



2016 Corporate Report



Group Corporate Philosophy



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

Website Information

The Mitsubishi Paper Mills website (<https://www.mpm.co.jp/>) carries general Company information as well as product and service, CSR/environment, IR, R&D, employment, and other information.

■ CSR/environment

CSR Report, Corporate Report

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

MSDS

<https://www.mpm.co.jp/eng/env/msds.html>

■ IR Information

Annual Report

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

Mid-Term Management Plan

<https://www.mpm.co.jp/eng/ir/library/midplan.html>

■ Products and Services

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

■ R&D

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

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Message from the President

- **Steadily conduct business in accordance with the Corporate Philosophy and continually improve corporate value.**
- **Reliably achieve "Stabilization of Profit," which is the target of the Second Mid-Term Management Plan and strive to be a company that will continue to grow into the future.**
- **Undertake distinctive CSR activities in terms of ESG (Environment, Society, Governance) and contribute to making a sustainable society.**



Kunio Suzuki,
President & C.E.O.

鈴木邦夫

Aims of the Mitsubishi Paper Mills Group

The Mitsubishi Paper Mills Group has adapted to rapidly changing conditions around the world and its business environment, providing products that satisfy the needs of society from a global perspective in harmony with the changing times.

Since our founding in 1898, we have committed ourselves to the art of manufacturing and have continued to proceed due to the technical expertise and challenge-seeking spirit developed over our 118 years of history and the steadfast support of our stakeholders.

In April 2016, we launched the Second Mid-Term Management Plan, which focuses on the key phrase "stabilization of profit through alliances." To ensure we achieve the aims of the Second Mid-Term Management Plan, we will be working as a company united towards creating corporate value and a bright future for the Mitsubishi Paper Mills Group.

In order to meet the expectations of our stakeholders, the Mitsubishi Paper Mills Group will devote all its energy so it can go forward into the future and bring about sustainable development, passing the baton of history to succeeding generations for the next 150 years, 200 years.

We look forward to everyone's continued support and encouragement even more than before.

Contributing through CSR Activities

The Mitsubishi Paper Mills Group places a high value on the trust and understanding of our stakeholders regarding our efforts to improve corporate value. Through communication with these stakeholders, we have identified challenges concerning the environment, society, and corporate governance, and are undertaking distinctive CSR activities in order to make society more sustainable.

In the fiscal year ended March 2016, in addition to establishing "initiatives to ensure strict legal compliance" and "enhancement of activities to ensure safety and health" as issues of the highest priority, we have worked to increase environment-conscious products, including the Thermal DigiPlate System and FSC-certified paper, which contribute to a sustainable society.

For the fiscal year ending March 2017, "securing the effectiveness of corporate governance" and "enhancement of activities to ensure safety and health" are our two highest priority issues. Pursuing these issues will see the Group take specific actions towards the aims set down in the basic policy concerning corporate governance and conduct CSR activities that help improve corporate value.

About this Report

The Mitsubishi Paper Mills Group started this publication, which provides both financial and non-financial highlights, in the fiscal year ended March 2015 to share information about the Group's business activities in a more easily understandable way. We view this report as an important tool for communicating with our stakeholders, and we will continue to improve this report so that it might convey our message more concisely and clearly.



Financial Highlights (Consolidated)

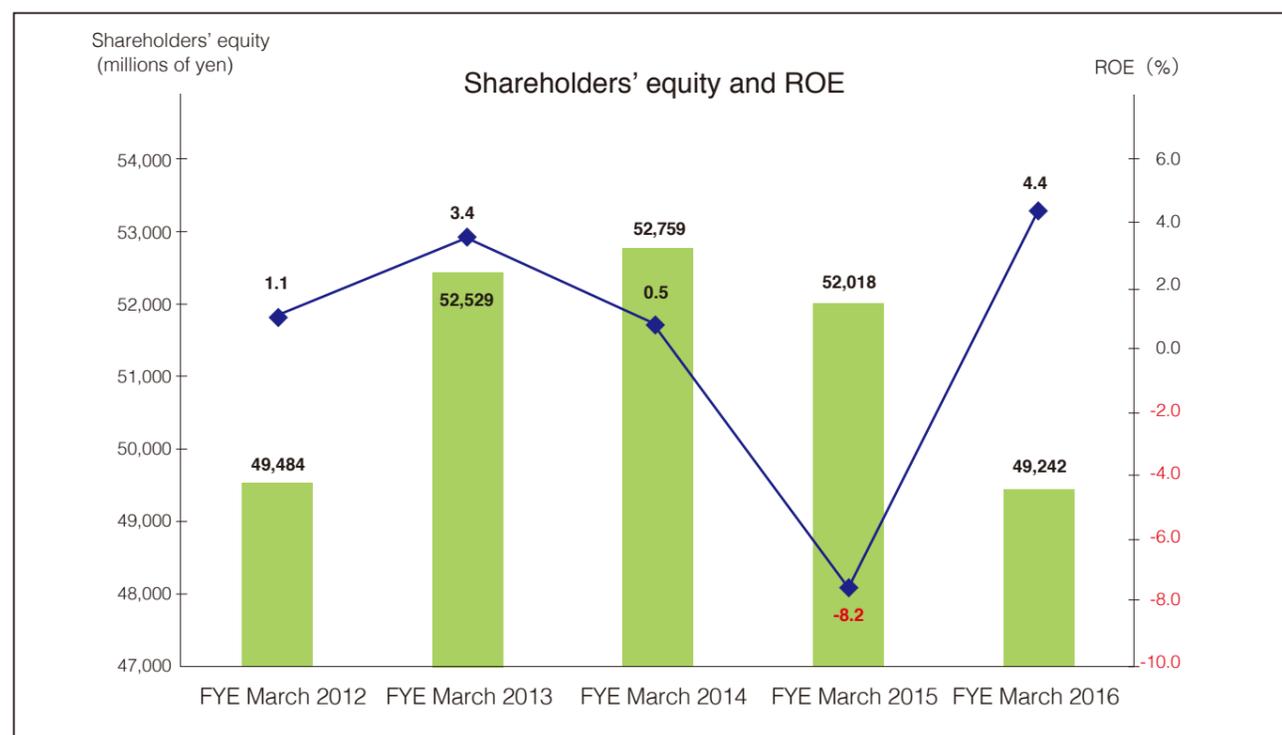
		FYE March 2012	FYE March 2013	FYE March 2014	FYE March 2015	FYE March 2016
		147th term	148th term	149th term	150th term	151th term
Net sales	Millions of yen	194,856	200,850	207,470	214,944	216,340
Operating income	Millions of yen	2,164	3,332	473	1,038	3,872
Net income (loss)	Millions of yen	888	2,663	62	135	2,216
Net income (loss) per share	Millions of yen	565	1,710	280	Δ4,272	2,217
Outstanding interest-bearing debt	Billions of yen	158.0	155.3	149.0	144.8	138.8
Shareholders' equity	Millions of yen	49,484	52,529	52,759	52,018	49,242
D/E ratio	(multiple)	3.2	2.9	2.8	2.8	2.8
ROE	%	1.1	3.4	0.5	Δ8.2	4.4
Equity capital ratio	%	17.9	19.8	20.4	20.5	20.4
EBITDA	Millions of yen	11,740	14,469	11,687	11,993	14,534
Overseas ratio (net sales)	%	27	30	29	31	31

Net sales/operating income results by segment

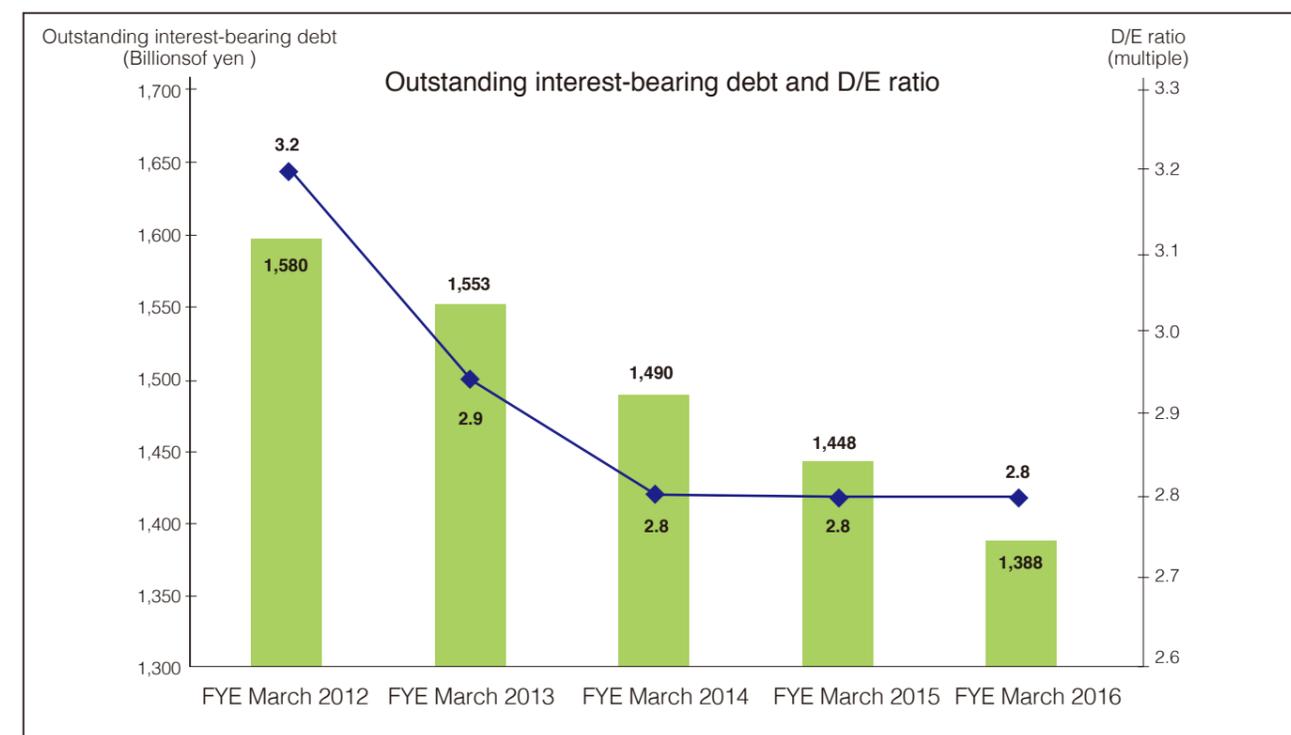
(Billions of yen)

		FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017 (forecast)
Net sales	Printing Paper Business	161.7	165.4	164.3	164.0
	Imaging Media Business	41.6	43.5	41.8	45.0
	Speciality Materials Business	16.0	16.8	16.9	18.0
	Other	16.0	15.1	15.8	15.0
	Elimination (offsetting)	Δ27.8	Δ26.0	Δ22.5	Δ22.0
Total		207.5	214.9	216.3	220.0
Operating income	Printing Paper Business	Δ1.8	Δ1.3	2.0	2.1
	Imaging Media Business	1.5	1.5	2.4	1.9
	Speciality Materials Business	0.3	0.5	0.9	1.2
	Other	0.5	0.4	0.4	0.1
	Elimination (offsetting)	0	Δ0.1	0	0
Total		0.5	1.0	3.9	4.5
					Risk Factor Δ0.8

Shareholders' equity and ROE



Trends in outstanding interest-bearing debt and D/E ratio



Special Feature 1 Second Mid-term Management Plan

To strengthen the stable profit structure

In March 2016, Mitsubishi Paper Mills Limited ended the First Mid-term Management Plan (including the Rolling Plan) that started in October 2011, and in April 2016, we implemented the Second Mid-term Management Plan, which is a new stage to leap into the future.

The key word of the Second Mid-term Management Plan is

"To stabilize earnings through alliance."

Each business field (i.e. Printing Paper, Imaging Media and Speciality Materials Business) will try to take various measures from global perspectives, utilizing the technical capabilities that have been gained through our 118-year history and the Company's positioning, in order to strengthen the stable profit structure.

Four basic principles of the Second Mid-term Management Plan are as follows.



Key player of the Printing Paper Business, Hachinohe Mill (View from the Hachinohe port facility)

1 Structural Reform of Printing Paper Business

- We will achieve stable earning structure not affected by the external environment through structural reform and strengthening our alliance with Oji Group.
- We will optimize our distribution and logistics systems.

2 Improving Profit Base

- We will strengthen our alliance with Fujifilm Corporation to build an efficient production system.
- We will improve the profit base business by effectively using the business superiority and positioning of Mitsubishi Paper Mills.

3 Developing New Businesses

- We will launch a biomass power generation business in collaboration with Oji Group.
- We will strategically develop new businesses.
- We will make careful strategic and selective investment in the focus fields.

4 Strengthening business foundation and financial ground that will support the Group's earning power

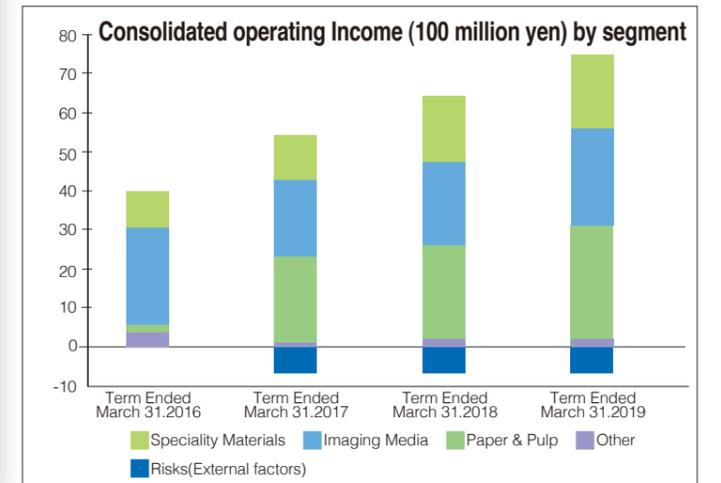
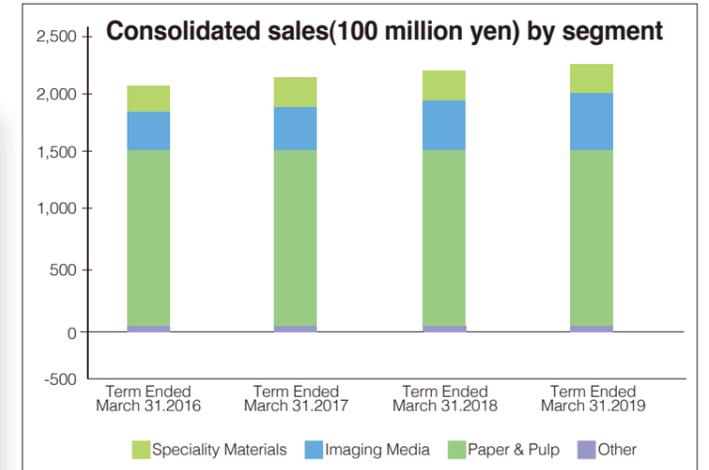
- We will work on the reconstruction of business process and IT infrastructure to achieve the Group's business structure reform.
- We will promote reduction of interest bearing debts, which we have managed to reduce to the pre-Great East Japan Earthquake level, and further strengthen the Group's financial ground.

