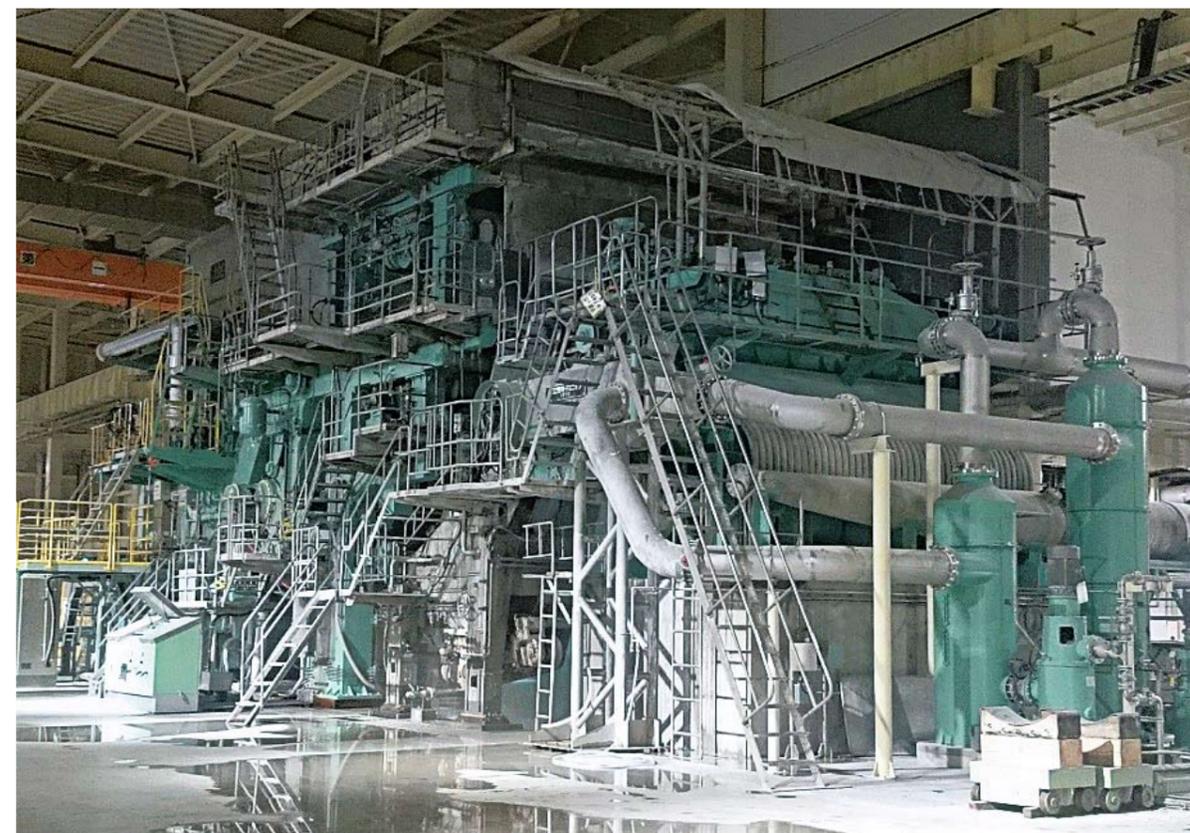


# Corporate Report 2019



# Editorial Policy

Mitsubishi Paper Mills publishes the Mitsubishi Paper Mills Corporate Report to provide stakeholders with a better understanding of the Group's overall business activity. It provides a comprehensive accounting of financial information that includes management measures and performance, as well as non-financial information such as CSR 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

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

Specific mention is made for companies outside the scope.

## Reporting Period

The reporting period is fiscal 2019 (April 1, 2018 to March 31, 2019), with some content falling outside this period.

## Guidelines Referenced

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

## Issued

August 31, 2019 (Previous: August 31, 2018)

## Next Report

End of August, 2020

# Our Website

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

## CSR / Environment

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

## Investor Relations

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

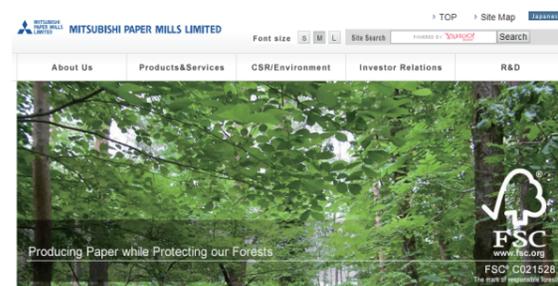
Annual report  
<https://www.mpm.co.jp/eng/ir/library/annual-report.html>

## Products and Services

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

## Research and Development

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



<Cover photo>  
 Production facility at a household and consumer paper joint venture that began business operations this spring (Hachinohe)

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## Message from the President

- The Mitsubishi Paper Mills Group will expand and deepen its capital and business alliances with the Oji Group, and strive to improve its corporate value and contribute to society in order to accelerate its development.
- We will strive to make society more sustainable and contribute to achieving the SDGs through our paper business.



Yukihiro Tachifuji  
President and  
Chief Executive Officer  
立藤 幸博

## Aims of the Mitsubishi Paper Mills Group

Founded in 1898, Mitsubishi Paper Mills follows a philosophy centered on contributing to society through the power of technology. We have developed and supplied the world with high value-added products, and have contributed to our information culture through businesses such as publishing, printing, and photography.

Both domestically and internationally, markets are currently making major structural adjustments in response to the advance of digital information technologies. To respond to these changes in both the market and business environments, achieve sustainable growth for the company, and improve corporate value, we formed a capital and business alliance with Oji Holdings Corporation. Then in March 2019, we became an equity-method affiliated company of Oji Holdings Corporation by conducting a capital increase by way of third-party allotment of shares. The years ahead will see us strengthen and develop our cooperative relationship with the Oji Group to make it even more comprehensive and constructive.

The Mitsubishi Paper Mills Group has now started the New Mid-Term Management Plan, which it will operate under for three years from fiscal 2020. Centered on the basic principle of Strengthening and diversifying the business base for a new stage, the plan will focus on three key strategies: 1. establish a robust management base through the alliance with the Oji Group, 2. make structural reforms and enrich existing businesses, and 3. diversify the business base by fostering new profit pillars.

We will expand and deepen the capital and business alliance with the Oji Group based on the financial ground we have steadily reinforced through our first and second mid-term management plans. At the same time, we will accelerate the development of the Mitsubishi Paper Mills Group, improve corporate value, and contribute to society by strengthening and diversifying our business base. We hope for your continued support and encouragement in the future.

## Mitsubishi Paper Mills Group Corporate Philosophy



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

## Contributing through CSR Activities

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

Recent years have seen a worldwide increase in companies leveraging the SDGs (sustainable development goals) in their business. We were one of the first to produce and sell FSC®-certified paper, and we continue working to make society more sustainable through our paper businesses.

In fiscal 2019 we worked on the following three things as top priority issues: Enhancing activities to ensure safety and health, Customer-centered product development, and Promoting various measures to improve human resource performance. Additionally, in response to revisions to the Keidanren's Code of Conduct and new rules formulated internal and external to the company, we made sweeping revisions to the Code of Conduct of the Mitsubishi Paper Mills Group and the Compliance Conduct Standards.

For fiscal 2020, we established Product development centered on harmony with society and Enhancing activities to ensure safety and health as the two top priority issues considering the Mitsubishi Paper Mills Group's business environment and conditions. Product development centered on harmony with society is an issue we will apply to Diversifying the business base by fostering new profit pillars, one of the key strategies in the New Mid-Term Management Plan. At the same time, with Enhancing activities to ensure safety and health, we will step up efforts based on the perception that safety and health undergird the Group's business.

# History of the Mitsubishi Paper Mills Group

- April 1898 Founding of the company  
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
- June 1904 Changed the company's name to Mitsubishi Paper Mills Company
- February 1917 Constructed the Nakagawa Mill in Katsushika-ku, Tokyo
- November 1917 Incorporated and changed name to Mitsubishi Paper Mills, Ltd.
- December 1925 Moved head office from Takasago, Hyogo to Chiyoda-ku, Tokyo
- April 1944 Merged with Kyoto Photographic Industry Company, Ltd. and made it the Kyoto Trial Mill (currently Kyoto Mill), to produce photographic paper
- August 1946 Formed Association of Mitsubishi Paper Mills labor unions
- May 1949 Listed in the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange
- 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. by merging Ryosan Shokai (founded 1912) with CASIWA Co., Ltd.
- April 1985 Established trading subsidiary Mitsubishi Paper International Inc. in New York
- February 1992 Established Diamic Co., Ltd.
- January 1999 Acquired all stock of the Germany-based paper production company Stora Carbonless Paper GmbH (renamed Mitsubishi HiTec Paper Bielefeld GmbH in June 1999) and Stora Special Paper GmbH (renamed Mitsubishi HiTec Paper Flensburg GmbH in June 1999)
- May 2002 Established Mitsubishi Paper Holding (Europe) GmbH in Düsseldorf, Germany as a management company for affiliate companies in Europe
- March 2003 Closed Nakagawa Mill
- April 2005 Split off the Kitakami Mill's business and established Kitakami HiTec Paper Corporation
- November 2007 Established Zhuhai MPM Filter, Ltd. (Zhuhai City, Guangdong Province), began filter product processing business in China
- April 2008 Acquired all stock of Tomoegawa Paper America LLC (renamed MP Juarez LLC in July 2008), an inkjet paper finishing company based in Mexico
- October 2010 Merged Mitsubishi HiTec Paper Bielefeld GmbH and Mitsubishi HiTec Paper Flensburg GmbH, establishing Mitsubishi HiTec Paper Europe GmbH
- October 2011 Acquired all stock of KJ SPECIALTY PAPER Co., Ltd. from KOHJIN Film & Chemicals Co., Ltd.
- July 2012 Moved the head office to Sumida-ku, Tokyo
- April 2014 Established MPM Operation Co., Ltd., a spin-off from the Hachinohe Mill
- March 2016 Established joint venture with Oji Green Resources Co., Ltd. called MPM Oji Eco-Energy Co., Ltd.
- April 2017 Established joint venture with Oji Nepia Co., Ltd. called MPM Oji Home Products Co., Ltd.
- March 2019 Issued new shares via a third-party allotment to the Oji Holdings Corporation and became an equity-method affiliated company of the same



The Takasago Mill just after its establishment

# Main Offices and Mills

## Head Office & Branches

### Head Office

2-10-14 Ryogoku, Sumida-ku, Tokyo 130-0026, Japan (Ryogoku City Core)

## Domestic R&D Facilities

### Speciality Materials R&D Laboratory

46, Wadai, Tsukuba-shi, Ibaraki

### Kyoto R&D Laboratory

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

## Domestic Production Facilities

### Takasago Mill

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

### Kyoto Mill

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

### Hachinohe Mill

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

### Shirakawa Site

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

## Overseas Production Facilities

### Mitsubishi HiTec Paper Europe GmbH Bielefeld Mill

Niedernholz 23, D-33699 Bielefeld, Germany  
Principal products: Carbonless paper, thermal paper, inkjet paper

### Mitsubishi HiTec Paper Europe GmbH Flensburg Mill

Husumer Strasse 12 D -24941 Flensburg, Germany  
Principal products: Thermal paper, inkjet paper

### Osaka Sales Branch

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

### Process Development Laboratory

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

### Kitakami HiTec Paper Corp.

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

### KJ SPECIALTY PAPER Co., Ltd.

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

### Toho Tokushu Pulp Co., Ltd.

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

### MPM Oji Home Products Co., Ltd.

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

### Zhuhai MPM Filter, Ltd.

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

### MP Juarez LLC

Ave. Valle del Cedro #1551 Paraq. Ind. Intermex C.P. 32690 Cd. Juarez, Chih., Mexico  
Principal products: Inkjet paper

# Consolidated Financial and Non-Financial Highlights

The fiscal year runs from April 1 to March 31.

Fiscal Year	2015	2016	2017	2018	2019
-------------	------	------	------	------	------

## Profit and Loss (millions of yen):

Net Sales	214,944	216,340	201,955	201,492	203,997
Operating Income	1,038	3,872	4,313	1,790	△40
Ordinary Income	135	2,216	2,703	652	△914
Profit Attributable to Owners of Parent	△4,272	2,217	1,152	3,198	351
Capital Investment	4,369	4,798	5,995	7,438	12,481

## Cash Flows (millions of yen):

Cash Flows from Operating Activities	3,907	12,626	19,839	12,809	19,066
Cash Flows from Investing Activities	△1,168	△2,145	△7,070	△5,994	△8,979

## Financial Position (100 millions of yen):

Total Assets	2,526	2,407	2,349	2,374	2,328
Outstanding Interest-bearing Debt	1,448	1,388	1,257	1,193	1,046
Equity Capital	520	492	544	597	664

## Per Share Information\*1 (Yen):

Earnings per Share (EPS)	△124.96	64.85	33.72	93.57	10.04
Book Value per Share (BPS)	1,521.56	1,440.45	1,591.00	1,747.54	1,485.64

## Management Indicators:

Operating Income Margin (%)	0.5	1.8	2.1	0.9	△0.0
Overseas Sales Ratio (%)	31	31	30	32	35
Equity Ratio (%)	20.6	20.5	23.2	25.2	28.5
Return on Equity (ROE) (%)*2	△8.2	4.4	2.2	5.6	0.6
Debt-Equity Ratio (D/E Ratio)*3	2.8	2.8	2.3	2.0	1.6
EBITDA (millions of yen)	11,993	14,534	14,767	12,264	10,076

## Non-Financial Data:

Employees*4	3,622	3,697	3,734	3,723	3,668
Intellectual Property Rights	1,420	1,607	1,639	1,655	1,691
Industrial Waste Effective Utilization Ratio*5(%)	91	92	89	92	94
Greenhouse Gas Emissions (1,000 tons)	1,063	1,066	1,065	1,095	1,037
Greenhouse Gas Emissions Emission Intensity (tons / product tons)	1.186	1.155	1.155	1.160	1.155

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

Calculations assume this reverse stock split occurred at the beginning of fiscal 2015.

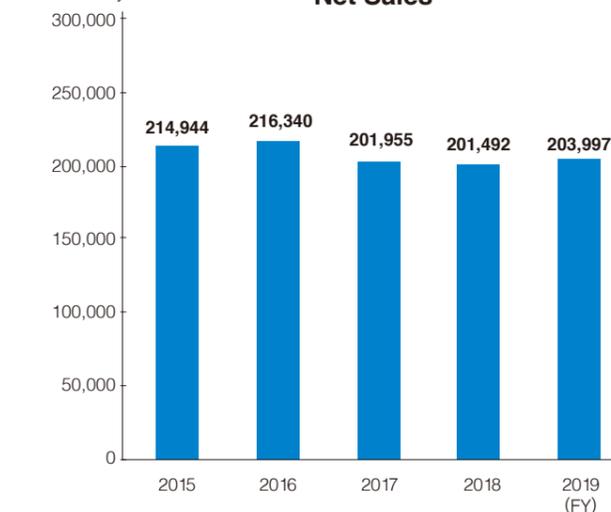
\*2 Return on equity (ROE) = Profit attributable to owners of parent / (net assets - non-controlling interest)

\*3 Debt-equity ratio = Interest-bearing debt / equity capital

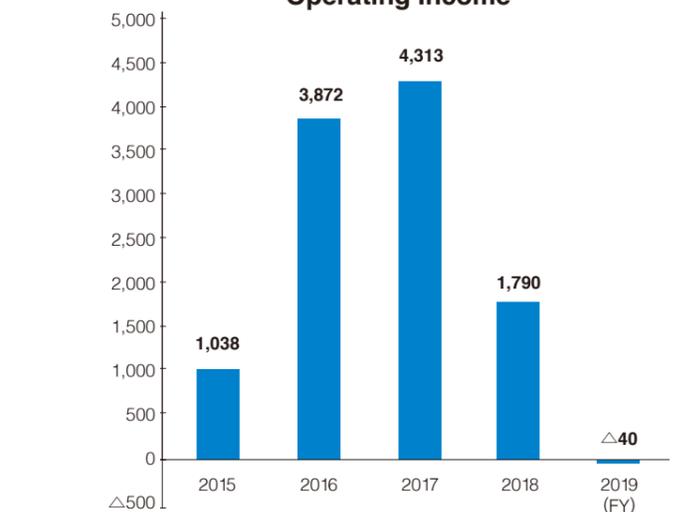
\*4 Employees denotes full-time employees and does not include temporary workers

