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**Mitsubishi Paper Mills Limited**

Ryuichi Kisaka, President and Chief Executive Officer

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Corporate Governance Management Dept.

Securities code: 3864

<https://www.mpm.co.jp/>

The corporate governance of Mitsubishi Paper Mills Limited (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

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. The Company publishes its policies in response to the core principles of Corporate Governance Code on its website in "Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance" (hereinafter, "Basic Policies").

<https://www.mpm.co.jp/eng/company/pdf/basicpolicies.pdf>

### Reasons for Non-compliance with the Principles of the Corporate Governance Code

Based on the Corporate Governance Code as revised in June 2021, including matters regarding the Prime Market.

### Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4: Cross-Shareholdings]

#### (1) Policy for cross-shareholdings

The Company shall hold shares that it judges necessary for strategic reasons, taking into account matters such as the Company's business strategies or the enhancement of business relationships with its business partners. In addition, the Board of Directors examines each individual cross-shareholding every year, in terms of the purpose and rationality of such holding, and shall promote reduction.

#### (2) Details of examination of cross-shareholdings

The Company sold some of its cross-shareholdings based on careful examination of individual holdings in accordance with the policy in (1). (FY2023: The whole Group sold a total of 13 stocks.)

(3) Standards for the exercise of voting rights related to cross-shareholdings

When exercising voting rights with respect to any cross-shareholdings, the Company shall vote in favor of proposals that it judges will contribute to the improvement of the shareholder value of the company, and vote against when there is a risk of conflict with the company or when serious concerns arise over corporate governance.

(Please refer to Article 4, Paragraphs 1 and 2 of the Basic Policies.)

[Principle 1.7: Related Party Transactions]

Directors of the Company shall as a general rule not make any conflict-of-interest transaction with the Company or any competing transaction that falls under any of the Company's lines of business. When engaging in such a transaction, to avoid harming the interests of the Company, the director shall explain its details, purpose and others at a Board of Directors meeting and obtain prior approval pursuant to provisions of the Companies Act and others. Upon its completion of the transactions, the director shall report any material facts concerning that transaction to the Board of Directors without delay. Based on the report, the Board of Directors shall check the appropriateness of that transaction.

When making a transaction with any related party, the Company shall adequately check the details and purpose of that transaction, ensure that it would not harm the interests of the Company and the common interests of shareholders and proceed to enter into the transaction after obtaining prior approval at a Board of Directors meeting. The details of that transaction shall be reported every year to the Board of Directors, which shall check its appropriateness.

(Please refer to Article 6 of the Basic Policies.)

[Supplementary Principle 2.4.1 Ensuring diversity in the promotion of core human resources, etc.]

The Group aims for sustainable improvement in its corporate value by becoming a more energetic corporate group that is a great place to work. The Company believes that the realization of diversity helps improve productivity and strengthen competitiveness, and is promoting initiatives on the themes of "Diversity & Inclusion," "Improvement of Work Engagement" and "Transformation of the way we work " respectively. As a first step to ensuring diversity in core human resources, the Company has set a target for expanding the pool of candidates, which is currently too small, and is working to achieve this target.

< Initiatives towards diversity & inclusion >

To promote the active participation and career advancement of women, the Company appointed one female Outside Director and one female full-time Audit & Supervisory Board Member (ratio of female officers as of June 27, 2024: 17%). In addition, one female Executive Officer was appointed in FY2024. To increase the ratio of women in management positions, the Company will first ensure a pool of female candidates for management positions in Japan and promote the mid-career recruitment and development of human resources with the necessary knowledge, experience and skills.

- Target ratio of women employees under "Action Plan on Women's Participation and Advancement" of 30% or more  
[Result] Ratio of women employees in FY2023: 40%
- FY2025 target of 100 or more female regular employees [Result] 81 (as of the end of March 2024)

Against the backdrop of intensifying global competition and Japan's super-aging society, the Company is encouraging the hiring of foreign nationals and persons with disabilities to promote the transfer of technology and skills and multi-skilling.

- Promotion of employment of foreign nationals (securing of sales personnel to implement overseas sales strategies, acceptance of mill operating personnel) [Result] In FY2023, 5 foreign nationals were hired and 26 foreign temporary agency workers ('haken shain') were accepted (domestic group companies).

- Implementation of initiatives to satisfy mandatory employment rate for persons with disabilities

[Target] Mandatory employment rate for persons with disabilities of 2.3%

[Result] FY2023 result: 2.6%

The Company actively hires mid-career professionals, drawing on their diverse experience and values to build vibrant organizations. The Company is also leveraging its alumni human capital (former employees of the Company) through the development of the welcome back program and is actively working to absorb the knowledge and experience these alumni have gained outside the company.

[Goal] Continued hiring of midcareer professionals

[Result] In FY2023, 23 mid-career professionals (including 1 manager) were hired.

#### < Initiatives to Improve Work Engagement >

In October 2023, the Company conducted a Work Engagement Survey, and reported the survey results to the Board of Directors. By sharing the strengths and issues of each work place based on the survey results and by holding work place environment improvement workshops to draw up and implement action plans, the Company is bringing about improvement in employee engagement.

#### < Transformation of the way we work >

The Company is implementing a wide range of initiatives to develop pleasant and fulfilling workplaces where each employee can fully demonstrate his or her skills. These initiatives include introducing hot desking to improve business efficiency and increase communication, introducing a telework system and a staggered working hours system to enhance work-life balance and improve productivity, reviewing the operation of meetings to shorten meeting duration and improve business efficiency, and cooperating with health insurance associations (Health & Productivity Management and Collabo-Health Promotion Committee) to provide specific health guidance.

For further details on the above initiatives and other human capital initiatives, please refer to the FY2024 Integrated Report to be published on the Company's website (<https://www.mpm.co.jp/eng/env/report.html>) in September 2024.

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company operates a defined contribution pension plan and distributes educational and awareness-raising materials to help employees build wealth in a sound manner. The Company also monitors the performance of investment products on a regular basis.

[Principle 3.1: Full Disclosure]

(1) Company objectives (e.g., business principles), business strategies and business plans

The Group's corporate philosophy (<https://www.mpm.co.jp/eng/company/rinen.html>) and management strategies and medium-term management plan (<https://www.mpm.co.jp/eng/ir/midplan.html>) are published on the Company's website.

(2) Basic views and policies on corporate governance

Please refer to "I-1. Basic Views" in this Report and the Company's "Basic Policies on Corporate Governance"

<https://www.mpm.co.jp/eng/company/pdf/basicpolicies.pdf>

(3) Policies and procedures by which the Board of Directors determines the compensation of Executive Management and Directors

Remuneration of Directors and Executive Officers shall be one that is appropriate, fair and well-balanced, capable of motivating them to aim at delivering the sustainable growth of the group and the mid-to-long-term improvement in its corporate value. For details of the policy and procedures, please refer to II-1 "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this Report.

Please also refer to Article 22 and Article 23, Paragraph 3 (ii) of the Basic Policies.

(4) Policies and procedures by which the Board of Directors appoints and dismisses Executive Management and nominates candidates for Director or Audit & Supervisory Board Member

The Company specifies the qualifications for Directors, Audit & Supervisory Board Members, Executive Officers and Mission Executives (\*) in the Basic Policies, and has established a Nomination and Remuneration Committee comprised of 2 representative directors and 2 independent outside directors and chaired by an independent outside director. When electing or dismissing an Executive Officer, etc. or nominating candidates for Director or Audit & Supervisory Board Member, the Board of Directors shall make a decision after seeking and receiving advice from the Nomination and Remuneration Committee. Executive officers, etc. of the Company shall be elected to a one-year term of office and the Nomination and Remuneration Committee shall examine candidates for Executive Officer, etc. including candidates for reelection from the viewpoints of qualification requirements, aptitude, etc. and shall judge the appropriateness of the contents of election proposals.

(Please refer to Article 18, Article 19, Article 20 and Article 23, Paragraph 3 (i) of the Basic Policies.)

\*A person who serves as deputy head, etc. of an important organization and plays an important role as an officer in a specific area

(5) Explanation of individual appointments/dismissals and nominations when the Board of Directors appoints and dismisses executive management and nominates candidates for Directors and Audit & Supervisory Board Members  
Individual appointments / dismissals and nominations when the Board of Directors appoints and dismisses executive management and nominates candidates for Directors and Audit & Supervisory Board Members shall be approved by the Board of Directors after seeking and receiving advice from the Nomination and Remuneration Committee. Please also refer to the Notice of the Ordinary General Meeting of Shareholders, which includes reasons for the nomination of candidates for Director and Audit & Supervisory Board Member.