Stabilization of profit through Alliances

Second Mid-term Management Plan, Business target

Term ending March 31, 2019:
Final year Target

	Values: Consolidated base
Sales	230 billion yen
Operating income	6.5 billion yen
Ordinary income	4.5 billion yen
Interest bearing debts	125 billion yen
D/E ratio	2.3-fold



1 Structural Reform of Printing Paper Business

The basic strategy is "to build a stable earning structure not affected by the external environment." Based on this strategy, we will work on the followings:

- Strategically expand OEM with a focus on information/specialty papers by promoting alliance with oji Group;
- Increase exports through OEM utilization and further export more production inkjet paper and printing paper; and
- Increase the information/specialty paper ratio in Hachinohe Mill.

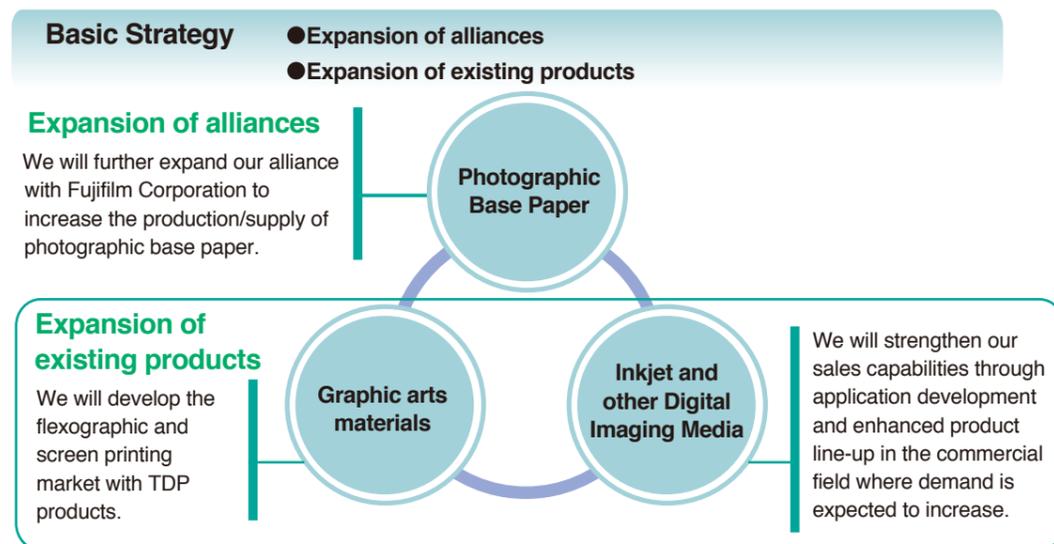
Basic Strategy	Build a stable earning structure not affected by the external environment
Key Challenges	Concrete Measures
Strategic expansion of OEM	● Promotion of our alliance with Oji Group centered on communication/specialty paper
Maintenance of our factory operating rate	● Increase in exports through OEM utilization ● Further strengthening of production inkjet paper and printing paper exports ● Increase in the information/specialty paper ratio in Hachinohe Mill
Key Challenges	Concrete Measures
Streamlining of the supply chain through integrated management of manufacture and sales	● Streamlining of distribution through a review of the roles of our firm/Mitsubishi Paper Sales by sales contact and by product ● Streamlining of production in line with a product portfolio review ● Promotion of product portfolio diversification in Mitsubishi Paper Sales ● Reduction in inventory through optimization of our distribution systems
Improvement in the profitability of German operation	● Sales strategy focused on the European market where demand for heat-sensitive paper is strong ● Expansion of the effect from a decrease in costs (materials, energy and yield improvement) ● Examination of alliances, etc. from a mid-to-long-term perspective

2 Improving Profit Base

(1) Strategic Strengthening of Imaging Media Business

The basic strategies are “ expansion of alliances and expansion of existing products.” Based on these basic strategies, we will work on the followings:

- (a) Expand the alliance with Fujifilm Corporation to increase the production/supply of photographic base paper and secure the top position in the market;
- (b) Develop the flexographic and screen printing market of printing photo-sensitive materials with thermal digital plate (TDP) products; and
- (c) Expand the inkjet paper business including mini-laboratory and HP indigo method in the growing B to B market.



(2) Strategic Expansion of Speciality Materials Business

The basic strategies are “ further growth of non-woven fabric-related products, and increase in sales in the growing Chinese, Korean and ASEAN markets.” Based on these basic strategies, we will work on the followings:

- (a) Increase sales of water treatment membrane supporting body and battery separators;
- (b) Increase sales of rewrite media for public/private demand in China and launch products and create markets in the ASEAN region;
- (c) Strengthen functions of filter products to increase sales in East Asia; and
- (d) Enter the tape base paper market in Europe for the chemical paper business.



3 Developing New Businesses

(1) Launch of Biomass Power Generation Business

Through joint investment with Oji Green Resources Co., Ltd., which has expertise in power generation business operation and fuel procurement, we will launch a joint biomass business making the best use of advantageous location of oceanfront plant and power generation technology and strengthen the earnings base of the Hachinohe Site, which is our main factory.

Launch of Joint Biomass Business with Oji Group



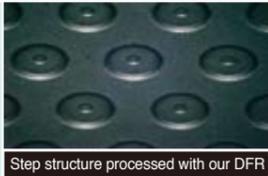
Summary.....Utilization of the FIT System

- Company Name: MPM Oji Eco Energy Co., Ltd.(Financing: 45% from Mitsubishi Paper Mills and 55% from Oji Green Resources)
- Location: In the premises of Hachinohe Mill of Mitsubishi Paper Mills
- Production Capacity: Approx. 75,000kW(Power generation capacity)
- Sales: Approx. 11 billion yen
- Investment: 24 billion yen (Lease of main facilities, such as the boiler and turbine)

(2) Functional film

we will act offensively to expand the electric conductive film business in its major markets in Taiwan, China and South Korea in a hurried pace, expecting that silver mesh films will be demanded for large touch panels. Our photo resist has high resistance and adhesion capacities, its peeling piece also melts when the resist layer is peeled. By using these features, we will secure a certain level of sales of dry film resist* and produce them by ourselves, which will lead to the expansion of the photo resist business and increase in earnings.

*Dry film resist: Resist to form wiring pattern of printed wiring boards.

Area	Application	Features	Activity
Conductive Film		· Superior silver mesh film suitable for large-sized touchscreen devices	· To expand our target market; Taiwan, China and Korea and accelerate the business
Photosensitive DFR		· Excellent resistance and adhesion · Fragmented and dissolved in stripping process	· To improve the profitability of DFR business by in-house production based on its large and stable sales volume
Main Strategic Investment	Target		Plant
A new coating machine	Expand sales volume & Improve profitability by In-house Production		Kyoto Mill

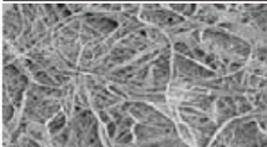
(3) Digital Textile Inkjet (IJ) Printing Transfer Paper

In the rapidly growing digital textile inkjet printing transfer paper market, we will form a new market not just with our existing transfer paper for polyester but also newly-developed inkjet printing paper for natural materials.

Area	Application	Features	Activity
IJ Transfer Paper	 Digital textile by MPM technology	<ul style="list-style-type: none"> Newly developed IJ transfer paper for cotton and silk (Natural fiber textiles) 	<ul style="list-style-type: none"> In addition to the existing dye sublimation paper for polyester (Synthetic fiber); newly developed IJ transfer paper for natural fabrics will offer growth opportunity in the digital textile marketplace.

(4) Expansion of New Non-woven Fabric-related Areas

- (a) We will provide polyester separators with advanced safety that offer an inorganic coating layer for electronic vehicles.
- (b) We will deploy paper-type separators manufactured using multiple functional fibers (e. g. fine fibrous cellulose) for electric double layer capacitors (EDLC) focused on rapid charging/discharging.

Area	Application	Features	Activity
EV separators	 Lithium-ion Battery	<ul style="list-style-type: none"> Advanced safety Heat-resistance Long battery life 	<ul style="list-style-type: none"> Provide polyester separators (NanoBaseX®) with an inorganic coating layer that offer advanced safety for electronic vehicles (EVs).
EDLC separators	 Paper-type Separator	<ul style="list-style-type: none"> Heat-resistance Improved drying Thin and high-strength 	<ul style="list-style-type: none"> Expand newly separators of the paper type (NanoBase2®) manufactured using multiple functional fibers (e. g. fine fibrous cellulose) for electric double layer capacitors (EDLC) that focused on rapid charging/discharging.

Main Strategic Investment	Target	Plant
A new non-woven fabric machine	To increase non-woven fabric and battery separator sales	Takasago Mill

(5) Expansion into Other New Business Fields

We will commercialize processed products of carbon nano-tube, taking advantage of high conductive and high thermal conductive features based on the high-concentration dispersion liquid mass production technology.

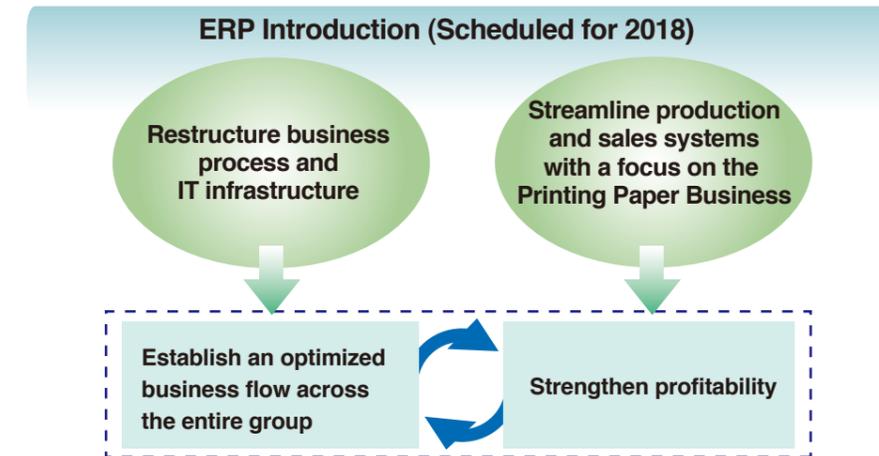
Area	Application	Features	Concrete Measures
CNT-related products	 Sheet Coated with CNT	<ul style="list-style-type: none"> Superior electrical conductivity High thermal conductance 	<ul style="list-style-type: none"> Commercialize processed products (e. g. tapes and sheets) that take advantage of capability on CNT (carbon nano-tube) dispersion with high concentration.

4 Strengthening Businesses foundation and financial ground that will support the Group's earning power

(1) Strengthening of Business Foundation

As company-wide efforts, we will establish a business structure that can flexibly correspond to the management strategies. Specifically, we will strongly promote the followings:

- (a) Introduce ERP package in 2018 and restructure business process and IT infrastructure; and
- (b) Streamline production and sales systems and distribution stock with a focus on the Printing Paer Business.



(2) Strengthening of Financial Ground

We will aim to continue reducing our interest bearing debts and further reduce our D/E ratio.

	Term Ended March 31, 2016: Actual	Term Ending March 31, 2019: Plan	Improvement
Interest bearing debts	138.8 billion yen	125 billion yen	13.8 billion yen reduction
D/E ratio	2.8-fold	2.3-fold	0.5 improvement



Creating a More Sustainable Society

1. Sustainable Timber Procurement and Paper Production

Mitsubishi Paper Mills Group carries out business with timber as a principal raw material. In order for timber to be a renewable raw material, sustainable forest management is required and, in conjunction with that, after considering what must be done to ensure the continued development of the company, we became one of the first to acquire FSC® certification*.

We have acquired FM certification for a plantation in Chile and company-owned forests in Japan, as well as COC certification for all of our paper production facilities both in Japan and overseas. In addition, as the FSC pioneer in Japan in conducting responsible forestry management and are working to get FSC certification throughout our entire supply chain.

*FSC : Forest Stewardship Council A.C.

Responsible Timber Procurement

Responsible forest management, with regard for society, the environment and the economy through FSC certification is based on the kind of sustainable forest management proposed at the 1992 Earth Summit in Rio de Janeiro.

Under such sustainable forest management, efforts are made to ensure that forests will continue to be usable in the future by only allowing logging commensurate with the forest's growth and by nurturing, logging, and replanting trees, with care taken not to negatively impact the soil, air, water, or ecosystems of wildlife and fish in the area.

Mitsubishi Paper Mills procures timber used as the raw materials for its products from forests that are rigorously managed according to FSC principles.



Mitsubishi Paper Mills-owned forest in Aomori Prefecture (FSC-certified forest)

Please see ▶ P16 FSC principles are provided on page 16.

TOPICS

MPM receives highest DBJ environmental rating for 4 years in a row

For the fourth year running, Mitsubishi Paper Mills has been given the highest DBJ environmental rating available. Announced in March 2016, this rating reflects an acknowledgment by the Development Bank of Japan (DBJ) that Mitsubishi Paper Mills has "excellent advanced environmental initiatives."

Along with actively using certified forest timber in our products, we have been lauded for our focus on the propagation and promotion of the certification program itself.

In an effort to become a corporate group capable of contributing even more to building a more recycling-oriented society, Mitsubishi Paper Mills is actively engaged in global environmental preservation. With the acquisition of the DBJ environmental rating, we will continue focusing on forward-looking environmental management and striving to prevent global warming and preserve biodiversity through the use of sustainable forest resources.



Mitsubishi Paper Mills has an "excellent advanced environmental initiatives" rating and in March 2016 received an environmentally rated loan from the Development Bank of Japan (DBJ).

About the FSC® Forest Certification System

◆ FSC® Forest Certification System mechanisms

FM (Forest Management) Certification : Forest Management

Certifies that from the viewpoint of environmental preservation, the forest management is appropriate, provides social benefits and is economically sustainable.

After acquiring FM certification for a plantation in Chile in 2002, we acquired FM certification for company-owned forests in Japan.

COC (Chain of Custody) certification (processing and distribution process management certification) : Chain of Custody

Certifies that timber felled and taken from certified forests is managed so that it is not mixed with other timber in the processing and distribution stages.

In August 2001, Mitsubishi Paper Mills' Hachinohe Mill became the first COC-certified paper mill in Japan.

Did You Know.

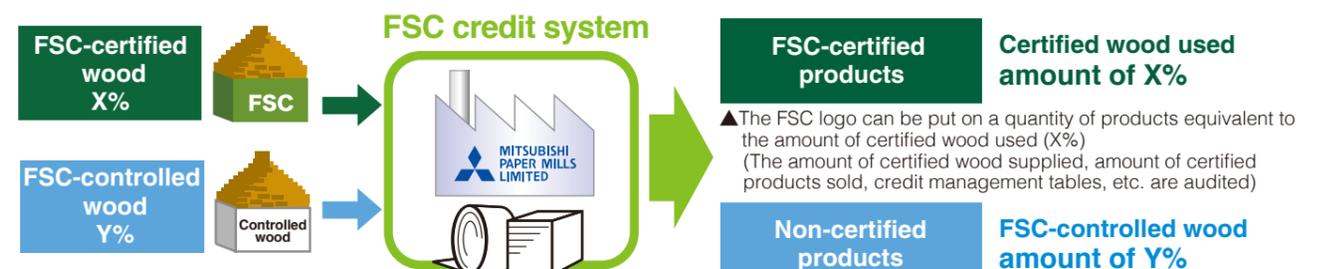
Organizations may use the FSC logo if they process products using supply chains that have received both FM and COC certifications. Choosing a product with this logo supports properly managed forests and helps prevent global warming and the preservation of biodiversity.

