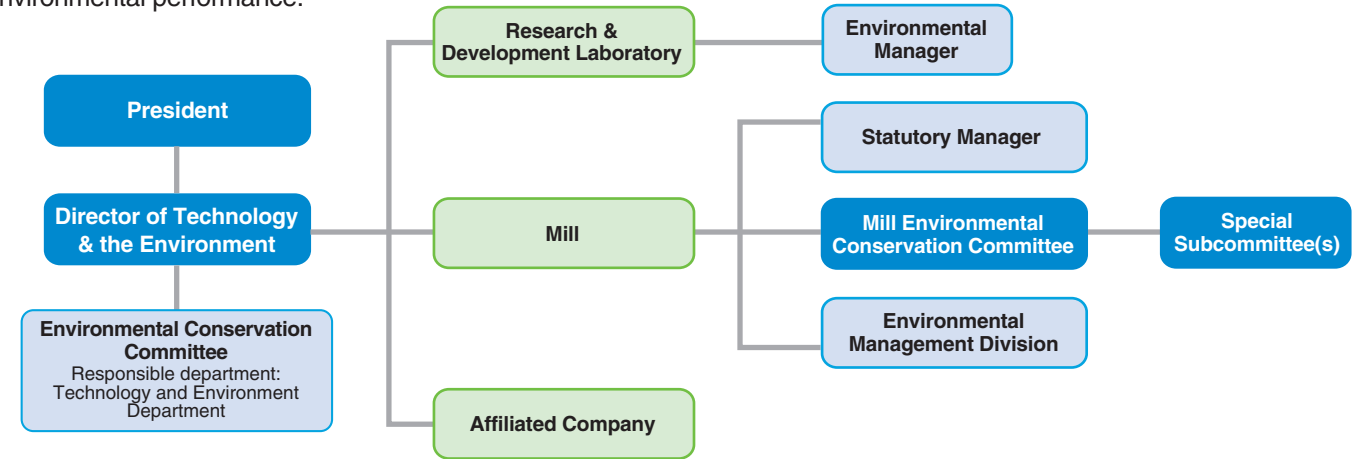
The Mitsubishi Paper Mills Group intends to make an active contribution to the protection of the global environment and the creation of a recycling society. To this end, the Group will not only strive to help prevent global warming and preserve biodiversity, but also to earn the trust of all its stakeholders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

2. Basic Policies

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

Environmental Management System

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



Chemical Substance Management

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



Preventing Global Warming

Environment Vision 2050

The Mitsubishi Paper Mills Group formulated “the Mitsubishi Paper Mills Group Environment Vision 2050” for the purpose of contributing to the long-term Japanese government’s goal: “Realization of carbon neutrality by 2050.”

⇒ Reference link: Mitsubishi Paper Mills Group Environment Vision 2050
<https://www.mpm.co.jp/eng/env/timber.html>

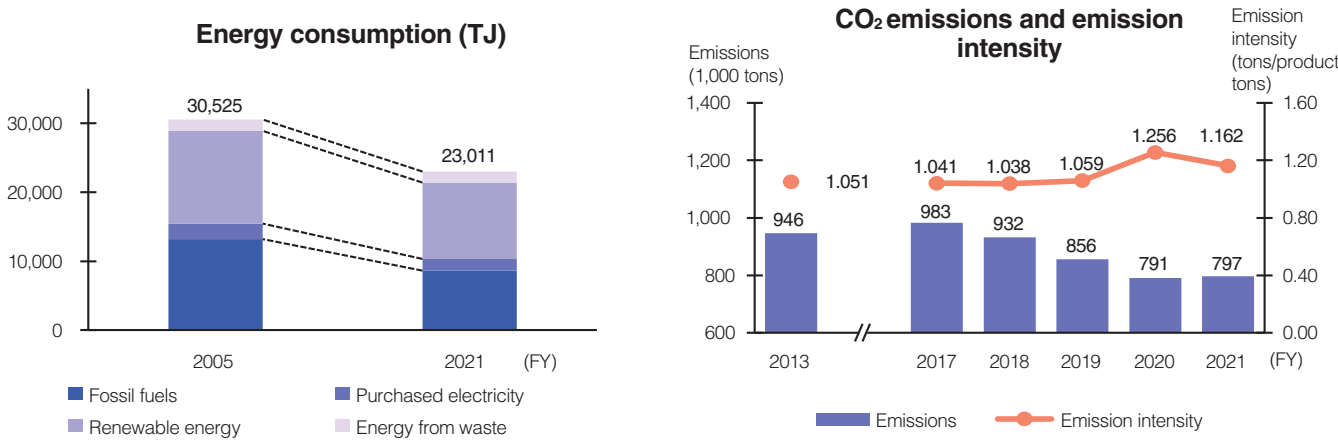
The Mitsubishi Paper Mills Group will endeavor to realize carbon neutrality by:

- Using renewable energy and energy generated from waste to the maximum degree,
- Utilizing carbon fixation technologies, and
- Developing environmentally friendly products.

We will contribute to the long-term Japanese government’s goal: “To actualize a decarbonized society or carbon neutrality by reducing greenhouse gas emissions to zero by 2050.”

Manufacturing Segment Initiatives

The Mitsubishi Paper Mills Group has the target of bringing energy-derived CO₂ emissions in Japan down by 40% from fiscal 2013 by fiscal 2030 and is working on reducing its fossil fuel-based energy and overall energy consumption.



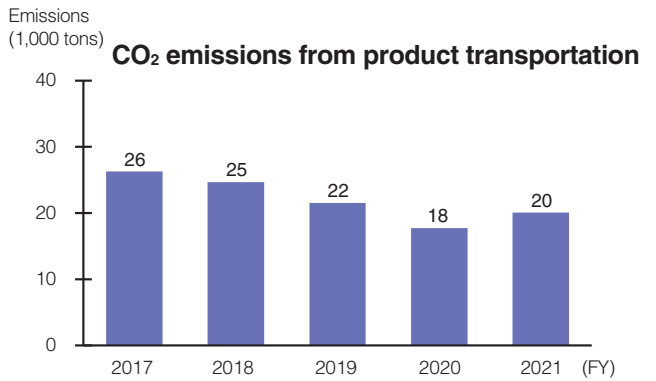
(Scope of statistics: Mitsubishi Paper Mills Limited, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd. and KJ SPECIALTY PAPER Co., Ltd.)

Logistics Segment Initiatives

Mitsubishi Paper Mills strives to identify the amount of CO₂ emissions associated with product transportation from the shipper's standpoint to save energy.

Effect of reduction of cross-transportation

In addition, in collaboration with Oji Paper Corporation, we are working to reduce cross-transportation, and in fiscal 2021, the volume of transport from the Hachinohe Mill in Aomori Prefecture to western Japan decreased by approximately 11.48 million ton-km (transport to eastern Japan increased by about 6.29 million ton-km). As a result of this initiative, CO₂ emissions have been reduced by 32 tons annually.

