

# Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance

Being a corporate group that "lives up to the trust of its customers in the world market," "is always on the leading edge of technology" and "contributes to preserving the global environment and creating a recycling society" is the group's corporate philosophy, which we follow as we engage in corporate activities. Under this philosophy, the Company will pursue corporate group management that values CSR (corporate social responsibility), manage business in a clear-cut manner with enhanced management transparency and augment corporate governance, all in an attempt to achieve the sustainable growth of the group and the mid- to long-term improvement of its corporate value.

## **Chapter 1           Securing the Rights and Equal Treatment of Shareholders**

(Ensuring Equality of Shareholders)

Article 1. The Company shall respect the rights of shareholders and develop an environment in which shareholders can exercise their rights appropriately, including but not limited to treating all shareholders equally in effect according to the features and numbers of the shares owned by them and clearly setting in advance procedures with respect to the exercise of rights by shareholders.

(General Meeting of Shareholders)

Article 2. The Company shall strive to organize general meetings with an emphasis placed on giving extensive and easy-to-understand explanations and dialogues with shareholders in order that shareholders may exercise their rights appropriately at general meetings of shareholders.

2. The Company shall dispatch a convocation notice of a general meeting of shareholders no later than three weeks before the scheduled date of the meeting as a general rule and disclose on the Company's website and others its contents before dispatch in order that shareholders may be afforded sufficient time to examine proposals for the general meeting of shareholders and exercise their voting rights appropriately.
3. The Board of Directors shall perform an analysis on the results of the votes cast at a general meeting of shareholders in terms of the status of approval and disapproval of each proposal, and their reasons, and study the necessity of dialogues with shareholders or otherwise take any action.

(Capital Policy)

Article 3. The Company shall aim to build an optimal capital composition by prudent determination in terms of ensuring means for investment that helps in seeking financial robustness and sustainable growth with a view to making the Company's corporate management foundation stable, and of returning profits to shareholders.

2. If the Company is to implement any capital policy that would result in a change of control or major dilution, the Company shall have the Board of Directors resolve after deliberating adequately on any impact on the Company's existing shareholders, the use of the funds, recovery plans and others and shall also give adequate explanation to stakeholders such as

shareholders.

(Cross Shareholdings)

Article 4. The Company shall hold shares that it judges are necessary for strategic reasons, taking into account matters such as the Company's business strategies or the enhancement of relationships with its business partners. In addition, the Board of Directors shall examine each individual cross-shareholding every year in terms of the purpose and rationality of such holding, shall promote reduction and then disclose the outline as a result.

2. When exercising voting rights with respect to any cross shareholdings, the Company shall vote in favor of proposals that it judges will contribute to the improvement of the shareholder value of the company, and vote against when there is a risk of conflict with the company or when serious concerns arise over corporate governance.
3. If the Company acquires or disposes of any listed shares, the Company shall ensure strict adherence to any applicable laws and regulations, such as insider trading regulations, and financial instruments exchange rules and others.

(Anti-Takeover Measures)

Article 5. From the viewpoint of ensuring and improving the Company's corporate value and the common interests of shareholders, the Company shall apply and maintain anti-takeover measures as countermeasures in the event of a large-scale purchase of the Company's shares with an inappropriate intention.

2. When applying and maintaining any anti-takeover measure, a resolution shall be at a general meeting of shareholders made after having the Board of Directors adequately examine any changes in the situation, the necessity of the anti-takeover measure and others upon adequate explanation to shareholders.

(Related Party Transactions)

Article 6. Directors of the Company (including any corporation that the directors have effective control over) shall as a general rule not make any conflict-of-interest transaction with the Company or any competing transaction that falls under any of the Company's lines of business. When engaging in such a transaction, the director shall explain its details, purpose and others at a Board of Directors meeting and obtain prior approval, with prompt reporting on any material facts concerning that transaction upon its completion to the Board of Directors pursuant to provisions of the Companies Act and others in order not to harm the interests of the Company. Based on the report, the Board of Directors shall check the appropriateness of that transaction.