Reference Documents for the 159th Ordinary General Meeting of Shareholders

<https://www.mpm.co.jp/news/pdf/2024/20240611-1.pdf>

[Supplementary Principle 3.1.3: Initiatives for Sustainability, etc.]

The Group believes that for a company to survive as a member of society, it must not only secure profits, but also fulfill its social responsibility towards its various stakeholders. The purpose of sustainability is to increase corporate value through gaining the trust and fellowship of everyone, and the Group recognizes that sustainability is an important management issue that must be integrated into business activities to meet social expectations. To this end, the Company has established Sustainability Basic Policies as follows.

### **Sustainability Basic Policies**

- ◆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.
- ◆Deliver sustainability promoting products and services to the global market.

In order to promote corporate group management with an emphasis on sustainability, the Company appointed a director in charge of sustainability 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.

< Investment in non-financial capital such as human capital >

The Group aims for sustainable improvement in its corporate value by becoming a more energetic corporate group that is a great place to work. To this end, the Company established its "Principles and Guidelines on Human Rights

and Labor Practices", and is working to develop pleasant and fulfilling workplaces where each employee can fully demonstrate his or her skills through initiatives on the themes of diversity & inclusion, improvement of work engagement, and transformation of the way we work.

< Climate Change Initiatives >

Based on the Company's corporate philosophy and Sustainability Basic Policies, the Group recognizes climate change as one of its key management issues. The Group formulated "the Mitsubishi Paper Mills Group Environmental Vision 2050" to contribute to the Japanese government's long-term goal of achieving carbon neutrality by 2050. The Group is also participating in the GX League (GX: Green Transformation) established under the leadership of the Japanese Government, and aims to achieve carbon neutrality by maximizing use of renewable energy, using carbon fixation technology, and developing environmentally friendly products.

Aiming for the sustainable growth of the Group, the medium- to long-term enhancement of its corporate value and contribution to society, the Group is promoting information disclosure in line with the recommendations of the TCFD regarding both the risks and opportunities that climate change poses to its business. In April 2024, the Company expressed support for the TCFD and also participates in the TCFD Consortium, implements scenario analysis and considers and discloses strategies and countermeasures to address risks and opportunities.

For further details of these initiatives, please refer to the Company's website

(<https://www.mpm.co.jp/eng/env/index.html>) and the FY2024 Integrated Report

(<https://www.mpm.co.jp/eng/env/report.html>) to be published on the Company's website in September 2024.

[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]

The Board of Directors shall make decisions on significant business execution pursuant to what is prescribed in laws and regulations, and the Articles of Incorporation, Board of Directors regulations, Board of Directors and others. With respect to any matters other than those which, pursuant to such provisions, should be subject to the authority of the Board of Directors, its authority will be delegated to executive officers including representative directors and executive officers in order to make prompt decisions on business execution.

(Please refer to Article 14, Paragraph 2 of the Basic Policies.)

[Principle 4.9 Establishment of criteria for judging the independence of Independent Outside Directors]

Please refer to Article 18, Paragraph 4 of the Basic Policies, and the Exhibit "Independence Criteria".

[Principle 4.10.1: Approach to the Independence of the Nomination and Remuneration Committee, As Well As Its Authority and Role]

The Company has established the Nomination and Remuneration Committee as advisory bodies to the Board of Directors. Members of the Nomination and Remuneration Committee shall be elected from among representative directors and independent outside directors, and shall be chaired by an independent outside director. The chairperson shall have the casting vote in the event of a tie vote. The Nomination and Remuneration Committee fulfills the role of

examining the appropriateness of Director and Audit & Supervisory Board Member, executive officer, etc. elections and dismissals and the policy on the remuneration of directors and executive officers and details of the remuneration for each individual and reporting to the Board of Directors, and the Board of Directors respects such reports when passing resolutions.

(Please refer to Article 23 of the Basic Policies.)

[Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Appropriate Board Size]

When determining candidates for the election of directors, the Company pays attention to the diversity of those who compose the Board of Directors, considering the balance between personnel who can play to their strengths in corporate management in a business area in which the group currently operates, or may operate in the future, personnel who are fit for business administration, personnel who can adequately fulfill supervising functions and others. Looking at the three outside director candidates currently in office, the Company nominated personnel with experience of corporate management at other companies who, based on their experience, knowledge, expertise, etc., and, from an independent standpoint, supervise corporate management, monitor any conflict of interest between the management team, etc. and the Company, and can properly reflect the opinions of stakeholders.

[Supplementary Principle 4.11.2: Status of Concurrent Serving of Directors and Audit & Supervisory Board Members as Directors, Audit & Supervisory Board Members or the Management at Other Listed Companies]

The Company has disclosed the status of concurrent officer positions held at other listed companies since its business report for FY2015.

(Please refer to Article 21 of the Basic Policies.)

[Supplementary Principle 4-11-3: Summary of the Results of Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

A summary of the analysis and evaluation results of the effectiveness of the Board of Directors as a whole for FY2024 is as follows.

(Please refer to Article 28 of the Basic Policies.)

<Summary of the analysis and evaluation results of the effectiveness of the Board of Directors as a whole for FY2024>

The Company's Board of Directors conducted a questionnaire and interviews of Directors and Audit & Supervisory Board Members to analyze and evaluate the effectiveness of the Board of Directors as a whole, and held discussions at meetings of the Board of Directors based on the results. A summary is provided below. In addition to sharing the current understanding, the Board of Directors will continually work to improve its effectiveness through initiatives that contribute to identifying issues and demonstrating the functions of the Board of Directors.

## 1. Method of evaluation

### (1) Evaluation process

In the period from December 2024 to January 2025 ▶ All Directors (8) and all Audit & Supervisory Board Members (4) were given an effectiveness evaluation questionnaire to complete.

January 2025 ▶ Each Director and Audit & Supervisory Board Member was interviewed based on the results of the questionnaire.

February 2025 ▶ The analysis of the current status and identified issues were discussed by the Board of Directors.

April 2025 ▶ The information contained in the Corporate Governance Report and initiatives to address identified issues were discussed by the Board of Directors.

### (2) Evaluation items

- ① Composition of the Board of Directors (number of members, skills possessed, diversity)
- ② Operation of the Board of Directors (meeting frequency, proceedings, materials, information provision system)
- ③ Functions of the Board of Directors (discussions at the Board of Directors, business execution status, mutual supervision of Directors, committee functions)
- ④ Other (improvement status of issues identified in the previous fiscal year's effectiveness evaluation)

## 2. Evaluation

### (1) FY2024 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, the 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 on the issues identified in the previous year's evaluation, it can be evaluated that effectiveness has been ensured.

#### ① Composition of the Board of Directors

Given the current size of the Company, the Board of Directors has an appropriate number of members and an appropriate composition ratio of internal and external officers to carry out its functions, and each member generally has sufficient skills. Meanwhile, from the perspective of diversity, a structure with two female officers (percentage of female officers 16.7%) was maintained through the reappointment of a female Outside Director together with a female Outside Audit & Supervisory Board Member. In addition, diversity increased through the appointment of an Outside Director with international experience specializing in the area of research and technology, and discussions became more lively. Going forward, the Company will work to develop more diverse internally appointed officers, including women, through enhancement of internal management training programs.

#### ② Operation of the Board of Directors

The frequency of meetings, the management of proceedings, and tracing of items to be resolved are generally appropriate. In particular, improvement of the system for sharing information with outside officers through outside officer management briefing sessions to ensure sufficient Q&A ahead of meetings has contributed to more lively



discussions and higher quality deliberations at meetings of the Board of Directors. In terms of meeting agendas, for example, the Board of Directors held discussions on action taken and recurrence prevention initiatives in light of a quality incident related to heat resistant electrically insulated pressboards in relation to which a special investigative committee was established in May 2024, and other matters of interest to outside directors were also reported on in an appropriate manner. The chairman's creation of an atmosphere that allows members to speak freely and the provision of briefing sessions on research and development topics were also highly evaluated by Outside Directors.

### ③ The function of the Board of Directors

Continuing from the previous year, monitoring of the status of business execution by executives, mutual monitoring of directors, governance regarding remuneration, discussions of stakeholder perspectives, and discussions for achieving sustainability management are generally functioning appropriately. There was recognition, however, of the need for further enhancement of discussions on medium-to-long-term management strategies, including business portfolio operation that is conscious of cost of capital and stock price and the allocation of management resources, and discussions on human capital strategy linked to management strategies. Although "management that is conscious of cost of capital and stock price" was considered as in the previous year, further progress on appropriate disclosure taking the perspective of investors into consideration is required. In regard to human capital, the Board of Directors needs to hold discussions based on a proactive approach that comprehensively links human capital strategy with management strategies.

