



2015 Corporate Report



Group Corporate Philosophy



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

Website Information

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

■ CSR/environment

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

■ IR Information

Annual Report
<https://www.mpm.co.jp/eng/ir/library/annual-report.html>
 Mid-Term Management Plan
<https://www.mpm.co.jp/eng/ir/library/midplan.html>

■ Products and Services

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

■ R&D

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

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Mitsubishi Paper Mills Group CSR

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※Seven core subjects of ISO 26000

<Cover photo> Our tree plantation in Chile
 (Forestal Tierra chilena Ltda.)

Message from the President

- We are striding towards becoming a growth company with a complete business strategy suited to changes in the external environment.
- We are striving to boost corporate value by expanding distinctive CSR activities and leveraging environmental, social, and governance (ESG) initiatives that address challenges facing our world.

Objectives of the Mitsubishi Paper Mills Group

The Mitsubishi Paper Mills Group is focused on taking the technological prowess we have accumulated over more than 110 years of business and putting it to use implementing on-going and distinctive initiatives that will contribute to sustainable development, increased corporate value, and benefits for society. To that end, we will continue to adapt to the ever-changing state of the world and the changes in the environment surrounding our business. We will embrace an approach to continue moving forward with broad vision, passion toward manufacturing, and a spirit of challenge that will lead us to being a global company worthy of earning the trust of stakeholders worldwide.

Going forward, we would like to ask for the enduring support of all our stakeholders, including shareholders, investors, and customers, as we continue to challenge our global business growth and increase our contributions to a recycling-oriented society, to improve the soundness of our financial standing, and to be a robust company.

Leveraging CSR Activities

Getting the trust and empathy of stakeholders and connecting it to increasing corporate value is what we understand to be the objective of CSR.

We will work on CSR activities that have the distinction of being focused on things that are material to our company, and, while aiming to pro-actively communicate with all of our stakeholders, we will improve them and put them into use.

In FY 2015, our top priorities on CSR activities were “redoubling efforts to eradicate unsafe practices,” and “initiatives to ensure strict legal compliance.” With regard to products, we took steps to expand our lineup of environment-conscious products such as FSC forest-certified paper products and the Thermal DigiPlate System.

In FY 2016, we announced that improving safety results and ensuring sound compliance with related laws and regulations are material to our business. As



鈴木邦夫

Kunio Suzuki,
President & C.E.O.

such, we placed priority on the following two issues: “enhancement of activities for safety and health” and “initiatives to ensure strict legal compliance.” Looking to realize mid- to long-term growth, we will work on our CSR activities with the following five basic policies as its framework: 1. Strengthening our CSR management foundation, 2. Promoting environmental management, 3. Raising customer satisfaction levels by carefully addressing user needs, 4. Taking further measures to provide our employees with a pleasant working environment, and 5. Pursuing activities that contribute to society. With the five basic policies, we plan to take steps leading to increased corporate value through compliance, risk management, health and safety, the environment, product safety, product quality, human rights and labor, information, and social contributions.

About This Report

In order to increase understanding of the activities of the Mitsubishi Paper Mills Group, we have decided to publish this report, from this fiscal year, in a form that integrates key financial and non-financial information.

I hope that this approach will give a clear and concise overview of the Group's activities for increasing corporate value, and that the report will serve as a helpful communication tool that continues to improve into the future.

Our Management Practices

It was with the extensive support of our many stakeholders that the Mitsubishi Paper Mills Group was able to make a swift recovery of operations after the devastating Great East Japan Earthquake. After reconstruction, we implemented a variety of measures in the Phase 2 Rolling Plan of our First Medium-term Management Plan, working from the central pillar of “Strengthening our revenue base for growth.”

This fiscal year, which is the last year of the plan, we have been working to focus our efforts and commit to selections that will strengthen our Imaging Media Business and Speciality Materials Business, while solidifying alliances, expanding globally, and executing timely investment into strategic products. What follows is a description of our initiatives in each business segment.

<Printing Paper Business>

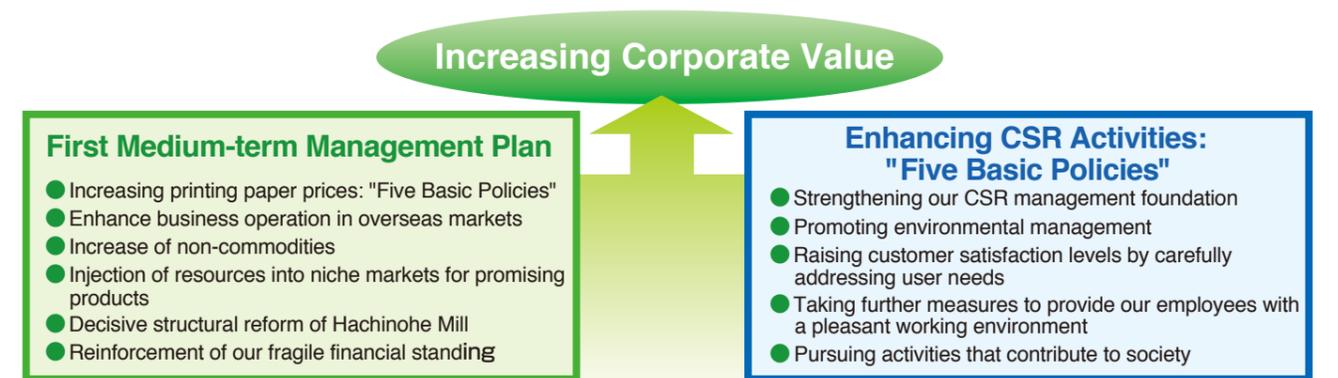
In addition to expanding sales of communication paper, including the export of industrial inkjet printing paper, and also passing on price increases as material costs skyrocket, we will continue to thoroughly reduce costs as we move toward achieving profitability.

