

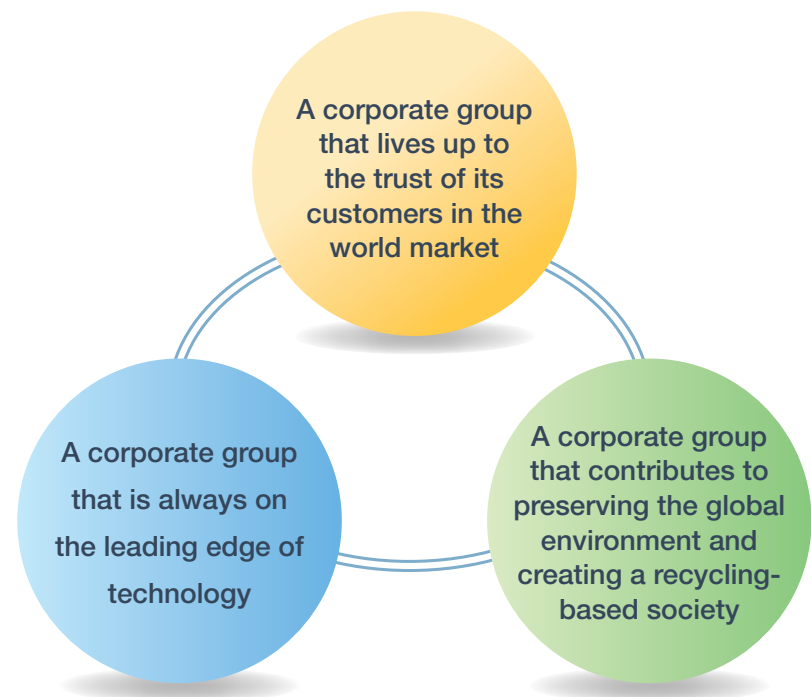




# Mitsubishi Paper Mills Group Corporate philosophy

PHILOSOPHY

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



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### Editorial Policy

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

#### ■ Scope

The companies included are Mitsubishi Paper Mills Limited and its consolidated subsidiaries (12 companies in Japan and 5 companies overseas), as well as its equity-method affiliates (2 companies in Japan).

#### ■ Reporting Period

The reporting period of this report is the fiscal year 2022 (starting from April 1, 2022 and ending at March 31, 2023), with some content included from outside this period.

#### ■ Guidelines Referenced (including but not limited to)

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

#### ■ Contact

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#### ■ Issued

September 2023

### Our Website

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

### Sustainability / Environment

Integrated reports, corporate reports



SDS / AIS / Analysis test report



Products & Services



Research & Development



### Investor Relations

Annual Business Report



Financial results management report materials





# Business Overview At a Glance About the Mitsubishi Paper Mills Group

FY2022 Total sales

**209,542**  
millions of yen

FY2022 Operating income

**968**  
millions of yen

<b>Functional materials business</b>	Sales <b>59,385</b> millions of yen	Operating income <b>4,163</b> millions of yen
<b>Sustainable Fiber Materials business</b>	Sales <b>166,534</b> millions of yen	Operating Loss <b>3,095</b> millions of yen
<b>Other Businesses</b>	Sales <b>5,303</b> millions of yen	Operating income <b>120</b> millions of yen

Number of Employees  
**3,171** people

\* The number of employees is the number of active full-time employees and does not include temporary and seasonal workers.

Number of Main Group Companies  
**17** companies \*As of the end of September 2023

Overseas Sales Ratio  
**36.8%**

Number of Overseas Bases  
**3** Bases

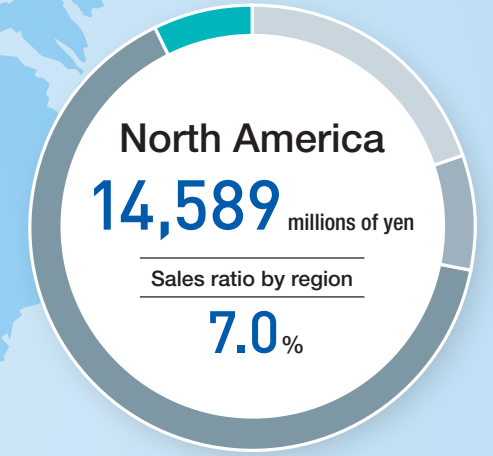
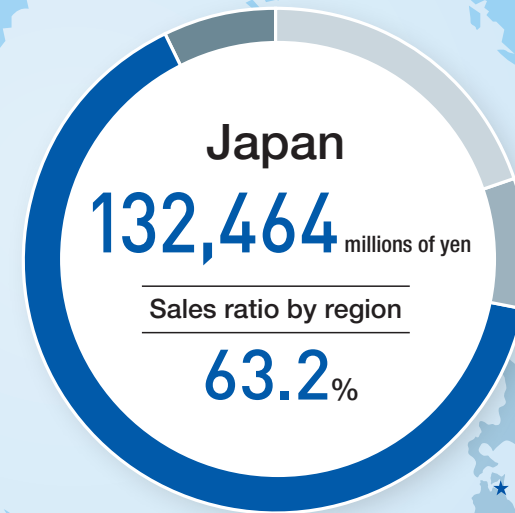
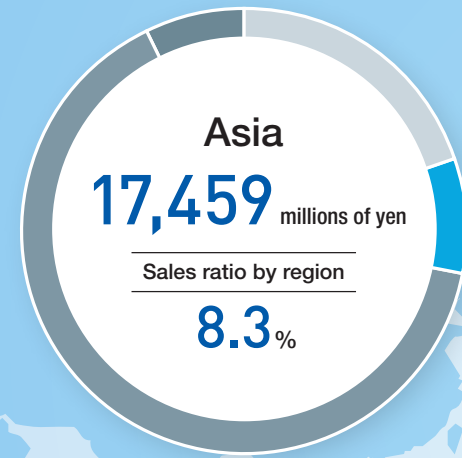
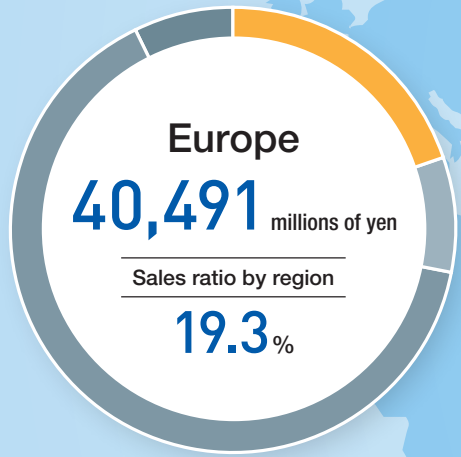
Domestic Sales Locations  
**1** Base

Domestic Production Facilities  
**8** Bases

Domestic R&D Facilities  
**3** Bases

Overseas Production and Sales Facilities

Mitsubishi HiTec Paper Europe GmbH,  
Zhuhai MPM Filter, Ltd.,  
Mitsubishi Imaging (MPM), Inc.



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

Domestic Offices and Mills

- [Head Office] Head Office
- [Domestic Sales Locations] Mitsubishi Oji Paper Sales Co., Ltd.
- [Domestic Production Facilities] Hachinohe Mill, MPM Oji Home Products Co., Ltd., MPM Oji Eco-Energy Co., Ltd., Kitakami Mill, Toho Tokushu Pulp Co., Ltd., Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd.
- [Domestic R&D Facilities] Takasago R&D Laboratory, Kyoto R&D Laboratory, Hachinohe Development Office in the Product Development Department

## Main Businesses of the Mitsubishi Paper Mills Group

### Functional materials business

- Functional non-woven fabrics
- Electronics-related
- Printing plate material and printing devices
- Specialty paper for printing out images
- Communication Paper
- New businesses and other new products



Reverse osmosis membrane element (using our non-woven fabric)



Inkjet paper

### Sustainable Fiber Materials business

- Printing Paper
- Paperboard
- Household paper
- Heat resistant pressboard
- Barricote® and Barrisherpa®
- Bleached Kraft Paper



Household paper



Printing Paper



# Mitsubishi Paper Mills Group's Value Creation History

Founding~1920s	1930s~1950s	1960s~1970s	1980s~1990s	2000s~early 2010s	Late 2010s~
<p><b>Rise of the modern paper manufacturing industry</b></p> <p><b>Mitsubishi and the Walsh brothers</b> From Kobe Paper Mills to Mitsubishi Paper Mills</p> <p>As modernization progressed, the demand for paper increased sharply, and the Walsh brothers built a pulp mill for cotton rags in Kobe. Demand for modern Western-style paper increased further between the Russo-Japanese War and World War I. The company moved from Kobe to the Takasago Mill, and established the Nakagawa Mill. The pulp raw material source was changed from rags and straw to wood, and high quality paper production was expanded. The company had a particularly high market share for art paper.</p>	<p><b>Transformation during wartime and postwar construction</b></p> <p>Product diversification under raw material control Expansion into specialty paper and photographic paper</p> <p>It became difficult to import base paper for photographic paper (Baryta paper) due to the war, and domestic production of the material was highly hoped for. The company succeeded in developing Baryta paper at its Takasago Mill, then proceeded with production at the Nakagawa Mill and merged with Kyoto Photo Industry Co., Ltd. (currently the Kyoto Mill.) Photographic paper became the company's signature specialty paper, and the photographic paper "Gekko V" developed after the war also gained popularity and became the cornerstone of the Kyoto Mill.</p>	<p><b>Severe economic fluctuations and the expansion of information and communications</b></p> <p>Establishing an integrated system from pulp to paper Rapid increase in demand for communication paper</p> <p>Thorough cost reduction was essential in order to respond to drastic market changes, so we established a new Hachinohe Mill capable of integrated mass production of pulp and paper, and the Kitakami Mill solidified its foothold as a pulp mill that uses 100% domestic materials. The Takasago Mill was transformed into a mill for manufacturing communication paper for information communication equipment such as facsimiles and word processors as they became more advanced.</p>	<p><b>Bubble economy and Heisei recession</b></p> <p>Advancement in the photosensitive materials sector Launch of household paper brand</p> <p>As photosensitive material technologies improved dramatically, our color photographic paper and direct plate-making system "Silver Master" became popular both in Japan and overseas. To respond to the European and American markets, we expanded our sales bases in the US and Germany, and established a production base in Germany. The Kitakami Mill, which had been a mill specializing in commercial pulp, began producing household paper.</p>	<p><b>Growing risks to the environment and crisis awareness</b></p> <p>Strengthen development of functional materials Japan's first commercialization of FSC® certified paper</p> <p>Sales, research, and development work together to develop a business that develops functional materials with an awareness of environmental issues (currently the Functional Materials Division). We are strongly committed to "environmental contributions" more than ever, in such forms as commercializing FSC® forest-certified paper for the first time in Japan and opening an "Ecosystem Academy" that provides a place for hands-on learning.</p>	<p><b>"SDGs" and "carbon zero" became buzzwords</b></p> <p>Product development aimed at coexistence between human and nature Paper as a sustainable material</p> <p>Established the "MPM Group Basic Policy on Sustainability" and "Mitsubishi Paper Mills Group Environment Vision 2050" We are developing functional materials that contribute to resource and energy circulation, paper and pulp products that can help reduce waste plastics, and we are selling locally produced and locally consumed household paper products that protect and nurture domestic forests.</p>



Takasago Mill shortly after its founding



Kyoto trial mill (currently the Kyoto Mill)/1944



Hachinohe Mill No. 1 paper machine trial run/1967



Takasago Mill No. 1 coater/1918



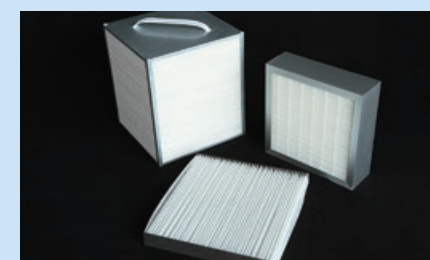
Nakagawa Mill test room/postwar



Various types of communication paper



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



Energy recovery ventilator core and air filters



Reverse osmosis membrane element (using our non-woven fabric)



Household paper brand "Nakure"



FSC® forest certified copy paper



Paper pack disinfectant solution (first in Japan) and paper straws

- **1898**  
Hisaya Iwasaki took over a paper mill operated by Walsh Brothers in Sannomiya, Kobe, and established the Kobe Paper Mill Company
- **1901**  
Moved the mill from Sannomiya, Kobe to Takasago City in Hyogo Prefecture (currently the Takasago Mill)
- **1917**  
Constructed the Nakagawa Mill in Katsushika-ku, Tokyo (closed in March 2003)
- Incorporated and changed name to Mitsubishi Paper Mills, Ltd.

- **1925**  
Head Office moved from Takasago City in Hyogo Prefecture to Yurakucho, Chiyoda-ku, Tokyo
- **1935**  
Baryta paper research completed at the Takasago Mill
- **1944**  
Merged with Kyoto Photo Industry Co., Ltd. Kyoto trial mill for photographic paper (currently the Kyoto Mill)
- **1950**  
Release of photographic paper "Gekko V" (blue-black tone)

- **1965**  
Mitsubishi color photographic paper sales
- **1966**  
Hachinohe Mill constructed
- Merged with Shirakawa Pulp Industries Co., Ltd. Shirakawa Site (currently the Shirakawa Office) and the Kitakami Mill
- **1974**  
Simple plate-making printing system "Mitsubishi Silver Master" launched

- **1981**  
Head Office moved to Yurakucho, Chiyoda-ku, Tokyo
- **1989**  
Established the local subsidiary Mitsubishi Paper GmbH in Dusseldorf (West Germany)
- **1995**  
Established the joint venture sales company Mitsubishi Imaging (MPM), Inc. in New York (USA)
- **1997**  
Started production of household paper at the Kitakami Mill  
Launch of the household paper brand "Nacre"

- **2007**  
Established Zhuhai MPM Filter, Ltd. in China
- **2010**  
Established Mitsubishi Hitec Paper Europe GmbH in Germany
- **2011**  
KJ Specialty Paper Co., Ltd., a chemical-based paper subsidiary of Kohjin Co., Ltd., becomes a wholly owned subsidiary.
- **2012**  
Head Office moved to Ryogoku, Sumida-ku, Tokyo

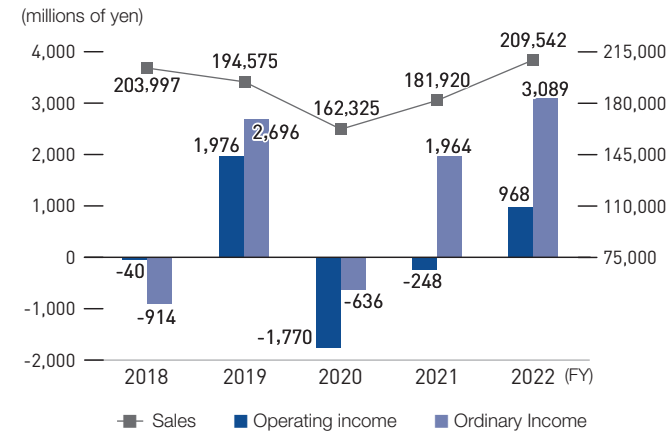
- **2016**  
Established a joint venture with Oji Green Resources Co., Ltd. called MPM Oji Eco-Energy Co., Ltd.
- **2017**  
Established a joint venture with Oji Nepia Co., Ltd. called MPM Oji Home Products Co., Ltd.
- **2019**  
Issuance of new shares through third party allotment to Oji Holdings, Co. Ltd. The same company's equity method affiliates
- **2021**  
Takasago R&D Laboratory opened



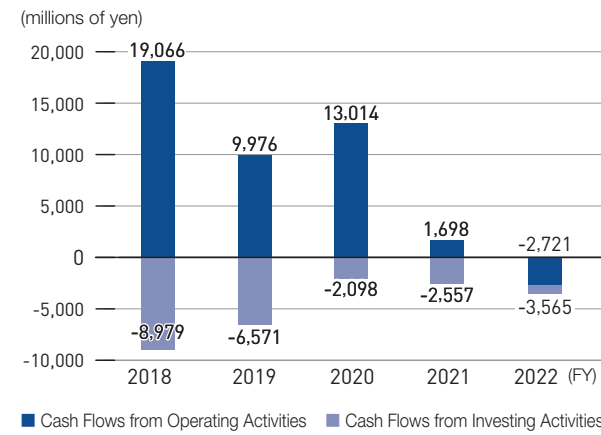
# Consolidated Financial and Non-Financial Highlights

## Financial Highlights

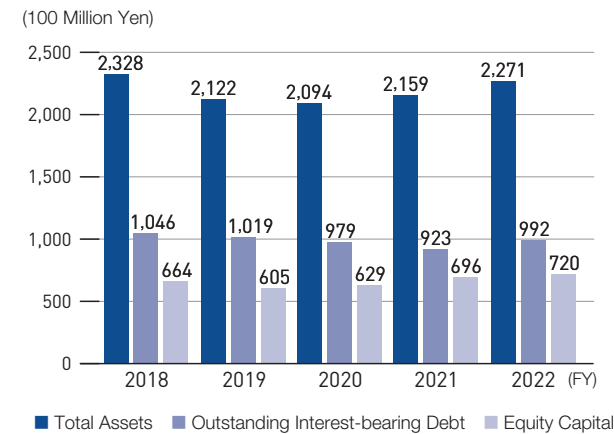
### Performance



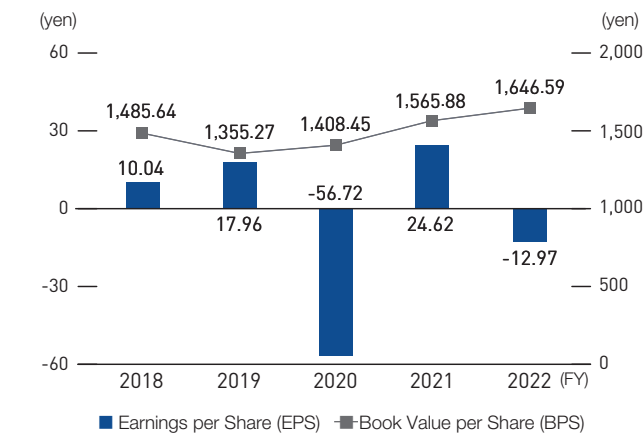
### Cash Flow Status



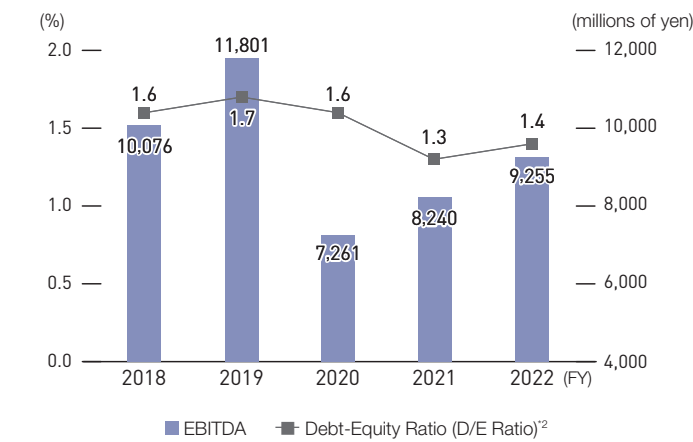
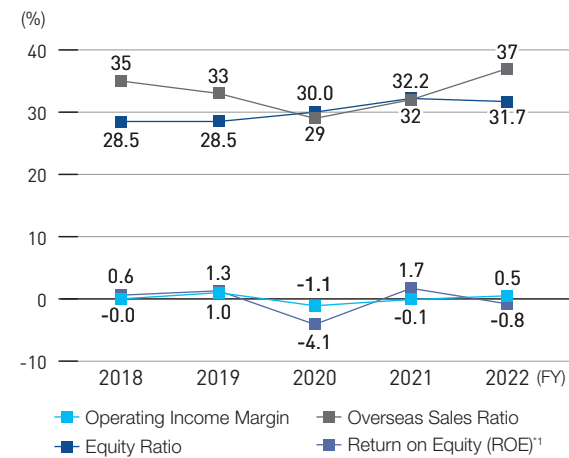
### Financial Position



### Per Share Information



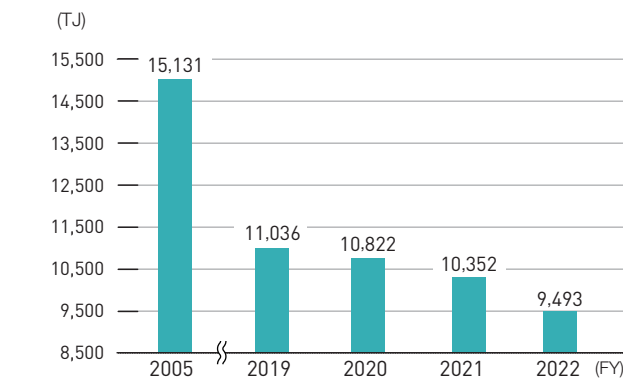
### Management Indicators



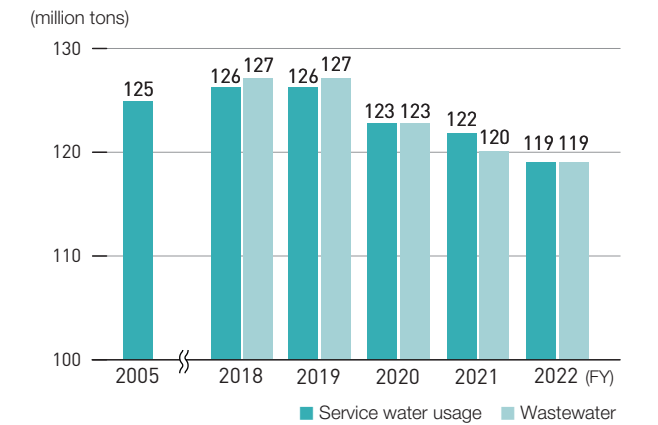
\*1 Return on equity (ROE) = Profit attributable to owners of parent / (net assets - non-controlling interest)  
 \*2 Debt-to-equity ratio (D / E ratio) = Interest-bearing debt / equity capital

## Non-Financial Highlights

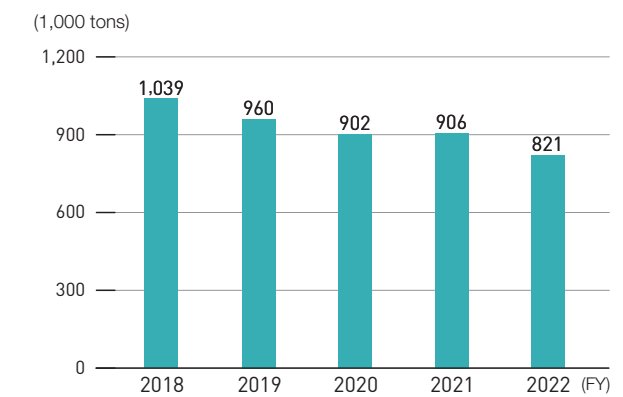
### Fossil Fuel-Based Energy Consumption



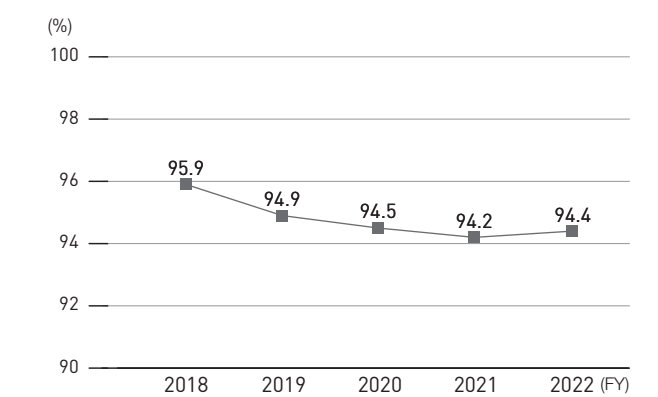
### Water Usage/Wastewater Volume



### Greenhouse Gas Emissions

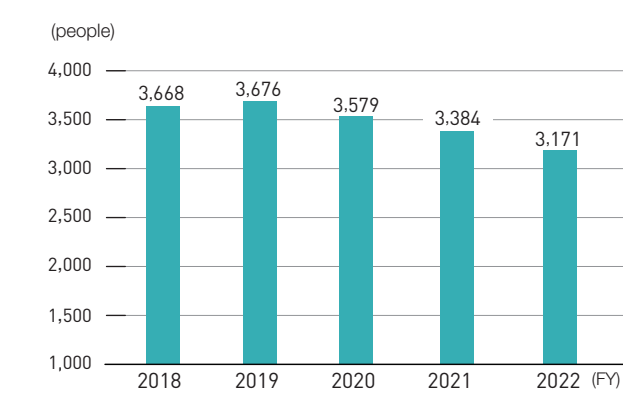


### Industrial Waste Effective Utilization Ratio



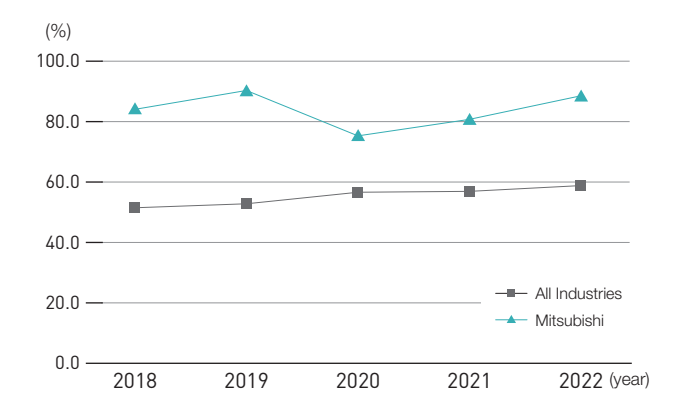
\* Waste effective utilization rate = (Waste generated - Final disposal amount) / Waste generated × 100

### Number of Employees



\* The number of employees is the number of active full-time employees and does not include temporary and seasonal workers.

### Annual Paid Leave Acquisition Rate



\* "All industries" data are from the Ministry of Health, Labour and Welfare's Monthly Labour Survey





**As a new-age paper manufacturing group that contributes to a sustainable society, we will take on the challenge of further increasing our corporate value.**

### Ryuichi Kisaka

President and Chief Executive Officer

# Message from CEO

## Towards the Creation of a New Mitsubishi Paper Mills Group

### Making a Good Start Toward Achieving the Plan

Our corporate group has started a medium-term management plan and set the slogan of “Creation of New Mitsubishi Paper Mills Group,” from the fiscal year ending in March 2023. We are promoting a variety of initiatives based on the following three basic policies.

- (1) Enhancement of our profitability by “selection and concentration” and “expansion of new business”
- (2) Contribution to green society
- (3) Transformation for sustainability

Regarding the first “selection and concentration” and “expansion of new businesses”, we concentrate our resources on faster-growing “functional materials businesses” such as water treatment membrane support substrates, filters, and battery separators to expand our core business. In addition, we have begun measures to improve profitability through restructuring.

Regarding the second “contribution to green society”, we are currently promoting activities that will help conserve and protect the global environment, such as the initiatives to improve energy use efficiency for carbon neutrality by 2050, in addition to the initiatives for “less-plastic” and “plastic-free” society and the sales promotion

of environmentally friendly products that would contribute to the realization of a safe, comfortable, sustainable society.

Regarding the third “Transformation for sustainability”, we are working on organizational transformations in a wide range of areas such as strengthening corporate governance, promotion of sustainability, diversity & inclusion, thorough compliance, and work style reform, that will be our basis of business activities.

Although the impact of the covid-19 pandemic subsided in Japan, the fiscal year ending in March 2023 was a tough year for us because the price of raw materials such as crude oil, natural gas, and wood chips, got higher than we had expected due to the Russia-Ukraine issue -of which no end is yet in sight- and the prolonged depreciation of Japanese yen and so on. However, through 3 times of the price revision, various cost reductions and organizational transformation, we achieved an operating income of 1 billion yen and sales of 209.5 billion yen, even though it didn’t meet our target, an operating income of 2.5 billion yen in the end. We were also able to resume dividends to shareholders for the first time in three years, and I believe we have made a good start toward achieving our medium-term management plan.