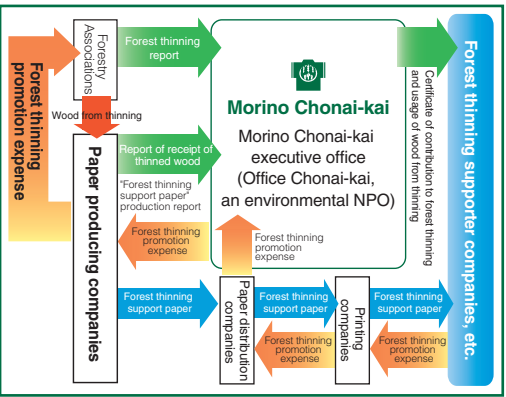


Relationship with the Environment

Preserving Biodiversity

Forest Preservation Activities

In conformance with FSC® certification scheme standards, the Mitsubishi Paper Mills Group makes careful use of wood feedstock produced under proper forest management, and also works to popularize the FSC® certification system. At the same time, we are engaged in a number of efforts to help forest preservation and support more prosperous local forestry and logging industries. This includes promoting forest thinning through Morino Chonai-kai, a forest neighborhood association, which is a collaborative project done in conjunction with Office Chonai-kai, an environmental NPO, as well as promoting the sustainable use of second growth hardwood produced in Iwate Prefecture.



Ecosystem Academy

As one member of the industry that benefits from the “gifts of the forest,” the Ecosystem Academy provides a place for experiential forest environment education to contribute to developing a sustainable society that will connect people and community through experiential environmental education, forest surveys and research, and information dissemination.

In fiscal 2021, we collaborated with Nishigo Village in Fukushima Prefecture, Sumida City in Tokyo, and the Tokyo Metropolitan Park Association to hold a forest environment learning program to promote community participation and contribute to sustainable regional development. These activities are concrete efforts to participate in the 30by30 Alliance for Biodiversity promoted by the Ministry of the Environment.



Mizumoto elementary school nature observation tour (Mizumoto Park, Tokyo)

Experiential Environmental Education*

The program combines lectures, observations, measurements, tree planting and growing using company-owned forests, and papermaking and paper crafts as a means to experience the art of manufacturing. Consideration is given to forest preservation, prevention of global warming, and biodiversity based on the theme of collaboration between nature and industry, thus contributing to the achievement of SDGs. In fiscal 2021, while adopting a new lifestyle as a countermeasure against the novel coronavirus crisis, we held 17 events, including study sessions on the forest environment and nature observation tours in Tokyo and Fukushima Prefecture, and the total number of participants was 592.

(*) Accredited as “A Place to Experience Fukushima Prefecture” based on the Act on Enhancing Motivation on Environmental Conservation and Promoting of Environmental Education.

Forest Surveys and Research

We continuously engage in surveys of forest ecosystem and biodiversity, including surveys on tree growth, surveys on animals using trail cameras, surveys on soil animals and bird surveys in cooperation with the Wild Bird Society of Japan’s Shirakawa Chapter in company-owned forests.

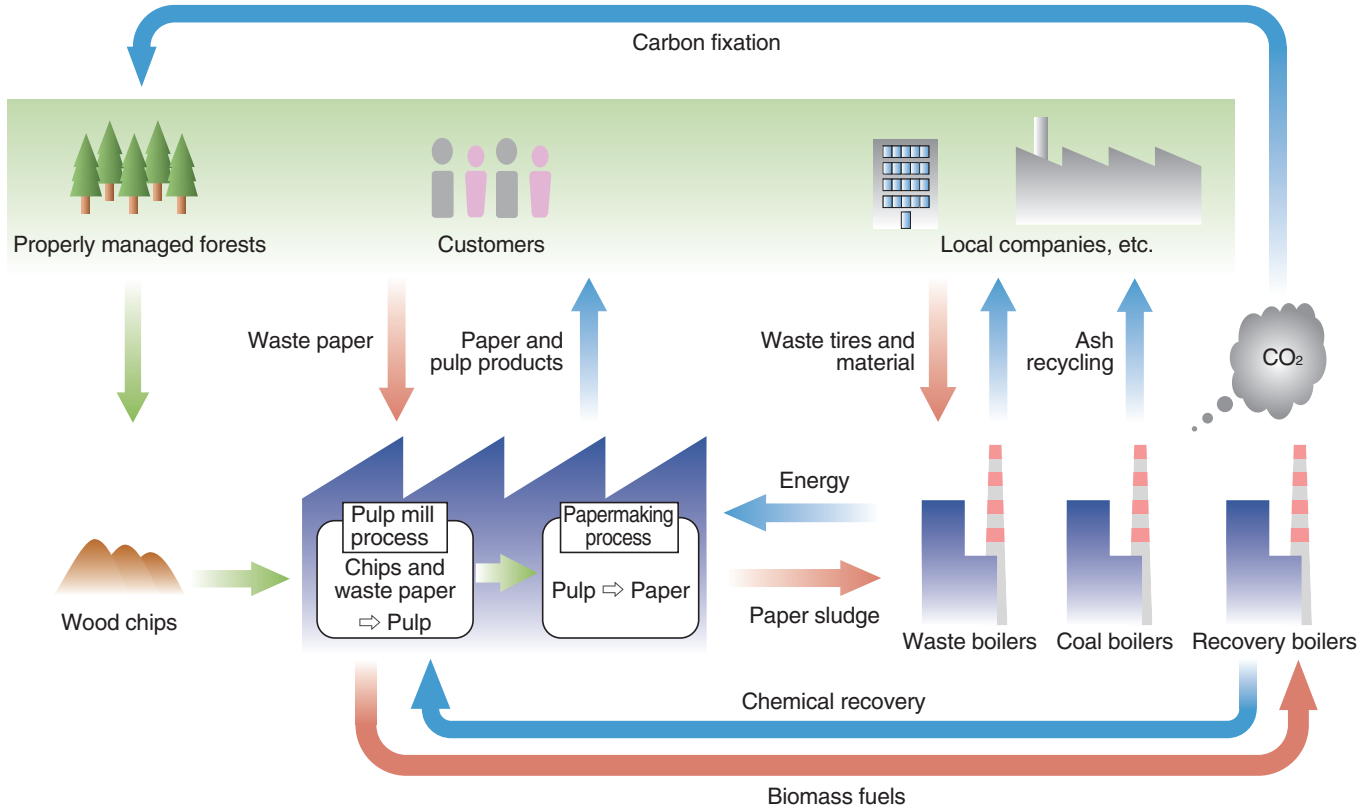
Information Dissemination

We hold regular environmental seminars led by instructors from diverse fields including people involved in the forestry, paper manufacturing, finance industries, and environmental preservation, and people teaching at universities. The 11th event in 2022 was a webinar under the theme of “Wisdom to Live in Harmony with Nature.” The lecture titled “Self-defense force life hacks” by Yuichi Aizawa (Ministry of Defense, Ground Staff Office Public Relations Department) and the lecture titled “New relationship between forests and people: Forest bathing to organize the mind” by Nagisa Ono (Future with Forest Association) gave an opportunity to think about the coexistence of nature and people and feel the harshness of nature and the vitality of the forest.