FSC Principles

- Principle 1: To comply with all laws, regulations, treaties, conventions and agreements, together with all FSC Principles and Criteria
- Principle 2: To define, document and legally establish long-term tenure and use rights
- Principle 3: To identify and uphold indigenous peoples' rights of ownership and use of land and resources.
- Principle 4: To maintain or enhance forest workers' and local communities' social and economic well-being.
- Principle 5: To maintain or enhance long term economic, social and environmental benefits from the forest.
- Principle 6: To maintain or restore the ecosystem, its biodiversity, resources and landscapes.
- Principle 7: To have a management plan, implemented, monitored and documented.
- Principle 8: To demonstrate progress towards management objectives.
- Principle 9: To maintain or enhance the attributes which define such forests.
- Principle 10: To plan and manage plantations in accordance with FSC Principles and Criteria.

◆ FSC-certified paper

The Mitsubishi Paper Mills Group has acquired COC certification for all of its production facilities in Japan and overseas, and produces FSC-certified paper under the FSC credit system. This system allows us to use the FSC logo for an amount of products commensurate with the amount of certified-wood used to make the products.



▲Verify that the timber was not logged illegally (usage of risk evaluation sheets, etc. for controlled wood)

Making Paper while Preserving Forests

◆ Sustainable usage of Hard wood produced in Japan

In cycles of approximately 40 years, Hard wood have been used for fuel wood, charcoal and pulp wood in a process that consists of logging followed by germination, tree growth, and logging again. However, in recent years, a shortage of lumberjacks and other factors has led to a downturn in the amount of Hard wood produced.

The Kitakami HiTec Paper Corporation produces high brightness hard wood pulp and base paper for photographic paper, and the hard wood chips used to make this pulp and paper are 100% made in Japan.



◆ Paper that contributes to forest thinning

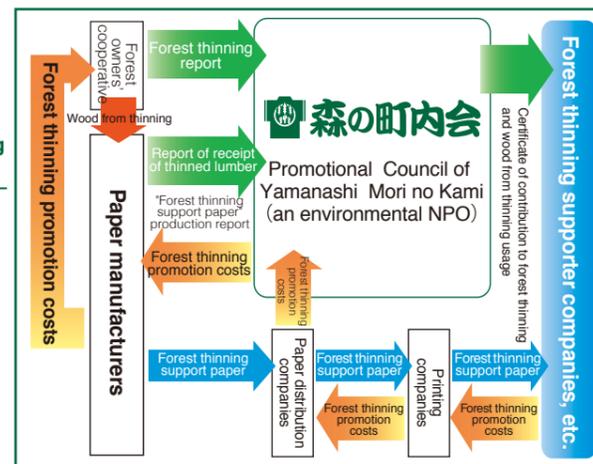
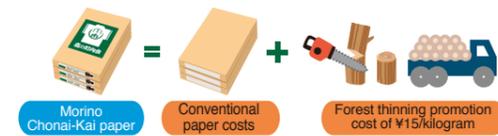
Mitsubishi Paper Mills works together with the Office Chonai-kai, an environmental NPO, in carrying out Morino Chonai-Kai (forest neighborhood association) activities.

As an effort to preserve the environment, purchasers of "paper that contributes to forest thinning" pay a forest thinning promotion cost of ¥15 per kilogram, all of which goes to fund forest thinning operations and the effective use of thinning materials.

This initiative helps efforts to thin Japan's forests and keep them healthy.

森の町内会 Paper contributing to forest thinning

Morino Chonai-Kai mechanism:
¥15 per kilogram goes to promote forest thinning



Making forests healthy requires making effective use of wood resources.
(Forest thinning work)

◆ FSC®-Certified Paper — Helping Improve Communities

Our Hachinohe Mill in Aomori Prefecture produces Yamanashi Forest Paper, an original brand of paper made using FSC-certified chips from Yamanashi Prefectural Forests.

The mill began making copy paper for local governments and companies in Yamanashi Prefecture in 2010, and has now expanded into printing paper used to make pamphlets and catalogs.

Yamanashi Forest Paper

Excellence Award at the 17th Green Purchasing Awards
Honorable Mention Award at the 5th Carbon Offset Awards

In December 2015, the Yamanashi Forest Paper brand of printing and copy paper, which is made at our Hachinohe Mill, was given an award.

The award was granted to the Promotional Council of Yamanashi Mori no Kami, of which Mitsubishi Paper Mills and Mitsubishi Paper Sales Company are members. It is in recognition of our having leveraged the characteristics of areas rich in forest resources and offset carbon through the sale of products that are environmentally conscious, and also for our making products in coordination with facilities for people with disabilities.

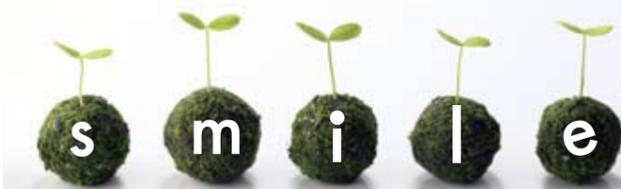


"Use, Grow, and Make Our Forests Happy", With FSC® Forest Certification at the Center

The Mori-smile® Projects — Creating Happy and Smiling Forests

Since its acquisition of Chain-of-Custody certification for its Hachinohe Mill (Aomori Prefecture) in August 2001, the first such certification for a Japanese paper manufacturer, Mitsubishi Paper Mills has been providing FSC-certified paper.

We are also engaged in projects that "create happy and smiling forests," which we call Mori-smile projects, for a range of services that are centered on FSC forest certification.



Creating happy and smiling forests.

Mori-smile



Mitsubishi Paper Mills-owned forest in Aomori Prefecture (FSC-certified forest)

2. Driving Further Adoption of Sustainable Forest Management

We believe that, for companies to ensure their business survives and achieves growth into the future, they must recognize how they benefit from the bounties of our natural environment — and our plentiful forests, in particular — and how they must work to preserve the health of these forests.

Through the proactive use of recyclable wood, the Mitsubishi Paper Mills Group practices sustainable forest management and helps contribute to a more recycling-based society.

Activities of the Eco System Academy

In May 2010, we founded the Eco System Academy centered on the cycles of forests.

Support was provided by the village of Nishigo-mura, National Nasukashi Youth Outdoor Learning Center, and Wild Bird Society of Japan.

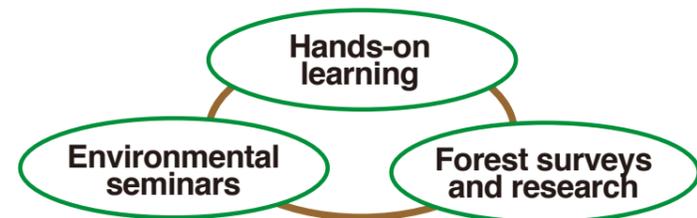
Collaboration was provided by members of the Nishishirakawa Forest Owners' Cooperative, Fukushima Prefecture Pulp Cooperative Association, Minami Lumbermill, Nakashou, and Nishigo-mura

Aim

To know the role forests play, to give thought to how best to use the gifts from forests, to understand the cycles of forests and paper through hands-on learning, and thereby develop an interest in caring for the forest.

Specific Activities

Our business activities focus on three areas: hands-on learning, environmental seminars, and forest surveys and research. The following describes the specific activities we have undertaken.



Hands-on learning :

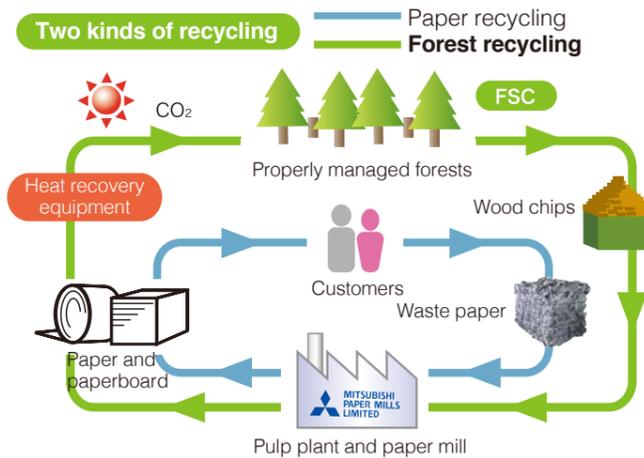
In addition to learning about the environment, this involves papermaking and creating paper crafts as a means to experience the art of manufacturing and make observations, take measurements, and plant trees using company-owned forests. Since its opening, the facility has conducted "traveling classes" for 644 children and been toured by 503 business partners.

Environmental seminars :

At the six seminars held to date, a total of 1,764 attendees have heard from lecturers working as university instructors or engaged in pursuits that have included forestry, Japanese traditional culture, and national environment preservation.

Forest surveys and research :

We conduct surveys of vegetation and forest growth and, through activities of the Wild Bird Society of Japan, conduct surveys of wild birds living in company-owned forests. We are also working to create birdwatching areas.



Dream Project
"Sending this postcard to myself 10 years in the future"

◆ Hands-on learning

Environmental education for local elementary and junior high school students

With the cooperation of people in the community, the facility has been providing hands-on learning since it opened in 2010, using a forest owned by Mitsubishi Paper Mills in Nishigo-mura, Fukushima Prefecture, where our Shirakawa Site is located. With study themes of "About the environment and forests," and "Learn about paper," and "Papermaking workshop," and "Forest observation and tree measurement workshop," students learn about the importance of forest recycling and management and about the art of making paper from trees.



Nishigo daiichi Junior High School
"Using Forests and Wood" class



Yone Elementary School
Forest observation



Omotego Elementary School
Papermaking workshop

Traveling environmental education workshops in Tokyo

Since 2014, Mitsubishi Paper Mills has been conducting traveling environmental education at Ryogoku Elementary school, in Sumida Ward, where Mitsubishi Paper Mills' head office is located and at the Ikejiri Institute of Design with the Kids Workshop. In 2015, we provided participants with a new environmental education course through the Mitaka Public Lecture program.



The content of the environmental education we provided to Ryogoku Elementary School in 2015 was developed with regard for what the students were set to learn at school, making it a meaningful experience for them.

Ryogoku Elementary School
Tailoring curriculum to the
"Advice from the Shirakami
Sanchi" class

Comments from children and participants

"I learned how much time and effort it takes for trees to grow, and it made me want to take better care of trees."
(Ryogoku Elementary School)

"I didn't know that paper is made from wood pulp. I'll always treat paper more carefully."
(Ryogoku Elementary School)

"I had seen the FSC logo before, but only learned what it means today."
(Mitaka Public Lecture)

"It's interesting that different quality paper is produced using different types of trees. I want to have my kids and husband try it."
(Mitaka Public Lecture)

"Along with learning how to make paper, I also learned about the importance of forest environments."
(Dream Project)

"I sent off a postcard I made with a message to myself 10 years in the future." I'm looking forward to getting it."
(Dream Project)

Traveling environmental education in Kansai

Mitsubishi Paper Mills conducted a traveling environmental education class in Nagaokakyo City (where our Kyoto Mill is located) in October 2015, the first such class to be conducted in the Kansai region.

At the Nagaokakyo-shi Environmental fair, we conducted our "Forest Cycles, About Paper" class along with a papermaking workshop. This program, which taught the importance of forest cycles and the mysteries and fun of papermaking, was well received by all attendees.



How fascinating that this is what postcards are made from



Great job

◆ Forest surveys and research

Mitsubishi Paper Mills is conducting forest surveys and research with support from experts that include university professors and members of the Wild Bird Society of Japan. These efforts include surveys of vegetation and wild birds conducted in an ongoing manner using a Mitsubishi Paper Mills-owned forest (located in Nishigo-mura in the Nishishirakawa District of Fukushima Prefecture).

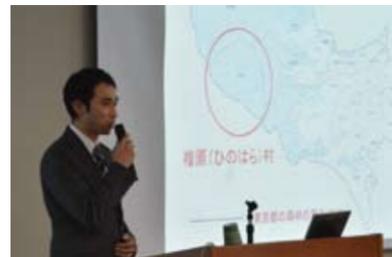
◆ Environmental seminars

At the 5th Environmental Seminar, entitled "The gifts from Forests and the Collaboration Between Industry and Nature," participants learned about efforts being made to practice sustainable forestry business and came away with a deeper understanding of the cycles of forests.

- "Depending on the gifts from Forests — Brewing Sake and Managing Communities,"
"Giichiro Yaegashi, Senkin Shuzo Co., Ltd."
- "The Gifts of Tokyo's Forests", Ryosuke Aoki,
Tokyo Chainsaws Co., Ltd.



President Giichiro Yaegashi giving a talk on the appeal of the gifts from forests



A breath of fresh air for the forestry industry!
President Aoki

Comments from participants

"The event gave me a better sense of the relationship between people and the forest. I developed an interest in the relationship between the forest and sake, which is familiar, and even got pleasantly intoxicated."

"Using Tokyo's forests as a brand is a fresh and concrete move that casts off convention. Very inspiring."

6th Environmental Seminar — "The gifts from Forests and Cool Japan"

The event further reinforced in me how forests foster culture and allow for a better future.

- "Tokyo Olympics 2020 and FSC", Yasunori Iwase, FSC Japan - secretariat
- "Echizen Washi Stepping out onto the Global Stage", Hiroshi Ishikawa, Fukui Prefecture Washi Kogyo Cooperative



Mr. Iwase, furthering the adoption of FSC



Mr. Ishikawa, explaining the potential of Echizen washi paper

Comments from participants

"I learned about the relationship between the Olympics and FSC certification. The Olympics presents an opportunity to expand FSC business to more people who handle paper."

The event taught me the history of washi (Japanese paper), a charming and inspiring story. I hope they will keep this aspect of traditional Japanese culture alive."



Zealous audience

Eco-Products 2015

As part of efforts to drive home the importance of forestry management, we set up a booth at the Eco-Products convention held at Tokyo Big Sight in December 2015 to tell people about the activities of the Eco-System Academy with a focus on the cycles of forests.

Visitors to the booth had great things to say about the various activities we conducted, including measuring the height of trees and taking a quiz to guess the names of trees that grow in Mitsubishi Paper Mills-owned forests.



Visitors hearing about the Eco-System Academy

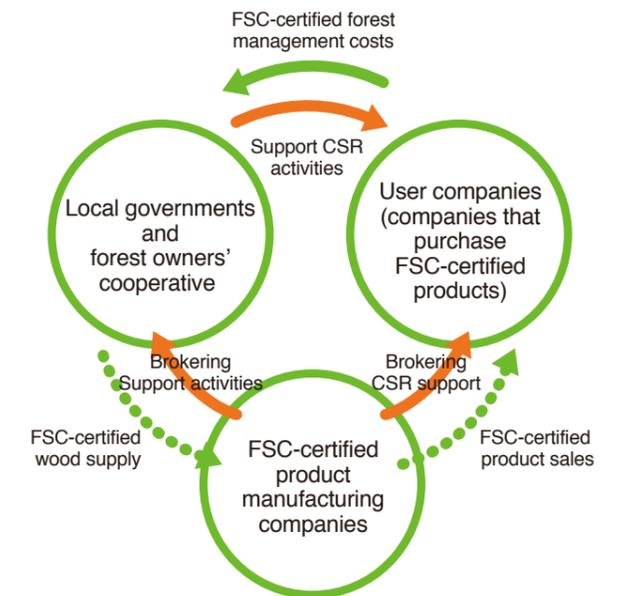
Please see ▶ **P37** Preserving biodiversity (also see pg. 37)

FSC-Certified Forest Supporter Program

Under this program, companies purchasing FSC certified products pay a portion of the costs of managing certified forests. Certified forest managers (local governments) use this money to foster healthy forests and turn these forests' wood into certified products.