## Establishing a system that allows the group to demonstrate its comprehensive strengths

### Strengthen collaboration and information exchange between departments

In the fiscal year ending in March 2023, we have embarked on our largest-ever structural transformation. In the functional materials business, we will establish a new Research and Development Planning Office in Kyoto on April 1, 2023, and we have established a system to carry out development and production in collaboration with the Kyoto Mill, Takasago Mill, and KJ Specialty Paper Co., Ltd.

In the Sustainable Fiber Materials business, we decided to sell the Flensburg Mill in Germany in January 2023. Meanwhile in Japan, we reorganized our management structure to centrally control our production activities across the three sites of Hachinohe Mill, Kitakami Mill, and Toho Tokushu Pulp Co., Ltd. We have also established a system in which we conduct our business through closer information exchanges.

In the sales department as well, we integrated Diamic Co., Ltd. into Mitsubishi Oji Paper Sales Co., Ltd., consolidating the Group's sales agents into one company. Through this, we will promote sales optimization for the entire Group, regardless of field.



The aim of these structural transformations is not only to reduce costs, but also to promote communication between departments and change our organization into one that can generate synergistic effects. We believe that the results of all these will be clearly visible starting this year.

### Providing unique value through high quality and development capabilities

In the current fiscal year ending in March 2024, the second year of our medium-term management plan, we are forecasting an operating income of 6 billion yen. In the functional materials business, we will focus on expanding the functional non-woven fabrics-related business, which is our priority field, and expanding sales in electronics-related fields, where demand is expected to further increase. In addition, for imaging media-related products, where demand is decreasing, we will strive to maintain sales volume by capturing new demand such as in label applications and industrial inkjets, and we will work to improve profitability by reviewing our production system.

In the Sustainable Fiber Materials business, we will aim to stabilize earnings as early as possible by maintaining the effects of price revisions, optimizing our production system, and optimizing inventory levels, as well as transforming our product portfolio by expanding our lineup of eco-conscious products.

We believe that the Mitsubishi Paper Mills Group's strengths lie in its "product quality" and its "development capabilities" which allow it to quickly identify market needs and commercialize them. Even in new fields, we will continue to provide products that will earn the company a reputation that says "we can count on Mitsubishi for high quality."

## Becoming a paper manufacturing group that contributes to a sustainable society

### Response to the demands of a new era

The Mitsubishi Paper Mills Group has contributed to a sustainable society through its business activities. Regarding "Contribution to Green Society", which is a basic policy of the medium-term management plan, we have established the "Mitsubishi Paper Mills Group Environment Vision 2050" in order to achieve carbon neutrality as advocated by the government, and we are promoting reductions in CO<sub>2</sub> emissions and energy conservation. We also participated in the TCFD (Task Force on Climate-Related Financial Disclosures) consortium and implemented information disclosure in line with TCFD recommendations. As part of our initiatives to achieve SDGs, in addition to our participation in the "30 by 30 Alliance for Biodiversity" established by the Ministry of the Environment, we continue to operate the Ecosystem Academy, a place where people can experience and learn about the importance of forests.

Under the same basic principle of "Transformation for sustainability", we have enhanced career advancement training to develop human resources, promoted work style reform, and strengthened external communication using video posting sites. In particular, in terms of human resource utilization, we are promoting an increase in the ratio of hiring of women and the employment of foreign nationals. Increasing the number of women in executive and managerial positions will give young employees a sense of fulfillment and energize the company. We also believe that with the utilization of foreign employees, we can utilize innovative ideas born from different cultures in marketing, such as in new product development.

Finally, we are aiming for an operating income of 7.5 billion yen in the fiscal year ending in March 2025, the final year of the medium-term management



plan, and an operating income of 15 billion yen as well as an operating income margin of 7.5% or more in the medium, long-term aspirations. We predict that the situation surrounding our company will continue to be difficult, but given the potential of the entire Group, we believe that our current plans are by no means impossible to achieve. We are sending a message to our employees that we will continue to grow into a company that is worthwhile for our employees to be part of, by not letting up on the increase in profits in this fiscal year, and by aiming for even greater heights. We ask for the continued understanding and support of our shareholders and other stakeholders.

Please look forward to the future of the Mitsubishi Paper Mills Group.

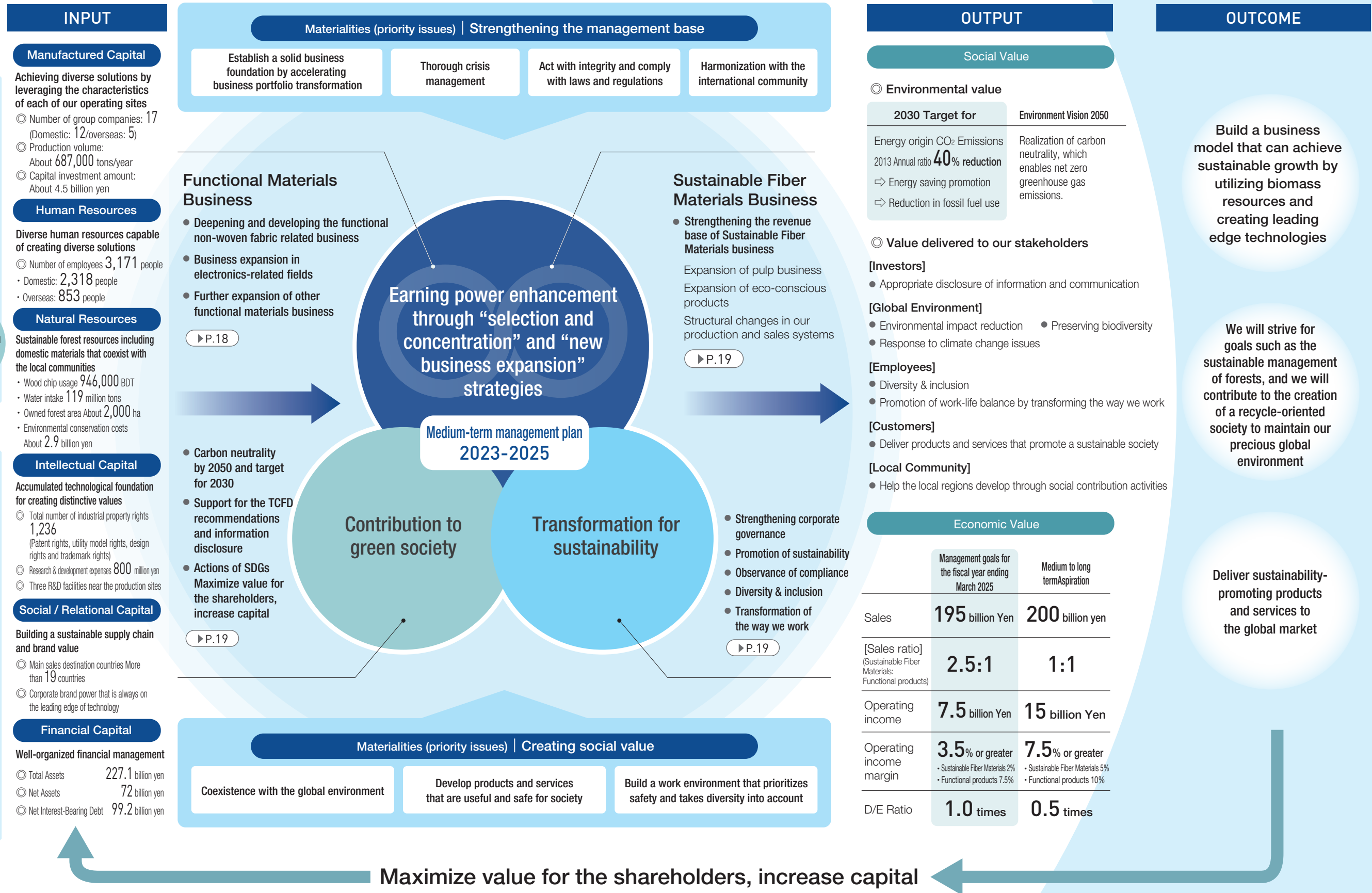
水坂 隆一

President and Chief Executive Officer



# Mitsubishi Paper Mills Group's Value Creation Process

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





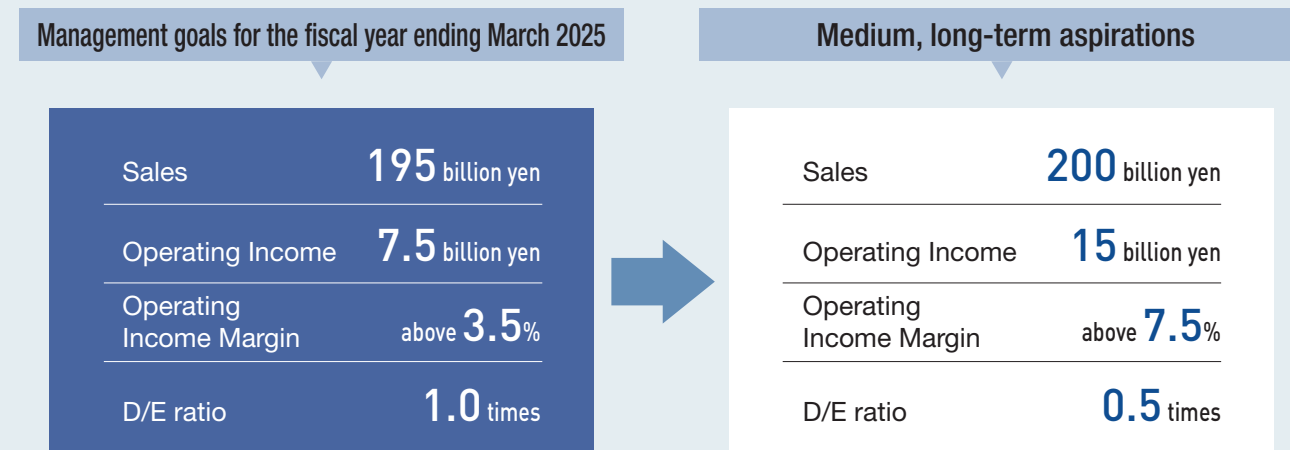
# Medium-Term Management Plan

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

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

Changes in the people's way of life caused by the COVID-19 pandemic led to the advancement of digitalization and accelerated a decline in the demand for paper. In order to cope with such changes in the market, it is also necessary to change our business structure to strengthen our revenue base at an unprecedented speed. To do so, we set a slogan of "Creation of a new Mitsubishi Paper Mills Group," and started a medium-term management plan from the fiscal year ending March 2023 to the fiscal year ending in March 2025.

### Financial Goals



### Medium-term management plan (from fiscal year ending March 2023 to fiscal year ending March 2025) basic policies



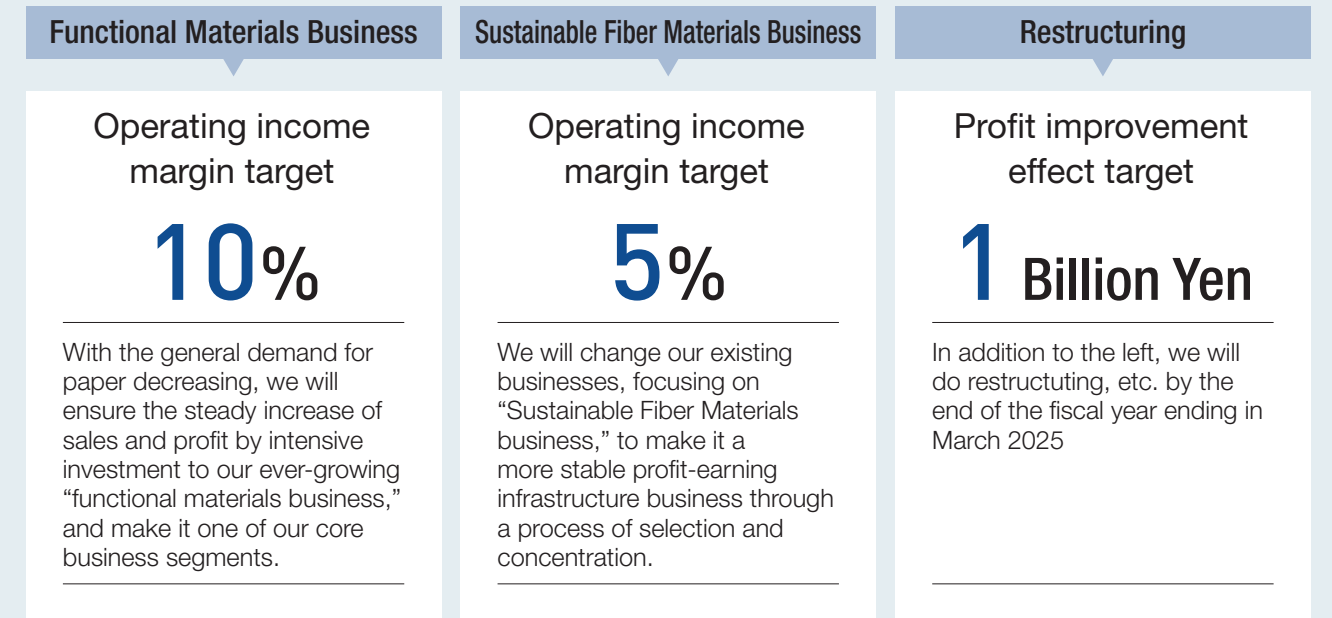
### Basic Policy 1 Enhancement of our profitability by "selection and concentration" strategies and "expansion of new business"

We will invest heavily in the faster-growing "functional materials businesses", such as functional non-woven fabric, electronics-related products including battery separators and electronics industrial materials and industrial specialty paper, to achieve a steady growth in sales and profit and make these one of our core business segments.

With regards to existing business centered around the Sustainable Fiber Materials business, we will make it the core of our business that generate stable revenue by pursuing the potential of pulp and Sustainable Fiber Materials, seeking a broad range of applications and transforming our business structure through a process of selection and concentration.

Through these efforts, we will fully update our business portfolio and enhance our earning capacity.

### Transforming the business portfolio



### Basic Policy 2 Contribution to green society

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

### Basic Policy 3 Transformation for sustainability

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

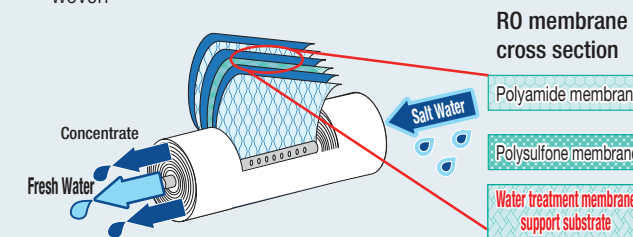


### Business Strategy 1 Deepening and developing the functional non-woven fabric related business

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

#### Water treatment membrane support substrate business

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



#### Filter business

- ◇ Expansion of Energy Recovery Ventilator (ERV) cores business in parallel with the growth of global demand for ERV, which can achieve ventilation for indoor ventilation and energy saving for conserving the environment

#### Entering new market segments of non-woven fabrics

- ◇ Market development of super heat-resistant glass fiber non-woven fabric under the concept of the fire and heat resistance, non-flammable, and lightweight
- ◇ Expansion of our business domain through the entry into the (dry) melt-blown non-woven fabric market and the development of functional filter media, etc.

### Business Strategy 2 Business expansion in electronics-related fields

> Additional sales of **2.0 billion yen** in the battery separators and electronic industry business. (1.5 billion yen in the fiscal year ending March 2022 → 3.5 billion yen in the fiscal year ending March 2025)

#### Battery separator business (new paper machine in operation)

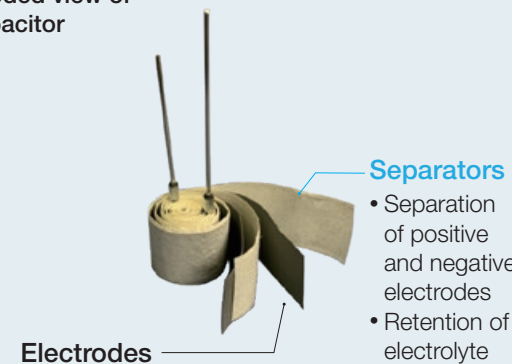
- ◇ Starting the operation of No. 13 paper machine at the Takasago Mill, we will expand the scale of business for vehicles, energy saving and communication equipment.

#### Electronic industrial materials business with specialty DFR\* as a bridgehead

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

\* DFR: Dry film resist

Exploded view of a capacitor



### Business Strategy 3 Further expansion of other functional materials business

> An additional **5.5 billion yen** of sales of other functional materials business such as the industrial specialty paper area by the expansion of product lines and new product development

#### Sales expansion of KJ Specialty Paper Co., Ltd. product

- ◇ KJ Specialty Paper Co., Ltd. will increase sales by utilizing our quality-advantage for the tape base paper for decorative laminates and masking tape backing, where the foreign market demand is expected to grow further.

#### Kitakami Mill new business development

- ◇ At the Kitakami Mill, we will accelerate the shift in business focus from market-shrinking imaging field to industrial materials field by retooling and remodeling current facilities and developing new products such as industrial process paper.

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

> - From “paper” to “materials” - Explore the potential of pulp and Sustainable Fiber Materials, and open up wide-ranging applications

#### Expansion of pulp business

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

#### Structural change in production and sales systems

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

[Application examples of our barrier paper]  
DO Cacao chocolate of LOTTE CO., LTD.

#### Expansion of eco-conscious products

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



### Business Strategy 5 Contribution to green society

#### Carbon neutrality by 2050 and FY 2030 Target

<FY 2030 Target>  
Decrease in energy-related CO<sub>2</sub> emissions by 40% from 2013 ⇒ Promotion of energy saving ⇒ Reduction in fossil fuel use

<Mitsubishi Paper Mills Group Environment Vision 2050>  
Contribution to the Japanese government’s long-term goal, “decarbonized and carbon neutral society by 2050, which enables net zero greenhouse gas emissions.”

#### Support for the recommendations of the TCFD and information disclosure

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

#### Actions of SDGs

- ◇ Participation in “30 by 30 Alliance for Biodiversity” established by Japanese Ministry of the Environment
- ◇ Contribution to the creation of sustainable society by continued implementation of “Ecosystem Academy”

### Business Strategy 6 Transformation for sustainability

#### Strengthening corporate governance

- ◇ Building up a system of governance meeting the Prime Market standards of TSE
- ◇ Appropriate disclosure of information
- ◇ Good communication with outside directors

#### Observance of compliance

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

#### Promotion of sustainability

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

#### Work style reform

- ◇ Improvement of work efficiency, work hour reduction through reviewing human resources allocation
- ◇ Strengthening the system of occupational safety and health
- ◇ Helping employees to balance work with parenting and nursing care, introducing staggered working hours/working from home systems
- ◇ Introduction of shared-desk style at the Head Office

#### Diversity & inclusion

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

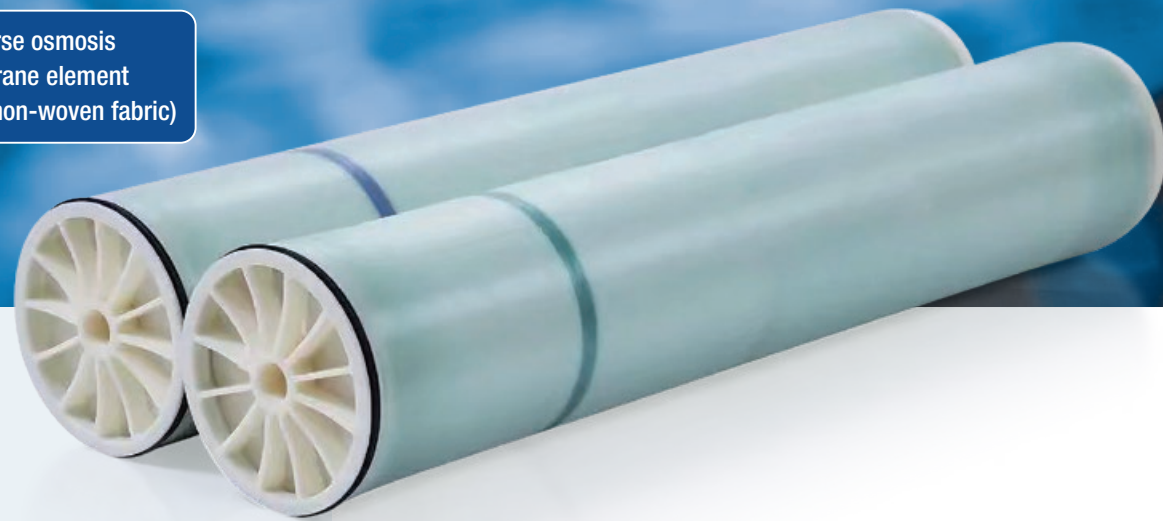


# Chapter 01

Relentless pursuit of the quality that our customers demand

## Expansion of the water treatment membrane support substrate business and battery separator business

Reverse osmosis membrane element (using our non-woven fabric)



Water treatment membrane support substrate (back) and reverse osmosis membrane element (front)

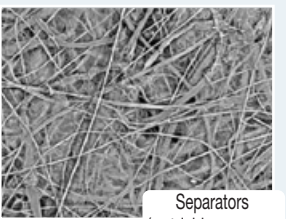
### Water treatment membrane support substrate business

Water treatment membranes are a general term for separation membranes that separate and remove impurities contained in water, and they are used in situations such as seawater desalination, industrial water purification, sewage treatment plants, and water purifiers. The water treatment membrane support substrate is a type of support material that adds strength to separation membranes that are not strong enough on their own. The separation membrane is coated on the substrate. In order to maximize the characteristics of separation membranes, quality requirements for water treatment membrane support substrates are extremely high. We will continue to live up to our customers' expectations by utilizing the uniform wet-laid nonwoven fabric manufacturing technology that we have cultivated through manufacturing and sales. In addition, we have developed water treatment membrane support substrates using special fibers with properties such as heat resistance and chemical resistance, and expanded the range of supply to fields such as food, beverages, and pharmaceuticals. The water industry is also expected to continue to grow in the future, and we will continue to expand our water treatment membrane support substrates business.

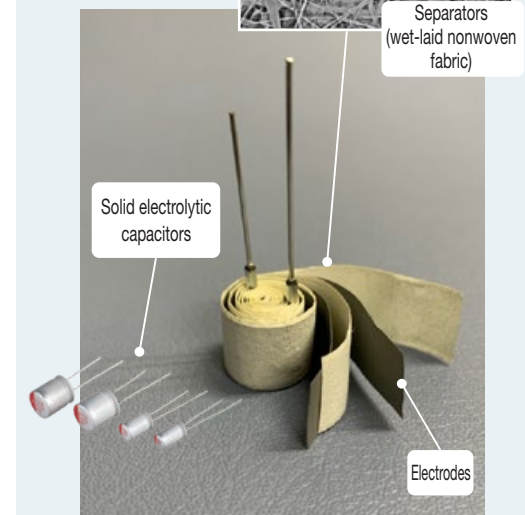
### Battery separator business

We manufacture and sell wet non-woven fabric separators that are thin yet strong for use in lithium-ion batteries, electric double-layer capacitors, and solid electrolytic capacitors used in automobiles, telecommunications equipment, and other products. In the field of electric double layer capacitors, market demand for thinner products is increasing due to the growth in demand for smart meters, wind power generation, and UPS. In the field of solid electrolytic capacitors, market demand for higher heat resistance is increasing due to the growth in demand for automobile electrification and IT communications. In addition to refining the manufacturing technology of thin, uniform, and high-strength wet-laid non-woven fabrics cultivated through the manufacture and sales of various separators, we will further improve reliable heat resistance and capture the growing demand by meet the expectations from battery and capacitor manufacturers. The newly installed paper machine exclusively for separators at the Takasago Mill has started operation in December 2022, and with a stable supply system established, we will continue to expand our battery separator business.

Battery separators



Separators (wet-laid nonwoven fabric)



Expanded view of a capacitor





Value Creation Story  
Chapter 02

## Plastic alternative materials project



DO Cacao chocolate of LOTTE CO., LTD. All of the packages are made of paper, and the outer bag uses barricote®.



Packaging materials using barricote® have been evaluated as sustainable barrier packaging materials that do not require plastic film.



World Star Award Ceremony (Germany)

“barricote® J HS WGOM is the only coated paper in Japan\* with barrier and heat sealing properties for packaging.

In 2019, a German subsidiary created “barricote®”, a coated paper for packaging with barrier and heat-sealing properties, and major brands in Europe began using it as an alternative to plastic. At the same time, we started work introducing “barricote®” into Japan, but we then found out that the product’s existing characteristics differed from those desired by domestic users and that the technology needs to be further developed in Japan. Therefore we started to develop the technology domestically at both our Hachinohe and Takasago Mills in order to develop the Japanese version of “barricote®”.

In 2021, “barricote® J HS WGOM” with heat sealability and high barrier properties (water vapor transmission rate 5g/m<sup>2</sup> or less, oxygen transmission rate 5cc/m<sup>2</sup>/day or less) was completed.

In 2022, the characteristics of “barricote®” were recognized, and it was adopted as the packaging material for Lotte Co., Ltd.’s new product, “DO Cacao chocolate.” “DO Cacao chocolate” retains its characteristic rich cacao aroma through the barrier properties of “barricote®”, which has been highly praised and will continue to be used in the 2023 model of the product.

\* According to our research (as of April 2023)

### 2023 World Star Award Winner

In the “World Star Contest” sponsored by the WPO (World Packaging Organisation), a packaging material that combines barricote® and an environmentally-friendly water-based inkjet printing technology won the World Star Award.



Value Creation Story  
Chapter 03

## Oocyte/embryo cryopreservation technologies

A vitrification device for oocyte and embryos that contributes to the development of assisted reproductive technology (ART)

Within the health care category, our company is particularly focused on research and development of technologies for cryopreservation of oocyte and embryos using liquid nitrogen for the field of assisted reproductive technology (ART).

Starting with joint research with Kitasato University, we have commercialized “Diamour®”, a device for the cryopreservation of oocyte and embryos for research, which makes it possible to easily and automatically adjust the volume of preservation solution by leveraging the absorption technology cultivated with inkjet printing paper. “Diamour®” is designed for ease of use in every aspect, not just with its ability to absorb preservation fluid, and has been well received by embryologists.

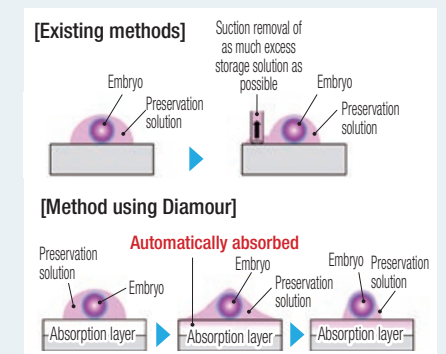
In addition, we have proposed to the market a “closed” type device that can cryopreserve oocyte and embryos without direct contact with liquid nitrogen, which is attracting attention from the perspective of infection control.

Our company will continue to contribute to the development of assisted reproductive technology (ART).

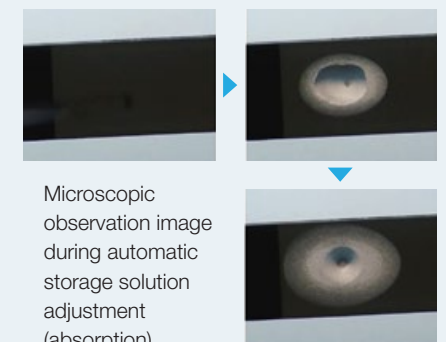
### Livestock cryopreservation system

In order to provide a stable supply of high-quality livestock products, improve productivity, and stabilize livestock management, cryopreservation technology and embryo transfer technology for internally and in vitro fertilized eggs are becoming important in the domestic livestock industry.

Our company is actively conducting research and development in collaboration with external research institutes on freezing technology and simple transplantation technology for livestock eggs and embryos.



Schematic diagram of a research oocyte/embryo vitrification device that can automatically adjust the volume of storage solution



Microscopic observation image during automatic storage solution adjustment (absorption)



“Diamour®” vitrification device for research oocyte and embryos



## Financial Officer Message



**In order to achieve the goals of the medium-term management plan, we will try to increase the operating income by 5 billion yen to make this a year that will take us to the next stage**

**Shigeharu Sanada**

Director and  
Senior Executive Vice President

### A year that paved the way for our profitability and growth

The last fiscal year, the one ending in March 2023, started amid rising global raw material and fuel prices and an uncertain economic outlook, with the addition of Russia's invasion of Ukraine to raw material and fuel prices, which had been on an upward trend to start with. As the year progressed, our production costs were greatly affected by the continued high prices of raw materials and fuel due to the prolonged war and the rapid depreciation of the yen. In addition, with regard to the impact of the COVID-19 pandemic, recovery has progressed in Japan, Europe, and the United States while economic activity in the Chinese market has stagnated due to its zero-COVID policy. This has had an impact on sales, especially in the functional materials business.