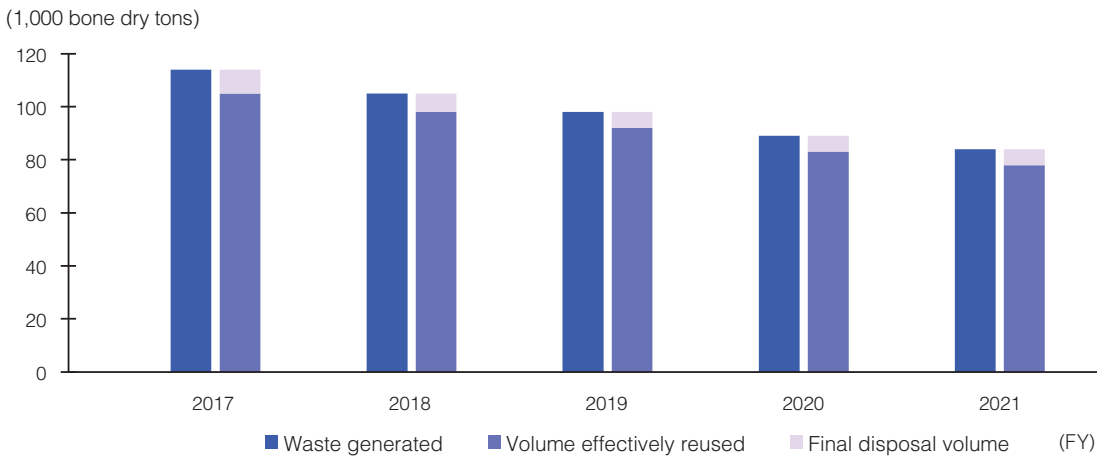
⇒ Reference link: Ecosystem Academy
<https://www.mpm.co.jp/eng/env/timber.html>

Effective Use of Materials

The Mitsubishi Paper Mills Group’ s main mill, the Hachinohe Mill, gets energy from the black liquor produced 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 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 Reglobe 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.



Waste Generated and Volume Effectively Reused



(Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd. and KJ SPECIALTY PAPER Co., Ltd.)

Relationship with the Environment

Material Balance

Input

Main raw materials (1,000t)	
Imported wood chips	651
Domestic wood chips	285
Purchased pulp	30
Waste paper	20
Inorganic pigments	36
Energy (Crude oil equivalent, 1,000 kl)	
Fossil fuels	223
Purchased electricity	44
Biomass	285
Refuse-derived fuel	42
Service water (Million tons)	
Industrial water	122

Mitsubishi Paper Mills Group (Domestic)



Output

Atmospheric release		
CO ₂ emissions	(1,000 t)	797
NO _x emissions	(1,000 Nm ³)	738
SO _x emissions	(1,000 Nm ³)	185
Soot and dust	(t)	253
Released into water systems		
Wastewater	(Million tons)	120
COD	(t)	6,134
SS	(t)	3,349
Waste (1,000 t *after drying)		
Waste generated		84
Volume effectively used		78
Final disposal amount		6
Product sales amount		
Paper	(1,000 t)	618
Photosensitive materials	(Million m ²)	2
Pulp	(1,000 t)	69

Reference: 2 mills in Germany

Purchased pulp	(1,000 t)	109		
Waste paper	(1,000 t)	0	CO ₂ emissions	(1,000 t) 37
Service water usage	(1,000 t)	2,539	Wastewater	(1,000 t) 1,884

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

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

Emission transfer amount of PRTR target substances

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

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

No.	PRTR Class 1 Designated Chemical Substances	Cabinet order No.	Emissions		Amount transferred	
			Atmosphere	Water	Sewerage	Off-site
1	Xylene	80	430	0	0	350
2	Silver and water-soluble compound	82	0	0	0	0
3	Chloroform	127	18,300	3,800	0	30
4	Cyclohexylamine	154	0	0	0	0
5	2,2-Dibromo-2-cyanoacetamide	210	0	784	0	30
6	Dioxins	243	0.00	18.20	0.00	0.00
7	Triethylamine	277	1,600	0	0	0
8	Toluene	300	9,600	0	0	41,020
9	Hydroquinone	336	0	0	44	0
10	Boron and its compound	405	0	0	180	160
11	Formaldehyde	411	28	1	0	1,102
12	Methylnaphthalene	438	100	0	0	0

PCB

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

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

Environmental Indicators

Environmental Impact Data

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

		FY 2005	FY 2019	FY 2020	FY 2021	Target (FY)
Natural resources						
Fossil fuel-based energy consumption	TJ	15,131	11,036	10,822	10,352	
Fossil fuel energy intensity	GJ/product-tons	13.6	13.6	15.9	15.1	
Service water usage	Million tons	125	126	123	122	
Wastewater	Million tons	-	127	123	120	
Atmosphere						
CO ₂ emissions*1	1,000 t	1,164	858	792	797	568 (FY2030)
NO _x	1,000 Nm ³	1,076	835	753	738	
SO _x	1,000 Nm ³	247	187	205	185	
Soot and dust	t	-	376	200	253	
Water quality						
COD	t	7,717	7,045	5,748	6,134	
SS	t	3,417	3,719	3,106	3,349	
Waste						
Waste generated	1,000 t	-	166	150	140	
Final disposal amount	1,000 t	-	9	8	8	
Final disposal rate*2	%	-	94.9%	94.5%	94.2%	98.4% (FY2025)

*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

Environmental Accounting

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

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

Environmental Conservation Costs

Classification	Principal Initiatives	Unit: Million yen	
		Investments	Expenditures
(1) Costs within business areas		205	1,778
1. Pollution control costs	Includes air pollution, water pollution, foul odor, noise, and vibration measures	11	997
2. Global environmental conservation cost	Includes domestic afforestation, energy conservation measures, etc.	119	1
3. Resource recycling costs	Includes waste measures and waste paper and other product recycling	75	780
(2) Upstream/downstream costs	Includes container and packaging recovery and recycling	269	270
(3) Management activity costs	Includes environmental education, environmental management systems, and certification acquisition	2	22
(4) R&D costs	Environmentally friendly product development, etc.	0	172
(5) Social activity costs	Includes greening, environmental beautification, and environmental data disclosure	28	28
(6) Environmental damage costs	Fees for pollution-related health damage	3	47
Total		507	2,317

Economic Benefit of Environmental Conservation Measures

Classification	Benefit	Unit: Million yen	
		Amount	
Earnings	Effect of reuse of recovered pallet	327	
	Profit from sales of materials effectively recycled	29	
Cost reduction	Cost reduction from decreased energy usage	57	
	Cost reduction from improved material yield	180	
Total		593	

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.”