The first supporter was Mitsubishi UFJ Kokusai Asset Management's MUAM Forest in Iwaizumicho, Iwate Prefecture.

See Mitsubishi Paper Mills' website for more information.
<https://www.mpm.co.jp/fsc/forest/index.html>



Team to create IWAIZUMI blessing Forest

Mitsubishi Paper Mills Group company Shin-Hokuryo Forest Products Co., Ltd. is a member of the Association for a Healthy Forestry Industry whose head office is located in Iwaizumicho, Iwate Prefecture. The company participates in sustainable forest development activities with FSC certification and contributes to revitalizing the forestry and lumber industries.

As a company that is rooted in the community and that benefits from the gifts of the forest, Shin-Hokuryo Forest Products works to develop communities with the aim of achieving all possibilities for revitalizing communities through forestry management. It does this through a number of activities that include creating new value by using hard wood.

Introduction of our environment-conscious products

Eco-friendly FSC-certified products

N — Pearl Card FSC-Certified — MX

In March 2016, our N — Pearl Card flagship brand of special white paperboard, produced at our Hachinohe Mill, became an eco-friendly FSC-certified product.

This applies to all standing inventory of materials, which is intended for use by the commercial printing industry for things such as catalogs and pamphlets as well as wide use by the packaging industry, an industry where needs continue to grow.

We believe demand will continue to grow across the spectrum for FSC-certified wood, including demand prompted by the upcoming 2020 Tokyo Olympics.

With a commitment to the continued development and sales of environment-conscious products, the Mitsubishi Paper Mills Group will contribute to make our society more sustainable.



Business Development of the Mitsubishi Paper Mills Group

Extensive Technical Expertise and Robust Product Lineup for Myriad Lifestyles

Since our founding in 1898, we have prided ourselves on our technological focus. During this time, we have developed and provided high added value products and contributed to furthering information culture through things such as publishing, printing, and photography.

A Wide Range of Products to Support Our Information Culture



Since our founding in 1898, Mitsubishi Paper Mills has done business as a general manufacturer providing high-grade printing and communication papers.

We are also a leading force in the industry for paper used to directly record and output information. From carbonless paper to thermal paper, we contribute to society by offering the full spectrum of communication papers to satisfy a variety of needs.

A testament to our technical expertise and the high quality of our integrated production system



**Madiath thermal platesetter
TGP (Thermal Green Plate) system**

Mitsubishi Paper Mills is a distinctive paper manufacturing company doing business in the field of digital imaging. We select wood for use as a raw material, produce pulp, produce paper and coat base paper with resin, apply photosensitive materials, and everything in between as the world's only paper manufacturer with every production process.

We have cemented a global position for ourselves as one of the leaders in the field of inkjet paper, for which we began research and development in the 1970s, and are also a savvy player in the domestic printing business. Also, our unique prepress-related products, developed with feedback from the production floor, have been well received.

Our new technologies, continually evolving



**Lithium-ion batteries
(Battery separators)**

Leveraging the synergy between our accumulated array of existing technologies and our research and development, we are actively pioneering business in fields that include electronics, the environment and amenities, and energy conservation.

Our forward-looking product development spans high function filters, water treatment membrane supporting bodies, battery separators, and rewritable thermal recording material that allows repeated renewal of records, as well as transparent conductive films for touch panels and rear projection screen films.

Mitsubishi Paper Mills Group's Global Operations

Main business facilities around the world

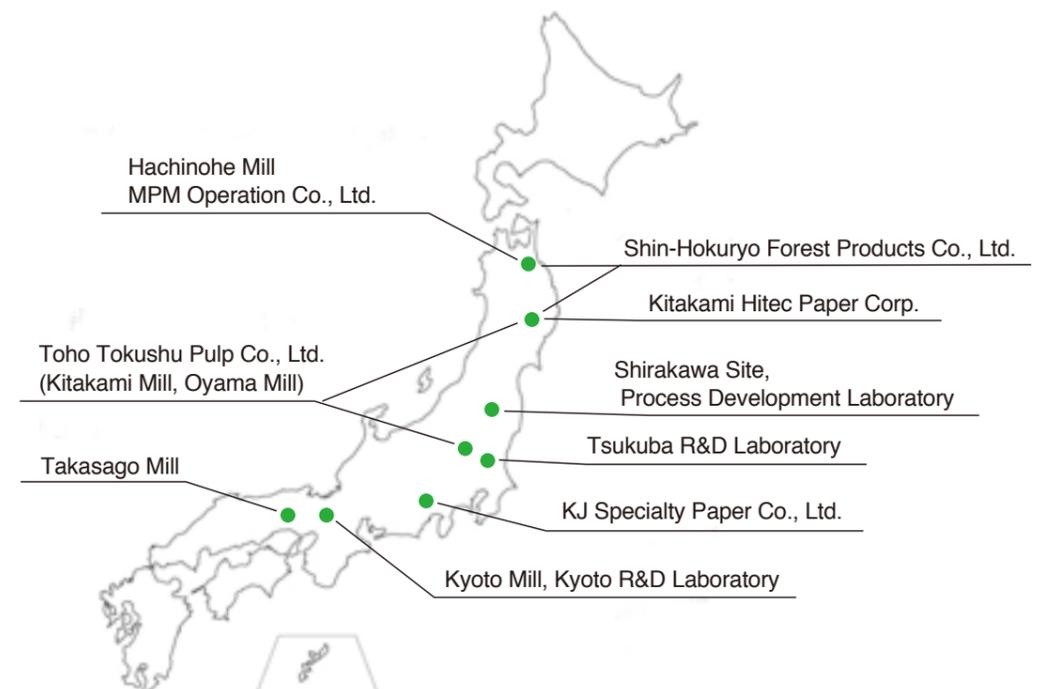
With production facilities in Japan, Germany, China, and Mexico and sales offices in Japan, Germany, the U.S., Hong Kong, and Taiwan, the Mitsubishi Paper Mills Group does business around the world with access to numerous overseas markets.

Overseas sales ratio **31%**



Sales by region (FYE March 2016)

Europe	35.4 billion yen
North America	11.2 billion yen
Asia	14.4 billion yen
Japan	149.1 billion yen
Other regions	6.2 billion yen



CSR within the Mitsubishi Paper Mills Group

Basic Policy for CSR Activities

With the goal of contributing to making society more sustainable, the Mitsubishi Paper Mills Group has established five basic policies that guide its CSR activities.

1. Strengthening our CSR management foundation
2. Promoting environmental management
3. Raising customer satisfaction levels by carefully addressing user needs
4. Taking further measures to provide our employees with a pleasant working environment
5. Promoting activities that contribute to society

Mitsubishi Paper Mills' CSR activities and how they help improve the corporate value, referring to the seven core subjects of the ISO 26000 international guidance standards (Guidance on Social Responsibility).

The Mitsubishi Paper Mills Group takes its social responsibility as a company seriously and, with a strong sense of ethics, conducts its business with an emphasis on transparency.

The 7 core subjects of ISO 26000

Page

Organizational Governance	▶ Corporate Governance	P27~32
Fair Operating Practices	▶ Fair Operating Practices	P33
Environment	▶ Relationship with the Environment	P34~40
Human Rights	Labor Practices ▶ Relationship with Employees	P41~42
Consumer Issues	▶ Relationship with Customers	P43~44
Community Involvement and Development	▶ Relationship with Communities	P45~48

Key Issues (Material Issues) for the Mitsubishi Paper Mills Group

1. We have identified issues important to the Mitsubishi Paper Mills Group based on our basic policy for CSR activities.
2. In recognizing the necessity of distinctive activities that aim to resolve social issues and that are true to the nature of the Mitsubishi Paper Mills Group, we have established key issues to tackle based on their societal importance and the degree of impact they have on the sustainable development of the Group.

Please see ▶ **P49** FY 2016 Activity Results — Also see P. 49

Basic Policy for CSR Activities	Key issues (are the top priority issues)
Strengthening our CSR management foundation	Ensuring the effectiveness of corporate governance
	Establishing a risk management structure
	Thoroughly familiarizing employees with our Code of Conduct and Compliance Conduct Standards
	Ensuring strict legal compliance
	Promoting communication with stakeholders
	Expanding initiatives out to affiliated Group companies
Promoting environmental management	Promoting activities to prevent global warming
	Promoting activities to preserve biodiversity
	Improving and enlarging our environmentally conscious product lineup
	Reducing environmental risk and impact
Raising customer satisfaction levels by carefully addressing user needs	Ensuring product safety
	Ensuring product quality
	Rolling out new user-oriented products and building optimal sales channels
Taking further measures to provide our employees with a pleasant working environment	Enhancing activities to ensure safety and health
	Promoting various measures to improve human resource performance
Promoting activities that contribute to society	Promoting community support activities
	Promoting cultural contribution activities
	Promoting activities of the Eco System Academy

☆ The process for defining key issues (material issues)

<1> Ascertaining the circumstances surrounding the Mitsubishi Paper Mills Group

We analyzed the social, financial, and environmental circumstances surrounding the Mitsubishi Paper Mills Group and reviewed the actions to be taken against issues identified according to our basic policy.

<2> Establishing key issues to satisfy the needs of society

- ① We examined our business environment, including progress made towards achieving our business plan, and created a short list of issues based on importance.
- ② We looked at the global landscape, industry indicators, and feedback from our stakeholders, thoroughly examined activity priority, and established key issues where the Mitsubishi Paper Mills Group will satisfy the needs of society.

<3> Deciding on the top priority issues (highlighted in the table above)

As "earning the trust of our stakeholders by improving corporate value" is currently the issue of highest priority for the Mitsubishi Paper Mills Group, we have decided on "initiatives to ensure strict legal compliance" and "enhancement of activities to ensure safety and health" as our two top priority issues.

Corporate governance

("organizational governance" according to the seven core subjects of the ISO 26000 standard)

With the goal of achieving sustainable growth and improving corporate value, the Mitsubishi Paper Mills Group promotes management that places an emphasis on CSR and works to enhance transparency of management while bolstering its corporate governance.

Overview of Corporate Organizations

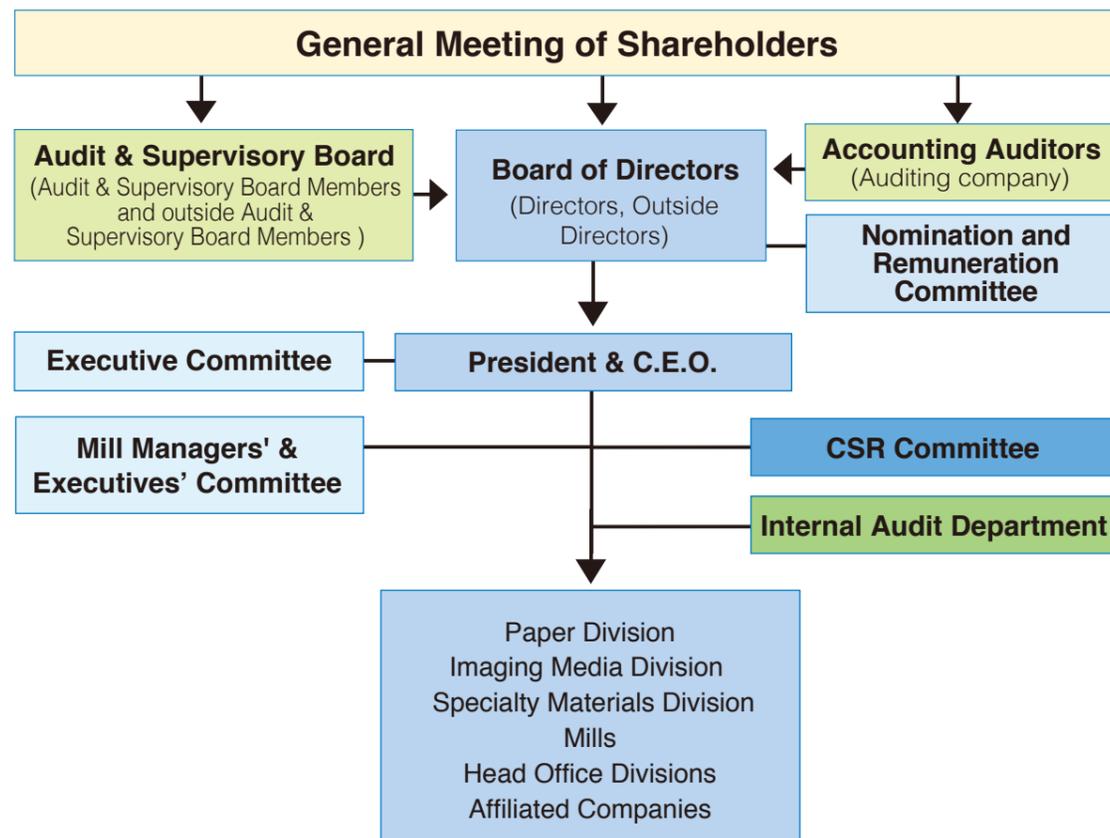
We have chosen to structure ourselves as a company with a board of corporate auditors. By electing two independent outside directors and three outside corporate auditors we have put together a structure capable of fulfilling the functions required of the Board of Directors. (As of June 28, 2016)

We have instituted a Nomination and Compensation Committee that is chaired by an independent outside director and that acts as an advisory body to the Board of Directors.

An executive officer system is also in place to streamline the Board of Directors and speed up decision-making.

CSR Promotion Structure

In order to manage the Mitsubishi Paper Mills Group with a focus on CSR, we have appointed the vice president to be the CSR Director and have established a CSR Committee, which is comprised of people from throughout the Mitsubishi Paper Mills Group and chaired by the president. The CSR Committee oversees all nine areas of the Group's CSR activities (compliance, risk management, safety and health, the environment, product safety, product quality, human rights and labor, information, and social contribution), drafts CSR basic policy and annual plans, and deliberates on and reports to the Board of Directors.



CSR promotion efforts (from 2009 to the present)

We have all Group employees in Japan participate in CSR activities and are working to have those activities understood and promoted.

Corporate governance structure

By taking concrete steps towards achieving each of the matters specified in the Mitsubishi Paper Mills Limited's Basic Policies on Corporate Governance, we aim to build a governance structure that satisfies the expectations of our stakeholders and to achieve sustainable growth for the Group while improving corporate value over the medium- to long-term.

Basic Policies on Corporate Governance

The rationale behind the corporate governance system at Mitsubishi Paper Mills is discussed by the Board of Directors, which then formulates and publishes a basic policy.