To navigate through such a difficult business environment, we revised the prices of all products to cope with the soaring prices of raw materials and fuel. As a result of this and also a number of various cost-cutting efforts we implemented, we achieved a consolidated operating income of 968 million yen. Although this did not reach the previously announced target of 2.5 billion yen, it was a significant improvement from the previous year's loss of 248 million yen in that we are now back in the black.

Looking at the results by segment, profit in the functional materials business increased by 1.19 billion yen year-on-year to 4.163 billion yen. Factors contributing to such

increase in profits include steady growth in products like battery separators and electronic materials, as well as strong sales of inkjet paper due to factors such as the recovery of public events.

On the other hand, the financial result of the Sustainable Fiber Materials business was very poor at a loss of 3.095 billion yen, although the amount of loss was 113 million less than that of the previous fiscal year. The German business, which was a major factor in the segment's overall deficit in the previous fiscal year, recovered profitability due to the effects of product price revisions, but in Japan, price revisions have not been able to keep up with the soaring prices of raw materials and fuel, resulting in a large deficit.

While the fiscal year ending in March 2023 was not a very good year for us in terms of financial figures, we have grown the functional materials business during the year and also have made progress with the Group's organizational transformations including the sales of our Flensburg Mill in Germany and the integration of our domestic subsidiaries, which will lead to cost reduction in the coming years. We believe that the fiscal year marked our beginning of a solid path toward improved profitability in the future. Over the current fiscal year ending in March 2024, the impact of these efforts will be more visible in financial figures.

### Two business divisions that generate stable profits

The company's business results for the current fiscal year ending in March 2024 are forecast to be 220 billion yen in sales, 6 billion yen in operating income, and 4 billion yen in profit attributable to owners of parent. An operating income of 6 billion yen is a goal that we have never reached in the past 10 years, but we believe it is a very achievable figure given that we generated a profit of 2.293 billion yen in the fourth quarter of the fiscal year ending in March 2023 alone.

The functional materials business is expected to have an operating income of 4.2 billion yen. The functional materials business has become a business that generates the most stable operating income for us due to growth in functional non-woven fabrics such as water treatment membrane support substrate and battery separators. In addition, we are expanding into new fields, such as the growth of electronic materials. With regards to the German business, which was transferred from the Sustainable Fiber Materials Division from this fiscal year, the sale of the Flensburg Mill is scheduled to be completed during the first half of the fiscal year. From now on, we will focus on improving the efficiency of the remaining Bielefeld Mill and turn it into a business that can generate stable profits.

The Sustainable Fiber Materials business is expected to have an operating income of 1.7 billion yen. This fiscal year, domestic price revisions will become widespread, and profit and loss will improve significantly. In addition, the rise in profit levels resulting from the capital and business alliance with Oji Holdings has contributed to improved profitability, and as long as raw material and fuel prices as well as product sales prices are balanced, we will have a structure in which we can generate sufficient

profits. Furthermore, we will continue to reorganize our product mix within the segment by developing unique packaging papers that contribute to the elimination and reduction of plastics.

### Increase the value of our existence as an environmentally conscious company

As mentioned in the President's comments, we were able to resume dividends in the fiscal year ending in March 2023 for the first time in three years. In regard to dividends from retained earnings, etc., we view the return of profits to all of the shareholders as an important management subject and make it our basic policy to keep paying dividends stably while comprehensively taking into consideration the performance in respective fiscal years and internal reserves for allowing the implementation of future management measures. However, although we prioritize the continuation of stable dividends, we do not believe that this level is sufficient. We plan to carry out management while being conscious of capital costs and the stock price. By increasing our profit level, we will make growth investments centered on functional products, further improve our financial position, and work to steadily increase returns to our customers.

A major feature of our Group is that we create products that address environmental and social issues such as the use of biomass resources and the effective use of water treatment, filters, and electricity. Our products and business activities themselves are directly linked to the realization of a sustainable society. Providing products that meet the demands of the times will also lead to the sustainability of our Group. We would like to enhance our presence as an environmentally conscious company that will be the standard for the coming era and meet the expectations of our stakeholders.

### Medium-term management plan result for the fiscal year ending March 2023 (first year of the plan)

<Consolidated> (Unit: million yen)	FY2022/3 actual results	FY2023/3 actual results	FY2024/3 plan
Sales	181,920	209,542	220,000
Operating income	▲248	968	6,000
Ordinary Income	1,964	3,089	6,500
Profit attributable to owners of parent	1,096	▲571	4,000

<By segment> (Unit: million yen)	FY2022/3 actual results (Old segment)	FY2023/3 actual results (Old segment)	FY2023/3 actual results (New segment)	FY2024/3 plan (New segment)
Sales	Functional materials business	50,249	59,385	109,967
	Sustainable Fiber Materials business	141,703	166,534	101,668
	Other	7,020	5,303	5,303
	Adjustment	▲17,052	▲21,680	▲7,397
	Consolidated total	181,920	209,542	209,542
Operating income	Functional materials business	2,973	4,163	3,176
	Sustainable Fiber Materials business	▲3,208	▲3,095	▲2,423
	Other	75	120	120
	Adjustment	▲88	▲219	95
	Consolidated total	▲248	968	968

\* Earnings forecast for the fiscal year ending March 2024  
 <based on the following assumptions>  
 Exchange rate: 135 yen/USD, Crude oil price (Dubai):  
 80 USD/barrel, Coal price: 200 USD/ton

\* The following segment changes will be implemented from April 2023  
 • Sustainable Fiber Materials → Functional materials: Information including German business • Specialty paper products  
 • Functional materials → Sustainable Fiber Materials: Kitakami Mill materials (base paper for photographs, etc.)



# Medium-term management plan progress status and future direction

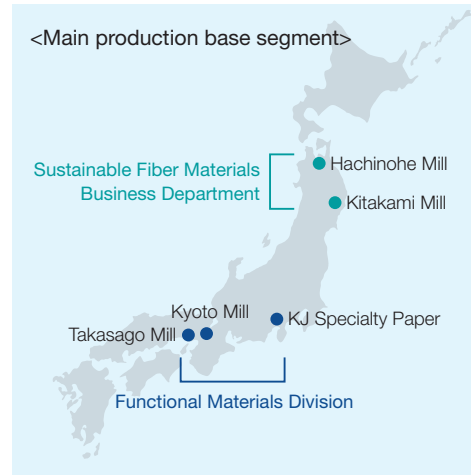
(fiscal year ending March 2023 to fiscal year ending March 2025)

## Medium-term management plan initiatives undertaken during the fiscal year ending March 2023

### Basic Policy 1 Enhancement of our profitability by “selection and concentration” and “expansion of new business”

#### ● Selection and Concentration


<b>Sales system efficiency</b>	We integrated Diamic Co., Ltd. into Mitsubishi Oji Paper Sales Co., Ltd., and sales agents were consolidated into one company
<b>Consolidation of Production Facilities</b>	Decided to transfer the Shirakawa Site's heat resistant press board to the Takasago Mill
<b>Organizational systemization</b>	<ul style="list-style-type: none"> <li>Decided to sell the business of our mill in Flensburg, Germany</li> <li>Merged the Kitakami HiTec Paper Corp. and Hokuryo Industry Corp. into our company.</li> <li>Hachinohe Paper processing Co., Ltd. And Hachiryou Industry Corp. merged into MPM Operation Co., Ltd.</li> <li>Segment changes - Information and specialty paper products (including our business in Germany), which are paper products with special functions, were transferred to the Functional Materials Division, and Kitakami Mill products, which have an integrated factory from pulp, are transferred to the Sustainable Fiber Materials Business Department.</li> </ul>



#### ● New business expansion

##### <<Business expansion in electronics-related fields>>

◇ **Battery separators**  
New paper machine starts operation to further increase production




FY 2024 target (the last fiscal year in the current MM Plan)

[Sales]

FY 2021 actual (the last fiscal year in the previous MM Plan)

◇ **Electronic industry materials**  
Expanding our adoption of advanced technology cultivated by photosensitive materials



FY 2024 target (the last fiscal year in the current MM Plan)

[Sales]

FY 2021 actual (the last fiscal year in the previous MM Plan)

##### <<Expansion of products that address social issues>>

◇ **Paper straws**  
Adopted as an alternative to plastic straws

◇ **Cryopreservation device (Diamour)**  
Adopted as a cryopreservation device for research eggs and embryos that contributes to the development of reproductive medicine

##### <<Deepening and developing of functional non-woven fabric related business>>

◇ **Water treatment membrane support substrate**  
Recovery of the Chinese market and expansion to Europe and the United States

[Sales]

FY 2021 actual (the last fiscal year in the previous MM Plan)

FY 2024 target (the last fiscal year in the current MM Plan)

◇ **Filters**  
Expanding energy recovery ventilator cores to Europe and the United States

[Sales]

FY 2021 actual (the last fiscal year in the previous MM Plan)

FY 2024 target (the last fiscal year in the current MM Plan)

### Basic Policy 2 Contribution to green society

- Launched the YouTube channel “Green Webcast” to introduce our products and events under the theme of “Green” and to disseminate information on “Ecosystem Academy” activities
- CO<sub>2</sub> emissions reduction/energy savings promotion
- Implemented information disclosure in line with TCFD recommendations
- Participation in the 30 by 30 Alliance for Biodiversity established by Japanese Ministry of the Environment
- Contributing to the creation of a sustainable society through the Ecosystem Academy program

### Basic Policy 3 Transformation for sustainability

- Introduction of a head office system to improve governance, strengthen collaboration between related departments, and strengthen company-wide control functions including each mill and subsidiary
- Enhance career advancement education to develop human resources
- Strengthening communication outside the company using video posting sites

### Management policy and future direction for the fiscal year ending March 2024

We make our functional material business the core of our business by increasing its sales and profit steadily through concentrating our resources on the area, such as a new R&D planning department and intensive allocation of human resources to R&D. Additionally, we keep carrying out restructuring for more profitability. In terms of contribution to a green society, we have decided to participate in the GX League, and we will accelerate our efforts to reduce CO<sub>2</sub> emissions. Regarding Transformation for sustainability, we will continue to promote organizational change, including strengthening corporate governance by increasing the number of full-time corporate auditors, and promoting diversity & inclusion by appointing female external directors and female external corporate auditors.



# Functional materials business

We will work to expand our products and develop new products centered on functional non-woven fabrics and electronics

Sales **59,385** million yen (year-on-year up 18.2%)  
 Operating income **4,163** million yen (year-on-year up 40.0%)



Kunihiro Nakagawa  
 Director, Managing Executive Officer  
 Functional Materials Division General Manager

## Integrating everything from research to production and sales as a development-type business

In the Functional Materials Division, R&D centers are attached to the Kyoto Mill and the Takasago Mill, which are development-oriented mills. KJ Specialty Paper Co., Ltd. and the Bielefeld Mill in Germany also have a system that integrates R&D, production, and sales. We have already completed the expansion of our production facilities, and in addition to our high quality and development capabilities, we have also improved our ability to respond to customers by taking advantage of the features of our facilities, which are our strengths. In order to deepen and expand our functional non-woven fabric business, we will further advance our water treatment membrane support substrate business to meet the increasing demand for water business overseas, and our filter business such as with energy recovery ventilator cores that can achieve both indoor ventilation and energy conservation as environmental measures. We will focus on developing new applications along with this. In electronics-related fields, we will focus on expanding the scale of our battery separator business using new paper machines that are already in operation, and by expanding our electronics materials business by applying technologies we have cultivated with photosensitive materials. KJ Specialty Paper Co., Ltd. will further expand its field of industrial specialty papers such as decorative laminate base paper and tape base paper.

The Functional Materials Division is a department that handles many “non-paper” products in our company, which is a paper manufacturer. For that reason, we will always listen to our customers’ voices and promote our business in a style that develops products that reflect their needs.

This fiscal year, in functional non-woven fabric-related business, we will acquire new users for water treatment membrane support substrate, expand into special membrane fields such as food, beverages, and medical care, and expand sales of heat-resistant non-woven fabrics. In electronics-related products, we will focus on expanding sales of electronic industrial materials, including power storage separators for automobiles and special dry film resists, for which the demand of is expected to increase. For imaging media-related products, by capturing new demand such as in label applications and industrial inkjets, we will work to improve profitability.

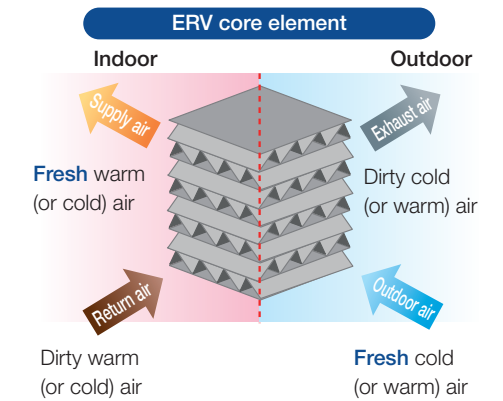
## Sales and profits increased despite soaring raw material and fuel prices

In the functional materials business for the fiscal year ending in March 2023, sales of battery separators, electronics-related products such as electronic industrial materials, base paper for decorative laminates, and tape base paper exceeded the previous year, but sales of air filters, water treatment membrane support substrates, and wallpaper were lower than the previous year. The sales amount of lining paper was lower than the previous year.

With regards to imaging media-related products, the sales volume of printing plate materials and photographic base paper decreased, but the sales amount exceeded that of the previous year due to overseas sales expansion of inkjet paper, sales price revisions, and the impact of foreign exchange rates. As a result, the functional materials business as a whole posted increased sales and profits.

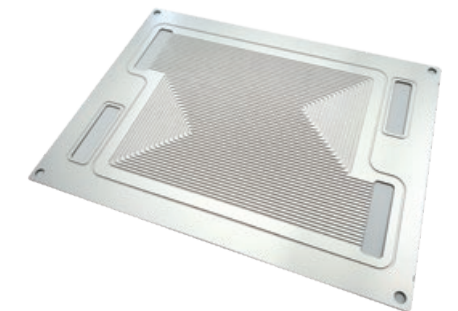
## Expansion of Energy Recovery Ventilator core (ERV core) Business

Ventilation with Energy Recovery Ventilator (ERV) is an excellent ventilation system that can achieve both ventilation, which can prevent infectious diseases and maintain a comfortable space, and energy saving for environmental measures by recovering the energy (temperature and humidity) of the exhausted heated or cooled indoor air to the outdoor air taken into the room, and the demand is growing worldwide. We manufacture and sell ERV cores, which are the important components responsible for energy recovery. We are expanding our business by expanding sales in the North American and European markets with a new lineup of ERV paper cores, which are resistant to cold climates with little condensation, and ERV polymer cores, which can be washed with water and used hygienically.



## Business expansion in electronics-related fields

Our company’s dry film resist products are marketed mainly to Japan, South Korea, Taiwan, and China as resists for parts processing that specialize in niche strategies for high-value-added products, and we aim to become the top domestic manufacturer in this global niche. In addition to the communications device field, we will move forward with business expansion in the electronics-related field by entering the fuel cell-related, automotive-related fields such as EV and FCV, where the market is expected to further expand. Our Kyoto No. 10 coater (coating machine), which began commercial operation in 2020, is a multi-coater suitable for thick film coating and small lot/short delivery times.



Bipolar plate for fuel cell stacks

## Refining and exploring the inkjet business

In the inkjet business, existing applications such as photographs, proofs, and signs are reaching maturity, and we are working to improve production and sales efficiency. Furthermore, we are developing sublimation printing transfer paper that contributes to environmental impact reduction, and we are developing inkjet paper that is compatible with industrial high-speed inkjet printing machines. We will also work to improve the profitability of the inkjet business by exploring applications and markets, such as developing overseas markets to capture demand for switching from silver halide photographic paper to inkjets in Asia and Africa.



Pictrico Shop & Gallery

## Main Product Introduction

- Functional non-woven fabric related
- Electronics-related
- Printing plate material and printing devices
- Specialty paper for printing out images
- Communication paper
- New businesses and other new products



Air filters



## Business Strategy by Segment

# Sustainable Fiber Materials business

Pursuing the potential of paper as materials and promoting the development of a wide range of applications

Sales **166,534** million yen (year-on-year up 17.5%)  
 Operating Loss **3,095** million yen (year on year - )



Yuji Takagami  
 Director, Managing Executive Officer  
 Sustainable Fiber Materials Division  
 General Manager

### Challenges and prospects for the Sustainable Fiber Materials business, the keywords are “plastic-free” and “less plastic”

In order to be environmentally friendly, the movement to eliminate plastics and reduce plastic consumption is accelerating around the world. Sustainable Fiber Materials have the great potential as alternative materials to eliminate and reduce plastic. First, in the packaging field, we will work together with our R&D division to build up barrier-coated paper, kraft paper, and other products as a bridgehead for our future Sustainable Fiber Materials business.

### Promoting superiority of quality and environmentally friendly products

As the name suggests, the Sustainable Fiber Materials Business Department is expanding the uses of paper materials into various fields. We believe that the keyword is the global trend of moving away from plastics. barricote®, a coated paper for flexible packaging launched in 2021, is currently just beginning to be used by a major confectionery manufacturer and a major cafe chain. In the future, we aim to make it a popular product that can be used in a variety of fields. In addition, we plan to expand the sales of “unbleached” kraft paper as a new lineup item, targeting overseas markets that prefer naturalness. The demand for printed paper is on the decline in Japan, but the demand is increasing in India and Southeast Asian countries, where the economic growth is making a promising market. We are also expanding sales of our popular product, New V Matt, for use in printing fields, aiming at wealthy overseas countries. Although we will have a difficult time competing with Chinese and Korean companies in terms of

price competitiveness, we would like to emphasize our superiority with high quality and product development capabilities. Starting this fiscal year, we have established an overseas business section in (Mitsubishi Oji Paper Sales) our comprehensive sales subsidiary company, Mitsubishi Oji Paper Sales Co., Ltd. We will work closely with our Overseas Business Management Department to expand sales while analyzing overseas markets.

### Looking back on the fiscal year ending in March 2023

Looking back on the fiscal year ending in March 2023, which was affected by a sharp rise in raw material and fuel prices, sales volume decreased in the domestic market, mainly for printing paper where demand continued to decline, but the sales amount increased, partly due to the effect of price revisions. In exports, both the sales volume and amount have recovered to a certain extent.

For commercially available pulp, domestic product prices were revised in response to increased costs due to higher raw materials and fuel prices, and exports increased in both volume and amount, partly due to the effects of having a weaker yen.

In the German business, while the sales volume was lower than the previous year, the sales amount increased as a result of sales price revisions in response to soaring prices of raw materials and fuel, mainly in natural gas and pulp prices.

As a result, while the Sustainable Fiber Materials business as a whole was significantly affected by soaring prices of raw materials and fuel, sales and profits increased due to price revisions. This fiscal year, we will continue to maintain the effects of price revisions, optimize our production system, and optimize inventory levels.

### Pulp business expansion case study

We have remodeled the pulp manufacturing equipment at our Kitakami Mill and started producing and selling bleached kraft pulp (NBKP) made from 100% domestic softwood.

Kitakami Mill had been producing and selling bleached kraft pulp (LBKP) made from 100% domestic hardwood until now. In addition to expanding our pulp business, we are also making effective use of local domestic woods such as hardwoods, thin softwoods, thinned wood, and construction scraps. Through them, we are contributing to the revitalization of the local forestry industry and the development of the local economy.



Conifer log

### Eco-conscious products case study

For packaging paper, which is expected to continue to have strong demand, we have started selling it as “Bleached Paper Coat N FSC® certified-MX”, which is coated on one side and is based on bleached kraft paper.

We offer a lineup of FSC®-certified papers that can contribute to SDGs, and as the products are both environmentally friendly and excellent for ink color development and smoothness, they are increasingly being used in paper bags and various packaging materials.



Various paper bags

### Structural change in production and sales systems case study

We merged our sales companies, Mitsubishi Oji Paper Sales Co., Ltd. and Diamic Co., Ltd., and we transferred the sales functions of Mitsubishi Paper Mills to Mitsubishi Oji Paper Sales Co., Ltd. Through the changes, we aim to improve the efficiency of sales function, maximize the effects of the merger, and strengthen the integrated operation of business divisions and factories.

In addition, to optimize production facilities, we have decided to transfer heat resistance pressboard production facilities from Shirakawa Site (Fukushima Prefecture) to Takasago Mill (Hyogo Prefecture). It will lead to improved profitability through the consolidation of production sites and the acceleration of related products development at Takasago R&D center attached.



### Main product introduction

- Printing Paper
- Paperboard
- Household paper
- Heat resistant press board
- barricote® / barrisherpa®
- Bleached Kraft Paper



barricote®

FSC®C021528



# Research & Development

## Dialogue Interview

Towards further business expansion  
We will develop products that support the next 10 years of our functional materials business and sustainable fiber materials business

**Kunihiro Nakagawa**  
Director, Managing Executive Officer  
Research and Development Division  
General Manager

**Wakana Aizawa**  
Research and Development Division Deputy  
General Manager  
R&D Planning Division General Manager



### New Research and Development Planning Office established in Kyoto Investing resources in the functional materials business

**Nakagawa** The Research and Development Division launched the Research and Development Planning Office in April 2023. This division supports both the functional materials and Sustainable Fiber Materials Division with aspects such as research and development planning, market information gathering, human resource development, technology sharing, and progress management, and promotes research and development from a company-wide perspective. The Kyoto Imaging & Healthcare Laboratory and the Takasago Nonwoven Materials Laboratory for the functional materials business, and Sustainable Fiber Materials Development Department in the sustainable fiber materials business, which has a Hachinohe Office and Research and Development Planning Division, work together to promote efficient product development.

**Aizawa** This fiscal year, in accordance with our medium-term management plan, we will concentrate our development resources on the functional materials business. Among our focus, we will focus on dry film resists, which are increasing their presence in niche fields, and battery separators, which have their demand increasing in the EV and IT fields. In addition, we will continue to develop water treatment membrane support substrates, which have business opportunities in a wide range of areas, including China, Europe, America, and the Middle East. Furthermore, as an environmentally friendly product, we are currently developing “Water Thermal”, a linerless thermal label with a rewettable adhesive.

**Nakagawa** Meanwhile, in our Sustainable Fiber Materials business, in order to contribute to a green society, we are collaborating with a subsidiary in Germany to develop coated paper for packaging that will contribute to the worldwide trend of reducing and eliminating plastic. In

addition, we have begun searching for new uses for pulp materials. These research and development items are only a small part of our focus.

### Planting the seeds for new business while meeting high quality demands

**Aizawa** In order for the research and development department to contribute to achieving the medium-term management plan, it is most important to develop products that meet the high demands of customers for “quality” and “development speed”. We will respond to market changes that are getting more severe year by year with an organizational system strengthened through structural reform.

**Nakagawa** We will enact flexible measures such as forming alliances with other companies if necessary.

**Aizawa** Another important thing is that we have a mission to plant the next seeds for new business expansion. We began developing dry film resists, battery separators, and water treatment membrane support substrates more than 10 years ago. It takes a lot of time for a product to become recognized and generate stable profits. The Research and Development Division must undertake development with an eye on the next 10 years and launch products that will support the new Mitsubishi Paper Mills Group.

**Nakagawa** In that sense, it is very important that our research and development department and our production department work together. We exchange information on a daily basis not only with the three mills in Kyoto, Takasago, and Hachinohe, where research and development departments are located on the premises, but also with Kitakami, KJ Specialty Paper, and Germany, and we promote research and development that is sensitive to market demand. Please look forward to our upgraded research and development department.

## Laser thermal-sensitive film

“TRF-IR830” is a plate-making film used to create manuscripts for printing plates. Unlike silver halide film, images can be formed without the use of any chemicals since high-density images are formed through a heat-sensitive reaction created through laser drawing.

In addition, this is an eco-conscious product that significantly reduces environmental impact, eliminating issues associated with conventional dry-type plate-making films, such as plate-making issues caused by carbon dust, and the effects on the health of workers. We are developing products that can contribute to the realization of such a green society.



Laser thermal-sensitive film

## Recycled carbon fiber non-woven fabric

The demand for carbon fiber as a composite material imbued with resin is increasing in fields such as airplanes, wind power generation, and automobiles, but carbon fiber emits a large amount of CO<sub>2</sub> during manufacturing. Furthermore, because carbon fiber is difficult to recycle, the environmental impact of the entire life cycle is considered to be high.

In order to solve the problems mentioned above, our company is leveraging non-woven papermaking technology that we have cultivated over the years. We are investigating the technology and practical application of recycled carbon fiber non-woven fabric as C/C composites (carbon fiber reinforced carbon composite materials).

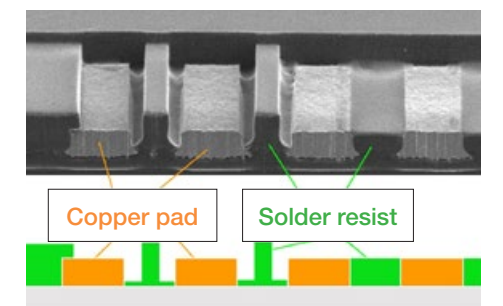


Carbon fiber non-woven fabric

## Solder resist\*-thinning system

The electronic circuit industry is booming worldwide due to the acceleration of digital transformation and the introduction of high capacity, high speed communication technology, and the demand for higher density and higher integration of circuit boards is increasing. We are proposing our unique solder resist thinning system technology to our customers to meet this demand. With this processing system, it is possible to form a solder resist layer tiers, and we can stably produce the board shape requested by our customers.

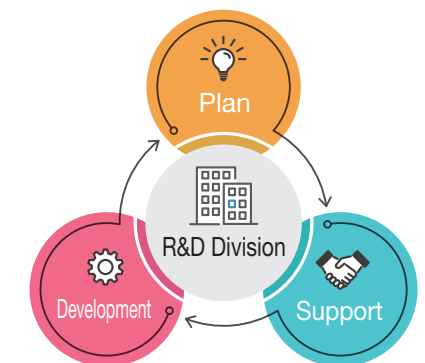
\* Solder resist: An insulating layer that covers the surface of a printed circuit board and protects the circuit pattern.



Solder resist thinning processing system

## Research and development / Structural reform

In 2020, we launched the Research and Development Division to flexibly develop new products, provide technical support, and optimize human resources in all business fields, formulate research and development themes in line with management strategy, and optimize the allocation of research resources. In addition, by locating a development team on the premises of the mill where production takes place, we have established a system that allows us to smoothly carry out research and development of related products and provide technical support, accelerate development, and reliably contribute to the profits of each business field. We are working on future-oriented research and development themes, and aim to build a powerful research and development system that supports the company's profits.





## Promotion of sustainability management



**Shigeharu Sanada**  
Director and Senior Executive Vice President

### A company in the middle of promotion of sustainability

We will contribute to the realization of a sustainable future by growing our core business, which is directly connected to environmental protection and solving social issues

### Our company's business to create a sustainable society

Our company positions promotion of sustainability as an important management commitment and established the "Sustainability Basic Policies" (see page 36) in April 2023.

In our basic policies, our company's strengths of "utilization of biomass resources" and "creation of cutting-edge technology" are the essence of building a business model that can achieve sustainable growth. We also aim to build a recycling-oriented society through methods such as forest management, and to provide the world with products that contribute to a sustainable society.