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

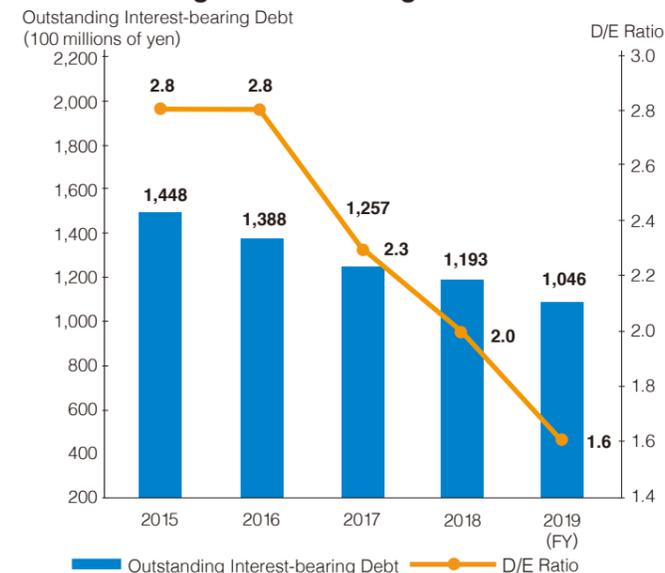
## Net Sales



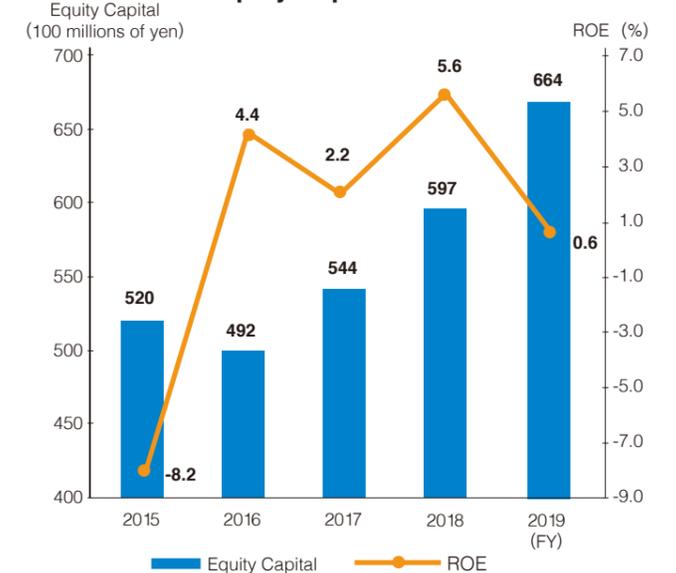
## Operating Income



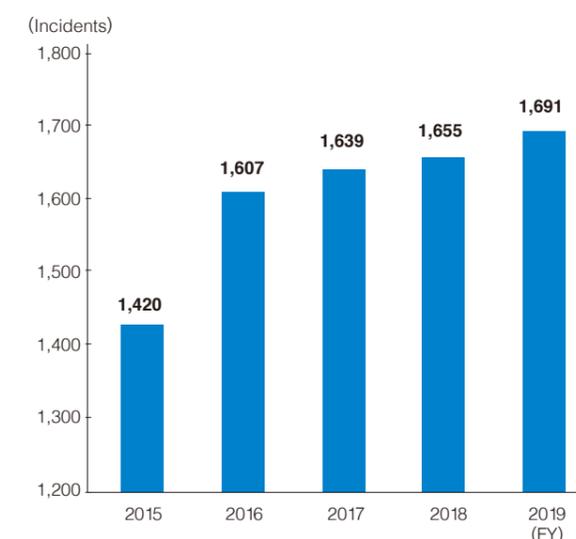
## Outstanding Interest-bearing Debt and D/E Ratio



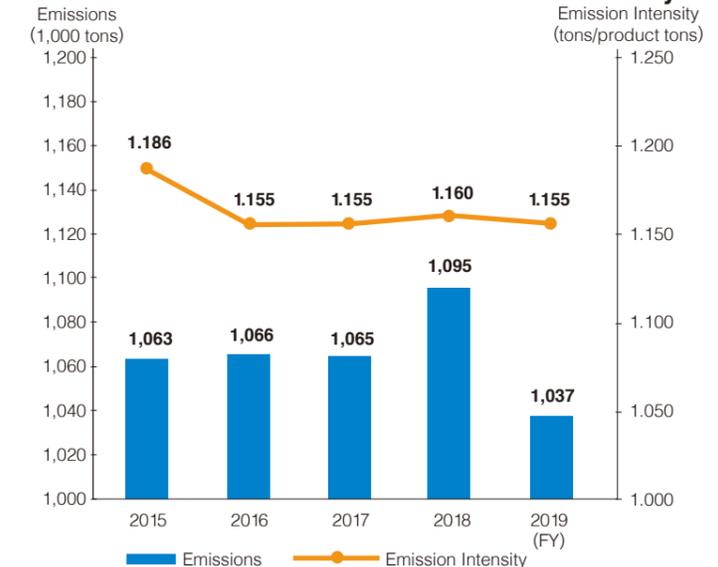
## Equity Capital & ROE



## Intellectual Property Rights



## Greenhouse Gas Emissions and Emissions Intensity



# Special Feature: New Mid-Term Management Plan

## Second Mid-Term Management Plan Review

The Mitsubishi Paper Mills Group carried out the Second Mid-Term Management Plan, which focused on "stabilization of profit through alliances," over the three years from FY2017 to FY2019. Centered around four main themes, i.e., structural reform of the printing paper business, improving the profit base, developing new businesses, and strengthening the business foundation and financial ground that will support the Group's earning power, we built and reinforced an earnings structure not affected by the external environment.

### Summary of Business Results

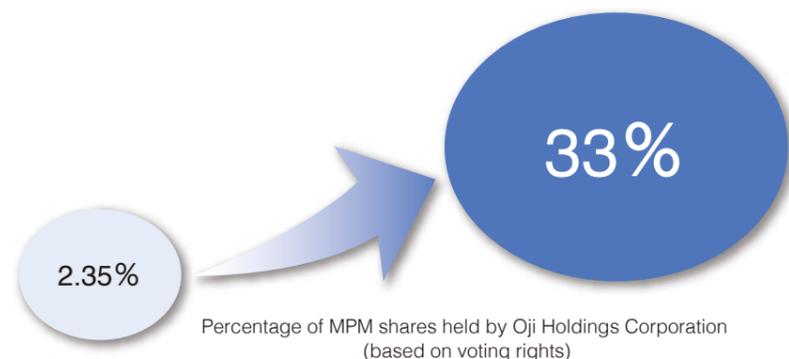
Net sales were ¥26 billion below target due to such factors as a larger-than-expected decrease in demand in existing businesses and delays in launching new businesses. Operating income was ¥6.5 billion under target, far below the target level, due to a major impact from a steep rise in raw material and energy costs. However, targets were met for both outstanding interest-bearing debt and the debt-equity ratio.

Unit: 100 million yen

	Second Mid-Term Management Plan							
	Period ended March 31, 2016 Actual	Period ended March 31, 2017 Target	Period ended March 31, 2017 Actual	Period ended March 31, 2018 Target	Period ended March 31, 2018 Actual	Period ended March 31, 2019 Target	Period ended March 31, 2019 Actual	Difference
Net sales	2,163	2,200	2,020	2,250	2,015	2,300	2,040	▲260
Operating income	39	45	43	55	18	65	▲0	▲65
Ordinary income	22	25	27	35	7	45	▲9	▲54
Outstanding interest-bearing debt	1,388	1,350	1,257	1,300	1,193	1,250	1,046	204 decrease
D/E ratio	2.8x	2.7x	2.3x	2.5x	2.0x	2.3x	1.6x	0.7 improvement

### Alliance with the Oji Group

The Oji Holdings Corporation and Mitsubishi Paper Mills have gradually expanded the scope of their business alliance, engaging in, among other things, a business alliance in the communication paper field, a joint venture business for household and consumer paper, and a joint biomass power generation business. In February 2018, we entered into a capital alliance with the Oji Holdings Corporation to make our alliance comprehensive and constructive for further sustainable growth for both companies. Later, after having been cleared for competition law compliance domestically and internationally, a capital increase was effected by way of third-party allotment of shares to Oji Holdings and Oji Holdings also acquired Mitsubishi Paper Mills shares from five Mitsubishi Group companies. This made the Oji Holdings Corporation a major shareholder with 33% of voting rights in Mitsubishi Paper Mills, as well as our largest shareholder, and an affiliated company. We will continue to build on and deepen our many business alliances according to the New Mid-Term Management Plan, which we began carrying out in April 2019.



## (FY2020 - FY2022)

### Results of Initiatives for Major Themes

#### ■ Structural Reform of the Printing Paper Business

Along with stabilizing earning by implementing a transportation adjustment payments system, which has users pay a portion of the increase of logistics costs, and revising printing paper prices to stabilize profit, we improved profitability in our German business. We also suspended operation of papermaking machine No. 4 at Hachinohe Mill to build a production system consistent with demand trends and improve productivity.

#### ■ Improving the Profit Base

In the Imaging Media Business, we strengthened the business base through our alliance with Fujifilm for photographic base paper and other products. Although targets were missed due to having spent time addressing base paper-related quality issues, we expanded our alliance and made decisive forays into international markets, while at the same time ramping up sales of existing, maturing products.

The Speciality Materials Business focused on expanding sales in the U.S., Europe, and Asia, particularly in China, and pushed steadily forward in businesses dealing in products such as water treatment membrane base substrates and other nonwoven fabrics, rewritable media, decorative laminate base paper, and tape base paper.

#### ■ Developing New Businesses

As efforts to establish further new business for the Group, we expanded business in growth areas such as functional films based on imaging technologies, digital image transfer inkjet paper for textile printing, and battery separators and inorganic fiber paper of superior quality. To cultivate the digital image transfer inkjet paper market, the Kyoto Mill brought in functional film production equipment and KJ SPECIALTY PAPER installed papermaking machines for inorganic fiber paper. In nonwoven fabric products, good progress was made in expanding sales of water treatment membrane base substrates.

And at the Hachinohe Mill, where we are setting up a joint venture business for household and consumer paper and a joint biomass power generation business with the Oji Group, we made efforts to transform our business structure while reinforcing our profit base.



New equipment for functional film production (Kyoto Mill)



New papermaking machine for inorganic fiber paper (KJ SPECIALTY PAPER)



Household and consumer paper joint venture (Hachinohe Mill)



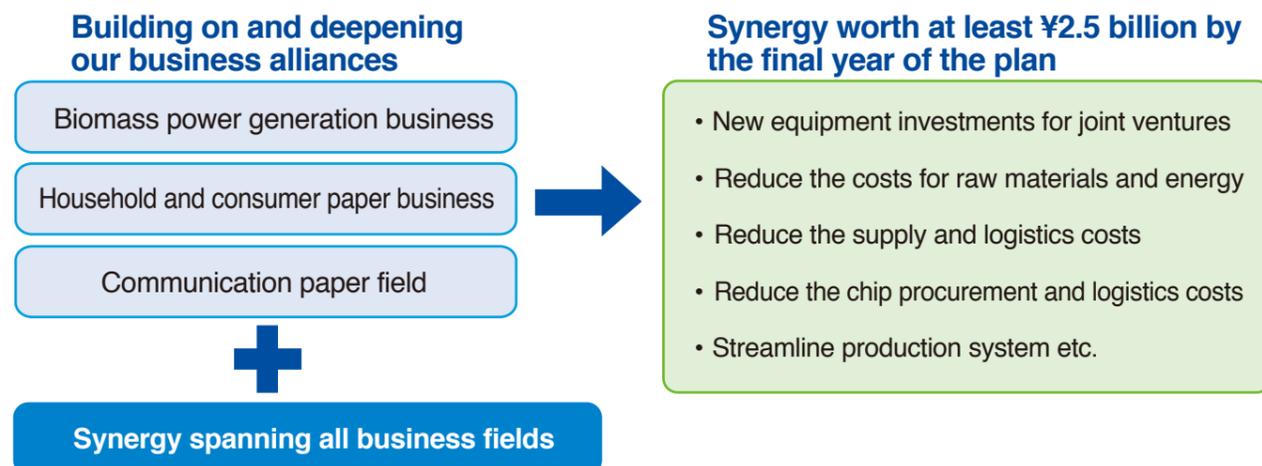
Joint biomass power generation business (Hachinohe Mill)

#### ■ Strengthening the Business Foundation and Financial Ground that will Support the Group's Earning Power

In addition to operational efficiency improvements, such as consolidating accounting departments and centralizing financing within the Group, we began to deal with personnel affairs with a new operation base. We also reduced labor costs by soliciting voluntary retirement.

## The New Mid-Term Management Plan

In accordance with the New Mid-Term Management Plan (April 2019 - March 2022), which began in April 2019, we will build on and deepen our business alliances with the Oji Group. In addition to our existing alliances in the communication paper field, and joint ventures such as in biomass power generation business and household and consumer paper business, with cooperative efforts spanning all business fields, we will aim to achieve synergistic effects worth at least ¥2.5 billion by March 31, 2022, the final year of the plan.



### Basic Principle and Management Targets

#### Basic Principle

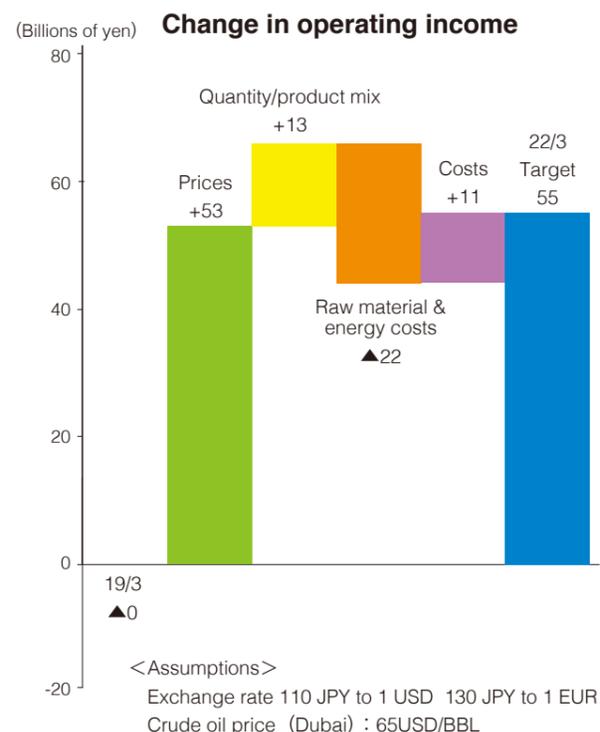
"Strengthening and diversifying the business base for a new stage"

#### Management Targets

Consolidated indicators	Targets (fiscal year ending March 31, 2022)
Net sales	¥220.0 billion
Operating income	¥5.5 billion
Ordinary income	¥6.0 billion
Outstanding interest-bearing debt	¥98.0 billion
D/E ratio	1.3x

#### 《Targets by Segment》

	Net sales	Operating income
Paper and pulp	¥164.0 billion	¥2.4 billion
Imaging	¥39.5 billion	¥1.0 billion
Speciality materials	¥22.0 billion	¥1.8 billion
Others	¥15.5 billion	¥0.4 billion
Adjustment	- ¥21.0 billion	- ¥0.1 billion
<b>Total</b>	<b>¥220.0 billion</b>	<b>¥5.5 billion</b>



## Key Strategies

### ① Establish a robust management base through the alliance with the Oji Group

#### Build on and Deepen Our Capital and Business Alliance with the Oji Group

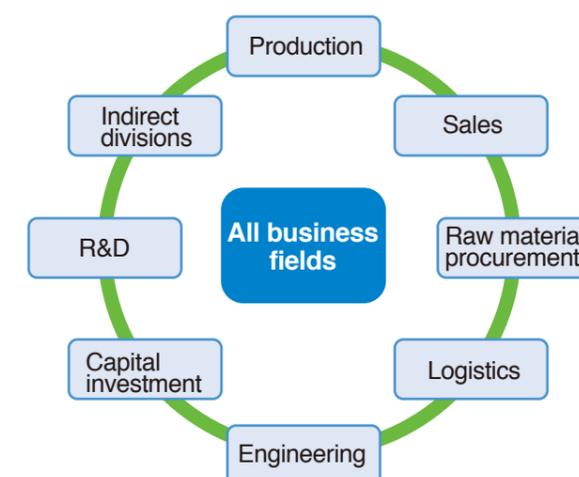
We have established working groups in all areas of the Company's business: production, sales, raw material procurement, logistics, engineering, capital investment, R&D, and indirect divisions, and are discussing concrete plans with the Oji Group.

#### 《 Basic strategies 》

- ◇ Build steadfast cooperative relationships in all business fields to quickly improve efficiency and achieve cost reductions, and strengthen our competitiveness
- ◇ Stabilize our management base and further reduce interest-bearing debt through enhancements to our financial ground

#### 《 Targets 》

- ◇ Achieve at least ¥2.5 billion in operating income from business alliances by the final fiscal year of the plan (year ending March 31, 2022)
- ◇ Strengthen the business base by expanding business alliances in multiple businesses and enhancing synergistic effects
- ◇ Reinforcing our financial ground  
(Outstanding interest-bearing debt of ¥100 billion or less, D/E ratio of 1.3x)



#### Stabilizing the Profitability of the Printing Paper Business

In the Printing Paper Business, which has been the first area to show the fruits of synergy with the Oji Group, we will strengthen mutual OEM business with the Oji Group and transform our sales structure and aim to stabilize earnings.

