

Corporate Report 2018



Mitsubishi Paper Mills Ltd.

Editorial Policy

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

In these pages, we report on the Mitsubishi Paper Mills Group's corporate value building activities, which seek to bring about a more sustainable society.

Scope

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

Specific mention is made for companies outside the scope.

Reporting Period

The reporting period is fiscal 2018 (April 1, 2017 to March 31, 2018), with some content falling outside this period.

Guidelines Referenced

- ISO26000
- GRI Sustainability Reporting Guideline, 4th Edition
- Environmental Reporting Guidelines (2012 Edition), Ministry of the Environment

Our Website

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

CSR / Environment

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

Investor Relations

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

Research and Development

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



Cover photo : Tree planting event with invited guest Mayor Hiroshi Takahashi (in photo at left)
(Company-owned forest in Nishigo-mura, Nishishirakawa District, Fukushima)

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Message from the President

- The Mitsubishi Paper Mills Group will strive to realize its corporate philosophy and will develop itself further in order to contribute to society.
- We will fulfill our responsibility to society by conducting distinctive CSR activities that leverage the strengths of our business portfolio and the managerial resources of the Mitsubishi Paper Mills Group.



Kunio Suzuki,
President and
Chief Executive Officer

鈴木邦夫

Aims of the Mitsubishi Paper Mills Group

This year, the Mitsubishi Paper Mills Group celebrates the 120th anniversary of its founding in 1898. With a philosophy centered on contributing to society through the power of technology, we have developed and supplied the world with high value-added products that meet the needs of the next generation, and have contributed to our information culture through businesses such as publishing, printing, and photography.

Now, with the advance of a digital information society, we seek to become "Mitsubishi Paper Mills for high grade and information media" as a development-driven manufacturer. In addition to printing paper and printing plate materials and systems for offset and other printing systems, we manufacture and sell media for almost all recording methods, such as pressure sensitive paper, thermal paper, electrophotographic paper and silver halide photo paper, and inkjet paper. Our businesses also produce a vast product lineup for growing markets. This lineup includes imaging products (e.g. transparent conductive films for touch panels, rear projection screen films, and resist materials for electronic circuit boards), as well as specialty materials such as rewritable media and products using nonwoven fabric technology (e.g. high function filters, water treatment membrane base substrates, and battery separators).

Although it is difficult to predict the future for the Mitsubishi Paper Mills Group's business environment due to things such as demand trends and crude oil price fluctuation, we began carrying out the Second Mid-Term Management Plan in April 2016 with the goal of building a solid business foundation that will remain unaffected by changes in the external environment. As a further measure, we have also decided to expand our capital and business partnership with Oji Holdings Corporation. Through further opportunities to work with the Oji Group, the Mitsubishi Paper Mills Group will accelerate growth as it works to fulfill its corporate philosophy and contribute to society. We hope for your continued support and encouragement in the future.

Mitsubishi Paper Mills Group Corporate Philosophy



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

Contributing through CSR Activities

The Mitsubishi Paper Mills Group views the goal of its CSR activities to be improving corporate value and working to solve social problems through gaining the trust and empathy of its stakeholders. When tackling the many issues we have faced, we conducted distinctive CSR activities that leverage the managerial resources of the Mitsubishi Paper Mills Group and the strengths of our lines of business. Recent years have seen a worldwide increase in companies leveraging the Sustainable Development Goals (SDGs) in their business. However, we were one of the first to produce and sell FSC®-certified paper, which contributes to achieving the SDGs, and we continue working to make society more sustainable through our businesses.

In fiscal 2018, we worked on "ensuring product quality" and "enhancing activities to ensure safety and health" as our top priority issues, and also put effort into achieving the SDGs by expanding our lineup of environmentally conscious products, which includes FSC-certified paper, water treatment membrane base substrates, and the Thermal DigiPlate System.

In fiscal 2019, considering the Mitsubishi Paper Mills Group's business environment and conditions, we have put forth the following three things as top priority issues: "enhancing activities to ensure safety and health," "customer-centered product development," and "promoting various measures to improve human resource performance." In the days ahead, we will closely communicate with our stakeholders on carrying out CSR activities that enhance corporate value to fulfill our responsibility to society, and keep working to realize a sustainable society.

History of the Mitsubishi Paper Mills Group



The Takasago Mill soon after the Company's founding

- April 1898 Founding of the company
Hisaya Iwasaki took over a paper mill operated by the Walsh Brothers in Sannomiya, Kobe, and established Kobe Paper Mill Company
- June 1901 Moved the mill (currently Takasago Mill) to Takasago City in Hyogo Prefecture
- June 1904 Changed the company's name to Mitsubishi Paper Mills Company
- February 1917 Constructed the Nakagawa Mill in Katsushika-ku, Tokyo
- November 1917 Incorporated and changed name to Mitsubishi Paper Mills, Ltd.
- December 1925 Moved head office from Takasago, Hyogo to Chiyoda-ku, Tokyo
- April 1944 Merged with Kyoto Photographic Industry Company, Ltd. and made it the Kyoto Trial Mill (currently Kyoto Mill), to produce photographic paper
- August 1946 Association of Mitsubishi Paper Mills labor unions organized
- May 1949 Listed in the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange
- November 1950 Acquired all stock of a manufacturer and seller of non-wood pulp (currently Toho Tokushu Pulp Co., Ltd)
- April 1966 Constructed the Hachinohe Mill in Hachinohe City, Aomori
- April 1966 Merged with Shirakawa Pulp Industry Ltd. and acquired the Shirakawa Mill (currently Shirakawa Site) and the Kitakami Mill (currently Kitakami HiTec Paper Corporation)
- April 1972 Ryosan Shokai (founded 1912) merged with CASIWA Co., Ltd. to form Mitsubishi Paper Sales Co., Ltd.
- April 1985 Established trading subsidiary Mitsubishi Paper International Inc. in New York
- February 1992 Established Diamic Co., Ltd.
- January 1999 Acquired all stock of the Germany-based paper production company Stora Carbonless Paper GmbH (renamed Mitsubishi HiTec Paper Bielefeld GmbH in June 1999) and Stora Special Paper GmbH (renamed Mitsubishi HiTec Paper Flensburg GmbH in June 1999)
- May 2002 Established Mitsubishi Paper Holding (Europe) GmbH in Düsseldorf, Germany as a management company for affiliate companies in Europe
- March 2003 Closed Nakagawa Mill
- April 2005 Split off the Kitakami Mill's business and established Kitakami HiTec Paper Corporation
- November 2007 Established Zhuhai MPM Filter, Ltd. (Zhuhai City, Guangdong Province), began filter product processing business in China
- April 2008 Acquired all stock of Tomoegawa Paper America LLC (renamed MP Juarez LLC in July 2008), an inkjet paper finishing company based in Mexico
- October 2010 Merged Mitsubishi HiTec Paper Bielefeld GmbH and Mitsubishi HiTec Paper Flensburg GmbH, establishing Mitsubishi HiTec Paper Europe GmbH
- October 2011 Acquired all stock of KJ SPECIALTY PAPER Co., Ltd. from KOHJIN Film & Chemicals Co., Ltd.
- July 2012 Moved the head office to Sumida-ku, Tokyo
- April 2014 Established MPM Operation Co., Ltd., a spin-off from the Hachinohe Mill

Main Offices and Mills

Head Office & Branches

Head Office

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

Domestic R&D Facilities

Speciality Materials R&D Laboratory

46, Wadai, Tsukuba-shi, Ibaraki

Kyoto R&D Laboratory

1-6-6, kaiden, Nagaokakyo-shi, Kyouto

Domestic Production Facilities

Takasago Mill

105 Sakaemachi, Takasagocho, Takasago-shi, Hyogo
Principal products: Carbonless paper, thermal paper, inkjet paper, nonwoven fabric, specialty paper

Kyoto Mill

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

Hachinohe Mill

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

Shirakawa Site

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

Overseas Production Facilities

Mitsubishi HiTec Paper Europe GmbH Bielefeld Mill

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

Mitsubishi HiTec Paper Europe GmbH Flensburg Mill

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

Osaka Sales Branch

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

Process Development Laboratory

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

Kitakami HiTec Paper Corp.

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

KJ SPECIALTY PAPER Co., Ltd.

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

Toho Tokushu Pulp Co., Ltd.

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

Zhuhai MPM Filter, Ltd.

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

MP Juarez LLC

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

Management Measures

The Second Mid-Term Management Plan

In order to deal with a business environment that is expected to become increasingly more severe in coming years, we formulated the Second Mid-Term Management Plan (April 2016 to March 2019) with its emphasis on "stabilization of profit through alliances."

In fiscal 2018, the second year of our Second Mid-Term Management Plan, we entered into a capital partnership with the Oji Group to make our alliance even more comprehensive and constructive. This move was prompted by the recognition that it is essential for sustainable growth of our company to not only engage in one-off partnerships in certain businesses, but also strengthen partnerships across multiple businesses. In this partnership our independence and relationships with current customers and suppliers will be respected, while at the same time accelerating and advancing mutually beneficial relationships as long-term partners, achieving sound and sustainable growth, and maximizing long-term corporate value.

Basic Policy Behind the Plan, and Efforts Being Made

1 Structural reform of the printing paper business

- Achieve a stable earnings structure not affected by the external environment through structural reform and strengthening our alliance with Oji Group.
- Optimize our distribution and logistics systems.

2 Improving profit base

- Strengthen our alliance with Fujifilm Corporation to build an efficient production structure.
- Improve the profit base business by effectively using the business superiority and positioning of Mitsubishi Paper Mills.

3 Developing new businesses

- Launch a biomass energy business in collaboration with Oji Group.
- Strategically develop new businesses.
- Make careful strategic and selective investments in the focus fields.

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

- Work on the reconstruction of business processes and IT infrastructure to reform the Group's business structure.
- Promote further reduction of interest bearing debts, which we have reduced to the level they were at before the Great East Japan Earthquake, and thus strengthen the Group's financial base.

Stabilize profit through alliances

Reform the printing paper business structure

To maintain good capacity utilization and to stabilize sales volume fluctuation at our Hachinohe Mill, we are expanding sales of communication paper as a part of our alliance with the Oji Group, and are also working to increase printing paper exports and strengthen pulp sales. Additionally, we are working to improve efficiencies in the supply chain — that is, streamlining our distribution and logistics systems, from production sites to sales outlets — with an eye to establishing a stable earnings structure. For our business in Germany, we have decided to begin thinking about the restructuring of our German subsidiaries together with the Oji Group.

Improving our profit base

In the Imaging Media Business, along with strengthening our business foundation through our alliance with Fujifilm Corporation for photographic base paper, we are working to improve sales of existing products that are at a maturing stage through aggressive development in overseas markets.

The Speciality Materials Business is focused on expanding sales in the U.S., Europe and Asian countries, particularly China, and making steady progress in the filters business, the nonwoven fabric business of water treatment membrane base substrates etc., the rewritable media business, and the decorative laminate base paper and masking tape backing businesses.

Developing new businesses

As a means to establish further new business for the Group, we are expanding business in growth areas such as functional films based on imaging technologies, digital image transfer inkjet paper for textile printing, and battery separators with superior quality. One particular area of focus is functional films, for which we have begun building a new production facility at the Kyoto Mill. Business operations are scheduled to start in January 2019.

In addition, to achieve a more robust profit base for the Hachinohe Mill, we are expanding the scope of our business partnership with the Oji Group to include efforts such as the launch of a joint household paper business (with operations scheduled to begin in April 2019) and a joint biomass energy business (with operations scheduled to begin in July 2019).

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

With the goal of reconstructing our business processes and IT infrastructure, we are taking steps to develop a business foundation that can flexibly accommodate our corporate strategies. With regard to strengthening our financial base, the end of period interest-bearing debt and debt/equity ratio targets in the Second Mid-Term Management Plan have already been reached, ahead of plan.

Plan Targets and Results

Results for the second year of the Second Mid-Term Management Plan deviated significantly from planned targets due to a worsening of business conditions, which included an inability to raise printing paper prices and an increase in raw materials and energy costs. We are making a number of efforts in new businesses, but developing them will take time. And, as a further measure to achieve results despite increasingly difficult business conditions, we have concluded a capital partnership with Oji Holdings.

(Unit: 100 million yen)

	FY 2016	Year one of the Second Mid-Term Management Plan		Year two of the Second Mid-Term Management Plan	
	Actual	Plan	Actual	Plan	Actual
Sales	2,163	2,200	2,020	2,250	2,015
Operating Income	39	45	43	55	18
Ordinary Income	22	25	27	35	7
Interest-Bearing Debt	1,388	1,350	1,257	1,300	1,193
D/E Ratio	2.8x	2.7x	2.3x	2.5x	2.0x
Equity Ratio	20.4%	21.2%	23.1%	21.8%	25.2%

Consolidated Financial and Non-Financial Highlights

The fiscal year runs from April 1 to March 31.

Fiscal Year	2014	2015	2016	2017	2018
Profit and Loss (millions of yen):					
Net Sales	207,470	214,944	216,340	201,955	201,492
Operating Income	473	1,038	3,872	4,313	1,790
Ordinary Income	62	135	2,216	2,703	652
Profit Attributable to Owners of Parent	280	△4,272	2,217	1,152	3,198
Capital Investment	6,322	4,369	4,798	5,995	7,438
Cash Flows (millions of yen):					
Cash Flows from Operating Activities	12,222	3,907	12,626	19,839	12,809
Cash Flows from Investing Activities	△433	△1,168	△2,145	△7,070	△5,994
Financial Position (millions of yen):					
Total Assets	2,586	2,535	2,412	2,359	2,374
Outstanding Interest-bearing Debt	1,490	1,448	1,388	1,257	1,193
Equity Capital	528	520	492	544	597
Per Share Information *1 (Yen):					
Earnings per Share (EPS)	8.21	△124.96	64.85	33.72	93.57
Book-Value Per Share (BPS)	1,543.13	1,521.56	1,440.45	1,591.00	1,747.54
Management Indicators:					
Operating Income Margin (%)	0.2	0.5	1.8	2.1	0.9
Overseas Sales Ratio (%)	29	31	31	30	32
Equity Ratio (%)	20.4	20.5	20.4	23.1	25.2
Return on Equity (ROE) (%) ^{*2}	0.5	△8.2	4.4	2.2	5.6
Debt-Equity Ratio (D/E ratio) ^{*3}	2.8	2.8	2.8	2.3	2.0
EBITDA (millions of yen)	11,687	11,993	14,534	14,767	12,264
Non-financial data:					
Employees ^{*4}	3,982	3,622	3,697	3,734	3,723
Employment Rate of People with Disabilities (%)	2.16	2.45	2.32	2.17	2.29
Industrial Property Rights	1,530	1,420	1,607	1,639	1,655
CO ₂ Emissions (1,000 tons)	946	947	959	957	960
CO ₂ Emission Intensity (tons / product tons)	1.051	1.057	1.039	1.038	1.017