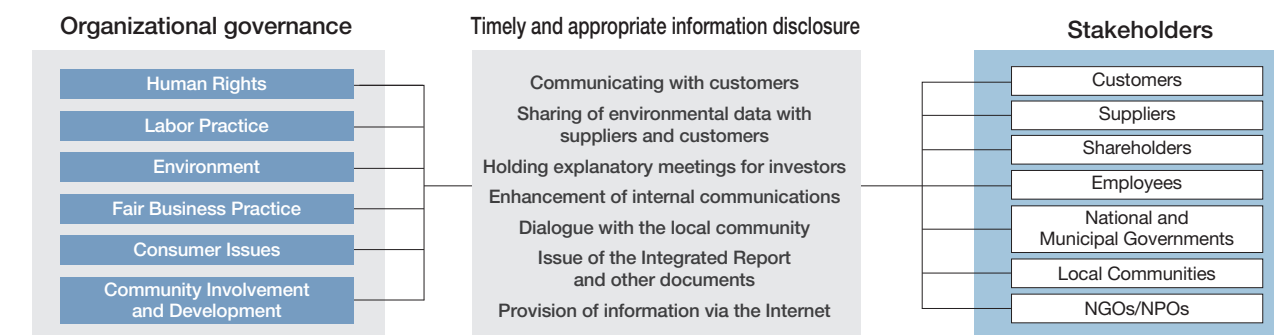
As a paper and pulp business, we utilize wood as a biomass resource, and we actively use wood, mainly in the Tohoku region, to protect and nurture Japan's forest resources, regenerate forests, and develop the forestry industry. In addition, in response to the recent global trend towards reducing and eliminating plastic, we are actively promoting the development and sale of kraft paper and barrier paper products that can replace plastic.

In the functional materials business as well, we offer water treatment membrane support substrates that contribute to securing safe and secure water, filters that provide a safe and comfortable air supply, and battery separators that contribute to the effective use of electricity as well as the ever-expanding information society. We

provide the world with high-value-added products that solve issues using cutting edge technologies, such as electronic industrial materials that contribute to society's future, and the cryopreservation device "Diamour®" that helps solve the problem of the declining birthrate.

In this way, our business activities themselves are strongly connected to promotion of sustainability activities, and we are proud to be a "company at the center of realizing a sustainable society". We believe that responding to the various needs of society through our core business will improve our corporate value over the medium to long term, and ultimately lead to the return of better profits to our Stakeholders.

This fiscal year, we not only revised our "Sustainability Basic Policies", but also reviewed our materiality and action plans in line with the medium-term management plan and revision of our Corporate Behavior Charter. All group executives and employees share the spirit of "being part of a company at the center of promoting sustainability" and align their vectors to three points that we will take as the most important actions, those are: "Development of products that are useful and safe for society", "Response to climate change issues", and "Enhancing activities to ensure safety and health", to protect and prioritize employees, who are the source of corporate value.



### ESG/ISO26000 and Mitsubishi Paper Mills Group's Initiatives

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

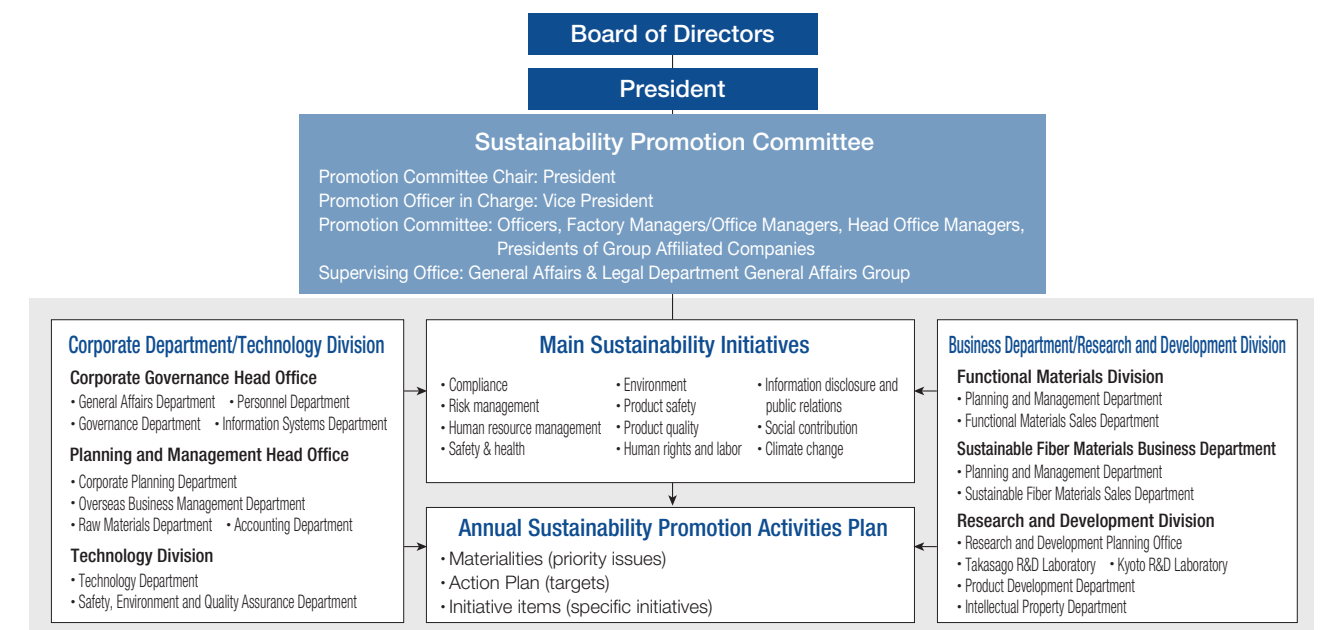
In this integrated report, we note the following as activities being done for the "seven core subjects" and "issues" of ISO 26000.



ESG	Core subjects	Item
G	Organizational Governance	Sustainability Corporate Governance
	Human Rights	Compliance, Risk Management, Promoting Social Responsibility in the Value Chain, Sustainable Procurement of Raw Materials, Relationship with Employees, Relationship with Society
	Labor Practices	Compliance, Risk Management, Relationship with Employees
S	Fair Business Practice	Information Disclosure, Fair Operating Practices, Relationship with the Environment, Working with Customers
	Consumer Issues	Compliance, Fair Operating Practices
	Community Involvement and Development	Preserving Biodiversity, Relationship with Society
E	Environment	Response to TCFD, Responsible Procurement of Raw Materials, Relationship with the Environment

### Sustainability Promotion Structure

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





# Mitsubishi Paper Mills Group's priority issues and ESG initiatives

## Sustainability Basic Policies

The Mitsubishi Paper Mills Group strives to grow sustainably by creating social value and to contribute to the realization of a sustainable society through its business activities.

- ◆ Build a business model that can achieve sustainable growth by utilizing biomass resources and creating leading edge technologies.
- ◆ We will strive for goals such as the sustainable management of forests, and we will contribute to the creation of a recycling society to maintain our precious global environment.
- ◆ Provide products and services that contribute to a sustainable society to the global market.

## Process for Defining Issues



	Materialities (priority issues)	Action Plan	ISO 26000 Core Subjects	Objectives (FY 2030)	Related pages
Contribution to green society	Relationship with the Environment	<b>Top Priority Action Plan</b> • Response to climate change issues	Environment	① Reduce energy-derived CO <sub>2</sub> emissions by 40% (compared to 2013) ② Reduce an equivalent of 80,000 t of coal per year through energy saving and fuel conversion initiatives (compared to 2021) ③ Establish a system to quantitatively understand Scope 3 CO <sub>2</sub> emissions. Formulation and implementation of CO <sub>2</sub> reduction measures for the entire supply chain, ④ Compliance with the standards required as of 2030. In addition, we will disclose significant information in response to climate change issues. ① Effective utilization rate of waste 98.4% ② Recycling rate 100% ③ Continuation of 1% reduction from the previous year (water usage, BOD, COD, SS, SOx) ④ CDP target score Climate Change: A, forests: A ⑤ Make the company-owned forest a place where people can gather as a place for hands-on forest environment learning ⑥ Number of experiential learning events: 36/Forest surveys/research-Results announced on the website/number of pieces of information disseminated: 24 Eco Academy Activities: Creating a place where local people can connect with each other to create a sustainable society • FSC® certification chip quantity 200,000 BDT or more (reflecting the spread of FSC® certification and an increase in the proportion of our certified products) • Domestic materials ratio of 25% or more (maintaining domestic materials, which are gradually decreasing, with a focus on softwood chips)	P44-45
		• Environmental impact reduction and preserving biodiversity			P42-43 P46-50
		• Sustainable procurement of raw materials			P51
Transformation for sustainability		• Ensuring quality and safety of products and services	Consumer Issues	• Continue to operate the legal monitoring system and reduce the occurrence of legal violations to zero • Number of product safety accidents: 0 • Number of A-class quality incidents: 0	P56-57
		<b>Top Priority Action Plan</b> • Development of products that are useful and safe for society	Environment/Consumer Issues	① FSC®-certified sales volume 11,500 t per month ② Environmentally friendly products sales ratio 16.5%, Environmentally friendly products sales: 33,000 million yen per year ③ Promote activities if they contribute to our company's profits ④ Milestone of the country's plastic resource circulation strategy: By 2030, we aim to reduce single-use plastic emissions by 25% and achieve a reuse/recycling rate of 60%, building a world where paper packaging is a common choice	P31 P50
	Relationship with Society  Corporate Governance	• Through observance of compliance fair corporate activities • Respect for human rights	Human Rights Labor Practices Fair business practice	• Build a system that allows necessary information to be conveyed in a timely manner to the departments/persons in charge who need it • Build and operate a strong legal compliance system and eliminate the occurrence of legal violations • Build and operate a legal compliance system that covers the entire group and eliminate the occurrence of legal violations Instilling a company-wide awareness of respect for human rights and constantly implementing human rights with due diligence	P59 P65 P52
		• Strengthening of corporate governance	Organizational Governance	①,② Conformity to the standards required of companies in the market in which the Company is listed (assuming the prime market) ①,② Build a governance system that will enable the Group to grow autonomously ③ Meet the standards within the Group that maintain a high level of governance and conduct consistent promotion of sustainability activities	P60-65 P68-71
		• Stakeholders • Enhancement of communications	Fair business practice Community Involvement and Development	① Disseminate product information and corporate activity information in a timely and effective manner, and convincingly appeal to stakeholders about our sustainability activities ② Enhance information dissemination to stakeholders by using the booklet and the web together (Survey: negative evaluation 1.0% or less) ③ Continue to be a presence needed by a local area at each site	P58 P67
	<b>Top Priority Action Plan</b> • Enhancing activities to ensure safety and health • Diversity & inclusion (Human resource performance improvement)	Human Rights Labor Practices	• Number of deaths/serious accidents: 0 • Occupational accident frequency rate: 50% decrease compared to 2020 • Establishment of a remuneration system commensurate with role and work skills • Human resources information system management for all domestic consolidated companies • Securing and assigning human resources within consolidated group companies (right people in the right places)	P52-53 P54-55	
		• Establishing a risk management structure	Organizational Governance Fair business practice	Build risk response capabilities and improve the sustainability of our Group	P66



# Promotion of sustainability activity report

## (Activity results and goals related to ESG initiatives)

### E Response to climate change issues Top Priority Action Plan

- Objectives (FY2030)**
- 1 Decrease in energy-related CO<sub>2</sub> emissions by 40% (from 2013)
  - 2 Reduction of an equivalent of 80,000 t of coal per year through energy saving and fuel conversion initiatives (from 2021)
  - 3 Establish a system to quantitatively understand Scope3 CO<sub>2</sub> emission amounts. Formulation and implementation of CO<sub>2</sub> reduction measures for the entire supply chain
  - 4 Conformity to standards required as of 2030. In addition, we will disclose significant information in response to climate change issues.

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
<ol style="list-style-type: none"> <li>1 Promotion of initiatives to achieve CO<sub>2</sub> reduction targets</li> <li>2 Promotion of energy conservation and fuel conversion at each factory through measures taken by a company-wide CO<sub>2</sub> reduction task force, undertaken at the factory manager's meeting</li> </ol>	Decrease in energy-related CO <sub>2</sub> emissions by 23.9% (from 2013)	Decrease in energy-related CO <sub>2</sub> emissions this year by 23% (from 2013) Target emissions reduction: 67,600 t of CO <sub>2</sub> per year (from 2021)
<ol style="list-style-type: none"> <li>2                             <ol style="list-style-type: none"> <li>1 Reduction of coal usage in the Hachinohe Mill through company-wide CO<sub>2</sub> reduction task force measures</li> <li>2 Energy saving promotion</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1 Coal equivalent 55,795 t per year reduction (from 2021)</li> <li>2 Coal consumption in 2022 193,464 t</li> <li>3 Energy saving 3.4% (from 2021)</li> </ol>	<ol style="list-style-type: none"> <li>1 Coal equivalent 46,000 t per year reduction (from 2021)</li> <li>2 Energy saving target 1.0% (from 2022)</li> </ol>
<ol style="list-style-type: none"> <li>3 Build a method to quantitatively calculate Scope 3 CO<sub>2</sub> emissions, which are not currently calculated</li> </ol>	Investigate the calculation method for Scope 3 CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Continued investigation of the Scope 3 CO<sub>2</sub> emissions calculation method</li> <li>Continue to investigate commercially available accounting systems and consider the possibility of introducing them</li> </ul>
<ol style="list-style-type: none"> <li>4 Response to TCFD</li> </ol>	Express support for TCFD recommendations and conduct initial information disclosure. Join the TCFD Consortium	TCFD meets disclosure standards that will be required in 2023

### E Environmental impact reduction and preserving biodiversity

- Objectives (FY2030)**
- 1 Industrial waste effective utilization ratio 98.4%
  - 2 Recycling rate 100%
  - 3 Continued reduction of 1% compared to the previous year (water usage, BOD, COD, SS, SOx)
  - 4 CDP target score Climate Change: A, Forests: A
  - 5 Make the company-owned forest a place where people can gather as a place for hands-on forest environmental learning
  - 6 Number of experiential learning events:36 / Forest survey/research-Results announced on the website/number of pieces of information disseminated: 24  
Eco Academy Activities: Creating a place where local people can connect with each other to create a sustainable society

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
<ol style="list-style-type: none"> <li>1 Waste effective utilization ratio improvement</li> </ol>	Industrial Waste Effective Utilization Ratio: 94.4%	Industrial Waste Effective Utilization Ratio Company-wide 7 mills: 95.0%
<ol style="list-style-type: none"> <li>2 Compliance with the Act on Promotion of Plastic Resource Recycling (Issued April 2022)</li> </ol>	Recycling rate: 89.7%	Recycling rate: 94.1% (Hachinohe 50%, other 6 mills 100%)
<ol style="list-style-type: none"> <li>3 Management of internal company target items</li> </ol>	Water usage amount: 2.5% reduction year-on-year BOD/COD: 6.6% reduction year-on-year SOx: 0.8% increase year-on-year COD: 1.6% increase year-on-year	1% continuous reduction year-on-year (Water usage, BOD/COD, SOx, SS)
<ol style="list-style-type: none"> <li>4 External environmental evaluation improvement: CDP evaluation improvement</li> </ol>	CDP score Climate Change: C, Forests: B	CDP target score Climate Change: B-, Forests: A-
<ol style="list-style-type: none"> <li>5 Preserving Biodiversity, Response to TNFD</li> </ol>	<ul style="list-style-type: none"> <li>Joined the 30 by 30 Alliance for Biodiversity established by the Ministry of the Environment</li> <li>Started preparation to apply for certification as a natural coexistence site (tentative name)</li> </ul>	Implementation of hands-on forest environment learning using company-owned forests and acquisition of a Nature Symbiotic Site (tentative name) certification
<ol style="list-style-type: none"> <li>6 Promoting activities of the Ecosystem Academy that leverages collaboration with local communities</li> </ol>	<ol style="list-style-type: none"> <li>1 Number of experiential learning events: 27</li> <li>2 Forest surveys/research</li> <li>3 Number of pieces of information disseminated: 9 internally, 8 on YouTube</li> </ol>	<ol style="list-style-type: none"> <li>1 Number of experiential learning events: 30</li> <li>2 Forest surveys/research-Reports: 2</li> <li>3 Number of pieces of information disseminated: 12</li> </ol>

### E Sustainable procurement of raw materials

- Objectives (FY2030)**
- 1 FSC® certification chip quantity 200,000 BDT or more (reflecting the spread of FSC® certification and an increase in the proportion of our certified products)
  - 2 Domestic materials ratio of 25% or more (maintaining domestic materials, which are gradually decreasing, with a focus on softwood chips)

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
<ol style="list-style-type: none"> <li>1 FSC® forest authentication material procurement</li> </ol>	FSC® authentication chip quantity 200,000 BDT	FSC® 120,000 BDT
<ol style="list-style-type: none"> <li>2 Domestic wood chip usage promotion</li> </ol>	Domestic materials ratio: 28.4%	Domestic materials 25%

### S Ensuring quality and safety of products and services

- Objectives (FY2030)**
- 1 Continue to operate the legal monitoring system and reduce the occurrence of legal violations to zero
  - 2 Number of product safety accidents: 0
  - 3 Number of A-class quality incidents: 0

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
<ol style="list-style-type: none"> <li>1 Legal Management related to Chemical Substances                             <ul style="list-style-type: none"> <li>Monitoring domestic and international laws and regulations to ensure compliance with chemical substance management laws and regulations</li> <li>Continuously manage the latest versions of chemical substances subject to chemical substance management guidelines in compliance with various laws and regulations by updating the internal company chemical substance management database</li> <li>Sharing information on related laws and regulations through monthly product safety reports</li> </ul> </li> </ol>	The chemical substance management internal company database is updated every three months. Start of dissemination of monthly product safety reports	<ul style="list-style-type: none"> <li>Continuation of monitoring of domestic and international laws and regulations</li> <li>Update of the internal company database</li> <li>Product safety monthly report disseminated every month</li> </ul>
<ol style="list-style-type: none"> <li>2 Achieved zero product safety accidents through product safety audits (on-site/written) and regular meetings of the safety committee and subcommittee (twice a year)</li> </ol>	Number of product safety accidents: 0 Product safety audits are written audits Regular meetings of the Product Safety Committee and Subcommittees	Number of product safety accidents: 0
<ol style="list-style-type: none"> <li>3 Improving the quality control system through holding company-wide quality meetings and on-site quality audits, and ensuring horizontal dissemination of past problems</li> </ol>	Number of class A quality incidents: 8 (1st half: 7, 2nd half: 1)	Number of class A quality incidents: 4 (halved compared to the previous year)

### E S Development of products that are useful and safe for society Top Priority Action Plan

- Objectives (FY2030)**
- 1 FSC® certification sales volume 11,500 t per month
  - 2 Environmentally friendly products account for 16.5% of company-wide sales, environmentally friendly product sales: 33,000 million yen per year
  - 3 Promote activities if they contribute to our company's profits
  - 4 Milestone of the country's plastic resource circulation strategy: By 2030, we aim to reduce single-use plastic emissions by 25% and achieve a reuse/recycling rate of 60%, building a world where paper packaging is a common choice

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
<ol style="list-style-type: none"> <li>1 FSC® certification paper sales volume maintenance                             <ul style="list-style-type: none"> <li>Under the circumstances where the use of cheap non-certified Asian chips is increasing due to cost reduction, FSC® certification paper sales volume maintenance</li> </ul> </li> </ol>	FSC® certification sales volume target 10,000 t per month, actual 9,983 t per month, 98.8% vs. the plan, 94.3% vs. the previous year	FSC® certification sales volume 10,000 t per month
<ol style="list-style-type: none"> <li>2 Expand sales of existing environmentally friendly products and develop new ones</li> </ol>	Environmentally friendly products account for 10.0% of company-wide sales, environmentally friendly product sales: 20,971 million yen per year, 107.7% vs. the previous year	Environmentally friendly products company-wide sales ratio 11.0% Environmentally friendly product sales: 24,252 million yen per year, 115.6% vs. the previous year
<ol style="list-style-type: none"> <li>3 Gathering information and searching for new products through participation in CLOMA (Clean Ocean Materials Alliance)</li> </ol>	Collection of recycling evaluation methods mainly in Europe. Sharing information to realize recycling of paper-plastic composite materials in Japan	Continued participation in the CLOMA Working Group Attendance rate of 100% at regular WG meetings
<ol style="list-style-type: none"> <li>4 While listening to customer requests, we will expand our unique products with environmentally friendly characteristics</li> </ol>	<ul style="list-style-type: none"> <li>Bali Sherpa adopted by Doutor</li> <li>Continued use of Barricote® for Lotte DO Cacao repeat sales in 2023</li> <li>Commercialized TRF-IR830, a process-less plate-making film for flexo-printing</li> </ul>	Number of commercialization projects due to the following measures: 4 types <ul style="list-style-type: none"> <li>Acquired track record in the food packaging fields</li> <li>Expansion into overseas and non-food packaging fields</li> <li>Expansion of process-less plate-making film lineup</li> </ul>



## S Fair corporate activities through observance of compliance



Goals to aim for (FY2030)

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

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
1 Promote a better understanding of laws applicable to our operations, and enforce compliance	The Legal Affairs Group will disseminate necessary information as appropriate.	Number of Compliance News Publications: 1/2 months
2 Establish a culture that accurately recognizes and emphasizes compliance risks by further enhancing compliance education	No serious incidents occurred	Number of serious corporate scandals: 0
3 Through the newly introduced Compliance Promotion Leader & Leader Conference, we aim to raise the level of compliance activities of the entire group, including overseas locations	Implementation of responses according to individual cases	Number of serious corporate scandals: 0

## S Respect for human rights



Goals to aim for (FY2030)

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

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
Activities to raise awareness about business and human rights	Mitsubishi Paper Mills Group Human Rights Policy established	Start due diligence towards human rights

## G Strengthening of corporate governance



Goals to aim for (FY2030)

- 1,2 Compliance with the standards required of companies in the market where our company is listed (assuming prime market)
- 1,2 Build a governance system to enable our company's group to grow autonomously
- 3 Maintain the same level of governance within the group and conduct consistent promotion of sustainability activities

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
1 Ensure good governance based on the Basic Policies on Corporate Governance	In June, we verified the revised Corporate Governance Code and submitted a corporate governance report based on it to the Tokyo Stock Exchange. Board of Directors effectiveness evaluation conducted in February in preparation for next year's report revision	Compliance with the listing maintenance standards of the Tokyo Stock Exchange new market division (prime market)
2 Governance functions inspection	A new outside officer briefing session will be established in April. Information is provided to outside officers once or twice a month regarding important issues for the executive side. Conducted interviews in 2022 and reported at the Board of Directors meeting in March 2023	Improving the Board of Directors Effectiveness
3 Strengthening of Corporate Governance as part of the Mitsubishi Paper Mills Group	Conducted web training/surveys for all employees of Mitsubishi Paper Mills Group affiliated companies (Number of responses 2,375, response rate 72.4%)	Operate at a level at which people can adequately respond to a survey regarding sustainability

## S G Promoting communication with stakeholders



Goals to aim for (FY2030)

- 1 Disseminate product information and corporate activity information in a timely and effective manner, and convincingly appeal to stakeholders about our sustainability activities
- 2 Enhance information dissemination to stakeholders by using the booklet/WEB together (Survey: Negative evaluation 1.0% or less)
- 3 Continue to be a presence needed by each region at each site

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
1 Further enrichment of IR information and new product information by utilizing websites, etc.	Our company's website was revised in March (aspects such as compatibility with smartphones). Mitsubishi Paper Mills official YouTube channel Green Webcast launched in September	Providing timely and effective product and company information
2 Enhancement of integrated reports	We reviewed the content and structure of "Corporate Report 2022", distributed it to all employees, and conducted an evaluation using a survey (negative evaluation 3.3%)	Revision from corporate report to integrated report (Survey: Negative evaluation 2.5% or less)
3 Participation in local activities in each place and continuation of smooth relationships with the community	At each location, community cleaning, blood donation cooperation, paper provision, and Braille calendar donations were done.	Cooperation with activities needed locally in each location

## S Enhancing activities to ensure safety and health

Most Important Action Plan



Goals to aim for (FY2030)

1 2 3 4 5

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

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
1 Reliable horizontal deployment of measures implemented in past fatal accidents	• Number of deaths/serious accidents: 0 (2021.12.21~2022.12.31)	• Number of deaths/serious accidents: 0 (2023.1.1~12.31)
2 Activation of safety activities	• Occupational accident frequency rate: 1.20 (2021.12.21~2022.12.31)	• Occupational accident frequency rate: 0.98 (50% decrease compared to 2020 (1.95))
3 Make it a habit to have safety meetings with these three parties (equipment manager/orderer, main contractor, and subcontractor)		
4 Promotion of "essential safety of equipment" and "visualization and digital transformation of danger"		
5 Improving mental and physical health management and workplace hygiene environment		

## S Diversity and inclusion (human resource performance improvement)



Goals to aim for (FY2030)

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

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
Appropriate staffing and training of current staff, and recruitment of human resources necessary to improve business performance	• 4/1 group reorganization project initiatives • Establishment of management personnel rotation rules • Setting priority initiatives for work style reform	• Personnel system operation to place the right people in the right places and secure human resources • Elimination of vacant positions due to personnel changes and recruitment reinforcement due to organizational reorganization

## G Establishing a risk management structure



Goals to aim for (FY2030)

Build risk response capabilities and improve the sustainability of our Group

Initiative Items	FY 2022 Activity Results	FY 2023 Activity Plan
Appropriate management of risk items identified by the Risk Management Committee	Organize countermeasures and management methods for top risk items. Conduct a backup test for Mitsubishi Paper Mills website management	Appropriate management of risk items



Building a foundation that sustains the creation of value

# Environment

## Actions for the Environment

### Mitsubishi Paper Mills Group Environmental Charter

#### 1. [Basic principles]

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

#### 2. [Basic policies]

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

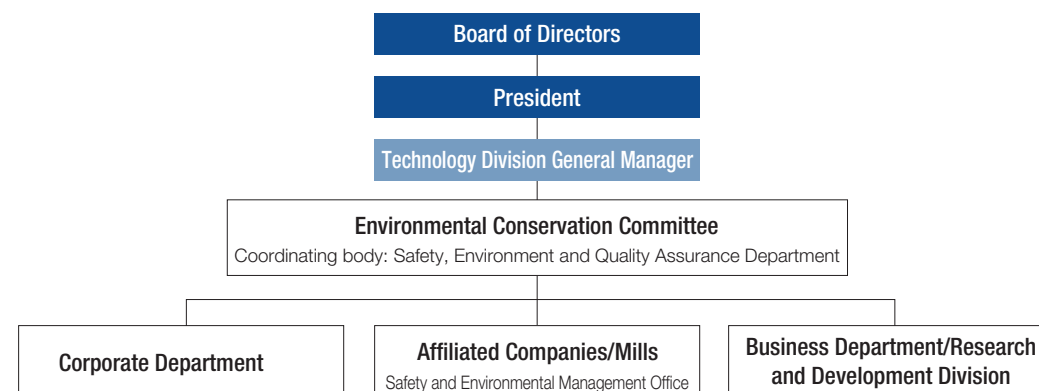
 [Click here for the reference site Environmental Charter](#)



### Environmental Management System

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

In addition, we have established a Safety and Environmental Management Office at each factory, creating a system that can immediately respond to environmental accidents.



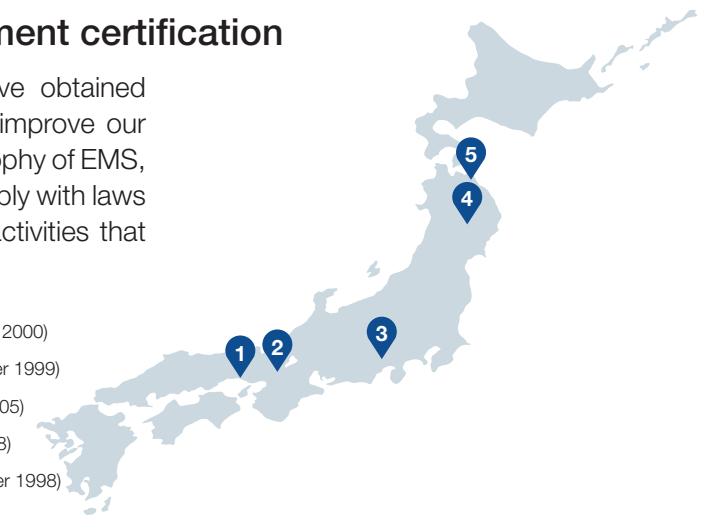
### Fundamental way of thinking

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

### Obtaining environmental management certification


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

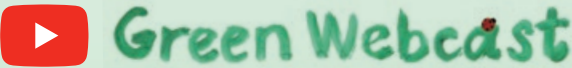
- 1** Takasago Mill .....JMAQA-E090 (Registered February 2000)
- 2** Kyoto Mill.....JQA-EM0621 (Registered December 1999)
- 3** KJ Specialty Paper.....JCQA-E0654 (Registered March 2005)
- 4** Kitakami Mill.....JQA-EM7421 (Registered April 2018)
- 5** Hachinohe Mill .....JMAQA-E027 (Registered December 1998)



### Conducting environmental audits



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





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

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



# Response to climate change

## Information disclosure in line with TCFD recommendations

Based on the Mitsubishi Paper Mills Group's corporate philosophy and basic sustainability policy, to achieve sustainable growth, increase corporate value over the medium- to long-term, and contribute to society, we will continue to disclose information in line with the TCFD recommendations (Task Force on Climate-related Financial Disclosures) regarding both the risks and opportunities that climate change poses to our business. This document discloses information in accordance with this proposal. The Mitsubishi Paper Mills Group is committed to creating social value and to contribute to the realization of a sustainable society through its business activities.