#### 《 Basic strategies 》

- ◇ Early achievement of alliance effects with the Oji Group
- ◇ Carry out sales strategies that prioritize earnings
- ◇ Transform our production lineup

#### 《 Main policies 》

- ◇ Strengthen mutual OEM business
- ◇ Transform the sales policies of Mitsubishi Paper Sales (which became a distributor for Oji Paper in January 2019)
- ◇ Reduce logistics costs by using mutual warehousing and logistics facilities and other ways
- ◇ Build a production system consistent with demand and improve productivity
- ◇ Reduce purchase costs for raw materials and energy



New products in the household and consumer paper business, which began sales in June 2019

## ② Make structural reforms and enrich existing businesses

### ■ Make Structural Reforms and Enrich the Imaging Media Business

In the Imaging Media Business, along with strengthening our business base through our alliance with Fujifilm for photographic base paper, we are actively taking our business to international markets to enhance sales of existing products that are in the process of maturing.

#### 《 Basic strategies 》

- ◇ Further expand our alliance with Fujifilm
- ◇ Make active forays into international markets and thereby secure profits from existing products that are maturing

#### 《 Main policies 》

- ◇ Increase the volume of base paper through the alliance with Fujifilm
- ◇ Expand business applications for inkjet paper and boost sales in emerging nations
- ◇ Boost sales in Asia's flexo and screen printing markets



### ■ Make Structural Reforms and Enrich the Speciality Materials Business

Along with further expanding sales of nonwoven fabric products, the Speciality Materials Business will sell filter products in China, where demand for cleaner air is on the rise, roll out rewritable media products in the ASEAN market, and expand sales of decorative laminate base paper and tape base paper, aiming to grow the market in Asia, Europe, and the U.S.

#### 《 Basic strategies 》

- ◇ Expand sales of nonwoven fabric products and install more papermaking machines
- ◇ Expand sales in Asia and Europe

#### 《 Main policies 》

- ◇ Increase sales of RO membrane, MBR membrane, and olefin membrane substrates
- ◇ Begin full-scale supply of battery separators to Beijing National Battery Technology Co., Ltd.
- ◇ Expand sales of decorative laminate base paper in Southeast Asia
- ◇ Expand sales of tape base paper in Europe
- ◇ Quickly launch new products made with the new inclined-wire paper machines



China national standards filter evaluation device  
(installed at Chinese subsidiaries)

## ③ Diversify the business base by fostering new profit pillars

The household and consumer paper joint venture and joint biomass power generation business, which were started during the period of the Second Mid-Term Management Plan, will contribute to greater profit stability for the Hachinohe Mill. For this section, however, we will look at new businesses being carried out in other areas.

### ■ New Projects being Prepared for Commercialization (Imaging Media Business field)

The goal is to leverage Mitsubishi Paper Mills' proprietary technologies developed in the film coating field and, during the period of the New Mid-Term Management Plan, aim for commercialization of primarily materials for the electronics industry, electro-conductive films, and digital image transfer inkjet paper.

Domain	Features	Goals during the New Mid-Term Management Plan Period
Materials for the electronics industry 	<ul style="list-style-type: none"> <li>➤ High chemical resistance</li> <li>➤ High resolution</li> <li>➤ Allows for etching on difficult-to-process insulating resin</li> </ul>	<ul style="list-style-type: none"> <li>• Expand and improve dry film resist product lineup and accommodate custom orders</li> <li>• Launch systems for processing advanced insulating materials</li> </ul>
Electro-conductive films 	<ul style="list-style-type: none"> <li>➤ Silver mesh films for large touch panels</li> </ul>	<ul style="list-style-type: none"> <li>• Gain new customers for high value-added bonded products tailored to customer needs</li> </ul>
Digital image transfer inkjet paper 	<ul style="list-style-type: none"> <li>➤ Newly-developed transfer inkjet paper for textiles</li> </ul>	<ul style="list-style-type: none"> <li>• Expand sales of sublimation transfer paper (for polyester fabrics)</li> <li>• Commercialize thermal transfer printing paper (for cotton and nylon fabrics)</li> </ul>

### ■ New Projects being Prepared for Commercialization (Speciality Materials Business field)

Based on Mitsubishi Paper Mills technologies in nonwoven fabrics and KJ SPECIALTY PAPER technologies, we will undertake efforts to create businesses involving carbon nanotube-related products, EM shielding materials, and recycled carbon fiber nonwoven fabrics.

Domain	Features	Goals during the New Mid-Term Management Plan Period
Carbon nanotube-related 	<ul style="list-style-type: none"> <li>➤ High electro-conductivity</li> <li>➤ High heat generation</li> <li>➤ High transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Roll out carbon nanotube dispersion liquids, coatings, and films for anti-static and heat generating applications</li> </ul>
Thin-film EM shielding materials 	<ul style="list-style-type: none"> <li>➤ Ultrathin shielding materials with a thickness of 10 μm</li> <li>➤ High strength and high shielding properties</li> <li>➤ Superior applicability on electronic substrates</li> </ul>	<ul style="list-style-type: none"> <li>• Launch base material and electro-conductive nonwoven fabrics</li> </ul>
Recycled carbon fiber nonwoven fabrics 	<ul style="list-style-type: none"> <li>➤ Proactive reuse of recycled materials</li> <li>➤ Same uniformity as virgin materials</li> <li>➤ Conductivity and shielding properties</li> </ul>	<ul style="list-style-type: none"> <li>• Make products such as acoustic diaphragms, heating elements, friction materials, EM shielding materials, and reinforcing materials for CFRP</li> </ul>

### ■ Plastic Replacement Business

We already sell barrier paper, which has the barrier properties and heat sealability needed for food packaging, and from September 2019 we will also begin selling the paper in Asia, including Japan.

Domain	Features	Goals during the New Mid-Term Management Plan Period
Barrier paper 	<ul style="list-style-type: none"> <li>➤ Achieves the barrier properties and heat sealability needed for food packaging with just coated paper</li> <li>➤ A paper material that breaks down, making it biodegradable and recyclable</li> </ul>	<ul style="list-style-type: none"> <li>• Roll out in Asia, including Japan</li> <li>• Consider domestic production</li> </ul>
Bleached kraft paper 	<ul style="list-style-type: none"> <li>➤ Bleached kraft paper, featuring excellent printability and suitability for manufacturing bags</li> </ul>	<ul style="list-style-type: none"> <li>• Expand sales in Asia, including Japan</li> <li>• Roll out such products as barrier paper made with bleached kraft paper for high value-added products</li> </ul>

# Overview of Business Segments

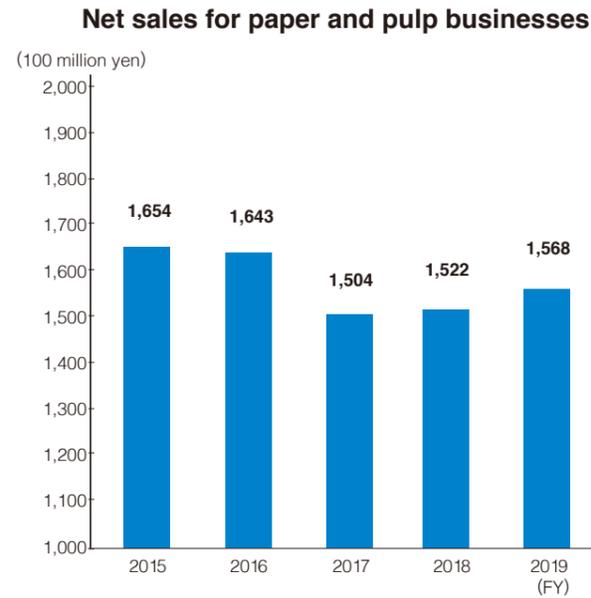
## Printing Paper Business

### Business Results

In the domestic market, while strong sales continued for communication paper, due in part to the effects of alliances, a slump in demand for printing paper gained further momentum, resulting in a sales volume decline despite growth in exports.

Although European subsidiaries recorded a drop in sales volume primarily for pressure sensitive paper, sales revenue increased on the back of price revisions and exchange rate effects.

As a result, net sales for all paper and pulp businesses was ¥156.78 billion, up 3% year-over-year.



### Business Strategies

In the printing paper business, we have carried out a multitude of measures aimed at building a stable earnings structure that is not affected by the external environment. This was a business strategy from the Second Mid-Term Management Plan.

As one part of our strategy, we aim to maintain capacity utilization while putting together a production system matched to demand at the Hachinohe Mill, our main factory. As such, although we suspended operations of the mill's papermaking machine No. 4, we have expanded imports, furthered our alliance with the Oji Group, and built an efficient operation structure.

Amid rising raw material and energy costs and logistics costs, we revised product prices, implemented a transportation adjustment payments system, and reduced inventory by optimizing our logistics structure in order to increase our profit margin. We have also worked to boost the profitability of our German business through such means as implementing price-focused sales policies, reducing costs, and rolling out new products.

In addition to these measures, we are also looking to shift our portfolio away from printing paper and toward wrapping paper and household and consumer paper, two areas where greater demand is expected. To this end, we are working to build a stable earnings structure in Japan and other countries through efforts that include beginning the production and sale of bleached kraft paper and launching a household and consumer paper joint venture with Oji Holdings Ltd.

## Business Topics

### 《Barricote, food packaging paper》

Although it is a paper material, barricote has the strong barrier properties needed for food packaging applications. A coated paper (FSC®-certified) for food packaging, barricote is environmentally friendly due to, among other things, its recyclability and it's being highly biodegradable because those are inherent properties of paper materials. In a grade suitable for heat sealing, it is a material that does not need to be combined with sealants such as plastic films. In September 2019 we will launch Bag WGOM in Japan and other countries in Asia. Already being used by major food manufacturers in Europe, Bag WGOM can be used in a wide variety of applications because of its water vapor, oxygen, and food and mineral oil barrier properties, as well as its heat sealing compatibility and recyclability.



FSC® C021528

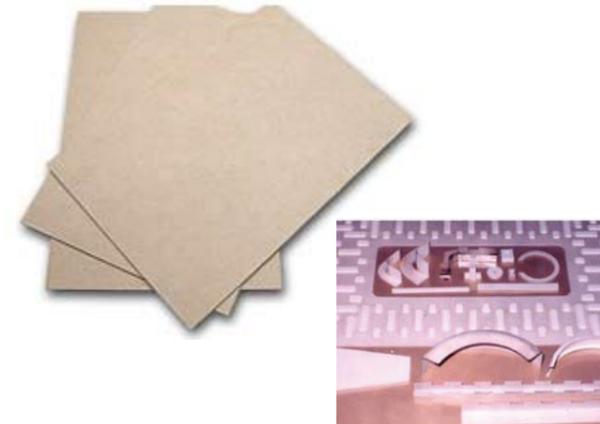
## Products

### ■ Printing Paper



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

### ■ Pressboard



Used as insulating material around transformers, among other things.

### ■ Docodemo Paper / TouchCard



A new business that aims to cultivate demand through a fusion of paper and electronic media.

### ■ Communication Paper



Products including copier paper, slips, and receipts.

### ■ Household and Consumer Paper



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

### ■ Bleached Kraft Paper



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

# Overview of Business Segments

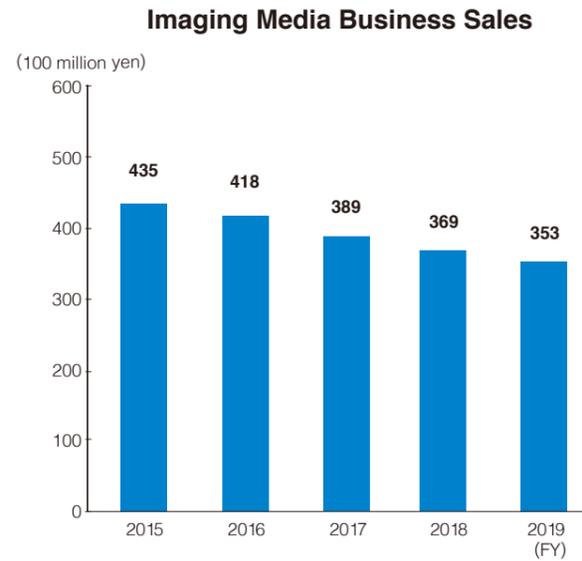
## Imaging Media Business

### Business Results

Domestic sales revenue dropped owing to a drop in demand for photosensitive materials and printing plate materials.

In overseas markets, although inkjet paper enjoyed a rise in demand among emerging nations and an increase in business applications, a slump in demand for existing products led to a decline in sales revenue.

This resulted in total sales for the Imaging Media Business of ¥35.287 billion, a 4.4% decrease year-over-year. Operating income was ¥537 million, an ¥87 million increase over last period's ¥449 million. Efforts to improve productivity and reduce expenses led to an increase in profit, despite such factors as a downturn in demand for existing products and a rise in raw material and energy costs.



### Business Strategies

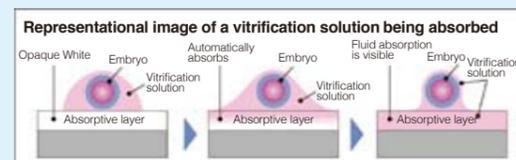
The following are the three basic strategies for the Imaging Media Business.

- Further strengthen alliances:** Further reinforce efforts with industry partner Fujifilm, further expand the production and supply volume of resin coated base paper for photographic applications, improve the profits, and strengthen competitiveness.
- Secure profits from existing products:** Secure profits from existing businesses through a number of means: proactively roll out products in emerging markets such as those in Asia, where demand growth is expected to continue, and boost sales of existing products that are nearing maturation; expand sales of inkjet paper for commercial applications primed for greater demand, including mini laboratories, labels, and cards; and roll out print-related products for the flexo and screen printing market and post-print processing field.
- Establish new businesses:** In response to customer requests, we are expanding on and improving our lineup of functional films such as photosensitive resists for electronic materials and transparent conductive films for touch panels, while also working to expand profitability through the use of the new coater in Kyoto. In addition, we will develop and expand sales of new products for electronics-related fields and the medical/healthcare field. We will also supply digital textile inkjet transfer paper not only for sublimation transfer printing on polyester but also thermal transfer printing on cotton, silk, and other natural fabrics. These are part of efforts to cultivate new customers in the textiles industry, primarily in overseas markets.

## Business Topics

### 《Diamour, a cryopreservation device for fertilized eggs》

Introducing Diamour, a device used in vitrification (cryopreservation) of fertilized eggs in the assisted reproductive technology field. Vitrification (cryopreservation) generally involves freezing a fertilized egg after covering it in a preservative fluid known as a vitrification solution, and ensuring the proper amount of fluid is used is a very difficult task. A groundbreaking product with an absorptive layer capable of automatically adjusting the vitrification solution level to the minimum necessary, Diamour contributes to saving time and skill-less operation. The product was also very well received when introduced at a conference of the Japan Society for Ova Research held in Hiroshima in May 2019.



## Products

### Products for Printing

- **CTP (Computer to Plate) printing plate systems**
  - Silver DigiPlates (SDP)
  - Thermal DigiPlates (TDP)
  - Violet DigiPlates (VDP)
- **CTP printing plates for newspaper printing**
  - PD-NEWS
- **Analog printing plate systems**
  - Silver masters (SLM)
- **Digital screen mask make systems**
  - MDS-360
- **Software**
  - DIALIBRE Series



### Inkjet Paper Products

- **Inkjet paper for fine art**
- **Inkjet proofing paper (for proofing)**



### Products for Photography

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



### Resin Coated Base Paper Products

- **Resin coated base paper**
  - For photography
  - For inkjet printing
  - For sublimation thermal transfer printing
- **Speciality paper**
  - Processing base paper (casting paper)



Products made from photographic base paper

### New Businesses

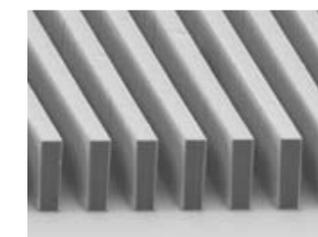
- **Electronic materials**
  - Transparent conductive films for touch panels
  - Silver nanoparticle ink
  - Photosensitive resists
  - Sensitizing dyes for solar cells
- **Rear projection screen films**
  - SaiVis
- **Covers that warm, moisturize, and provide restful sleep**
  - My Dome
- **Medical/healthcare**
  - Diamour, a cryopreservation device for fertilized eggs
- **Digital textile inkjet printing transfer paper**



Transparent conductive films for touch panels



Diamour, a cryopreservation device for fertilized eggs



Photosensitive resists



Digital textile inkjet printing transfer paper

# Overview of Business Segments

## Speciality Materials Business

### Business Results

In the Speciality Materials Business, we are taking proactive steps toward new business in areas related to electronics, the environment, and energy conservation.

With regard to speciality materials, sales revenue increased for water treatment membrane base substrates, battery separators, and rewritable media.

In KJ SPECIALTY PAPER, decorative laminate base paper, our core product, performed on par with the previous period while revenue grew for products such as tape base paper.