<Imaging Media Business>

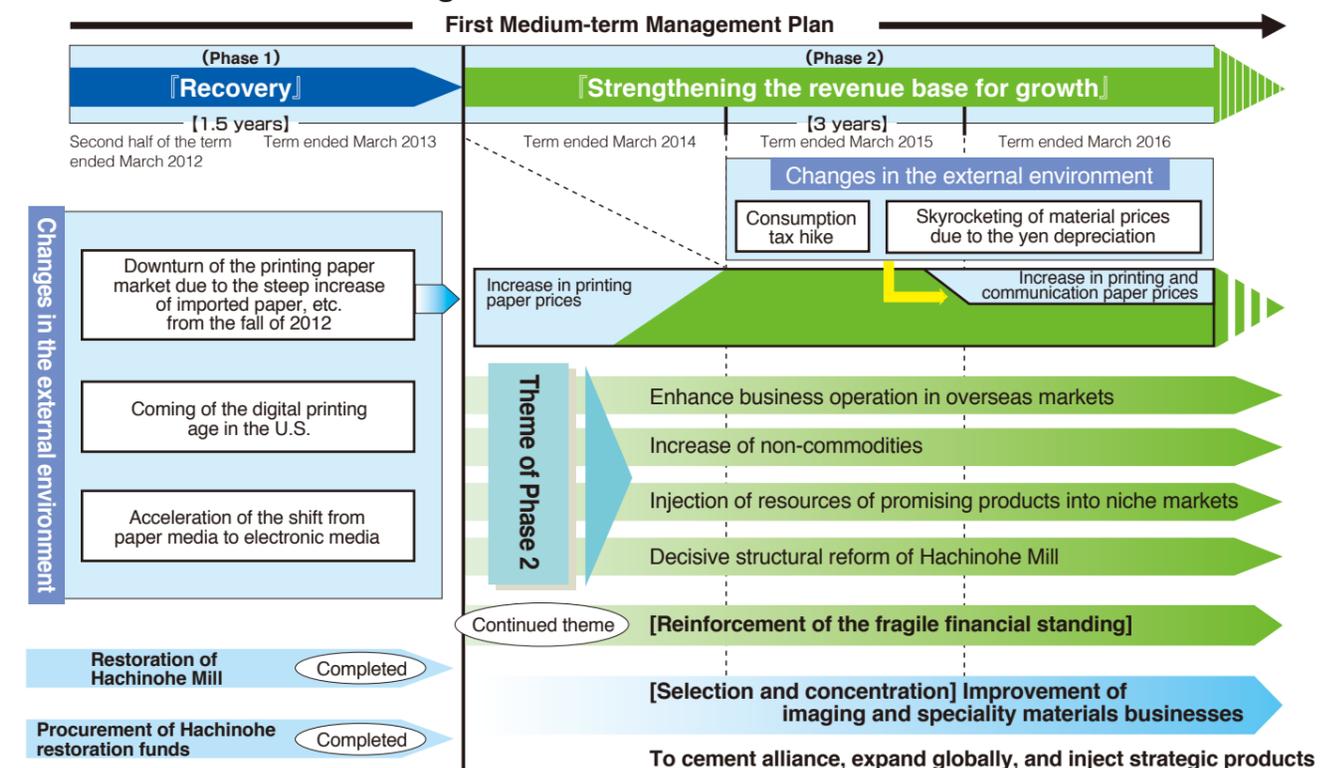
We aim to further enrich existing products that are about to mature by actively conducting businesses in overseas markets while strengthening our business base utilizing alliances. This aim also includes expanding our business scale by accelerating our advance into promising fields, including functional films utilizing imaging technology.

<Speciality Materials Business>

We will expand our business by further expanding the overseas market, focusing on filter products, non-woven fabric for reverse osmosis supports used in water processing elements, and re-writeable media and by expanding our business such as by launching battery separators both at home and abroad and, at the same time, we will work on establishing new businesses.



First Medium-term Management Plan



Financial Highlights (Consolidated)

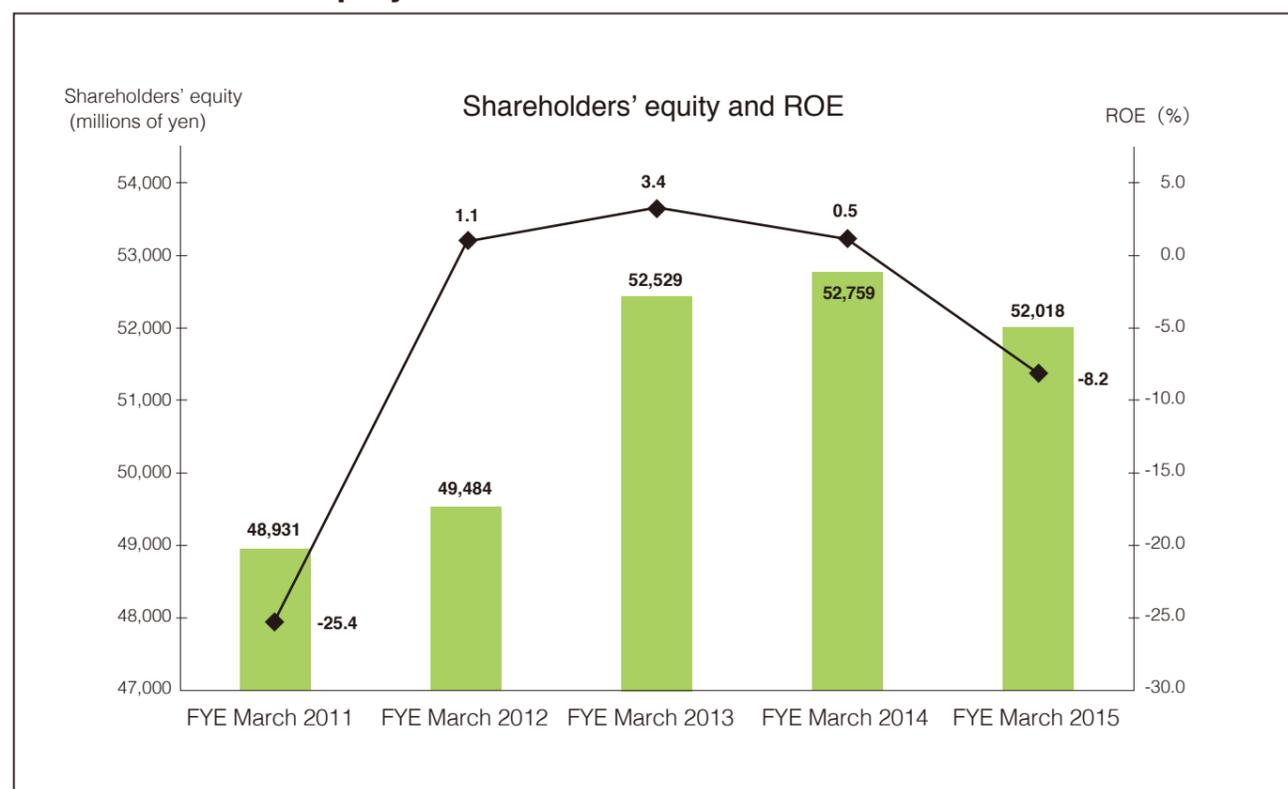
		FYE March 2011	FYE March 2012	FYE March 2013	FYE March 2014	FYE March 2015
		146th term	147th term	148th term	149th term	150th term
Net sales	Millions of yen	210,846	194,856	200,850	207,470	214,944
Operating income	Millions of yen	3,477	2,164	3,332	473	1,038
Net income (loss)	Millions of yen	2,116	888	2,663	62	135
Net income (loss) per share	Millions of yen	△14,497	565	1,710	280	△4,272
Outstanding interest-bearing debt	Billions of yen	143.5	158.0	155.3	149.0	144.8
Shareholders' equity	Millions of yen	48,931	49,484	52,529	52,759	52,018
D/E ratio	(multiple)	2.9	3.2	2.9	2.8	2.8
ROE	%	△25.4	1.1	3.4	0.5	△8.2
Equity capital ratio	%	19.7	17.9	19.8	20.4	20.5
EBITDA	Millions of yen	15,718	11,740	14,469	11,687	11,993
Overseas ratio (net sales)	%	25	27	30	29	31