<b>Governance</b>	<ul style="list-style-type: none"> <li>We recognize that climate change is one of our most important business challenges, so the Board of Directors will discuss and decide on our fundamental policies and important matters related to climate change. In addition, an executive in charge of promotion of sustainability will discuss the risks and opportunities and report them to the Board of Directors at least once a year.</li> <li>We have launched company-wide TCFD project teams that include an executive in charge of promotion of sustainability.</li> <li>We have established the Sustainability Promotion Committee to oversee the sustainability promotion activities of the entire Mitsubishi Paper Mills Group and manage the progress of the TCFD project teams under the Risk Management Committee, which is under its umbrella.</li> <li>Investment decisions related to decarbonization are discussed at the Management Committee and Board of Directors depending on their importance.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>We identify risks related to climate change from items recognized by the Risk Management Committee under the umbrella of the Sustainability Promotion Committee. The TCFD project teams also manage climate change-related risks.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>The relevant department examines the risks and opportunities identified by the TCFD project teams and formulates countermeasures.</li> <li>We joined the 30 by 30 Alliance for Biodiversity established by the Ministry of the Environment. We also offer opportunities to learn about biodiversity and the blessings of the forest by utilizing the Ecosystem Academy, an experiential forest environment learning experience that utilizes the Shirakawa company forest.</li> <li>In order to help people better understand our products and our efforts to contribute to a green society, we have launched the "Mitsubishi Paper Mills Official Channel Green Webcast" and have started sharing videos. With the theme of "Green", we share various videos including those that introduce our products and events or the activities at our "Ecosystem Academy" program.</li> </ul>
<b>Indicators and Goals</b>	<ul style="list-style-type: none"> <li>We have formulated the Mitsubishi Paper Mills Group Environment Vision 2050, in which our company aims to become carbon neutral by 2050. The Mitsubishi Paper Mills Group strives to maximize the use of renewable energy, utilizing carbon fixation technology, and develop environmentally friendly products, and we will contribute to the long-term Japanese government's goal: "To actualize a decarbonized society or carbon neutrality by reducing greenhouse gas emissions to zero by 2050."</li> <li>In fiscal 2022, energy-derived CO<sub>2</sub> emissions in Japan were 707,000 tons. This was a 25% (239,000 t) reduction compared to the fiscal 2013 energy-derived CO<sub>2</sub> emissions in Japan of 946,000 t. By fiscal 2030, we aim to reduce energy-derived CO<sub>2</sub> emissions in Japan by 40% from fiscal 2013 level to 568,000 tons or less.</li> <li>We have launched the "Fiscal 2030 CO<sub>2</sub> Reduction Task Force" as a concrete initiative to reduce domestic energy-derived CO<sub>2</sub> emissions by 40% compared to fiscal 2013.</li> <li>As specific measures, we will promote energy conservation efforts and switch coal to fuel in existing boilers to reduce coal usage.</li> <li>The domestic emissions of greenhouse gases in fiscal 2022, including CO<sub>2</sub> in Scopes 1 and 2, is 821,000 t. This was a 23% (243,000 t) reduction compared to the fiscal 2013 energy-derived CO<sub>2</sub> emissions in Japan of 1,064,000 t. By fiscal 2030, we aim to reduce emissions by 36% from fiscal 2013 level to 681,000 t or less.</li> <li>Regarding CO<sub>2</sub> reductions including in the supply chain, we will continue to investigate the calculation method for Scope 3 and consider future disclosure.</li> <li>Paper production uses large amounts of water resources. The amount of industrial water intake in fiscal 2022 was 119 million tons. We will continue to promote water recycling (circular use of water) within the process and aspire for effective use. Furthermore, each factory has a wastewater treatment facility, and the water used within the factory is purified in accordance with legally mandated standards before being released back into the community. We also strive to conserve water quality, comply with standards, and strive to preserve the local environment.</li> <li>Our company owns about 2,000 ha of forests, mainly in the Tohoku region. We will continue to improve domestic timber's self-sufficiency rate and conserve forests by actively using timber from Northern Tohoku.</li> </ul>
<b>Conducting Scenario Analysis</b>	<ul style="list-style-type: none"> <li>In order for humans and the earth to coexist, it is necessary to limit the increase in the average global temperature to less than 1.5°C above pre-industrial levels to curb the severe impacts of climate change.</li> <li>The scenarios set in this analysis refer to IEA WEO SDS (Sustainable Development Scenario) and the external scenarios presented by the Intergovernmental Panel on Climate Change (IPCC). In a scenario of a "carbon-neutral world", the transitional risks are high as social systems transition to climate change mitigation to avoid greenhouse gas emissions. On the other hand, the physical risks were higher in a scenario of a world highly impacted by climate change where adaptation to face physical impacts are necessary to face the fury of nature.</li> <li>We believe we can increase our resilience against future risks by taking measures to deal with transition and physical risks in multiple scenarios of the future world. In addition, even in a harsh world with transition and physical risks, we believe adopting countermeasures for both can reduce the degree of risks. We will also seize the listed opportunities and promote future business expansion.</li> <li>Specifically, by expanding and reprinting the following product groups, we aim to establish a solid business foundation by accelerating business portfolio transformation in accordance with our medium-term management plan.             <ul style="list-style-type: none"> <li>Functional materials business products that contribute to a safe, comfortable, and sustainable society                 <ul style="list-style-type: none"> <li>Water treatment membrane support substrates that contribute to securing safe and secure water</li> <li>Filter that contributes to air optimization</li> <li>Battery separators that contribute to the effective use of electricity</li> </ul> </li> <li>Electronic industry materials, etc.                 <ul style="list-style-type: none"> <li>New wood-based products that contribute to less plastic and plastic-free.</li> <li>Kraft paper, barrier paper, etc.</li> </ul> </li> </ul> </li> </ul>

# Mitsubishi Paper Mills (MPM) Scenario Analysis Results

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

Category	Risk Items	Risk details (impact on MPM)	Risk assessment			Strategies and countermeasures	
			1.5°C	2°C	4°C		
Transition risks	Policies and legislation	<ul style="list-style-type: none"> <li>Enhancing regulations on GHG emissions, limiting emissions</li> <li>Energy source conversion</li> <li>Changes in legal regulations and environmental regulation limits for various raw materials and fuels</li> </ul>	<ul style="list-style-type: none"> <li>Increasing costs due to increases in carbon taxes and dues, introducing emissions trading schemes, etc.</li> <li>Cost increases due to energy source conversion</li> <li>Legal restrictions on various raw materials and fuels, restrictions on production and sales due to changes in environmental regulation limits, a difficulty in substituting said raw materials and fuels, a lack of substitutes, shortage of alternative fuels to coal, increase in procurement costs</li> </ul>	Large	Medium to large	Small	<ul style="list-style-type: none"> <li>Reducing coal dependency by maximizing the use of renewable energy, promoting energy conservation in the manufacturing and logistics processes</li> <li>Investing in the energy transition</li> <li>Relying on multiple vendors of raw materials and fuels, decentralization of procurement sources, and reviewing supply chains</li> </ul>
	Technologies	<ul style="list-style-type: none"> <li>Cost of transition to low-carbon technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increasing energy costs due to the introduction of renewable energy and equipment upgrades</li> </ul>	Large	Medium to large	Small	<ul style="list-style-type: none"> <li>Curbing energy costs by actively adopting the latest energy-saving equipment and technologies</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Increasing consumer interest in low-carbon products and services</li> <li>Augmentation of raw material and fuel costs</li> <li>Changes in the external financial environment</li> </ul>	<ul style="list-style-type: none"> <li>Declining demand for products and services that use fossil fuels</li> <li>Impact on sales due to focusing on carbon emissions in the environmental performance index</li> <li>Instability in the supply of chips for raw materials and various raw materials and fuel, and price increase</li> <li>Withdrawal of investments, termination of loans, and difficulty in raising funds in companies that use fossil fuels</li> </ul>	Large	Medium to large	Small	<ul style="list-style-type: none"> <li>Promoting the resources recycling business model and forest conservation further</li> <li>Dissemination of information on the implementation status of sustainable forest management and sustainable procurement policies</li> <li>Relying on multiple vendors of raw materials and fuels, decentralization of procurement sources, and reviewing supply chains</li> <li>Disclosure of information related to climate change risks, costs, etc.</li> </ul>
	Evaluation	<ul style="list-style-type: none"> <li>Negative feedback from stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Difficulty in raising funds due to changes in the assessment of companies' attitudes toward climate change</li> <li>Loss of opportunities to receive orders, deterioration of social credibility, avoidance of transactions, loss of human resources due to assessments such as having inadequate measures against climate change</li> </ul>	Large	Medium to large	Small	<ul style="list-style-type: none"> <li>Dissemination of product information that can contribute to climate change mitigation and adaptation, proactive disclosure of information to stakeholders</li> </ul>
Physical risk	Short term (acute)	<ul style="list-style-type: none"> <li>Aggravation and increase of extreme weather events such as typhoons, floods, and heat waves</li> <li>Temperature rise, changes in precipitation, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Suspension of business activities due to damage or destruction of in-house equipment and disaster (e.g. employees unable to come to work)</li> <li>Decrease in functionality of water, electricity, and port facilities and suspension of infrastructure services, suspension of delivery of materials and products due to disruption of networks (supply chains), difficulty in procurement and suspension of supply due to damage to raw material and fuel suppliers</li> </ul>	Small	Small to Medium	Large	<ul style="list-style-type: none"> <li>Implementation of measures to prevent similar disasters through the establishment of a system to deal with natural disasters and horizontal dissemination of disaster information</li> <li>Stabilization of procurement through diversification of raw material suppliers and means of transportation</li> <li>Formulation, implementation, and operation of preventive measures against predictable wind and flood damage, such as strengthening buildings</li> <li>Countermeasures against salt damage and water damage in manufacturing facilities</li> </ul>
	Long-term (chronic)	<ul style="list-style-type: none"> <li>Rising average temperature and sea level</li> <li>Changes in precipitation and weather patterns</li> </ul>	<ul style="list-style-type: none"> <li>Difficulties in procurement due to deterioration of tree growth, deterioration in quality, decrease in yield, forest fires at suppliers, etc.</li> <li>Decrease of available water due to seawater intrusion, increased water turbidity, decreased river flow, water intake restrictions, etc.</li> <li>Increasing risk of flooding due to rising sea levels (earthquakes, tsunamis, storm surges, high waves) and salt damage</li> <li>Conversion from afforestation to farmland due to food shortages and its increased necessity and expansion</li> </ul>	Small	Small to Medium	Large	<ul style="list-style-type: none"> <li>Stabilization of procurement through diversification of raw material suppliers and means of transportation</li> <li>Mitigating the impact of storm surges through land reclamation led by local governments, improving water intake and purification equipment and water-saving technologies</li> </ul>

Table 2 Strategies and measures for opportunities

Category	Strategies and Countermeasures	Business Environment Discernment (MPM opportunity)	Strategies and countermeasures	External market growth		
				1.5°C	2°C	4°C
Opportunity	<ul style="list-style-type: none"> <li>Effective use of resources</li> <li>Reducing water usage and consumption and securing water</li> <li>Act on Promotion of Plastic Resource Recycling (Enforced in April 2022)</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand for clean water under various environmental conditions</li> <li>Increasing need for securing drinking water and efficient ventilation</li> <li>Increasing demand for textiles that do not require water</li> <li>Timber collection base in the Tohoku region, which is rich in forest resources</li> </ul>	<ul style="list-style-type: none"> <li>Sales promotion of water treatment membrane support substrates used for reverse osmosis membranes (RO membranes) that contribute to securing safe and secure water (seawater desalination, etc.)</li> </ul>	Maintain-Expand	Expand	Expand
			<ul style="list-style-type: none"> <li>Entering the fields of liquid filtration for beverages, industrial water, oil, etc. using liquid filter materials</li> </ul>	Maintain-Expand	Expand	Expand
			<ul style="list-style-type: none"> <li>Sales promotion of total heat exchange elements and dust collection filters that contribute to air optimization</li> </ul>	Maintain-Expand	Expand	Expand
			<ul style="list-style-type: none"> <li>Expanding waterless textile printing business using sublimation transfer paper</li> </ul>	Maintain	Expand	Expand
			<ul style="list-style-type: none"> <li>Strengthening the development and sales expansion of paper products in line with demand for plastic waste reduction</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Stable procurement of resources and reduction of procurement costs by promoting the use of domestic materials</li> </ul>	Expand	Expand	Maintain
Opportunity	<ul style="list-style-type: none"> <li>Expanding the use of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to a decarbonized society</li> <li>Electrification advances and various types of batteries are becoming widespread</li> <li>Activating biomass power generation</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the use of renewable energy for heat and electricity</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Balancing energy costs and reduction of environmental impact by utilizing biomass, waste materials, RPF, etc.</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Development and sales of various battery separators</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Expanding external sales of fuel chips and increasing power generation income</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Sales and promotion of FSC®-certified paper</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Promotion of sales and popularization of Baricote®, bleached and unbleached kraft paper, paperboard, etc.</li> </ul>	Expand	Expand	Maintain
Opportunity	<ul style="list-style-type: none"> <li>Changes in consumer preferences (ethical consumption)</li> <li>Development of new products and services through innovation</li> <li>Elimination of plastics and access to new markets</li> </ul>	<ul style="list-style-type: none"> <li>Addressing social issues by providing sustainable materials</li> <li>Adopting measures such as those that prevent the spread of infection.</li> <li>Shifting from materials such as plastics to carbon-neutral pulp.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing sales of filters (increasing sales of ventilation fans, air purifiers, air conditioners, etc.)</li> </ul>	Maintain	Maintain-Expand	Expand
			<ul style="list-style-type: none"> <li>Improving sales of masks, disinfectants, etc.</li> </ul>	Maintain	Maintain-Expand	Expand
			<ul style="list-style-type: none"> <li>Product development of paper pulp materials that can replace fossil-derived containers and packaging</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Examining the use of the carbon credit system associated with forests' ability to absorb CO<sub>2</sub></li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Promoting the improvement of the self-sufficiency rate of wood and forest conservation by using domestic wood</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Promoting the use of raw materials that have received international forest certifications</li> </ul>	Expand	Expand	Maintain
Opportunity	<ul style="list-style-type: none"> <li>Carbon credit trading market</li> <li>Domestic forest conservation through forest utilization</li> </ul>	<ul style="list-style-type: none"> <li>Ownership of company-owned forests in Japan</li> <li>Using domestic timber from the Tohoku region</li> </ul>	<ul style="list-style-type: none"> <li>Promoting forest conservation, procuring resources from properly managed forests, disseminating information on the Ecosystem Academy, etc.</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Reducing the impact of soaring fuel costs by using black liquor energy</li> </ul>	Expand	Expand	Maintain
Opportunity	<ul style="list-style-type: none"> <li>Utilization of more forest resources</li> <li>Substitution and diversification of resources</li> </ul>	<ul style="list-style-type: none"> <li>Securing forest resources that produce carbon-neutral materials</li> <li>Climate change mitigation through absorption of CO<sub>2</sub> by forests, black liquor energy usage</li> </ul>	<ul style="list-style-type: none"> <li>Promoting the use of raw materials that have received international forest certifications</li> </ul>	Expand	Expand	Maintain
			<ul style="list-style-type: none"> <li>Promoting forest conservation, procuring resources from properly managed forests, disseminating information on the Ecosystem Academy, etc.</li> </ul>	Expand	Expand	Maintain



## Business activity environmental impact reduction -Contributing to the realization of a carbon-neutral society-

### Environmental Vision 2050

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

#### Mitsubishi Paper Mills Group Environmental Vision 2050

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

**Utilizing carbon fixation technologies**

**Developing environmentally friendly products**

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

Click here for the reference site

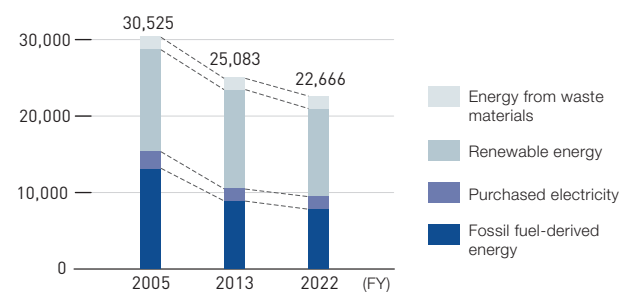
Mitsubishi Paper Mills Group Environmental Vision 2050

### Initiatives to reduce CO<sub>2</sub> emissions

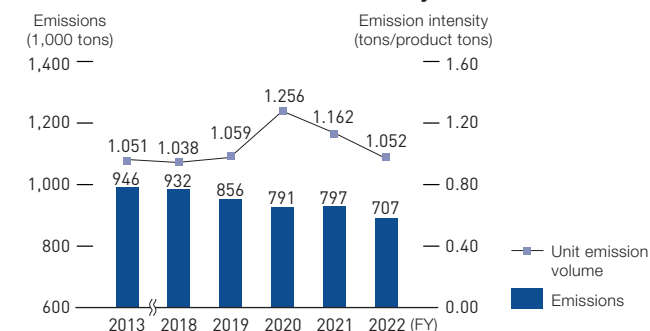
#### ● Achievements thus far

The Mitsubishi Paper Mills Group has the target of bringing energy-derived CO<sub>2</sub> emissions in Japan down by 40% from fiscal 2013 by fiscal 2030 and is working on reducing its fossil fuel-based energy and overall energy consumption.

#### Energy consumption (TJ)



#### CO<sub>2</sub> emissions and emission intensity



[Scope of coverage] Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd.

#### ● Participation in the GX League

Our company’s group will participate in the Ministry of Economy, Trade and Industry’s GX League, which will begin its activities in fiscal 2023. In addition to demonstrating our commitment to realizing a carbon-neutral society in 2050, we will strengthen our systems to achieve our 2030 goals that the group has committed to.

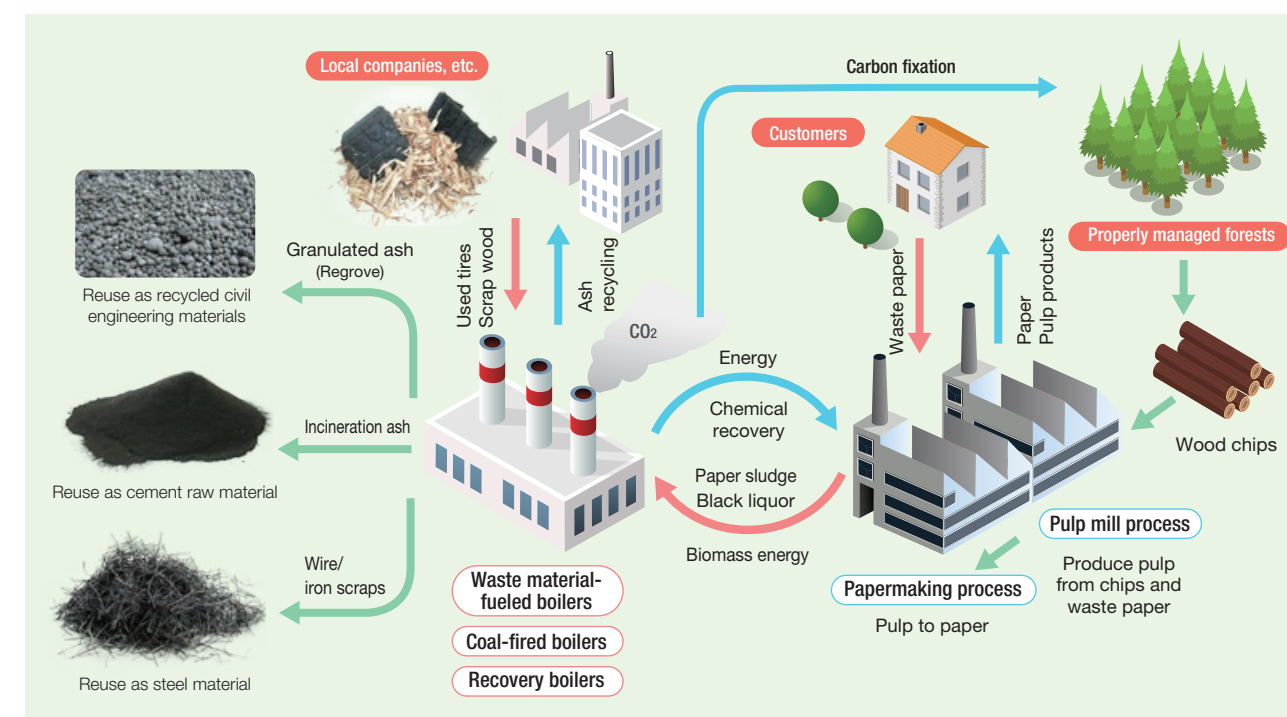
GX League

The GX League is a group of companies actively engaged in GX (Green Transformation) that collaborates with governments, universities, financial institutions, etc., and was established as a place to discuss the transformation of the entire economic and social system and to practice the creation of new markets.

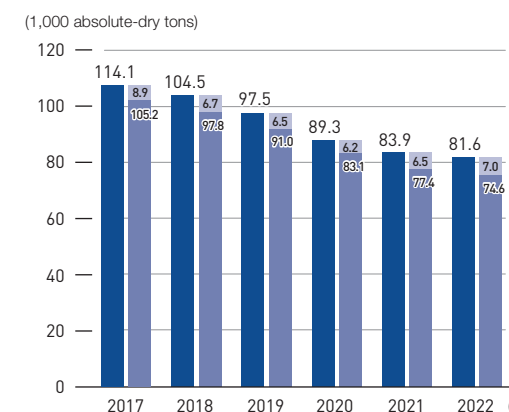
### Effective Use of Materials

The Mitsubishi Paper Mills Group’s main mill, the Hachinohe Mill, gets energy from the black liquor produced in the pulp production process as well as from the waste (paper sludge) generated in the use of wastepaper and the papermaking process. The black liquor is burned in recovery boilers, where heat energy and chemicals used to manufacture pulp are recovered. The paper sludge, along with items such as cut up tires, waste wood, and other waste materials, is used as fuel for a waste boiler. The incinerator bottom ash produced by the waste boiler and the ash produced by a coal boiler are used to make a recycled construction material named Reglobe and are also recycled into cement material and raw steelmaking material. These efforts to effectively use waste reduce final disposal volume while at the same time reducing fossil fuel usage.

In addition, in response to the Plastic Resource Circulation Act., we will systematically work to reduce plastic waste discharged from our group factories and improve the recycling rate. (The results for FY 2021 have been published on our website based on this law.)

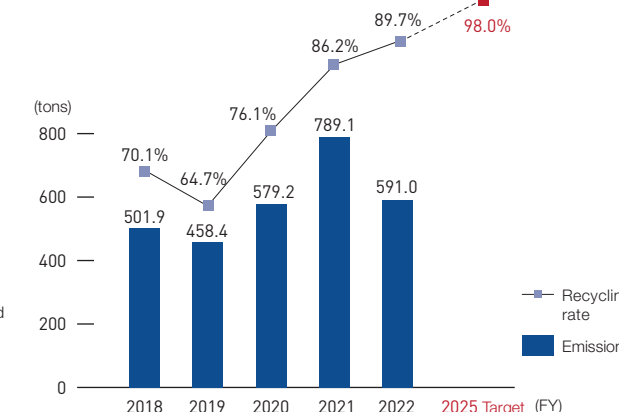


#### Waste Generated and Volume Effectively Reused



[Scope of coverage] Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd.

#### Changes in plastic waste emissions and the recycling rate





## Chemical Substance Management

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

### Emission transfer amount of PRTR target substances

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

No.	PRTR Class 1 Designated Chemical Substances	Cabinet order No.	Emissions		Amount transferred	
			Atmosphere	Water	Sewerage	Off-site
1	Xylene	80	450	0	0	240
2	Silver and water-soluble compound	82	0	0	0	0
3	Chloroform	127	18,400	4,000	0	0
4	Cyclohexylamine	154	0	0	0	0
5	2,2-Dibromo-2-cyanoacetamide	210	0	663	0	31
6	Dioxins	243	0.00	20.70	0.00	3.30
7	Triethylamine	277	1,500	0	0	0
8	Toluene	300	10,900	0	0	34,480
9	Hydroquinone	336	0	0	0	0
10	Boron and its compound	405	0	0	120	92
11	Formaldehyde	411	35	1	0	1,101
12	Methylnaphthalene	438	117	0	0	0

[Scope of coverage] Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd.

### Response to PCB

With regards to equipment (ballasts) containing high concentrations of PCBs, we have completed detoxification treatment within the legal deadline in fiscal 2022.

We will also progressively process the treatment of equipment containing low concentrations of PCBs, with the aim of completing the treatment within the legal deadline in fiscal 2026.

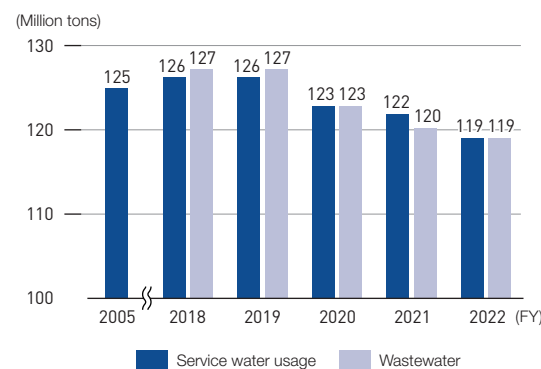
## Water risk management

### Water usage reduction

Paper production requires large amounts of water resources, but reducing water usage will reduce the consumption of thermal energy and electric energy, which will contribute to CO<sub>2</sub> reduction.

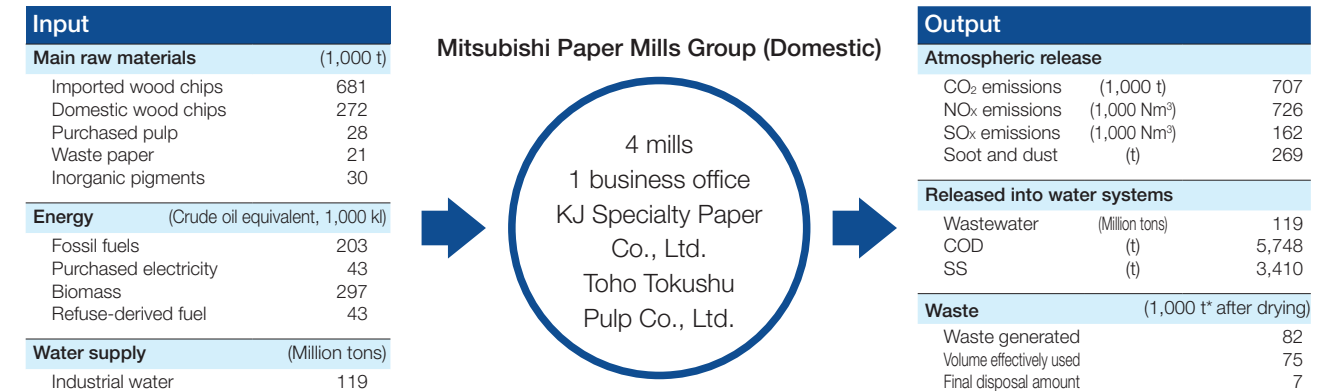
We will continue to promote water recycling (circular use of water) within our process and work to effectively use water while reducing the amount of water used. In addition, we strive to preserve the environment by appropriately treating the water we use with wastewater treatment equipment.