As a result, total sales for the Speciality Materials Business increased 2.7% year-over-year to ¥17,485 million.

### Business Strategies

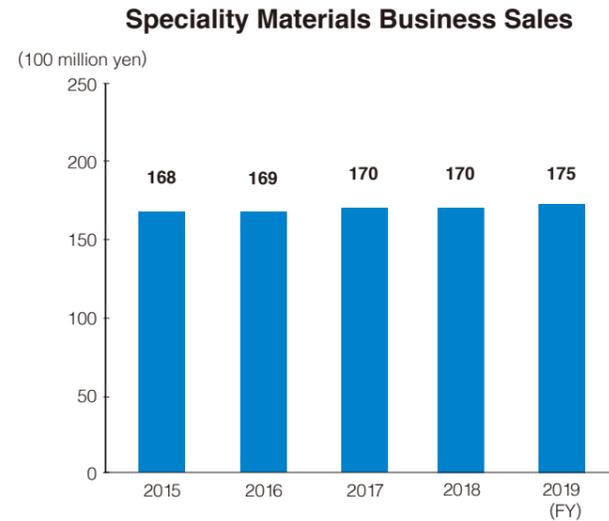
For the Speciality Materials Business Unit, our strategy for the Second Mid-Term Management Plan saw us engage in, among other things, expanding the nonwoven fabric business, which includes water treatment membrane base substrates and battery separators, and increasing sales of filters and rewritable media products in East Asia with a focus on China, Korea, and ASEAN nations. We also expanded sales of tape base paper in Europe.

As a result of capitalizing on strong demand in China and Europe, sales steadily increased for water treatment membrane base substrates, which are used in the separation membranes of seawater desalination and water purification equipment. In the battery separator products segment, products intended for use in capacitors and condensers grew alongside growth in the IoT and communications device markets. Users continue to praise battery separators for lithium ion batteries used in electric vehicles and stationary batteries, and we are now considering enlarging our nonwoven fabric production facilities.

Prompted by increasing interest by China in combating air pollution and achieving cleaner indoor air, demand for high performance air purification filters and vehicle AC filters is rising. As such, we are looking to install new production and evaluation equipment at our Chinese subsidiaries and expand filter business.

In the KJ SPECIALTY PAPER segment, sales of washi-like tape base paper grew in Japan, the U.S., and Europe. We also created a heat resistant inorganic sheet product, and use of carbon nano-tube-related products by customers is advancing.

Our Speciality Materials Division is working on a number of new development projects that are in niche fields and that have been well received in the market. We are now working toward breaking into new growth fields and rolling out new products.



## Business Topics

### 《Battery separators》

Production and sales of electric vehicles equipped with lithium ion batteries (LIB) have grown around the world. Battery separators separate the anode and cathode in a battery and play an important role in lithium-ion permeation. With their high heat resistance, Mitsubishi Paper Mills' nonwoven fabric separators help improve LIB safety. The high electrolyte retention ability of our separators also contribute to longer LIB lifespans, helping to reduce battery waste. With these products drawing interest in Japan and internationally, we are engaging with a major battery manufacturer in China on joint development efforts.



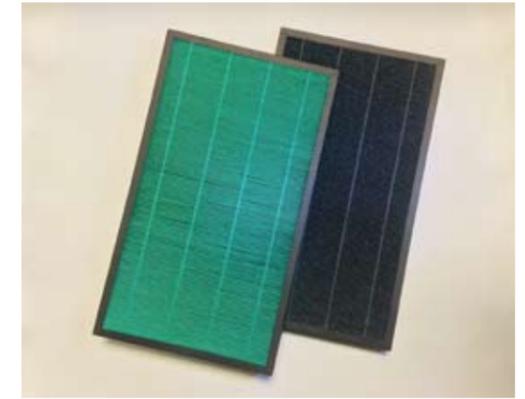
## Products

### Water Treatment Membrane Base Substrates



Used in water treatment element membrane base substrates and contribute to the supply of clean water.

### Air Purification Filters



High-performance filters that satisfy China's GB standards.

### Thermal Rewrite Cards



Changeable information such as visitor names or dates, can be rewritten.

### Carbon Nanotube (CNT)



High-concentration CNT dispersant and painting liquids with high fluidity are used in applications to prevent electrification and applications to generate heat.

### Recycled Carbon Fiber Sheet



By proactively using recycled material, we have made a low-cost, highly uniform carbon fiber nonwoven fabric.

### EM Shielding Materials



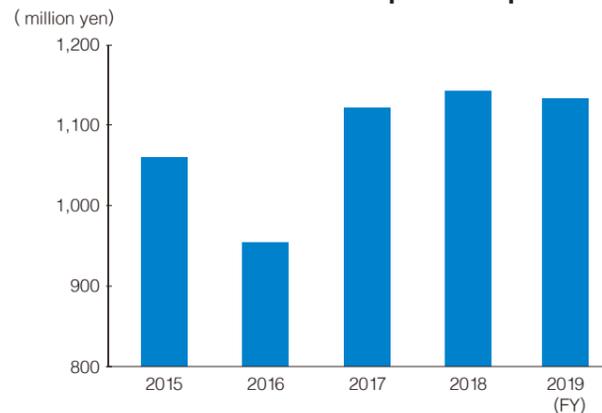
Super-thin EM shielding materials featuring strong shielding performance

# Research and Development

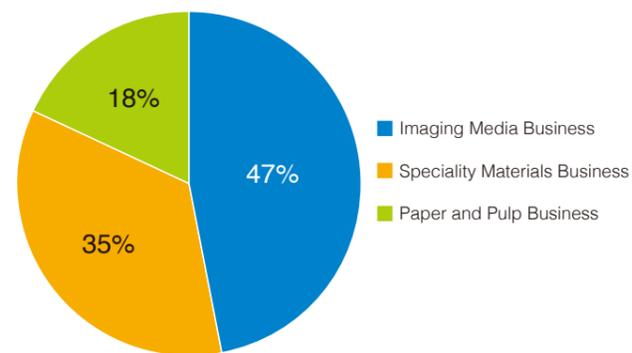
In line with our "Mitsubishi Paper Mills for High Grade and Information Media" philosophy, Mitsubishi Paper Mills develops and manufactures products in a wide variety of fields that include imaging-related materials and speciality materials, in addition to printing and communication paper. Along with researching paper and peripheral basic technologies, we are combining the paper technologies we have developed over the years with silver halide photosensitive material technologies developed in our photo and printing fields to develop advanced products for our digital society. We are also centralizing technical capabilities honed through the development of photosensitive materials, special materials, and other materials in order to develop printing equipment and systems as well as new speciality materials (for the electronic materials and amenities fields).

Preserving the environment and creating a recycling society are the most important goals for the papermaking industry, whose business base relies on an abundance of forest resources. Concern for the environment and dedication to enriching cultural life are the philosophies that guide our product development efforts.

## Research and Development Expenses



## FY 2019 R&D Expense Allocation



## Intellectual Property

Intellectual property is an important asset in developing our business and boosting our competitiveness. Patents, in particular, are what secure, maintain, and enhance the competitive strength of new products. Consequently, we submit roughly 200 patent applications every year in Japan and abroad. As of March 31, 2019, we held 626 patents in Japan and 280 internationally. Although we have traditionally submitted mainly in Japan, the U.S., and Europe, we are now submitting more applications to China, South Korea, Taiwan, and other countries in Asia as part of an active effort to expand business in overseas markets.

We have also been actively applying for and registering trademarks in order to improve customer confidence for new products.

## A Base for Product and Technology Development

### Speciality Materials R&D Laboratory

Leveraging its accumulated nonwoven fabric production technologies as basic technologies, the Speciality Materials R&D Laboratory is developing base substrates for various types of separation membranes; separators for batteries, which are becoming smaller and more powerful; and sheets that make full use of the properties of carbon fiber, which features superior strength, electro-conductivity, and heat conductivity. The facility is also developing cellulose and synthetic resin composites.

Additionally, advanced analysis technologies are necessary to develop new products so our analysis group is researching and considering new analysis technologies on a daily basis.

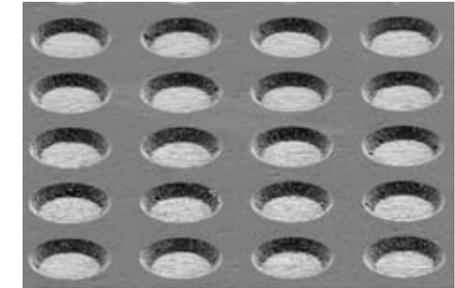


Gas chromatograph/time-of-flight mass spectrometer

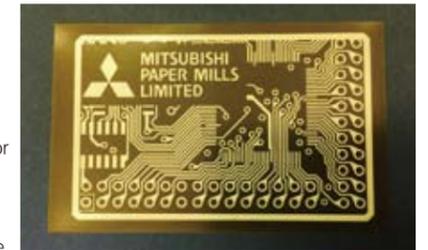
## Kyoto R&D Laboratory

Using core technologies consisting of the Group's extensive photosensitive resin, inkjet media, and silver halide photography technologies, this laboratory is developing and commercializing a range of products including resist films, which enjoy unique properties in the electronics industry; micro-structure fabrication systems, which involves wet processing of difficult-to-process insulating materials; sensor films for touch panels; and conductor pattern-forming systems that use silver nano particle ink.

And in the printing field, we have developed and are now selling a heat-sensitive digital screen-making machine that can print screen plates with only data from a PC, without the need for block copy films, emulsion coating, image development, or drying processes.



Example of difficult-to-process insulating material microfabrication



Example of conductor pattern forming by applying silver nano particle ink to a polyimide substrate

## Process Development Laboratory

Paper and speciality material production technologies and printing technologies are changing just as quickly as customers' demands for quality. To respond to these changes, we use pilot plants with papermaking machines, coaters, and calendaring equipment, and use plate making machines and printing equipment to test prototypes and evaluate quality to quickly get end products and pipeline products to market.

Along with developing production technologies and new products by leveraging the Laboratory's equipment and capabilities, we design and produce product samples to better convey the features of our products to customers.

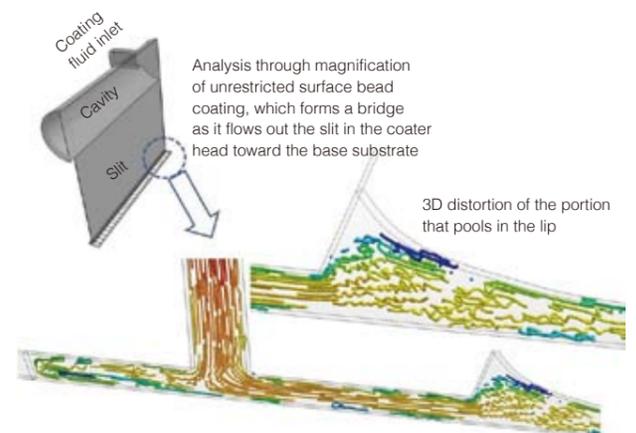


Inclined Wire and Cylinder Pilot Paper Machine

## Coating Flow Analysis Business

MPM CAE Center Co., Ltd. (established in April 2011) conducts contracted research and provides consulting services using numerical analysis techniques. It provides services that meet users' needs through the use of coupled analysis techniques and high speed analysis systems.

With its high level of technical expertise, the company has long been engaged in scientifically analyzing coatings, which are applied to base substrates, and has created numerical analysis (computer simulation) technology for optimizing them. In recent years we have also begun basic research focused on the behavior of not only liquids but also solid particles and microfibers contained in coatings.



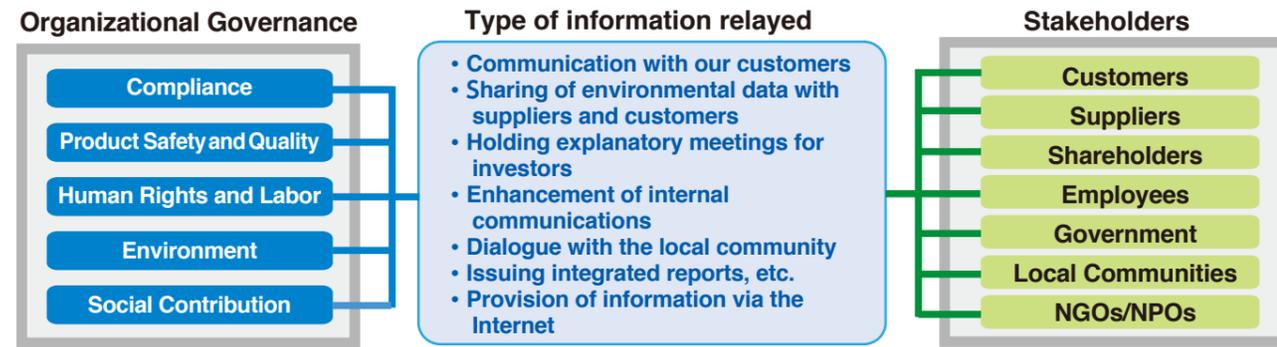
Coating bead flow analysis for slots with microfiber linkage

# Mitsubishi Paper Mills Group CSR

## The Way We See CSR

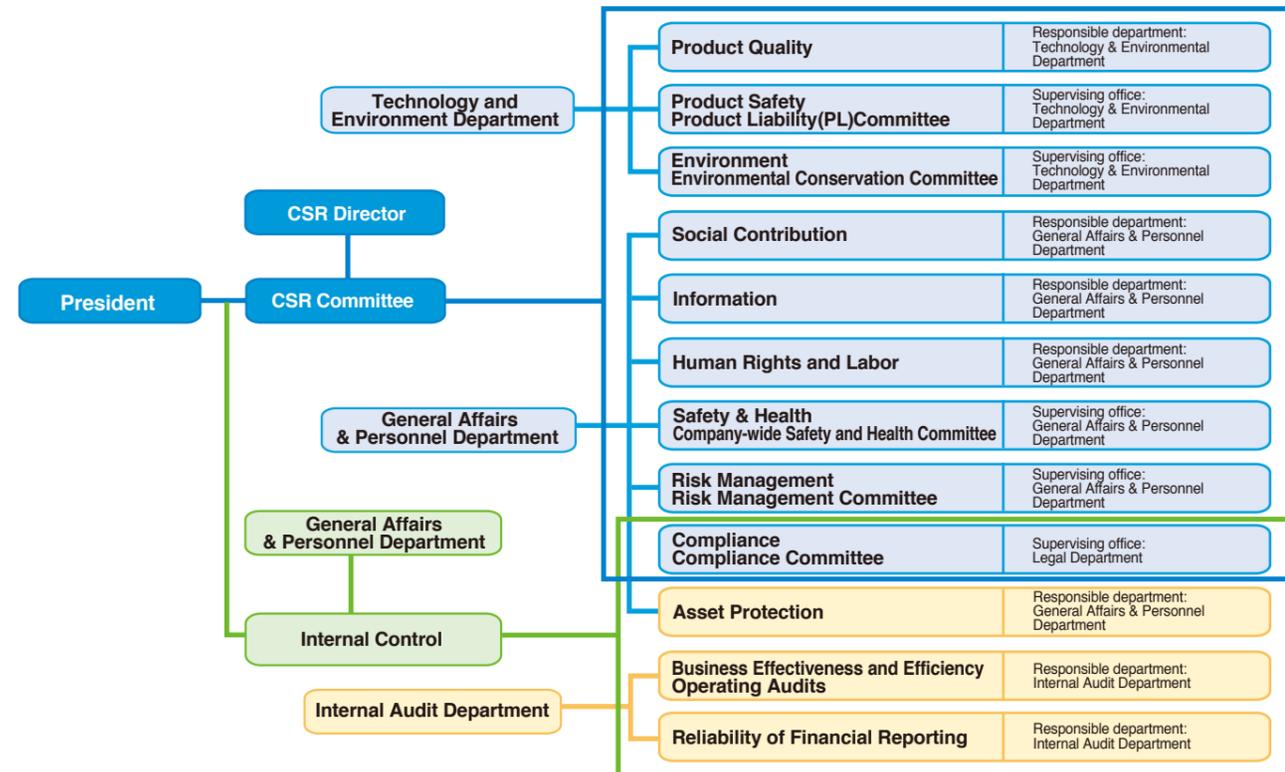
The purpose of CSR in the Mitsubishi Paper Mills Group is to improve corporate value and address social problems by obtaining trust and empathy from everyone, and we view CSR as an important management issue in our business activities. We established the Code of Conduct of the Mitsubishi Paper Mills Group in 2004 as a materialization of this philosophy. Since then, we have respected the spirit of the code and dedicated ourselves to putting it into practice. Corporate contributions to resolving the myriad problems faced by the global community took on further importance following revision of the Code in 2007, and in November 2017, revisions were made to the Japan Business Federation's Charter of Corporate Behavior. In light of this development and to contribute further to advancing social sustainability, we made sweeping changes to the Code of Conduct of the Mitsubishi Paper Mills Group in November 2018.