Net sales/operating income results by segment

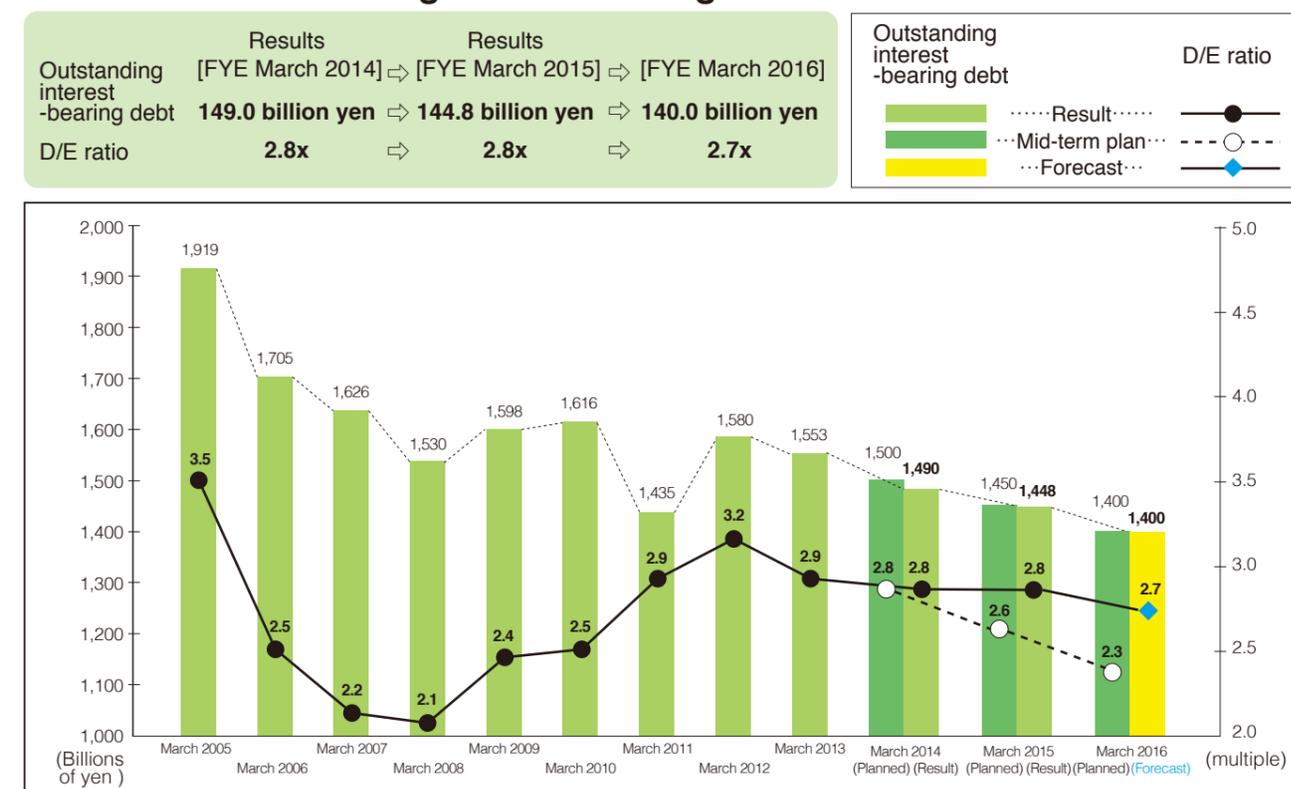
(Billions of yen)

		FYE March 2013	FYE March 2014	FYE March 2015	FYE March 2016 (forecast)
Net sales	Printing Paper Business	157.4	161.7	165.4	174.1
	Imaging Media Business	39.8	41.6	43.5	44.2
	Speciality Materials Business	14.2	16.0	16.8	18.1
	Other	16.5	16.0	15.1	15.1
	Elimination (offsetting)	△27.0	△27.8	△26.0	△28.5
	Total	200.9	207.5	214.9	223.0
Operating income	Printing Paper Business	2.2	△1.8	△1.3	0
	Imaging Media Business	0.5	1.5	1.5	2.5
	Speciality Materials Business	0.3	0.3	0.5	0.8
	Other	0.4	0.5	0.4	0.3
	Elimination (offsetting)	△0.1	0	△0.1	△0.1
	Total	3.3	0.5	1.0	3.5

Shareholders' equity and ROE



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



Special Feature

Driving Growth in the Global Market

The Mitsubishi Paper Mills Group operates with an eye toward future development while considering the global market as our stage for growth. To achieve this, the Group leverages a network of five major business hubs in Japan, the U.S.A., Germany, China, and Mexico. With this network we are able to provide customers across the globe with high-value added products and excellent services. These include Forest Stewardship Council (FSC)-certified products that are friendly to the planet, as well as digital imaging products, speciality materials, and other products that make full use of advanced technological skill founded in reliability and proven performance.