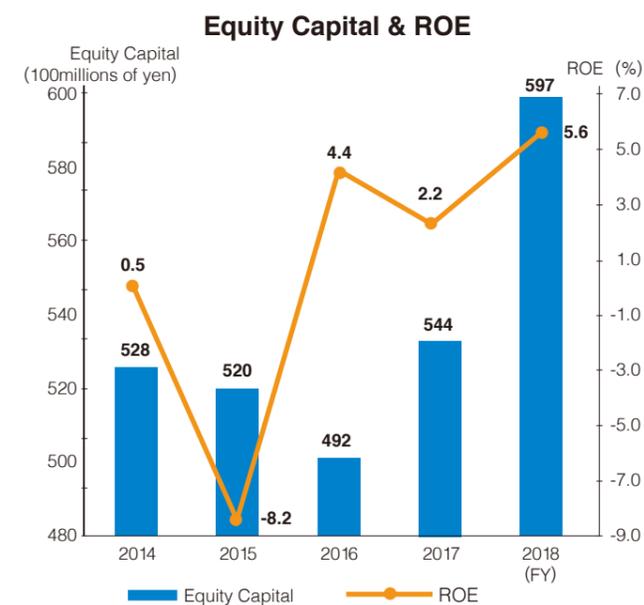
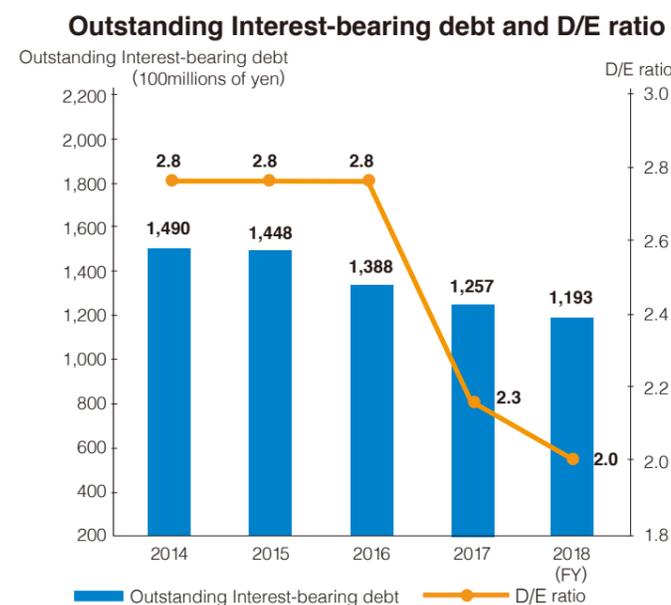
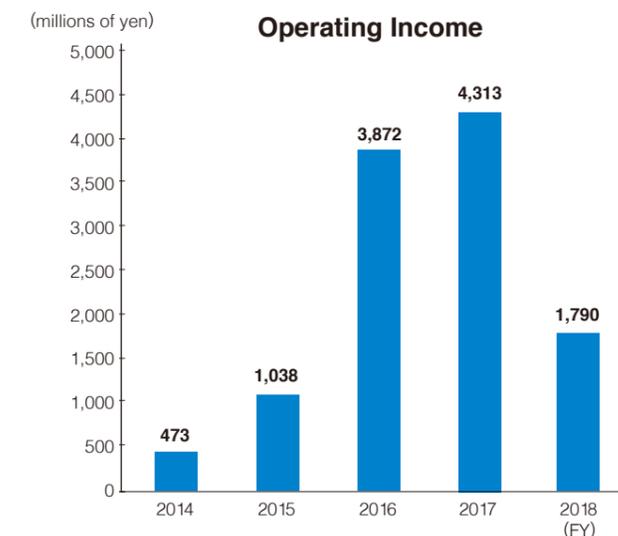
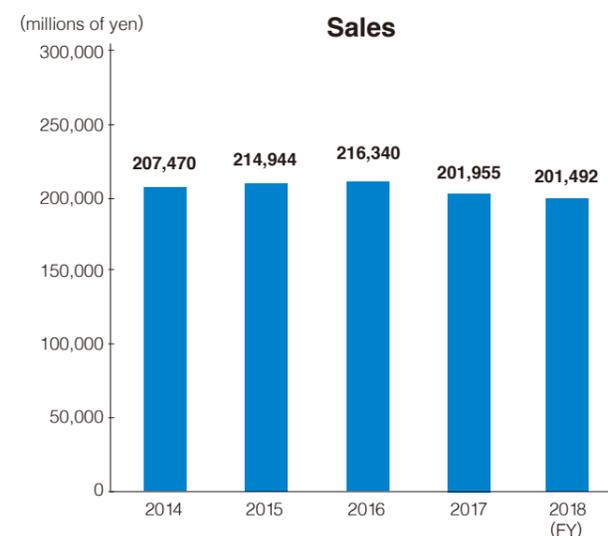
*1 A one-for-10 reverse stock split of common stock went into effect October 1, 2016.

Calculations assume this reverse stock split occurred at the beginning of fiscal 2014.

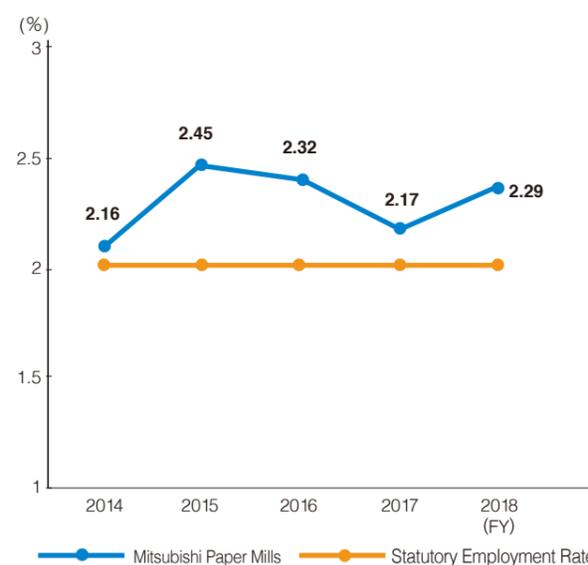
*2 Return on equity (ROE) = Profit attributable to owners of parent / (net assets - non-controlling interest)

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

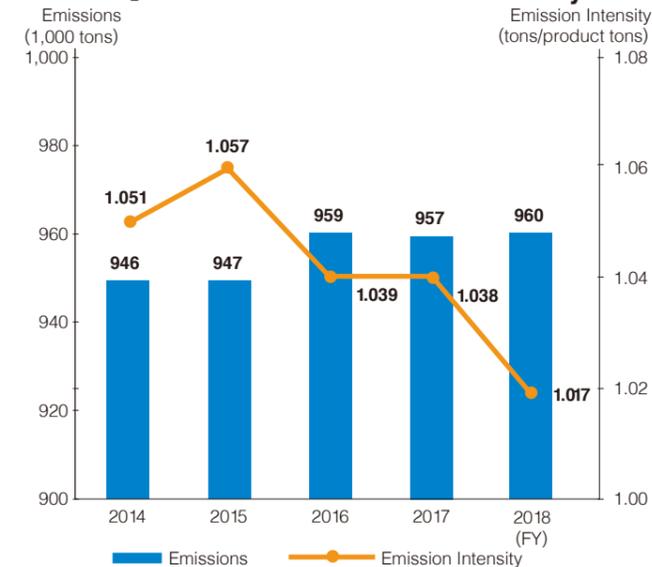
*4 Employees denotes full-time employees and does not include temporary workers



Employment Rate of People with Disabilities



CO₂Emissions and Emission Intensity



Special Feature 1 : Efforts of the Mitsubishi Paper

As a company that has been actively contributing to the conservation of the global environment and creating a recycling society, the Mitsubishi Paper Mills Group practices the responsible use of forest resources through FSC® forest certification and provides environmentally-conscious products as part of its efforts to create a sustainable society. Here we will introduce our contributions to the SDGs and our company's efforts through FSC forest certification.

Sustainable Development Goals (SDGs)

The SDGs were adopted at the United Nations Sustainable Development Summit in September 2015. These 17 goals were mentioned as ones to work with to resolve economic, social, and environmental problems between 2016 and 2030 to achieve a sustainable society marked by diversity and inclusiveness, where "no one is left behind," whether in developing or developed nations. The SDGs are goals assigned to each country's government, with much of the work expected to be done by private enterprise. Accordingly, in November 2017, the Japan Business Federation revised its Charter of Corporate Behavior based on the SDGs.



FSC® Certification to Help Achieve the SDGs

The SDGs consist of 17 goals and 169 targets. The FSC forest certification contributes to 11 of these goals and 35 of the targets. Its main contributions are described below. FSC makes a direct contribution to Goal 15, and is an indicator of the degree to which the goal has been achieved.

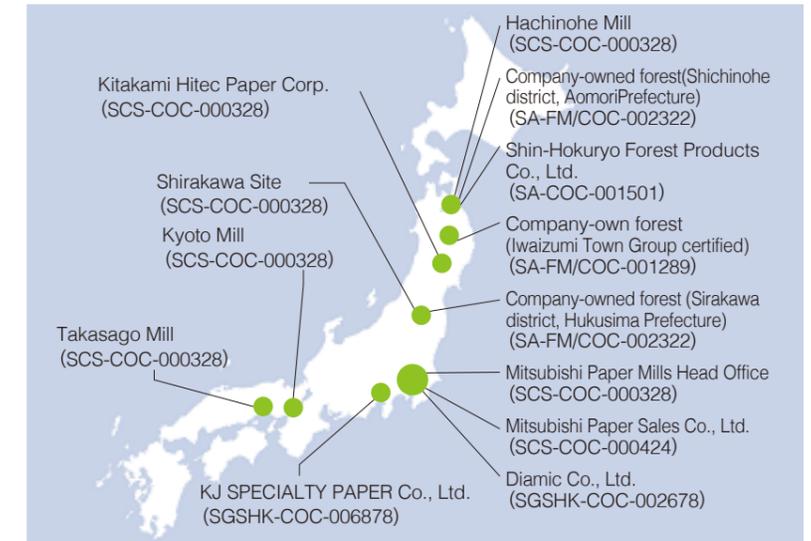
Sustainable Development Goals	FSC contribution
<p>Goal 5 Achieve gender equality and empower all women and girls</p>	Promote gender equality
<p>Goal 6 Ensure availability and sustainable management of water and sanitation for all</p>	Indirectly contribute through proper forest management (FSC 10 Principles)
<p>Goal 8 Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all</p>	Support proper employment and fair wages
<p>Goal 12 Ensure sustainable consumption and production patterns</p>	Maintain resources and provide sustainable product
<p>Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	"Intended direction of FSC forest certification"
<p>Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels</p>	Comply with related laws
<p>Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	Support feasible forest management

Mills Group to Build a More Sustainable Society

Efforts of the Mitsubishi Paper Mills Group

Responsible Papermaking through the FSC Forest Certification

In order to make paper in a sustainable fashion, the Mitsubishi Paper Mills Group has acquired FSC forest certification (chain of custody certification), the first paper company in Japan to do so, for all of its paper production sites 17 years ago in 2001. We are working on creating a sustainable society by procuring wood and making paper while paying consideration to environmental, social, and economic aspects.



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

Participation in the FSC's Vancouver Declaration

At the October 2017 FSC General Assembly, FSC launched the "Vancouver Declaration for the UN SDGs and FSC Certification." A new initiative aimed at promoting the use of forest resources produced through responsible forest management, the declaration is a joint statement issued by enterprises who use wood and have made a public pledge to practice responsible wood procurement. There are 57 companies in Japan and other countries that have signed the joint statement, including Mitsubishi Paper Mills.

Awareness Raising Initiatives

Exhibition at Eco-Products 2017

Eco-Products 2017 was held at Tokyo Big Sight in December 2017. At the event, Mitsubishi Paper Mills held a joint exhibition with Mitsubishi Paper Sales, administrator of the FSC Support Project, one of our environment projects. Through this we explained how the FSC forest certification contributes to the SDGs and about the distinctive efforts the Mitsubishi Paper Mills Group is making using the FSC certification.



Sponsorship of the SDGs for School

NPO Think the Earth, which sees schools as having responsibility for educating the people who will bring about a more sustainable society, conducts the SDGs for School project. The project provides junior high schools and high schools with books free of charge that allow students to learn about SDGs in an easy and fun way. Mitsubishi Paper Mills sponsors the project in solidarity with the goal of raising awareness of the SDGs for junior high and high school students, the caretakers of tomorrow.



Special Feature 2 : Launching a Household Paper

Mitsubishi Paper Mills is currently implementing printing paper business reforms as part of its Second Mid-Term Management Plan. The goal of these efforts is to strengthen the business structure of the Hachinohe Mill, our main plant, and build a stable earnings structure.

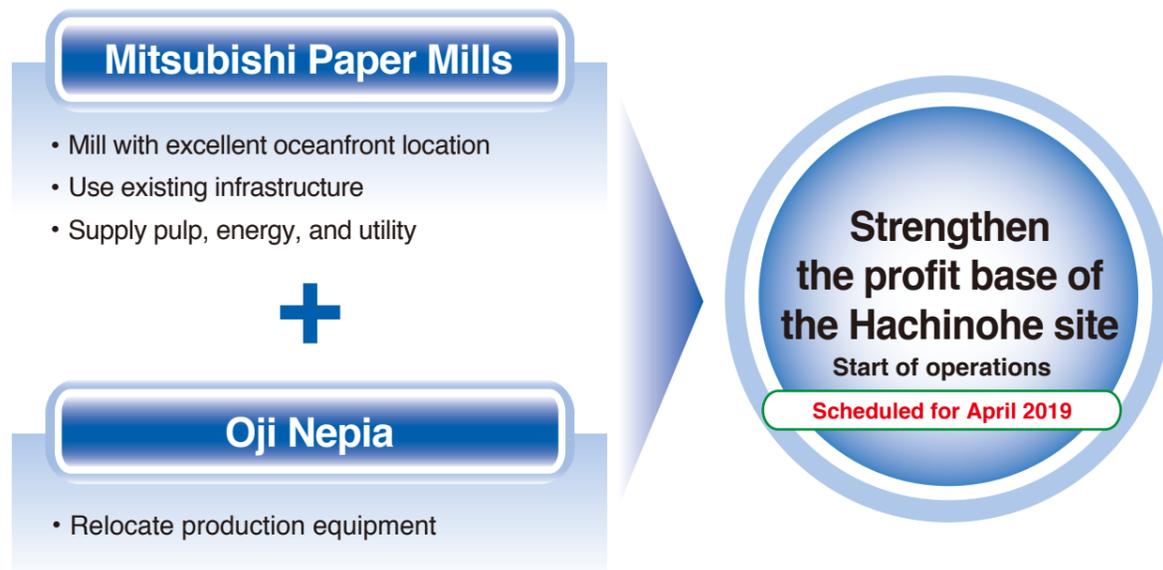
As one of the efforts toward this goal, we have launched a joint business with Oji Nepia Co., Ltd., a subsidiary of Oji Holdings Corporation, at our Hachinohe Mill in the household paper business, where market growth is expected. Through this joint business we will work to strengthen the profit base of the Hachinohe site.



Aerial view of the Hachinohe Mill, and household paper production facility construction site (area within the yellow lines)

Overview of the Household Paper Business

Having Oji Nepia Co., Ltd. relocate their production equipment to be used as the facility's main production equipment and leveraging both the favorable geographical advantages of the Hachinohe Mill and existing infrastructure will allow us to establish cost-competitive production. Plans call for establishing the Tohoku region as the main sales region so as to reduce logistics costs.



Joint Venture Profile

- Company: MPM Oji Home Products Co., Ltd.
(Mitsubishi Paper Mills' stake: 70%, Oji Nepia's stake: 30%)
- Location: In the site of Mitsubishi Paper Mills' Hachinohe Mill
- Capital stock: ¥80 million
- Investment amount: ¥5 billion

Business at the Hachinohe Mill

About MPM Oji Home Products Co., Ltd.

Plans call for MPM Oji Home Products Co., Ltd. to produce toilet paper, tissue paper, and similar products for Mitsubishi Paper Mills and Oji Nepia. With the goal of conducting household paper business that is competitive and environmentally conscious, the company will fully leverage the area's geographical advantages as an oceanfront mill as well as the mill's existing utility and FSC® certified pulp production capabilities. MPM Oji Home Products' production operations are also expected to create further jobs in the region and stimulate the local economy.

Image of the completed site



Production Facility overview

- Land area: 24,403 m²
- Floor area: 12,455 m²
- Production equipment: Papermaking machines, converting and finishing equipment, etc.
- Products: Toilet paper rolls, tissue paper
- Production capacity: 18,000 tons/year

Business Progress

MPM Oji Home Products was launched in June 2017 as a joint venture for household paper business, and a site agreement was signed in September by Aomori Prefecture and the city of Hachinohe. A groundbreaking ceremony was held in February 2018. Construction is now under way, aiming to begin operations in April 2019.



Groundbreaking ceremony (February 9, 2018)



Construction status (as of June 25, 2018)

Overview of Business Segments

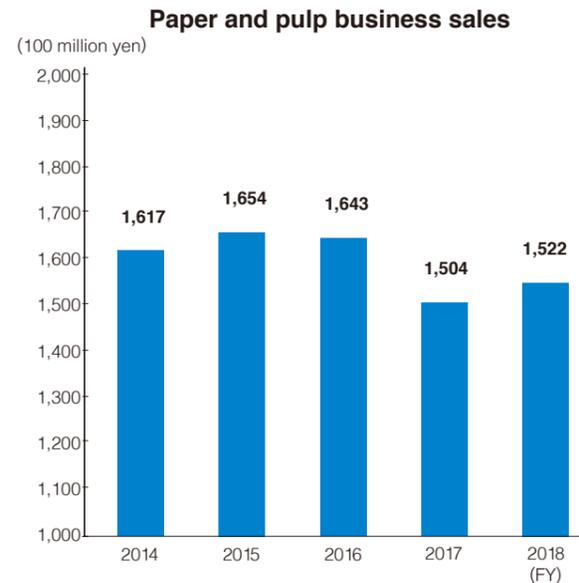
Printing Paper Business

Business Results

In the domestic market, sales of communication paper remained strong owing to the effects of alliances and other factors. However, printing paper saw a further decline in demand that resulted in lower sales volume overall in the domestic market.