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



## CSR Promotion Structure

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



## ISO 26000 and Mitsubishi Paper Mills Group Initiatives

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

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

# Mitsubishi Paper Mills Group CSR

## Key Issues (Material Issues) Concerning CSR Activities

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

### Process for Defining Issues

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

We conducted an analysis of the circumstances surrounding the Mitsubishi Paper Mills Group from environmental, social, and governance viewpoints. We then identified issues according to ISO 26000 and other guidelines, and assessed efforts that are being made with respect to these issues.

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

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

#### ■ Process 3 Verify the appropriateness of the process

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

### Key Issues and Top Priority Issues in FY 2020

ISO 26000 Core Subjects	Key Issues in FY 2020 (◎: Top Priority Issues)
<b>Organizational Governance</b> <b>Fair Operating Practices</b>	Ensuring the effectiveness of corporate governance Establishing a risk management structure Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards Ensuring strict legal compliance Promoting communication with stakeholders Expanding initiatives out to affiliated Group companies
<b>Human Rights</b> <b>Labor Practices</b>	◎Enhancing activities to ensure safety and health Promoting various measures to improve human resource performance
<b>Environment</b>	Promoting activities to prevent global warming Promoting activities to preserve biodiversity Improving and enlarging our environmentally conscious product lineup Reducing environmental risk and impact
<b>Consumer Issues</b>	Ensuring product safety Ensuring product quality ◎Product development centered on harmony with society
<b>Involvement in the Community and Community Development</b>	Promoting community support activities Promoting cultural contribution activities Promoting activities of the Ecosystem Academy

# Corporate Governance

## Basic Policies on Corporate Governance

Mitsubishi Paper Mills' corporate activities are based on its corporate philosophy: Live up to the trust of its customers in the world market; Always be on the leading edge of technology; Contribute to preserving the global environment and creating a recycling society. Under this philosophy, the group pursues corporate group management that values CSR, enhances management transparency, and augments corporate governance, all to achieve the sustainable growth of the group and the medium- to long-term improvement of its corporate value. We have established the 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>

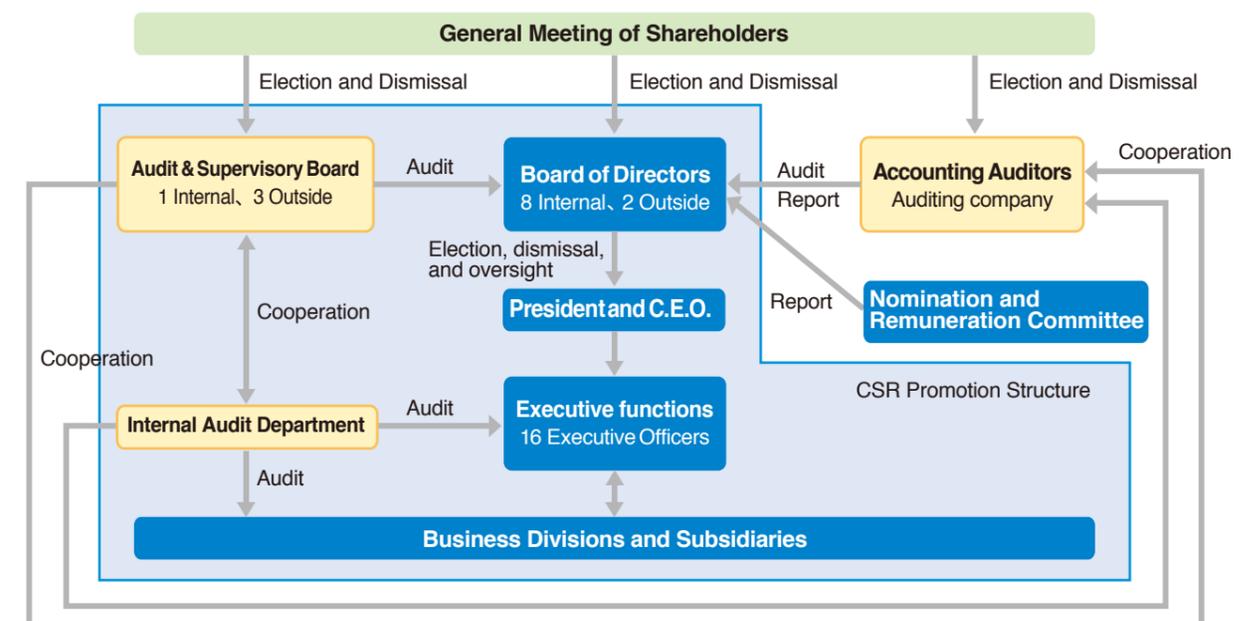
## Corporate Governance Structure

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

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

For business execution, we have three business divisions. To strengthen our business execution structure and give these divisions the responsibility for revenue generation and authority to make decisions, and to receive reports from business sites and carry out management policy, Site Manager meetings are held every month and are attended by site managers and executive officers.

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



# Corporate Governance

## Board of Directors and Audit & Supervisory Board Members

(as of August 31, 2019)

### Directors



**Kunio Suzuki**  
Director, Chairman



**Yukihiro Tachifuji**  
President and  
Chief Executive Officer



**Kanji Morioka**  
Director and Senior Managing  
Executive Officer



**Junji Harada**  
Director and Senior Managing  
Executive Officer



**Masaki Shuto**  
Director and Managing  
Executive Officer



**Naoki Okawa**  
Director and Managing  
Executive Officer



**Nobuhiro Sato**  
Director and Managing  
Executive Officer



**Kazuyoshi Ando**  
Director and Managing  
Executive Officer



Outside Director  
**Soumitsu Takehara**  
Chairman, ZECOO Partners, Inc.  
Certified Public Accountant



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

### Audit & Supervisory Board Members



Standing Audit & Supervisory  
Board Member  
**Koichi Nakayama**



Outside Audit & Supervisory  
Board Member  
**Hiroaki Tonooka**  
Former Director, Deputy President,  
Meiji Yasuda Life Insurance Company



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



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

## Outside Directors

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

Number of MPM shares held: 0

#### Career Summary

Jan. 1977 Joined Peat Marwick Mitchell & Co.  
Dec. 1981 Joined Coopers & Lybrand  
Jul. 2000 General Manager, Transaction Service Division, Chuo Aoyama  
Apr. 2005 Representative Director, ZECOO Partners Inc.  
Nov. 2017 Director & Chairman, ZECOO Partners Inc. (to present)

#### Reason for election

Expertise in finance and accounting, extensive knowledge of corporate management

#### Important positions concurrently held at other companies, etc.

Representative Director, ZECOO Partners Inc.  
Outside Director, CDG Co., Ltd.  
Outside Audit & Supervisory Board Member, EDION Corporation  
Outside Director, Genki Sushi Co., Ltd.  
Outside Director, Shinmei Holdings Co., Ltd.  
Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University

#### Board of Directors and Audit & Supervisory Board meeting attendance (FY 2019)

Board of Directors meetings: 15 of 15

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

Number of MPM shares held: 0

#### Career Summary

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

#### Reason for election

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

#### Important positions concurrently held at other companies, etc.

Partner Chief, Kataoka & Kobayashi LPC  
Outside Audit & Supervisory Board Member, The Higo Bank Ltd.  
Supervisor, Comforia Residential REIT, Inc.  
Visiting Professor, Chuo Law School

#### Board of Directors and Audit & Supervisory Board meeting attendance (FY 2019)

(Position assumed on June 26, 2019)

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

Number of MPM shares held: 0

#### Career Summary

Apr. 1976 Joined Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company) (hereinafter "MY")  
Jul. 2005 Director, General Manager; Group Market Planning & Research Department, MY  
Dec. 2005 Director, MY  
Apr. 2006 Director, Managing Executive Officer, MY  
Jul. 2006 Managing Executive Officer, MY  
Apr. 2008 Senior Managing Executive Officer, MY  
Jul. 2012 Deputy President, MY  
Apr. 2016 Director, MY  
Jun. 2016 Adviser, MY

#### Reason for election

Expertise in finance and accounting, extensive experience in corporate management

#### Important positions concurrently held at other companies, etc.

Outside Audit & Supervisory Board Member, Nippon Kayaku Co., Ltd.  
Director, The Kitasato Institute

#### Board of Directors and Audit & Supervisory Board meeting attendance (FY 2019)

Board of Directors meetings: 15 of 15, Audit & Supervisory Board meetings: 12 of 12

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

Number of MPM shares held: 0

#### Career Summary

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

#### Reason for election

Expertise in finance and accounting, extensive experience in corporate management

#### Important positions concurrently held at other companies, etc.

Director and President, Ryoshin Holdings Co., Ltd.  
Director and President, Shinwa Building Co., Ltd.  
Outside Director, RY Insurance Service Co., Ltd.  
Outside Director, Ryohei Kantei Chosa Co., Ltd.

#### Board of Directors and Audit & Supervisory Board meeting attendance (FY 2019)

Board of Directors meetings: 14 of 15, Audit & Supervisory Board meetings: 12 of 12

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

Number of MPM shares held: 0

#### Career Summary

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

#### Reason for election

Expertise in finance and accounting, great discernment of corporate management

#### Important positions concurrently held at other companies, etc.

Chairman, DBJ Capital Co., Ltd.  
Outside Audit & Supervisory Board Member, Takagi Seiko Corporation  
Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd.

#### Board of Directors and Audit & Supervisory Board meeting attendance (FY 2019)

Board of Directors meetings: 11 of 11, Audit & Supervisory Board: 8 of 8

# Corporate Governance

## Board of Directors Effectiveness Assessments

The Board of Directors conducted 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 were 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 FY2019

December 27, 2018 - January 21, 2019 Questionnaire conducted  
January 31, 2019 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 FY2019 Board of Directors' Effectiveness —Summary of Results

#### a. Composition of the Board of Directors

The composition of the current Board of Directors is deemed generally appropriate due to the presence of individuals with varied career histories and experience, as well as to the number of members of the Board, the balance among the members, and the knowledge and understanding that each possesses.

#### b. Operation of the Board of Directors

The operation of the Board of Directors is deemed generally appropriate with respect to the frequency of meetings, time required for meetings, the proceedings, and conducting reviews. Regarding our system for providing prepared materials and information, we currently send out materials beforehand for important matters and we will look into sending summaries beforehand for other matters to allow for more lively discussion. We will also consider enhancing the quality of business performance forecasts, corporate responses, and other future information, along with taking such measures as holding study sessions more often for outside directors to achieve more productive discussions at Board of Director meetings.

#### c. Functions of the Board of Directors

Although these functions appear to be generally working appropriately, going forward we understand that greater emphasis will be placed on discussions concerning how Mitsubishi Paper Mills will carry out its medium- to long-term strategies now that we have formed a capital and business alliance with the Oji Group. The Board of Directors should therefore make efforts to talk about ESG and speak with outside parties; discuss issues from the viewpoint of corporate groups; communicate the current state of IR and Shareholder Relations (SR) initiatives; solicit feedback from stakeholders such as employees, customers, and distributors; and consider share-based compensation as medium- to long-term incentives.

#### d. Other Proposals for Improvements

Issues in the previous effectiveness assessment have been generally addressed. However, in this assessment, as it is important to identify inherent management issues, we understand that we will need to carry out the PDCA cycle to make it an even more effective approach. Because of the Company's need to breakaway from its printing paper-centric business model, the Board of Directors should discuss strategy with an eye to what will come because of its capital and business alliance with the Oji Group, and should present a corporate vision for outside parties that encapsulates the Company's stance.

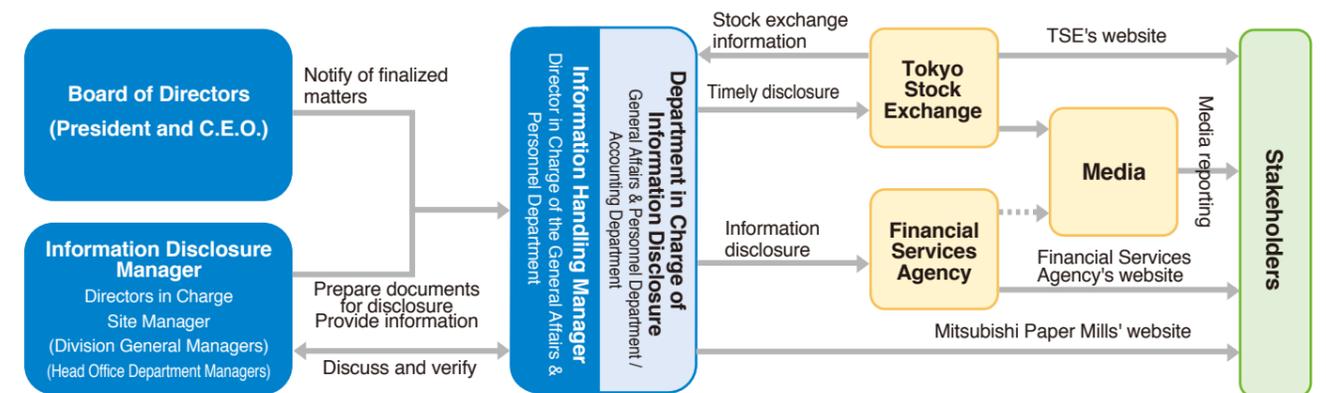
## Information Disclosure

The Mitsubishi Paper Mills Group expresses its commitment to transparency in its business activities in the Code of Conduct of the Mitsubishi Paper Mills Group. The Group has established and publicized its Disclosure Policy based on this code and has declared that it will practice the timely and proper disclosure of corporate information.

We have also established Information Disclosure Regulations for ensuring that stakeholders receive an accurate, timely, and fair disclosure of information on a continuous basis, with our General Affairs & Corporate Communications Dept. in charge of managing these efforts. We also regularly hold public relations sessions as part of efforts to disclose information about the Group. Furthermore, in the interest of fair disclosure, materials from financial result briefings are also disclosed at the time meetings are held.

⇒ Reference site: Disclosure Policy  
[https://www.mpm.co.jp/eng/ir/disclosure/disclosure\\_policy.html](https://www.mpm.co.jp/eng/ir/disclosure/disclosure_policy.html)

### Information Disclosure System



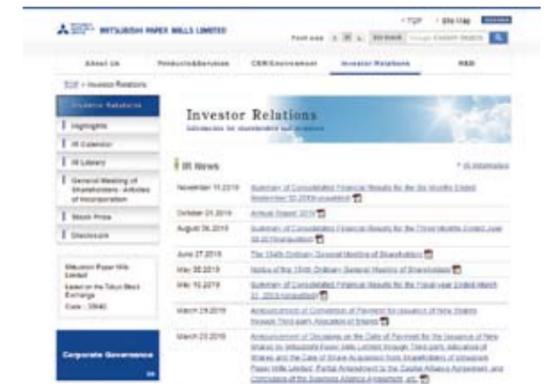
## Communication

### IR Information Site

An investor relations site can be found on the Mitsubishi Paper Mills website.

Information is disseminated using this website, which provides, primarily, earnings highlights, an IR calendar, an IR library (with access to annual business reports, mid-term management plan materials, IR information, annual reports), General Meeting of Shareholders presentation materials, and stock information.

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



### Head Office Gallery: Paper Design Square

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

#### Location

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

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

#### Hours

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



# Corporate Governance

## Compliance

To ensure our actions remain in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group, the Group has laid out rules in the Mitsubishi Paper Mills Group Compliance Conduct Standards, which are to be followed by executives, employees, and other company-related people.

After establishing the Code in 2004, we have made revisions to it in response to changes in our business circumstances and the overall business environment, and also made revisions to the Compliance Conduct Standards following sweeping revisions to the Code of Conduct in November 2018. We are familiarizing all Group employees with these revisions through methods such as pocket cards we distribute and the Compliance News newsletter we send out.



Code of Conduct of the Mitsubishi Paper Mills Group pocket card

## Activities to Promote Better Awareness of Compliance

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

### Compliance Training

Our fiscal 2019 compliance training was held in August for all line managers in the Group. The line managers then shared what they had learned with their teams over the following six months. To coincide with 10 years having passed since the recycled paper falsification scandal, participants conducted workplace compliance checks by looking back at the scandal and using checklists. A total of 3,013 employees participated in the training, and checklist results are being shared among all executives and employees through the Compliance News newsletter and other means.

### Legal Affairs Training

At the two legal affairs training sessions we held in fiscal 2019 for executives, line managers, and related staff, we promoted a better understanding of laws that applied to the participants' work and communicated the importance of compliance.

- |   |  |
|---|--|
| <p>▷Session 1: Personal information protection and GDPR<br/>Date: October 1, 2018<br/>Instructor: Takashi Nakazaki, attorney at law (Anderson Mōri &amp; Tomotsune)<br/>Participants: 256</p> | <p>▷Session 2: Risk Management &amp; Emergency Response<br/>Date: March 5, 2019<br/>Instructor: Yoshihiro Kai, attorney at law (Anderson Mōri &amp; Tomotsune)<br/>Participants: 246</p> |
|---|--|

### Compliance News

Ten issues of Compliance News were released in fiscal 2019, providing easy-to-follow discussions about topics such as the FY 2018 compliance training review, scams targeting companies, corporate misconduct, and revisions to the Code of Conduct and Compliance Conduct Standards.