In the global market, our production inkjet printing paper, which is particularly well-received in the U.S. and Europe, is a next generation printing paper developed with the international market in mind using Mitsubishi Paper Mills original technology based on the concept of imbuing offset printing paper with inkjet compatibility. In the Japan market, the spread of printing paper compatible with high-speed production inkjet printers is still in the developmental stage, but at the same time that we establish our position as a pioneer in this field, we will become a leading-edge company in the already expanding U.S. and European market, too, and with a global viewpoint, will continue Mitsubishi Paper's challenge with our eyes firmly on the leap to the future.

Overseas Development

Please see **P12** for information on our overseas development.

Details are available on the Mitsubishi Paper Mills website.
<https://www.mpm.co.jp/company/eigyosyo.html>

U.S.A.: Mitsubishi Imaging (MPM), Inc.

Germany: Mitsubishi HiTec Paper Europe GmbH
 Bielefeld Mill
 Flensburg Mill

China: Zhuhai MPM Filter, Ltd.

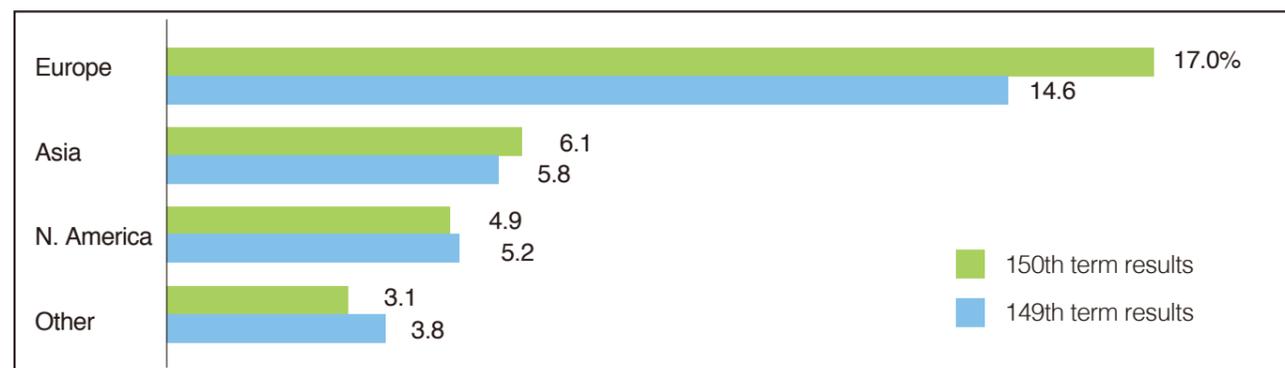
Mexico: MP Juarez LLC



Bielefeld Mill (Germany)

Overseas Net Sales Ratios by Geographical Area

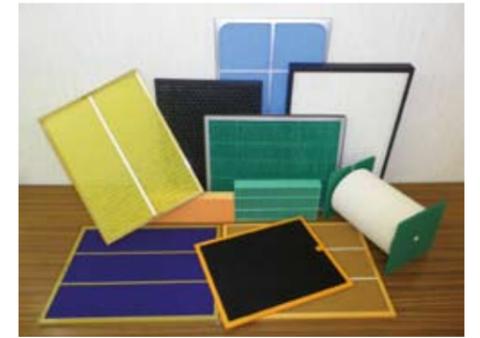
149th term (FYE March 2014)		150th term (FYE March 2015)		Targets	
Net sales (consolidated):	207,470	Net sales (consolidated):	214,944	Europe:	Consolidated net sales ratio: 35%
Consolidated net sales ratios		Consolidated net sales ratios		Asia:	
Europe:	14.6%	Europe:	17.0%	N. America:	
Asia:	5.8%	Asia:	6.1%	Other:	
N. America:	5.2%	N. America:	4.9%	Total:	
Other:	3.8%	Other:	3.1%		
Total:	29.4%	Total:	31.1%		



Speciality Materials Business

Business is expanding as we sell a wealth of products to the overseas market, including filter products, non-woven fabric for water processing film supports, rewritable media, and battery separators.

Our forecasts see our overseas net sales ratio, which stood at 43% in FY 2012, rising to approximately 50% in FY 2016.



Filter products for overseas electrical appliance manufacturers

Imaging Media Business

As the market for new products, such as Inkjet Minilab paper, continues to form in overseas developed countries, markets in emerging countries are seeing expansion as well. The market for existing products, such as printing plate materials, inkjet paper, and photo paper, has largely matured in developed countries, though we are actively expanding sales and opening new markets in emerging countries in Asia and elsewhere.

Printing Paper Business

Using digital data, such as large volume, rapidly distributed digital documents, there are more and more businesses using digital printers to produce profitable printed material. We are fully utilizing the production technology and equipment at our Hachinohe Mill to commercializing paper for production inkjet printers as digital printers increasingly spread around the world.

Production inkjet printing paper (export product) line-up

[SWORD iJET4.3 Gloss / Satin / Matte]

Innovative production inkjet printing paper. This paper is created with next-generation technology called "Pore-Arch Technology, which combines the technologies of both coated paper for offset printing and paper for inkjet printing.



[Value IJ Transaction]

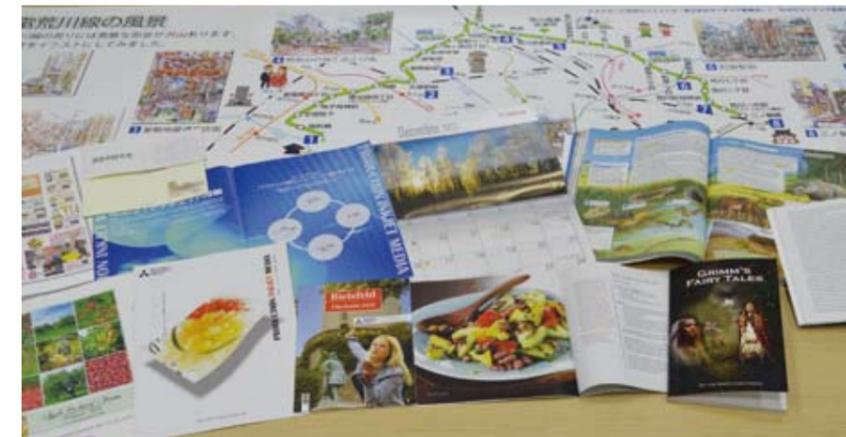
Treated paper with excellent image density development, support for high-speed inkjet printing, and quick drying features targeting the high volume field of Transaction (form) paper in overseas markets.