Exports of printing paper increased, but was not sufficient to offset the domestic downturn. This resulted in an overall decline in sales volume, with sales revenue also decreasing due to limited effectiveness of efforts taken this fiscal period to revise prices. Meanwhile, for our German subsidiary, both sales and sales volume increased as demand for the mainstay products, thermal paper in particular, was steady.

This brought sales for all paper and pulp businesses to ¥152,220 million, a 1.2% year-over-year increase.



Business Strategies

To sustainably enhance the corporate value of Mitsubishi Paper Mills Group, it will be essential to bolster the competitiveness of the printing paper business, which accounts for nearly 70% of the Group's sales. This is in line with the business unit strategy from the Second Mid-Term Management Plan, which aims to build a stable earnings structure that is not affected by the external environment.

In order to consistently keep the utilization rate high at the Hachinohe Mill, our main plant, we are strategically expanding our OEM business while ramping up paper exports and external sales of pulp. We are also working to improve supply chain efficiency by integrating manufacturing and sales operations through efforts to re-examine our role with distributors and reduce inventory by optimizing distribution and logistics systems. Meanwhile, we are working to boost the profitability of our German business through means such as implementing price-focused sales policies, reducing costs, and rolling out new products. We are also working to build a stable earnings structure in Japan and elsewhere through efforts that include starting a household paper joint business with Oji Nipia Co., Ltd.

Business Topics

Expanding and Improving Our Lineup of Mitsubishi Diabulky Products, Well-suited to Picture Books, Coloring Books, Catalogs, and More

We developed Diabulky as a product perfectly suited to products such as picture books, coloring books, and catalogs — products for which paper provides something digital media cannot achieve. Featuring a unique, high-class texture coupled with superior color reproduction when printing and just the right feel for writing, Diabulky enjoys a strong reputation with many users. We have now added two new additional weights (shiroku ban 88 kg and shiroku ban 101kg). We will continue to develop products that satisfy users' needs.



Products

Printing paper



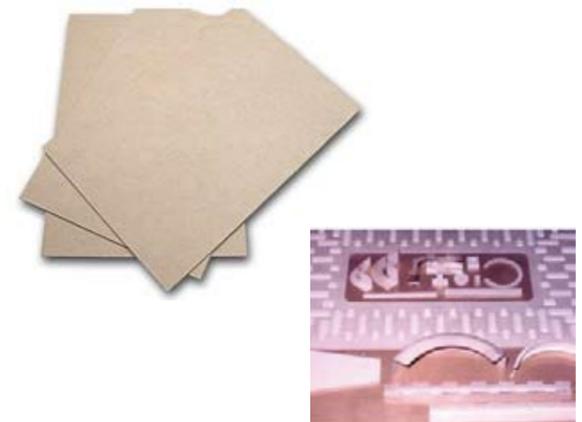
Used in publications such as brochures and books, and for packaging.

Communication paper



Products including copier paper, slips, and receipts.

Pressboard



Used as insulating material around transformers, among other things.

Sanitary paper



Our high quality sanitary paper is highly acclaimed in the market.

Docodemo Paper / TouchCard



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

Reglobe (recycled construction material)



Used as roadbed materials, backfill, weed control, and other products.

Overview of Business Segments

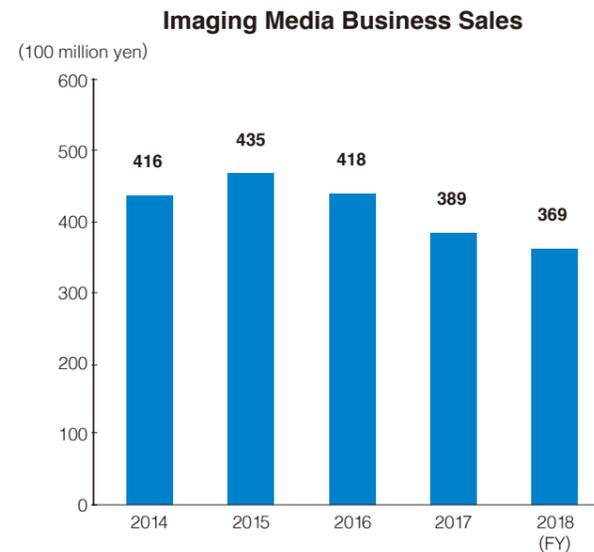
Imaging Media Business

Business Results

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

In overseas markets, orders for photosensitive material were stable due to the effects of business alliances, and inkjet paper business grew mainly in emerging nations. However, sales revenue declined as a result of decreased demand for existing products.

This resulted in total sales for the Imaging Media Business of ¥36,907 million, a 5.1% decrease year-over-year.



Business Strategies

The Imaging Media Business operates based on three strategies: ①strengthening alliances, ②expanding and improving the lineup of existing products, and ③fostering new businesses.

①The first strategy, strengthening alliances, is to expand the production and supply volume of resin coated base paper for photographic applications through further strengthening collaboration with industry partners, thus fortifying the profit base, and strengthening competitiveness.

②The second strategy, expanding and improving the lineup of existing products, entails concentrating on growing sales in overseas emerging markets such as Asia, where demand growth is expected to continue. It also involves maintaining and expanding existing business. For inkjet paper, this means focusing on business applications, which are primed for growth, and moving into the B to B market with primarily inkjet labels and cards. For print-related products, this means expanding business in the flexo and screen printing market and post-print processing field.

③The third strategy, fostering new businesses, will see us develop and sell new products that include functional films such as transparent conductive films for touch panels and photosensitive resists for electronic materials, as well as products for electronics-related fields and the medical/healthcare fields. We are also building a new coater for the Kyoto Mill, which will drive greater profitability in new businesses. In addition, we will supply digital textile inkjet printing transfer paper not only for sublimation transfer printing on polyester but also thermal transfer printing on cotton, silk, and other natural fabrics. We are working to cultivate new customers in the textiles industry primarily in overseas markets.

Business Topics

About Diamic's Print Support Center

The "b-side" print support center, which Diamic Co., Ltd. runs at its Osaka branch, is a showroom for printers that includes a garment printer for printing on clothing and silkscreen printing equipment that can print on a variety of materials, embroidery machine, and printers for water bottles. This showroom allows customers considering a purchase to try out the equipment. The center also does original printing, taking even single unit orders for products such as T-shirts, tote bags, towels, and water bottles.



Products

Products for Printing

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



Inkjet Paper Products

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



Products for photography

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



Mitsubishi Color Casual Photo Contest, a summer tradition

Resin Coated Base Paper Products

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



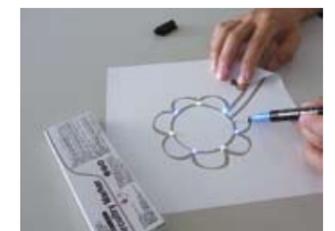
Products made from photographic base paper

New businesses

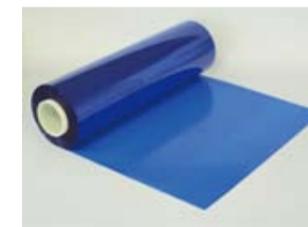
- Electronic materials
 - Transparent conductive films for touch panels
 - Silver nanoparticle ink
 - Photosensitive resists
 - Sensitizing dyes for solar cells
- Rear projection screen films
 - SaiVis
- Covers that warm, moisturize, and provide restful sleep
 - My Dome
- Digital textile inkjet printing transfer paper



Transparent conductive films for touch panels



Silver nanoparticle ink



Photosensitive resists



Digital textile inkjet printing transfer paper

Overview of Business Segments

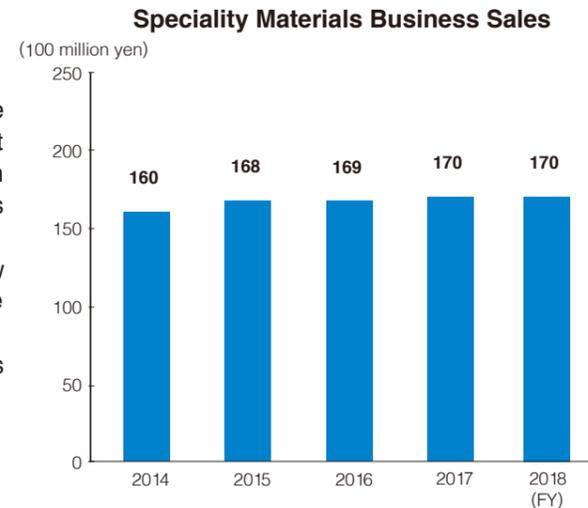
Speciality Materials Business

Business Results

In speciality materials, sales of filters and rewritable media were on par with the previous year, while sales of water treatment membrane base substrates, battery separators, and nonwoven fabric for electrical discharge machining filters increased. Sales revenue was also up.

Sales revenue was down for KJ SPECIALTY PAPER, which saw sales rise for decorative laminate base paper, masking tape backing, and other products, but fall for inorganic fiber papers.

As a result, total sales for the Speciality Materials Business increased 0.4% year-over-year to ¥17,026 million.



Business Strategies

For the Speciality Materials Business Unit, our business unit strategy for the Second Mid-Term Management Plan will involve, among other things, expanding nonwoven fabric business, which includes water treatment membrane base substrates and battery separators, along with increasing sales in Eastern Asia with a focus on China, Korea, and ASEAN nations for filters and rewritable media products.

Mitsubishi Paper Mills' nonwoven fabric business began with the production of glass sheets for flooring and filtering media for electrical discharge machining. Then in 2012, the deployment of new nonwoven fabric production equipment at the Takasago Mill allowed us to add reverse osmosis membranes and other water treatment membrane base substrates and rechargeable battery separators to the lineup. We have steadily grown our water treatment membrane base substrate customers, mainly in China and Europe. In the rechargeable battery separator segment as well, ultra heat-resistant lithium-ion battery separators, which we announced at the end of 2016, have attracted the attention of battery manufacturers in Japan and overseas for their improved safety and its sales have grown together with separators for both capacitors and condensers. We are also currently considering business prospects involving rechargeable battery separators for electric vehicles in China and are taking steps that include possibly expanding facilities for manufacturing nonwoven fabrics.

For our filter business, while we currently develop and manufacture air filters mostly for air purifiers and automotive air conditioning systems, the increasingly severe problem of air pollution in China, where our plant is located, is prompting increased demand for functional filters and total heat exchanger elements used in power-saving ventilation fans. We are currently planning efforts to develop products that target domestic demand in China in order to achieve further growth.

In the KJ SPECIALTY PAPER segment, our washi-like tape base paper has been well received in Japan, the U.S., and Europe for its superior stretchability and cuttability, and its sales have grown for use as a base substrate for masking tape and decorative tape.

Our Speciality Materials Division is working on a number of new development projects that are very highly regarded in their respective fields, with the goal of bringing products to market and achieving growth.

Business Topics

RO Membrane Base Substrates

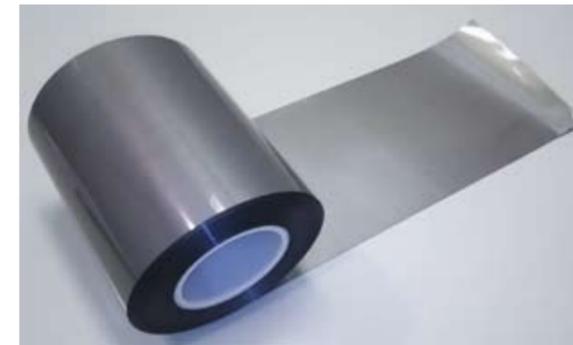
Reverse osmosis (RO) membranes are separation membranes used in seawater desalination and water purifiers and work by letting water through but preventing the passage of ions and bacteria. Mitsubishi Paper Mills manufactures and sells nonwoven fabric base substrates used in RO membrane fabrication, contributing to the supply of clean water. In addition to base substrates for membranes, we will continue to explore a range of possibilities for business success in the water treatment market, an area of good growth potential.



Water treatment elements

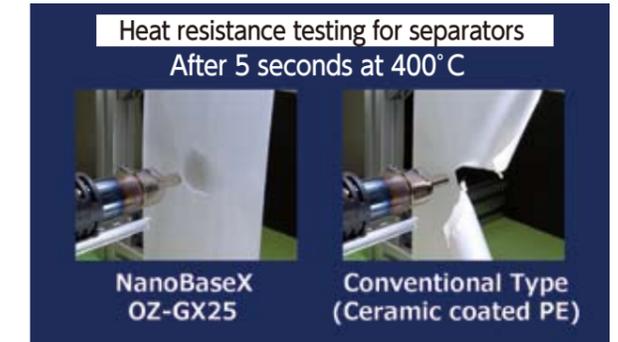
Products

Backing material for EM shielding sheets



These thin nonwoven fabric sheets are used in EM shielding materials.

Battery separators



Nonwoven fabric separators with high heat resistance help ensure improved battery safety.

Thermal rewrite cards



Card points, expiration dates, and other information can be rewritten.

Tape backing material

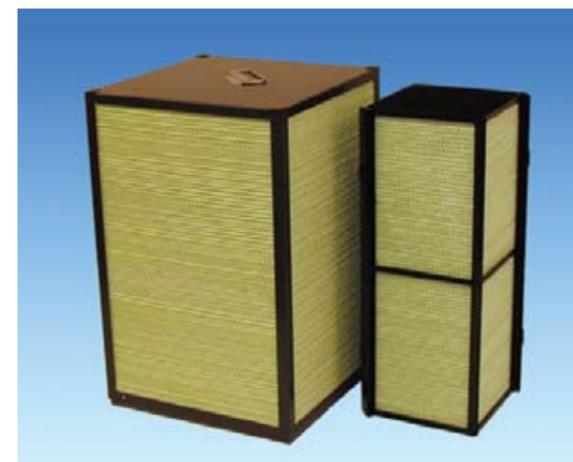


Decorative tape

Masking tape

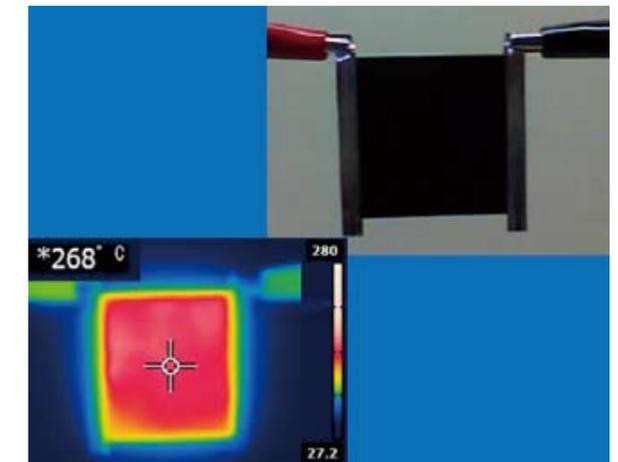
A washi-like high performance tape backing material.

Total heat exchanger elements



Used in energy-saving devices that collect heat and air moisture.

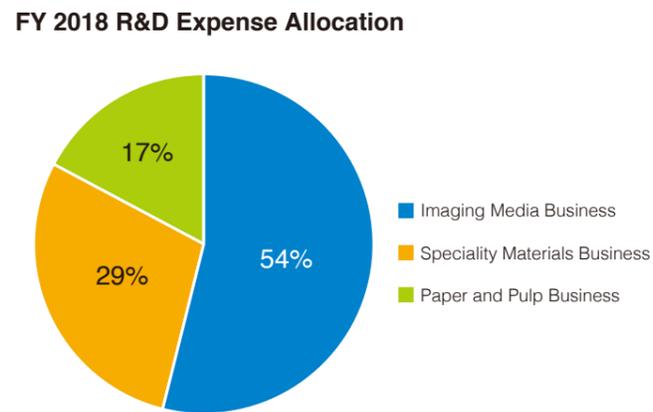
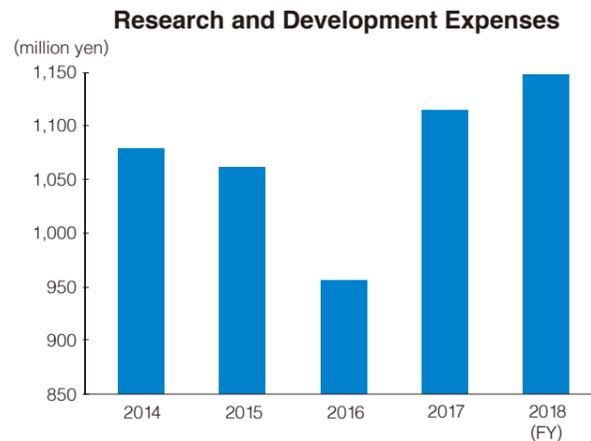
Carbon nano-tubes (CNT)



Ultrathin, high-temperature CNT membrane heaters that feature good temperature response.