### ④ Other

SR and IR activities such as the creation of "shareholders' forest (the participatory experience for tree planting)" and research and development IR briefings can be seen as shareholder engagement. the participatory forest program for tree planting While the creation of opportunities to exchange opinions, etc. offsite has prompted Directors to share issues with each other and made Board meetings livelier, more robust follow-up of medium-to-long-term matters discussed at Board meetings is an issue that still needs to be addressed. There is also a need for more sophisticated monitoring methods through the setting of key performance indicators (KPIs) and other appropriate targets. At the same time, efforts need to be made to strengthen group management through regular status reports about subsidiary management in the wake of streamlining.

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

Improvement on issues identified in the previous year's effectiveness evaluation (① Monitoring the medium-term management plan and discussing the formulation of the new Medium-term Management Plan, ② Deepening discussions on sustainability issues, ③ Enhancing discussions on human capital strategies) is evaluated as follows.

#### ① Monitoring the medium-term management plan and discussing the formulation of the new Medium-term Management Plan

Monitoring the medium-term management plan was improved from the previous fiscal year and are largely appropriate. Regarding discussions on the new Medium-term Management Plan, there was an interim report as part of

the development process and efforts to hold more in-depth discussions will be made in the future.

② Deepening discussions on sustainability issues

Although discussions on the results of activities to promote sustainability and issues still to be addressed showed improvement from the previous year, discussions on specific measures need to be held to further increase effectiveness.

③ Enhancing discussions on human capital strategies

While issues to be addressed in relation to human capital strategy have been exhaustively enumerated, strategy needs to be developed and reviewed according to changes in the labor market and changes in the social structure. Systems need to be considered and developed for the sustainable procurement of human capital and improvement of employee engagement, for the improvement of working conditions and treatment, and for the development of human capital, and ongoing discussions on a comprehensive human capital strategy linked to management strategies are also needed.

3. Identified 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 Hold more in-depth discussions on comprehensive human capital strategy linked to management strategies
- ② Verify status of execution of Medium-term Management Plan
- ③ Strengthen information sharing and supervision in relation to subsidiaries
- ④ Monitor quality assurance systems and their operation

[Supplementary Principle 4.14.2: Training Policy for Directors and Audit & Supervisory Board Members]

The Company shall provide its directors and Audit & Supervisory Board members, including any outside officers, and Executive Officers, etc., at the time of appointment, opportunities to acquire knowledge regarding the Company's business, finance, organization, and others, and to fully understand the role and duties required of them, and during their term of office, it shall provide and arrange opportunities to receive training and others suitable for the individual Directors and Audit & Supervisory Board Members, and support related costs. The Board of Directors shall receive annual reports on the status of these matters.

(Please refer to Article 24, Paragraphs 2 and 3 of the Basic Policies.)

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company recognizes that engaging in fair and transparent corporate activities in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group and deepening society's understanding through the communication with stakeholders, such as shareholders, customers and local communities, will contribute to the group's sustainable growth and the mid-to-long-term improvement of its corporate value, and shall strive to achieve constructive dialogues with shareholders through IR activities and others. For the basic policy on dialogue with shareholders, please refer to Chapter 5 of the Basic Policies.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

For information on “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”, please refer to pages 34 to 38 of the materials for “Formulation of the Medium-Term Management Plan (FY2026/3-FY2028/3)” published on the Company’s website in May 2025.

“Formulation of the Medium-Term Management Plan (FY2026/3-FY2028/3)”

<https://www.mpm.co.jp/news/pdf/2025/20250514-5E.pdf>

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Oji Holdings Corporation	14,693,000 shares	32.9%
Isao Nasu	2,128,500 shares	4.8%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,178,300 shares	2.6%
Mitsubishi Paper Mills Shareholder Association	979,850 shares	2.2%
SBI SECURITIES Co., Ltd.	960,325 shares	2.2%
The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account, 76,599 units)	863,739 shares	1.9%
FUJIFILM Holdings Corporation	850,000 shares	1.9%
INTERACTIVE BROKERS LLC	703,600 shares	1.6%
The Norinchukin Bank	650,000 shares	1.5%
Tashiroya Limited Liability Company	481,100 shares	1.1%

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
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Name of Parent Company, if applicable	None
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Supplementary Explanation
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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Pulp & Paper
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which May have a Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board*
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\*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

#### Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding those concurrently serving as President)
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mr. Yoshihiro Kataoka	Lawyer											
Ms. Atsuko Watanabe	Lawyer											
Mr. Soichi Nadahara	From another company											

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Mr. Yoshihiro Kataoka	○	There are no transactions between KATAOKA & KOBAYASHI LPC, where the Director Yoshihiro Kataoka currently works, nor any interest between the Company and KATAOKA & KOBAYASHI LPC that might affect the independence of Mr. Kataoka.	Mr. Yoshihiro Kataoka has legal expertise as a lawyer and many years of experience in corporate legal affairs and has sufficient insight to oversee corporate management. Corporate governance is expected to be strengthened through recommendations to the overall management of the Company. As an Outside Director, he is expected to play a role in determining important matters and supervising business execution from an independent position. He has thus been nominated as a candidate for Outside Director. In consideration of his attributes and his expertise and in-depth knowledge of corporate management, the Company designated him as Independent Director with no possibility of conflicts of interest with the general shareholders of the Company.
Ms. Atsuko Watanabe	○	There are no transactions between WATANABE LPC, where the Director Atsuko Watanabe currently works, nor any interest between the Company and WATANABE LPC that might affect the independence of Ms. Watanabe.	Ms. Atsuko Watanabe has legal expertise as a lawyer and many years of experience in corporate and labor legal affairs and has sufficient insight to oversee corporate management. Corporate governance is expected to be strengthened through recommendations to the overall management of the Company. As an Outside Director, she is expected to play a role in determining important matters and supervising business execution from an independent position. She has thus been nominated as a candidate for Outside Director. In consideration of her attributes and her expertise and in-depth knowledge of corporate management, the Company designated her as Independent Director with no possibility of conflicts of interest with the general shareholders of the Company.
Mr. Soichi Nadahara	○	There are no transactions between SCREEN Holdings Co., Ltd., where the Director Soichi Nadahara used to work, nor any interest between the Company and SCREEN Holdings Co., Ltd. that might affect the independence of Mr. Nadahara.	Director Soichi Nadahara was engaged in research and development at leading manufacturers of semiconductor manufacturing equipment for many years, and has a wealth of experience of all aspects of corporate management, having played an active role in management as Managing Director and Chief Technology Officer and promoted the acquisition of technologies through open innovation in coordination with universities, companies, etc. in and outside Japan. He is expected to strengthen corporate governance by utilizing these management experiences in the manufacturing industry to make proposals, etc. in all aspects of the Company's management. The Company also has large expectations for his supervisory capabilities in the determination of important

			<p>business operations and the execution of business from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Outside Director.</p> <p>In consideration of his attributes and his expertise and in-depth knowledge of corporate management, the Company designated him as Independent Director with no possibility of conflicts of interest with the general shareholders of the Company.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	4	0	2	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	As above	4	0	2	2	0	0	Outside Director

Supplementary Explanation

The Company established a voluntary Nomination and Remuneration Committee as an advisory body to the Board of Directors in October 2015. Members of the Nomination and Remuneration Committee shall be elected from among representative directors and independent outside directors and be chaired by an independent outside director. The Nomination and Remuneration Committee shall, in response to inquiry from the Board of Directors, examine the appropriateness of the contents of proposals to be presented to the Board of Directors, and give advice, with respect to Director and Audit & Supervisory Board Member candidate nomination; CEO, Executive Director, Executive Officer, Mission Executive and executive elections and dismissals; and policy on remuneration of Directors and Executive Officers and details of the remuneration for each individual. In regards to the Succession Plan for the President and others, the Nomination and Remuneration Committee shall discuss this every year and when necessary and then report its contents to the Board of Directors. During FY2023, the Nomination and Remuneration Committee met a total of seven times, and examined the appropriateness of proposals on matters such as Director and Audit & Supervisory Board Member candidate nomination, Executive Officer, etc. election, the content of and policy on individual remuneration for Directors, executive officers, etc. and renewal of the performance-linked stock-based remuneration plan, and reported to the Board of Directors. The committee also exchanged opinions on CEO succession

planning, including the qualities required, the career path, and the election process, and reported to the Board of Directors.