[Premier IJ-Form]

For overseas customers who demand high quality for Transaction or Transpromo invoices, a lightly coated paper that provides excellent image development with both dye or pigment inks and, of course, bright whiteness and high opacity.

[Premier IJ-Book]

Treated paper like lightweight coated paper with high brightness, high opacity, excellent image density development, and ink absorption targeting the high-volume field of textbooks in overseas markets.



Various applications for production inkjet printing paper

Treated paper:

Treated paper is paper that is treated with a surface treatment solution containing an ink-fixing agent during the sizepress of the paper making process.

Special Feature

The Hachinohe Mill: Launching toward the Future

Construction began on Mitsubishi Paper Mills' Hachinohe Mill in December 1964, as the first company invited by the New Industrial City Hachinohe and operations commenced in January 1967. Afterwards, the mill grew to be one of Japan's largest integrated pulp and paper plants, expanding the scale of its facilities in step with the growth of the domestic market.

However, with declining domestic demand, imported paper, and tougher competition with other domestic manufacturers, the paper industry is in very difficult circumstances. The Hachinohe Mill recognized the necessity to surmount these hurdles and strengthen its competitiveness in order to increase its presence into the future and contribute to the local community. In April 2014, the Hachinohe Mill and its on-site subsidiaries restructured their business to become MPM Operation Co., Ltd. The restructuring not only consolidated operations, it also improved the speed of decision making, and boosted motivation making it possible to not only flexibly develop new products and uncover new business opportunities, but also to more promptly respond to customer needs and changing circumstances both domestically and overseas.

At MPM Operation Co., Ltd, with the increasingly important global market as our target, we are aiming to bolster and expand exports of paper compatible with high-speed production inkjet printers which are continuing to spread overseas. We are striving to boost our cooperation with the local communities in Aomori prefecture and Hachinohe city so that we can be a company closely tied to the region. We will continue to contribute to the economic vitality of these communities and grow and develop alongside them as we make strides from Hachinohe to the world and toward the future.



MPM Operation Co., Ltd.



The corporate symbol

The company's symbol incorporates "M," for Mitsubishi Paper, designed in the shape of two people. The image is intended to convey connections between people (personal circles) giving rise to the letter "M," representing cooperation and harmony.



Hachinohe Topics

~ New product development & uncovering new businesses ~

Developing Thin Paperboard

In recent years, demand has been increasing for paperboard, particularly thin paperboard, used for compact packaging and take-out containers growing in volume in the fast-food and convenience store industries.

To respond to this demand, we have leveraged our expertise in paperboard and developed Mitsubishi Pure Plate, which is paperboard with exceptional processability and thinness.



Assessing the Reuse of Incinerator Ash, etc.

As we look into the reuse of paper processing sludge, fly ash, and other substances emitted by our mills, we have developed a Type 1 Improved Soil (artificial backfill) called, Reglobe HB-05S, with 70% or more recycled ingredients.

The product has acquired Eco Mark certification (No. 14131006) for fulfilling environmental standards for controlling water and soil contamination and air pollution from dioxin as enacted through the Soil Contamination Countermeasures Act.



Reglobe HB-05S artificial backfill

Assessing Opportunities in Agribusiness

As our mainstay printing paper business contracts, we are considering opportunities in agribusiness (strawberry cultivation) as a possible new area of business leveraging our mills' energy and equipment.

In April 2014, we have started a project to verify the feasibility of the idea with a plastic greenhouse growing Natsu Akari summer and autumn strawberries. The on-site greenhouse uses energy and waste products produced by our mill, including steam used for temperature control, electricity used for lighting, and materials used for the floors and planters.

Going forward, we plan to closely assess the potential of this agribusiness as we expand its scale and carry out additional tests at MPM Operation Co., Ltd.



Mitsubishi Paper Mills Group Business Development

Mitsubishi Paper Mills Group History

April, 1898 Hisaya Iwasaki purchased a paper mill operated by the Walsh Brothers in what is now Sannomiya, Kobe, and formed Kobe Paper Mill Company to start the production and sale of paper