Chapter 1: Securing the Rights and Equal Treatment of Shareholders

Sets forth policies concerning General Meetings of Shareholders, capital policy, cross-shareholding, anti-takeover measures, and transactions among related parties.

Chapter 2: Considering Interests of Stakeholders

Sets forth policies concerning corporate compliance, issues involving sustainability, diversity, and internal whistleblowing.

Chapter 3: Appropriate Information Disclosure and Transparency

Sets forth policies concerning accounting auditors and means for disclosing information.

Chapter 4: Responsibilities of the Board

Sets forth policies concerning matters such as the role of the Board of Directors, the appointment of and compensation for executives that include independent outside directors, the chairman of the Board of Directors and directors, director training, and succession plans for the president and other executives.

Chapter 5: Dialogue with Shareholders

Sets forth policies concerning communication with stakeholders, investor relations activities, communicating the results of dialogue with shareholders to internal departments, managing insider information, and other areas.

(Created October 2015)

Compliance

In order to be a company of integrity and fairness that is trusted by society, the Mitsubishi Paper Mills Group practices corporate management with a focus on compliance.

Based on the Code of Conduct of the Mitsubishi Paper Mills Group (enacted in January 2007), we thoroughly maintain legal compliance among all personnel, from executives to general employees, and ensure good corporate conduct by following the Compliance Conduct Standards, which provide for rules to be observed in our business activities.

Compliance training and legal education

We provide compliance education to all employees working in Japan through training programs developed based on compliance infractions that have occurred internally or externally to the company. We also provide legal training twice a year to instill in employees the importance of knowing the laws that govern our business activities. Training focused on different themes is conducted by specialized lawyers.

Corporate Ethics Hotline internal whistleblowing system

The Corporate Ethics Hotline is available to all employees working in the Mitsubishi Paper Mills Group. Rules are in place and careful measures are taken to ensure informants do not receive unfair treatment.



Cellular's card

Risk Management

The Mitsubishi Paper Mills Group believes that it is important to properly manage the various risks that arise in conducting business in order to achieve corporate growth and improve corporate value.

We closely examine and manage business environment risks, risks that arise from our business activities, and other risks, from a multilateral viewpoint.

We are currently working to bolster our risk management structure, which includes the involvement of affiliated companies, with a focus on preparing a risk management structure and improving our risk matrix as part of Group management.

◆ Preparing a Crisis Management Manual (revised January 2016)

Along with preparing communications equipment for maintaining contact in emergencies, we have revised our Crisis Management Manual and are finalizing our contact system.

◆ Preparing Information Management Regulations (created March 2016)

Companies have the need to properly use, protect, and dispose of the information they handle, which includes personal information and trade secrets.

To ensure robust information management, we have reviewed our management policy from a holistic perspective and have prepared a guideline for the handling of information along with establishing the Information Management Rules.

◆ Addressing major risks

We ensure conduct that complies with the law and is in accordance with corporate ethics with respect to the following major risks.

Legal violation risk

Code of Conduct of the Mitsubishi Paper Mills Group
Compliance Committee convened twice a year

Environmental risk

Environmental Charter (see p. 34)
Environment Conservation Committees convened monthly at mills, etc.
Group-wide Environmental Conservation Committee convened twice a year

Safety and health risk

Group-wide Safety and Health Management Guideline (see p. 41)
Safety and Health Committees convened monthly at mills, etc.
Group-wide Safety and Health Committee convened annually

Product safety risk

Product Safety Code (see p. 43)
Product Liability (PL) Committee convened twice a year
Mill audits conducted annually

◆ Drafting business continuity plans (BCP)

To strengthen the trust placed in us by our stakeholders, the Mitsubishi Paper Mills Group believes it is essential to improve its ability to respond to emergencies.

We will put in place an effective risk management structure informed by our experiences in recovery activities for damage caused by the Hanshin-Awaji and Great East Japan earthquakes.

Relationship with Stakeholders

To provide our stakeholders with a better understanding of Mitsubishi Paper Mills Group's business activities, we are committed to strong communication and proper disclosure of information.

Maintaining robust communication through our investor relations activities ensures that we carry out high quality initiatives aimed at improving corporate value.

◆ Dialogue with stakeholders



Product explanation



Analyst briefing



Dialogue with employees (Safety and Health Conference)



Dialogue with customers (Head Office gallery in Ryogoku)

Communication with shareholders

To ensure that shareholders have sufficient time to consider the agenda for general meetings of shareholders, we announce and mail out convocation notices early (an online announcement is made 27 days prior to the meeting date, and notices are mailed out 25 days prior to the meeting date), and notices are also translated into English.

At general meetings of shareholders, we make every effort to ensure shareholders come away with a better understanding of the Mitsubishi Paper Mills Group. This includes incorporating video to ensure information is conveyed plainly, and allotting ample time for questions and answers with shareholders.



151st Ordinary General Meeting of Shareholders

◆ Full information disclosure

In order to convey information plainly and concisely on our website, the Mitsubishi Paper Mills Group analyzes the needs of each visitor and groups content accordingly. In addition, we regularly review our English language pages, have added a search engine, and otherwise work towards better information disclosure.

We hold up our Disclosure Policy as our basic policy on disclosing information externally, and the PR and Investor Relations Office is not only in charge of information maintenance and administration, but also conducting PR sessions and managing information disclosure across the group.

In the interest of fair disclosure, we make announcements and make posts to our website about things such as timely disclosed information, press releases, and new products.



Paper Design Square
Mitsubishi Paper Mills Head Office Gallery (11F)

Head Office Gallery

We have built a gallery inside our head office to engender a stronger affinity with Mitsubishi Paper Mills Group products.

In addition to our permanent exhibits, we also conduct planned exhibitions several times a year.

Our investor relations site

An investor relations site can be found on the Mitsubishi Paper Mills website. Information is disseminated in a timely fashion using this website, which provides, among other things, earnings highlights, an IR calendar, an IR library (with access to business reports, annual securities reports, annual reports (in English), financial management presentation materials, and mid-term management plans), materials for the General Meeting of Shareholders, and stock information.

Please see ▶ **P2** See the guide to our website on p. 2.

Disclosure Policy

1. Basic Policy

In accordance with "3. Transparency of Corporate Activities" of the Code of Conduct of the Mitsubishi Paper Mills Group, Mitsubishi Paper Mills practices the timely and proper disclosure of corporate information to customers, shareholders, local communities, etc.

2. Standards of disclosure

- ① We disclose information in conformance with rules established for companies listed on the Tokyo Stock exchange, namely the TSE's Timely Disclosure Rules.
- ② All information deemed to have an impact on investment decisions is disclosed, regardless of whether or not disclosure of that information is required under the Timely Disclosure Rules.
- ③ We disclose information thought to be effective in improving our name recognition and encouraging a better understanding of the Mitsubishi Paper Mills Group.

3. Methods of disclosure

We disclose information via the Timely Disclosure Information System (TDnet), various media outlets, and our website.

Created March 2009

Company Executives

(as of August 31, 2016)

Board of Directors and Corporate Auditors

Kunio Suzuki, President (Representative Director)
 Kazuhisa Taguchi, Representative Director
 Kanji Morioka, Representative Director
 Junji Harada, Director
 Masaki Shuto, Director
 Tsuneaki Handa, Director
 Naoki Okawa, Director
 Tomohisa Shinagawa¹⁾, Director
 Soumitsu Takehara¹⁾, Director
 Kenji Oka, Standing Corporate Auditor
 Tsuyoshi Inoue²⁾, Corporate Auditor
 Hiroaki Tonooka²⁾, Corporate Auditor
 Hatsuhito Kaneko²⁾, Corporate Auditor

1)Tomohisa Shinagawa and Soumitsu Takehara are Outside Directors.

2)Tsuyoshi Inoue, Hiroaki Tonooka, and Hatsuhito Kaneko are Outside Corporate Auditors.

Executive Officers

Kunio Suzuki³⁾, President and Chief Executive Officer
 Kazuhisa Taguchi³⁾, Senior Executive Vice President
 Kanji Morioka³⁾, Senior Managing Executive Officer
 Kiyoshi Maeda, Senior Managing Executive Officer
 Junji Harada⁴⁾, Managing Executive Officer
 Masaki Shuto⁴⁾, Managing Executive Officer
 Tsuneaki Handa⁴⁾, Managing Executive Officer
 Kiyoharu Yamada, Managing Executive Officer
 Makoto Fujita, Managing Executive Officer
 Yutaka Oka, Senior Executive Officer
 Nobuhiro Sato, Senior Executive Officer
 Yukihiro Tachifuji, Senior Executive Officer
 Shimpei Yamada, Executive Officer
 Naoki Okawa⁴⁾, Executive Officer
 Akira Inoue, Executive Officer
 Kenji Manabe, Executive Officer
 Keiichi Sato, Executive Officer

3)Executive officers and also Representative Directors

4)Executive officers and also Directors.

Election of Outside Directors and Outside Corporate Auditors

While primarily incorporating the views of its internal personnel, who have in-depth knowledge of the realities of the company's business, Mitsubishi Paper Mills also sufficiently incorporates the views of outside directors, who are able to make decisions from an independent standpoint. We view this approach as important to ensuring robust corporate governance. Two Outside Directors have been elected to the current Board of Directors, a structure we have deemed appropriate.

Fair operating practices

(Fair Operating Practices, one of the 7 core subjects of ISO 26000)

We promote responsible and ethical conduct in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group.



See Mitsubishi Paper Mills' website for more information.
<https://www.mpm.co.jp/eng/company/kensyou.html>

Fair Competition

The Mitsubishi Paper Mills Group works to make employees more legally-minded through awareness-raising initiatives that include holding internal seminars conducted by specialized lawyers and our Compliance News newsletter, published every other month. In keeping with our focus on ensuring fair and free competition in our business practices, we studied the competition laws and prepared an Antimonopoly Act Compliance Manual so that we can act appropriately in the workplace.

Preventing Corruption

Mitsubishi Paper Mills' Compliance Conduct Standards prohibit the following business activities that may result in the degradation of society, entertaining or giving gifts to civil servants (including low-ranking civil servants), and giving benefits to officials in foreign governments and public organizations.

Responsible Raw Material Procurement

We verify that all wood, woodchips, and wood pulp used to make FSC-certified products come from forests that are legally and appropriately managed.

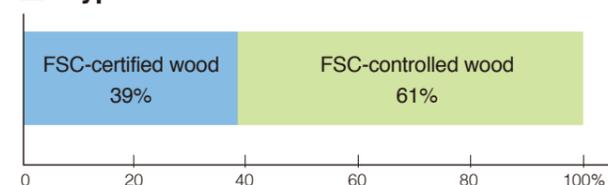
How we verify the legality and appropriateness of forest management

We use one of the two methods below to verify that all wood chips and wood pulp used in the production of FSC-certified paper comes from forests that are legally and appropriately managed.

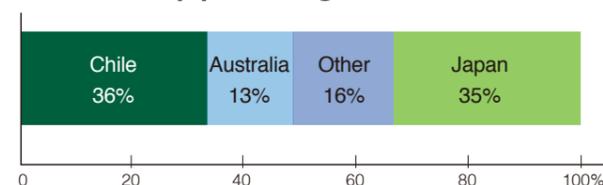
1. Certification using the forest certification and COC certification systems (FSC-certified wood)
 2. Certification via the methods of individual companies or organizations (controlled wood)
- In 2. above, we verify that wood is controlled in accordance with FSC Controlled Wood Requirements (FSC-STD-40-005 (V2-1)). We use the following methods for verification.

- Verification of the place of origin of woodchips and pulp
 - Confirmation of the place of origin, wood type, forest management methods, etc. from traceability reports
 - Confirmation of documentation certifying the place of origin (e.g. documents related to transport and sales)
 - Regularly auditing suppliers and verifying document reliability
- Risk assessment
 - Assessing and verifying that places of origin of wood constitute a low risk with respect to A) through E) below.
 - A) Illegal logging B) Violations of indigenous rights and citizens' rights C) Threats to high conservation-value forests
 - D) Turning natural forests into man-made forests or using them for other purpose E) Genetically modified trees
 - Receiving audits of risk assessment results by an FSC certifying body

Types of wood raw materials



Wood chip producing countries



Disavowal of Anti-social Elements

The Mitsubishi Paper Mills Group maintains a resolute stance against anti-social elements that threaten social order and safety. This stance is set forth in the Code of Conduct of the Mitsubishi Paper Mills Group, and executives, employees, and other company-related persons are made fully aware of the content of the code.

Relationship with the Environment

(Environment, one of the 7 core subjects of ISO 26000)

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

Environmental Management Structure

We are building a structure with voluntary initiatives to specifically promote the fundamental principles and basic policies of our Environmental Charter.

The Mitsubishi Paper Mills Group has acquired ISO 14001 certification for all of its mills and business offices as part of its efforts to practice good environmental management.

The Technology & Environmental Department conducts internal environmental audits once a year for each of our main mills and checks the level of its environmental performance.



Environmental Charter

● Fundamental Principles

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

● Basic Policies

1. Promote measures to counter global warming
2. Protect and nurture forest resources, with appropriate care given to the preservation of biological diversity
3. Promote the sustainable use of resources
4. Develop environmentally friendly production technologies and products
5. Enhance environmental management systems
6. Enhance environmental communication
7. Appropriate emergency response

Revised July 2010

Chemical Substance Management Guidelines (excerpt)

1. Management of chemical substances used in the manufacturing process

We aim to minimize the impact of chemical substances used in the manufacturing process on the environment, people, and organisms. To this end, we control chemical substances in the procurement, storage, production, emission, and disposal processes in accordance with the Law concerning Pollutant Release and Transfer Register ("PRTR Law").

2. Management of the constituent chemicals of products

We aim to offer safer products by conforming to the basic principle of "never creating products using highly hazardous substances or substances that have a significant impact on the environment, people's health, or ecosystems." We manage the chemical substances contained in products in accordance with internal chemical sorting standards.

Revised January 2012

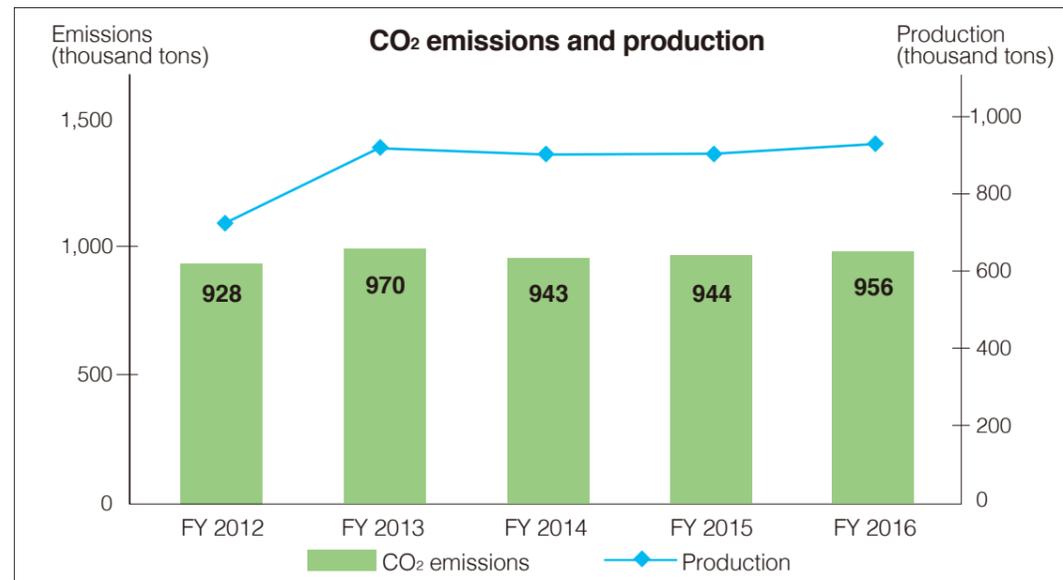
Efforts to Prevent Global Warming

Mitsubishi Paper Mills Group believes that it is important for companies to adapt to climate change in the course of conducting their business, and therefore identifies risks in its procurement and various other business activities as part of efforts to prevent global warming.