(Please refer to Article 23 and Article 27 of the Basic Policies.)

### Audit and Supervisory Board Member\*

\*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board obtains information about accounting audit implementation and results through meetings with the accounting auditor, and also works to improve audit effectiveness through reports from the accounting auditor and the exchange of opinions.

The Internal Audit Department regularly holds meetings with the Standing Audit & Supervisory Board Member to exchange information and opinions about their respective audit plans and audit results, etc.. This content is reported to the Audit & Supervisory Board where necessary to increase audit effectiveness. The Internal Audit Department also exchanges information and opinions with the Audit & Supervisory Board and the accounting auditor and seeks cooperation with them over the development and operation of internal controls over financial reporting, which it assesses.

The Company's accounting auditor is Ernst & Young ShinNihon LLC. The certified public accountants who provided the audit services are Designated Limited Liability Partner and Partner responsible for audit services Masanori Abe and Designated Limited Liability Partner and Partner responsible for audit services Taku Inoue. Assistants who were involved in the audit were 11 certified public accountants and 36 other people.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	2



# Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mr. Hiroaki Tonooka	From another company										△			
Mr. Satoru Takizawa	From another company										△			
Ms. Nobuko Otsuka	From another company										△			

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

# Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Mr. Hiroaki Tonooka	○	There are financial and other transactions between Meiji Yasuda Life Insurance Company, where Audit & Supervisory Board Member Hiroaki Tonooka used to work, and the Company; however, the Company and Meiji Yasuda Life Insurance Co. are not major business partners given that transactions between them amounted to 248 million yen in FY2023, and the Company's borrowings from Meiji Yasuda Life Insurance Co. were 2,200 million yen as of March 31, 2024, accounting for around 2.8% of its total borrowings.	Mr. Hiroaki Tonooka has served as Executive Officer and Deputy President of Meiji Yasuda Life Insurance Company until June 2016 and has expert knowledge of financial affairs and accounting and abundant experience in corporate management. He is designated as candidate for outside member of Audit & Supervisory Board in the hope that he will perform adequate and effective auditing functions regarding the management of the Company from an independent standpoint as outside member of Audit & Supervisory Board, leveraging the above-mentioned experience. In consideration of his attributes and his expertise and in-depth knowledge of corporate management, the Company designated him as Independent Director with no possibility of conflicts of interest with the general shareholders of the Company.

Mr. Satoshi Takizawa	○	<p>There are transactions between Mitsubishi UFJ Trust and Banking Corporation, where Audit &amp; Supervisory Board Member Satoshi Takizawa used to work, and the Company; however, the Company and Mitsubishi UFJ Trust and Banking Corporation are not major business partners given that transactions between them amounted to 53 million yen in FY2023.</p> <p>There are no transactions between Mitsubishi UFJ Trust Business Co., Ltd., where Mr. Satoshi Takizawa currently works, and the Company, nor any special interests between them.</p>	<p>Mr. Satoshi Takizawa served as Senior Executive Officer of Mitsubishi UFJ Trust and Banking Corporation until March 2019 and then served as President and CEO of Mitsubishi UFJ Trust Business Co., Ltd. He has expertise in finance and accounting as well as a wealth of experience in corporate management. He has thus been designated as a candidate for Outside Audit &amp; Supervisory Board Member in the expectation that he will utilize his experience and perform an appropriate and effective auditing function on the Company's management from an independent standpoint.</p> <p>In consideration of his attributes and his expertise and in-depth knowledge of corporate management, the Company designated him as Independent Director with no possibility of conflicts of interest with the general shareholders of the Company.</p>
Ms. Nobuko Otsuka		<p>The Company and Oji Holdings Corporation, where Audit &amp; Supervisory Board Member Nobuko Otsuka used to work, transactions between them amounted to 19 million yen in FY2023.</p>	<p>Ms. Nobuko Otsuka has a high degree of knowledge in finance and accounting, having worked in the fields of taxation, accounting and internal auditing at the taxation bureau, at a tax accountant corporation and at Oji Holdings Corporation. She has served as a full-time Audit &amp; Supervisory Board Member of Oji Holdings Corporation until June 2023. She is expected to properly perform her duties to strengthen the Company's auditing functions even more. She has thus been designated as outside member of Audit &amp; Supervisory Board.</p>

### Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

#### Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

1. The Company has enacted Independence Criteria for its outside officers, and designates all outside officers deemed to have no possibility of a conflict of interests with the Company's common shareholders as independent officers. The content of the Company's Independence Criteria is as follows.

[Independence Criteria]

1. As a policy on the independence of the Company's outside Directors and outside Audit & Supervisory Board Members, any party to which any of the following items applies shall be deemed not to be independent; provided, however, that Item (12) below should be applied only with respect to an outside Audit & Supervisory Board Member.

- (1) A person who is an Executive Director, Executive Officer, or other employee of the Company or a subsidiary of the Company (hereinafter referred to as "person who executes business"), or a person who executes business of the Company or a subsidiary of the Company in the past 10 years;
- (2) A party that deals with the Company or a significant subsidiary (\*1) of the Company as a major business partner (hereinafter referred to as the "group") (\*2) (if such a partner is an organization, such as a corporation, an executive thereof);
- (3) A major business partner of the Company (\*3) (if such a partner is an organization, such as a corporation, a person who executes business thereof);
- (4) A person who executes business of any financial institution, etc. that is a major lender to the Company (\*4) or any other major creditor, or the parent company or a significant subsidiary (\*1) thereof;
- (5) A certified public accountant, or a member, partner, associate, staff or employee of an auditing firm which is the independent auditor of the group;
- (6) A consultant, accounting expert, or legal expert who receives a large amount of money or other asset (\*5) other than officer remuneration from the group (if a party who receives such an asset is an organization, such as a corporation, a member, partner, associate, staff or employee thereof);
- (7) A party that receives any donation of a large amount of money or other asset(\*5) from the group (if the party that receives such an asset is an organization, such as a corporation, an officer, member or employee of that organization);
- (8) A person who executes business of any company or the parent company or a significant subsidiary (\*1) thereof that is in a relationship with reciprocal appointments of outside officers with the group;
- (9) A shareholder who holds shares representing 10% of more votes in the Company (if such a shareholder is an organization, such as a corporation, a person who executes business thereof);
- (10) A person to which any of (2) to (9) above has applied in the past three years;
- (11) A close relative (\*7) of any person to which any of (1) to (10) above applies (limited to a person who is in a significant position (\*6)); or
- (12) A close relative (\*7) of any person to which any of ① to ③ below applies:
- ① A person who is a non-executive director of any subsidiary of the Company
- ② A certified public accountant, or a tax accountant, who is an accounting advisor to any subsidiary of the Company (if such accounting advisor is a corporation, a certified public accountant or a tax accountant that belongs to that corporation)
- ③ A person to which either ① or ② above, or the position of the Company's non-executive director, has applied in the past one year.

(\*1) A significant subsidiary means a consolidated subsidiary, which, in the case of the Company, means a company stated in the business report as "the Company's significant subsidiary."

(\*2) A party that deals with the group as a major business partner means a party that receives the payment from the group in an amount that exceeds 5% of the consolidated net sales for the most recent business year of that party.

(\*3) A major business partner of the Company means a business partner that makes the payment to the Company in an amount that exceeds 5% of the consolidated net sales for the Company's most recent business year.

(\*4) A major lender to the Company means a lender that is necessary and essential for the Company's financing and on which the Company relies to an irreplaceable degree.

(\*5) A large amount of money or other asset means such a asset of which the total value for the most recent business year of the party that receives such an asset is: (i) in the case of an individual person, 10 million yen or more or; (ii) in the case of an organization, such as a corporation: (ii-1) in the case of a consultant, etc. 2% or more of the consolidated sales of that organization( a law firm, etc.); or (ii-2) in the case of donation, more than 30% of the gross annual expenses of that organization ( a public- interest incorporated association, etc.).

(\*6) A person who is in an significant position means: a Director who executes business, an Executive Officer, corporate officer, or an employee in the position of general manager or a higher senior managerial position; a certified public accountant among those who belong to an audit corporation or accounting firm; a lawyer among those who belong to a law firm or; an officer, such as a counselor, trustee or auditor among those who belong to a foundation, association, educational institution or other corporation, or any other person who can objectively and reasonably be deemed to be of the level of significance equivalent thereto.