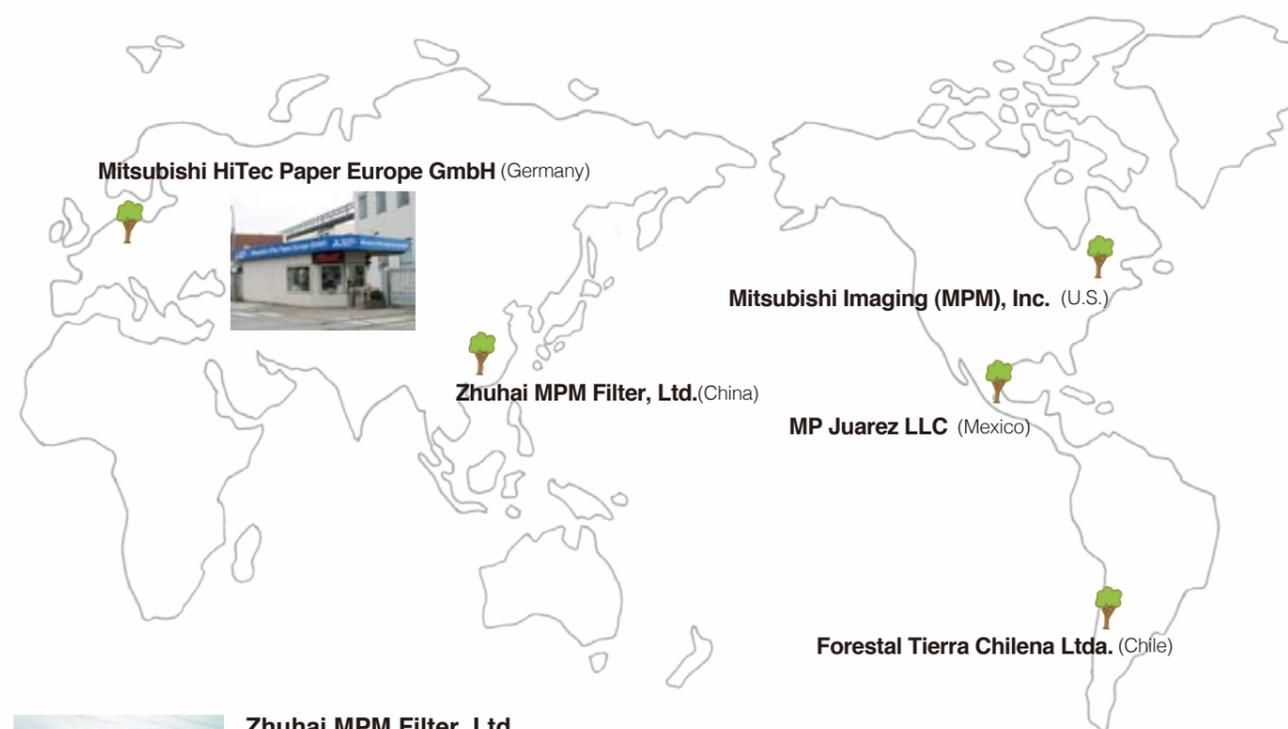
The Takasago Mill was established soon after the company's founding

*Hisaya Iwasaki:
Eldest son of Yataro Iwasaki, the founder of Mitsubishi. He served as the president of Mitsubishi Goshi Kaisha, founded Kirin Brewery Co., Ltd., and otherwise contributed to the growth of the Group's business.

- June 1901 Moved the mill (now Takasago Mill) to Takasago City in Hyogo Prefecture
- June 1904 Changed the company's name to Mitsubishi Paper Mills Company
- February 1917 Constructed 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 Yurakucho in Chiyoda-ku, Tokyo
- April 1944 Merged with Kyoto Photographic Industry Company, Ltd. in Nagaokakyo City, Kyoto Prefecture to form the present Kyoto Mill
- May 1949 Was listed in the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange
- April 1966 Constructed the Hachinohe Mill in Hachinohe City, Aomori Prefecture
- April 1966 Merged with Shirakawa Pulp Industry Ltd. and acquired Shirakawa Mill and Kitakami Mill
- April 1972 Ryosan Shokai (founded 1912) merged with CASIWA Co., Ltd. to form Mitsubishi Paper Sales Co., Ltd. (now a consolidated subsidiary)
- April 1985 Established trading subsidiary Mitsubishi Paper International Inc. in New York
- August 1989 Established Mitsubishi Paper GmbH in Dusseldorf, (Germany)
- January 1999 Acquired stock in 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 Ended production of all paper products at the Nakagawa Mill
- April 2005 Established Kitakami HiTec Paper Corp. (now a consolidated subsidiary), which took over the operations of the Kitakami Mill.
- November 2007 Began filter product processing business in China with the establishment of Zhuhai MPM Filter, Ltd. (a wholly owned subsidiary in Zhuhai City, Guangdong Province)
- October 2010 Merged Mitsubishi HiTec Paper Bielefeld GmbH and Mitsubishi HiTec Paper Flensburg GmbH, establishing Mitsubishi HiTec Paper Europe GmbH (now a consolidated subsidiary)
- October 2011 Acquired stock in KJ Specialty Paper Co., Ltd. (now a consolidated subsidiary) from KOHJIN Film & Chemicals Co., Ltd.
- July 2012 Moved the head office to Ryogoku, Sumida-ku, Tokyo
- April 2014 Established MPM Operation Co., Ltd. (now a consolidated subsidiary), a spin-off of the Hachinohe Mill

Mitsubishi Paper Mills Group Overseas Development

Overseas sales ratio **31%**



Zhuhai MPM Filter, Ltd.

Established in November 2007, Zhuhai MPM Filter, Ltd. (Zhuhai City, Guangdong Province) is the Group's first wholly-owned subsidiary to be established in China. Since January 2009, the company has been primarily engaged in the manufacture and sale of filter products.

■ Sales by region (FYE March 2015)

Europe	36.7 billion yen
Asia	13.0 billion yen
North America	10.5 billion yen
Japan	148.1 billion yen
Other regions	6.7 billion yen



Keule, a rare species of tree

The primary business of Chile-based Forestal Tierra Chilena Ltda. involves eucalyptus plantations. The company is focused on preserving biodiversity through efforts that include preserving the rare Keule tree species within the forests it owns.

Topics



In August 2014, Mitsubishi HiTec Paper Europe GmbH sponsored an event memorializing the 800 years of history behind the city of Bielefeld, home to the Bielefeld Mill.

At the event, universities and research institutes conducted a science festival that featured workshops and other events in which children participated and had fun learning about science.

GENIALE Science Festival Bielefeld, August 2014

A chemical experiment at the memorial event (in Bielefeld)

Printing Paper Business

The Mitsubishi Paper Mills Group's printing paper business covers a wide range of printing paper used for catalogs, pamphlets, books, and other printed materials, as well as speciality communication paper such as copy paper, carbonless paper for payment slips, and thermal paper for receipts. With the reorganization of affiliated subsidiaries, the company's main mill, the Hachinohe Mill, was reborn in April 2014. In addition to consolidating the company's business operations, by working to improve production efficiency and reduce raw fuel costs, etc., we are continuing to work on securing the foundation for profitability as we target the global market.



Tsuneaki Handa
Director and Managing Executive Officer
General Manager, Paper Div.

Vision for the Future

Demand in the domestic market, which is an important market for our Printing Paper Business, has been declining yearly due to declining birthrates and digitalization and, because of intensified competition with both imported paper and other domestic manufacturers, the environment surrounding our Printing Paper Business gets more difficult every year. As a result, every year has seen conditions worsen for the Printing Paper Business. These circumstances have made it necessary to undertake fundamental structural changes in order to further grow our business.