Research and Development

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



Laboratories for product and technology development

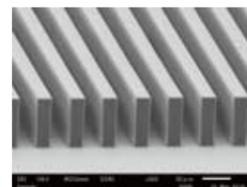
Speciality Materials R&D Laboratory

Product performance is continually evolving in the field of water treatment membranes and lithium batteries. To contribute, we use our basic technologies, such as papermaking and coating to improve and develop battery separators and base substrates for water treatment membranes. We are also developing next-generation products that include cellulose and synthetic resin composites, micro-fibrillated cellulose, and carbon fiber sheets. As part of our basic research activities for these products, we also conduct joint research with universities and other companies.

To develop new products and improve the quality of existing products, we need advanced analysis technologies. Our analysis group is therefore working hard examining and developing new analysis technologies.



Pyrolysis gas chromatograph mass spectrometer



Resist patterns for high-resolution dry films



Screen Meister MDS-360

Kyoto R&D Laboratory

In the electronics field, we are building on the base of silver halide photography technologies and inkjet media-related technologies Mitsubishi Paper Mills has developed over the years to develop and commercialize a range of products. These include resist films with unique properties, insulation material processing technologies that involve wet processing, sensor film for touch panels, and silver nano particle ink. And in the printing field, we have developed and launched the Screen Meister MDS-360, a heat-sensitive digital screen-making machine that can print screen plates with only data supplied from a PC, without the need for block copy films, emulsion coating, image development, or drying processes.

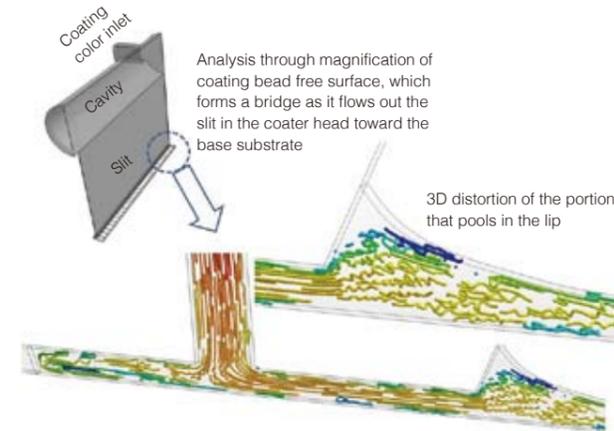
Process Development Laboratory

While paper and speciality material production technologies and printing technologies become more sophisticated day by day, customers' quality demands are also changing. To quickly provide end products and pipeline products that will satisfy customers, we operate test plants with papermaking machines, coaters, calendaring machines, and other equipment. We also use plate-making and printing machines to create prototype products with technology on par with current market products, and to evaluate product qualities.

Furthermore, we create product samples to show the features and characteristics of our products. At the same time, we leverage the expertise of Laboratory personnel to develop production technologies and new applications for products, in addition to surveying cutting-edge manufacturing technologies.



One-shot goniophotometer (prototype)



Coating bead flow analysis for slots with microfiber linkage

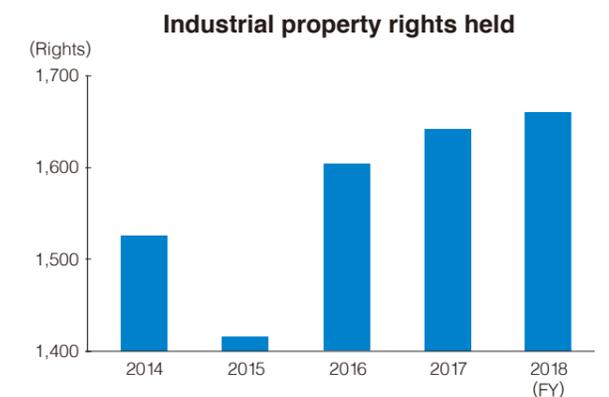
Coating flow analysis business

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

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

Intellectual Property

Intellectual property is an important asset in developing our business and boosting our competitiveness. Patents, in particular, are what secure, maintain, and enhance the competitive strength of new products. Consequently, we submit roughly 200 patent applications every year in Japan and abroad. Although we have traditionally submitted mainly in Japan, the U.S., and Europe, we are now submitting more applications to China, South Korea, Taiwan, and other countries in Asia as part of an active effort to expand business in overseas markets. We have also been actively applying for and registering trademark in order to improve customer confidence for new products.



Mitsubishi Paper Mills Group CSR

The Way We See CSR

The purpose of CSR is to improve corporate value through gaining everyone's trust and empathy, and address social problems, so we view CSR fulfillment as an important management priority in our business activities. Guided by the Code of Conduct of the Mitsubishi Paper Mills Group, Mitsubishi Paper Mills is making a number of efforts to make good on the principles of our corporate philosophy. These principles focus on making us into a "corporate group that lives up to the trust of its customers in the world market," a "corporate group that is always on the leading edge of technology," and a "corporate group that contributes to preserving the global environment and creating a recycling society."

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



ISO 26000 Core Subjects and Mitsubishi Paper Mills Group Initiatives

ISO 26000 Core Subjects	Mitsubishi Paper Mills Group Initiatives
Organizational Governance	Mitsubishi Paper Mills Group CSR P23-24
	Corporate Governance P25-32
Human Rights	Compliance P27-28
	Promoting Social Responsibility in the Value Chain P33
	Responsible Raw Material Procurement P33-34
	Relationship with Employees P41-42
	Relationship with Communities P45-48
Labor Practices	Compliance P27-28
	Relationship with Employees P41-42
Environment	Responsible Raw Material Procurement P33-34
	Relationship with the Environment P35-40
Fair Operating Practices	Compliance P27-28
	Fair Operating Practices P33-34
Consumer issues	Information Disclosure P30-31
	Fair Operating Practices P33-34
	Relationship with the Environment P35-40
	Relationship with Customers P43-44
Community involvement and development	Preserving Biodiversity P37
	Relationship with Communities P45-48

Key Issues (Material Issues) Concerning CSR Activities

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

Process for Defining Issues

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

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

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

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

■ Process 3 Verify the appropriateness of the process

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

Key Issues and Top Priority Issues in FY 2019

ISO 26000 Core Subjects	FY 2019 Key Issues (◎ are the top priority issues)
Organizational Governance Fair Operating Practices	Ensuring the effectiveness of corporate governance
	Establishing a risk management structure
Human Rights Labor Practices	Thoroughly familiarizing employees with our Corporate Code of Conduct and the Compliance Conduct Standards
	Ensuring strict legal compliance
	Promoting communication with stakeholders
	Expanding initiatives out to affiliated Group companies
	◎ Enhancing activities to ensure safety and health
Environment	◎ Promoting various measures to improve human resource performance
	Promoting activities to prevent global warming
	Promoting activities to preserve biodiversity
	Improving and enlarging our environmentally conscious product lineup
Consumer issues	Reducing environmental risk and impact
	Ensuring product safety
	Ensuring product quality
Community involvement and development	◎ Customer-focused Product Development
	Promoting community support activities
	Promoting cultural contribution activities
	Promoting activities of the Eco System Academy

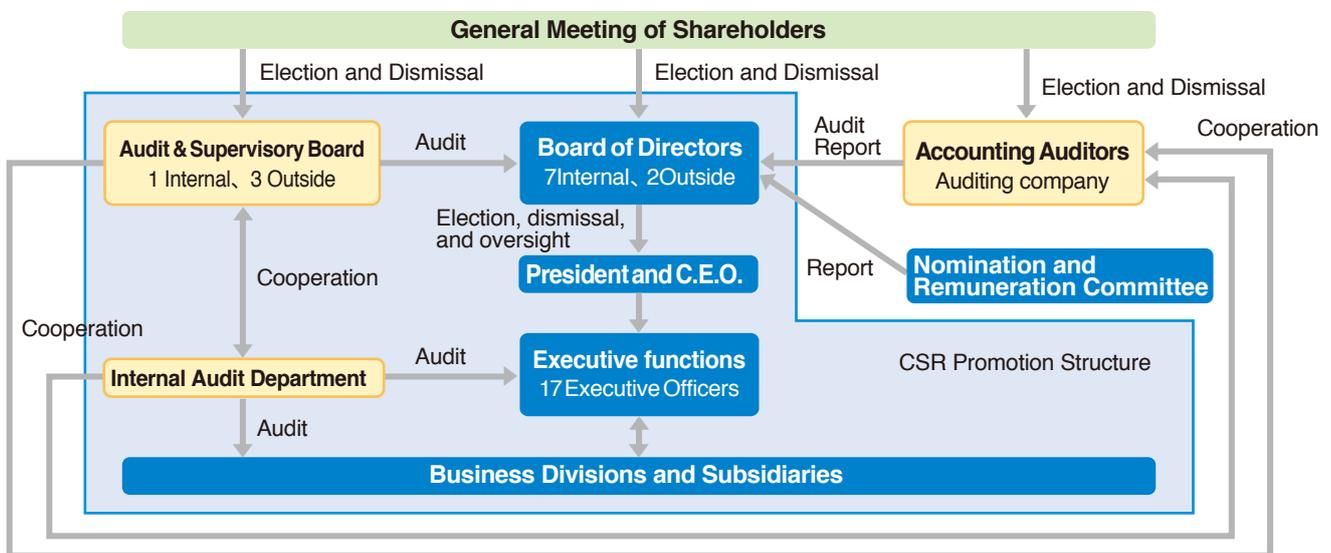
Corporate Governance

Overview of Corporate Organizations

Mitsubishi Paper Mills has chosen to structure itself as a company with a board of corporate auditors and assigned two independent outside directors, thereby creating a structure fulfilling the role required by the Board of Directors. We also divide up the oversight and executive functions, adopting an executive officer system to limit the size of the Board of Directors, speed up decision-making, and define responsibilities for business execution. Also, we established an Audit & Supervisory Board which includes outside corporate auditors, and meetings are held both periodically and as needed.

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

Corporate Governance Framework



Basic Policy on Corporate Governance

With the aim of bolstering our corporate governance, we have established the Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance. More information is available on the following site.

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

Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance

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: Ensuring 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 nomination of and remuneration 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.

Board of Directors Effectiveness Assessments

The Board of Directors conducted a questionnaire for Directors and Corporate Auditors, to analyze and evaluate the effectiveness of the Board of Directors as a whole. The results of the questionnaire were then discussed at the Board of Directors. An outline of the questionnaire and results is provided below. In addition to sharing the current understanding, the Board of Directors will identify and discuss issues to make future improvements and continually work to improve its effectiveness.

(1) Date of Board of Directors Effectiveness Analysis and Evaluation in FY 2018

December 27, 2017 - January 10, 2018	Questionnaire conducted
January 31, 2018	Discussions held at Board of Directors meeting

(2) Questionnaire Topics

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

(3) Analysis and Evaluation of FY 2018 Board of Directors Effectiveness — Summary of Results

a. Board of Directors Composition

Given the Company's lines of business, internationalness (domestic demand oriented type), product category (materials), company size, and other considerations, the Board of Directors is deemed to be appropriate overall in terms of things such as its number of members, balance among the members, and members' knowledge and understanding. The Board of Directors is also aware of the need to discuss diversity, such as the promotion of female employees.

b. Operation of the Board of Directors

The frequency of Board of Directors meetings, meeting duration, proceedings, prepared materials, and the system for providing information are deemed to be appropriate on the whole. Because being flexible as to the procedure of the meetings is considered useful in carrying out proper and adequate discussions among members of the Board of Directors, this approach will be used accordingly in the future. In particular, to facilitate the understanding of outside directors, consideration will be made to make sure that ample time is available to consider Board of Directors meeting materials and to provide information about Medium-Term Business Plan progress and monthly business status summaries, as well as information to keep investors and shareholders informed. Steps will be taken to ensure this information is reported properly and efficiently.

c. Functions of the Board of Directors

Proper measures are generally being taken concerning strategic decision-making, effective monitoring, consideration of stakeholder benefit, the creation of an environment for proper risk-taking, consideration and mutual oversight of conflicts of interest, and the establishment of executive activity scope, among other matters. Discussions will be held going forward about building a system to allow for properly ascertaining the status of investor and shareholder relations in a timely manner and for making prompt management decisions about B to C business. Furthermore, summaries of the discussions held by the Nomination and Remuneration Committee, an advisory body voluntarily set up, are properly reported to the Board of Directors, and this committee is deemed to be generally functioning properly.

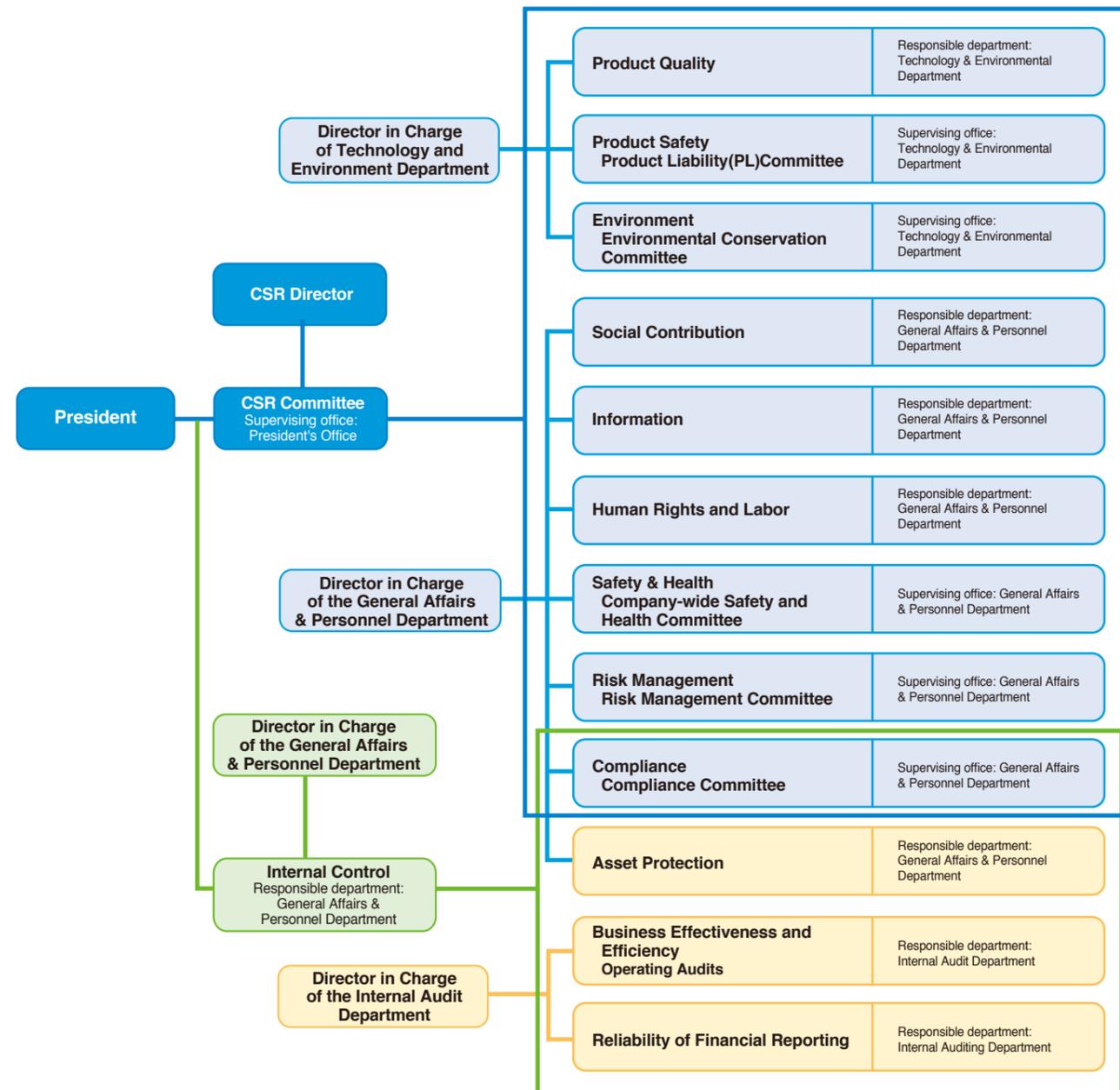
d. Proposals for Improvements and Other Matters

Improvements are underway in response to the results of the previous analysis and evaluation of the Board of Directors effectiveness, and the current methods for analyzing and evaluating effectiveness are deemed to be appropriate at the present time. Further discussions will be held about these matters, including from the perspective of objectivity and other aspects. The current approach is deemed to be seamless and useful with regard to meetings of outside directors and corporate auditors for the purpose of exchanging information and opinions between them. As part of our approach to the stock market, further discussions will be held by the Board of Directors based on the recognition that further improvements could be made to IR and SR policies and methods.