(\*7) A close relative means a spouse, or relative within the second degree of kinship.

## 2. Attendance of Independent Directors at the Board of Directors meetings and the Audit & Supervisory Board meetings

		Board of Directors	Audit & Supervisory Board
Director	Yoshihiro Kataoka	16 meetings / 16 meetings (100%)	—
Director	Kazunori Shinohara	16 meetings / 16 meetings (100%)	—
Director	Atsuko Watanabe	12 meetings / 12 meetings (100%)	—
Audit & Supervisory Board Member	Hiroaki Tonooka	16 meetings / 16 meetings (100%)	17 meetings / 17 meetings (100%)
Audit & Supervisory Board Member	Satoshi Takizawa	16 meetings / 16 meetings (100%)	17 meetings / 17 meetings (100%)

## Incentives

Implementation Status of Measures related to  
Incentives Granted to Directors

Introduction of the performance-linked remuneration system

## Supplementary Explanation for Applicable Items

The Company introduced a performance-linked stock-based compensation system for Directors and Executive Officers, etc. (excluding outside directors, part-time directors and non-residents of Japan) to increase awareness of contributing to improvement of business performance and enhancement of corporate value in the medium and long term and to promote the alignment of interests with shareholders. Details of the policy are as stated in “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods”.

Persons Eligible for Stock Options

None

Supplementary Explanation for Applicable Items
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## Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items
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The total amount of remuneration and other payments for 11 Directors(\*1) for the period ending March, 2024 is as follows;

Fixed remuneration (monetary remuneration) 130million yen (incl. 21million yen for 3 outside directors)

Stock-based compensation (non-monetary remuneration/fixed)(\*2) 13million yen

Stock-based compensation (non-monetary remuneration/linked to business performance)(\*2) 2million yen

Cash plan (monetary remuneration)(\*2) 8million yen

(\*1) The amount includes the remuneration paid to three Directors who retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on June 29, 2023 during their terms of office.

(\*2) The total amount of each stock-based compensation and cash plan above is the sum of the amounts expensed during the fiscal year. The portion linked to business performance of the stock-based compensation and cash plan will be determined after the end of the fiscal year based on the actual achievement of consolidated operating income targets.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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a. Details of the policies

The Company's Basic Policies on Corporate Governance stipulate that compensation for Directors and Executive Officers shall be appropriate, fair, and balanced to motivate them to achieve the sustainable growth of the Company and the enhancement of its corporate value over the medium and long term, and that the Board of Directors shall make a resolution on this matter after consulting the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors and chaired by an Outside Director.

Compensation for Directors (excluding Outside Directors and part-time Directors) consists of a fixed remuneration (cash) and stock-based compensation. Stock-based compensation consists of a fixed portion not linked to business performance and a portion linked to business performance.

Outside Directors and part-time Directors are not paid stock-based compensation from the perspective of their independence for Outside Directors, and for the part-time Directors, due to the fact that they do not excuse business operations. Outside Directors and part-time Directors are paid only a fixed remuneration (cash).

b. Method for determining remuneration

The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, which is appointed from the Representative Directors and Independent Outside Directors and chaired by an Independent Outside Director. Receiving inquiries from the Board of Directors, the Nomination and Remuneration Committee considers policies regarding compensation for Directors and Executive Officers and details of individual compensation based on the policies in (a.) above, and reports to the Board of Directors.

When determining remuneration for individual Directors, the Nomination and Remuneration Committee, chaired by an independent Outside Director, deliberates on appropriateness from multiple perspectives based on the policies described in (a.) above, and reports to the Board of Directors. Given that the Board of Directors has passed resolutions based on the deliberation process and report of the Nomination and Remuneration Committee, the Board of Directors has determined that remuneration for individual Directors during the fiscal year under review is in line with the policies.

c. Weighting of performance-linked compensation and compensation other than performance-linked compensation

Compensation for Directors consists of fixed remuneration (cash) and stock-based compensation, and the stock-based compensation consists of a fixed portion not linked to business performance and a portion linked to business performance.

The weighting for each category, which serves as the standard, is as follows.

Fixed remuneration (monetary) : Stock-based compensation (non-monetary / fixed) : Stock-based compensation (non-monetary / performance-linked) = 75 : 12.5 : 12.5(\*1)

(\*1) The actual weighting varies depending on the amount of performance-linked compensation paid.

d. Calculation method of stock-based compensation

(Fixed portion)

The fixed portion is a fixed amount determined according to the Director's position and calculated by "fixed share delivery points."

Fixed share delivery point: Base amount of stock-based remuneration by position  $\times 0.5 \div$  Average price of shares of the Company's stock acquired by the Trust. (\*2)

(Performance-linked portion)

The performance-linked portion is calculated based on the "performance-linked stock delivery points" determined according to the Director's position and the achievement-linked coefficient.

Performance-linked share delivery point: Base amount of stock-based remuneration by position  $\times 0.5 \div$  Average price of shares of the Company's stock acquired by the Trust.

(\*2) If the Trust period is extended, the average acquisition price of the Company's shares after the extension of the Trust shall be used.

(\*3) The achievement-linked coefficient shall be a coefficient based on the degree of achievement of the target consolidated operating income for each fiscal year, and shall be resolved by the Board of Directors together with the setting of the amount of such target consolidated operating income. The value of the achievement-linked coefficient to be applied is as follows. The amount of the target consolidated operating income for the fiscal year under review is 6,000 million yen, and the actual amount was 5,410million yen. The amount of the target consolidated operating income for the fiscal year ending March 31, 2025 is 8,000 million yen.

<Formula>

Achievement-linked coefficient = Coefficient according to the achievement level of target consolidated operating income (the actual value of consolidated operating income is calculated after rounding down to the nearest 100 million yen, and values less 1% are rounded off)

Achievement-linked coefficient for the fiscal year under review = 5,400 million yen / 6,000 million yen = 90%

(Coefficient table based on the achievement level of target consolidated operating income)

Target achievement level	Achievement-linked coefficient:
0% or less (loss)	0%
More than 0% but less than 100%	Target achievement level
100%	100%
More than 100% but less than 200%	$100\% + (\text{Target achievement level} - 100\%) / 2$
200% or more	150%

The points are fixed at the time of retirement and are paid by converting a certain percentage of the tax payment funds into cash.

### Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

Outside Directors and Outside Audit & Supervisory Board Members are supported in accessing internal information and properly obtaining necessary company information, with the Corporate Governance Management Department and the standing Audit & Supervisory Board Member serving as contact points respectively.

### Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc.

None

Other Related Matters

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## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The 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 decisions are made appropriately based on the rules of the Board of Directors, its bylaws, and other company rules.

The Company appoints an executive responsible for sustainability to implement corporate group management focusing on sustainability and establishes a Group-wide Sustainability Promotion Committee headed by the President. The committee coordinates the entire sustainability promotion activities (legal compliance, risk management, human resource management, safety and health, the environment, product safety and product quality, human rights and labor, information disclosure and public relation, social contribution, climate change and more) and establishes basic policies for sustainability promotion and yearly plans. The Board of Directors deliberates on such policies and plans. The Sustainability Promotion Committee is chaired by the President and is composed of members and observers including the Company's officers, the Company's factory managers and office managers, the Company's Head Office managers, and presidents of group affiliated companies (including non-consolidated companies).

The Company's basic policy regarding Group subsidiaries, is to attach importance to the the autonomy of subsidiaries and respect self-directed decision-making in accordance with the Subsidiary, etc. Management Regulations. At the same time, the Company develops systems to ensure that the corporate group conducts operations in an appropriate manner and guides and supervises subsidiaries, in an attempt to optimize and strengthen the Group's management of subsidiaries.

The Company has entered into Limitation of Liability Agreements with Outside Directors and Outside Audit & Supervisory Board Members pursuant to Article 427 Paragraph 1 of the Companies Act. Based on these agreements, if Outside Directors and Outside Audit & Supervisory Board Members have acted in good faith and without gross negligence in performing their duties, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the total of amounts specified in each item of Article 425, Paragraph 1, whichever is greater.