Trends in water usage and wastewater volume



## Environment-related Data

### Material Balance



### Reference: 2 mills in Germany

Item	Unit	Value	Item	Unit	Value
Purchased pulp amount	(1,000 t)	103	Service water usage	(1,000 t)	2,513
Waste paper	(1,000 t)	0	Wastewater	(1,000 t)	1,962
			CO <sub>2</sub> emissions	(1,000 t)	33

[Scope of coverage] With the Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd. as reference, 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.

### Environmental impact data

		FY 2005	FY 2019	FY 2020	FY 2021	FY 2022	Target (achievement year)
<b>Natural resources</b>							
Fossil fuel-based energy consumption	TJ	15,131	11,036	10,822	10,352	9,493	-
Fossil fuel energy intensity	GJ/product-tons	13.6	13.6	15.9	15.1	14.1	-
Service water usage	Million tons	125	126	123	122	119	-
Wastewater	Million tons	-	127	123	120	119	-
<b>Atmosphere</b>							
CO <sub>2</sub> emissions*1	1,000 t	1,164	856	791	797	707	568 (FY2030)
NOx	1,000 Nm <sup>3</sup>	1,076	835	753	738	726	-
SOx	1,000 Nm <sup>3</sup>	247	187	205	185	162	-
Soot and dust	t	-	376	200	253	269	-
<b>Water quality</b>							
COD	t	7,717	7,045	5,748	6,134	5,748	-
SS	t	3,417	3,719	3,106	3,349	3,410	-
<b>Waste</b>							
Waste generated	1,000 t	-	166	150	140	140	-
Final disposal amount	1,000 t	-	9	8	8	8	-
Final disposal rate*2	%	-	94.9%	94.5%	94.2%	94.4%	98.4% (FY 2025)

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

\*2 Final disposal rate = (Waste generated - Final disposal amount)/Waste generated × 100

[Scope of coverage] Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd.

### Environmental Accounting

#### Environmental Conservation Costs

Classification	Principal Initiatives	Investments	Expenditures
(1) Costs within business areas		494	2,255
1. Pollution control costs	Includes air pollution, water pollution, foul odor, noise, and vibration measures	10	1,511
2. Global environmental conservation cost	Includes domestic afforestation, energy conservation measures, etc.	421	0
3. Resource recycling costs	Includes waste measures and waste paper and other product recycling	63	744
(2) Upstream/downstream costs	Includes container and packaging recovery and recycling	258	258
(3) Management activity costs	Includes environmental education, environmental management systems, and certification acquisition	4	25
(4) R&D costs	Environment-friendly product development, etc.	0	249
(5) Social activity costs	Includes greening, environmental beautification, and environmental data disclosure	28	29
(6) Environmental damage costs	Fees for pollution-related health damage	0	43
<b>Total</b>		<b>784</b>	<b>2,859</b>

#### Economic Benefit of Environmental Conservation Measures

(millions of yen)

Classification	Benefit	Amount
Earnings	Effect of reuse of recovered pallet	309
	Profit from sales of materials effectively recycled	37
Cost reduction	Cost reduction from decreased energy usage	83
	Cost reduction from improved material yield	191
<b>Total</b>		<b>620</b>

[Scope of coverage] Takasago Mill, Kyoto Mill, KJ Specialty Paper Co., Ltd., Hachinohe Mill, Kitakami Mill, Shirakawa Site, Toho Tokushu Pulp Co., Ltd.

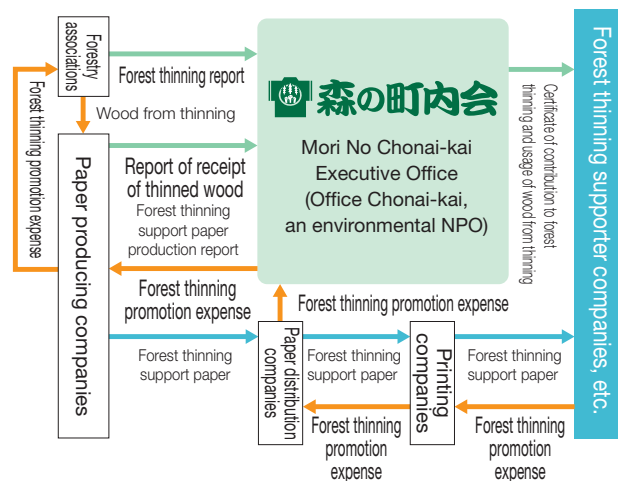
The statistical method conforms with the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment



## Preserving biodiversity

### Forest Preservation Activities

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



### Ecosystem Academy

As one member of the industry that benefits from the “gifts of the forest,” the Ecosystem Academy provides a place for experiential forest environment education to contribute to developing a sustainable society that will connect people and community through experiential environmental education, forest surveys and research, and information dissemination. In fiscal 2022, we collaborated with Nishigo Village in Fukushima Prefecture, Sumida City in Tokyo, and the Tokyo Metropolitan Park Association to hold a forest environment learning program to promote community participation and contribute to sustainable regional development. In addition, these kind of activities are also concrete efforts to participate in the 30 by 30 Alliance for Biodiversity promoted by the Ministry of the Environment.



#### ● Experiential Environmental Education\*

The program combines lectures, observations, measurements, tree planting and growing using company-owned forests, and paper making and paper crafts as a means to experience the art of manufacturing. Consideration is given to forest preservation, prevention of global warming, and biodiversity based on the theme of collaboration between nature and industry, thus contributing to the achievement of SDGs. In fiscal 2022, while adapting to people's new lifestyle as a countermeasure against the COVID-19 pandemic crisis, we held 27 events, including study sessions on the forest environment and nature observation tours in Tokyo and Fukushima Prefecture, and the total number of participants was 900.

In addition, our efforts to learn about the forest environment through community collaboration at the Tokyo Metropolitan Mizumoto Park were evaluated highly, and we received the Tokyo Metropolitan Park Association Award (Volunteer/Social Contribution Activities Category) Encouragement Award.

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



The 6th Seicho no Mori (Forest of Growth) Tree Planting Event



Tokyo Metropolitan Park Association Award Encouragement Award

#### ● Forest Surveys and Research

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

#### ● Information Dissemination

We hold regular environmental seminars led by instructors from diverse fields including people involved in the forestry, paper manufacturing, finance industries, and environmental preservation, and people teaching at universities. The 12th event in 2022 was held in a hybrid format with on-site and online viewing, with a presentation by Nao Miyashita (Professor, Graduate School of Agricultural and Life Sciences, The University of Tokyo) on the theme of “Biodiversity for a Sustainable Society”, gave a lecture entitled “Why is biodiversity important? Thinking from the perspective of the relationship between humans and living things, and Hiroko Shimazaki (Chief Staff Member, Sustainability Promotion Department, Lion Corporation) gave a lecture entitled “Lion's efforts to reduce environmental impact”. This was an opportunity to understand the connection between biodiversity and our daily lives.

[Click here for the reference site](#)

Ecosystem Academy



## Sustainable procurement of raw materials

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

### FSC® forest certification system

FSC® forest certification has the goal of auditing and certifying responsible forest management from the economic, environmental, and social perspectives. It aims to ensure that the world's forests are kept healthy by labeling wood and wood products sourced from these forests. In 2001, our Hachinohe Mill became the first paper mill in Japan to obtain CoC certification (certification related to the management of processing and distribution processes) and began producing FSC® certified paper. Since then, we have successively acquired CoC certification at our domestic factories and have expanded the variety of certified products. We are also progressing in obtaining FM certification for company-owned forests in Japan, and have obtained forest certification for company-owned forests in Iwazumi Town, Iwate Prefecture, Shichinohe Town, Aomori Prefecture, and Saigo Village, Fukushima Prefecture. The Vancouver Declaration for the UN SDGs and FSC® Certification was announced at the Forest Stewardship Council (FSC®) General Assembly in October 2017, which was held to drive greater support for the SDGs and FSC®. Mitsubishi Paper Mills stands in solidarity with the declaration, and signed it along with 57 other companies in Japan and other countries.



Label certifying FSC® products

### Method for Verifying Legal Compliance and Sound Management

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

- 1 Certification method using the forest certification system and CoC certification system (FSC® certification wood, FSC® managed wood)
- 2 Evidence of methods of individual companies or organizations (controlled wood)

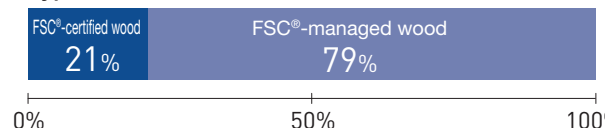
In 2, we verify that wood is controlled in accordance with the FSC® Requirements for Sourcing Controlled Wood (FSC®-STD-40-005). The verification method in conformance with these requirements is described below.

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

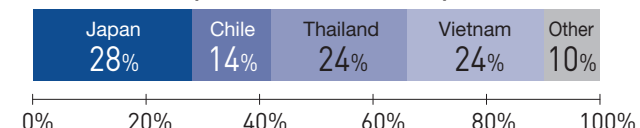
### Raw Wood Procurement in FY 2022

We have verified that all wood chips and wood pulp procured in FY 2022 came from forests that were legally and appropriately managed.

#### Types of raw wood



#### Countries that produce raw wood chips





Building a foundation that sustains the creation of value

# Social

Connections with society, regions, and people

## 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 their abilities.

### Philosophy and guidelines regarding human rights and labor

#### [Philosophy]

We respect the humanity of our employees, give top priority to safety in the workplace, and create a work environment where each person can demonstrate their full potential and feel comfortable and fulfilled.

#### [Guidelines]

##### 1. Respect for human rights and prohibition of discrimination

We strive to maintain a healthy work environment, respect the human rights of each employee, and refrain from acts that ignore human rights, such as sexual harassment and power harassment. We will not engage in any acts that lead to discrimination based on items such as birth, nationality, race, ethnicity, religion, gender, age, various disabilities, and educational background. We will not engage in child labor or forced labor. In addition, the personal information of employees will be handled appropriately in accordance with the Act on the Protection of Personal Information.

##### 2. Ensuring safety and health in the workplace

We will prioritize ensuring safety and health in the workplace, strive to maintain a safe and healthy working environment, and understand and comply with the Industrial Safety and Health Act and other related laws and regulations.

##### 3. Compliance with labor-related laws and regulations

We comply with the Labor Standards Act and other labor-related laws, and strive to maintain a comfortable and healthy work environment.

Reference site is here [Philosophy and guidelines regarding human rights and labor](#)



## Occupational Safety and Health Initiatives

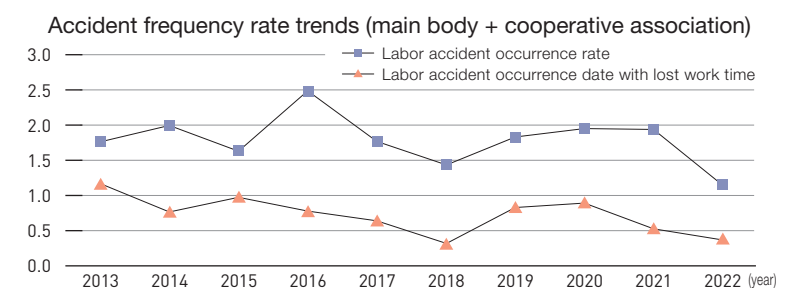
We place top priority on the safety and health of everyone involved in the Mitsubishi Paper Mills Group's business activities, and aim to create a disaster-free workplace environment where people can work with peace of mind. We have formulated a health and safety promotion plan based on the basic philosophy of "considering safety and health as the top priority", and have implemented a safety and health promotion plan that includes the top management of each factory, the safety manager (Person responsible for safety), and the head office safety department (Safety, Environment and Quality Assurance Department, Human Resources Department). We are working together to promote safety and health initiatives.

### 2022 Safety and Health Results

<b>Target</b>	Number of deaths/serious accidents 0	Decrease in the occupational accident frequency rate 50% decrease compared to 2020 (1.95) (2030))
<b>Results</b>	Number of deaths/serious accidents 0	Occupational accident frequency rate 1.14

### Occupational accident frequency rate (safety results)

The occupational accident frequency rate for the Mitsubishi Paper Mills Group (including cooperative associations) has remained flat since 2019, but in 2022 it decreased by 0.8 points from the previous year to 1.14 due to a decrease in accidents. In addition, the frequency rate of lost-time accidents in 2022 decreased by 0.15 points from the previous year to 0.38.



### 2023 Mitsubishi Paper Mills Group Safety and Health Promotion Plan

We are promoting initiatives to improve risk sensitivity so that all employees so that all employees working in the Mitsubishi Paper Mills Group think about ensuring safety during work on their own. In addition, top management at each factory, safety managers, and the head office safety department will work together to make machinery and equipment inherently safer, and aim to achieve zero fatalities or serious accidents.

**Basic Policy** .....Aiming for zero accidents in the Mitsubishi Paper Mills Group based on the basic philosophy of "Prioritizing Safety and Health"  
**Slogan** ..... "Eliminate disasters by adhering to established rules"  
**Priority target** .... "Zero deaths and serious accidents" (Serious accidents: Conditions that lead to life-threatening situations)

#### Priority efforts to prevent industrial accidents

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

1. Reliable horizontal deployment of measures implemented in past serious disasters
2. Activation of safety activities
3. Make it a habit to have a three-party safety meeting in advance (three-party consultation)
4. Promotion of "essential safety of equipment" and "visualization and digital transformation of danger"

In April 2023, we will also establish a new Technology Division, within which the Safety, Environment and Quality Assurance Department will strengthen our safety management system. A Safety and Environmental Management Office has been established at each mill. The head office and mills work together to promote safety activities, and these safety departments actively go to workplaces to confirm equipment safety and education status. By participating in workplace safety and health meetings, etc., we aim to prevent similar accidents from occurring and improve and revitalize safety activities.

#### Maintenance and improvement of mental and physical health

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

##### 1) Mental and physical health management

- Encourage secondary checkups for those with symptoms, improve the checkup rate (compared to the previous year), and strive to maintain health
- People with mental issues have an interview with an industrial physician, and their superiors communicate with each other at least once a month
- Prevention of long working hours and compliance with health management rules for all employees, including managers
- Conduct training (line care) for high stress workplaces to improve the workplace environment based on the results of stress checks

##### 2) Improving the workplace hygiene environment

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

## Human resources initiatives

We are implementing a number of initiatives to create comfortable work environments, to make the Group a vibrant and fulfilling place to work and to aim for sustainable improvement of corporate value.

Amid intensifying global competition and our nation becoming a super-aging society, we are conducting recruitment activities to pass on technical skills and to promote multi-skilled workers, and we are working to place the right people in the right jobs.

### ● Human Resources Development Initiatives

#### 1) Education system enhancement

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

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

<b>Target</b>	100% of those eligible for stratified education attended
<b>Results</b>	FY 2022 Attendance Rate 100%

#### 2) Observance of compliance

Compliance training is conducted every year for all domestic group employees. In FY 2022, we have rolled out an internal reporting system to all departments of the domestic group. (Participants:2,822)

<b>Target</b>	Conduct company-wide training once a year
<b>Results</b>	Company-wide training implemented in FY2022 (September to January next year)

#### 3) Diversification of career opportunities

Establishment and utilization of the highly skilled professional (specialist) system

<b>Plan</b>	Promotion exam held once a year
<b>Results</b>	Promotion exam results 2 people promoted

#### 4) Promotion of self-development

We are working to promote self-development by providing subsidies for our correspondence education system, offering a wide variety of courses to suit people's work and interests, and providing an English conversation subsidy system.

### ● Initiatives towards Diversity & inclusion

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

In addition, we have implemented system revisions in line with the revised Childcare Leave and Caregiver Leave Act, and in addition to establishing a new system for childcare leave at the time of birth, it is now possible to take childcare leave in installments. In addition, we prevent employees from leaving their jobs due to childbirth and childcare, and are creating an environment where both men and women can balance work and childcare if they want to.

In addition, based on the Act on the Promotion of Women's Active Engagement in Professional Life (Act to Advance Women's Success), we have formulated an action plan for the advancement of women, and are moving forward with the goal of increasing the number of female employees.

#### 1) Promoting the active participation of women

Appointment of a female outside director (1 person), female full-time auditor (1 person)

Efforts to improve the female recruitment ratio through "Formulation of an action plan for women's empowerment"

<b>Action Plan</b>	Female Recruitment Rate 30% or higher (Until FY 2025) 100 or more female full-time employees
<b>Results</b>	FY 2022 Female Recruitment Rate 40% (End of March 2023) 76 people

#### 2) Promotion of employment of foreigners

Promotion of the employment of foreigners in Japan (promote overseas sales strategy by securing sales personnel, accept employees for factory operation staff)

<b>Results</b>	FY 2022 Foreigner recruitment results 1 person
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#### 3) Promotion of the employment of people with disabilities

Implementing initiatives to meet the legal employment rate for people with disabilities

<b>Target</b>	Legally required employment rate of disabled people 2.3%
<b>Results</b>	FY 2022 Actual Results 2.4%

### ● Initiatives to improve work engagement

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

- Conducting a work engagement survey and sharing the strengths and challenges of each workplace based on the survey results
- Planning and implementation of action plans by holding workplace environment improvement workshops

### ● Work style reform

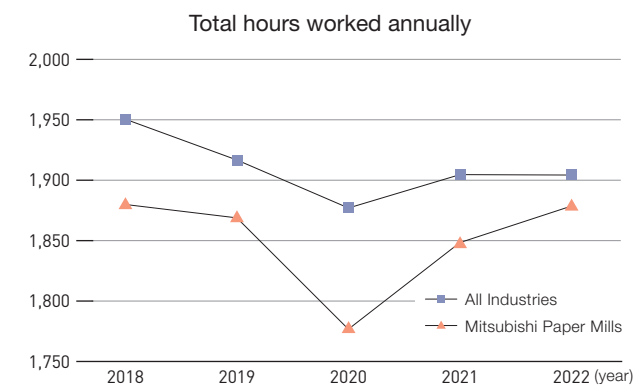
We are introducing a telework system as a flexible way of working to match the lifestyles of each individual employee. We commenced implementation of the system gradually, starting from our head office. Together with the staggered working hours system, these systems aim to improve work-life balance and alleviate stress from commuting through rush hours, and thereby are also contributing to increase productivity.

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

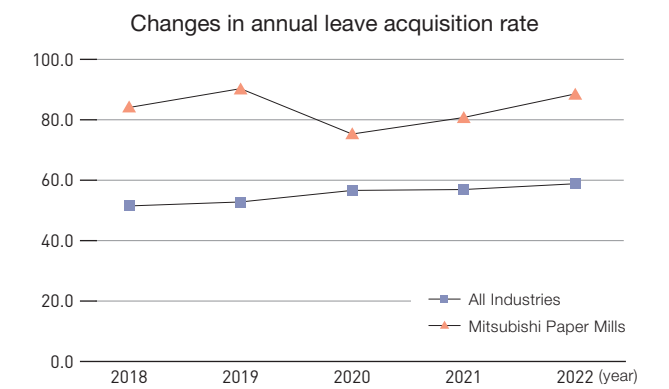
We are also working to improve the efficiency of internal meetings, and are working to shorten meeting times by reviewing the operation of meeting bodies, leading to a reduction in total working hours.

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

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



\* All industries' data are from the Ministry of Health, Labour and Welfare's Monthly Labour Survey



\* All industries' data are from the Ministry of Health, Labour and Welfare's Monthly Labour Survey

### ● Health Management

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

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



## Together with customers

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

### Product Safety Code

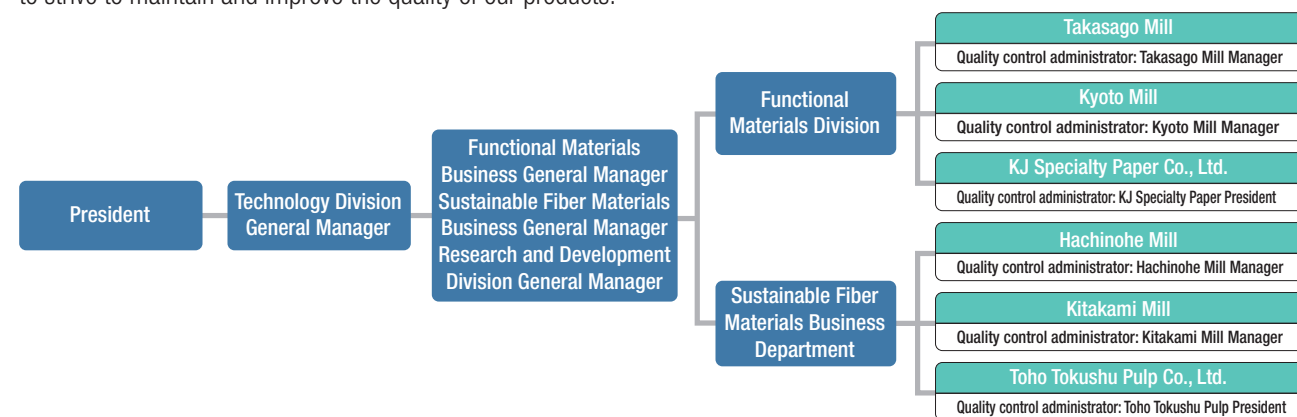
Mitsubishi Paper Mills believes that the role of a company in society is to provide satisfying services along with safe and useful products to customers, and we have utilized our excellent technologies to provide safe products to society.

From here on, too, 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 our products and on the safety of the products.

## Quality Control System

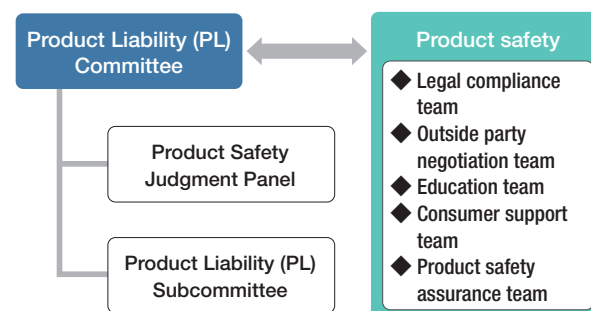
In April 2023, we will also establish a new Technology Division, within which the Safety, Environment and Quality Assurance Department will strengthen our quality management system. By setting up a company-wide system to deal with major quality problems under the leadership of the Technology Division, we will create a management system that integrates the mills and the head office. The Safety, Environment and Quality Assurance Department conducts regular on-site quality audits to prevent compliance violations. In addition, at overseas sales offices, the Technology Division will take the lead in raising quality control awareness, inspecting and improving corrective measures, and building a system to prevent quality problems from occurring. Furthermore, all Mitsubishi Paper Mills mills have obtained ISO9001 certification and are working to continuously improve quality. Through the quality assurance of our products and services, we aim to further improve customer satisfaction, and we will continue to strive to maintain and improve the quality of our products.



## Product Safety Control System

In order to actively promote specific product safety activities, we have established a Product Safety Judgment Panel and a Product Liability (PL) Subcommittee as specialized organizations within the Product Liability (PL) Committee. We carry out strict management in accordance with product safety regulations.

In addition, we promptly obtain information on new laws and regulations as well as toxicity information, and conduct constant safety inspections of chemical substances to ensure the safety of the raw materials we use.

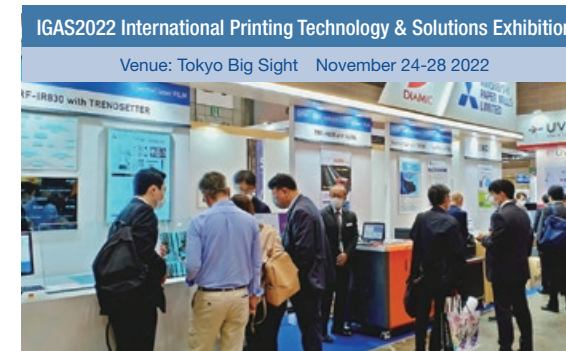


## Communicating with customers

In the Mitsubishi Paper Mills Group, the sales, R&D, production, and technology departments work as one to provide products that satisfy customer needs. 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. In order to facilitate the communication with customers, we actively participate in exhibitions.



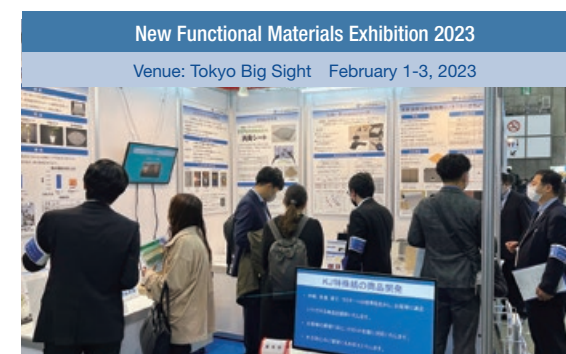
Exhibition contents: Display of coated packaging paper such as Barricote®, Barrisherpa®, Bleached Kraft Paper and related products



Exhibition contents: Environmentally friendly plate-making films, printing plates, garment printing systems, etc. Laser thermal-sensitive film TRF-IR830 attracted attention



Exhibition contents: Solder resist thinning system, highly durable dry film resist for sandblasting, highly chemical resistant dry film resist, dissolving and peeling dry film resist, positive dry film resist (development product), dry film resist for thick copper etching (development product)



Exhibition contents: Inorganic fiber paper, activated carbon deodorizing paper, antibacterial water absorption sheet, CNT products, etc.



Exhibition contents: Energy recovery ventilator cores and air filters

## Encouraging a Worry-Free Use of Our Products

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

## Social contribution activities/initiatives in local 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 50), 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.

[Click here for the reference site](#) **Social Contribution - Direction of Activities**



### Contributing to Local Communities

#### ● Traffic Safety Reader for Mothers and Children

The Hachinohe Mill donated 2,350 copies of the “Traffic Safety Reader for Mothers and Children” to the Hachinohe District Traffic Safety Association to help prevent traffic accidents among new schoolchildren. They were distributed to new first graders at 59 elementary schools in six municipalities: Hachinohe, Hashikami, Gonohe, Oirase, Rokunohe, and Shingo. Donations have been made almost every year since 1969, and a total of 231,360 copies have been donated.



Donation ceremony of Traffic Safety Reader for Mothers and Children

#### ● Braille Calendars

We began producing braille calendars in 1997, and the 2023 edition marked the 27th year of this effort. We donate them to local social welfare groups and braille libraries mainly via our business footholds. We use embossed braille that does not use plastics, and we use eco-friendly FSC®-certified paper that can be recycled after use.



Braille Calendar (2023 edition)

### Community Cleanup Activities

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



Cleanup activities in the Kitakami River basin

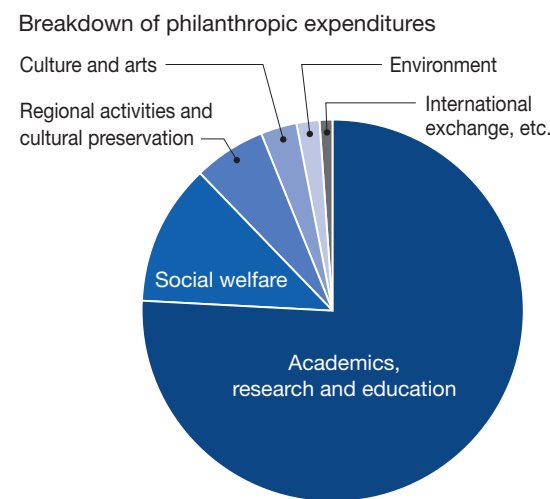


#### Initiative Examples

- Kitakami Mill Kitakami River cleanup activity held in April 2023
- Takasago Mill Participated in the “Takasago City Cleanup Operation”
- Oyama Mill of Toho Tokushu Pulp Co., Ltd. Participated in “Green and Light Foster Parent System”, etc.

### Breakdown of Philanthropic Expenditures

Mitsubishi Paper Mills is a company which continually contributes to the creation of a sustainable society. Whether it's in academics, research, or education, our aim is to be of benefit to society in multiple fields.



## Fair business practice

### Ensuring Fair Trade

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

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

#### What is the “Partnership Building Declaration”?

- ① Coexistence and co-prosperity of the entire supply chain and new collaboration beyond scale and affiliation
- ② Observance of desirable business practices (Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) between the parent company and subcontractors

### Preventing Corruption

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

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

### Disavowal of Organized crime groups

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

In addition, we have also implemented a search system that uses an external database and that enables us to mitigate the risk of inadvertently entering into relationships with organized crime groups.