Corporate Governance

CSR Promotion Structure

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



Compliance

To ensure our actions remain in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group, the Group has laid out rules to be followed by executives, employees, and other company-related people in the Mitsubishi Paper Mills Group Compliance Conduct Standards, and we ensure every corporate activity is legally compliant. We have also established a Compliance Committee that reports to the CSR Committee, where the Legal Department works as its supervisory office. The Compliance Committee provides training and conducts awareness-raising activities in order to familiarize all employees with the Code of Conduct and the Compliance Conduct Standards and to ensure legal compliance.

Activities to Promote Better Awareness of Compliance

The Mitsubishi Paper Mills Group considers continued awareness programs to be essential for promoting an understanding of the importance of compliance and for fostering a corporate culture that emphasizes good compliance. As one measure to improve employees' concern for legal issues, we periodically issue a newsletter called Compliance News, conduct discussion-based compliance training for all employees, and provide legal affairs education taught by instructors that include lawyers from a variety of specializations.

Compliance News

We released nine Compliance News issues in fiscal 2018, providing an easy-to-understand look at issues such as the Personal Information Protection Law, contracts, system development disputes, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and compliance training.

Compliance Training

Our fiscal 2018 compliance training was held in October for all line managers in the Group. Then, over the next six months, the line managers shared what they had learned with their teams. The training saw a total of 3,328 participants consider and discuss case studies that involved responding to situations where data falsification was implied. Participants also completed questionnaires, and the views expressed on the questionnaires were shared with all executives and employees. Certain issues were also marked to be rectified in the future.

Legal Affairs Training

At the two legal affairs training sessions we held in fiscal 2018 for executives, line managers, and personnel in charge of signing contracts, we promoted a better understanding of laws that applied to the participants' work and communicated the importance of compliance.

- ▷ First Session: "Introduction to M&A"
Date: September 15
Instructor: Keiko Kaneko, Attorney-at-Law (Of the law firm of Anderson Mōri & Tomotsune)
Participants: 138
- ▷ Second session: "Intellectual Property – Exercising Rights and Resolving Disputes"
Date: February 14
Instructor: Yoshio Kumakura, Attorney-at-Law (Of the law firm of Nakamura & Partners)
Participants: 235



FY 2018 Legal Affairs Training (First Session)

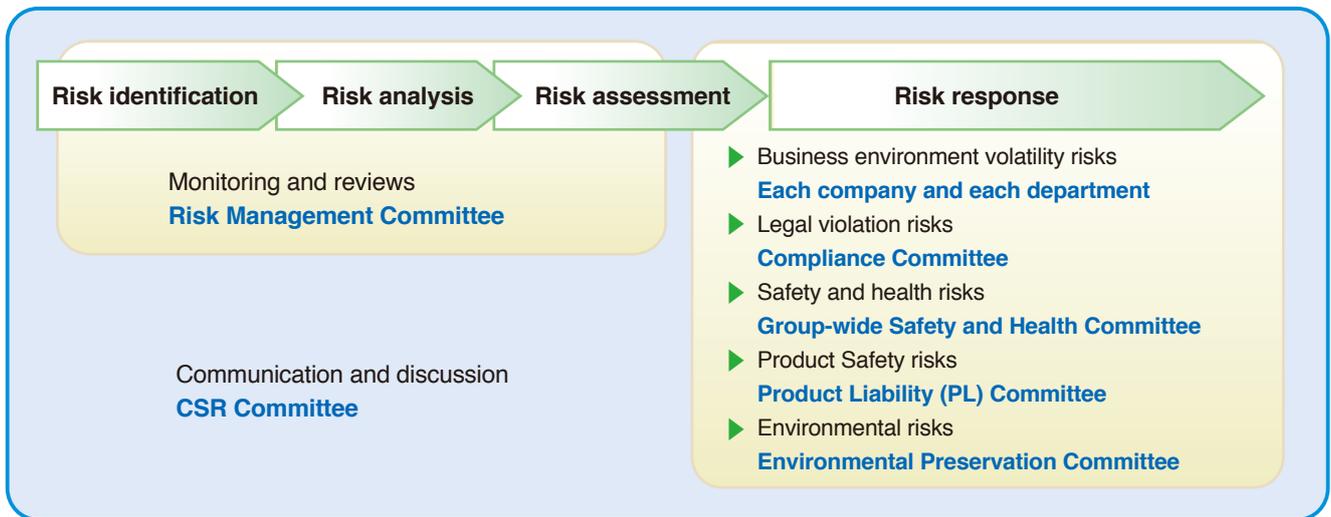
Corporate Ethics Hotline internal whistleblowing system

Mitsubishi Paper Mills has launched an internal whistleblowing system that is available to all employees working in the Mitsubishi Paper Mills Group. Under the system, careful measures are taken to ensure informants do not receive unfair treatment, such as having points of contact both inside and outside the company. And to better familiarize employees with the system, we also discuss it in issues of Compliance News.

Corporate Governance

Risk Management

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



Improving Our Risk Map

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

Building a Crisis Management System

The Mitsubishi Paper Mills Group formulated the Crisis Management Manual in order to respond quickly in fulfilling its corporate social responsibility and maintaining social credibility in the event of an accident or disaster that could cause serious harm to people or equipment, or impact surrounding communities. And to construct an effective risk management system, we regularly conduct simulation training and operation tests at every business site and at a scale that involves the entire company, also working to identify and resolve issues.



Training for both communicating information and confirming safety during emergencies

Enhancing Information Management

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

Creation of a Business Continuity Plan (BCP)

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

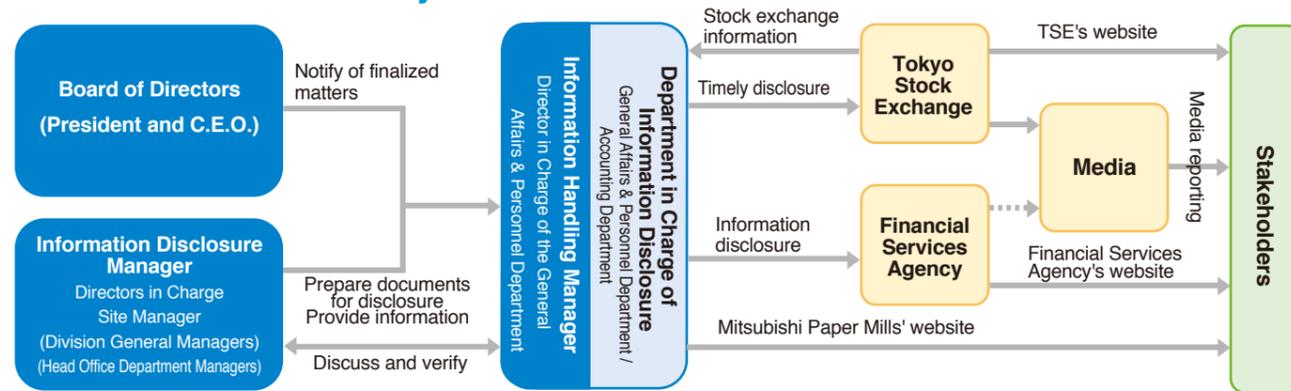
Corporate Governance

Information Disclosure

The Mitsubishi Paper Mills Group expresses its commitment to transparency in its business activities in the Code of Conduct of the Mitsubishi Paper Mills Group. The Group has established and publicized its Disclosure Policy based on this code and has declared that it will practice the timely and proper disclosure of corporate information. We have also established the Information Disclosure Regulations for ensuring that stakeholders receive an accurate, timely, fair, and continuous disclosure of information, with our Corporate Communications & IR Department in charge of managing these efforts. We also hold public relations sessions as part of efforts to disclose information about the Group. In the interest of fair disclosure, when we make announcements about things such as timely disclosed information, press releases, and new products, we also post the information on our web site.

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

Information disclosure system

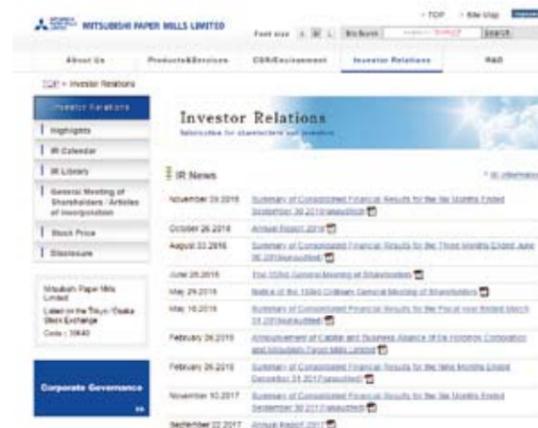


Communication

IR information site

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

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



Head Office Gallery: Paper Design Square

At the head office, we have built a gallery displaying our principal products as a means to engender a stronger affinity with Mitsubishi Paper Mills Group products. Exhibitions are held regularly.

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

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

Hours 9:00-17:00

(closed on Saturdays and Sundays, public holidays, and designated holidays)



Ordinary General Meeting of Shareholders

To ensure that shareholders have sufficient time to consider issues presented at the Ordinary General Meeting of Shareholders, convocation notices are announced over the Internet 29 days prior to the meeting date and mailed out 26 days prior to the meeting date. Information about the Ordinary General Meeting of Shareholders is also provided in 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 visual aids and narration to ensure information is conveyed in an easily understood manner, and allotting ample time for questions and answers with shareholders.



153rd Ordinary General Meeting of Shareholders

Communication with Stakeholders

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



Analyst briefings



Mitsubishi Social Contribution Liaison Council (Experiencing Ecosystem Academy activities)



Business status briefing for the labor union



Environmental seminars

Corporate Governance

Board of Directors and Corporate Auditors (as of August 31, 2018)

Board of Directors



President and
Chief Executive Officer
Kunio Suzuki



Representative Director,
Senior Executive Vice President
Kazuhisa Taguchi



Representative Director,
Senior Managing Executive Officer
Kanji Morioka



Director,
Senior Managing Executive Officer
Junji Harada



Director,
Managing Executive Officer
Masaki Shuto



Director,
Managing Executive Officer
Naoki Okawa



Director,
Senior Executive Officer
Nobuhiro Sato



Outside Director
Tomohisa Shinagawa
Attorney-at-Law
Mori Hamada & Matsumoto
Law Office



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

Corporate Auditor



Standing Corporate Auditor
Kenji Oka



Outside Corporate Auditor
Hiroaki Tonooka
Former Director, Deputy
President, Meiji Yasuda Life
Insurance Company



Outside Corporate Auditor
Takayuki Nakazato
President, Ryoshin Holdings
Co., Ltd.



Outside Corporate Auditor
Takeshi Kobayashi
Adviser, Research Institute
of Capital Formation,
Development Bank of Japan, Inc.

Fair Operating Practices

Compliance with the Antimonopoly Act

The Mitsubishi Paper Mills Group's corporate philosophy is to "live up to the trust of its customers in the world market," "always be on the leading edge of technology," and "contribute to preserving the global environment and creating a recycling society." Trust, technologies, and contributions that have true value are born from engaging in fair competition and achieving mutual growth and improvement. As such, we believe that complying with the Antimonopoly Act is the first step towards achieving our corporate philosophy.

Along with pledging to comply with the Antimonopoly Act in the Mitsubishi Paper Mills Group Compliance Conduct Standards, we have established the Antimonopoly Act Compliance Manual to promote a better understanding of and compliance with the Antimonopoly Act by all executives and employees. Guided by these principles, our business practices emphasize free and fair competition, regardless of circumstances.

Preventing Corruption

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

Disavowal of Anti-social Elements

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

Promoting Social Responsibility in the Value Chain

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

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

Responsible Raw Material Procurement

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

*FSC: Forest Stewardship Council®
FSC® C021528

FSC forest certification

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



The mark of responsible forestry

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

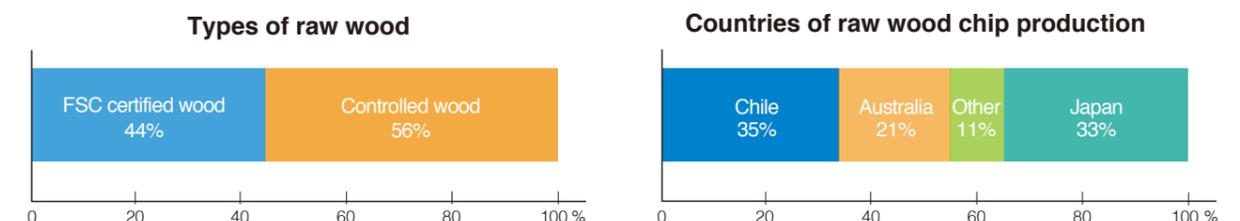
Method for verifying legal compliance and sound management

1. Evidence of use of the forest certification and CoC certification systems(FSC certified wood, controlled wood)
 2. Evidence of methods of individual companies or organizations (controlled wood)
- In 2. above, we verify that wood is controlled in accordance with Requirements for Sourcing FSC Controlled Wood (FSC-STD-40-005). The verification method in conformance with these requirements is described below.

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

Raw Wood Procurement in Fiscal 2018

We have verified that all wood chips and wood pulp procured in fiscal 2018 came from forests that were legally and appropriately managed.



Maintaining Conformance with the Clean Wood Act*

In accordance with FSC forest management standards, we have completed the process of verifying that we are in conformance with the Clean Wood Act, which went into effect on May 20, 2017. Business entities that ensure business is conducted in compliance with this law can register at third-party entities certified by the government, and the Mitsubishi Paper Mills Group has completed this registration.

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

Relationship with the Environment

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

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

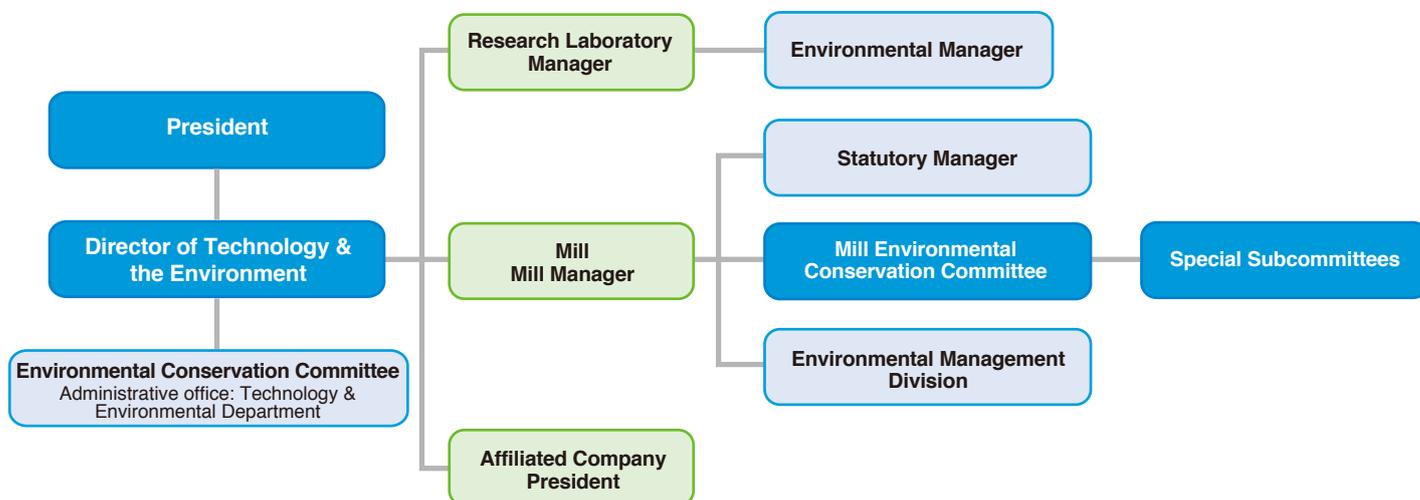
⇒ Reference site: Environmental Charter
<https://www.mpm.co.jp/eng/env/charter.html>



Mitsubishi Paper Mills received an environmentally rated loan from the Development Bank of Japan (DBJ) in March 2018 and we received the following environmental rating: "excellent advanced environmental initiatives."