2. When making a transaction with any related party (the applicability of a given party shall be judged pursuant to the "Accounting Standard for Related Party Disclosures"), excluding any transaction set forth in the preceding paragraph, the Company shall adequately check the details and purpose of that transaction, ensure that it would not harm the interests of the Company and the common interests of shareholders and proceed to make such a transaction after obtaining prior approval at a Board of Directors meeting. The details of that transaction shall be reported every year to the Board of Directors, which shall check its appropriateness.

## **Chapter 2            Considering Interests of Stakeholders**

### **(Cooperation with Stakeholders)**

Article 7. The Company shall proactively pursue corporate management that values CSR, emphasizing the interests of stakeholders such as shareholders, employees, customers, business partners, creditors and local communities, and strive for appropriate cooperation with those stakeholders.

### **(Ethical Standards)**

Article 8. The corporate group establishes the Code of Conduct of the Mitsubishi Paper Mills Group and the Compliance Action Guidelines and, for the purpose of having the management team and employees fulfill the social responsibility as a corporate group, shall strive to foster a corporate culture that values compliance.

2. The Board of Directors shall be responsible for establishing and revising the Code of Conduct of the Mitsubishi Paper Mills Group and the Compliance Action Guidelines and receive annual reports and check the status of the group's compliance practices.

### **(Efforts to Address Challenges Surrounding Sustainability)**

Article 9. The Company shall promote forest preservation, local forestry and other matters as an industrial entity utilizing forest resources, shall sufficiently consider global environmental issues and shall provide environmentally friendly products. In addition, the Company positions the respect of human rights, the fair and appropriate treatment of employees and consideration of their health and working environments, fair and proper transactions with business partners, risk management related to natural disasters and other matters as important management issues, and shall strive to proactively address challenges related to sustainability.

### **(Actions Towards Attainment of Diversity)**

Article 10. To develop strengths that will ensure the sustainable growth of the group, the Company shall pursue a series of actions, such as promoting the participation of the female workforce, the utilization of workers hired mid-career, the employment of people with disabilities, the promotion of the participation of the senior workforce and the offering of diverse employment opportunities, in an attempt to attain diversity.

### **(Whistleblowing)**

Article 11. The Company shall ensure the prevention of violations of laws and regulations and the improvement of business activities by setting up a "hotline" that allows directors, employees, and former employees of group companies in Japan who are within one year of their retirement to report directly to the responsible internal section or an outside contact point for an objective examination of the contents of the report for appropriate action.

2. The Company clearly sets forth in the Compliance Action Guidelines that no one will be disadvantaged on the ground of reporting a case on the hotline, whereby it strives to prevent whistleblowers from suffering any disadvantage by providing in the whistleblower regulations the securing of the confidentiality of whistleblowers and the prohibition of disadvantageous treatment of whistleblowers.

3. The Board of Directors shall receive annual reports and check the status of operation of the hotline.

### **Chapter 3            Ensuring Appropriate Information Disclosure and Transparency**

(Disclosure Policy)

Article 12. The Company establishes the Disclosure Policy and discloses the Company's corporate information in a timely and appropriate manner to stakeholders such as shareholders, customers and local communities, and to news media, ensures fairness in availability of such disclosed information, and shall strive to ensure transparency of corporate management.

2. The Company shall disclose highly necessary information in English.
3. The Company shall strive to appropriately disclose information on sustainability issues that is sought by stakeholders, including information about the impact of climate change.

(Independent Auditor)

Article 13. The Audit & Supervisory Board establishes the Assessment Standards for Outside Independent Auditor and perform an annual assessment of the independent auditor, including elements such as their expertise and independence.

2. The Board of Directors and the Audit & Supervisory Board shall ensure ample time for audits and supply such information, means of investigation and others as may be required for audits in order that the independent auditor may deliver appropriate and high-quality audits, and any issues raised by the independent auditor shall be addressed appropriately by the Finance & Accounting Department and other relevant departments.

### **Chapter 4            Responsibilities of the Board**

(Role of Board of Directors)

Article 14. The Board of Directors shall develop management strategies designed to put the group's corporate philosophy into practice and study a structure under which to pursue corporate management unerringly. For that purpose, it shall adequately take in issues raised, and opinions provided, by any independent outside directors, or by any outside Audit & Supervisory Board Members who are independent officers, and conduct highly effective supervision of corporate management.