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



What is the Declaration of Partnership Building?

It is a declaration that we will strive to achieve the following goals.

- (1) Coexistence and co-prosperity of the entire supply chain and new collaboration beyond scale and affiliation
 - (2) Observance 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
- We will continue to conduct fair and appropriate transactions and fulfill our responsibilities to all stakeholders.

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® 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.



Label certifying FSC®

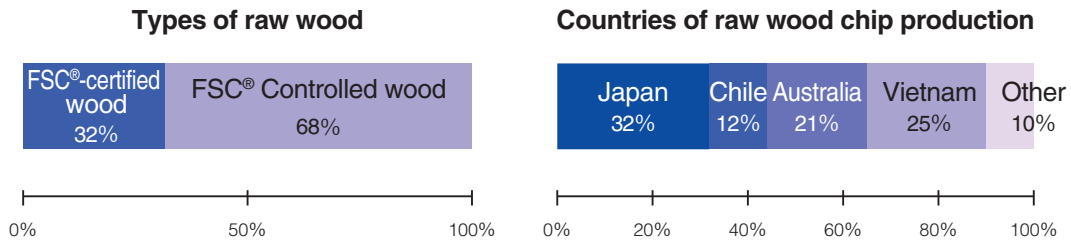
⇒ Reference link: FSC®-Certified Paper
<https://www.mpm.co.jp/eng/env/fsc.html>

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.
 - 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 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.



Relationship with Employees

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

⇒ Reference link: Together with Our Employees
<https://www.mpm.co.jp/eng/env/timber.html>

Occupational Safety and Health Initiatives

In accordance with “the Group-wide Safety and Health Management Guideline,” which includes the basic principles for safety and health, all of our group companies work on our activities and we established a system for management of safety and health, for the purpose of realizing a safer and more comfortable working environment.

Group-wide Safety and Health Management Guideline

[Basic principles]

While giving top priority to the safety and health of all people engaged in business activities of the Mitsubishi Paper Mills Group, we foster a corporate culture in which employees can work without worry and actualize a disaster-free, healthy working environment.

As an organization for leading the practice of the basic principles, the Group-wide Safety and Health Committee was established. This committee is chaired by the president, controls and evaluates activities for safety and health, and approves group-wide plans for managing safety and health.

Fiscal 2021 Activities

In order to improve the level of safety awareness of all employees of the Mitsubishi Paper Mills Group, we focused on the following two measures:

- (1) Strengthened hazard prediction activities and alerted employees when they work alone during troubleshooting
- (2) Provided thorough safety guidance to temporary workers

There is a tendency for severe accidents to occur during one-person operations when trouble arises, so we installed network cameras in some locations. We have a system that allows us to check the site in real time from a TV monitor.



Promoting Good Mental and Physical Health

For promoting the good mental and physical health, we are promoting the Employees Assistance Program. This assistance program is composed of mainly consultation about health and mental health counselling by phone and through interview, which are available 24 hours a day.

In addition, to raise awareness of health management, we strive to conduct follow-up after regular health checkups, recommending secondary examinations based on the results of regular health checkups and providing specific health guidance in cooperation with the health insurance association (collaborative health promotion).



Efforts to Create Comfortable Work Environments

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

Measures for Flexible Workstyles

We introduced a work-from-home system as a flexible way of working to match the lifestyles of each individual employee. We commenced implementation of the system gradually, starting with our headquarters. Together with the already adopted staggered working hours system, these systems aim to improve work-life balance and alleviate stress from commuting congestion, and are thereby expected to also increase productivity.

In the work-from-home system, employees who are rearing a child or giving care to a family member can also use a flexible work schedule without core working hours (they can get off work anytime), so that they are able to develop their careers while rearing a child or giving care to a family member.

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

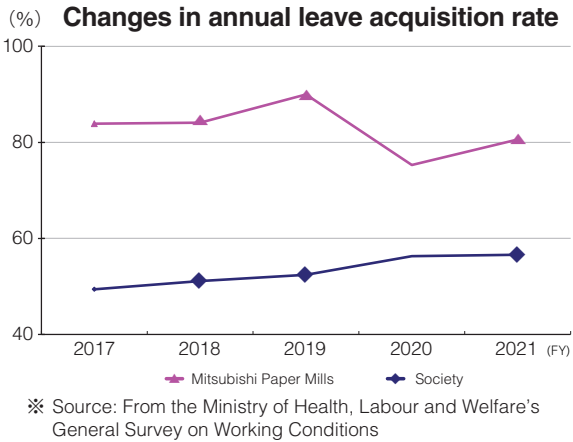
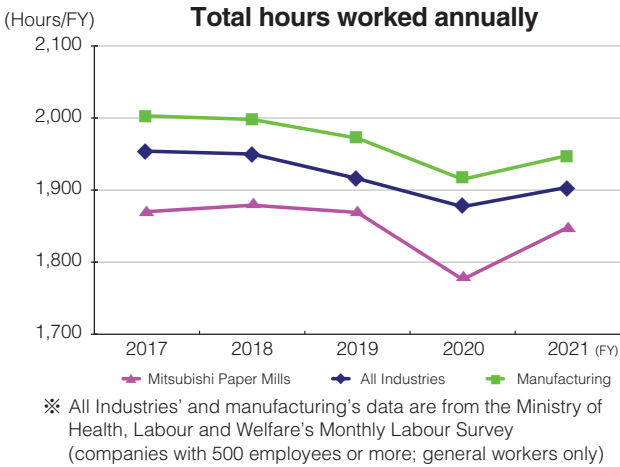
Efforts for Human Resources Development (Education and Training)

We focus on fruitful personnel development, as we have adopted a personnel evaluation system that allows employees to identify areas for improvement by looking back at their evaluations and to grow further. We have also introduced a team-type target management system that enables employees to develop their self-management skills and work execution abilities by setting up goals they should achieve.

In addition, we are conducting educational training to improve skills at a wide range of levels, including young, mid-career, and managerial employees.

Regular Program Reviews Done in Conjunction with Our Labor Union

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



Measures for Empowering Women

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

In addition, we have implemented system revisions in line with revisions to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members to prevent employees from leaving their jobs due to childbirth and childcare. We are also striving to create an environment where both men and women can balance work and childcare according to their wishes.