Environmental Management System

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



Chemical Substance Management

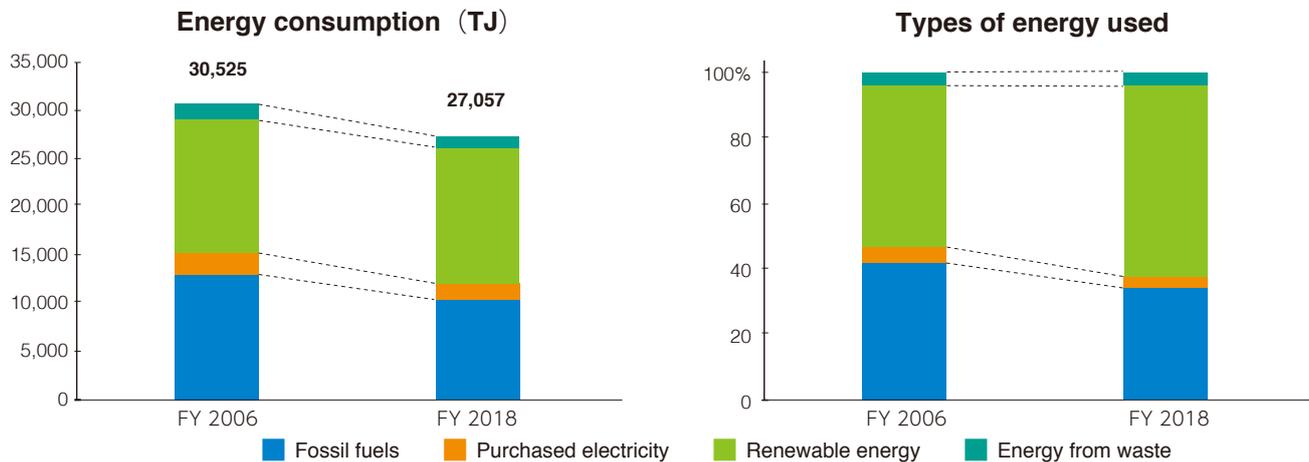
With the aim of protecting the environment and ensuring product safety with respect to chemical substances throughout our entire supply chain, the Mitsubishi Paper Mills Group has formulated its own Chemical Substance Management Guidelines and Rules for Administration of the Chemical Substance Management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

Relationship with the Environment

Preventing Global Warming

Manufacturing segment initiatives

The Mitsubishi Paper Mills Group has the target of bringing CO₂ emissions down to 920 thousand tons or less by fiscal 2021 and is working on reducing its fossil fuel-based energy and overall energy consumption. In fiscal 2018, our overall energy use was 89%, and fossil fuel-based energy consumption was 78% of that in fiscal 2006.



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

Logistics segment initiatives

Eco Rail Mark Certification

Mitsubishi Paper Mills acquired Eco Rail Mark certification in October 2010, becoming the first to do so in the paper industry. Since then, we have contributed to global environmental preservation through the dissemination of the Eco Rail Mark. Under the Eco Rail Mark system, companies or products are certified and allowed to use the Eco Rail Mark if they use a certain volume of eco-friendly rail freight transport. Usage of the mark offers consumers a standard for making decisions.



Green Management Certification

Namitsu Co., Ltd., a distribution company affiliated with the Mitsubishi Paper Mills Group, has 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 reduce fuel consumption. Aimed at reducing the environmental impact of the transport industry, Green Management Certification is given to business entities that have been audited and certified by the Foundation for Promoting Personal Mobility and Ecological Transportation for having reduced the environmental impact of their operations by a certain degree in accordance with the Green Management Promotion Manual.

Initiatives for the office and the home

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

The Mitsubishi Paper Mills Group also promotes participation in the household environmental accounting booklet program, raising awareness for environmental preservation by having employees monitor their household CO₂ emissions.

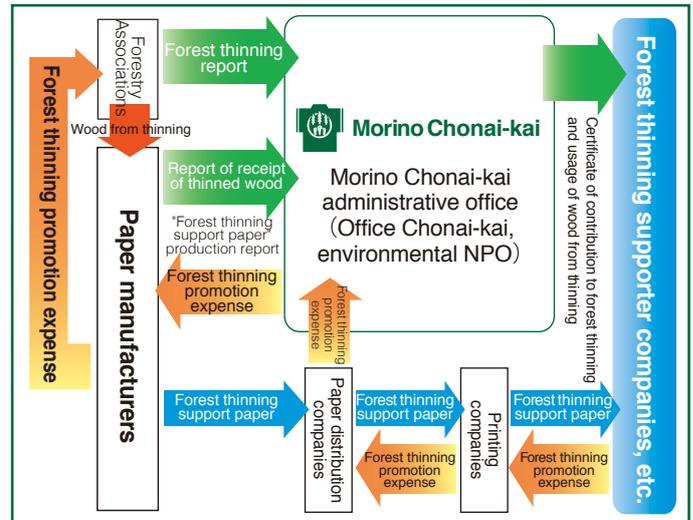


Relationship with the Environment

Preserving Biodiversity

Forest preservation activities

In conformance with FSC® forest certification system standards, the Mitsubishi Paper Mills Group makes careful use of wood feedstock produced under proper forest management, and also works to popularize the forest certification system under the forest certification system. At the same time, we are engaged in a number of efforts to help forest preservation and support more prosperous local forestry and logging industries. This includes promoting forest thinning through Mori no Chonai-kai, a forest neighborhood association, which is a collaborative project done in conjunction with Office Chonai-kai, an environmental NPO, as well as promoting the sustainable use of second growth hardwood produced in Iwate Prefecture.



Ecosystem Academy

As one member of the industry benefiting from trees, the "gifts of the forest," the Ecosystem Academy was opened in 2010 with the goal of transmitting the knowledge and experience the Group has accumulated over the years to a diversity of people while helping to protect the global environment. With interactive environmental education, forest surveys and research, and information dissemination as the three core activities, the academy is focused on establishing and advancing ongoing efforts, carrying out activities throughout the Group with significant support from relevant outside organizations.

Interactive environmental education

In addition to environmental education that seeks to promote a greater knowledge of ways to prevent global warming and protect biodiversity in the interest of forest preservation, we carry out observations, measurements, and tree planting using company-owned forests, and provide opportunities to try papermaking and paper crafts as a means to experience the art of manufacturing. In fiscal 2018, a total of 770 participants took part in 25 sessions ranging from environmental education to tree planting events in Kyoto, Tokyo, Fukushima, Iwate, and Aomori.



Environmental education held for Zhuhai MPM Filter, Ltd. (a consolidated subsidiary)

Forest surveys and research

Along with conducting vegetation and growth surveys in company-owned forests, we work with the Wild Bird Society of Japan's Shirakawa Chapter to conduct ongoing wild bird surveys and create birdwatching areas. In 2017 we began conducting soil life surveys under the guidance of Dr. Tadashi Miyashita, a professor at the University of Tokyo.

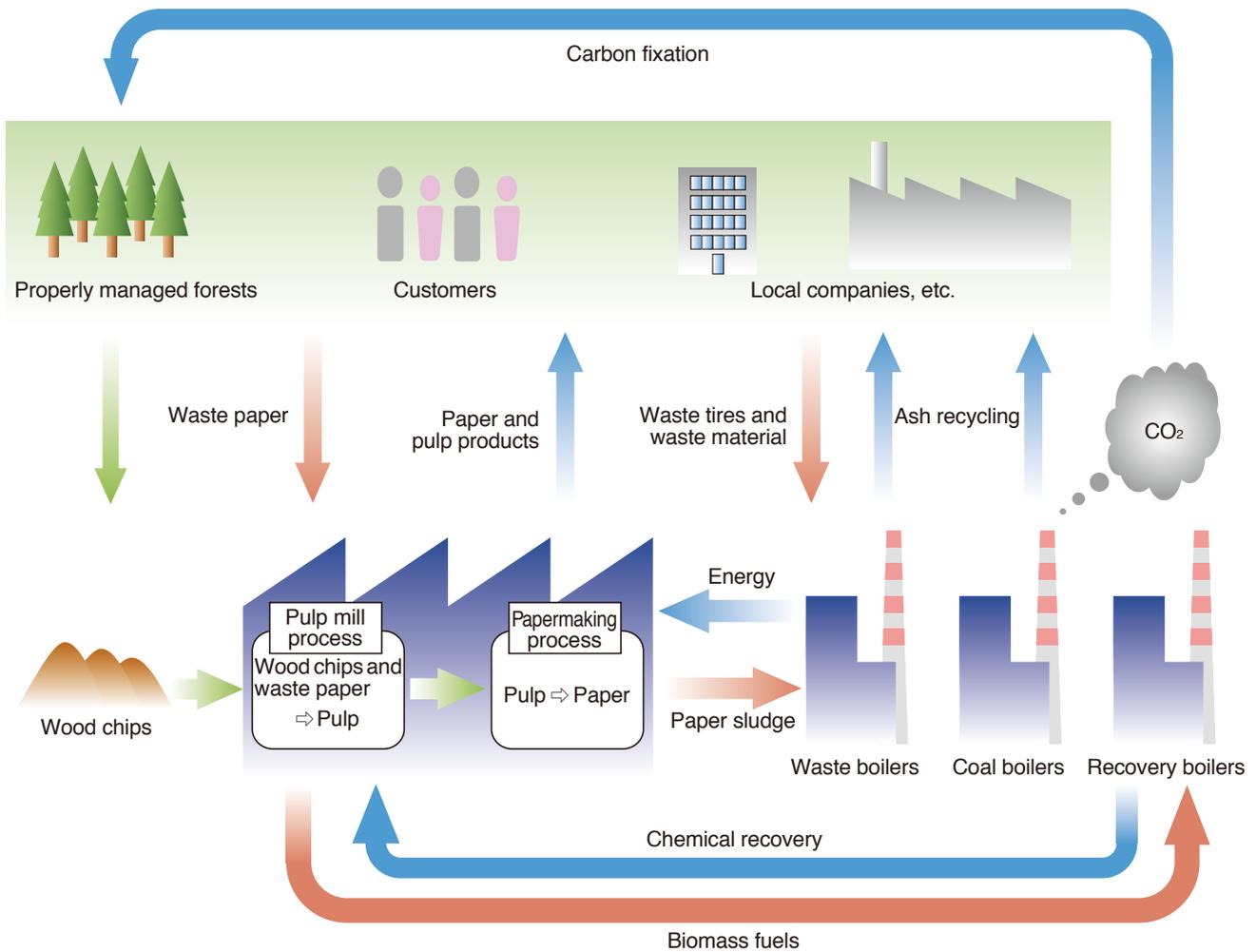
Information dissemination

We hold regular environmental seminars led by instructors engaged in pursuits that include forestry, environment preservation, and teaching at universities. At the eighth Environmental Seminar, held in 2017, professor of the University of Tokyo, Dr. Takeshi Tange and Forestry Girls founder, Yuka Inoue were invited to speak on the theme "Thinking about Satoyama." They gave talks from an academic perspective and discussed the Forestry Girls' efforts to create Satoyama, providing a multifaceted examination of the deep connection between human activity and the Satoyama.

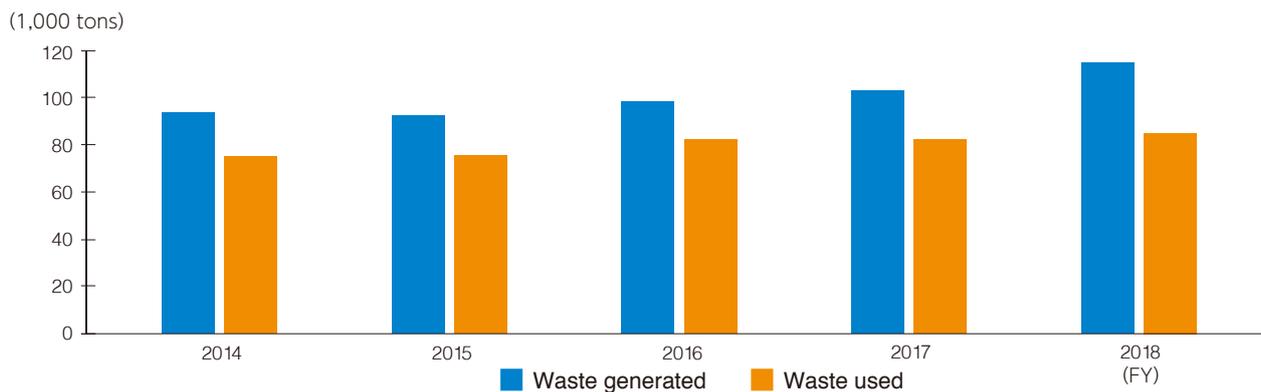
Relationship with the Environment

Effective Use of Resources

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



Amount of waste generated and effectively used



(Scope of statistics: Hachinohe Mill, Kyoto Mill, Takasago Mill, Shirakawa Site, Kitakami HiTec Paper Corporation, KJ SPECIALTY PAPER)

Relationship with the Environment

Material Balance

Input

Main raw materials (1,000tons)	
Imported wood chips	806
Domestic wood chips	399
Purchased pulp	36
Waste pape	45
Inorganic pigments	63
Energy (Crude oil equivalent, 1,000kl)	
Fossil fuels	269
Purchased electricity	43
Biomass	346
Waste-derived fuel	41
Service water (million tons)	
Industrial water	127

Mitsubishi Paper Mills Group (Domestic)



Output

Atmospheric Release	
CO ₂ emissions (1,000 tons)	960
NOx emissions (1,000 Nm ³)	857
SOx emissions (1,000 Nm ³)	264
Dust and soot (tons)	375
Released into water systems	
Amount released (million tons)	127
COD (tons)	7,702
SS (tons)	3,660
Waste (1,000 tons)	
Waste generated	114
Volume effectively used	87
Final disposal amount	9
Product sales volume	
Paper (1,000 tons)	881
Photosensitive materials (million m ²)	27
Pulp (1,000 tons)	53

Reference: 2 mills in Germany

Purchased pulp (1,000 tons)	134	CO ₂ emissions (1,000 tons)	45
Waste paper (1,000 tons)	0	Wastewater (1,000 tons)	2,087
Service water usage (1,000 tons)	2,777		

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

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

Volume of PRTR-listed substances emitted and transferred in FY 2018

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

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

No.	PRTR Class 1 Designated Chemical Substances	Cabinet order No.	Emissions		Volume transferred	
			Atmospheric	Water systems	Sewerage	Off-site
1	Silver and its water-soluble compounds	82	0	0	0	0
2	Chloroform	127	20,600	4,900	0	0
3	Cyclohexylamine	154	0	0	0	0
4	2,2-Dibromo-2-Cyanoacetamide	210	0	12	0	0
5	Dioxins	243	0.00	4.53	0.00	2.90
6	Triethylamine	277	2,100	0	0	0
7	Toluene	300	17,200	0	0	8,400
8	Hydrazine	333	0	0	0	0
9	Hydroquinone	336	0	0	85	0
10	Boron and its compounds	405	0	0	210	0
11	Formaldehyde	411	178	1	38	771
12	Methylnaphthalene	438	250	0	0	0

PCBs

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

The detoxification of hardware (transformers and capacitors) containing high concentrations of PCBs is outsourced to the Japan Environmental Storage & Safety Corporation (JESCO). In FY 2018, all preregistered transformers and capacitors were rendered harmless.

Efforts are also under way to detoxify stabilizers containing high concentrations of PCBs, and plans call for all stabilizers to be detoxified by the legally mandated deadline.

*We are also detoxifying hardware containing low concentrations of PCBs.

Environmental Indicators

Environmental impact data

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

		FY 2006	FY 2016	FY 2017	FY 2018	Targets (FY)
Natural resources						
Fossil fuel-based energy consumption	TJ	15,131	11,174	11,572	12,089	
Unit fossil fuel-based energy consumption	GJ/product-tons	13.6	12.1	12.5	12.7	12.1 (FY2021)
Water consumption	Million tons	125	127	121	127	
Wastewater	Million tons	-	126	122	127	
Atmosphere						
CO ₂ emissions*1	1,000 tons	1,164	959	957	960	920 (FY2021)
NOx	1,000 Nm ³	1,076	910	876	857	
SOx	1,000 Nm ³	247	223	272	264	
Soot and dust	tons	-	406	459	375	
Water quality						
COD	tons	7,717	7,051	7,123	7,702	
SS	tons	3,417	3,730	3,723	3,660	
Waste						
Waste generated	1,000 tons	120	99	105	114	
Final disposal amount	1,000 tons	15	8	11	9	
Final disposal rate*2	Percentage vs. production volume	1.40%	0.95%	1.23%	1.23%	0.30% (FY2021)

*1 For CO₂ emissions from purchased power, we use the CO₂ emissions coefficient provided by the Federation of Electric Power Companies of Japan.