## Corporate Ethics Hotline Internal Whistleblowing System

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

## Risk Management

To maintain and improve our corporate value, it is important that we properly manage a range of risks that arise in the course of our business activities. Using our CSR promotion structure, the Mitsubishi Paper Mills Group has expressed its commitment to "building a risk management structure and improving its risk map as part of Group management," with the Group's risk management efforts overseen by the Risk Management Committee. Each division and committee devises and executes a number of measures to address risks.



## Improving Our Risk Map

The Mitsubishi Paper Mills Group is monitoring more than 200 risks Group-wide. We analyze the impact of these risks and the frequency with which they occur to build our risk map, and we regularly define and analyze risks to update the map. These efforts are how we improve the effectiveness of our risk management.

## Building a Crisis Management System

The Mitsubishi Paper Mills Group formulated a 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 could cause serious harm to people or equipment, or impact surrounding communities. And to construct an effective risk management system, we regularly conduct various drills and operation tests at every business site and at a scale that involves the entire company, and work to identify and resolve issues.

One improvement made was the installation of a new safety check system at the Company's headquarters in the fall of 2018. Due to the confirmed effectiveness in two safety check drills, we plan to install the system at other worksites going forward.

## Enhancing Information Management

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

## Creation of a Business Continuity Plan (BCP)

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

# Fair Operating Practices

## Ensuring Fair Trade

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

## Preventing Corruption

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

## Disavowal of Anti-Social Elements

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

## Promoting Social Responsibility in the Value Chain

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

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

## Responsible Raw Material Procurement

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

※FSC: Forest Stewardship Council®

FSC® C021528

## FSC Forest Certification

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

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

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



## Method for Verifying Legal Compliance and Sound Management

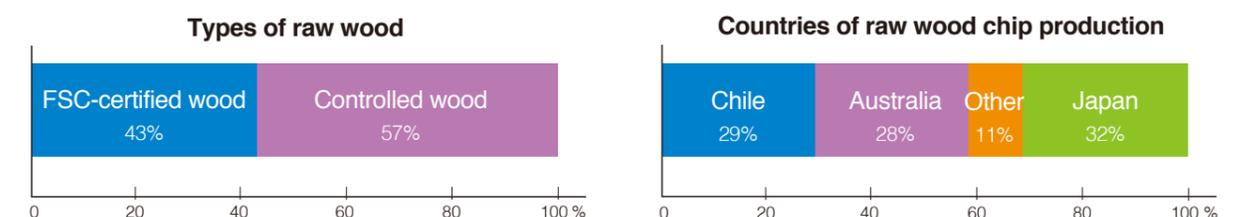
- ① Evidence of use of the forest certification and CoC certification systems (FSC-certified wood, controlled wood)
- ② Evidence of methods of individual companies or organizations (controlled wood)

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

- ◎ **Collection of information concerning wood chips and pulp**
  - Confirmation of the place of origin, wood type, forest management methods, etc. from traceability reports
  - Confirmation of documentation certifying the place of origin (e.g. documents related to transport and sales)
  - Regularly auditing suppliers and verifying document reliability
- ◎ **Assessing risk (taking measures to mitigate risk when necessary)**
  - Assessing and verifying that place of origin of wood is a low risk with respect to A) through E) below
  - A) Illegal logging B) Violations of traditional or citizens' rights C) Threats to forest with high conservation value
  - D) Turning natural forests into man-made forests or using them for other purposes E) Genetically modified trees
  - Receiving audits of risk assessment results by an FSC certifying body

## Raw Wood Procurement in Fiscal 2019

We have verified that all wood chips and wood pulp procured in fiscal 2019 came from forests that were legally and appropriately managed.



## Maintaining Conformance with the Clean Wood Act<sup>※</sup>

We are ensuring compliance with this act through the FSC forest certification system. Business entities that ensure business is conducted in compliance with this law can register at third-party entities certified by the government, and the Mitsubishi Paper Mills Group has completed this registration.

※The Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products

# Relationship with the Environment

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

For the seventh year running, Mitsubishi Paper Mills has been given the Development Bank of Japan's (DBJ) highest environmental rating. This rating reflects an acknowledgment by the DBJ that our efforts have been "excellent advanced environmental initiatives."

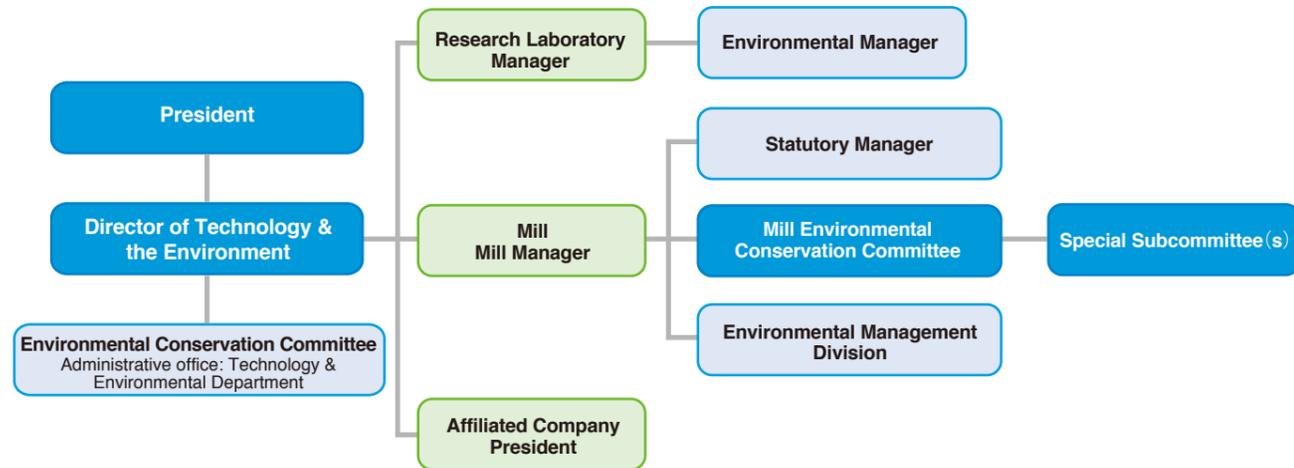
⇒Reference site: Environmental Charter  
<https://www.mpm.co.jp/eng/env/charter.html>



Mitsubishi Paper Mills received an environmentally rated loan from the Development Bank of Japan (DBJ) in March 2019 and we received the following environmental rating: "excellent advanced environmental initiatives."

## Environmental Management System

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



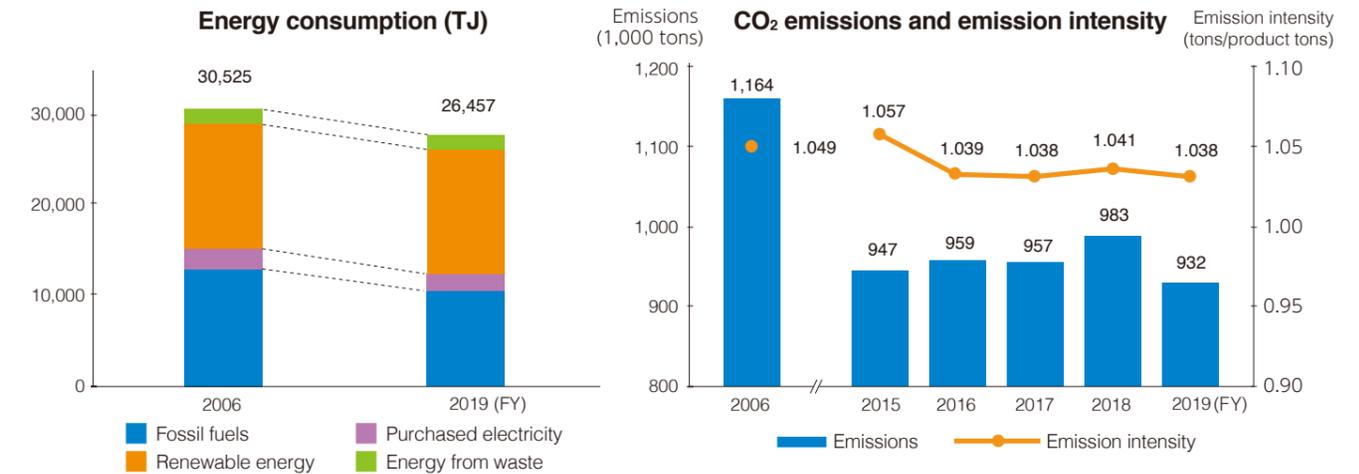
## Chemical Substance Management

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

## Preventing Global Warming

### Manufacturing Segment Initiatives

The Mitsubishi Paper Mills Group has the target of bringing CO<sub>2</sub> emissions down to 920 thousand tons or less by fiscal 2021 and is working on reducing its fossil fuel-based energy and overall energy consumption. In fiscal 2019, we reduced fossil fuel-based energy usage to 77% and CO<sub>2</sub> emissions to 80% of their fiscal 2006 levels.



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

### Logistics Segment Initiatives

#### Eco Rail Mark Certification

Mitsubishi Paper Mills acquired Eco Rail Mark certification in October 2010, becoming the first to do so in the paper industry. Since then, we have contributed to global environmental preservation through the dissemination of the Eco Rail Mark.

Under the Eco Rail Mark system, companies or products are certified and allowed to use the Eco Rail Mark if they use a certain volume of eco-friendly rail freight transport. Usage of the mark offers consumers a standard for making decisions.



#### Green Management Certification

Namitsu Co., Ltd., a distribution company affiliated with the Mitsubishi Paper Mills Group, has Green Management Certification at its main facilities and is reducing the level of CO<sub>2</sub> emitted by its trucks during transport. Ongoing efforts that include the use of start-stop systems improve fuel efficiency and reduce fuel consumption. Aimed at reducing the environmental impact of the transport industry, Green Management Certification is given to business entities that have been audited and certified by the Foundation for Promoting Personal Mobility and Ecological Transportation for having reduced the environmental impact of their operations by a certain degree in accordance with the Green Management Promotion Manual.

### Initiatives for the Office and the Home

We are taking a number of measures to reduce energy usage in office buildings, including meticulous efforts to turn off lights. In addition, the Speciality Materials R&D Laboratory tracks the building's power usage through a demand monitoring device and equalizes power load through peak shifting.

The Mitsubishi Paper Mills Group also promotes participation in the household environmental accounting booklet program, raising awareness for environmental preservation by having employees monitor their household CO<sub>2</sub> emissions.

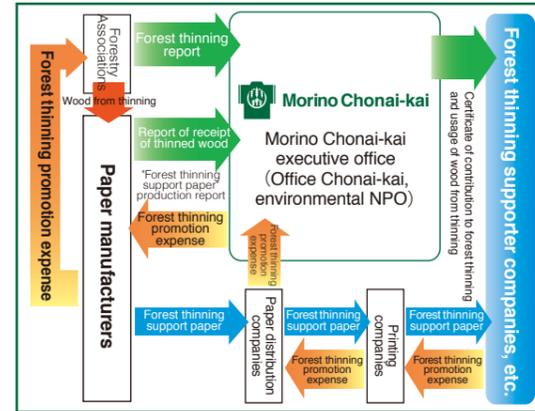


# Relationship with the Environment

## Preserving Biodiversity

### Forest Preservation Activities

In conformance with FSC® forest certification system standards, the Mitsubishi Paper Mills Group makes careful use of wood feedstock produced under proper forest management, and also works to popularize the forest 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 benefiting from trees, the "gifts of the forest," the Ecosystem Academy was opened in 2010 as a place for experiential forest environment education to encourage greater social sustainability. The academy aims to transmit the knowledge and experience the Group has accumulated over the years to a diversity of people while helping to protect the global environment. With experiential environmental education, forest surveys and research, and information dissemination as the three core activities, the academy is focused on establishing and advancing ongoing efforts while carrying out activities throughout the Group in collaboration with relevant outside groups and communities.



Fourth tree planting event (at Seicho Forest, company-owned forest in Murabi, Fukushima Prefecture)



Summer Independent Research Course (Mizumoto Park, Tokyo)

### Experiential Environmental Education

In addition to environmental education that seeks to promote a greater knowledge of ways to prevent global warming and protect biodiversity in the interest of forest preservation, we carry out observations, measurements, and tree planting using company-owned forests, and provide opportunities to try papermaking and paper crafts as a means to experience the art of manufacturing. In fiscal 2019, a total of 1,125 participants took part in 31 sessions ranging from environmental education to tree planting events in Kyoto, Tokyo, Fukushima, Iwate, and Aomori.

### Forest Surveys and Research

Along with conducting surveys on vegetation, growth, and soil animals in company-owned forests, we work with the Wild Bird Society of Japan's Shirakawa Chapter to conduct ongoing wild bird surveys and create birdwatching areas.

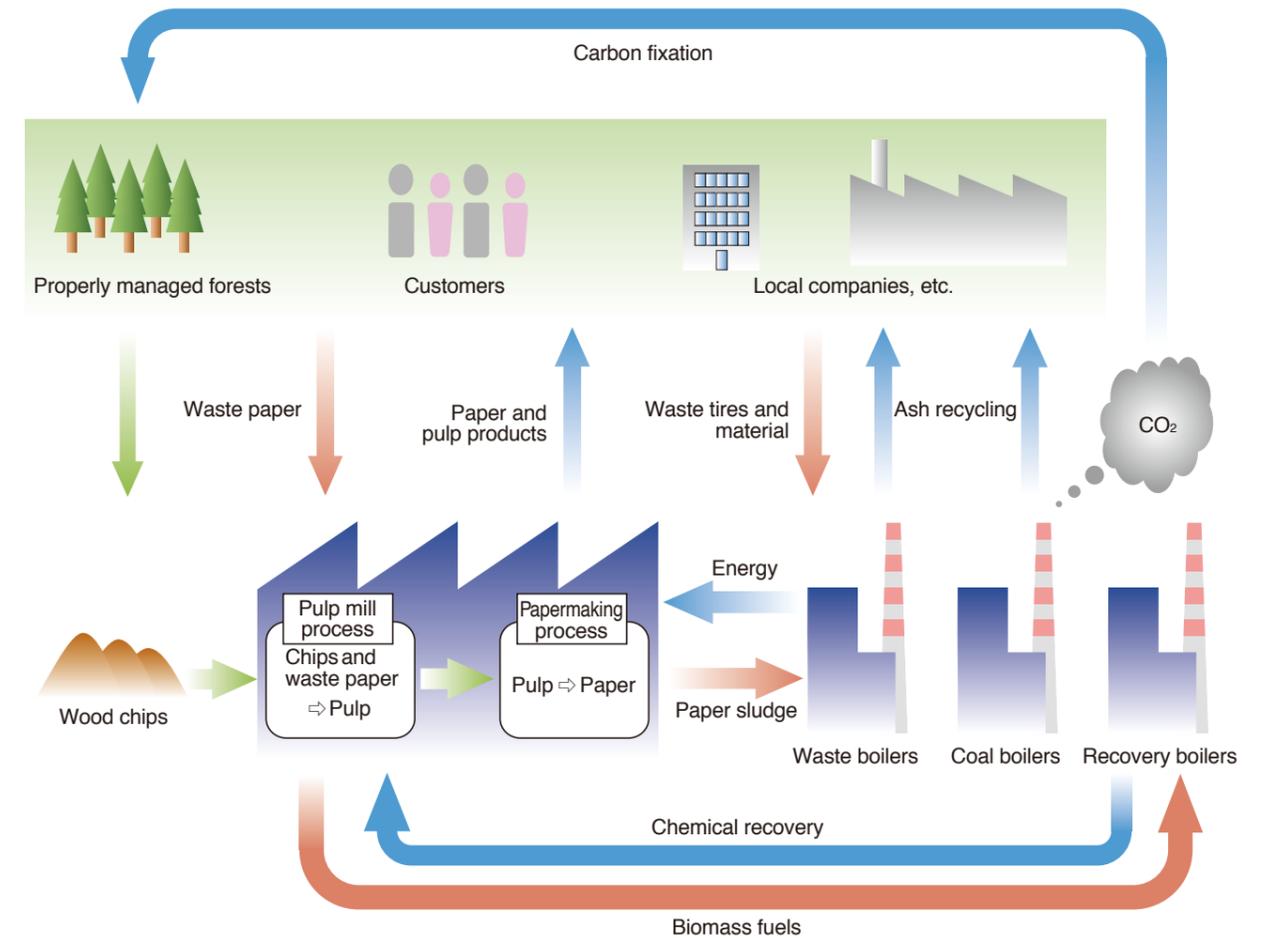
### Information Dissemination

We hold regular environmental seminars led by instructors engaged in pursuits that include forestry, environment preservation, and teaching at universities.