### Promoting Social Responsibility in the Value Chain

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

[Click here for the reference site](#) **Raw Material Procurement**





Building a foundation that sustains the creation of value

# Governance

## Corporate Governance

### Fundamental way of thinking

Reference site is here Corporate Governance



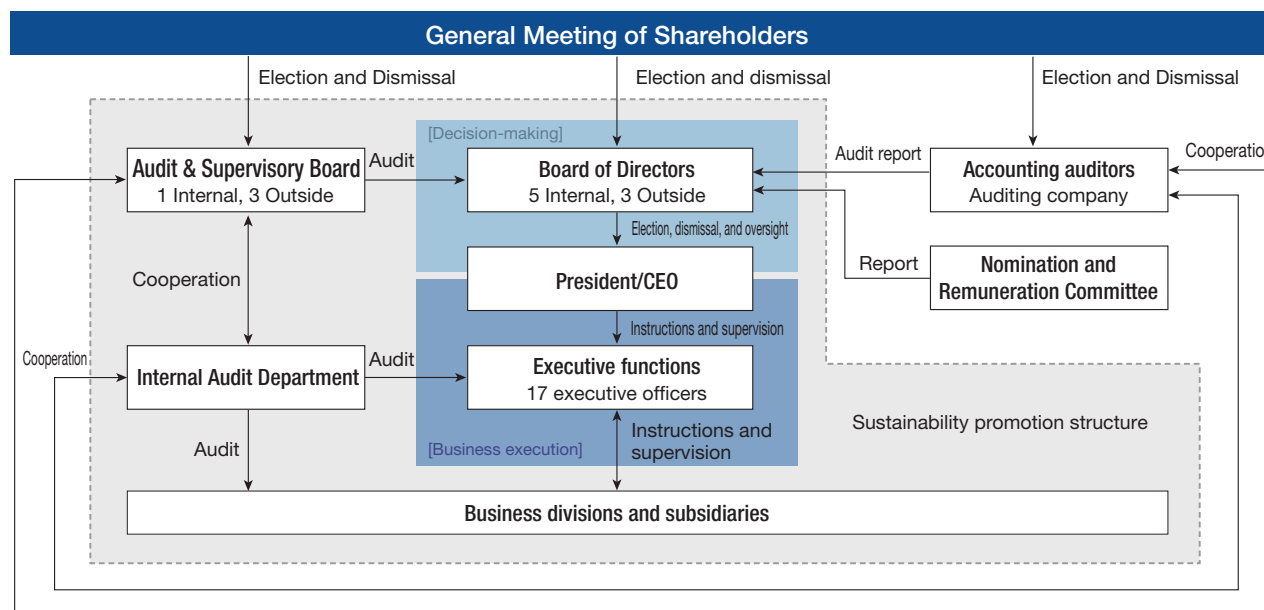
Mitsubishi Paper Mills' corporate activities are based on its corporate philosophy: "Live up to the trust of its customers in the world market"; "Always be on the leading edge of technology"; "and Contribute to preserving the global environment and creating a recycling-based society". Based on this philosophy, the Group pursues corporate group management that values sustainable growth (sustainability) of our company and society, works to enhance management transparency, and boost corporate governance, all to achieve the sustainable growth of the Group and the medium- to long-term improvement of its corporate value.

## Corporate Governance Framework

Our company has designated an independent company with an Audit & Supervisory Board as its organizational design. We have appointed three independent outside directors, accounting for more than one third of the Board of Directors, to create a system that allows the Board of Directors to adequately fulfill the roles required of it. We divide up the oversight and executive functions, adopting an executive officer system to limit the size of the Board of Directors, speed up decision-making on management, and define responsibilities for business execution. In addition, we have a Nomination and Remuneration Committee that, in the interest of maintaining objectivity and transparency in matters concerning executive appointment and remuneration, is chaired by an independent outside director and that acts as an advisory body to the Board of Directors. In addition to regular monthly Board of Directors meetings, special Board of Directors meetings are held as necessary to make decisions and supervise matters concerning those outlined by laws, regulations, and the Articles of Incorporation, as well as the execution of significant business. Our Audit & Supervisory Board, which also includes outside Audit & Supervisory Board members, holds meetings periodically and as needed. As a general rule, we hold a management meeting once a week with executive officers and other executives to discuss management policies, management strategies, and basic business strategies. We make quick and optimal decisions, ensure group governance, discuss group strategies, and share important information.

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

(Current as of July 1, 2023)



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

In order to ensure the propriety of the selection of officers and the determination of compensation, we have established a voluntary Nomination and Remuneration Committee and have established procedures for the committee to consider in advance any proposals that are to be deliberated by the Board of Directors. The Nomination and Remuneration Committee is comprised of two independent outside directors and two representative directors, with an independent outside director serving as the chair.

Committee Chair	Appointed by independent outside directors
Composition (FY 2022)	Outside Director Takehara (Chair)* Outside Director Kataoka Representative Director Kisaka Representative Director Sanada
FY 2022 Number of events held	10
Main roles/ authority	<ul style="list-style-type: none"> <li>Examining the appropriateness of the following proposals to be deliberated by the Board of Directors and reporting the results of the examination <ul style="list-style-type: none"> <li>Nomination of director and auditor candidates</li> <li>Appointment and dismissal of executive officers, etc.</li> <li>Policy regarding executive remuneration</li> <li>Individual compensation details</li> </ul> </li> <li>Discussion and examination of CEO succession planning</li> </ul>

\* They will retire as director at the conclusion of the regular General Meeting of Shareholders to be held in June 2023.

#### About the appointment and dismissal of directors

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

At the June 2023 General Meeting of Shareholders, we took a step forward in diversity by appointing our first female directors and female auditors.

#### About executive compensation

The Basic Corporate Governance Policy stipulates that the Nomination and Remuneration Committee considers the appropriateness of the policy regarding executive remuneration, as well as individual compensation details, and reports to the Board of Directors.

Since the establishment of the committee, we have been carrying out such operations, and in 2021 we introduced a performance-linked stock compensation system. Furthermore, we are revising the system to ensure that incentives work appropriately, such as by refining the system to make it more appropriate and in line with actual circumstances.

#### Standard composition ratio of performance-linked stock compensation

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

# Board of Directors and Audit & Supervisory Board Members

## Directors



**Ryuichi Kisaka**  
President and Chief Executive Officer  
In Charge of the Technology Division



**Shigeharu Sanada**  
Director and Senior Executive Vice President  
Planning and Management Head Office, In charge of the Corporate Governance Head Office  
Internal Audit Department Director In Charge  
Executive in Charge of Promotion of Sustainability



**Shigeharu Matsuzawa**  
Directors  
Managing Executive Officer  
Germany Business In Charge



**Yuji Takagami**  
Directors  
Managing Executive Officer  
In charge of Sustainable Fiber Materials Division,  
Sustainable Fiber Materials Business General Manager



**Kunihiro Nakagawa**  
Director, Managing Executive Officer  
In charge of the Functional Materials Division,  
Research and Development Division General  
Manager of the Functional Materials Division, General  
Manager of the Research and Development Division



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



**Mitsunori Shinohara**  
Outside Director  
Former NH Foods Ltd.  
Representative Director,  
Vice President & CEO



**Atsuko Watanabe**  
Outside Director  
Attorney, Watanabe Sogo Law Office

### Main knowledge, experience, and abilities of each director

Name	Characteristic	Corporate Management	Financial Accounting	Manufacturing/Technology/R&D	Business/Sales	Human Resources/Labor Affairs	Purchasing/Procurement	Internationality	Legal/Compliance	ESG
Ryuichi Kisaka	Internal	●	●	●	●			●		●
Shigeharu Sanada	Internal	●	●			●	●	●	●	●
Shigeharu Matsuzawa	Internal			●				●		
Yuji Takagami	Internal			●	●					
Kunihiro Nakagawa	Internal			●	●					
Yoshihiro Kataoka	Outside								●	
Mitsunori Shinohara	Outside	●			●			●		
Atsuko Watanabe	Outside					●			●	

## Audit & Supervisory Board Members



**Yasuyuki Kusuda**  
Standing Audit & Supervisory Board Member



**Nobuko Otsuka**  
Standing Audit & Supervisory Board Member  
Former Full-time Auditor of Oji Holdings



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



**Satoshi Takizawa**  
Outside Audit & Supervisory Board Member  
Mitsubishi UFJ Trust Business Co., Ltd.  
Representative Director and President

## Outside Directors

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

Directors

April 1980 Registered as an attorney-at-law (Tokyo Bar Association)  
 April 1983 Hosoda and Kataoka Law Office  
 September 1984 Chief, Yoshihiro Kataoka Law Office  
 June 1990 Partner Chief, Kataoka & Kobayashi LPC (to present)  
 June 2010 Supervisory Officer, Comforia Residential Investment Corporation  
 June 2011 Outside Director, The Higo Bank Ltd.  
 March 2013 Siris Holdings Co., Ltd.  
 (Currently Siris Co., Ltd.) Outside Audit & Supervisory Board Member  
 June 2014 Outside Auditor Casa Co., Ltd.  
 June 2019 Outside Director, Our Company (to present)  
 June 2021 Outside Director, The Higo Bank Ltd. (Audit and Supervisory Committee)  
 July 2022 Audit Officer, Shimizu Corporation REIT Investment Corporation (to present)

Important positions concurrently held at other companies, etc.	Partner Chief, Kataoka & Kobayashi LPC Supervisory Officer, Shimizu Corporation REIT Investment Corporation
Board of Directors meeting attendance	Board of Directors meetings: 15 of 15 (100%)

### Atsuko Watanabe (Born February 3, 1964)

Directors

April 1996 Registered as an attorney-at-law and joined the Ichiro Nagaishi Law Office  
 August 2010 Atsuko Watanabe Law Office (currently Watanabe Sogo Law Office) (to present)  
 June 2021 Outside Director, Hokkan Holdings Co., Ltd. (to present)  
 June 2023 Outside Director, Our Company (to present)

Important positions concurrently held at other companies, etc.	Watanabe Sogo Law Office Attorney-at-law Outside Director, Hokkan Holdings Co., Ltd.
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### Yoshihiro Kataoka (Born January 23, 1953)

Audit & Supervisory Board Members

April 1976 Joined Meiji Life Insurance Company (currently Meiji Yasuda Life Insurance Company) (hereinafter "MY")  
 July 2005 Director, General Manager; Group Market Planning & Research Department, MY  
 December 2005 Director, MY  
 April 2006 Director, Managing Executive Officer, MY  
 July 2006 Managing Executive Officer, MY  
 April 2008 Senior Managing Executive Officer, MY  
 July 2012 Director, Deputy President, MY  
 June 2014 NH Foods Ltd. (hereinafter "NH")  
 April 2016 Director, Meiji Yasuda Life Insurance Company  
 June 2016 Advisor, Outside Audit & Supervisory Board Member, Same Company (to present)  
 July 2016 Director, The Kitasato Institute  
 July 2020 Director and Councilor, The Kitasato Institute (to present)  
 May 2022 Councilor, Japan College of Social Work (to present)

Important positions concurrently held at other companies, etc.	Director and Councilor, The Kitasato Institute Councilor, Japan College of Social Work
Board of Directors meeting attendance	Board of Directors meetings: 15 of 15 (100%) Board of Directors meetings: 12 of 12 (100%)

### Mitsunori Shinohara (Born September 26, 1954)

Directors

April 1979 NH Foods Ltd. (hereinafter "NH")  
 April 2010 Executive Officer, and Head of Corporate Planning Department, Group Management Division, NH.  
 April 2012 Executive Officer, and Head of Management and Supervision Department of Meat Business Division, NH.  
 April 2014 Executive Officer, Head of Management and Supervision Department of Meat Business Division and Chief of Business Planning Office, NH.  
 April 2015 Executive Officer and Head of Affiliated Companies Division, NH.  
 June 2015 Director, Executive Officer, and Head of Affiliated Companies Division, NH.  
 April 2016 Director, Managing Executive Officer, and Head of Affiliated Companies Division, NH.  
 April 2017 Representative Director and Vice President in charge of Reform of the Business Structure of the Corporate Group, NH.  
 April 2018 Representative Director and Vice President in charge of Reform of the Structure of the Corporate Group, NH.  
 June 2022 Outside Director, Our Company (to present)

Important positions concurrently held at other companies, etc.	-
Board of Directors meeting attendance	Board of Directors meetings: 11 of 11 (100%)

### Nobuko Otsuka (Born September 15, 1961)

Standing Audit & Supervisory Board Member

April 1985 Joined the Tokyo Regional Taxation Bureau  
 March 2006 Joined the Tohatsu Tax Accountant Corporation (currently Deloitte Tohatsu Tax Accountant Corporation)  
 January 2016 Joined Oji Management Office Co., Ltd.  
 April 2018 Corporate Governance Department Head of the Internal Audit Department and Head of the Compliance Department of Oji Holdings Co., Ltd.  
 June 2019 Full-time Audit & Supervisory Board Member of Oji Holdings Co., Ltd.  
 June 2023 Full-time Audit & Supervisory Board Member, Our Company (to present)

Important positions concurrently held at other companies, etc.	-
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### Satoshi Takizawa (Born June 21, 1961)

Audit & Supervisory Board Members

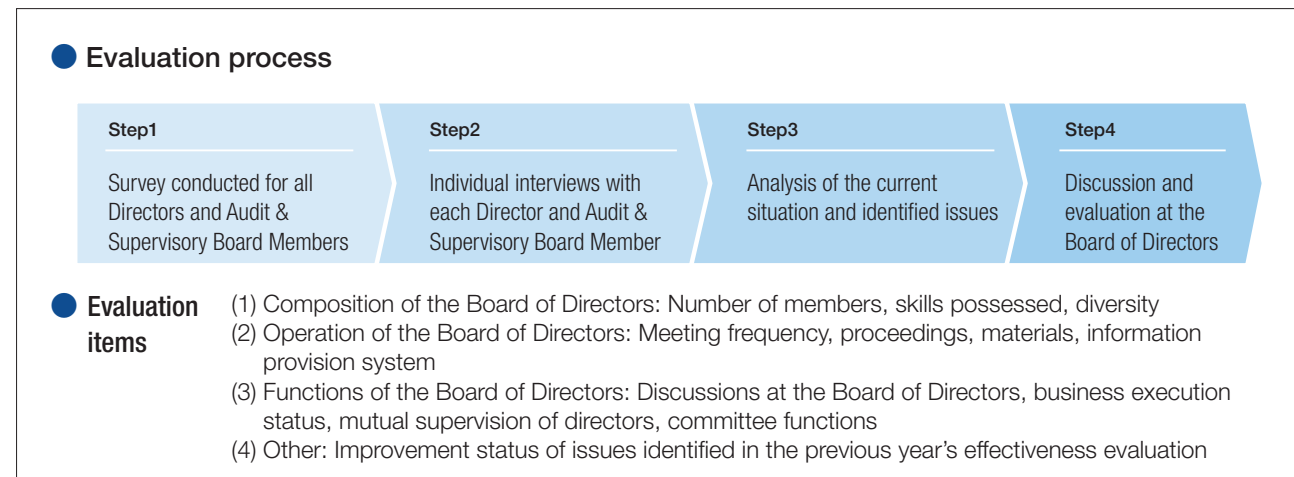
April 1984 Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation) (hereinafter "MUFG TBC")  
 June 2010 Executive Officer and head of Financial Planning Section of Mitsubishi UFJ Financial Group, Inc. and an Executive Officer of MUFG TBC  
 June 2012 Executive Officer and head of Management Planning Section of MUFG TBC  
 June 2013 Managing Executive Officer, MUFG TBC  
 June 2016 Director, Senior Managing Executive Officer, MUFG TBC  
 April 2019 Representative Director and President of Mitsubishi UFJ Trust Business Co., Ltd. (to present)  
 June 2021 Outside Audit & Supervisory Board Member, Our Company (to present)

Important positions concurrently held at other companies, etc.	Mitsubishi UFJ Trust Business Co., Ltd. President and Chief Executive Officer
Board of Directors meeting attendance	Board of Directors meetings: 15 of 15 (100%) Board of Directors meetings: 12 of 12 (100%)



## Assessments of the Board of Directors Effectiveness

The Board of Directors conducts a questionnaire and interview for Directors and Audit & Supervisory Board members to analyze and evaluate the effectiveness of the Board of Directors as a whole. The results of the questionnaire are then discussed at the Board of Directors. In addition to sharing the current understanding, the Board of Directors will continually work to improve its effectiveness through initiatives that contribute to identify issues and demonstrate the functions of the Board of Directors.



### Evaluation

#### (1) FY2022 General Evaluation

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

<b>a. Composition of the Board of Directors</b>	<p>Given the current size of this company, the Board of Directors has an appropriate number of members to carry out its functions, and each member generally has sufficient skills. In addition, the composition ratio of internal and external officers has improved to an appropriate ratio, and the appointment of people with corporate management experience has invigorated discussions. Therefore, we can evaluate that the Board is appropriately membered. On the other hand, considerations need to be made from the perspective of diversity, and efforts should be made to achieve diversity, especially in terms of gender. There is a need to develop executive human resources, including women, by considering inviting female executives from outside the company<sup>1)</sup>, and by improving internal executive training systems.</p> <p><small>* Female director and auditor candidates were elected at the Board of Directors meeting on February 27, 2023.</small></p>
<b>b. Operation of the Board of Directors</b>	<p>The frequency of meetings, the management of proceedings, and tracing of items to be resolved are generally appropriate. In particular, the establishment of the outside officer management briefing sessions from April 2022 has been evaluated to contribute to improve the information sharing system with outside officers, utilize the knowledge of outside officers, and improve the quality of deliberations. In order to further demonstrate the functions of outside officers, it is necessary to consider initiatives such as improving the selected agenda for this briefing session and having outside officers participate as observers in internal meetings. In addition, issues have been raised regarding further accelerating the provision of board meeting materials and improving the deliberation process for important matters.</p>
<b>c. Functions of the Board of Directors</b>	<p>Continuing from the previous year, monitoring of the status of business execution by executives, mutual monitoring of directors, and governance regarding remuneration are functioning appropriately. On the other hand, it was recognized that there is a need to expand discussions on achieving sustainability management that contributes to increasing corporate value and discussions that fully take into account stakeholder perspectives. In addition, with regards to human resources strategy, although there is shared recognition that this is an important issue, there has not been enough concrete discussion. We need to clarify the skills required for future business strategy, and active discussion from the perspective of business strategy is required.</p>
<b>d. Other</b>	<p>Regarding human resources strategy, it is also necessary to recognize important issues and to further enhance IR activities as a company listed on the prime market, and to discuss IR activity policies and share the details of SR activities with the Board of Directors.</p>

#### (2) Improvement status of issues identified in the previous year's effectiveness evaluation

Based on the evaluation above, we will evaluate the issues identified in last year's effectiveness evaluation: (1) Invigorating discussions on important management issues and improving the quality of deliberations, (2) Company-wide succession and human resources strategies).

<b>a. Invigorating discussions on important management issues and improving the quality of deliberations</b>	In an effort to stimulate discussion and improve the quality of deliberations, as stated in (1)-(2), the executive side has set up preliminary briefings for important matters and has made them regular to improve the information provision system. We have also quantified the criteria for re-deliberation to the Board of Directors and have established a system that allows the Board of Directors to appropriately exercise its monitoring and supervisory functions. In the future, it will be necessary to improve the management of briefing sessions, and continued attention needs to be paid to the allocation of time for deliberation of important matters. On the other hand, in order to speed up the provision of materials, it is necessary to continue to review sharing methods and continuing efforts to secure time for scrutiny. In addition, there is a need for continued improvements in broader discussions regarding sustainability initiatives.
<b>b. Company-wide succession and human resources strategy</b>	As well as promoting the study and development of human resource development systems, the implementation of an engagement survey was also proposed as a countermeasure. At the time of this evaluation, the systems are still in the process of being developed or the results of the surveys are being analyzed, and continued efforts are required for discussion and verification based on these measures.

**Extracted issues and initiatives**

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

- (1) Monitoring the medium-term management plan
- (2) Setting effective KPIs
- (3) Deepening discussions on sustainability issues
- (4) Enhancing discussions on human resource strategies
- (5) Further strengthening the information provision system

### Compliance

In order to remain a business that can earn the trust of society and live up to its expectations, we make efforts to foster a corporate culture focused on compliance and enhance the awareness of executives and employees.


**Code of Conduct**

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

In March 2023, in light of the increasing importance of sustainability, we revised our Corporate Code of Conduct to clarify our emphasis on compliance and safety.

Click here for the reference site

[Code of Conduct](#)



#### Training Regarding Compliance

In this company's group, we use a cascade method of training, where line managers first receive training, and then the training is extended to all employees at their workplaces, including temporary and part-time employees. In FY 2022, all employees of group companies in Japan held discussions on the themes of the revised Whistle-blower Protection Act and the whistle-blower system. After each person considered the matter, discussions were held. 2,822 people participated. For FY 2023, we are currently conducting company-wide training on the theme of harassment.

#### Training Regarding Laws, Regulations, Etc.

In order to foster the knowledge of laws and regulations on business operations and legal mind, we regularly hold in-company seminars while inviting experts, including lawyers. Before the company group's full-scale human rights due diligence initiatives, we set the theme of various issues related to corporations and human rights, and we conducted video seminars within the group.

In addition, the Legal Affairs and Compliance Group writes explanations of laws and regulations and posts them on the intranet, in an effort for improvement on a company-wide level.

Contents: "Business and Human Rights, Human Rights Due Diligence"

Lecturer: Sayaka Kano, Attorney, Anderson, Mori & Tomotsune Law Office

- Global and domestic trends in business and human rights
- Mitsubishi Paper Mills Group Human Rights Policy established
- How to proceed with human rights due diligence

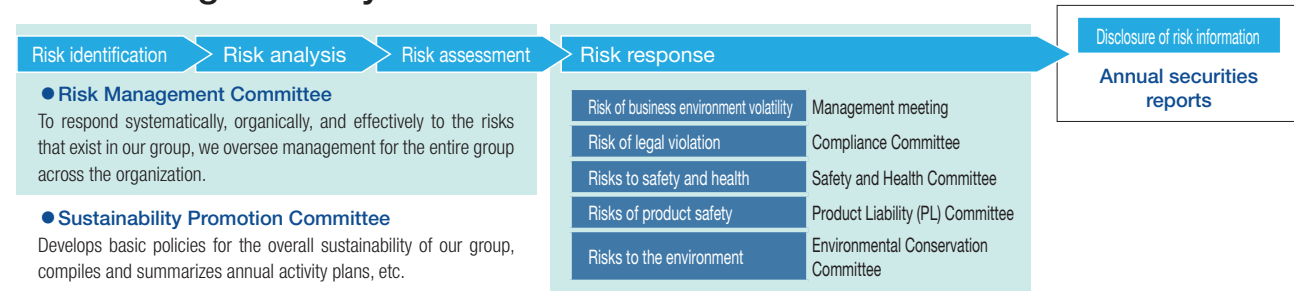
#### Internal Whistleblowing System

This company's group has established internal and external hotlines that are available to executives and employees working within this company's Japanese group (including part-time employees, temporary employees, and those who have retired within 1 year). Reports to the hotline are through a system we have in place that allows direct reporting to the company's Internal Audit Department or an external specialist company, and this ensures that information is communicated to top management in strict confidentiality. In addition, the whistle-blowing status is checked at the regularly held meeting of the Compliance Committee, and reported to the Board of Directors.

## Risk Management

The Risk Management Committee, which is supervised by the General Affairs Department, oversees Group-wide risk management efforts based on the sustainability promotion structure. Divisions at company headquarters, committees, and business sites are working on a variety of measures to strengthen risk management, including the establishment of various rules and manuals for responding to relevant risks, development of prevention systems and drills, and formulation of recurrence prevention measures when problems occur.

### Risk Management System



### Initiatives for major risks

	Principal risk contents	Countermeasures
Risk of business environment volatility	Decline in demand for Western paper	Switching to non-Western paper brands such as pulp and wrapping paper, and changing the business portfolio
	International situation changes and turmoil	Diversify (expand) sales destinations and secure alternative procurement routes for raw materials
	Procurement environment changes for raw materials, fuel, etc.	Promote multiple purchasing, consider raw materials, improve yield and energy intensity
Risk of legal violation	Compliance violation	Continued implementation of compliance education and thorough dissemination of an internal reporting system
	Competition Law violation	Preparation of an antitrust compliance manual and continuous implementation of compliance education
Risks to safety and health	Natural disasters such as large-scale earthquakes and floods	BCP formulation, cultivation of disaster prevention awareness, implementation of disaster prevention drills, sharing of disaster prevention information
	Industrial accident	Horizontal dissemination of accident cases at other mills, inspection of accident reports from a technical perspective, and formulation of measures to prevent recurrence
Risks of product safety	Quality accident	Horizontal dissemination of quality complaint cases, quality audits, sharing quality trouble status and recurrence prevention measures at company-wide meetings, efforts to eliminate major quality trouble
Risks to the environment	Late response to climate change	Promotion of energy saving, reducing the minimum output of coal boilers, switching from coals for fuel, setting CO <sub>2</sub> reduction targets
	Violation of environmental regulations	Horizontally spread information on environmental accidents at other factories, compile trends in past environmental trouble, and implement environmental measures prioritize over the medium to long term

#### ● Risk Map Enhancement

Currently, we monitor risks categorized into 22 types across the organization, analyze the impact and occurrence frequency of each risk, and organize them into a risk map. We are working to regularly identify and analyze risks to improve the effectiveness of our risk management.

#### ● Enhancing Information Management

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

#### ● Creation of a Business Continuity Plan (BCP)

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

#### ● Building a Crisis Management System

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

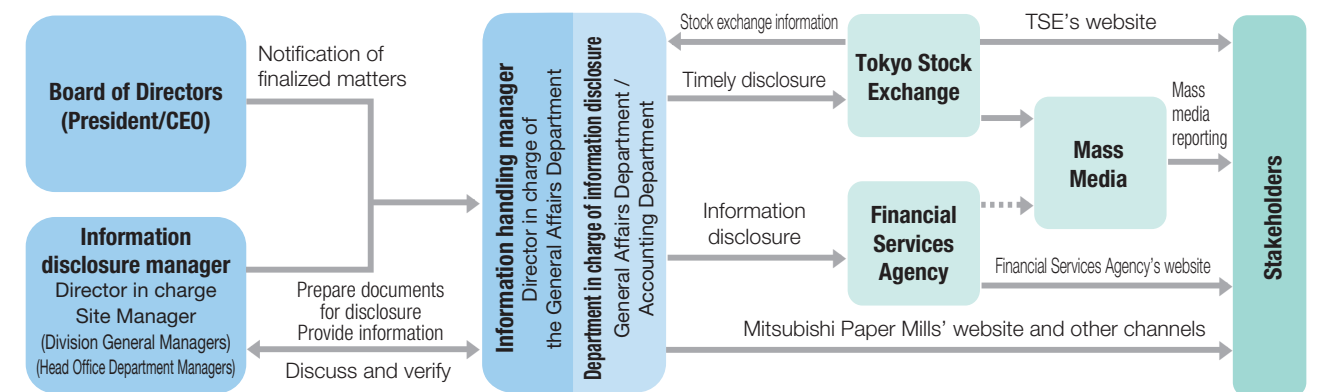
## Information disclosure and public relations

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

[Click here for the reference site](#) Information Disclosure Policy



### Information Disclosure System



### Communication

#### ● IR Information Website

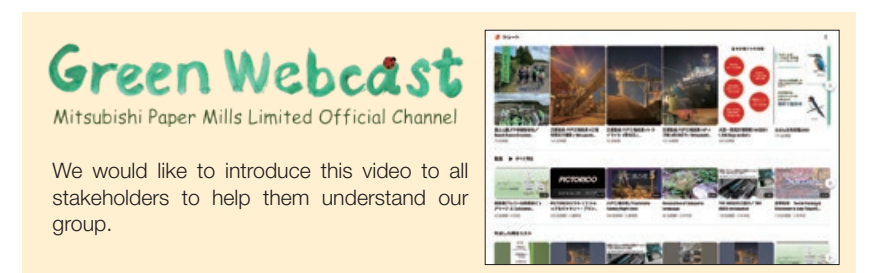
An investor relations page can be found on the Mitsubishi Paper Mills website. Information is disseminated in a timely manner on this page, which primarily provides earnings highlights, an IR calendar, an IR library (with access to annual business reports and medium-term management plan materials), General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

[Click here for the reference site](#) IR Information



#### ● Video Gallery

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



[YouTube channel](#)  
Mitsubishi Paper Mills Limited Official Channel





## Outside Director Roundtable Discussion



**Mitsunori Shinohara**  
Outside Director

**Yoshihiro Kataoka**  
Outside Director

**Atsuko Watanabe**  
Outside Director

### We will continue making recommendations from the unique perspective of an outside director to promote the growth of the organization.