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

Environmental Accounting in FY 2018

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

Statistical method: Conforms with the Environmental Accounting Guidelines 2012 issued by the Ministry of the Environment

Environmental conservation costs

Unit: Million yen

Category	Primary Initiatives	Investments	Expenditures
(1) Indirect business costs		387	2,362
1. Pollution control costs	Countermeasures against air pollution, water pollution, odors, noise, and vibration	198	1,366
2. Global environmental conservation costs	Domestic afforestation, overseas afforestation, and energy conservation measures	117	5
3. Resource recycling costs	Recycling of waste paper and other products, countermeasures against waste products	72	991
(2) Upstream/downstream costs	Recovery and recycling of container and packaging materials	327	424
(3) Administration costs	Environmental education, environmental management systems, and acquisition of certifications	4	62
(4) R&D costs	Development of environmentally conscious products	0	0
(5) Social activity costs	Greening, environmental beautification, and environmental data disclosure	30	32
(6) Environmental damage costs	Fees for pollution-related health damage	0	49
Total		748	2,929

Economic benefit of environmental conservation measures

Unit: Million yen

Category	Details of benefits	Amount
Revenue	Benefit of reusing pallets	469
	Profits from sale of repurposed resources	23
Cost savings	Cost savings from energy efficiency	10
	Cost savings from improved material yield	66
Total		568

Relationship with Employees

The Mitsubishi Paper Mills Group makes a number of efforts to fully leverage the abilities of every employee based on our Principles and Guidelines Concerning Human Rights and Labor Practices, and ensure that we can continue to create comfortable and fulfilling work environments.

Occupational Safety and Health Initiatives

The Mitsubishi Paper Mills Group views all occupational safety and health activities as one of the Group's top priorities. Based on the Group-wide Safety and Health Management Guideline, which incorporates the Principles and Guidelines Concerning Human Rights and Labor Practices, we carry out a number of activities as a unified corporate group.

Fiscal 2018 activities

With the goal of further strengthening our efforts to eliminate serious workplace accidents, the president conducted mill safety inspections, and safety training for each job level was held. We also took steps to rectify and visualize fatal accident risk areas based on the "efforts to identify fatal accident risks," which were conducted for all workplaces in 2016.



Safety inspection conducted by the president (Kitakami HiTec Paper Corporation)



Job Level-based training (Takasago Mill workgroup leaders)

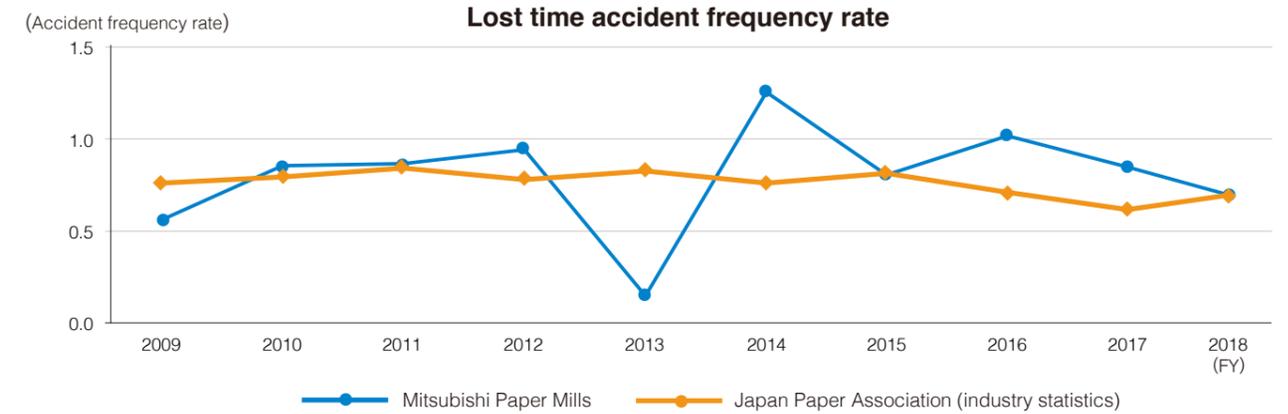
Promoting Good Mental and Physical Health

Promoting good health among our employees is another important theme aimed at improving labor productivity. With a belief in the importance of business entities actively promoting employee health management, the Mitsubishi Paper Mills Group promotes good mental and physical health as a way for employees who are under considerable stress, or who have been diagnosed with a condition through regular medical checkups, to take preventive measures at an early stage. We make a number of efforts to raise awareness of good health management among employees. These include stress checks, mental health counseling via an external support program, and working with the health insurance union to establish and operate a committee whose goal is to reduce healthcare expenses while maintaining and improving employee work performance (state of health).

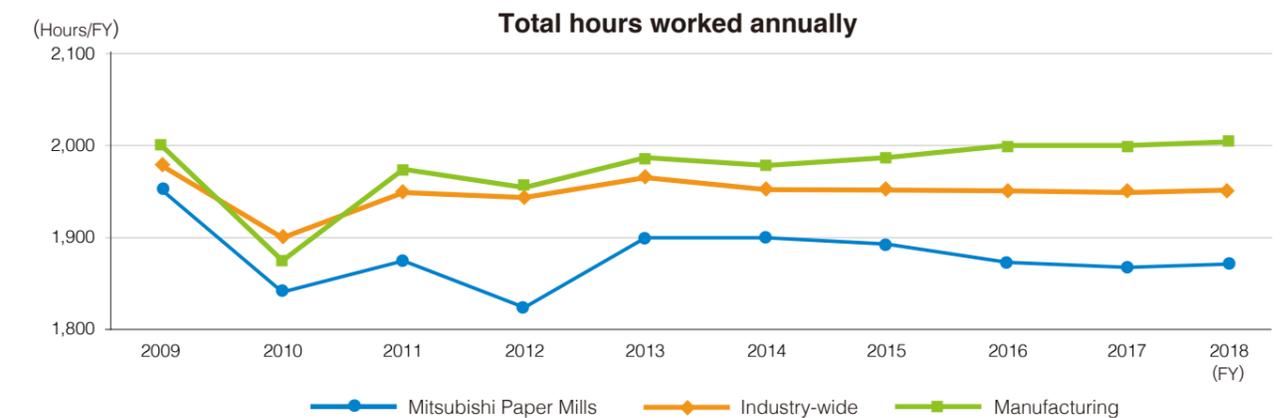
Promoting Diversity

One of the goals in our action plan to comply with the Act on Promotion of Women's Participation and Advancement in the Workplace is achieving a 70% or higher 5-year retention rate for female employees. We have revised a number of programs over the years, including extending our childcare leave period and the period during which employees can work shortened hours to provide childcare. These efforts have created workplaces that make program participants want to stay with us. We also provide new managers with training on subjects such as handling team members' pregnancy, childbirth, and returning to work, to give them a better understanding of how to create comfortable working atmospheres, allocate duties, and provide support to program participants.

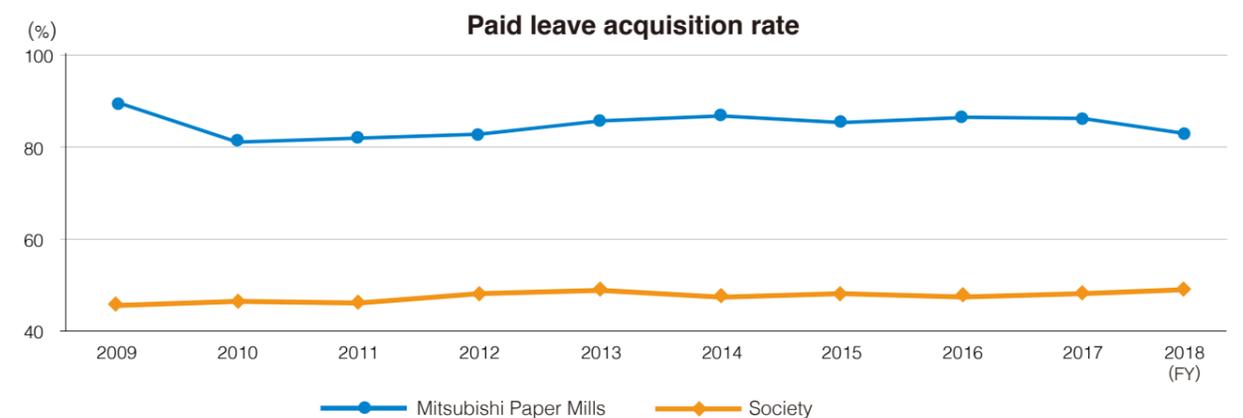
Job Safety Performance



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



*Industry-wide and manufacturers' data are from the Ministry of Health, Labour and Welfare's *Monthly Labor Survey* (companies with 500 employees or more; general workers only)



*Society: From the Ministry of Health, Labour and Welfare's General Survey on Working Conditions.

Relationship with Customers

In order to provide customers with products they can feel good about using, we have drafted our own Product Safety Code, which guides our efforts to maintain and improve product safety.

Along with maintaining legal compliance and conducting fair marketing practices, we will continue to actively communicate with our customers to provide products that benefit society.

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 technologies to provide safe products to society.

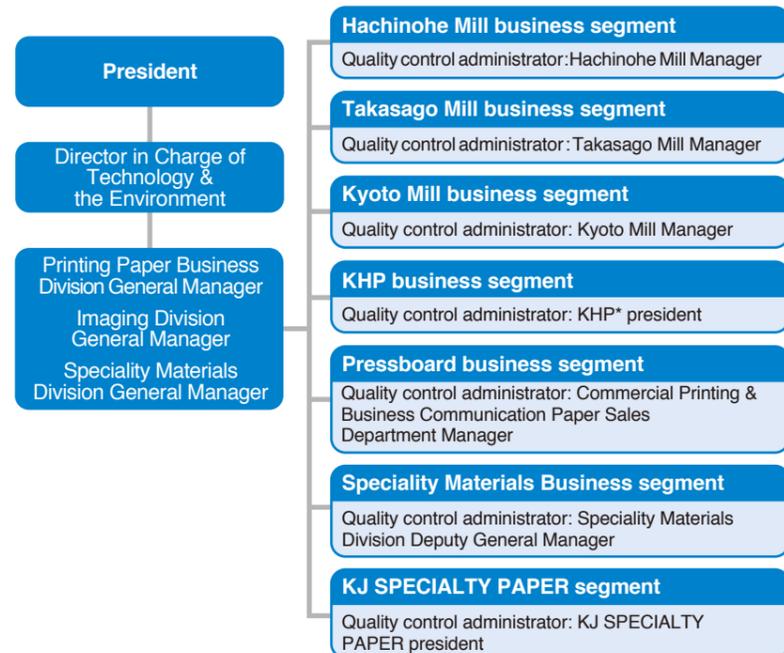
From here on, we will steadily implement the following actions throughout the entire company in order to maintain stable management and continue providing society with safe products and satisfying services that meet the needs of the times.

- (1) We will strengthen our quality control systems and product safety control systems, and will provide products confirmed to be safe using state-of-the-art science and technology.
- (2) We will work to stabilize the manufacturing process 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.

Quality control system

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

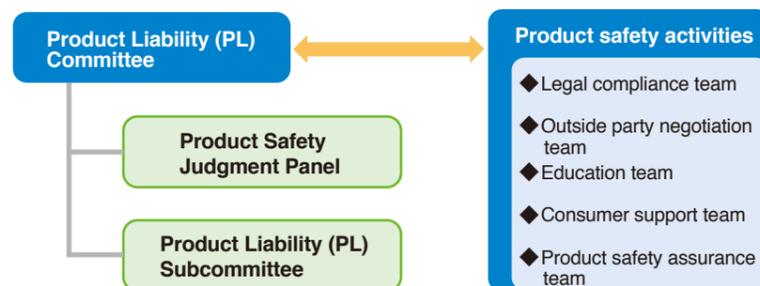
The key production facilities in each business segment have acquired ISO 9001 certification. In addition, quality control administrators with quality-related responsibilities and authority for each business segment share information with the relevant business division general managers while maintaining and improving the quality control system. Furthermore, to guarantee quality control system effectiveness, the Technology & Environmental Department at the head office regularly audits quality control efforts for each business segment and issues reports to the officers in charge.



*KHP: Kitakami Hitec Paper Corp.

Product safety control system

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

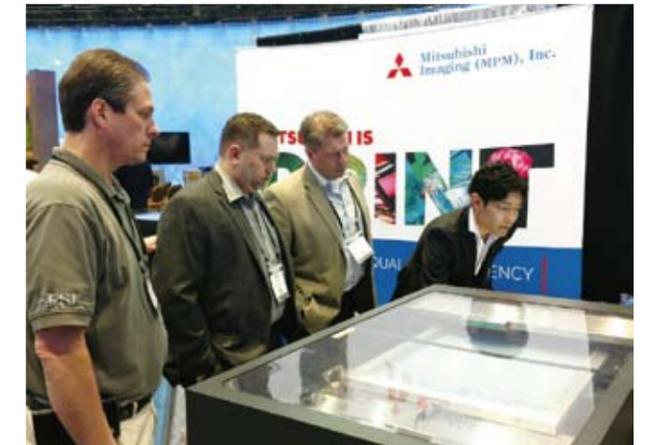


Communication with Customers

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



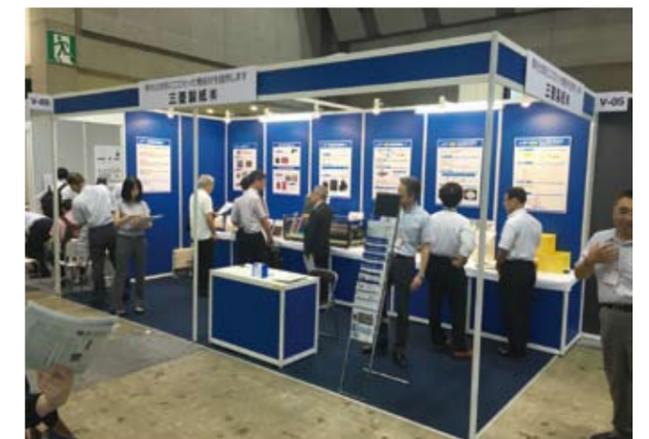
Asia Nonwovens Exhibition and Conference ANEX 2018 (Tokyo)



Digital & screen printing expo SGIA Expo 2017 (New Orleans)



Screen and textile printing expo FESPA 2018 (Berlin)



New Values Enhanced by Machine, Material, and Processing Technology N-PLUS (Tokyo)

Encouraging the worry-free use of our products

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

Relationship with Communities

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

Social Contribution - Direction of Activities

- Environmental protection: We will contribute to the creation of a recycling society to maintain our precious global environment.
 - ⇒ Our efforts to conserve the global environment are activities closely connected with our business and include supporting FSC®-certified forests, supporting forest thinning, etc. together with NPOs.
- 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.

Communication with community members

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

Dialogue with community members

We regularly hold dialogues with community members to provide plain language explanations of our business situation to them and also as a means to learn their thoughts on, and solicit suggestions concerning, our business, as well as to stimulate local economies through our business activities.

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

Students' Work Experience

Mitsubishi Paper Mills regularly takes in local students looking to experience life in the workplace. Through lecture and actual work experience in various workplaces, the students use this program as a means to gain valuable experience wholly different from their school life. We hope the program will be of benefit in these students' futures.



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



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

FSC® C021528

Coexistence with the Community

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

■ Sponsorship of the Takasago lantern festival

Every year the Takasago Mill takes part in the Takasago lantern festival, which is put on by Takasago community members. During the event, we open up the Mitsubishi Paper Mills' Uomachi Club to the public, allowing people to use this historic building as a venue for jazz concerts and other events.



Mitsubishi Paper Mills' Uomachi Club (Takasago Mill)

■ Opening up our row of cherry trees to the general public

There is a row of cherry blossom trees at the Kyoto Mill that turns into a "cherry blossom tunnel" in the spring. We open up this area to the public when the flowers begin to bloom so that community members can also enjoy the sights. We also take visitors' pictures and offer a photo printing service. The event has been very well appreciated.