Relationship with Customers

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

⇒ Reference link: Product Safety Code
<https://www.mpm.co.jp/eng/env/timber.html>

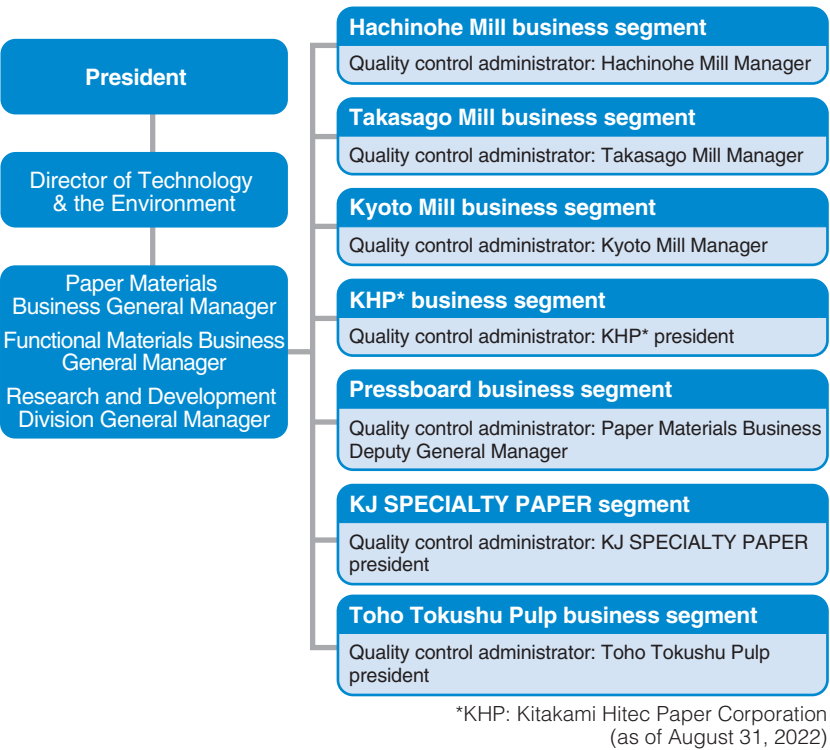
Product Safety Code

- Mitsubishi Paper Mills believes that the role of a company in society is to provide satisfying services along with safe and useful products to customers, and we have utilized our excellent technologies to provide safe products to society. From here on, too, we will steadily implement the following actions throughout the entire company to maintain sound management and continue providing society with safe products and satisfying services that meet the needs of the times.
- (1) We will strengthen our quality control systems and product safety control systems, and will provide products confirmed to be safe using state-of-the-art science and technology.
 - (2) We will work to stabilize the manufacturing process and always provide products of uniform quality.
 - (3) We will provide accurate and reliable information on the correct way to use products and the safety of products.

Quality Control System

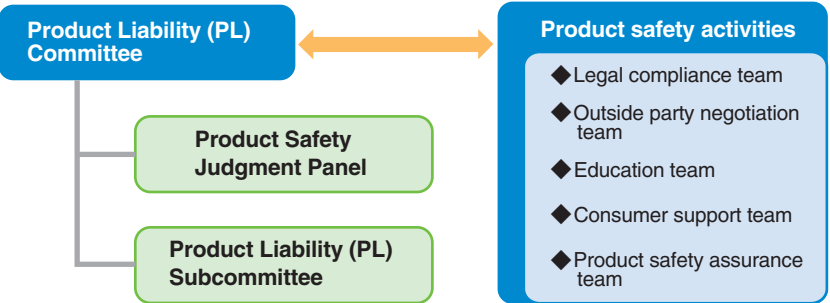
To be able to quickly respond to customer feedback and quality issues, the Group’s businesses are divided into seven segments, and have built a quality control system overseen by the president.

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



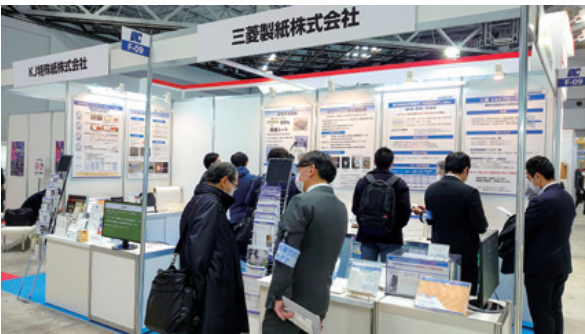
Product Safety Control System

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



Communication with Customers

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



N-PLUS Adding New Value to Manufacturing and Mobility
 February 2 to February 4, 2022, Joint exhibition with
 KJ SPECIALTY PAPER
 Location: Tokyo Big Sight
 (Exhibition content: Melt-blown non-woven fabric, super heat-resistant glass fiber non-woven fabric)



12th Fashion World Tokyo (Autumn)
 Apparel, bags, shoes, accessories, OEM companies/production factories Exhibiting at an exhibition where companies that handle fabrics, materials, and secondary materials gather from all over the world
<https://www.fashion-tokyo.jp/live/ja-jp/lp/2021o.html>
 MPM digital printing transfer paper/JetDyer
 Introducing Diamic’s nylon printing business/b-side



Automotive Engineering Exposition 2021
 May 26 to July 30, 2021, Online exhibition
 Super heat-resistant sheet/Heat-resistant board
 GWB/Heat-resistant sheet GWS/Dry film resist for Koceran sandblast Dry film photoresist for thick copper etching (development product)



Exhibited at page2022 (<https://page.jagat.or.jp/>)
 Exhibited mainly with printing sensitive materials and Diamic
 The new product TGAF (TRF-IR830) was displayed for the first time.

Encouraging the Worry-Free Use of Our Products

The products the Mitsubishi Paper Mills Group provides are made from raw materials proven to be safe. Along with swiftly obtaining toxicological data and information about new regulations, all departments involved, including affiliated companies, share information with each other and conduct thorough safety inspections of the raw materials used. With respect to chemical substance control, we have established 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 eco-friendly, safe products that customers can feel safe and comfortable about using.

Relationship with Communities

The Mitsubishi Paper Mills Group aims to grow together with communities and has formulated its Social Contribution - Direction of Activities to proactively interact with communities through its business activities. Through activities such as those conducted by the Ecosystem Academy (see page 39), 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.

⇒ Reference link: Social Contribution - Direction of Activities <https://www.mpm.co.jp/eng/env/timber.html>

Social Contribution - Direction of Activities

- Environmental protection: We will contribute to the creation of a recycling society to maintain our precious global environment.
 - ⇒ We will work to protect the global environment by making the most of our business activities, such as supporting the "FSC® Certified Forest" and supporting thinning in collaboration with NPOs.
- Living alongside local communities: We are strengthening our social contributions rooted in local communities.
 - ⇒ Mills and offices play key roles by actively engaging in local community activities and contributing to the development of those communities.
- Supporting volunteer activities: We support the volunteer activities of our employees.

Communication with Community Members

As members of their communities, every business site in the Group proactively participates in local activities and furthers communication with every community member in a variety of ways. In fiscal 2021, major local activities were cancelled or postponed due to the coronavirus pandemic, but we implemented the following measures.

Contributing to Local Communities



Donation ceremony of Traffic Safety Reader for Mothers and Children

Traffic Safety Reader for Mothers and Children

The Hachinohe Mill donated 2,400 copies of the “Traffic Safety Reader for Mothers and Children” to the Hachinohe District Traffic Safety Association to help prevent traffic accidents among new school children. 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 228,960 copies have been donated. The book is easy-to-understand and has illustrations demonstrating how to safely cross roads where there are no pedestrian crossings, and dangers in parking lots.