In overseas markets, we are focused on selling both printing paper as well as paper for use with high-speed production inkjet printers, which are seeing rising adoption in the U.S. and Europe. With our cost competitive products and a system for supplying global markets from our Hachinohe Mill, which is located near a port that serves as a channel for exports, we aim to be the market leader in the field of high-end production inkjet printing paper.

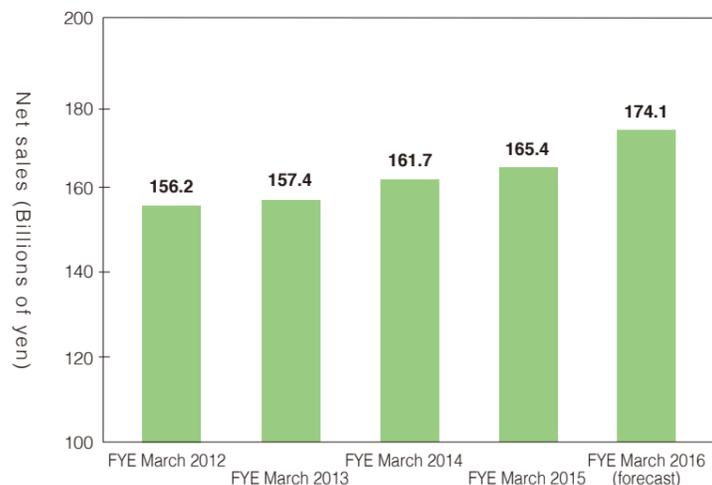
In Japan, alongside strengthening our alliances with other companies for mainly communication paper to respond to a sluggish demand structure, in the medium- to long-term we will need to stimulate demand through a new business model. Although recent years have seen a sudden leap in digitalization and increased adoption of electronic media, we are looking to find new demand in areas that value the functions and convenience of paper media by combining paper media with various digital technologies. This will certainly be a difficult task, but one that we will be working towards together with others in the industry in order to achieve a breakthrough.

Central to building this Printing Paper Business base will be contributing to a sustainable society and preserving biodiversity through our business activities. Efforts will continue to focus on expanding and improving our FSC-certified paper and paper for Morino Chonai-Kai (Forest Neighborhood Association) as we work to achieve a recycling society and firmly establish ourselves in the green paper market. After establishing a revenue base through this existing business, we will work on creating new measures that include feed-in tariff (FIT) business in order to transform our business structure.

Sales by segment

Although sales saw a sharp decrease for the fiscal year ended March 2012 due to suspension of operations at the Hachinohe Mill following the Great East Japan Earthquake, production is on track to recover to pre-earthquake levels. Sales increased from 156.2 billion yen to 165.4 billion yen.

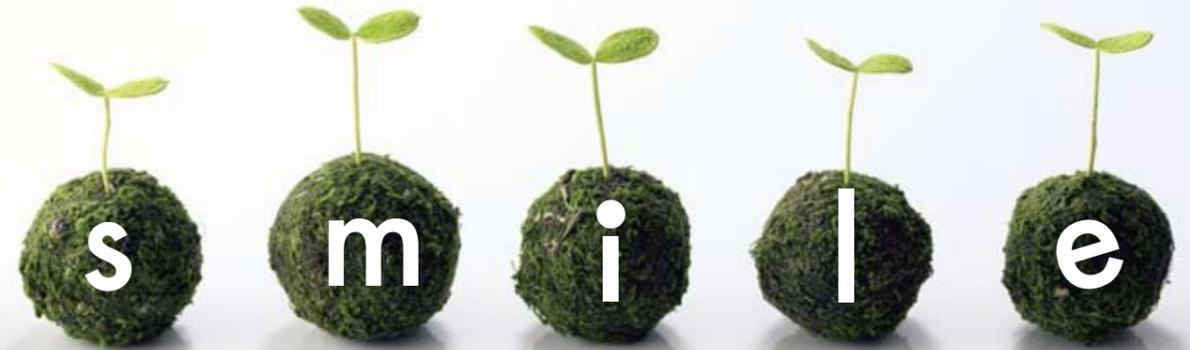
This owed mainly to an increase in exports of primarily production inkjet printing paper, which is seeing increasing adoption for digital printers overseas, as well as to increased sales of alliance-company products and other communication paper, and the favorable effect of foreign exchange for European products.



"Using, cultivating, and invigorating forests" focusing on FSC® certification

The Mori-smile® Project – Creating Happy and Smiling Forests (“Mori” is Japanese for “forest”)

Mitsubishi Paper Mill's Hachinohe Mill was the first in Japan to receive The Forest Stewardship (FSC) chain-of-custody (COC) certification, in August 2001, and has been providing FSC-certified paper ever since. We are also engaged in projects that "create happy and smiling forests," which we call Mori-smile projects, for a range of services that are centered on FSC certification.



森の笑顔をお届け

Mori-smile

smile 1 FSC-Certified Paper – Creating Happy and Smiling Forests

Purchasing FSC-certified paper ensures it was legally produced and contributes to preserving forests and biodiversity.

smile 2 Learning How to Create Happy and Smiling Forests – The Ecosystem Academy

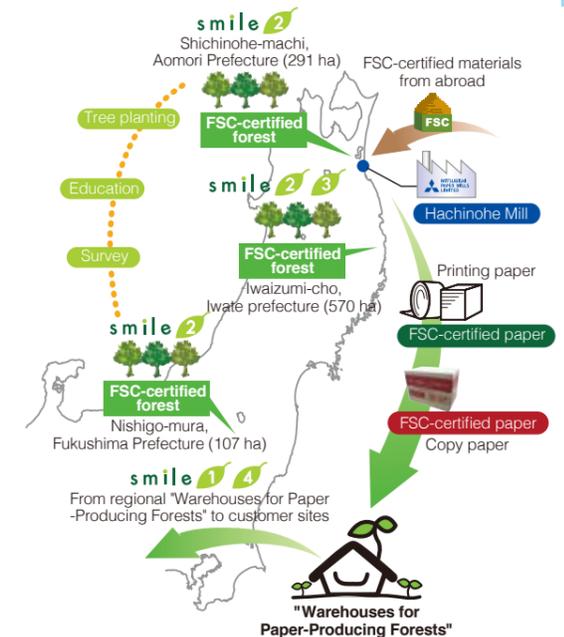
This academy conducts afforestation and forest education programs so participants can learn about preventing global warming and the role of forests in preserving biodiversity. The academy is also used to train company employees and to conduct PR activities for customers.

smile 3 FSC-Certified Forest Supporter System to Encourage Happy and Smiling Forests

Under the FSC-Certified Forest Supporter System, consumers of products derived from lumber help FSC-certified forests by providing support for responsible forest management.

smile 4 Original Brands Built on the “Creating Happy and Smiling Forests” Concept

We can provide paper products under original brands using lumber from forests where afforestation efforts are being conducted by various companies. These products are a good way to support forest revitalization.