2. The Board of Directors shall make decisions on significant business execution pursuant to what is prescribed in laws and regulations, the Articles of Incorporation, Board of Directors regulations, Board of Directors bylaws and others. With respect to any matters other than those which, pursuant to such prescriptions, should be subject to the authority of the Board of Directors, its authority will be delegated to executive directors including representative directors and executive officers, in order to make prompt decisions on business execution.
3. The Board of Directors determines policies regarding the development of the Company's, and the group's, internal control systems and risk management structures and appropriately supervises the status of their development and operation in accordance with the Companies Act and other laws and regulations.

(Role of Independent Outside Directors)

Article 15. The main role of independent outside directors shall be to appropriately raise issues to the Board of Directors based on their knowledge, experience, expertise and others not possessed by inside directors, and to monitor any conflict of interest between directors and stakeholders such as shareholders from an independent standpoint, and having assessed the achievement of the Company's corporate management and performance of the management team, express opinions.

(Chairman of the Board of Directors)

Article 16. The Chairman of the Board of Directors shall raise the quality of deliberation through free and open, and constructive discussions and exchanges of opinions and strive so as to be able to operate the Board of Directors effectively and efficiently. In order to fulfill this duty, the Chairman of the Board of Directors shall pay attention so that ample and appropriate deliberation time should be ensured for agendas and each director be able to obtain appropriate information in a timely manner.

(Composition of Board of Directors)

Article 17. From the viewpoint of ensuring substantive discussions at Board of Directors meetings while paying attention to the diversity of directors, the number of directors shall be 10 or less, among which an appropriate number of independent outside directors shall be appointed.

2. Audit & Supervisory Board Members, including any outside Audit & Supervisory Board Members who are independent officers, shall attend Board of Directors meetings and appropriately state opinions.

(Director Qualification and Nomination Procedures)

Article 18. The post of the Company's director shall be filled by a person who has integrity, insights, abilities and a wealth of experience and others as well as an elevated sense of ethics.

2. The company shall determine a director candidate in consideration of the diversity of those who compose the Board of Directors, as well as the skills required of personnel who can play to their strengths in corporate management in a business area in which the group currently operates, or may operate in the future, personnel who are fit for business administration, personnel who can adequately fulfill supervising functions and others.
3. With respect to outside director candidates, the Company shall nominate personnel who can provide suggestions and advice aimed at frank and active, and constructive deliberations regarding corporate management based on their experience, knowledge, expertise and others, and, from his/her independent standpoint, supervise corporate management and monitor any conflict of interest between the management team and others and the Company and have opinions of stakeholders reflected appropriately.
4. The independence of an outside director shall be judged based on the Independence Criteria in the Appendix.
5. A decision on any director candidate nomination shall be made by the Board of Directors in light of the preceding four paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.

6. All directors shall be appointed to a one-year term of office and shall be subject to an election at an ordinary general meeting of shareholders.

(Executive Officer Qualification and Election Procedures)

Article 19. The post of the Company's executive officer shall be filled by a person who has integrity, insights, abilities and a wealth of experience and others as well as an elevated sense of ethics.

2. With respect to executive officer candidates, the Company shall elect personnel who can play to their strengths in corporate management in a business area in which the group currently operates, or may operate in the future, personnel who are fit for business administration and personnel who can appropriately and robustly pursue such management strategies, management plans, business execution and others as may be determined by the Board of Directors.
3. A decision on any executive officer election shall be made by the Board of Directors in light of the preceding two paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.
4. All executive officers shall be elected to a one-year term of office and shall be subject to a structure with clear distinction of their responsibilities for each business year.

(Audit & Supervisory Board Member Qualification and Nomination Procedures)

Article 20. The post of the Company's Audit & Supervisory Board Member shall be filled by a person who has integrity, insights, abilities and a wealth of experience and others, has an elevated sense of ethics and is able to adequately deliver audits of the group's corporate management by ensuring their independence from executives and maintaining a fair and impartial attitude.

