



May 14, 2025

To whom It may concern

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Notice Concerning Renewal and Partial Amendment of Performance-linked Share-based Remuneration Plan for Directors, etc. of Mitsubishi Paper Mills Limited

Mitsubishi Paper Mills Limited (the "Company") hereby announces that, at a meeting on May 14, 2025, the Board of Directors passed a resolution to amend and renew the performance-linked stock compensation plan (the "Plan") for its Directors, Executive Officers, and Mission Executives (excluding Outside Directors, part-time Directors and non-residents of Japan; collectively the "Directors, etc.") The Company also decided to present a proposal for the amendment and renewal of the Plan at the 160th Ordinary General Meeting of Shareholders (the "Shareholders' Meeting"), scheduled for June 27, 2025.

Details:

1. Purpose of renewing the Plan

- (1) The Company will renew the Plan, a plan that strongly ties officer compensation to the Company's performance and the value of its stock and ensures a high degree of transparency and objectivity. The goal of the Plan is to encourage the Directors, etc. to contribute to the enhancement of the Company's medium- to long-term performance and the increase of its corporate value by aligning their interests with those of the shareholders.
- (2) The renewal of this system requires the approval of its amendment at the 160th Ordinary General Meeting of Shareholders, scheduled for June 27, 2025.
- (3) The Plan employs a Board Incentive Plan (BIP) Trust scheme. This scheme is similar to the performance stock and restricted stock schemes in Europe and America under which shares of the Company and the amount of money equivalent to the proceeds from the disposal of the shares of the Company (the "Shares of the Company") will be issued or paid (the "Issuance") to the Directors, etc. based on their positions and the extent to which they meet performance targets.

2. Partial amendments to the Plan

The Company proposes changing the indicators used to assess its performance achievements set in the Plan which was approved at the 156th Ordinary General Meeting of Shareholders held on June 25, 2021 from consolidated operating income to consolidated net sales and consolidated operating

income. The goal of this change is to more strongly encourage the Directors, etc. to contribute to the enhancement of the Company's performance over the medium- and long-term and the increase of its corporate value. The Company does not propose any other changes.

3. Summary of the Plan

- (i) The Company will obtain a resolution approving the renewal and partial amendment of the Plan for Directors, etc. at the Shareholders' Meeting.
- (ii) The Company will partially amend the Share Delivery Rules governing the content of the Plan.
- (iii) The Company will contribute cash that will be the source of the compensation for Directors, etc. within the range approved at the Shareholders' Meeting stated in (i) and will extend the term of the trust for the benefit of the Directors, etc. who meet the beneficiary requirements (the "Trust").
- (iv) The Trust will acquire the Company's shares from the stock market with cash contributed in (iii) as the source of funds, in accordance with the instructions of the trust administrator. The number of shares to be acquired by the Trust for Issuance to Directors, etc. will be within the range approved at the General Meeting of Shareholders stated in (i).
- (v) Dividends on the Company's shares held by the Trust will be paid in the same manner as for the other Company's shares.
- (vi) Voting rights of the Company's shares held by the Trust will not be exercised throughout the trust period.
- (vii) During the trust period, points will be granted annually to the Directors, etc. based on their positions and the extent to which they achieve performance targets. Shares of the Company will be issued to the Directors, etc. who meet certain beneficiary requirements upon their retirement based on the number of points they accumulate.
- (viii) Any residual shares arising on expiry of the trust period will be used for the Plan or a similar incentive plan through the amendment of the trust agreement or additional contributions, or alternatively the Trust will transfer these residual shares to the Company without consideration and the Company will cancel them based on a resolution of the Board of Directors.
- (ix) On termination of the Trust, residual property after distribution to beneficiaries will be received by the Company, within the limit of the trust expense reserve calculated by deducting the cost for acquiring the shares from the Trust from trust money. Any amount exceeding the trust expense reserve will be donated to organizations that do not have any interest in the Company or the Directors, etc.

- ※ The Company may make additional monetary contributions to the Trust as funds for acquiring shares of the Company to be issued to Directors, etc. within the scope approved at the Shareholders' Meeting.

(1) Overview of the Plan

The Plan will issue Shares of the Company to the Directors, etc. upon their retirement based on their positions and the extent to which they meet performance targets each fiscal year during the three fiscal years of the Company's medium-term management plan (the "Applicable Period"). If renewed, the Applicable Period of the renewed Plan will be the three fiscal years from the fiscal year ending March 31,

2026 to the fiscal year ending March 31, 2028. If the Plan is renewed as described in (3) b, the Applicable Period will be the three-year period of the medium-term management plan.

There are two types of points awarded under the Plan: fixed points and performance-linked points. Fixed points are granted based on the positions of the Directors, etc. for each fiscal year. Performance-linked points are awarded based on the achievement of specific performance targets during each fiscal year. The objective of fixed points is to promote the Directors, etc. having shared interests with shareholders. The purpose of performance-linked points is to incentivize the Directors, etc. to increase their awareness of contributing to the Company's medium- to long-term performance and to increase its corporate value.