### **3. Reasons for Adoption of Current Corporate Governance System**

By choosing "Company with an Audit and Supervisory Board" as its corporate governance structure and electing Outside Directors and Outside Audit & Supervisory Board Members who are independent officers, the Company integrates outside opinions into the Board of Directors, which is the most important management body, and adopts a structure that achieves appropriate corporate governance. In addition, the Company established the Nomination and Remuneration Committee chaired by an independent Outside Director as an advisory body to the Board of Directors in an effort to strengthen the management supervisory function of the Board of Directors, and introduced an executive officer system to speed up decision-making and business execution. The Company believes that it can achieve effective corporate governance through the adoption of such measures.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The notice of convocation for the 159th Ordinary General Meeting of Shareholders held on June 27, 2024 was dispatched in June 7, 2024.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	-
Electronic Exercise of Voting Rights	Since the 157th Annual General Meeting of Shareholders held on June 28, 2022, the Company has enabled shareholders to exercise their voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the electronic voting platform operated by Investor Communications Japan Inc. (ICJ, Inc.) for institutional investors since the 157th Ordinary General Meeting of Shareholders held on June 28, 2022.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The full text of the Company's Notice of the 159th Ordinary General Meeting of Shareholders was prepared in English and published on the Company's website, etc., and the resolutions and voting results were also published in English after the end of the general meeting.
Other	The Company published the content of the Notice of the 159th Ordinary General Meeting of Shareholders on its website 7 days before the start of electronic provision measures from the viewpoint of giving shareholders as much time as possible to consider the proposals.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has produced an Information Disclosure Policy and published it on its website.	-
Regular Investor Briefings held for Individual Investors	-	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company periodically holds financial results briefing sessions at the end of the first half and the end of the fiscal year. For FY2023, the Company held an online briefing explaining the full-year financial results and the forecast for the next fiscal year.	Held
Regular Investor Briefings held for Overseas Investors	-	Not Held
Online Disclosure of IR Information	The Company posts various financial information, timely disclosures, its medium-term management plan, promotional material about new products and other information on its website whenever necessary.	-
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Governance Management Department is responsible for IR.	-
Other	-	-

## 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Code of Conduct of the Mitsubishi Paper Mills Group stipulates that the Group shall conduct fair and transparent corporate activities, disclose corporate information proactively and properly in order to communicate constructively with relevant stakeholders and strive to attain a deeper understanding of society. There are also stipulations in various other regulations regarding relationships with shareholders, investors, business partners, local communities, employees, etc.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company has appointed a director in charge of activities to promote sustainability and has also established the Sustainability Promotion Committee, chaired by the President and composed of the Company's

	<p>officers and managers and the presidents of subsidiaries. The Sustainability Promotion Committee oversees 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. It also formulates the basic policy and annual plan for promoting sustainability and regularly creates opportunities to report the annual plan and results to senior management and Audit &amp; Supervisory Board Members.</p> <p>Regarding the environment, the Company has established The Mitsubishi Paper Mills Environmental Charter and also convenes company-wide Environmental Conservation Committee and Environmental Quality Assurance Committee at the mills to "verify initiatives in response to environmental policy and action guidelines and deliberate countermeasures", "verify operation of specified facilities subject to administrative orders under the Air Pollution Control Act and Water Pollution Control Act and deliberate countermeasures", "comply with environmental legislation and government guidance" and "respond to emergencies".</p> <p>Details of the Company's initiatives are published in its annual integrated report.</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company's Public Relations and Investor Relations Office "establishes a Disclosure Policy and Rules", "examines information disclosure at each Group company" and "evaluates overall public communication" to ensure timely and fair information disclosure to stakeholders.</p>
Other	-

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

The Company's basic policy on systems for ensuring the properness of operations is as follows.

1. System to ensure that the execution of the duties of Directors and employees conforms with laws, regulations, and the articles of incorporation

The Company has established the Code of Conduct of the Mitsubishi Paper Mills Group and Mitsubishi Paper Mills Group Compliance Conduct Standards. The President repeatedly explains the spirit of such standards to the executives and employees of the Company and carries out activities to promote a deeper understanding of corporate ethics, thereby ensuring that legal compliance is a precondition for all corporate activities.

- The Company has adopted the company with an Audit & Supervisory Board as its institutional design. The Company has 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.

- The Company has created a Nomination and Remuneration Committee with an independent Outside Director as the chairperson as an advisory body to the Board of Directors in order to ensure objectivity and transparency of the designation and remuneration of management.

- Under the Sustainability Promotion Committee, the Compliance Committee controlled by the Compliance Management Office of the Risk Management Department is established to raise awareness about the Compliance Code of Conduct and Compliance Conduct Standards across the Group and to instill a compliance mindset.

- Officers and employees promptly report any discovered compliance-related issues to the Compliance Management Office through the employment line or through the internal whistleblowing system which has internal and external hotlines. The division that must deal with the problem investigates the cause of the problem and proposes and implements recurrence prevention measures based on consultation with the Compliance Management Office, the Internal Audit Department, and other relevant parties.

- The Company clearly sets out the Group's commitment to eliminate anti-social elements by specifying in its Compliance Code of Conduct and Compliance Code Standards that it will have no relationships with anti-social elements, and the Company also maintains a resolute stance against anti-social elements.

- The Internal Audit Department audits the status of compliance.

- The Compliance Management Office and Internal Audit Department make reports to the Board of Directors, summarizing such compliance activities and giving updates on the status of whistleblowing reports.

2. Systems to store and manage information on the execution of duties by Directors

To manage and maintain information related to the performance of duties of Directors, the Company records and preserves information related to their performance of duties as documents or electromagnetic information according to Document Management Regulations, Information Management Regulations, etc. Directors and Audit & Supervisory Board Members may inspect these documents, etc. at all times.

### 3. Regulations concerning the management of risk of loss and other systems

The Company has developed and operates systems for properly managing and addressing various risks surrounding its business activities in accordance with the Risk Management Basic Regulations.

- Under the Sustainability Promotion Committee, the Risk Management Committee is established to recognize and understand risks that affect operations, develop systems to address them, and report the risk management status to the Board of Directors.
- Head office departments and factories establish rules and prepare manuals to ensure appropriate operations, build advance preventive systems at normal times, and develop a system of promptly responding to an emergency.

### 4. System to ensure the efficient execution of duties by Directors

The Board of Directors establishes a consolidated basic plan in the Medium-term Management Plan. Directors in charge determine specific targets and efficient methods for achievement to be implemented by each department (including delegation of authority to Executive Officers and Mission Executives).

- By adopting the Executive Officer system, the Company separates the supervisory function and executive function, aiming to streamline the Board of Directors, accelerate management decision-making, and define the responsibility for the performance of duties.
- The Company has adopted a division system, and gives each business division responsibility for earnings and authority.
- The Company sets key performance indicators (KPIs) in each fiscal period, and the Board of Directors regularly evaluates the results and encourages improvement, including eliminating or mitigating factors hampering efficiency, to increase the probability of achievement.

### 5. System to ensure the proper business operation of the Group consisting of the Company and its subsidiaries

The Company properly manages its subsidiaries through the guidance and supervision of subsidiaries by the departments at head office managing them in accordance with the Subsidiary Management Regulations.

- The Company builds a system for departments to receive reports from subsidiaries under their management on a regular basis and as necessary and a system requiring subsidiaries to obtain the approval of departments controlling them for any important matters.
- The Risk Management Department oversees risk management of the Group as a whole including subsidiaries, while the Compliance Management Office oversees compliance of the Group as a whole, including subsidiaries.
- The Company has established an internal whistleblowing system that includes subsidiaries as a system of direct reporting to the Company's Internal Audit Department or an external specialized company.
- In addition to Internal Audit Department, relevant departments perform audits of subsidiaries as necessary according to the Subsidiary Management Regulations to ensure the appropriateness of the Group's operations.

6. Systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

i. Matters related to employees when Audit & Supervisory Board Members request the assignment of employees to assist them in their duties, matters related to the independence of the employees from the Directors, and matters related to ensuring the effectiveness of the instructions issued to the employees

- The Company appoints assistants to the Audit & Supervisory Board Members, who assist Audit & Supervisory Board Members in their duties. Assistants of Audit & Supervisory Board Members shall follow the orders of the Audit & Supervisory Board Members, and Directors and the Board of Directors put in place the systems necessary to ensure that the independence of assistants of the Audit & Supervisory Board Members is not unreasonably limited.

ii. System to report to the Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries and the Audit & Supervisory Board Members of subsidiaries, and people who have received reports from them

- Audit & Supervisory Board Members supervise the decision-making process for the execution of important business and the status of execution by Directors by attending meetings of the Board of Directors and other important meetings, viewing important documents, and gathering information from the Directors, employees and other relevant parties.

- The Company develops systems through which the status of business execution is reported regularly and whenever necessary as requested by Audit & Supervisory Board Members. Reports cover the status of risk management, internal audits, internal whistleblowing reports and other compliance matters.