2. The post of at least one of the Company's Audit & Supervisory Board Members shall be filled by a person who has appropriate knowledge in the areas of finances and accounting.
3. The independence of an outside Audit & Supervisory Board Member shall be judged based on the Independence Criteria in the Appendix.
4. A decision on any Audit & Supervisory Board Member candidate nomination, including any substitute Audit & Supervisory Board Member, shall be made by the Board of Directors in light of the preceding three paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.

(Concurrent Officer Positions at Other Listed Companies)

Article 21. If any director or Audit & Supervisory Board Member, or any candidate for such a post, concurrently takes the office of officer at another listed company, the Company shall annually disclose the status of such concurrent office in a business report or the reference documents for the general meeting of shareholders.

(Basic Policy on Director and Executive Officer Remuneration)

Article 22. Remuneration of directors and executive officers shall be one that is appropriate, fair and well-balanced, capable of motivating them to aim at delivering the sustainable growth of the group and the mid- to long-term improvement of its corporate value.

2. The Board of Directors shall, pursuant to the provision of the preceding paragraph, determine remuneration of directors and executive officers with some performance-linked factors reflected therein in accordance with a certain set of criteria set by the Company and after receiving advice from the Nomination and Remuneration Committee.

(Establishment of a Voluntary Nomination and Remuneration Committee)

Article 23. The Company shall establish a Nomination and Remuneration Committee as an advisory body for the Board of Directors.

2. Members of the Nomination and Remuneration Committee shall be elected from among representative directors and independent outside directors, and shall be chaired by an independent outside director.
3. The Nomination and Remuneration Committee shall, in response to an inquiry from the Board of Directors, examine the appropriateness of the contents of proposals to be presented to the Board of Directors, and give advice, with respect to each of the following items:
  - i) Director and Audit & Supervisory Board Member candidate nominations and CEO, executive director, operating officer and executive officer elections and dismissals; and
  - ii) Policy on the remuneration of directors and executive officers and details of the remuneration for each individual
4. Any inquiry on the contents of proposals to be presented to the Board of Directors set forth in the preceding paragraph shall, as a general rule, be made by the President and Representative Director. If the Board of Directors provides otherwise, however, such a procedure shall be followed.

(Professional Development and Training of Directors, Audit & Supervisory Board Members and Executive Officers)

Article 24. Directors, Audit & Supervisory Board Members and executive officers of the Company shall, in order to fulfill their duties, always proactively collect information on the Company's business environment, financial conditions, legal compliance, corporate governance and other matters and develop themselves professionally.

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

(Setting Agendas for Board of Directors, etc.)

Article 25. The Company shall set in advance main items for deliberations on the Company's management strategies, risk management, internal control and others that should be discussed by the Board of Directors, in light of any suggestions and opinions from the

respective directors.

2. The Company shall distribute to each director and Audit & Supervisory Board Member, including any outside officer, any materials concerning agendas and proposals for the Board of Directors in advance to enable productive discussions at each Board of Directors meeting. This will not apply, however, with respect to any issue with particularly strict confidentiality.

(Acquisition of Information by Directors and Audit & Supervisory Board Members)

Article 26. Directors and Audit & Supervisory Board Members, including any outside officers, may request another director, Audit & Supervisory Board Member, executive officer or employee to give an explanation or report, or to submit internal material, when necessary or they deem fit.

2. Outside directors shall receive support for accessing internal information and properly acquire information through the General Affairs & Personnel Department as a contact point, and outside Audit & Supervisory Board Members through a Full-time inside Audit & Supervisory Board Member as a contact point, respectively.
3. When it is necessary for directors and Audit & Supervisory Board Members for the purpose of making an appropriate decision, they may request, at the expense of the Company, an opinion from an expert in a given field, such as a lawyer or other legal expert, a certified public accountant or other accounting expert, or a consultant and others.

(Succession Plan for the President, etc.)

Article 27. In regards to the Succession Plan for the President and Others, the Nomination and Remuneration Committee shall discuss this every year and when necessary, and then report its contents to the Board of Directors.