(2) Persons eligible for the Plan

The Company's Directors, Executive Officers, and Mission Executives (excluding Outside Directors, part-time Directors and non-residents of Japan)

(3) Trust period

a. The trust period of the Trust

The trust period will be approximately three years from August, 2025 (plan) to August, 2028 (plan).

b. Continuation of the Trust

When the trust period expires, the Company may continue the Trust by amending the trust agreement and making additional contributions. If this is done, the trust period will be extended an additional three years. During each extension of the trust period, the Company will contribute additional cash within the limits approved by the General Shareholders' Meeting and will continue to award points to the Directors, etc. ; provided, however, that in the case of such an additional contribution, the sum of the amount equivalent to the Company's shares (other than the Company's shares corresponding to the points granted to the Directors, etc. that are yet to be delivered, etc.) and the funds remaining in the trust property as of the end of the trust period before extension (the "Remaining Shares, etc."), if any remain, and the amount of the trust money additionally contributed shall be within the maximum limit of the trust money approved by resolution of the Shareholders' Meeting. Such extensions of the trust period shall not be limited to one time only, and the trust period may subsequently be similarly reextended.

c. Termination of the Trust (extension of the trust period without additional contributions)

If the Company does not amend the trust agreement and make additional contributions on expiry of the trust period, no more points will be granted to Directors, Etc. from that point onwards. If there are any Directors, etc. who may meet the beneficiary requirements when the trust period expires, the trust period can be extended until their retirement and the completion of the Issuance of shares of the Company. The maximum length of this extension is ten years.

(4) The Company's shares, etc. to be delivered, etc. to Directors, etc.

The number of Shares of the Company to be issued to the Directors, etc. shall be determined by the total number of accumulated points. One share shall be issued for each point. The accumulated points shall be the total of the fixed points granted based on the positions of the Directors, etc. for each fiscal year of the Applicable Period and performance-linked points awarded based on their positions and the achievement of specific performance targets* during each fiscal year.

*The performance-linked coefficient ranges from 0% to 150%, depending on the degree of the Company's achievement of the consolidated net sales and operating income targets for each fiscal

year.

(5) Method and timing of delivery, etc. of the Company's shares, etc., to Directors, etc.

If the Directors, etc. retire, they shall receive shares of the Company equivalent to a certain percentage of the total points accumulated up to their retirement (any shares totaling less than one unit shall be rounded down) after completing the necessary beneficiary determination procedures. The shares corresponding to the remaining points shall be converted into cash within the Trust for tax purposes and granted to them.

(6) Upper limit on the trust money contributed to the Trust and upper limit on the total number of points granted to Directors, etc. from the Trust

The total amount of trust money contributed to the Trust during the trust term and the total number of points awarded to Directors, etc. under the Trust will be subject to the following upper limits, subject to approval at the Shareholders' Meeting.

Upper limit on the trust money contributed to the Trust 150 million yen (per year)*

(If the Trust is renewed as described in (3) b, the upper limit shall be 450 million yen (for the three years of the trust period)*)

(*) The amount above is the sum of the funds for the acquisition of shares by the Trust and the trust fees and expenses.

Upper limit on the total number of points to be granted to Directors, etc. per fiscal year: 600,000 points

(The maximum number of shares of the Company that the Trust can acquire during the Applicable Period (the "Number of Shares Acquired") shall be equal to the above upper limit on the total number of points to be granted to Directors, etc. per fiscal year multiplied by the number of years of the trust period.)

(7) Method of acquisition of the Company's shares by the Trust

The Trust is expected to purchase shares of the Company from the stock market. The total number of shares that the Trust will acquire is limited by the maximum amount of trust money contributed to the Trust and the number of shares that the Trust can acquire as specified in (6) above.

(8) Exercise of voting rights of the Company's shares in the Trust

The voting rights for shares of Company held in the Trust (shares of the Company prior to their Issuance to the Directors, etc.) shall not be exercised during the trust period to ensure the neutrality of management.

(9) Handling of dividends for the Company's shares in the Trust

Dividends pertaining to the Company's shares in the Trust will be received by the Trust and used for the trust fees and trust expenses of the Trust.

(10) Treatment of residual shares and residual dividends at the expiration of the trust period

Any residual shares at the time of the expiry of the trust period will be used for delivery, etc. to Directors, etc. if the Company continues to use the Trust as part of the Plan as it is, or as a similar incentive plan. If the Trust is terminated on expiry of the trust period, the Trust will transfer such residual shares to the Company without consideration and the Company will cancel these based on a resolution of the Board of

Directors, as a way of providing returns to shareholders.

In addition, any residual dividends pertaining to the Company's shares held in the Trust when the trust period expires will be utilized as funds for acquiring shares if the Trust continues to be used, but if the Trust ends upon the expiration of the trust period, the portion in excess of the trust expense reserve after the deduction of funds for the acquisition of shares from the trust money will be donated to organizations that have no interest in the Company and the Directors, etc.

(Reference)

[Details of the trust agreement]

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| (i) Type of trust
(third-party-benefit trust) | Money trust other than the individually operated designated money trust |
| (ii) Trustor | Mitsubishi Paper Mills Limited |
| (iii) Trustee | Mitsubishi UFJ Trust and Banking Corporation
(Joint trustee: The Master Trust Bank of Japan, Ltd.) |
| (iv) Beneficiaries | People who have retired from the position of Director, etc. |
| (v) Period of trust | August 13, 2021 to August 31, 2025
(To be extended to August 31, 2028 through amendment of the trust agreement in August 7, 2025) |
| (vi) Class of shares to be acquired: | Common shares of the Company |
| (vii) Amount of trust money | [69] million yen (planned) (including trust fees and trust expenses) |
| (viii) Timing of share acquisition | August 13, 2025 (planned) to September 30, 2025 (planned)
(excluding the five business days prior to the last day of the fiscal period
(including the last day of the quarter) and the last day of the fiscal period) |
| (ix) Method of share acquisition | Acquisition in the stock market |