- Any matters that might be seriously damaging to the Company are reported to the Audit & Supervisory Board Members immediately.

iii. System for ensuring that personnel who make a report under the previous paragraph ii. do not receive unfavorable treatment due to such report

- The Company has systems in place to prevent whistleblowers from suffering any disadvantage.

iv. Policy on treatment of expenses incurred in the performance of the duties of Audit & Supervisory Board Members

- The Company promptly pays expenses upon receiving a request for payment from Audit & Supervisory Board Members.

v. Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

- Audit & Supervisory Board Members hold regular meetings to improve their mutual understanding with the Representative Directors about the Company's business issues, audit environment development, etc.

- Audit & Supervisory Board Members, Internal Audit Dept., and accounting auditors exchange opinions and establish effective cooperation. Cooperation with lawyers and other outside experts is also sought where necessary.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

### 1. The Group's view

The Mitsubishi Paper Mills Group's basic policy is to maintain a resolute stance against anti-social elements that threaten social order and safety. This stance is set forth in the Mitsubishi Paper Mills Group Compliance Conduct Standards, and executives, employees and other company-related people are made fully aware of the content of the standards.

### 2. System development

To put the above view into effect, the Mitsubishi Paper Mills Group Compliance Conduct Standards stipulate as follows.

(1) We always strive to act sensibly with basic legal knowledge, social common sense and a sense of justice, to avoid involvement in illegal conduct or antisocial activities whether by intent or gross negligence.

(2) We stand firmly against antisocial forces and have no relations or dealings with them.

In the event we receive unjust demands from antisocial forces or similar, we will take a firm stance and not try to solve issues by giving money or making other accommodations.

(3) We do not utilize anti-social forces either on the company's account or on our own account.

(4) We do not conduct business with antisocial forces or any business partners that have ties to them.

The Group cooperates with the police, lawyers, outside organizations and local communities to eradicate antisocial forces in accordance with these standards.



## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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#### Supplementary Explanation for Applicable Items

The Company believes it has a duty to maximize its corporate value and shareholders' common interests by returning the profits generated by the Company to its shareholders, and that it is the principle to be supported by persons who become the Company's shareholders through free trade in the market. However, on the other hand, if there is a risk that the Company's corporate value or shareholders' common interests could be damaged due to the acquisition of the Company's shares with voting rights accounting for 20% or more of the total voting rights of the Company by a person who aims to acquire the controlling shares and a person from the person's group, then to the extent permitted by laws and regulations as well as the Articles of Incorporation, the Company will take appropriate measures in order to maintain and improve its corporate value and the shareholders' common interests, assuming that the acquirer is inappropriate as a person who controls the decision on the Company's financial and business policies.

Reference URL (Japanese website)

Notice of Partial Amendments to the Response Policies on Large-scale Purchases of MPM's Shares (Takeover Defense Measures) and Continuation Thereof: <https://www.mpm.co.jp/company/news/pdf/2022/20220530-3.pdf>

### 2. Other Matters Concerning the Corporate Governance System

#### <Timely Disclosure System>

##### 1. Basic policy

Our company expresses our commitment to transparency in business activities in the Code of Conduct of the Mitsubishi Paper Mills Group. We have prepared and released a Disclosure Policy based on the Code of Conduct, and have declared our intent to conduct appropriate and timely disclosure of corporate information. We have also established a Disclosure Regulations to ensure that stakeholders receive accurate, timely, and fair disclosure of information on a continuous basis. Please refer to the following URL and "3. Internal regulations on timely disclosure" below.

Reference URL

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

Disclosure Policy: <https://www.mpm.co.jp/eng/ir/disclosure.html>

##### 2. System for execution of timely disclosure operations

###### (1) Establishment of Public Relations and Investor Relations Office and Public Relations Liaison

The Company has established the Public Relations and Investor Relations Office within the Corporate Governance Management Department to oversee information disclosure across the Mitsubishi Paper Mills Group, and the Public Relations Liaison as the organization in charge of actual information disclosure operations. The meeting is composed of staff from head office departments and staff from mills and major affiliated companies and it is responsible for

formulating and managing information disclosure policies and rules and promoting appropriate communication and sharing of disclosed information.

(2) i. Disclosure of the Company's Decisions and Financial results

Regarding the disclosure of Decisions and Financial results, the Company has established specific requirements for a resolution of the Board of Directors through Standards based on the Board of Directors and its bylaws, and items reaching the materiality threshold for the Company are submitted to the Board of Directors in accordance with such requirements. The Corporate Governance Management Department and the Corporate Strategy Dept. (which has jurisdiction over financial results-related matters) check whether timely disclosure of such items is needed, and for any items deemed to require timely disclosure, the department in charge (which could be the Corporate Governance Management Department or the Corporate Strategy Dept.) prepares the disclosure documents alongside materials for submission to the Board of Directors, the content of which is then checked by each of the above departments as well as the Internal Audit Department and Audit & Supervisory Board members.

The Company's policy when determining the need for disclosure is to, of course, disclose information that falls under Timely disclosure rules and also to disclose promptly and fairly information that does not fall under Timely disclosure rules but would probably impact investment decisions, in accordance with Timely disclosure rules.

Public announcements are made by the General Administration Department (or in the case of financial matters by the Strategy Planning Division) following final approval by the President & CEO and efforts are made to ensure that disclosure is made promptly after the decision by the relevant decision-making bodies.

The Company believe that, since Audit & Supervisory Board Members attend meetings of the Board of Directors and carefully examine the content of proposals, as mandated by the Companies Act, even if there is an error or oversight in judgments on the need for timely disclosure by the Corporate Governance Management Department or the Strategy Planning Division, a checking function comes into play, albeit retrospectively.

ii. Disclosure of Decisions and Financial results of affiliated companies

If Decisions and Financial results of an affiliated company of the Company constitutes a material management decision, the Company's Board of Directors shall also be required to give its approval. Items relating to affiliated companies deliberated by the Company's Board of Directors in this way shall be subject to timely disclosure where necessary through the route described in (2) i.

(3) Disclosure of Facts Occurred of the Company and its affiliated companies

Regarding Facts Occurred, if an accident or another unusual situation occurs at any of the Company's departments, mills or other business locations or any Group company, a report shall be made to the department in charge and the Risk Management Department and, in all cases, the need for timely disclosure shall be determined and the disclosure documents shall be prepared through consultation with the Corporate Governance Management Department and the Corporate Strategy Dept. This text shall be checked by the Internal Audit Department and the Audit & Supervisory Board Members and approved by the President & CEO before disclosure.

Depending on the business division or mill, the occurrence fact may be closely interlinked with a specified affiliated

company (eg. the Company's Sustainable Fiber Materials Division and a paper sales company), and such a Fact Occurred at an affiliated company may be reported more quickly and in more detail by the relevant business division, than by the Risk Management Department, and the handling may not always be clean cut; however, each operational business division also takes part in the Public Relations Liaison meeting and, in such cases, each business division has an awareness of the timely disclosure and endeavors to take appropriate action.

### 3. Internal regulations on timely disclosure

#### (1) Code of Conduct of the Mitsubishi Paper Mills Group

The Code of Conduct of the Mitsubishi Paper Mills Group lists seven principles, one of which is " Integrity and legal compliance," or more specifically "We shall act with integrity and sincerity as a member of society, and observe to the letter and spirit of domestic and foreign laws, regulations, etc. We shall conduct fair and transparent corporate activities, disclose corporate information proactively, and properly, constructively communicate with relevant stakeholders in order to offer greater insight into the MPM Group, all while striving to improve corporate value."

#### (2) Disclosure Policy and Disclosure Rules

Based on (1) above, the Company has established the Group's Disclosure Policy and Disclosure Rules. The Disclosure Policy sets out requirements for active disclosure in compliance with the Timely Disclosure Rules and also includes provision on disclosure methods, a silent period and cautionary notes on forward-looking statements, and is published on the Company's website. The Disclosure Rules set out basic principles for information disclosures, information disclosures subject to the Rules, the outline of disclosure system and disclosure procedure, the principle of fair disclosure, among other matters.

#### (3) Basic Policies on Corporate Governance

The Company's Basic Policies on Corporate Governance Policy include "Ensuring appropriate information disclosure and transparency" and provide for appropriate information disclosure in accordance with (2) above.

#### (4) Public Relations Liaison Meeting Guidelines

The Company established the Public Relations Liaison Meeting to facilitate appropriate public relations activities in regard to the company information of each Group company, and formulated guidelines setting out the Public Relations Liaison meeting's activities, standards for the authorization of communications, the handling of material information, and information disclosure principles and methods.