Opening up to the public of the "cherry blossom tunnel" (Kyoto Mill)

Contributing to the Community Environment

■ Participation in the Nagaokakyo City Environmental Fair

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



Papermaking workshop at the Environmental Fair (Kyoto Mill)

■ Participation in Mt. Fuji Foothills Beech Forest Development Project

The year 2017 marked the 10th year of KJ SPECIALTY PAPER's participation in the Mt. Fuji Foothills Beech Forest Development Project, which is put on by the city of Fuji. This year, 14 company-related participants planted 2,000 beech and other broadleaf tree saplings. As an enterprise rooted in the community, KJ SPECIALTY PAPER will continue actively contributing to environmental preservation activities around Mt. Fuji, a Cultural World Heritage site.



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

Relationship with Communities

Contributing to Local Communities

■ Sponsorship of children's portable shrine parade

Namitsu Co., Ltd., a consolidated subsidiary, sponsored the Children's Portable Shrine Parade, which is organized by Oohiraki Kindergarten, a neighbor to Namitsu's head office, and received an offering from the kindergarten's children. Through efforts such as these, we will continue to strengthen relations with community members and achieve mutual growth.



Sponsorship of children's portable shrine parade (Namitsu)

■ Community cleanup activities

To develop comfortable urban environments together with community members, every one of our business sites regularly takes part in efforts to beautify and clean up their surrounding areas.

As examples of these efforts, every April and October the Speciality Materials R&D Laboratory participates in community cleanup efforts held by the liaison council it belongs to. Also, Toho Tokushu Pulp Oyama Mill conducts green belt beautification activities every month on roads managed by Oyama City.



Greenbelt beautification activities on city roads (Toho Tokushu Pulp's Oyama Mill)

■ Support for earthquake victims in Mexico

Two powerful earthquakes did extensive damage to Mexico in September 2017. MP Juarez LLC, which is based in Mexico and its employees donated relief goods.



Donating relief goods to earthquake victims (MP Juarez LLC)



Industrial park cleanup (Speciality Materials R&D Laboratory)



Gomi-zero (zero trash) activities (Kyoto Mill)

Making Use of our Business Activities

■ Support for calligraphy performance at Hachinohe Higashi High School

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



Calligraphy Performance at Hachinohe City Hospital

■ Photo printing service

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

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



Kitakami Tenshochi Sakura Festival (Kitakami HiTec Paper Corporation)

■ Braille Calendar

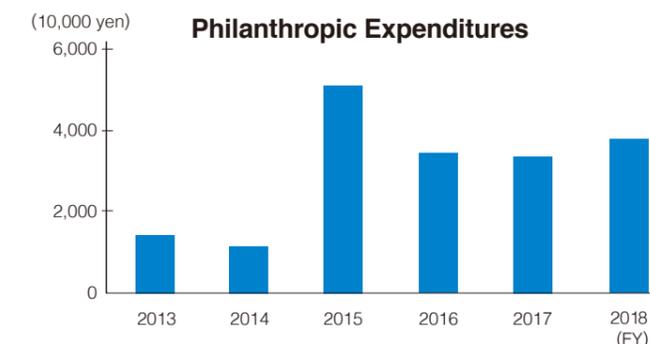
The release of the 2018 edition of the Braille Calendar is the 22nd edition, since the first edition was released in 1997. The calendar, which has contained food recipes in recent years, has been well appreciated by those it has been donated to, such as social welfare organizations and the Japan Braille Library, as well as the visually impaired who use the calendar.



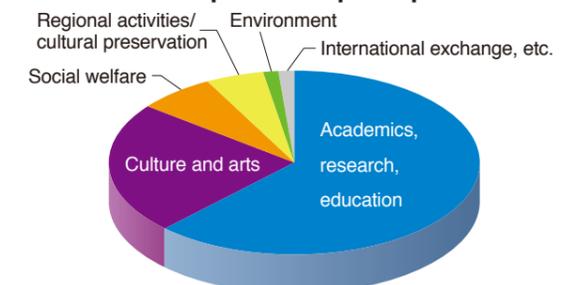
Braille Calendar (2018 edition)

Philanthropic Expenditures

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



Breakdown of philanthropic expenditures



Fiscal 2018 CSR Activities

In fiscal 2018, we made efforts toward improving corporate value with the selection of the following as our two top priority issues: "ensuring product quality" and "enhancing activities to ensure safety and health." We also promoted environmental preservation activities and the reduction of industrial waste, and worked to make our products more environmentally friendly through efforts such as using FSC®-certified paper to help achieve the UN's Sustainable Development Goals (SDGs).

Basic Policy 1. Strengthening our CSR management base

Key Issues	Action Plan	Activity Results	Evaluation
Ensuring the effectiveness of corporate governance	<ul style="list-style-type: none"> Ensure good governance based on the Basic Policies on Corporate Governance Review governance functions 	<ul style="list-style-type: none"> Held meetings of the Nomination and Remuneration Committee, conducted outside director conferences, and provided training for directors and Corporate Auditors Reviewed training conducted last fiscal year for directors and Board of Corporate Auditors, had Board of Directors evaluate their effectiveness, and held outside director and Board of Corporate Auditors meetings 	<ul style="list-style-type: none"> ○ ○
Establishing a risk management structure	<ul style="list-style-type: none"> Enhance structural preparations and our risk map in the interest of Group management Discuss the drafting of a BCP 	<ul style="list-style-type: none"> Conducted semiannual risk map reviews, reconfirmed risk, and re-evaluated risks Decided on response measures should head office functions be lost Conducted safety check training, reconfirmed issues, and began discussions on responses 	<ul style="list-style-type: none"> ○ ○
Thoroughly familiarizing employees with the Corporate Code of Conduct and the Compliance Conduct Standards	<ul style="list-style-type: none"> Improve employees' understanding of the Corporate Code of Conduct, the Compliance Conduct Standards, and related laws and regulations through more robust compliance education 	<ul style="list-style-type: none"> Provided training for all line managers in the Group and had it passed on to all employees (including part-time and contract employees) in the workplace 	<ul style="list-style-type: none"> ○
Ensuring strict legal compliance	<ul style="list-style-type: none"> Strengthen legal functions Promote a better understanding of laws and regulations applicable to our operations, and enforce compliance Strengthen and enhance our system for responding to anti-social elements 	<ul style="list-style-type: none"> Conducted legal checks and had legal consultations Conducted legal training for executives, line managers, and those in charge of signing contracts Regularly issued the Compliance News newsletter as a measure to improve employees' concern for legal issues System to check anti-social elements introduced as a trial to study its usefulness 	<ul style="list-style-type: none"> ○ ○ ○
Promoting communication with stakeholders	<ul style="list-style-type: none"> Further improve the IR information we provide on our website, etc. Disseminate information about new products, etc. (sharing information about affiliated companies) Enhance and make use of the Head Office gallery Enhance our corporate report 	<ul style="list-style-type: none"> Disseminated information that includes Second Mid-Term Management Plan progress (analyst briefing materials), corporate reports, annual reports, earnings briefing and information related to General Meetings of Shareholders Disseminated information about investments (2), new products (6), trade shows (11), and shop and gallery openings Held 5 planned exhibitions and exhibited products in a timely fashion in the permanent exhibit Issued Corporate Report 2017 in August in an integrated report format 	<ul style="list-style-type: none"> ○ ○ ○ ○
Expanding initiatives out to affiliated Group companies	<ul style="list-style-type: none"> Step up efforts at continually promoting CSR activities 	<ul style="list-style-type: none"> Conducted awareness raising activities using corporate reports, and better familiarized Group employees with CSR policy 	<ul style="list-style-type: none"> ○

Basic Policy 2. Promoting environmental management

Key Issues	Action Plan	Activity Results	Evaluation
Promoting activities to prevent global warming	<ul style="list-style-type: none"> Promote CO₂ emissions reductions in our business activities and employees' homes Discuss efforts to absorb more CO₂ using company-owned forests in Japan Track Scope 3 CO₂ emission trends 	<ul style="list-style-type: none"> Maintained and managed equipment subject to the Revised Fluorocarbons Recovery and Destruction Law Installed new and modified equipment to reduce fossil fuel usage Carried out operations under our Forest Management Plan for a company-owned forest in Shichinohe Maintained J-VER credit certification Worked to acquire information related to Scope 3 and surveyed industry trends 	<ul style="list-style-type: none"> ○ ○ ○
Promoting activities to preserve biodiversity	<ul style="list-style-type: none"> Increase the percentage of FSC-certified wood we procure Participate in the Japan Business Initiative For Biodiversity (JBIB) activities, etc. 	<ul style="list-style-type: none"> Made active use of FSC-certified wood chips and met targets Acquired a deeper understanding through participation in JBIB activities, etc. 	<ul style="list-style-type: none"> ○ ○
Improving and enlarging our environmentally conscious product lineup	<ul style="list-style-type: none"> Promote environmentally conscious products such as FSC-certified paper, etc. Develop and roll out new environmentally conscious products 	<ul style="list-style-type: none"> Took part in Eco-Products 2017 and promoted the FSC logo Applied and was approved for credit for wastepaper used by Hachinohe Mill Exhibited TDP at an overseas trade show, loaned some to users, and otherwise promoted environmentally conscious products 	<ul style="list-style-type: none"> ○ ○
Reducing environmental risk and impact	<ul style="list-style-type: none"> Reduce industrial waste Improve environmental communication 	<ul style="list-style-type: none"> Detoxified capacitors with high concentrations of PCBs within the legally mandated deadline Successfully began operation of waste recycling equipment at Hachinohe and shipped 1,139 tons of product Worked to hold a dialogue with stakeholders through Environmental Monitoring Meetings at the Hachinohe Mill and other opportunities Participated in regional environmental conservation organization activities Participated in community cleanup efforts 	<ul style="list-style-type: none"> ○ ○

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

Key Issues	Action Plan	Activity Results	Evaluation
Ensuring product safety	<ul style="list-style-type: none"> Enhance chemical substance management Enhance the activities of the Product Liability (PL) Subcommittee 	<ul style="list-style-type: none"> Promptly revised controlled substance lists in light of regulatory revisions Business sites promptly reported to local governments in accordance with PRTR Law Convened the PL Subcommittee six times Shared information in a timely fashion, including information about law amendment 	<ul style="list-style-type: none"> ○ ○
Ensuring product quality	<ul style="list-style-type: none"> Promote thorough adherence to ISO 9001 management and improve customer satisfaction (reducing complaints, etc.) 	<ul style="list-style-type: none"> 2H quality audit (product audit) identified one item requiring improvement; formulated corrective action plan 	<ul style="list-style-type: none"> △
Rolling out new user-oriented products and building optimal sales channels	<ul style="list-style-type: none"> Promote the commercialization of proposed ideas and support business activities focused on the customers' purchasing process 	<ul style="list-style-type: none"> Devised projects with social relevance and otherwise revitalized the system for making proposals 	<ul style="list-style-type: none"> △

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

Key Issues	Action Plan	Activity Results	Evaluation
Enhancing activities to ensure safety and health	<ul style="list-style-type: none"> Improve efforts to eliminate serious accidents Improve safety system audits 	<ul style="list-style-type: none"> Conducted three "special audits" and worked to prevent accident recurrence Audited efforts made to identify fatal accident risks Checked state of voluntary inspections to gauge the severity of equipment aging Held debriefings on results following stress checks and improved the system 	<ul style="list-style-type: none"> ○ ○ ○
Promoting various measures to improve human resource performance	<ul style="list-style-type: none"> Follow up on stress check results and enhance the system Acquire necessary personnel through enhanced hiring activities and work to retain them Collect information about work style reform and discuss means of implementation 	<ul style="list-style-type: none"> Recruited personnel by utilizing various hiring techniques and took measures to prevent employees from resigning after a short period of time Internally discussed means of correcting disparities targeted as priorities by the government and improved systems 	<ul style="list-style-type: none"> ○ ○

Basic Policy 5. Promoting activities that contribute to society

Key Issues	Action Plan	Activity Results	Evaluation
Promoting community support activities	<ul style="list-style-type: none"> Take part in local activities at each business site and continue good relations with communities 	<ul style="list-style-type: none"> Every business site strengthened relations with local communities through efforts that included participating in events and providing paper 	<ul style="list-style-type: none"> ○
Promoting cultural contribution activities	<ul style="list-style-type: none"> Implement ongoing support focusing on the Mitsubishi Group and related industry groups 	<ul style="list-style-type: none"> Made donations to and sponsored various related groups and their projects 	<ul style="list-style-type: none"> ○
Promoting activities of the Eco System Academy	<ul style="list-style-type: none"> Ensure these activities become ongoing 	<ul style="list-style-type: none"> Conducted instructor development and skill improvement training Held experiential environmental education sessions in Kyoto, Tokyo, Fukushima, and Iwate 	<ul style="list-style-type: none"> ○

Top Priority Issues

(Evaluation) ○: target achieved △: Insufficient implementation

Fiscal 2019 CSR Action Plan

For fiscal 2019, we have established the following three things as top priority issues: "enhancing activities to ensure safety and health," "promoting various measures to improve human resource performance," and "customer-oriented product development." Implementing our action plans will see us carry out the PDCA cycle in order to improve the quality of our CSR activities, while at the same time incorporating feedback gained through dialogue with stakeholders as we undertake initiatives uniquely suited to the Mitsubishi Paper Mills Group.

ISO 26000 Core Issues 1. Organizational governance ISO 26000 Core Issues 2. Fair operating practices

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

ISO 26000 Core Issues 3. Human rights ISO 26000 Core Issues 4. Labor practices

Key Issues	Action Plan
· Enhancing activities to ensure safety and health	· Improve efforts to eliminate serious accidents Review standard operating procedures concerning fatal accident risks
· Promoting various measures to improve human resource performance	· Practice appropriate assignment of diverse personnel and improve individual performance (1) Practice appropriate assignment of personnel throughout the Group and hire personnel so as to achieve the appropriate age distribution (2) Improving training to boost skills and promoting self-awareness

ISO 26000 Core Issues 5. Environment

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

ISO 26000 Core Issues 6. Consumer issues

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 (reducing complaints, etc.); continue to conduct quality audits Also, step up repeat complaint monitoring and review efforts to prevent data falsification (manage contractors and control data such as labels and SDS)
· Customer-centered product development	· Identify latent customer needs and explore useful products and services that bring high customer satisfaction

ISO 26000 Core Issues 7. Community involvement and development

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

Top Priority Issues

Company Profile and Corporate Data (as of March 31, 2018)

Company 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

3,723

Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor

Ernst & Young ShinNihon LLC

Main Business Activities

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

Paper and pulp business

Coated and uncoated graphic papers, magazine paper, specialty printing paper, communication paper, sanitary paper, electrical insulation pressboard, high-quality white paperboard, specialty white paperboard, 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, plate making systems, CTP software, and chemicals

Speciality Materials Business

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

Warehouse and Transport Business

Warehousing and transport-related business

Other Businesses

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

Consolidated subsidiaries

20 in Japan, 6 overseas

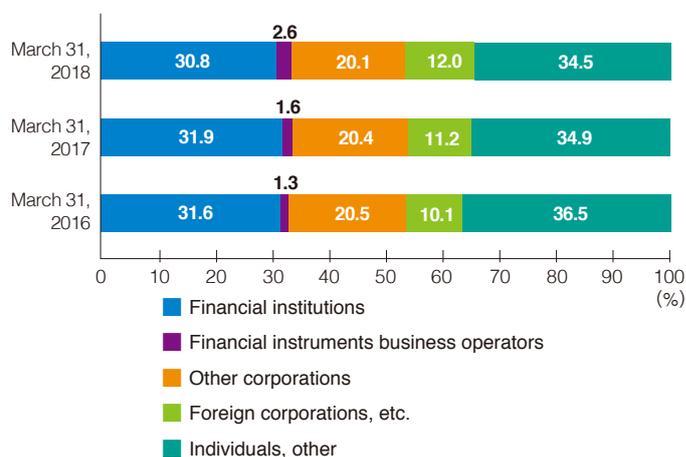
Mitsubishi Paper Sales Co., Ltd.
 Kitakami Hitec Paper Corporation
 Mitsubishi Paper Engineering Co., Ltd.
 Ryoshi Co., Ltd.
 Diamic Co., Ltd.
 NAMITSU Co., Ltd.
 MPM Oji Home Products Co., Ltd.
 Pictorico Co., Ltd.
 Shin-Hokuryo Forest Products Co., Ltd.
 Toho Tokushu Pulp Co., Ltd.
 Hachinohe Paper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

● Total number of authorized shares 90,000,000

● Total number of outstanding shares 34,258,433

● Shareholders 17,314
 (1,009 year-over-year decrease)

● Composition of shareholders



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

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