◆ Manufacturing segment initiatives

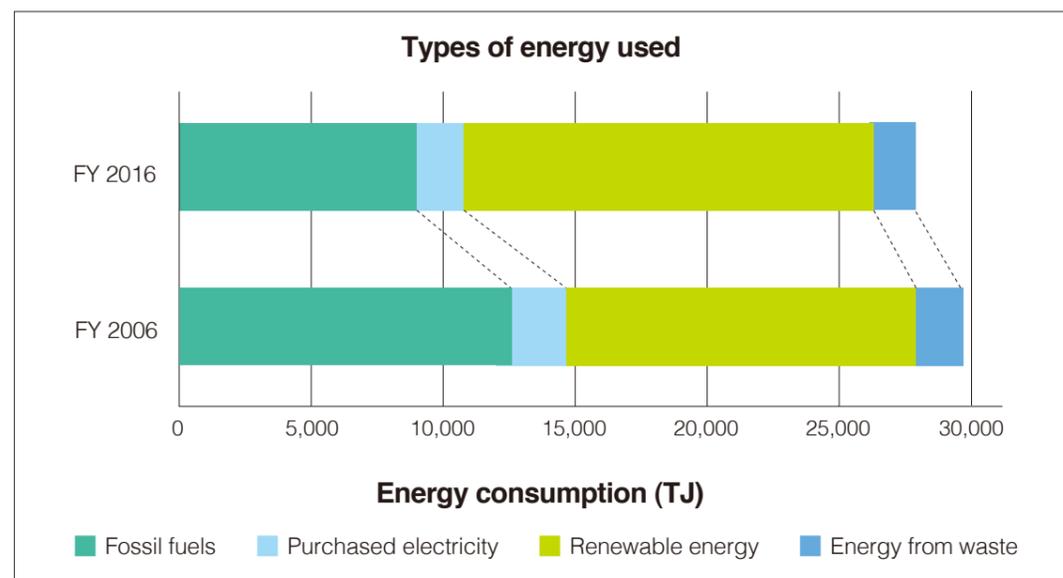
Reducing fossil fuel energy usage

To reach its target of achieving CO₂ emissions of 1,016 thousand tons or less by fiscal 2016, the Mitsubishi Paper Mills Group made efforts to reduce CO₂ emissions from fossil fuels. As a result of environmental conservation efforts that included optimizing the types of energy used and deploying related equipment, we achieved this target with a result of 956 thousand tons of CO₂ emitted in fiscal 2015.



(data for Mitsubishi Paper Mills, Kitakami HiTec Paper Corporation, and KJ Specialty Paper)

The graph below shows the types of energy used in our business activities. We are continually developing ways to reduce our usage of fossil fuels, which produce emissions that contribute to greenhouse gases.



(data for Mitsubishi Paper Mills, Kitakami HiTec Paper Corporation, and KJ Specialty Paper)

◆ Logistics segment initiatives

Green Management Certification * 1

Namitsu has acquired Green Management Certification at its main facilities and is reducing the level of CO₂ emitted by its trucks during transport.

Ongoing efforts that include the use of start-stop systems improve fuel efficiency and cut down on fuel usage.

* 1 Green Management Certification : Aimed at reducing the environmental impact of the transport industry, this involves auditing and registration by the Foundation for Promoting Personal Mobility and Ecological Transportation of businesses that have reduced the environmental impact of their operations by a certain degree in accordance with the Green Management Promotion Manual.

Eco Rail Mark Certification

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

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



◆ Initiatives in the office areas and in the home

Conserving energy used by office buildings

We work to preserve the global environment by promoting the conservation of energy used in our office areas of our buildings.

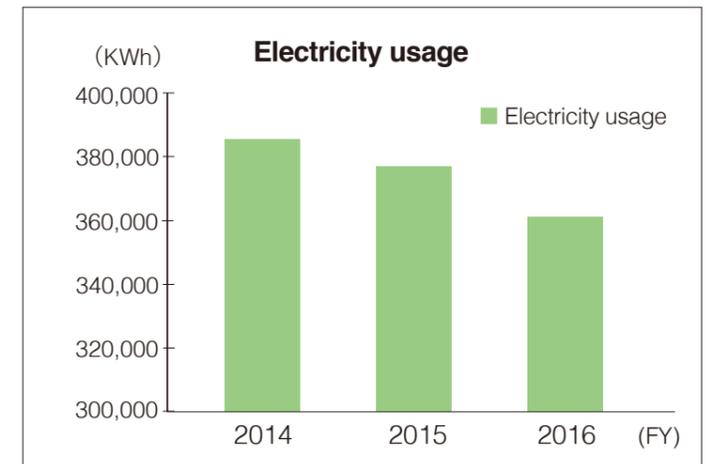
Monitoring electricity usage using demand monitoring devices

To control peak energy usage in the summer and winter, the Tsukuba R&D Laboratory has installed demand monitoring devices in its offices and uses them to keep track of electricity usage.

Promoting participation in the household environmental accounting booklet program

The Mitsubishi Paper Mills Group promotes participation in the household environmental accounting booklet program.

We encourage a better understanding of the importance of global environmental conservation among our employees by having them track the CO₂ emitted by their households.



Total for Head Office / Ryogoku City Core and the Filter Products Department (Yashio)



Demand Monitoring device

Preserving Biodiversity

Wood is the primary raw material used in our business. The Mitsubishi Paper Mills Group believes it is important to effectively use the bounties given by forests with their rich ecosystems as renewable resources and to revitalize forests through our business activities. By carefully protecting and nurturing forests, we strive to preserve biodiversity and will contribute to making society more sustainable.

◆ Sustainable forest development

Preserving the Rich Ecosystems of Forests

The Mitsubishi Paper Mills Group is promoting initiatives to protect rich ecosystems through its business activities.

We are paying full respect to the ecological system of the regions and company-owned forests that supply our raw materials, both in Japan and elsewhere. We do not over log the wood that is our main raw material and, furthermore, we strive to preserve the endangered species and precious flora and fauna that inhabit these regions.

Vegetation survey

In the forests we own in Fukushima Prefecture, we have vegetation surveys conducted by the Wild Bird Society of Japan and university faculty members as a means to help preserve ecosystems.

Trees that grow, and birds that have been observed, in the forests we own

Birds that come for tree fruits and nuts in company-owned forests (Nishigo-mura, Fukushima Prefecture)

	Great spotted woodpecker	Bush warbler	Bottle tit	Oriental greenfinch	Rufous turtledove	Willow tit	Japanese great tit	Jungle crow	Coal tit	Brown-eared bulbul	Japanese white-eye	Varied tit
Japanese red pine	○	○	○	○	○		○		○	○		○
Quercus serrata					○		○	○			○(sap)	
Mistletoe					○					○		
Mountain cherry tree	○			○						○	○	○
Japanese sumac	○				○	○				○	○	○

Concept for forests inhabited by wild birds

Company-owned forests
(Nishigo-mura, Nishishirakawa District, Fukushima)

With the cooperation of the Wild Bird Society of Japan, Mitsubishi Paper Mills conducts surveys of the wild birds that inhabit company-owned forests and has begun creating birdwatching areas which incorporate mountain streams that flow through these forests.



Creating birdwatching areas

Our Participation in the Japan Business

Initiative For Biodiversity (JBIB)

The JBIB is a group of companies actively working towards preserving biodiversity.

Mitsubishi Paper Mills has participated in JBIB activities since fiscal 2011, deepening relationships with companies undertaking advanced environmental initiatives while engaging in forest preservation activities focused on maintaining biodiversity.

In October 2015, we gave JBIB members a tour of a company-owned forest in Fukushima Prefecture.

The Eco-System Academy provided information on the company's activities and through the tour of the forest; the participants were able to experience the richness of the forest's ecosystems, making the one-day event a reminder of the importance of preserving biodiversity.



Effectively Utilizing Resources

◆ Effectively utilizing waste paper

Mitsubishi Paper Mills produces recycled paper from recycled waste paper and post-consumer waste paper.

At our waste paper plant located at the Hachinohe Mill, we use waste simili vellum and colored waste paper, among others, that is generated primarily in Tokyo and areas around the mill.



Waste paper plant (Hachinohe Mill)

◆ Waste recycling

We make effective use of the waste produced at our mills by reusing it as cement material, for example.

Additionally, we strive to increase our usage of waste by developing ways to turn incineration ash from waste boilers into such things as soil stabilizer, sand-blow preventing materials, and weed control materials.

Artificial backfill (brand name: Reglobe)

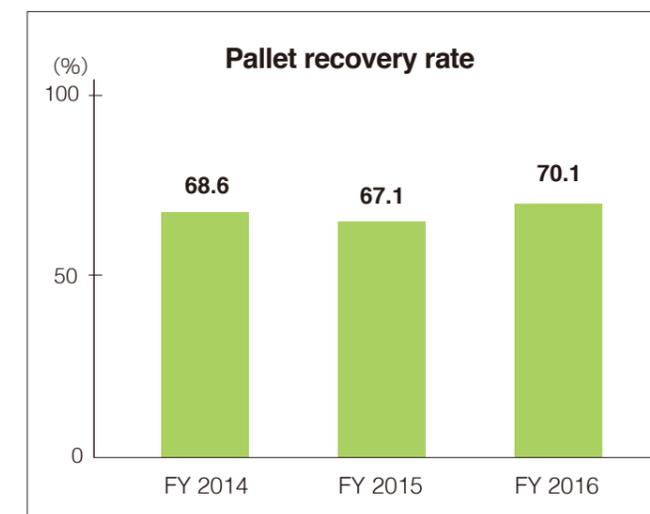
We make effective use of things such as recycled boiler ash (papermaking sludge, etc.) and coal ash produced at our mills, which is a Type 1 Improved soil that is at least 70% recycled material.

We meet the standards indicated in such regulations as the Ordinance for Enforcement of the Soil Contamination Countermeasures Act and the Environmental Standards Concerning the Pollution of the Air, Water, and Soil by Dioxins, and have received Eco Mark certification. (No. 14131006)



◆ Pallet recovery rate

The Mitsubishi Paper Mills Group uses a pallet recovery system to recover pallets used for transport and reuses these pallets.



TOPICS

The Mitsubishi Paper Mills Labor Union (Young Women's Committee) conducts PET bottle cap collection activities.

Collected caps are put to good use by exchanging them for vaccines through a nonprofit organization. (In fiscal 2016, enough caps were collected to provide 26.3 people with polio vaccines)



Ecobalance

"Resource inputs" refers to the raw materials and energy used in paper production, while "environmental emissions" refers to things emitted when paper is produced.

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

(Statistics include: Hachinohe Mill, Kyoto Mill, Takasago Mill, Tsukuba R&D Laboratory, Shirakawa Office and three Group production companies)

Resource investments

Primary raw materials (1,000tons)

Imported wood chips	777
Domestic wood chips	397
Purchased wood chips	35
Used paper	43
Inorganic pigments	63

Energy(1,000kl crude oil equivalent)

Fossil fuels	249
Purchased electricity	40
Biomass	338
Refuse-derived fuel	41

Municipal water (million tons)

Industrial water	127
------------------	-----

[Reference data only] Two mills in Germany

Purchased wood pulp (1,000 tons)	141
Used paper (1,000 tons)	0
Municipal water (1,000 tons)	2,665

Mitsubishi Paper Mills Group (domestic)



Environmental emissions

Atmospheric release

CO ₂ emissions (1,000 tons)	948
NOx emissions (1,000 Nm ³)	910
SOx emissions (1,000 Nm ³)	223
Dust and soot (tons)	405

Released into water

Amount released (million tons)	126
COD (tons)	7,051
SS (tons)	3,730

Waste (1,000 tons)

Waste generated	99
Amount repurposed	84
Final disposal amount	8

Products sold

Paper (1,000 tons)	843
Sensitive materials (million m ²)	37
Wood pulp (1,000 tons)	64

Chemical Substances Control

PRTR Data PRTR-applicable substances emitted/transferred (FY 2015)

Units: kg/year (mg-TEQ/year in the case of dioxins)

No.	Class 1 Designated PRTR substances	Ordinance no.	Amount emitted		Amount transferred	
			Atmospheric	Water systems	Sewer system	Off site
1	Ferric chlorides	71	0	0	0	0
2	Silver and water-soluble silver compounds	82	0	0	0	0
3	Chloroform	127	21,800	4,300	0	0
4	Cyclohexylamine	154	0	0	0	0
5	2,2-dibromo-2-cyanoacetamide	210	0	796	0	7.5
6	Dioxins	243	2.0	0.42	0	14
7	Triethylamine	277	2,300	0	0	0
8	Toluene	300	2,955	0	0	7,629
9	Hydrazine	333	0	0	0	0
10	Hydroquinone	336	0	0	230	0
11	Boron and boron compounds	405	0	0	310	0
12	Formaldehyde	411	237	0.6	59	2.1
13	Methylnaphthalene	438	270	0	0	0

(Statistics include: Hachinohe Mill, Kyoto Mill, Takasago Mill, Tsukuba R&D Laboratory, Shirakawa Office, Kitakami HiTec Paper)

PCBs

The detoxification of hardware (transformers and capacitors) containing high concentrations of PCBs is outsourced to the Japan Environmental Storage & Safety Corporation (JESCO). Forty-one capacitors were rendered harmless in fiscal 2016 and roughly 77% of transformers and capacitors that have been pre-registered have been detoxified to date.

We will continue practicing proper management in accordance with regulations.

*We are also gradually processing hardware (stabilizers) other than transformers and capacitors that contain high concentrations of PCBs.

(Statistics include: Hachinohe Mill, Kyoto Mill, Takasago Mill, Tsukuba R&D Laboratory, Shirakawa Office)

Environmental Indicators

Environmental impact data FY 2016 environmental impact data

		FY 2006 results	FY 2014 results	FY 2015 results	FY 2016 results	Target	Notes
Resources	Fossil fuels consumed	TJ	14,818	10,596	10,528	11,085	- Fossil fuels+purchased electricity
	Fossil fuel energy consumption rate	GJ/product-ton	13.9	11.8	11.8	12.1	12.1 FY 2021 target
	Municipal water used	Million tons	125	124	123	125	-
	Wastewater	Million tons	-	123	123	124	-
Atmospheric	CO ₂ emitted*1	1,000 tons	1,130	943	944	956	1,016 FY 2016 target
	NOx	1,000 Nm ³	1,076	878	849	910	-
	SOx	1,000 Nm ³	247	265	263	223	-
	soot and dust	Tons	444	322	356	406	-
	Water quality	COD	Tons	7,717	6,359	6,763	7,051
	SS	Tons	3,417	3,599	3,738	3,719	-
Waste	Waste generated	1,000 tons	120	95	91	99	-
	Final disposal amount	1,000 tons	15	10	8	8	-
	Final disposal rate*2	Percentage vs. amount produced	1.40%	1.09%	0.95%	0.86%	0.30% FY 2021 target

*1 We use the CO₂ emissions coefficient published by the Federation of Electric Power Companies of Japan for CO₂ emitted from purchased electricity.