#### As an outside director, what do you feel about Mitsubishi Paper Mills currently?

**Kataoka** This is my fifth year as an outside director, but I have been involved with Mitsubishi Paper Mills for about 15 years as a member of an independent committee. Looking back at the past, in addition to external factors such as the impact of the Great East Japan Earthquake, the COVID-19 pandemic, and the Russia/Ukraine issues, the paper industry continues to face an extremely difficult business environment in the modern era of a paperless society. Under these circumstances, various efforts have been made in response to revisions to items such as the Corporate Governance Code, but with the current system under President Kisaka, the speed of reform has rapidly increased. I feel that the results of our reforms are starting to become visible as we work on the “selection and concentration” strategy outlined in our medium-term management plan.

**Shinohara** This is my second year as an outside director. Unlike Mr. Kataoka and Mr. Watanabe, who are attorneys-at-law, I offer my opinions based on my experience in corporate management. I believe

there are six points in corporate management. The points are: “Approach our work with integrity”, “Accurately keep up with the times as a business that responds to change”, “Aim to secure stable growth and appropriate profits”, “Support employees’ self-actualization”, “Contribute to society and preserve the global environment”, and “Always be grateful to stakeholders”. We have expressed our opinions on Mitsubishi Paper Mills by taking into account the principles of the CG Code. As Outside Director Kataoka said, demand for paper is declining, but Mitsubishi Paper Mills’ technology is original and innovative. I think it’s important to take advantage of that.

**Watanabe** This was approved at the General Meeting of Shareholders in June this year, so I have only recently become an outside director. All of the executives at Mitsubishi Paper Mills come from a variety of backgrounds, and I feel that it is a very diverse organization. I am also the first female director of the company, and I hope that in the future there will be more female executives and managers, not only outside the company, but also within the company.

#### The first year of the medium-term management plan has come to an end, but how do you rate the management?

**Kataoka** We are proceeding with rationalization through the sale of the Flensburg mill in Germany, the transfer of Katsumata Co., Ltd.’s business, and other elimination and consolidation. Oji Holdings has become the largest shareholder for five years, but as an outside director, it is important to keep an eye on conflicts of interest and supervise to ensure that the interest of other minority shareholders are not harmed, and I recognize this as a responsibility. However, this is not the case, and our business alliance with Oji Holdings continues to generate synergistic effects. In terms of numbers, we have achieved results of nearly 3 billion yen annually. I hope we can effectively publicize these points as well.

**Shinohara** Over the past year, I feel that Mitsubishi Paper Mills has been focusing on risk management, including identifying a wide range of risks, sharing risk information, and responding to risks. We are also working on human resource development, especially executive training, with an eye to the future. I think we are becoming an organization where employees are rewarded for their hard work. While strengthening our foundation, we are steadily addressing the challenges of our medium-term management plan.

**Kataoka** I feel that the Board of Directors is becoming more active, with a greater number of communications and more diverse views exchanged each year. I’ve heard of companies that have an aura of “keep quiet”, but Mitsubishi Paper Mills doesn’t have that kind of atmosphere.

**Watanabe** On the other hand, this was also a year in which our business performance was greatly affected by external factors such as soaring raw material and fuel prices. I think things will be difficult, but I think the challenge going forward is to create a system that is less susceptible to external factors.

**Shinohara** I completely agree. To achieve this, we will utilize our technical power and increase the product value. I think we need to develop competitive, advanced products that can ensure profits under any circumstances. Mitsubishi Paper Mills mainly produces B2B products, but it could also take on the challenge of expanding into the B2C domain by drastically changing its thinking and incorporating women’s perspectives. I would like to see more women participating in business negotiations and product development.

#### What do you think should be done in the future to strengthen corporate governance?

**Kataoka** Compliance is now a matter of course for companies, and companies are required to realize “integrity management”, which means “honesty” and “honourability”, and “organizational integrity”, which clarifies the company’s reason for existing and contributes to society. I believe that the revision of the Code of Conduct of the Mitsubishi Paper Mills Group this spring is the first step towards integrity and purposeful management. It is important that all executives understand this Code and connect its philosophy to the actions of all employees.

**Watanabe** Educating people is also important. Mitsubishi Paper Mills is a manufacturing company, so we need to create an organization that prevents workplace accidents and long working hours through education and training. We also provide training and support for issues that cannot be seen from performance figures, such as childbirth, childcare, and nursing care, which each employee has to deal with while working. Training for building appropriate relationships is also necessary. I hope that such topics will be brought up at Board of Directors meetings.

**Shinohara** Since corporate governance means collaborating with all stakeholders in a transparent, appropriate, and equal manner, we also recognize that it is also about creating a company where employees can also work autonomously. If the company becomes an enjoyable place to work in, there will be no fraud, and product quality will improve. We also believe that by allowing employees to experience working in various departments, each employee will be able to identify problems within the company and realign themselves with the strengths of Mitsubishi Paper Mills, which will lead to further development.

**Kataoka** Until now, Japanese manufacturers have succeeded in improving quality by identifying business risks and eliminating them. On the other hand, I feel that people are becoming too nervous about new opportunities and the risks that come with them, leading to the stagnation of the Japanese economy. From now on, I think we need to not only deal with risks, but also be able to seize opportunities and connect them to the future. I believe it is the responsibility of outside directors to make recommendations from this perspective.



## Audit &amp; Supervisory Board Member (Outside Audit &amp; Supervisory Board Member) Roundtable Discussion



Satoshi Takizawa

Outside Audit &amp; Supervisory Board Member

Hiroaki Tonooka

Outside Audit &amp; Supervisory Board Member

Nobuko Otsuka

Standing Audit & Supervisory Board Member  
Outside Audit & Supervisory Board Member

## We will continue to monitor the fairness and transparency of management under a stronger audit system

**As we enter the second year of the medium-term management plan, please tell us about the current status of the audit system**

**Tonooka** This marks the 7th year since I was appointed corporate auditor in 2016, and the “Outside Officer Management Briefing Session” was established in April 2022, when the medium-term management plan started and President Kisaka was appointed. As a result, there have been major changes in the duties of corporate auditors. This is intended to strengthen and improve the information sharing system between the company and outside officers, and the amount of information available to me as a corporate auditor has increased significantly. Having the three-party audit system, where our Internal Audit Department, the auditing company, and the corporate auditors are involved, is considered to be the essential requirement for valid auditing. Given these changes, however, we would like to deepen mutual cooperation even beyond the three-party system in the future.

**Takizawa** Another major change is that the number of full-time auditors has increased from one to two. This means that the amount, breadth,

and depth of internal information shared with part-time staff like us has doubled. I believe that Mitsubishi Paper Mills is currently in an important period of change, breaking way from the traditional paper manufacturing industry and sowing various seeds with an eye on the medium to long term. Under such circumstances, the appointment of Ms. Otsuka, who has experience as an auditor in the paper industry, and Mr. Kusuda, an equipment specialist with experience as a factory manager, means that they will be able to address various issues and risks within the company, and I believe that this is the best combination.

**Otsuka** Amidst the common management issues faced by the pulp and paper industry, we have declared our commitment to “creating value for a new Mitsubishi Paper Mills Group”, and we can say that we are at an important turning point in our management. When it comes to major business reforms and goals associated with them, governance and compliance tend to take a back seat or fall apart. We believe that strengthening the audit system has an important significance in protecting the corporate governance of our group and supporting the future Mitsubishi Paper Mills Group.

**From your standpoint as an Outside Audit & Supervisory Board Member, what aspects of Mitsubishi Paper Mills are you currently paying attention to?**

**Tonooka** It was mentioned earlier that the company is at a turning point, but as a corporate auditor, I think it is important to see how employees perceive major transformations such as the medium-term management plan. For example, in Japanese companies, an excessive sense of loyalty to the company can sometimes endanger the safety and health of employees. When people are saying “It’s a difficult time for the company, so let’s work harder” and take on an unreasonable amount of burdens at work, is there not a connection? This is not to say that a company-loving spirit is bad, but the first priority is to be a company where employees are happy and feel motivated. I believe that this will ultimately bring good results to shareholders and customers, and increase corporate value.

**Takizawa** While business executives view business strategies from a combination of medium to long term and short term perspectives, many employees may tend to view work in a shorter span of time. Therefore, it is important for our managers to communicate with the employees to make sure that they clearly understand the significance of some transformations which may be difficult but essential for our survival in medium to long terms. Mitsubishi Paper Mills conducts an “engagement survey” to quantify the strength of the bond between employees and the company, and employees’ awareness of the company is an important factor in creating the corporate culture. I think a fixed-point observation should be done on a regular basis.

**Otsuka** I also place a great importance on corporate culture, as it is the cornerstone of a company’s value creation. I believe that this does not depend on the “natural-born goodness” theory of individual employees, but rather requires managers to properly protect and develop their employees by creating systems as an organization. In addition, we have added a new female outside director, and we hope that the infusion of diverse perspectives will create a positive chemical reaction.

**Tonooka** New graduate recruitment has also resumed, and it seems that many new employees are women.

**Otsuka** We also focus on human resource management, including recruitment and training.

Nowadays, companies don’t choose people, people choose companies. Companies that do not allow employees to work in a fun and energetic manner will not be chosen, and as a result they will not be able to produce attractive products.

**Tonooka** Exactly. If young people are not hired, the company will age. New recruits grow and lead the next newcomers. I hope that this cycle continues.

**What areas would you like to work on in the future as an Outside Audit & Supervisory Board Member?**

**Tonooka** This fiscal year, we aim to achieve an operating income of 6 billion yen while proceeding with our ongoing structural transformations. This is a very big challenge, so I will be looking closely to see if the proper process is being followed to achieve the goal. It is also important to check management from a variety of perspectives, including not only shareholders, but also employees, customers, business partners, and society.

**Takizawa** As Mitsubishi Paper Mills is a premium listed company, I would like to pay attention to whether it satisfies various stakeholders. I believe that the disclosure of non-financial information will expand and attract more attention in the future, so I think we need to make sure that the market evaluates the value of so-called intangible assets such as technology, patents, and human resources. In addition, since I was appointed as a corporate auditor, I have visited our main mills in Hachinohe, Kitakami, Kyoto, and Takasago, and I would like to continue to visit the sites and listen to the opinions of our employees. From my standpoint as an outsider, I will work with outside directors to identify issues facing the company.

**Otsuka** An effective audit depends on how much information can be collected, analyzed, and judged appropriately. I would like to take advantage of my full-time position, where I have easy access to information, to listen to the opinions of those within the company, share wisdom among corporate auditors, and make accurate recommendations. For many years, I have approached my work with a “client first mentality”, and from the standpoint of an outside officer, I am always aware of transparency and fairness in audits. I would like to fulfill my responsibilities for each stakeholder that lies ahead.



## Consolidated Balance Sheets

(Unit: million yen)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,047	8,325
Notes receivable - trade	7,724	8,074
Accounts receivable-trade	33,879	38,470
Merchandise and finished goods	23,446	25,257
Work in process	6,487	6,322
Raw materials and supplies	10,857	18,498
Other	3,969	4,166
Allowance for doubtful accounts	△130	△92
<b>Total current assets</b>	<b>95,282</b>	<b>109,024</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	98,523	96,663
Cumulative depreciation	△76,122	△76,243
Accumulated impairment loss	△1,065	△716
<b>Buildings and structures, net</b>	<b>21,335</b>	<b>19,703</b>
Machinery, equipment and vehicles	357,786	359,855
Cumulative depreciation	△319,028	△323,296
Accumulated impairment loss	△1,063	△1,640
<b>Machinery, equipment and vehicles, net</b>	<b>37,694</b>	<b>34,918</b>
Land	21,276	20,625
Leased assets	4,050	4,651
Cumulative depreciation	△2,893	△3,512
<b>Leased assets, net</b>	<b>1,156</b>	<b>1,138</b>
Construction in progress	1,638	733
Other	8,830	8,861
Cumulative depreciation	△7,308	△7,426
Accumulated impairment loss	△32	△299
<b>Other, net</b>	<b>1,489</b>	<b>1,135</b>
<b>Total property, plant and equipment</b>	<b>84,590</b>	<b>78,256</b>
<b>Intangible assets</b>		
Other	1,864	2,379
<b>Total intangible assets</b>	<b>1,864</b>	<b>2,379</b>
<b>Investments and other assets</b>		
Investment securities	19,868	21,605
Long-term loans receivable	1,215	765
Net defined benefit asset	10,662	12,035
Deferred tax assets	1,384	2,132
Other	1,081	923
Allowance for doubtful accounts	△70	△64
<b>Total investments and other assets</b>	<b>34,141</b>	<b>37,398</b>
<b>Total non-current assets</b>	<b>120,596</b>	<b>118,034</b>
<b>Total assets</b>	<b>215,879</b>	<b>227,058</b>

(Unit: million yen)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	24,617	28,710
Electronically recorded obligations	3,541	3,485
Short-term loans payable	56,433	61,467
Commercial paper	6,000	5,000
Lease obligations	380	509
Accrued expenses	6,728	6,597
Income taxes payable	475	302
Contract liabilities	500	371
Reserve for loss on business transfer	-	1,614
Other	4,043	2,399
<b>Total current liabilities</b>	<b>102,720</b>	<b>110,457</b>
<b>Non-current liabilities</b>		
Long-term loans payable	29,960	32,603
Lease obligations	586	596
Deferred tax liabilities	694	938
Provision for share benefits	24	53
Provision for directors' retirement benefits	69	49
Net defined benefit liability	9,277	7,603
Asset retirement obligations	885	885
Other	2,048	1,827
<b>Total non-current liabilities</b>	<b>43,545</b>	<b>44,559</b>
<b>Total liabilities</b>	<b>146,265</b>	<b>155,016</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,561	36,561
Capital surplus	6,488	6,524
Retained earnings	13,962	13,357
Treasury shares	△228	△430
<b>Total shareholders' equity</b>	<b>56,784</b>	<b>56,012</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on other securities	4,688	5,532
Adjustment for foreign currency exchange	952	1,111
Remeasurements of retirement benefits	7,182	9,372
<b>Total accumulated other comprehensive income</b>	<b>12,824</b>	<b>16,015</b>
<b>Non-controlling interests</b>	<b>5</b>	<b>13</b>
<b>Total net assets</b>	<b>69,613</b>	<b>72,041</b>
<b>Total debt and net assets</b>	<b>215,879</b>	<b>227,058</b>

## Consolidated Statements of Income - Consolidated Statements of Comprehensive Income

(Unit: million yen)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Consolidated Statements of Income</b>		
<b>Sales</b>	<b>181,920</b>	<b>209,542</b>
<b>Cost of sales</b>	<b>156,151</b>	<b>182,288</b>
<b>Gross profit</b>	<b>25,768</b>	<b>27,253</b>
<b>Selling, general and administrative expenses</b>	<b>26,017</b>	<b>26,285</b>
<b>Operating profit or loss (△)</b>	<b>△248</b>	<b>968</b>
<b>Non-operating income</b>		
Interest income	30	27
Dividend income	531	652
Share of profit of entities accounted for using equity method	1,066	670
Foreign exchange gains	1,038	983
Other	436	545
<b>Total non-operating income</b>	<b>3,104</b>	<b>2,878</b>
<b>Non-operating expenses</b>		
Interest expense	581	574
Other	309	182
<b>Total non-operating expenses</b>	<b>891</b>	<b>757</b>
<b>General Income</b>	<b>1,964</b>	<b>3,089</b>
<b>Special Profit</b>		
Gain on disposal of non-current assets	53	39
Subsidy income	-	347
Gain on sales of investment securities	1,394	4
Gain on business transfer	840	-
Reversal of allowance for doubtful accounts for subsidiaries and associates	285	-
Other	430	35
<b>Total special profit</b>	<b>3,004</b>	<b>427</b>
<b>Special Losses</b>		
Loss on disposal of non-current assets	402	263
Non-current assets reduction loss	-	329
Impairment loss	1,317	52
Loss on business transfer	-	3,192
Special severance benefit	433	651
Loss on valuation of investment securities	779	12
Loss on valuation of shares of subsidiaries and associates	395	-
Other	85	22
<b>Total special losses</b>	<b>3,414</b>	<b>4,523</b>
<b>Net profit or loss before taxes and other adjustments (△)</b>	<b>1,554</b>	<b>△1,006</b>
Income taxes-current	881	354
Income taxes - deferred	△425	△797
Income taxes	455	△443
<b>Net profit or losses (△)</b>	<b>1,098</b>	<b>△563</b>
Net income attributable to non-controlling shareholders	2	7
<b>Net profit or loss attributable to parent company shareholders (△)</b>	<b>1,096</b>	<b>△571</b>

(Unit: million yen)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Consolidated Statements of Comprehensive Income</b>		
Net profit or losses	1,098	△563
<b>Other comprehensive income</b>		
Valuation difference on other securities	745	843
Foreign currency translation adjustment	40	171
Remeasurements of defined benefit plans, net of tax	5,070	2,189
Share of other comprehensive income of entities accounted for using equity method	2	△12
<b>Total other comprehensive income</b>	<b>5,858</b>	<b>3,192</b>
<b>Comprehensive income</b>	<b>6,957</b>	<b>2,628</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	6,954	2,620
Comprehensive income attributable to non-controlling interests	2	8

## Consolidated Statements of Changes in Net Assets

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

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

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

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

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

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

## Consolidated cash flow statement

(Unit: million yen)

	FY2021 (March 31, 2022)	FY2022 (March 31, 2023)
<b>Cash flows from operating activities</b>		
Net profit or loss before taxes and other adjustments (△)	1,554	△1,006
Depreciation Expenses	8,489	8,287
Impairment loss	1,317	52
Increase / decrease in assets regarding retirement benefits (△ Increase)	281	△1,520
Increase / decrease in asset liabilities regarding retirement benefits (△ Decrease)	218	167
Increase / Decrease in reserves for directors' retirement benefits (△ Decrease)	14	△19
Increase / Decrease in reserves for stock benefits (△ Decrease)	24	29
Interest and dividend income	△562	△679
Equity method investment profit or loss (△ Increase)	△1,066	△670
Foreign exchange profit or loss	△509	△573
Interest expense	581	574
Investment security sales profit or loss (△ Increase)	△1,394	△4
Valuation of investment securities profit or loss (△ Increase)	779	12
Fixed asset sales profit or loss (△ Increase)	349	223
Business transfer profit or loss (△ Increase)	△840	3,192
Fixed assets reduction losses	-	329
Subsidy income	-	△347
Increase / decrease in trade receivables (△ Increase)	△12,551	△4,498
Decrease / Increase in inventories (△ Increase)	96	△8,115
Increase / Decrease in trade payables (△ Decrease)	6,083	3,293
Other	△694	△1,243
<b>Subtotal</b>	<b>2,174</b>	<b>△2,517</b>
Subsidies received	200	547
Interest and dividend income received	562	680
Interest expenses paid	△584	△535
Income taxes paid	△652	△896
<b>Cash flows from operating activities</b>	<b>1,698</b>	<b>△2,721</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	△6,255	△4,546
Proceeds from sales of property, plant and equipment and intangible assets	116	717
Purchase of investment securities	△11	△11
Proceeds from sales of investment securities	2,759	12
Payments of loans receivable	△0	△0
Collection of loans receivable	743	450
Proceeds from business transfer	840	-
Other	△750	△186
<b>Cash flows from investing activities</b>	<b>△2,557</b>	<b>△3,565</b>
<b>Cash flows from financing activities</b>		
Net increase / decrease in short-term loans payable (△ Decrease)	△416	3,774
Net increase / decrease in commercial paper (△ Decrease)	△1,000	△1,000
Proceeds from long-term loans payable	9,800	14,288
Repayments of long-term loans payable	△13,998	△11,196
Repayments of lease obligations	△398	△441
Purchase of treasury shares	△75	△214
Proceeds from sales of treasury shares	0	-
Dividends paid to non-controlling interests	△1	△0
<b>Cash flows from financing activities</b>	<b>△6,091</b>	<b>5,209</b>
Effect of exchange rate change on cash and cash equivalents	296	213
<b>Net increase / decrease in cash and cash equivalents (△ Decrease)</b>	<b>△6,654</b>	<b>△863</b>
Cash and cash equivalents at beginning of period	15,701	9,047
Increase in cash and cash equivalents due to new consolidation	-	142
<b>Cash and cash equivalents at end of period</b>	<b>9,047</b>	<b>8,325</b>



# Company Profile/Company Data

## Company Profile

**Company Name** Mitsubishi Paper Mills Limited  
 MITSUBISHI PAPER MILLS LIMITED  
**Address** 2-10-14 Ryogoku, Sumida-ku, Tokyo  
 130-0026, Japan  
**Representative** Ryuichi Kisaka, President & CEO  
**Founded** 1898 (Meiji 31)  
**Capital Stock** 36,561 million yen  
**Consolidated Number of Employees** 3,171  
**Shareholder Register Administrator**  
 Mitsubishi UFJ Trust and Banking Corporation  
**Independent Auditor**  
 Ernst & Young ShinNihon LLC

### Main Business Activities

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

#### [Functional Materials Business]

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

#### [Sustainable Fiber Materials Business]

Coated and uncoated graphic papers, magazine paper, specialty printing paper, hygienic paper, packing paper, electrical insulation press board, high-quality white paperboard, specialty white paperboard, base paper for photographic paper, other specialty paper, bleached kraft pulp, specialty pulp, and warehousing and transport-related business

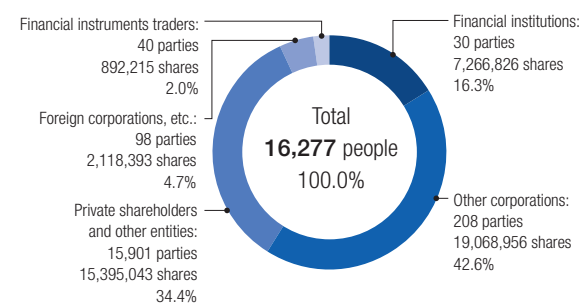
#### [Other Businesses]

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

### Main Group Companies

Mitsubishi Oji Paper Sales Co., Ltd.  
 MPM Operation Co., Ltd.  
 MPM Oji Home Products Co., Ltd.  
 Mitsubishi Paper Engineering Co., Ltd.  
 Shin-Hokuryo Forest Products Co., Ltd.  
 Kyoryo Chemical Co., Ltd.  
 Takasago Paper Processing Co., Ltd.  
 Ryoko Co., Ltd.  
 KJ Specialty Paper Co., Ltd.  
 Toho Tokushu Pulp Co., Ltd.  
 Ryoshi Co., Ltd.  
 NAMITSU Co., Ltd.  
 MPM Oji Eco-Energy Co., Ltd.  
 (\* Equity method affiliate)  
 Mitsubishi Paper Holding (Europe) GmbH  
 Mitsubishi HiTec Paper Europe GmbH  
 Mitsubishi Imaging (MPM), Inc.  
 Zhuhai MPM Filter, Ltd.

- Total number of authorized shares 90,000,000
- Total number of outstanding shares 44,741,433
- Total number of shareholders 16,277  
 (285 year-over-year decrease)



Click here for the reference site  
**Business overview**

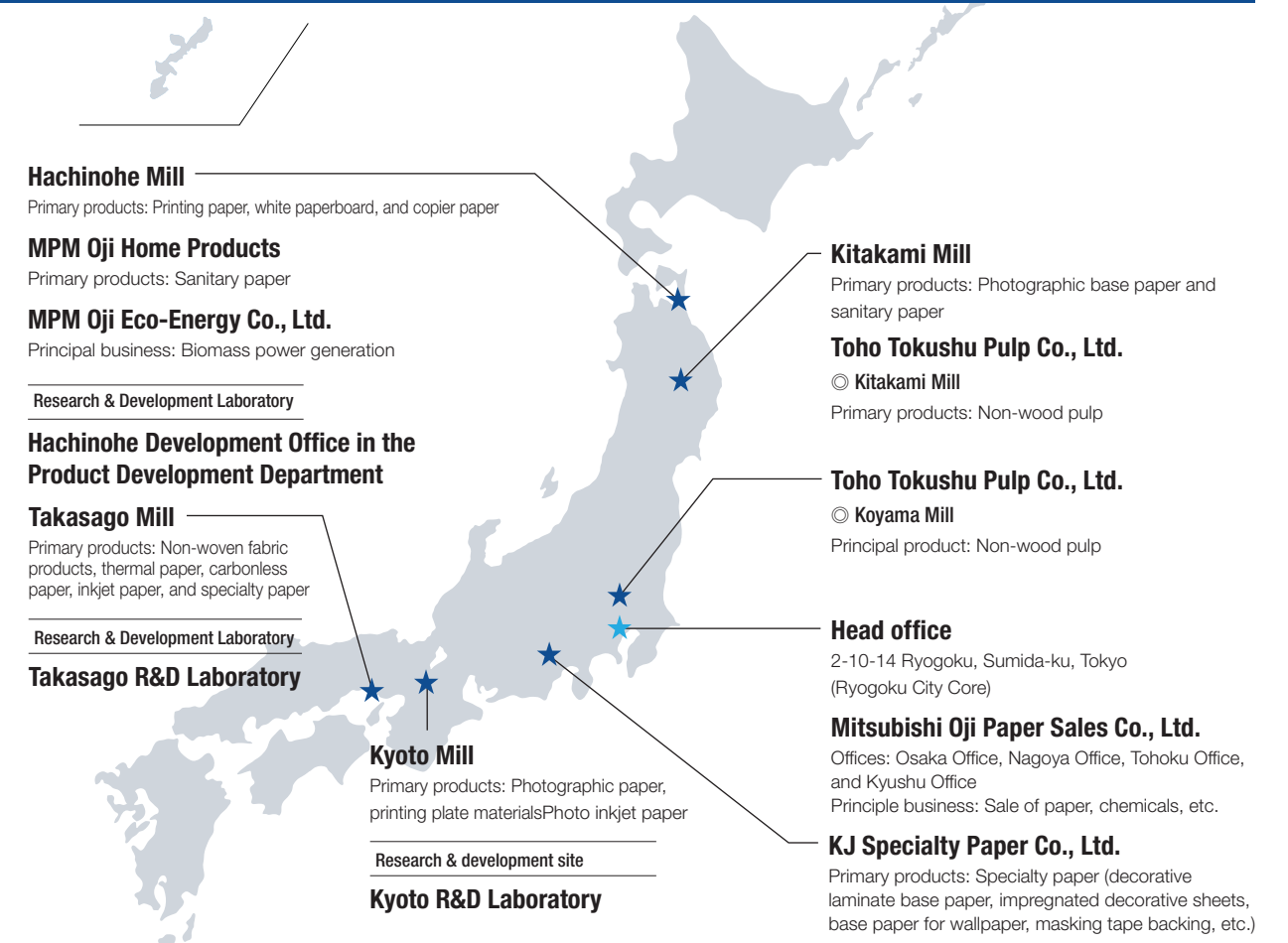


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**IR Information**



## Domestics/Overseas Bases

### Domestic Offices and Mills



Hachinohe Mill



Kitakami Mill



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



Takasago Mill



Kyoto Mill



KJ Specialty Paper Co., Ltd.

★ Head Office  
 Domestic Sales Locations  
 ★ Domestic Production Facilities

### Overseas Production and Sales Facilities

#### Mitsubishi HiTec Paper Europe GmbH

● Bielefeld Mill  
 Bielefeld, Germany  
 Primary products: Thermal paper, carbonless paper, and inkjet paper

#### Zhuhai MPM Filter, Ltd.

Zhuhai, Guangdong, China  
 Primary products: Various filters

#### Mitsubishi Imaging (MPM), Inc

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