2. Based on at the discussions by the Nomination and Remuneration Committee, the Board of Directors shall appropriately supervise the preparation of a succession plan by, for instance, conducting an examination every year and, when necessary, of the qualities and the career path leading up to the assumption of office required of a successor to the President and others in light of the group's corporate philosophy, strategy and other factors.

(Effectiveness Assessment of Board of Directors)

Article 28. Directors shall perform a self-assessment every year with respect to the effectiveness and efficiency of the Board of Directors and submit the results to the Board of Directors. The Board of Directors shall perform every year an analysis and assessment of the effectiveness of the Board of Directors as a whole based on the self-assessments of the respective directors, and disclose a summary of the results in a corporate governance report.

## **Chapter 5            Dialogue with Shareholders**

(Basic Policy)

Article 29. The Company recognizes that engaging in fair and transparent corporate activities in accordance with the Code of Conduct of the Mitsubishi Paper Mills Group and deepening society's understanding through the communication with stakeholders such as shareholders,

customers and local communities, will contribute to the group's sustainable growth and the mid- to long-term improvement of its corporate value, and shall strive to achieve constructive dialogues with shareholders through IR activities and others.

(Dialogues through Direct Meeting)

Article 30. The Company shall hold dialogues on the Company's corporate governance and significant managerial policies with major shareholders who have an investment policy that matches mid- to long-term shareholder interests from time to time, as appropriate. Any dialogue with a shareholder through a direct meeting shall be held with the officer responsible for the General Affairs & Personnel Department himself/herself, or with an appropriate person appointed by him/her including outside directors and auditors in light of the number of shares held, or matters requested by the shareholder, or the intended purpose of the meeting and others.

(Effort Concerning Enhanced Means of Dialogue)

Article 31. The Company shall have the officer responsible for the General Affairs & Personnel Department take general control of dialogues with shareholders in general.

2. In addition to having direct dialogues with shareholders at general meetings of shareholders, through the cooperation of related departments, the Company shall strive to disclose with attention paid to matters of diverse perspectives based on interest to shareholders from a mid- to long-term perspective.

(Feedback to Internal Departments)

Article 32. Any person that engaged in dialogue with a shareholder shall regularly report to the directors, Audit & Supervisory Board Members or any related section on the opinions, concerns and others of the shareholder obtained in the course of the dialogue, or shall immediately give a report if need be, such as where any particularly significant opinion, concerns and others have been raised.

(Management of Insider Information)

Article 33. When the Company holds a dialogue with a shareholder, the Company shall not disclose any unreleased material information pursuant to the insider trading rules and the Disclosure Policy separately established.

## **Chapter 6            Revision and Abolishment**

(Revision and Abolishment)

Article 34. Any revision or the abolishment of these Basic Policies shall be subject to a resolution by the Board of Directors.

Established: October 30, 2015

Revised: April 28, 2016

Revised: October 31, 2018

Revised: November 29, 2021

Revised: Jun 1, 2022

## Independence Criteria

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

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

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

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

party.

- (\*3) A major business partner of the Company means a business partner that makes the payment to the Company in an amount that exceeds 5% of the consolidated net sales for the Company's most recent business year.
- (\*4) A major lender to the Company means a lender that is necessary and essential for the Company's financing and on which the Company relies to an irreplaceable degree.
- (\*5) A large amount of money or other asset means such an asset of which total value for the most recent business year of the party that receives such an asset is: (i) in the case of an individual person, 10 million yen or more or; (ii) in the case of an organization, such as a corporation: (ii-1) in the case of a consultant, etc., 2% or more of the consolidated net sales of that organization (a law firm, etc.) or; (ii-2) in the case of donation, more than 30% of the gross annual expenses of that organization (a public-interest incorporated association, etc.).
- (\*6) A person who is in a significant position means: an executive director, corporate officer, executive officer, or an employee in the position of general manager or a higher senior managerial position; a certified public accountant among those who belong to an auditing firm or accounting firm; a lawyer among those who belong to a law firm or; an officer, such as a councilor, trustee or auditor among those who belong to a foundation, association, educational institution or other corporation, or any other person who can objectively and reasonably be deemed to be of the level of significance equivalent thereto.
- (\*7) A close relative means a spouse, or a relative within the second degree of kinship.