*2 Final disposal rate = (final disposal amount/amount produced) x 100

(Statistics include: Hachinohe Mill, Kyoto Mill, Takasago Mill, Tsukuba R&D Laboratory, Shirakawa Office, Kitakami HiTec Paper, and KJ SPECIALTY PAPER)

Environmental Accounting

Statistics include: Mitsubishi Paper Mills (Head Office, Tsukuba R&D Laboratory, Takasago Mill, Kyoto Mill, Hachinohe Mill, Shirakawa Office), Kitakami HiTec Paper, and KJ SPECIALTY PAPER

Applicable period: April 1, 2015 - March 31, 2016

Statistical method: Based on the 2005 Environmental Accounting Guidelines from the Ministry of the Environment

Environmental conservation costs

Units: million yen

Categories	Primary initiatives	Investment	Cost
(1) Business Area Costs		191	2,319
1. Pollution prevention costs	Countermeasures, etc. against air pollution, water pollution, odor pollution, noise pollution, vibrations pollution	71	1,290
2. Global environment conservation costs	Measures, etc. for domestic afforestation, overseas afforestation, and energy saving measures	40	0
3. Resource Circulation costs	Countermeasures against waste products, recycling of used paper and other products	80	1,029
(2) Upstream, downstream costs	Recovery and recycling of container and packaging materials	347	347
(3) Administration costs	Environmental education, environmental management system, acquisition of certifications	4	59
(4) R&D costs	Development of environmentally conscious products	0	316
(5) Social activity costs	Greenification, beautification, disclosure of environmental information	28	30
(6) Environmental Remediation costs	Monetary charges for pollution-related health damage	0	47
Total		570	3,118

Economic benefits accompanying environmental conservation measures

Units: million yen

Category	Details of benefits	Yen amount
Revenue	Benefits from reused pallettes	572
Costs saving	Profits from sale of repurposed resources	19
	Costs saving from energy efficiency	54
	Costs saving from increased resource yields	62
Total		707

Relationship with Employees

(Human Rights and Labor Practices, 2 of the 7 core subjects of ISO 26000)

The Mitsubishi Paper Mills Group is paying continuous efforts to improve working environments that fully leverages the abilities of every employee and make them feel comfortable and fulfilling based on our "Principles and Guidelines Concerning Human Rights and Labor Practices."

Occupational safety and health initiatives

In accordance with our Group-wide Safety and Health Management Guideline, which incorporates our guiding principles concerning safety and health, we are also making efforts as a unified group from the viewpoint of CSR.

The Group-wide Safety and Health Management Guideline (excerpt) forms the ideological foundation for many of our activities.

The Group-wide

With the view that the safety and health of all people involved in the business activities of the Mitsubishi Paper Mills Group takes top priority, we will foster a corporate culture where people can feel good about working and achieve wholesome work environments where none come to harm.



Safety training
(Zhuhai MPM Filter, Ltd.: China)

FY2016 (Ended 2016.march 31) Results

In light of the accidents that occurred last fiscal year, in fiscal 2015 we took measures that prioritized effectively educating employees engaged in work in which they have little experience in order to stamp out accidents arising from unsafe practices.

As a result, although we cut down the number of accidents overall, a rise in the number of lost time accidents led to a worse lost time accident rate.

Achievements made Received Safety Commendation at the 55th National Paper Pulp Safety and Health Conference

- Excellence in Safety Award Mitsubishi Paper Mills' Kyoto Mill

Principles and Guidelines Concerning Human Rights and Labor

Principles:

To respect the personhood of every employee, make safety the top priority in the workplace, fully leverage each person's abilities, and create comfortable and fulfilling work environments.

Guidelines:

1. Respect human rights and forbid discrimination

We shall work to maintain wholesome work environments, respect the human rights of every employee, never engage in sexual harassment, power harassment, or other practices that ignore human rights, and never take actions that are discriminatory on bases that include one's birth, nationality, race, ethnicity, religion, gender, age, disabilities, or academic background. We shall never engage in child labor or forced labor. We shall also ensure the proper handling of our employees' personal information in accordance with the Act on the Protection of Personal Information.

2. Ensure workplace safety and health

We shall make safety and health the top priority in the workplace, work to maintain safe and healthy work environments, and know and comply with the Industrial Safety and Health Act and related laws.

3. Comply with labor laws

We shall strive to maintain comfortable and wholesome work environments in compliance with the Labor Standards Act and related laws.

Created July 2009

※ Mental health checkups and external consultation service

Under revisions to the Industrial Safety and Health Act that went into effect on December 1, 2015, employers are required to provide stress checks to their employees. In response, the Mitsubishi Paper Mills Group is making a concerted effort to create a structure for conducting stress checks and offering health consultations, including for mental health.

Efforts to create comfortable working environments

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

◆ Regular program reviews done in conjunction with our labor union

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

◆ Work-life balance initiatives

To tackle the recent problem of children on waiting lists for day care, we extended the childcare leave period to allow all employees to have two opportunities to get their children into a childcare facility in April.

We have also extended the period during which employees can work shortened hours to provide care for a first grader to the end of the school year. This is to help with the "first-grade wall" problem, which refers to how it becomes difficult to get morning-to-night childcare for children coming out of nursery school and going into first grade.

In addition, we have created an action plan to ensure compliance with the Act on Advancement of Measures to Support Raising the Next Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace. We have also reduced overtime work through efforts to inform employees of work-life balance programs and better management of working time, and are working to improve female employment and retention rates.

Relationship with Customers

(Consumer Issues, one of the 7 core subjects of ISO 26000)

In order to provide customers with products they can feel good about, we formulated a Product Safety Code and are proceeding with efforts to improve product safety.

We will continue to actively work with our customers to provide products that benefit society.

Quality control system

At each of our mills, we use a quality control system that puts mill managers in charge of quality control and that lets us quickly respond to quality issues and information from our customers.

All of the production facilities of the Mitsubishi Paper Mills Group have acquired ISO9001 certification and are working to maintain and improve product quality.



Product briefing (Printing Paper Business Unit)

Product safety control system

With the goal of actively promoting specific product safety initiatives, we have established the Product Liability (PL) Subcommittee and Product Safety Judgment Panel under the larger Product Liability (PL) Committee.



PICTORICO PHOTOCONTEST 2015-2016
At an exhibition for prize-winning pieces



Product Safety Code

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

From here on, we will steadily implement the following actions throughout the entire company in order to maintain stable management and continue providing society with safe products and satisfying services that meet the needs of the time.

- (1) We will strengthen our quality control systems and product safety control systems, and provide products after their safety has been checked using the latest science and technology.
- (2) We will work to stabilize the manufacturing process to always provide products of uniform quality.
- (3) We will provide accurate and reliable information on the correct way to use products and the safety of products.

Created March 1995

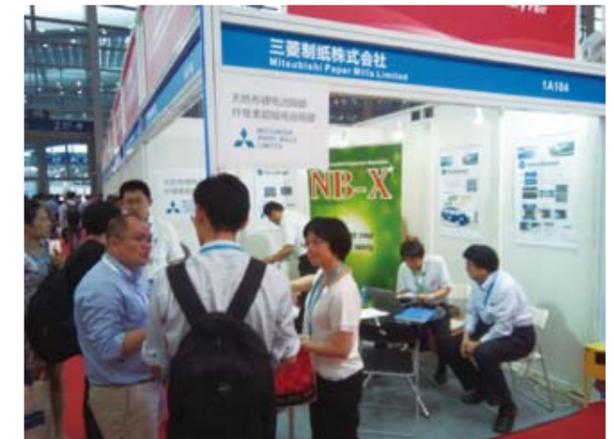
Creating products that incorporate customer feedback

In the Mitsubishi Paper Mills Group, sales departments have joined forces with R&D and production departments to provide products that satisfy the needs of customers around the world.

Our R&D and production personnel accompany sales staff and gather feedback from customers as we, a corporate group that is consistently on the cutting edge of technology, make continuous efforts to create products that benefit the world at large.



International printing and media trade fair
(Drupa 2016, held in Düsseldorf, Germany)



China International Battery Fair
(CIBF 2016, held in Shenzhen China)

Encouraging the worry-free use of our products

The products the Mitsubishi Paper Mills Group provides are made from materials proven to be safe.

Along with swiftly obtaining information about new regulations and toxicity, all departments involved share information with each other and conduct thorough safety inspections of materials used.

We will contribute to the betterment of society by continuing to provide eco-friendly, safe products that customers can feel good about using.

TOPICS

Printing plate production system using a direct thermal system

(TDP: Thermal DigiPlate System)

Awarded the Japan Machinery Federation Chairman's Award

We received the Japan Machinery Federation Chairman's Award in fiscal 2015 for our direct thermal imaging printing plate production system. The award was granted as part of a superior energy-saving machine awards program conducted by the Japan Machinery Federation.

This award is given to organizations that "contribute to promoting the effective use of energy through the development and commercialization of superior industrial energy-saving machines."

The printing plate production system using direct thermal imaging that we developed does not require development using the kinds of chemicals that are needed for conventional systems. Moreover, it does not require ribbons, toners, or other consumable parts; they have an extremely small impact on the environment.

Mitsubishi Paper Mills will continue to develop its own technologies while working to bring society more in harmony with the global environment.



TDP-750

Relationship with Communities

(Community Involvement and Development, one of the 7 core subjects of ISO 26000)

At each of the business sites in the Mitsubishi Paper Mills Group, we engage in proactive communication with community members and aim to grow together with everyone as a company rooted in the community.

We will keep working to revitalize communities through the continuation of our business activities.

Employees from Mitsubishi HiTec Paper Europe GmbH have helped run a Kendo tournament smoothly in the company's home city, Bielefeld.



Communication with Community Members

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

◆ Dialogue with community members

Explanatory Meeting on the State of Operations
(Shirakawa Site, April)

Community Gathering
(Kitakami HiTec Paper Corporation, December)

Environmental Monitoring Meeting
(Hachinohe Mill, November) etc.



Explanatory Meeting on the State of Operations (Shirakawa Site)

◆ Taking in students for workplace experiential learning

Each of our business sites regularly takes in local students looking to experience life in the workplace.

The students use these opportunities to learn about the actual knowledge and skills needed to succeed.

Group company Ryoshi Co., Ltd. took in local middle school students and taught them about the work done by sports clubs through the cleaning of facilities and participation in exercise programs.



Social Contribution - Direction of Activities

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

Created January 2008

◆ Community support

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

Our Takasago Mill participates in the Takasago lantern festival and provides a company facility as a venue for jazz concerts and other events.



The Uomachi Club, all lit up
(Lantern Festival in Takasago)

Lending a tree planting company's unused land to local governments

In response to a request from the municipal government of Cañete, Chile, Forestal Tierra Chilena Ltda. (a Mitsubishi Paper Mills tree planting company located in Cañete) provides one area of its woodlot to the city free of charge.

The area is an important historical site, where a battle was fought between the Spanish army and the indigenous people of Chile in 1558. Preservation of this site contributes to the country's cultural initiatives.



Lending of land to Cañete (the ceremony, the land being lent, and the plaque)

Participation in Fuji Beech Forest Development Project

Every year, KJ Specialty Paper takes part in Fuji Beech Forest Development Project, which began as an effort to preserve nature at the base of the mountain.

10 people participated in fiscal 2016, planting 2,000 beech saplings.

Mt. Akazura Greening Society

Shirakawa Site, Hakuryo Paper Technology Co., Ltd., MPEC Shirakawa, and the Process Development Laboratory

Mitsubishi Paper Mills' Shirakawa Site has endorsed and taken part in afforestation activities aimed at restoring greenery to a development site at the base of Mt. Akazura (Nishigo, Fukushima Prefecture), an effort organized by the Mt. Akazura Greening Society.

We will continue offering our support to restoring greenery on Mt. Akazura.



Participants in Fuji Beech Forest Development Project



Employees taking part in the Mt. Akazura Greening Society's afforestation efforts



Support of a Coming of Age Day event

Namitsu supported a raffle as part of Fukushima Ward's Coming of Age Day Memorial Gathering, which was held in January 2016.

Through efforts such as these, we will continue to strengthen relations with community members and grow with the community.



Coming of Age Day Memorial Gathering

Community cleanup activities

Every one of our business sites regularly takes part in efforts to beautify and clean up the surrounding areas, promoting efforts with community members to make comfortable towns.

One such effort was a cleanup campaign in October 2015 by Namitsu to beautify public spaces in preparation for the Osaka Marathon organized by the Osaka City Environment Bureau.



Beautifying public spaces (Namitsu)



Neighborhood cleanup (KJ Specialty Paper Co., Ltd.)



River cleanup (Shirakawa Hokkawa River Protection Society, Genryu no Sato)



Neighborhood cleanup (Toho Tokushu Pulp Co., Ltd.'s Oyama Mill)

Making use of our business activities

◆ Braille Calendar

Our 2016 issue of the Braille Calendar marks the 20th year since the publication was launched in 1997.

The publication, which features unique content every year, has been well received by donation recipients such as social welfare organizations and the Japan Braille Library, as well as the visually impaired who use it.



2016 Braille Calendar

◆ Shodo Performance Koshien

Our Hachinohe Mill provides paper to help local high schools competing for the Shodo Performance Koshien, a high school calligraphy competition held in Ehime Prefecture.

At the competition in fiscal 2014, Aomori Prefectural Hachinohe Higashi High School won the Nankai Broadcasting Award.



In the act of creation (Hachinohe Higashi High School)

◆ Photo printing service

Leveraging the technologies of Mitsubishi Paper Mills' imaging business, we offered photography and printing services to an event held in Kyoto where our Kitakami HiTec Paper Corporation and Kyoto Mill are located.

We will continue to deepen relations with community members and contribute to revitalizing communities.

Kitakami Tenshochi Sakura Festival (Kitakami HiTec Paper Corporation)

Iwate Kitakami Marathon (Kitakami HiTec Paper Corporation)

Nagaokakyo Garasha Festival (Kyoto Mill)



In the children's Tama and Tadaoki Costume Area at the Nagaokakyo Garasha Festival (photo shoot and print service)

◆ Nacre (tissue and toilet paper)

Produced at Kitakami HiTec Paper Corporation, nacre is a rare product in the world today. It is rare because all the production processes, from the wood chips, which are the raw material, to the finishing of the final product, are done in one factory.