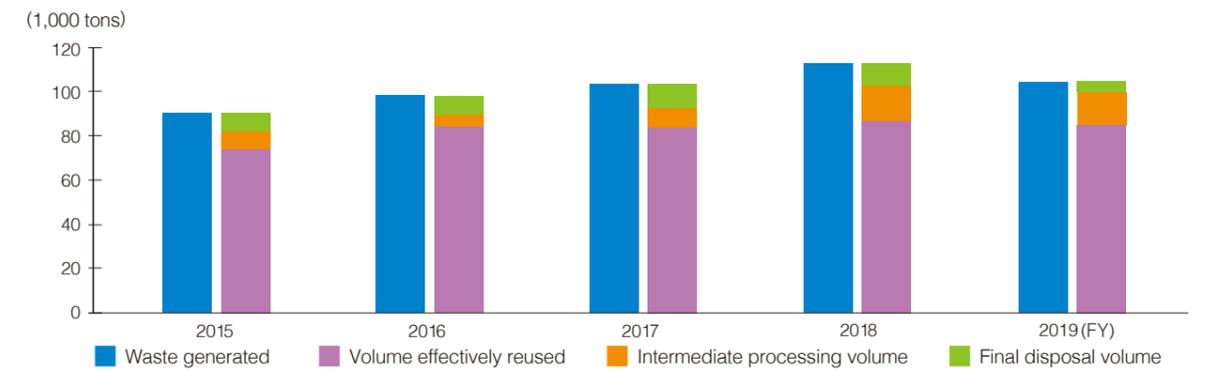
At the 2018 environmental seminar, the 9th such seminar to date, Soichi Ueda (Think the Earth), Emika Kono (FSC Japan), and Masaru Hasebe (the Development Bank of Japan) were invited to speak on the theme of "Contributions We Can Make toward Achieving the Sustainable Development Goals" and to discuss their involvement in promoting social sustainability from the differing perspectives of education, forestry, and finance.

## Effectively Using Resources

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 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, are used as fuel to power waste boilers. The incinerator bottom ash produced by the waste boilers and the ash produced by coal boilers is used to make a recycled construction material named "Reglobe" and is 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, KJ SPECIALTY PAPER)

# Relationship with the Environment

## Material Balance

### Input

<b>Main raw materials</b>	(1,000t)
Imported wood chips	794
Domestic wood chips	381
Purchased pulp	33
Waste paper	41
Inorganic pigments	52
<b>Energy</b>	(Crude oil equivalent, 1,000 kl)
Fossil fuels	260
Purchased electricity	47
Biomass	334
Refuse-derived fuel	43
<b>Service water</b>	(Million tons)
Industrial water	126

### Mitsubishi Paper Mills Group (Domestic)



### Output

<b>Atmospheric release</b>	
CO <sub>2</sub> emissions	(1,000 t) 932
NO <sub>x</sub> emissions	(1,000 Nm <sup>3</sup> ) 826
SO <sub>x</sub> emissions	(1,000 Nm <sup>3</sup> ) 260
Soot and dust	(t) 392
<b>Released into water systems</b>	
Wastewater	(Million tons) 127
COD	(t) 7,504
SS	(t) 3,621
<b>Waste</b>	(1,000 t)
Waste generated	105
Volume effectively used	82
Final disposal amount	7
<b>Product sales amount</b>	
Paper	(1,000 t) 898
Photosensitive materials	(Million m <sup>2</sup> ) 18
Pulp	(1,000 t) 80

### Reference: 2 mills in Germany

Purchased pulp	(1,000 t) 127	CO <sub>2</sub> emissions	(1,000 t) 45
Waste paper	(1,000 t) 0	Wastewater	(1,000 t) 2,058
Service water usage	(1,000 t) 2,768		

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

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

## Amount of PRTR-listed Substances Emitted and Transferred in FY 2019

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

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

No.	PRTR Class 1 Designated Chemical Substances	Cabinet order No.	Emissions		Amount transferred	
			Atmosphere	Water	Sewerage	Off-site
1	Asbestos	33	0	0	0	780
2	Xylene	80	520	0	0	680
3	Silver and its water-soluble compounds	82	0	0	0	0
4	Chloroform	127	20,700	4,800	0	0
5	Cyclohexylamine	154	0	0	0	0
6	2,2-Dibromo-2-cyanoacetamide	210	0	789	0	7
7	Dioxins	243	0.00	11.13	0.00	4.00
8	Triethylamine	277	1,500	0	0	0
9	Toluene	300	15,100	0	0	7,100
10	Hydrazine	333	0	0	0	0
11	Hydroquinone	336	0	0	81	0
12	Boron and its compounds	405	0	0	230	0
13	Formaldehyde	411	139	1	40	1,002
14	Methylnaphthalene	438	210	0	0	0

## PCBs

Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site

The detoxification of hardware (transistors and capacitors) containing high concentrations of PCBs is outsourced to the Japan Environmental Storage & Safety Corporation (JESCO). All preregistered transistors and capacitors were rendered harmless.

Efforts are also under way to detoxify stabilizers containing high concentrations of PCBs, and plans call for all stabilizers to be detoxified 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, Speciality Materials R&D Laboratory, Kitakami HiTec Paper Corporation, Toho Tokushu Pulp Co., Ltd., KJ SPECIALTY PAPER Co., Ltd.

		FY 2006	FY 2017	FY 2018	FY 2019	Targets (FY)
<b>Natural resources</b>						
Fossil fuel-based energy consumption	TJ	15,131	12,285	12,506	11,886	
Fossil fuel energy intensity	GJ/product-tons	13.6	13.3	13.2	13.2	12.1 (FY2021)
Service water usage	Million t	125	121	127	126	
Service water intensity	Tons/product-tons	117	131	134	139	
Wastewater	Million t	-	122	127	127	
<b>Atmosphere</b>						
CO <sub>2</sub> emissions*1	1,000 t	1,164	957	983	932	920 (FY2021)
NO <sub>x</sub>	1,000 Nm <sup>3</sup>	1,076	876	857	826	
SO <sub>x</sub>	1,000 Nm <sup>3</sup>	247	272	264	260	
Soot and dust	t	-	459	375	392	
<b>Water quality</b>						
COD	t	7,717	7,123	7,702	7,504	
SS	t	3,417	3,723	3,660	3,621	
<b>Waste</b>						
Waste generated	1,000 t	120	105	114	105	
Final disposal amount	1,000 t	15	11	9	7	
Final disposal rate*2	Percentage vs. production volume	1.40%	1.23%	0.95%	0.75%	0.30% (FY2021)

\*1 For CO<sub>2</sub> emissions from purchased power, we use the CO<sub>2</sub> emissions coefficient provided by the Federation of Electric Power Companies.

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

## Environmental Accounting in FY 2019

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

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

### Environmental Conservation Costs

Unit: Million yen

Classification	Principal Initiatives	Investments	Expenditures
(1) Costs within business areas		1,000	2,226
1. Pollution control costs	Includes air pollution, water pollution, foul odor, noise, and vibration measures	152	1,290
2. Environmental conservation costs	Includes domestic afforestation, energy conservation measures, etc.	795	37
3. Resource recycling costs	Includes waste measures and waste paper and other product recycling	53	899
(2) Upstream/downstream costs	Includes container and packaging recovery and recycling	298	363
(3) Management activity costs	Includes environmental education, environmental management systems, and certification acquisition	4	63
(4) R&D costs	Includes the development of green products	0	0
(5) Social activity costs	Includes greening, environmental beautification, and environmental data disclosure	33	28
(6) Environmental damage costs	Fees for pollution-related health damage	0	51
Total		1,335	2,731

### Economic Benefit of Environmental Conservation Measures

Unit: Million yen

Classification	Benefit	Amount
Earnings	Benefit of reusing recovered pallets	449
	Profit from sales of materials effectively recycled	24
Cost reduction	Cost reduction from decreased energy usage	33
	Cost reduction from improved material yield	84
Total		590

# Relationship with Employees

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

## Occupational Safety and Health Initiatives

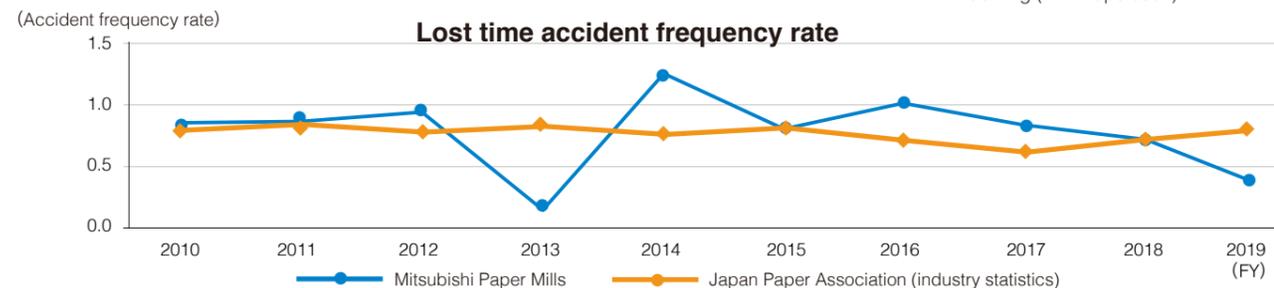
The Mitsubishi Paper Mills Group views all occupational safety and health activities as activities that should be given priority in all initiatives. Based on the Group-wide Safety and Health Management Guideline, which incorporates the fundamental principles of safety and health, which are mentioned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

### Fiscal 2019 Activities

Our mills and offices made up lists of standard operating procedures (SOPs) that have the risk of a fatal accident, checked to see if actual operations were being done according to the SOPs, and made revisions where needed. Other measures include having employees take part in experience-based training (VR training) to improve sensitivity to hazards by actually sensing dangers, as well as activities done in conjunction with our partner companies.



VR training (MPM Operation)



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

## Promoting Good Mental and Physical Health

We consider employees' health to be an important managerial asset and we are working on health management. Working with the Mitsubishi Paper Mills Health Insurance Union, we utilize health checkup data and other information belonging to the union to better help our employees maintain good health. Through the promotion of health management, we aim to help raise employees' health awareness, get more of them thinking about their own health, and promote better health maintenance to ultimately foster more vital workplaces.

### Major Efforts in FY 2019

- ① Encourage follow-up health checkups through management
- ② Encourage employees to receive specific health guidance through home visits
- ③ Prepare Personal Health Reports for those undergoing specific health checkups (employees 40 and over)  
(A new health service from the health insurance union)

### Personal Health Report

These reports indicate how healthy employees are compared to others their age and have rankings based on the deviation value of the various health check data points.



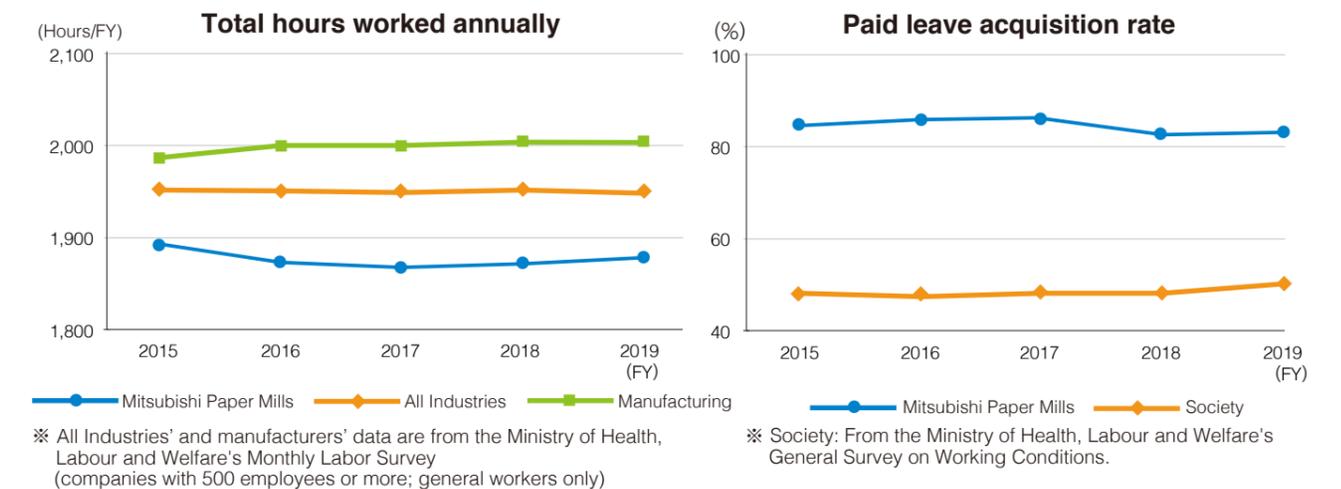
Personal Health Report

## Efforts to Create Comfortable Work Environments

We believe that achieving comfortable work environments and a good work-life balance contributes not only to healthier, more prosperous lives for employees but also makes the company more competitive. We are undertaking a number of initiatives out of a desire to give the Group more vitality and make it a fulfilling place to work.

### Regular Program Reviews Done in Conjunction with Our Labor Union

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



## Work-Life Balance Initiatives

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

## Furthering Diversity

As part of our women's empowerment initiatives, the Mitsubishi Paper Mills Group is working to get more women working at production sites. Hakuryo Paper Technology and MPM Oji Home Products are hiring more female manufacturing personnel and expanding their range of work while proceeding to build workplaces that will allow women to thrive in manufacturing environments.



MPM Oji Home Products Co., Ltd.  
Female manufacturing personnel hired in FY 2019

# Relationship with Customers

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

## 『Product Safety Code』

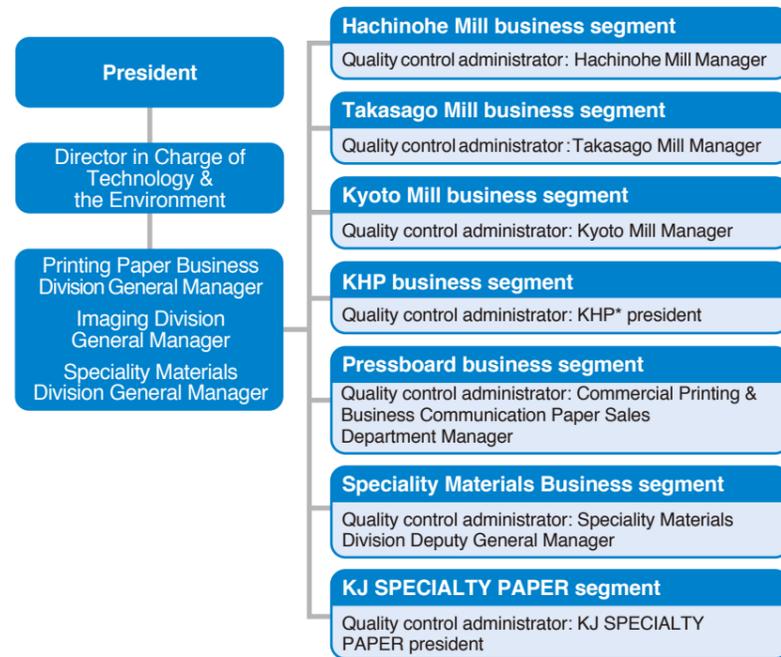
Mitsubishi Paper Mills believes that the role of a company in society is to provide satisfying services along with safe and useful products to customers, and we have utilized our excellent technologies to provide safe products to society. From here on, too, we will steadily implement the following actions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

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

## Quality Control System

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

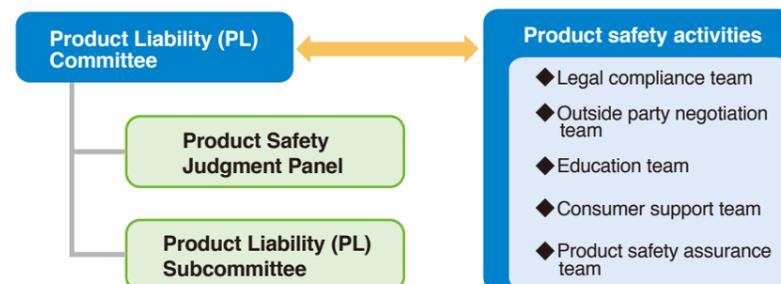
The key production facilities in each business segment have acquired ISO 9001 certification. In addition, quality control administrators, who have responsibility for and authority over quality in the business segment, share information with the relevant business division general managers while working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



\*KHP: Kitakami Hitec Paper Corp.

## 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.

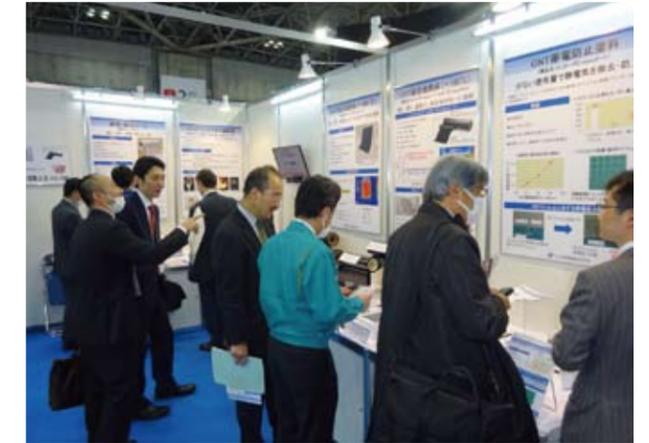


# Communication with Customers

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.