#### (5) Compliance Action Guidelines

the Compliance Action Guidelines consist of 37 articles in total, including Article 19 (Disclosure of Management Information) and Article 20 (Prohibition of Insider Trading) under "Relationship with Shareholders and Investors".

#### (6) Insider Trading Prevention Regulations

The Company has established Insider Trading Prevention Regulations, providing for the management of inside

information and the publication of inside information and also providing for cases where disclosure in accordance with the timely disclosure rules of securities exchanges is required.

#### 4. Awareness-raising about timely disclosure

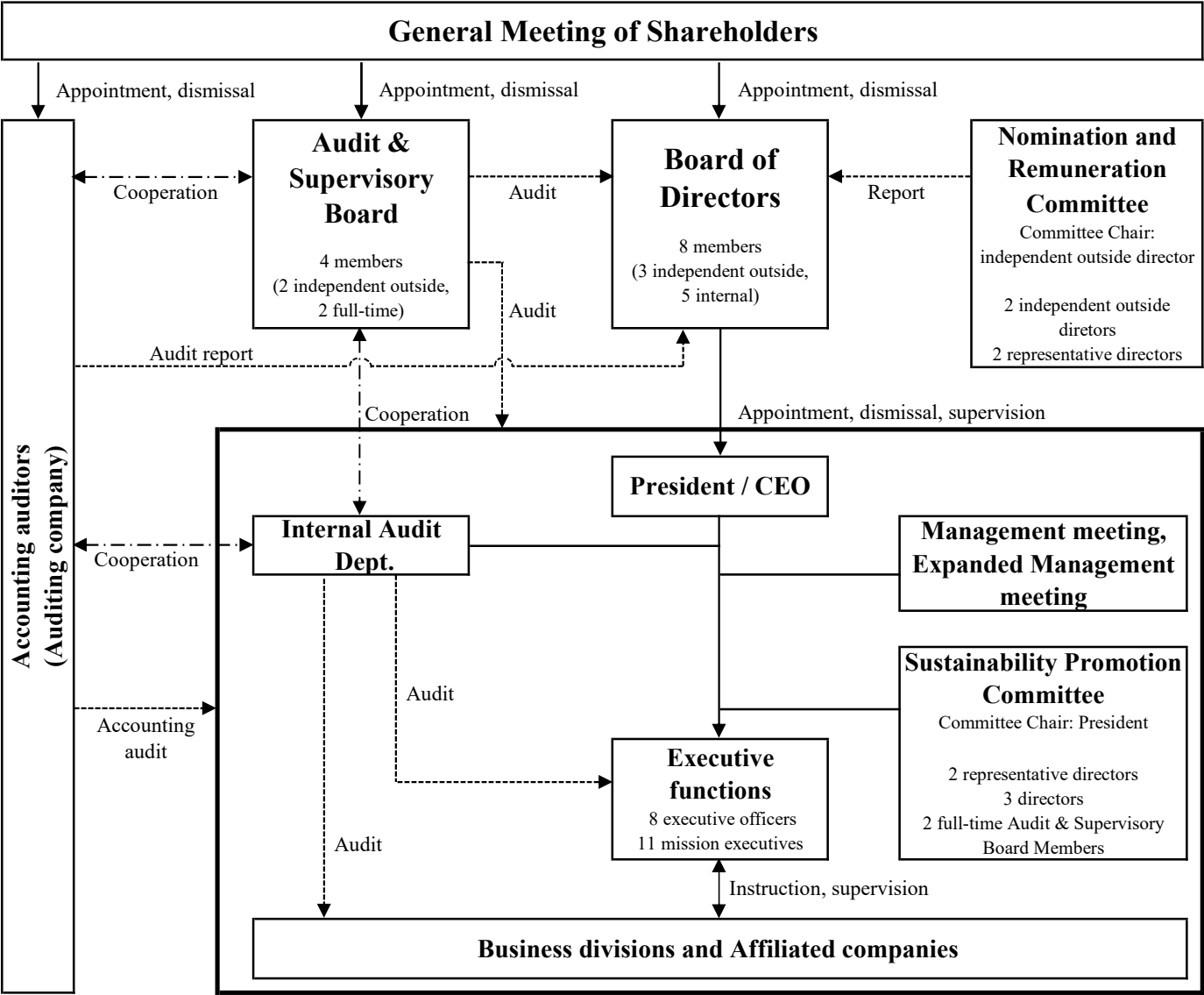
##### (1) Activities of Information Disclosure Committee and Public Relations Liaison

In view of the increased importance being attached to consolidated company information, key affiliated companies have also established the Public Relations Liaison jointly organized among them. Through the Public Relations Liaison and its activities, the Company is working to raise awareness of the importance of timely and appropriate disclosure of company information.

##### (2) Compliance education, etc.

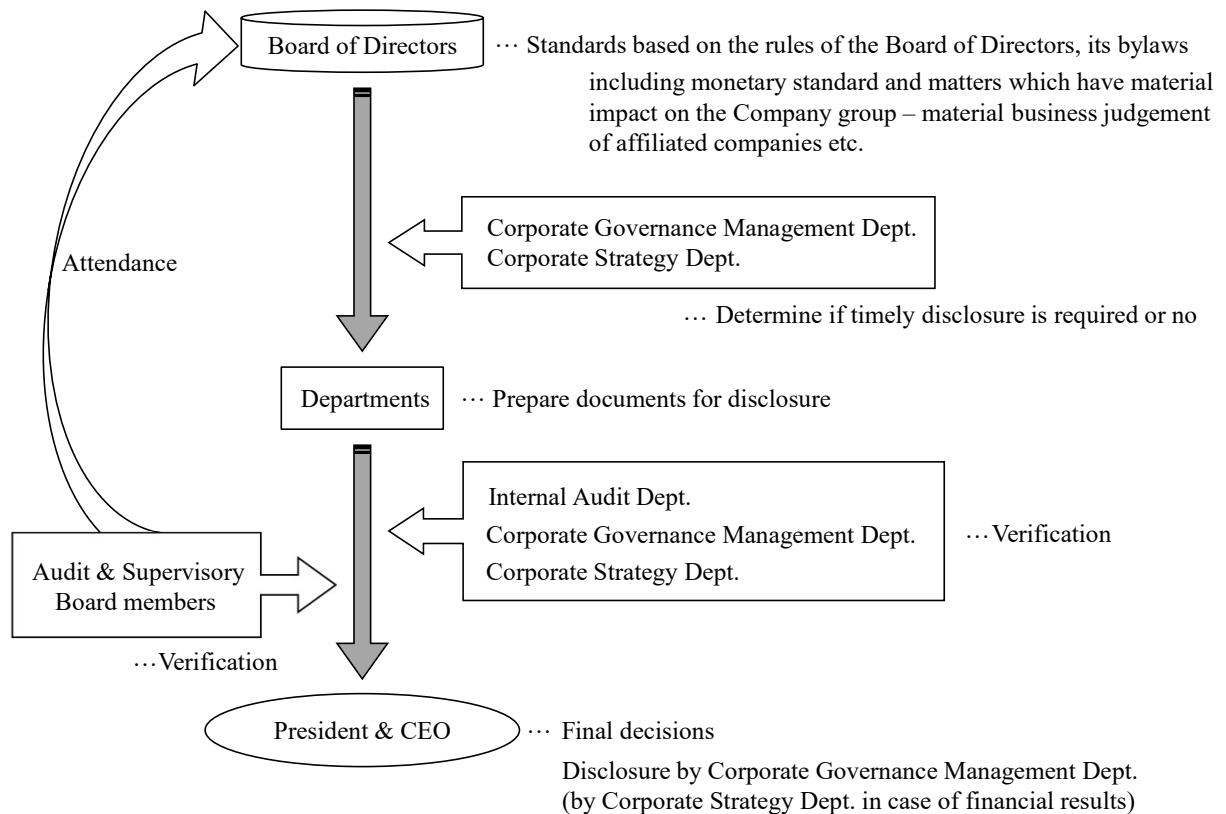
The Company's officers and employees and the officers and employees of affiliated companies are provided with compliance training according to their rank. As part of this, they are also given training to ensure they recognize the importance of prompt communication of company information (especially "negative" information), and efforts are made to create a corporate culture across the group that enables timely and appropriate information disclosure.

END



## [Outline of Timely Disclosure System]

### [Decisions, Financial results]



### [Facts which Occurred]