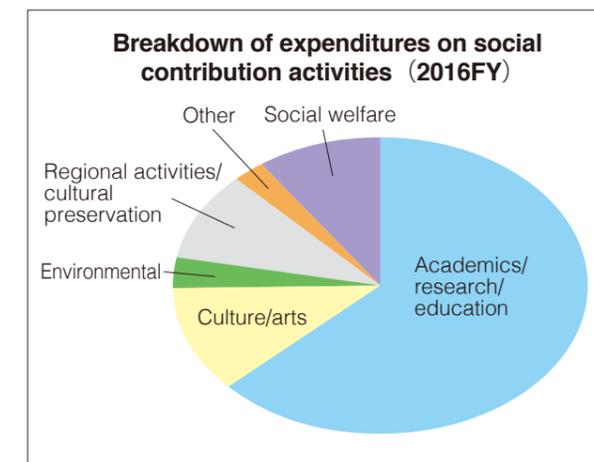
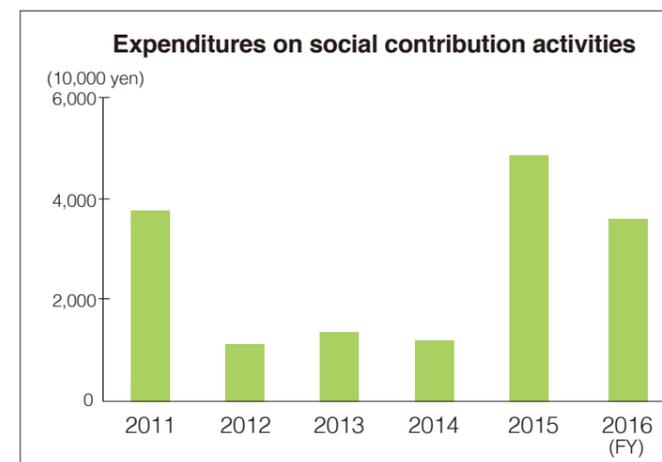
Roughly 85% of hard wood pulp used to make nacre is produced in Iwate Prefecture where the factory is located. Very soft to the touch, it is a highly acclaimed product useful in people's lives as a daily necessity connected to the local history and culture.



*In recognition of its urban revitalization achievements as a company rooted in the community, Kitakami HiTec Paper Corporation was recognized as a Certified Kitakami Regional Contributor by Kitakami City and the Kitakami Citizens Cooperative in March 2016.

Philanthropic Expenditures

Mitsubishi Paper Mills is a member of the Keidanren 1% Club and reports the results of our social contribution activities annually.



FY 2016 Activity Results

In FY 2015, with compliance with related laws and improvement of our safety record as continuing themes, we established ensuring strict legal compliance and enhancing activities to ensure safety and health as our two top issues and took actions towards improving our corporate value.

In addition, we promoted global environmental preservation activities such as playing an active role in reducing industrial waste and in the activities of community environmental conservation groups. We also worked to fill out our line of environmentally conscious products, such as FSC-certified paper.

Basic Policy 1. Strengthening our CSR management foundation

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring the effectiveness of corporate governance	· Prepare a corporate governance structure in response to amendments to the Companies Act and our new Corporate Governance Code · Review governance functions	· Created basic principles concerning the Corporate Governance Code · Prepared a structure by looking closely at Companies Act amendment trends	○ ○
· Establishing a risk management structure	· Enhance structural preparations and our risk map in the interest of Group management · Discuss the drafting of a BCP	· Established a system for reporting the state of risk management to the Board of Directors · Reviewed the Crisis Management Manual as the first step	○ ○
· Thoroughly familiarizing employees with our Code of Conduct and Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws through more robust compliance education	· Conducted the first round of training for executives and line managers, who then conducted training in the workplace	○
· Thoroughly ensuring strict legal compliance	· Strengthen legal functions · Promote a better understanding of laws applicable to our operations, and enforcing compliance · Create information management rules	· Conducted legal checks and provided legal counseling, etc. · Provided legal education and issued the Compliance News newsletter (to foster better legal awareness) · Created information management rules and guidelines in order to prevent the leakage of, and make appropriate use of, corporate information	○ ○ ○
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc. · Disseminate information about new products, etc. (share information on affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our Corporate Report	· Launched a corporate governance website · Launched an Eco System Academy website · Held eight exhibitions and worked to provide timely information · Issued our Corporate Report 2015, an integrated report	○ ○ ○ ○
· Expanding initiatives out to affiliated Group companies	· Ensure compliance at subsidiaries in the wake of amendments to the Companies Act	· Exchanged views with line managers in affiliated companies concerning the state of CSR activity progress	○

Basic Policy 2. Promoting environmental management

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting activities to prevent global warming	· Promote CO ₂ emissions reductions in our business activities and employees' homes · Discuss efforts to absorb more CO ₂ using company-owned forests in Japan · Track trends of Scope 3 CO ₂ emissions	· Proceeded with a survey on CO ₂ reduction methods, including analyzing the potential for reducing CO ₂ , at Kitakami HiTec Paper Corporation · Are currently drafting a Forest Management Plan to maintain J-VER (a carbon offsetting credits system) certification · Worked to acquire information for a survey on industry trends	○ △ ○
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC-certified wood we procure · Participate in the Japan Business Initiative For Biodiversity (JBIB)	· Made active use of FSC-certified wood chips · Acquired deeper insight through participation in regular meetings	○ ○
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper, etc. · Develop and roll out new environmentally conscious products	· Took part in Eco-Products 2015 and promoted the FSC logo · Made public relations efforts, including introducing TDP at overseas trade shows	○ ○
· Reducing environmental risk and impact	· Reduce industrial waste · Improve environmental communication	· Achieved year-over-year improvement in both the effective utilization ratio and disposal ratio · Worked to hold a dialogue with community members (e.g. through Environmental Monitoring Meetings at Hachinohe Mill, etc.)	○ ○

Basic Policy 3. Raising customer satisfaction levels by carefully addressing user needs

Key Issues	Action Plan	Activity Results	Evaluation
· Ensuring product safety	· Enhance chemical substance management · Enhance the activities of the Product Liability (PL) Subcommittee	· Promptly revised controlled substance lists in light of regulatory amendments · Shared information through email, etc.	○ ○
· Ensuring product quality	· Promote thorough adherence to ISO 9001 management and improve customer satisfaction (fewer complaints, etc.)	· Promoted measures at each business site to reduce complaints; set more challenging targets for the Takasago Mill, which met previous targets	○
· Rolling out products based on user input and building optimized sales channels	· Promote the commercialization of proposed ideas and support business activities focused on the customers' purchasing process	· Worked to invigorate the proposal system by, for example, establishing socially popular themes	○

Basic Policy 4. Taking further measures to provide our employees with a pleasant working environment

Key Issues	Action Plan	Activity Results	Evaluation
· Enhancing activities to ensure safety and health	· Effectively educate employees on work with which they have little experience · Promote mental health policies following amendments to the Industrial Safety and Health Act · Conduct physical strength checkups and follow-ups to promote better health	· Reviewed educational programs, conducted mental health checks, discussed establishing a system for making stress checks mandatory, and conducted physical strength checks based on locomotive syndrome severity checks, etc.	○
· Promoting various measures to improve human resource performance	· Ensure the proper placement of employees across the entire Group · Promote work-life balance · Create mechanisms for developing employees' careers	· Made effective use of manpower by, for example, reevaluating required personnel numbers · Created an action plan in accordance with the Act on Advancement of Measures to Support Raising Next – Generation Children · Are currently discussing training curriculum for improving employee motivation	○ ○ △

Basic Policy 5. Promoting activities that contribute to society

Key Issues	Action Plan	Activity Results	Evaluation
· Promoting community support activities	· Participate in regional activities at each of our sites and maintain good relations in those regions	· Fostered good will with communities by participating in and providing paper for community activities at each business site	○
· Promoting cultural contribution activities	· Provide on-going support focusing on the Mitsubishi Group and related industry groups	· Made donations to and sponsored various related groups and their projects	○
· Promoting activities of the Eco System Academy	· Entrench and expand efforts in the form of on-going activities	· Provided environmental education, etc. to local elementary school students	○

Top Priority Issues

(Evaluation) ○: target achieved △: Insufficient implementation

FY 2017 Targets

Our two top priority issues for fiscal 2016 are "ensuring the effectiveness of corporate governance" and "enhancing activities to ensure safety and health." In pursuing greater corporate value, the foremost task at hand for the Mitsubishi Paper Mills Group, taking specific measures towards each of the areas described in the newly-established Basic Policy on Corporate Governance is now the highest priority issue for CSR-centric corporate management. Implementing our action plans will see us carry out the PDCA cycle in order to improve the quality of our CSR activities. At the same time, we will undertake initiatives uniquely suited to the Mitsubishi Paper Mills Group, using our dialogue with all our stakeholders as a reference.

Basic Policy 1. Strengthening our CSR management foundation

Key Issues	Action Plan
· Ensuring the effectiveness of corporate governance	· Ensure good governance based on the Basic Policy on Corporate Governance · Review governance functions
· Establishing a risk management structure	· Enhance structural preparations and our risk map from the viewpoint of Group management · Discuss the drafting of a BCP
· Thoroughly familiarizing employees with our Code of Conduct and the Compliance Conduct Standards	· Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws through more robust compliance education
· Thoroughly ensure strict legal compliance	· Strengthen legal functions · Promote a better understanding of laws applicable to our operations, and enforcing compliance · Follow up on and more effectively instill information management rules as well as information handling guidelines
· Promoting communication with stakeholders	· Further improve the IR information we provide on our website, etc. · Disseminate information about new products, etc. (sharing information on affiliated companies) · Enhance and make use of the Head Office gallery · Enhance our Corporate Report
· Expanding initiatives out to affiliated Group companies	· Ensure compliance at subsidiaries in the wake of amendments to the Companies Act

Basic Policy 2. Promoting environmental management

Key Issues	Action Plan
· Promoting activities to prevent global warming	· Promote CO ₂ emissions reductions in our business activities and employees' homes · Discuss efforts to absorb more CO ₂ using company-owned forests in Japan · Track trends of Scope 3 CO ₂ emissions
· Promoting activities to preserve biodiversity	· Increase the percentage of FSC-certified wood we procure · Participate in the Japan Business Initiative For Biodiversity (JBIB)
· Improving and enlarging our environmentally conscious product lineup	· Promote environmentally conscious products such as FSC-certified paper, etc. · Develop and roll out new environmentally conscious products
· Reducing environmental risk and impact	· Reduce industrial waste · Improve environmental communication

Basic Policy 3. Raising customer satisfaction levels by carefully addressing user needs

Key Issues	Action Plan
· Ensuring product safety	· Enhance chemical substance management · Enhance the activities of the Product Liability (PL) Subcommittee
· Ensuring product quality	· Promote thorough adherence to ISO 9001 management and improve customer satisfaction (fewer complaints, etc.)
· Rolling out products based on user input and building optimized sales channels	· Promote the commercialization of proposed ideas and supporting business activities focused on the customers' purchasing process

Basic Policy 4. Take further measures to provide our employees with a pleasant working environment

Key Issues	Action Plan
· Enhance activities related to health and safety	· Conduct special audits of accidents caused by unsafe practices · Take measures towards making stress checks mandatory · Take measures towards making chemical substance risk assessments mandatory · Have women participate in workplace patrols
· Promote various measures for improving employee performance	· Enhance hiring practices according to personnel requirements and ensure appropriate personnel placement · Take measures in line with the spirit of the Act on Promotion of Women's Participation and Advancement in the Workplace and promote diversity

Basic Policy 5. Promoting activities that contribute to society

Key Issues	Action Plan
· Promoting community support activities	· Participate in regional activities at each of our sites and maintain good relations in those regions
· Promoting cultural contribution activities	· Provide on-going support focusing on the Mitsubishi Group and related industry groups
· Promoting activities of the Eco System Academy	· Entrench and expand efforts in the form of on-going activities

 Top Priority Issues

Corporate Data (as of March 31, 2016)

Corporate Name

Mitsubishi Paper Mills Limited

Address

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

Representative

Kunio Suzuki, President and Chief Executive Officer

Founded

1898

Paid-in Capital

32,756 million yen

Consolidated Number of Employees

3,697

Shareholder register administrator

Mitsubishi UFJ Trust and Banking Corporation

Independent auditor

Ernst & Young ShinNihon LLC

Main Business Activities

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

[Paper and Pulp Business]

Coated paper for printing, uncoated printing paper, finely-coated printing paper, specialty printing paper, communication paper, hygiene paper, electrical insulating pressboard, art board(both side coated), art board(one side coated) and other specialty paper, bleached kraft pulp, and specialty pulp

[Imaging Media Business]

Inkjet paper, photographic paper, base paper for photographic paper, printing plate materials, equipment, plate printing software, and treatment chemicals

[Specialty Materials Business]

Non-woven fabrics, chemical papers, filters, rewritable media, battery separators, and specialty materials

[Other Businesses]

Sports facility management, insurance agency business, travel agency business, real estate business, warehousing business, transport-related business, and engineering operations



More information about the Mitsubishi Paper Mills Group's areas of business can be found at website below.
<https://www.mpm.co.jp/eng/company/gaiyo.html>

Consolidated subsidiaries

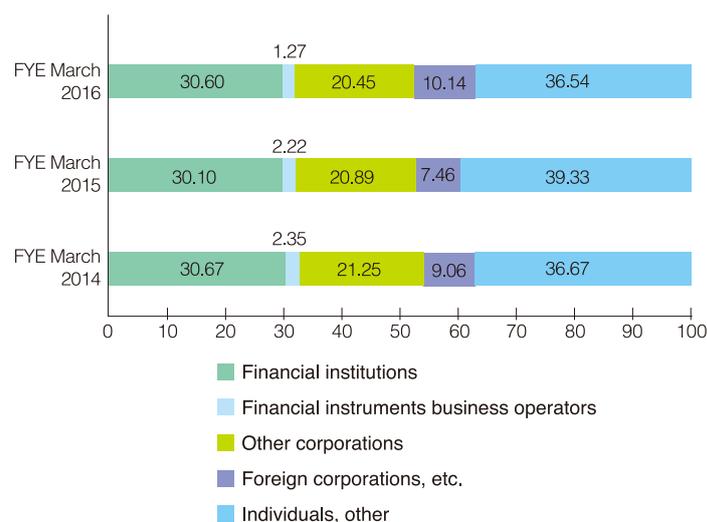
19 in Japan, 7 overseas

Main Consolidated Subsidiaries

Mitsubishi Paper Sales Co., Ltd.
 Kitakami HiTec Paper Corp.
 Mitsubishi Paper Engineering Co., Ltd.
 Ryoshi Co., Ltd.
 Diamic Co., Ltd.
 NAMITSU Co., Ltd.
 Pictorico Co., Ltd.
 Shin-Hokuryo Forest Products Co., Ltd.
 Toho Tokushu Pulp Co., Ltd.
 Hachinohe Paper Processing Co., Ltd.
 KJ SPECIALTY PAPER Co., Ltd.
 Takasago Paper Processing Co., Ltd.
 MPM Shared-service Co., Ltd.
 MPM Operation Co., Ltd.
 Kyoryo Chemical Co., Ltd.
 Mitsubishi Paper Holding (Europe) GmbH
 Mitsubishi HiTec Paper Europe GmbH

- Total number of authorized shares 900,000,000
- Total number of outstanding shares 342,584,332
- Shareholders 20,169
(1,313 year-over-year decrease)

● Composition of shareholders



For more information, please visit the IR information section of our website.
<https://www.mpm.co.jp/eng/ir/index.html>