9th Environmental Seminar  
Contributions We Can Make toward Achieving the Sustainable Development Goals (Mitsubishi Paper Mills Head Office)



Converting Technology Exhibition 2019  
New speciality materials exhibit (Tokyo)

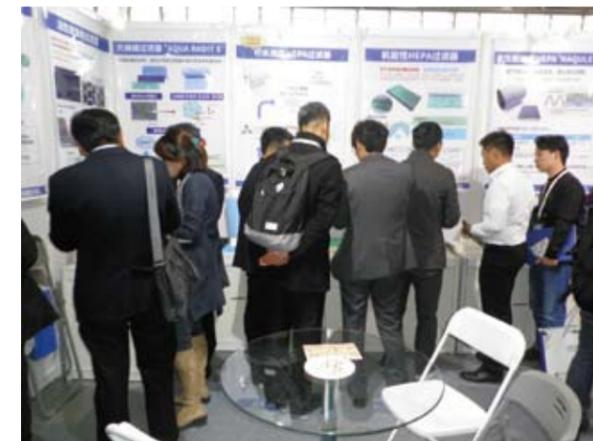


Exhibit at The 7th Filtration & Separation Asia exhibition  
The 7th Filtration & Separation Asia (Shanghai)



LED/OLED & Digital Signage Show  
LEDTEC ASIA 2019 (Ho Chi Minh)

## Encouraging the Worry-Free Use of Our Products

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

# Relationship with Communities

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

## Social Contribution - Direction of Activities

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

## Communication with Community Members

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

### Dialogue with community members

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

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

### Students' Work Experience

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



Students' work experience program for middle school students (Takasago Mill)



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

FSC® C021528

## Coexistence with the Community

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

### ■ Sponsorship of the Takasago Lantern Festival

Takasago Lantern Festival 2018 was held in September in Hyogo Prefecture's Takasago, home to the Takasago Mill. The festival featured such things as illuminated historical buildings, candle-lined alleys, and jazz galleries. The Uomachi Club, a Western-style house owned by the mill, was also decorated with lights, and visitors were treated to a jazz performance.



The Uomachi Club, all lit up (Takasago Mill)

### ■ Opening up Our Cherry Trees to the General Public

There is a row of cherry trees at the Kyoto Mill that turns into a "cherry blossom tunnel" in the spring. During that time every year, we open up the tunnel to the general community for everyone's enjoyment. We also take visitors' pictures and offer a photo printing service, which always helps make this event well received.



Opening up of the "cherry blossom tunnel" to the public and photo printing service (Kyoto Mill)

## Contributing to the Community Environment

### ■ Participation in the Nagaokakyo City Environmental Fair

Every year in November, Nagaokakyo City—home of the Kyoto Mill—holds its Environmental Fair as a means to promote better environmental awareness among residents. To bring further excitement to the event, the Kyoto Mill conducts papermaking workshops and gives talks on the lifecycle and bounties of the forest to elementary school students and their parents and also provides information about environmental efforts being made by Mitsubishi Paper Mills.



Papermaking workshop at the Environmental Fair (Kyoto Mill)

### ■ Participation in Mt. Fuji Foothills Beech Forest Development Project

Every year, KJ SPECIALTY PAPER takes part in the Mt. Fuji Foothills Beech Forest Development Project, put on by the city of Fuji. For this year's event, nine employees participated and 2,000 beech and other broadleaf tree saplings were planted. The Mitsubishi Paper Mills Group will continue contributing to activities to preserve and grow the forests around Mt. Fuji, a Cultural World Heritage Site.



Participants in Mt. Fuji Foothills Beech Forest Development Project (KJ SPECIALTY PAPER)

# Relationship with Communities

## Contributing to Local Communities

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

Namitsu sponsored a raffle as part of the Coming-of-Age Day Memorial Gathering, which was held in January in Fukushima Ward, Osaka, where the company has its head office. Through efforts such as these, we will continue strengthening relations with community members and achieving mutual growth.



Coming-of-Age Day Memorial Gathering in Fukushima Ward

### ■ Support for the Heavy Rain Event of July 2018

To assist in recovery efforts for people and regions affected by the event, Diamic provided Dia CoolGear, an instant cold pack, and other MPM products as relief goods. We pray affected regions make a recovery as quickly as possible.



Dia CoolGear instant cold pack

### ■ Community Cleanup Activities

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

As examples of such activities, Namitsu cleaned up the vicinity of its head office as part of the Osaka Marathon Clean-up Campaign, an event conducted by the Osaka City Environment Bureau prior to the Osaka Marathon. Also, Kitakami HiTec Paper Corporation takes part every year in Kitakamigawa watershed cleanup activities organized by the Iwate River and National Highway Office and other organizations. This was the 10th year the company has participated.



Participants in Kitakamigawa watershed cleanup activities (Kitakami HiTec Paper Corporation)



Osaka Marathon Clean-up Campaign (Namitsu)

## Making Use of our Business Activities

### ■ Support for Calligraphy Performance at Hachinohe Higashi High School

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



Performance piece in connection with the decommissioning of a Hachinohe Coast Guard Office patrol boat

### ■ Photo Printing Service

Leveraging the technologies of Mitsubishi Paper Mills' Imaging Media Business, we provided photo and printing services at events held near the Kyoto Mill and the Kitakami HiTec Paper Corporation.

- Takenoko Festa and Garasha Matsuri (Kyoto Mill)
- Kitakami Tenshochi Sakura Festival (Kitakami HiTec Paper Corporation)



Photo printing service at the Takenoko Festa (Kyoto Mill)

### ■ Braille Calendar

The release of the 2019 edition of the Braille Calendar is the 23rd edition, since the first edition was released in 1997.

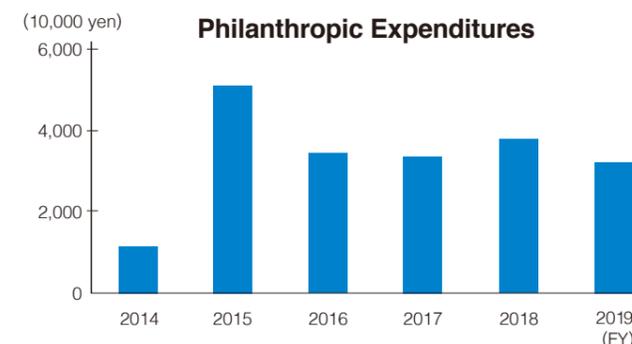
The calendar, which has contained food recipes in recent years, has been well appreciated by those it has been donated to, such as social welfare organizations and the Japan Braille Library, as well as the visually impaired who use the calendar.



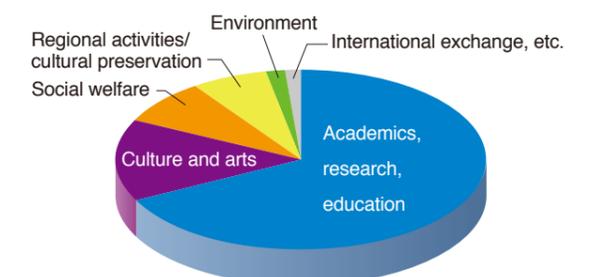
Braille Calendar (2019 edition)

## 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.



### Breakdown of Philanthropic Expenditures



# Fiscal 2019 CSR Activities

In fiscal 2019, we established "enhancing activities to ensure safety and health," "promoting various measures to improve human resource performance," and "customer-centered product development" as top priority issues, and undertook activities aimed at improving corporate value. We also reduced industrial waste and took part in environmental preservation activities, a part of which was working to make our products more environmentally friendly through efforts such as using FSC®-certified paper in order to help achieve the UN's 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	· Held meetings of the Nomination and Remuneration Committee, conducted outside director conferences, and provided training for directors and audit & supervisory board members · Reviewed director and audit & supervisory board member training conducted last fiscal year, had Board of Directors evaluate their effectiveness, and held outside director and audit & supervisory board member meetings	○  ○
· Establishing a risk management structure	· Enhance structural preparations and our risk map in the interest of Group management · Discuss ways of improving simulation and training	· Conducted semiannual risk map reviews and updated risk assessments and evaluations · Installed a new safety check system at the Company's headquarters and conducted system verification training · Built a backup system for information disclosure during emergencies and conducted live training	○  ○
· Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws and regulations through more robust compliance education	· Made extensive revisions to the Code of Conduct of the Mitsubishi Paper Mills Group and the Compliance Conduct Standards, and are now working to ensure employees are informed about and understand them.	○
· Ensuring strict legal compliance	· Strengthen legal functions · Promote a better understanding of laws and regulations applicable to our operations, and enforce compliance  · Strengthen and improve systems through Group-wide implementation of Information Management Regulations	· Conducted legal checks and handled legal consultations · Conducted legal training for executives, line managers, and others · Regularly issued the Compliance News newsletter as a measure to improve employees' concern for legal issues · Conducted fact-finding surveys on information management at 9 affiliated companies · Conducted information management audits of the Shirakawa Site and 2 subsidiaries	○ ○  ○
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc.  · Disseminate information about new products, etc. (sharing information about affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our corporate reports	· Disseminated information that includes Second Mid-Term Management Plan progress (analyst briefing materials), General Meeting of Shareholders information, corporate reports, annual reports, and earnings briefings · Disseminated information on tradeshows (13), an agreement for technical cooperation, Osaka office relocation, product price revisions (2), investments, etc. · Held 7 planned exhibitions and exhibited products in a timely fashion in the permanent exhibit · Issued Corporate Report 2018 in August in an integrated report format	○  ○ ○ ○
· Expanding initiatives out to affiliated Group companies	· Step up efforts at continually promoting CSR activities	· Conducted awareness raising activities using corporate reports and better familiarized Group employees with CSR policy	○

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

Key Issues	Action Plan	Activity Results	Evaluation
· Enhancing activities to ensure safety and health	· Improve efforts to eliminate serious accidents Review standard operating procedures (SOPs) that have the risk of fatal accidents	· Checked for discrepancies between actuality and SOPs that have the risk of fatal accidents and will continue checks next fiscal year	△
· Promoting various measures to improve human resource performance	· Appropriately assign diverse personnel and improve individual performance  (1) Appropriately assign personnel throughout the Group and hire personnel so as to achieve the appropriate age distribution (2) Improve training to boost skills and promote self-awareness	· Reassigned personnel between consolidated group affiliates and otherwise made effective use of human resources · Consistently hired with regard to improving personnel age distribution · Reviewed rank-based training and revised training program for next fiscal year · Enriched correspondence training options	○

## ISO 26000 Core Subjects 5. Environment

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting activities to prevent global warming	· Promote CO <sub>2</sub> emissions reductions in our business activities and employees' homes · Support and get involved in renewable energy projects	· Installed new and modified equipment to reduce fossil fuel usage · Provide support to Hachinohe Eco-Energy Power Station construction project	○ ○
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC-certified wood we procure · Participate in the Japan Business Initiative For Biodiversity (JBIB)	· Made active use of FSC-certified wood chips and met targets · Deepened biodiversity knowledge through participation in related seminars	○ ○
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper  · Develop and roll out new environmentally conscious products	· FSC-certified paper sales volume (Apr-Dec average) increased 5.3% YoY · Sponsored and participated in FSC Forest Week organized by FSC Japan · Manufactured 10,790 t of product (Apr-Dec) using waste recycling equipment at Hachinohe	○  ○
· Reducing environmental risk and impact	· Reduce industrial waste  · Improve environmental communication	· Detoxified capacitors with high concentrations of PCBs within the legally mandated deadline · Apr-Nov total effective utilization ratio: 93.1%, final landfill waste ratio: 0.78% · Worked to hold dialogues with the local community through Environmental Monitoring Meetings at the Hachinohe Mill and other opportunities · Participated in regional environmental conservation organization activities	△  ○

## 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	· Promptly responding to legal revisions, etc. · Business sites promptly reported to local governments in accordance with PRTR Law · Convened the PL Subcommittee six times · Changed the moistening liquid for TDP etching liquid	○  ○
· Ensuring product quality	· Promote thorough adherence to ISO 9001 management and improve customer satisfaction (reducing complaints, etc.); continue to conduct quality audits	· Conduct inquiries into improper responses concerning quality · Conduct recycled paper audits	○
· Customer-centered product development	· Identify latent customer needs and explore useful products and services that bring high customer satisfaction	· Begin the manufacture and sale of wrapping kraft paper · Currently carrying out other sample work	○

## ISO 26000 Core Subjects 7. Community involvement and development

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting community support activities	· Take part in local activities at each business site and continue good relations with communities	· Every business site fostered goodwill with local communities through efforts that included participating in events and providing paper	○
· Promoting cultural contribution activities	· Implement ongoing support focusing on Mitsubishi and related industry groups	· Made donations to and sponsored various related groups and their plans	○
· Promoting activities of the Ecosystem Academy	· Ensure these activities become established and developed as ongoing collaborations with society	· Conducted instructor development and skill improvement training · Held experiential environmental education sessions in Fukushima, Tokyo, Kyoto, and Iwate · Held 9th Environment Seminar (at HQ), etc.	○

Top priority issues

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

# Fiscal 2020 CSR Action Plan

For fiscal 2020, we have established "enhancing activities to ensure safety and health" and "product development centered on harmony with society" as our two top priority issues. Implementing our action plans will see us carry out the PDCA cycle to improve the quality of our CSR activities, while at the same time faithfully incorporating feedback gained through dialogue with stakeholders as we undertake initiatives uniquely suited to the Mitsubishi Paper Mills Group.

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

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

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

Key Issues	Action Plan
· Enhancing activities to ensure safety and health	· Continue efforts to eliminate serious accidents · Review standard operating procedures that have the risk of fatal accidents · Foster a safety culture for preventing human errors (1) Enrich safety and health education (2) Stimulate communication
· Promoting various measures to improve human resource performance	· Revise HR systems according to the state of current issue resolution and conduct rank-based training · Consider new training programs for skill improvement

## ISO 26000 Core Subjects 5. Environment

Key Issues	Action Plan
· Promoting activities to prevent global warming	· Promote CO <sub>2</sub> emissions reductions in our business activities and employees' homes · Support and get involved in renewable energy projects
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC®-certified wood we procure · Participate in the Japan Business Initiative For Biodiversity (JBIB)
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper · Develop and roll out new environmentally conscious products
· Reducing environmental risk and impact	· Reduce industrial waste · Improve environmental communication

## ISO 26000 Core Subjects 6. Consumer issues

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

## ISO 26000 Core Subjects 7. Community involvement and development

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

Top priority issues

# Company Profile and Corporate Data

(Stock information is current as of March 31, 2019)

## Company Name

Mitsubishi Paper Mills Limited

## Address

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

## Representative

Yukihiro Tachifuji, President

## Founded

1898

## Paid-in Capital

36,561 million yen

## Consolidated Number of Employees

3,668

## Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

## Independent Auditor

Ernst & Young ShinNihon LLC

## Main Business Activities

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

### [Paper and Pulp Business]

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

### [Imaging Media Business]

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

### [Speciality Materials Business]

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

### [Warehouse and Transport Business]

Warehousing and transport-related business

### [Other Businesses]

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

## Consolidated Subsidiaries

20 in Japan, 6 overseas

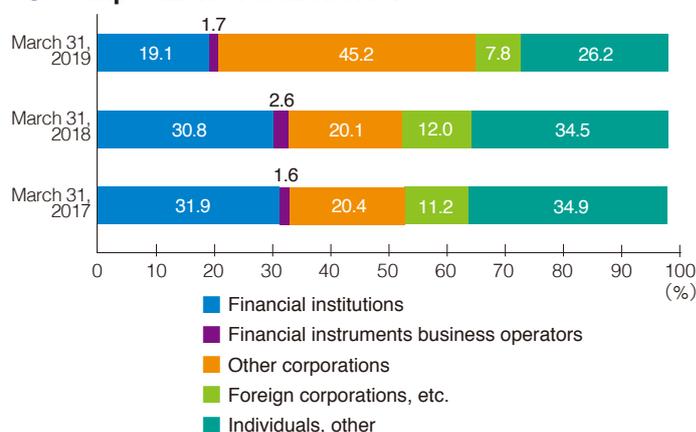
Mitsubishi Paper Sales Co., Ltd.  
 Kitakami Hitec Paper Corp.  
 Mitsubishi Paper Engineering Co., Ltd.  
 Ryoshi Co., Ltd.  
 Diamic Co., Ltd.  
 NAMITSU Co., Ltd.  
 MPM Oji Home Products Co., Ltd.  
 Pictorico Co., Ltd.  
 Shin-Hokuryo Forest Products Co., Ltd.  
 Toho Tokushu Pulp Co., Ltd.  
 Hachinohe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

● Total number of authorized shares 90,000,000

● Total number of outstanding shares 44,741,433

● Shareholders 16,436  
 (878 year-over-year decrease)

### ● Composition of shareholders



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

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