Braille Calendars

We began producing braille calendars in 1997, and the 2022 edition marked the 26th year of this effort. We donate them to local social welfare groups and braille libraries mainly via our business footholds. We use embossed braille that does not use plastics, and we use eco-friendly FSC®-certified paper that can be recycled after use. The 2022 braille calendar introduces “How Easy! Microwave Classic Recipes” so that you can easily cook classic recipes in the microwave without hassle.



Braille Calendar (2022 edition)



Community Cleanup Activities

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

For example, Hachinohe Head Office of Mitsubishi Paper Engineering Co., Ltd. was certified as “a supporter for conserving the waterfront of the hometown in Aomori Prefecture” and registered as a “Hachinohe cleaning partner” in October 2020. We carried out cleaning activities on the target area of Gonohe River (on both shores of 1,800m) in October 2021. In addition, the Oyama Mill of Toho Tokushu Pulp Co., Ltd. takes part in Oyama City’s Green and Light Adopt-a-Road Campaign and makes efforts every month to maintain and improve the environment around roads.



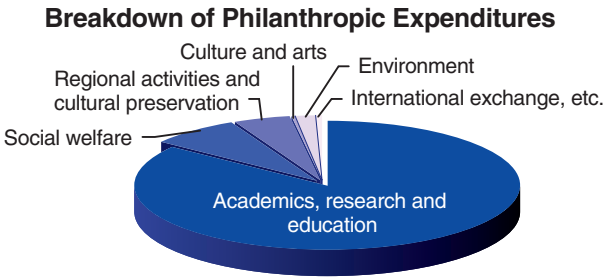
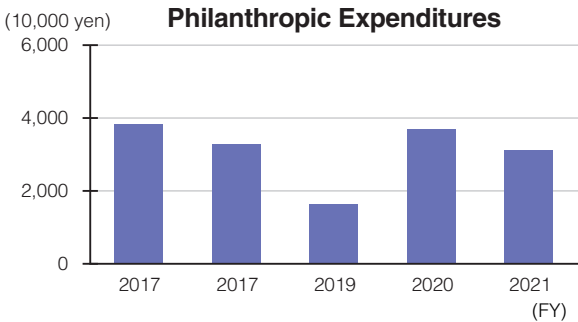
Cleaning activities around Gonohe River (Hachinohe Head Office of Mitsubishi Paper Engineering Co., Ltd.)



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

Philanthropic Expenditures

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



Financial Section

Business results in fiscal 2021

(From April 1, 2021 to March 31, 2022)

In the fiscal 2021, progress was made in both preventing the spread of COVID-19 and the economy, and economic activity recovered to a certain extent. On the other hand, the turmoil in logistics due to shortages of marine transport containers and various materials, delays in delivery, etc. did not subside, and energy and material prices soared due to heightened geopolitical risks due to the conflict between Russia and Ukraine.

In the environment surrounding our Group, demand recovered due to the easing of restrictions on going out and holding events. However, in addition to rising product delivery costs, we were greatly affected by the surge in fuel prices such as crude oil, coal, and natural gas.

Under these circumstances, our Group worked to improve productivity by expanding and integrating production systems according to demand trends in each business, revising product prices, and boosting sales of new products.

In regard to the “New Medium-Term Management Plan” (from fiscal 2020/3 to fiscal 2022/3), which in its final year, we have actively engaged in the following three priority strategies:

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

and we progressed with the basic principle: Strengthening and diversifying the business base for a new stage.

Regarding the alliance with the Oji Group, we have transformed our business portfolio and strengthened our management foundation through capital and business alliances. For example, in October 2021, we transferred the pressboard business of our Shirakawa Site to Oji F-Tex Co., Ltd.

Consolidated sales stood at 181,920 million yen (up 12.1% year on year).

In terms of profit, despite the impact of soaring raw material and fuel prices, consolidated operating loss was 248 million yen (operating income was 1,770 million yen in the previous term) and consolidated ordinary income was 1,964 million yen (ordinary loss was 636 million yen in the previous term) due to a recovery in production and sales volume and cost reductions such as reduction of fixed costs. Profit attributable to owners of parent stood at 1,096 million yen.

Financial condition in fiscal 2021

(From April 1, 2021 to March 31, 2022)

Statuses of assets, liabilities and net assets

The assets as of the end of this consolidated fiscal year stood at 215,879 million yen, up 6,440 million yen from the end of the previous consolidated fiscal year, due to a rise in notes and accounts receivable - trade, and net defined benefit asset, despite decreases in cash and deposits and property, plant and equipment.

As of the end of this consolidated fiscal year, liabilities decreased 270 million yen year on year to 146,265 million yen, due to a reduction in interest-bearing debt, despite an increase in notes and accounts payable - trade.

Net assets increased 6,711 million yen from the end of the previous consolidated fiscal year to 69,613 million yen owing to the posting of profit attributable to owners of parent and an increase in remeasurements of defined benefit plans.

Cash flow situation

Cash and cash equivalents at the end of this consolidated fiscal year stood at 9,047 million yen, down 6,654 million yen from the end of the previous consolidated fiscal year due to a decrease in liquidation of receivables.

■ Cash flows from operating activities

Cash provided by operating activities decreased 11,316 million yen year on year to 1,698 million yen. The revenues are broken down mainly into depreciation of 8,489 million yen and increase in notes and accounts payable - trade of 6,083 million yen, while the expenses mostly consist of increase in notes and accounts receivable - trade of 12,551 million yen due to a decrease in liquidation of receivables.

■ Cash flows from investing activities

Cash expended in investing activities was 2,557 million yen, up 459 million yen year on year. The expenses were comprised mainly of purchase of property, plant and equipment and intangible assets of 6,255 million yen while the revenues were due to proceeds from sales of investment securities amounting to 2,759 million yen.

■ Cash flows from financing activities

Cash expended in financing activities increased 1,578 million yen year on year to 6,091 million yen. This was caused mainly by the commercial paper and repayment of borrowings.

Basic policy concerning distribution of profit and dividends

In regard to determination of dividends from retained earnings, etc., we view the return of profits to shareholders as an important management subject and make it our basic policy to keep paying dividends stably while taking into consideration the performance in respective fiscal years and internal reserves for allowing the implementation of future management measures.

We have decided to refrain from paying term-end dividends, after comprehensively considering recent performance trends.

※Basic policy concerning the selection of accounting standards

Taking into consideration the possibility of comparison between terms of the consolidated financial statements as well as the possibility of comparison between companies, the policy of our Group plans to produce consolidated financial statements using Japanese standards for the time being. Our policy is to take into account the trends of other companies in Japan adopting IFRS, etc., and go on to respond as appropriate.

Financial Section

Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	15,701	9,047
Notes and accounts receivable - trade	28,797	—
Notes receivable - trade	—	7,724
Accounts receivable-trade	—	33,879
Merchandise and finished goods	23,433	23,446
Work in process	6,758	6,487
Raw materials and supplies	10,230	10,857
Other	4,123	3,969
Allowance for doubtful accounts	△ 430	△ 130
Total current assets	88,614	95,282
Non-current assets		
Property, plant and equipment		
Buildings and structures	97,850	98,523
Cumulative depreciation	△ 74,452	△ 76,122
Accumulated impairment loss	△ 583	△ 1,065
Buildings and structures, net	22,814	21,335
Machinery, equipment and vehicles	358,285	357,786
Cumulative depreciation	△ 316,284	△ 319,028
Accumulated impairment loss	△ 863	△ 1,063
Machinery, equipment and vehicles, net	41,137	37,694
Land	21,619	21,276
Leased assets	3,922	4,050
Cumulative depreciation	△ 2,510	△ 2,893
Leased assets, net	1,411	1,156
Construction in progress	465	1,638
Other	9,121	8,830
Cumulative depreciation	△ 7,608	△ 7,308
Accumulated impairment loss	△ 27	△ 32
Other, net	1,485	1,489
Total property, plant and equipment	88,934	84,590
Intangible assets		
Other	1,590	1,864
Total intangible assets	1,590	1,864
Investments and other assets		
Investment securities	20,231	19,868
Long-term loans receivable	1,665	1,215
Net defined benefit asset	4,687	10,662
Deferred tax assets	2,548	1,384
Other	1,240	1,081
Allowance for doubtful accounts	△ 74	△ 70
Total investments and other assets	30,298	34,141
Total non-current assets	120,823	120,596
Total assets	209,438	215,879

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,577	24,617
Electronically recorded obligations	3,137	3,541
Short-term loans payable	59,150	56,433
Commercial paper	7,000	6,000
Lease obligations	360	380
Accrued expenses	6,129	6,728
Income taxes payable	361	475
Contract liabilities	—	500
Other	5,825	4,043
Total current liabilities	100,542	102,720
Non-current liabilities		
Long-term loans payable	31,772	29,960
Lease obligations	794	586
Deferred tax liabilities	469	694
Provision for share benefits	—	24
Provision for directors' retirement benefits	54	69
Net defined benefit liability	9,664	9,277
Asset retirement obligations	884	885
Other	2,352	2,048
Total non-current liabilities	45,993	43,545
Total liabilities	146,535	146,265
Net assets		
Shareholders' equity		
Capital stock	36,561	36,561
Capital surplus	8,555	6,488
Retained earnings	10,967	13,962
Treasury shares	△ 152	△ 228
Total shareholders' equity	55,932	56,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,942	4,688
Foreign currency translation adjustment	910	952
Remeasurements of defined benefit plans	2,112	7,182
Total accumulated other comprehensive income	6,965	12,824
Non-controlling interests	4	5
Total net assets	62,902	69,613
Total liabilities and net assets	209,438	215,879

Financial Section

Consolidated Statements of Income

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales	162,325	181,920
Cost of sales	139,740	156,151
Gross profit	22,584	25,768
Selling, general and administrative expenses	24,355	26,017
Operating income (loss)	△ 1,770	△ 248
Non-operating income		
Interest income	36	30
Dividend income	505	531
Share of profit of entities accounted for using equity method	1,196	1,066
Foreign exchange gains	263	1,038
Other	489	436
Total non-operating income	2,492	3,104
Non-operating expenses		
Interest expenses	733	581
Loss for ship lease	259	116
Other	365	192
Total non-operating expenses	1,359	891
Ordinary income (loss)	△ 636	1,964
Extraordinary income		
Gain on disposal of non-current assets	15	53
Gain on sales of investment securities	567	1,394
Gain on business transfer	—	840
Reversal of allowance for doubtful accounts for subsidiaries and associates	—	285
Other	140	430
Total extraordinary income	723	3,004
Extraordinary losses		
Loss on disposal of non-current assets	489	402
Impairment loss	987	1,317
Loss on valuation of investment securities	—	779
Special severance benefit	22	433
Loss on valuation of shares of subsidiaries and associates	222	395
Provision of allowance for doubtful accounts for subsidiaries and associates	285	—
Other	57	85
Total extraordinary losses	2,065	3,414
Profit (loss) before income taxes	△ 1,977	1,554
Income taxes-current	357	881
Income taxes - deferred	196	△ 425
Income taxes	554	455
Profit	△ 2,532	1,098
Profit (loss) attributable to non-controlling interests	0	2
Profit attributable to owners of parent	△ 2,532	1,096

Consolidated Statements of Comprehensive Income

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	△ 2,532	1,098
Other comprehensive income		
Valuation difference on available-for-sale securities	2,739	745
Foreign currency translation adjustment	△ 146	40
Remeasurements of defined benefit plans, net of tax	2,574	5,070
Share of other comprehensive income of entities accounted for using equity method	△ 40	2
Total other comprehensive income	5,126	5,858
Comprehensive income	2,594	6,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,592	6,954
Comprehensive income attributable to non-controlling interests	1	2

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the term	36,561	8,555	13,719	△ 152	58,684
Cumulative effects of changes in accounting policy					—
Balance at the beginning of the term, reflecting changes in accounting policy	36,561	8,555	13,719	△ 152	58,684
Changes during the term					
Dividends from surplus			△ 223		△ 223
Compensation for losses					—
Loss attributable to owners of parent			△ 2,532		△ 2,532
Liquidation of consolidated subsidiaries			4		4
Acquisition of treasury shares				△ 0	△ 0
Disposition of treasury shares					—
Changes in items other than shareholders' equity during the term, (net)					
Total amount of changes during the term	—	—	△ 2,751	△ 0	△ 2,752
Balance at the end of the term	36,561	8,555	10,967	△ 152	55,932

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the term	1,206	1,095	△ 461	1,840	2	60,527
Cumulative effects of changes in accounting policy						—
Balance at the beginning of the term, reflecting changes in accounting policy	1,206	1,095	△ 461	1,840	2	60,527
Changes during the term						
Dividends from surplus						△ 223
Compensation for losses						—
Loss attributable to owners of parent						△ 2,532
Liquidation of consolidated subsidiaries						4
Acquisition of treasury shares						△ 0
Disposition of treasury shares						—
Changes in items other than shareholders' equity during the term, (net)	2,736	△ 185	2,574	5,125	1	5,126
Total amount of changes during the term	2,736	△ 185	2,574	5,125	1	2,374
Balance at the end of the term	3,942	910	2,112	6,965	4	62,902

Fiscal year ended March 31, 2022

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the term	36,561	8,555	10,967	△ 152	55,932
Cumulative effects of changes in accounting policy			△ 168		△ 168
Balance at the beginning of the term, reflecting changes in accounting policy	36,561	8,555	10,798	△ 152	55,763
Changes during the term					
Dividends from surplus					—
Compensation for losses		△ 2,067	2,067		—
Profit attributable to owners of parent			1,096		1,096
Liquidation of consolidated subsidiaries					—
Acquisition of treasury shares				△ 75	△ 75
Disposition of treasury shares			△ 0	0	0
Changes in items other than shareholders' equity during the term, (net)					
Total amount of changes during the term	—	△ 2,067	3,163	△ 75	1,020
Balance at the end of the term	36,561	6,488	13,962	△ 228	56,784

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the term	3,942	910	2,112	6,965	4	62,902
Cumulative effects of changes in accounting policy					△ 0	△ 169
Balance at the beginning of the term, reflecting changes in accounting policy	3,942	910	2,112	6,965	4	62,733
Changes during the term						
Dividends from surplus						—
Compensation for losses						—
Profit attributable to owners of parent						1,096
Liquidation of consolidated subsidiaries						—
Acquisition of treasury shares						△ 75
Disposition of treasury shares						0
Changes in items other than shareholders' equity during the term, (net)	745	42	5,069	5,858	0	5,859
Total amount of changes during the term	745	42	5,069	5,858	0	6,880
Balance at the end of the term	4,688	952	7,182	12,824	5	69,613

Financial Section

Consolidated Statements of Cash Flow

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	△ 1,977	1,554
Depreciation	9,031	8,489
Impairment loss	987	1,317
Decrease (increase) in net defined benefit asset	△ 625	281
Increase (decrease) in net defined benefit liability	519	218
Increase (decrease) in provision for directors' retirement benefits	3	14
Increase (decrease) in provision for share benefits	—	24
Interest and dividend income	△ 542	△ 562
Share of loss (profit) of entities accounted for using equity method	△ 1,196	△ 1,066
Foreign exchange loss (gain)	△ 259	△ 509
Interest expense	733	581
Loss (gain) on sales of short-term and long-term investment securities	△ 551	△ 1,394
Loss (gain) on valuation of investment securities	—	779
Loss (gain) on sales of fixed assets	473	349
Loss (gain) on business transfer	—	△ 840
Decrease (increase) in notes and accounts receivable - trade	2,470	△ 12,551
Decrease (increase) in inventories	8,175	96
Increase (decrease) in notes and accounts payable - trade	△ 4,193	6,083
Other, net	582	△ 694
Subtotal	13,631	2,174
Subsidies received	300	200
Payments for loss on disaster	△ 8	—
Interest and dividend income received	771	562
Interest expenses paid	△ 742	△ 584
Income taxes paid	△ 937	△ 652
Net cash provided by (used in) operating activities	13,014	1,698
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	△ 3,931	△ 6,255
Proceeds from sales of property, plant and equipment and intangible assets	164	116
Purchase of investment securities	△ 19	△ 11
Proceeds from sales of investment securities	897	2,759
Payments of loans receivable	△ 0	△ 0
Collection of loans receivable	450	743
Proceeds from business transfer	—	840
Other, net	339	△ 750
Cash flows from investing activities	△ 2,098	△ 2,557
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 3,853	△ 416
Net increase (decrease) in commercial paper	3,000	△ 1,000
Proceeds from long-term loans payable	12,580	9,800
Repayments of long-term loans payable	△ 15,663	△ 13,998
Repayments of lease obligations	△ 350	△ 398
Dividends paid	△ 223	—
Purchase of treasury shares	△ 0	△ 75
Proceeds from sales of treasury shares	—	0
Dividends paid to non-controlling interests	△ 0	△ 1
Net cash provided by (used in) financing activities	△ 4,512	△ 6,091
Effect of exchange rate change on cash and cash equivalents	37	296
Net increase (decrease) in cash and cash equivalents	6,440	△ 6,654
Cash and cash equivalents at beginning of period	9,260	15,701
Cash and cash equivalents at end of period	15,701	9,047

Company Profile and Corporate Data (as of March 31, 2022) ⇒(*Numerical data as of March 31, 2022)

Company Name

Mitsubishi Paper Mills Limited

Address

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

Representative

Ryuichi Kisaka, President & CEO

Founded

1898

Paid-in Capital

36,561 million yen

Consolidated Number of Employees

3,384

Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor

Ernst & Young ShinNihon LLC

Main Business Activities

The Mitsubishi Paper Mills Group is primarily engaged in the manufacture, processing, and sale of paper, pulp, functional non-woven fabric, battery separators and electronic materials, and the main products and services of each division are provided below.

[Functional Materials Business]

Non-woven fabric, filters, battery separators, speciality paper, electronic materials, inkjet paper, photographic paper, base paper for photographic paper, printing plate materials, printing devices, CTP software, various processing chemicals and rewritable media

[Paper Materials Business]

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

[Other Businesses]

Engineering operations, sports facility management, insurance agency business, and real estate business
⇒Reference site: Corporate Profile/Business Fields
<https://www.mpm.co.jp/eng/company/gaiyo.html>

Main Group Companies

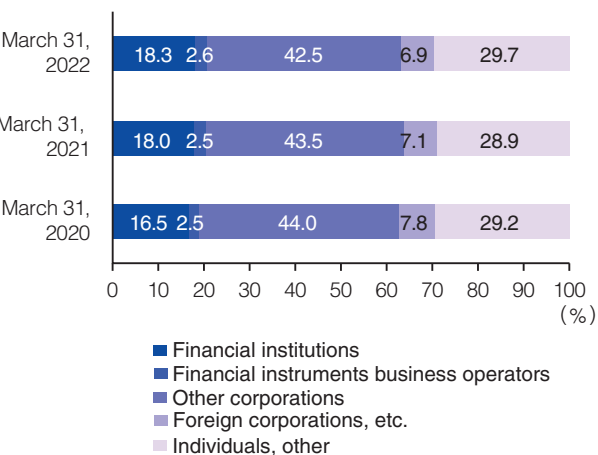
Mitsubishi Oji Paper Sales Co., Ltd.
Diamic Co., Ltd.
MPM Operation Co., Ltd.
MPM Oji Home Products Co., Ltd.
Mitsubishi Paper Engineering Co., Ltd.
Shin-Hokuryo Forest Products Co., Ltd.
Hachinohe Paper Processing Co., Ltd.
Hachiryō Co., Ltd.
Kitakami Hitec Paper Corp.
Hokuryo Co., Ltd.
Kyoryo Chemical Co., Ltd.
Takasago Paper Processing Co., Ltd.
Ryoko Co., Ltd.
KJ SPECIALTY PAPER Co., Ltd.
Toho Tokushu Pulp Co., Ltd.
Ryoshi 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.
MPM Hong Kong Limited
Zhuhai MPM Filter, Ltd.

● Total number of authorized shares 90,000,000

● Total number of outstanding shares 44,741,433

● Shareholders
15,992 (233 year-over-year decrease)

● Composition of shareholders



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