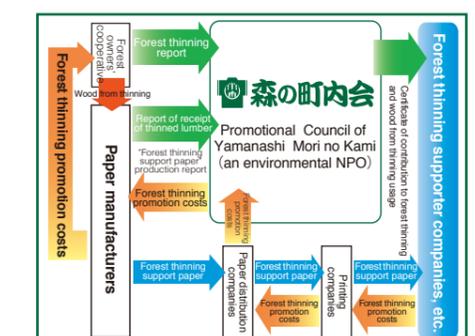


Topics

Efforts to Make Effective Use of Thinned Forests

Since 2006, we have been working with Office Chonai-kai to promote tree thinning and the effective use of thinned lumber as produced by the Morino Chonai-Kai (Forest Neighborhood Association). This initiative has consumers who use "tree thinning support paper" pay for the expense shortfall of tree thinning in the form of "tree thinning promotion costs" to help make tree thinning economically viable.

The project enters its 10th year this year, and will continue to be carried out in collaboration with the Office Chonai-kai.



Mitsubishi Paper Mills Group Business Development Imaging Media Business

To answer the needs of our customers, our Imaging Media Division offers a wide range of products from photographic paper and inkjet paper to resin coated base paper for photographic technologies, as well as digital printing plates and related equipment, materials, and software. With the goal of developing our business, we are strengthening our alliances with industry partners to expand and improve our business base and are taking an enterprising approach to expending business in overseas markets and new regions in order to expand sales of existing products. We are also speeding up efforts to gain traction in growth industries with new products such as functional films utilizing our core imaging technologies.

Shinpei Yamada
Executive Officer
General Manager, Imaging Media Div.



Vision for the Future

Mitsubishi Paper Mills is a distinctive paper manufacturing company that offers diverse digital imaging products to customers in the photographic and commercial printing industries. We are contributing to society through core products in every one of our areas of business.

[Printing plate materials business] About 30 years ago, we developed and launched the silver digiplate (SDP), a CTP (Computer to Plate) that draws digital data directly onto printing plates. We were the first in the world to do this, and continue to conduct research and development as a CTP pioneer. Recently, we launched the next generation of CTP with our Thermal Digiplate (TDP) applying thermal paper technology, which uses paper and film, and the violet digiplate (VDP), both of which are chemical-free products. Through such distinctive printing technologies, we will continue to remain an industry leader.

[Inkjet paper business] In 1980, we were the first company to market paper for inkjet printers. For more than 30 years, we have been industry leaders with the rapid evolution of inkjet printers and ink and have been developing and providing a variety of inkjet paper to satisfy a diversifying array of user needs. As the World's leading inkjet paper manufacturer, we continue to cultivate new demand in emerging markets such as Asia, while expending our Photographic technologies into inkjet Minilab, Toner and Electrophotographic printing, in our pursuit for expanded market share and increased sales volume.

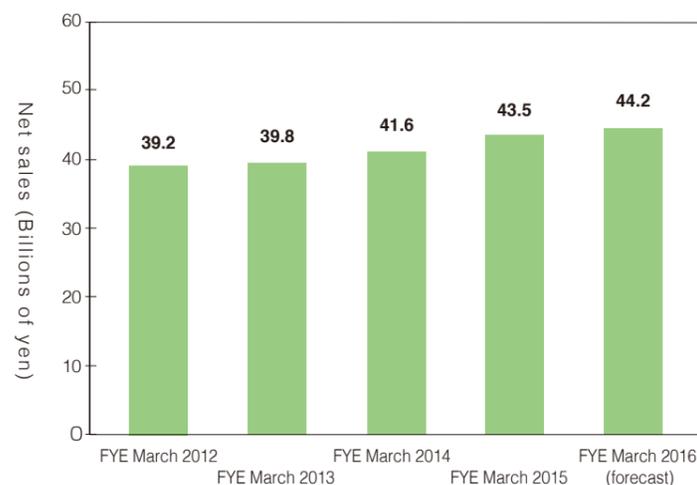
[Photographic paper business] With a decline in overall demand and competing manufacturers rapidly dropping out of the market due to a growing trend towards digital camera usage that began in 2001, we are working to strengthen sales of Mitsubishi Brand products that capitalize on our strengths as a base paper manufacturer in Japan and abroad.

[Resin coated base paper for photographs business] Resin coated base paper is what is used to make all of these printing plate materials, inkjet paper, and photographic paper. We will continue to enable our partners in the industry to provide a varied lineup of products and focus on quality—a high level of smoothness and brightness—to meet their diverse needs.

[New business] Although our imaging media business enjoys a long history and is the source of many highly-competitive products, the key to further growth is creating new business using imaging technologies that only we possess. Over the last several years, we have launched new products in categories ranging from resist technology applicable to electronic products to transparent electro-conductive films for touch panels, projection screen films, medical device products, and sleep hoods for a good sleep, keeping warm and moisturizing in the self-breath. We are now expanding our horizons into new fields, focusing on creating new business ideas and developing new products in information and communication technologies, healthcare and elderly care, and other industries.

Sales by segment

As demand slows for traditional printing paper in developed nations in both the photographic and printing industries, we are moving into emerging markets and—partly because of a weaker yen—are achieving increased sales and profits across all divisions. Targets laid out for the fiscal year ending March, 2016, the final year of the medium-term management plan, put net sales at 43.0 billion yen and operating profit at 2.3 billion yen. However, net sales came to 43.5 billion yen for the fiscal year ended March 2015, achieving the target one year early. Operating profit for the fiscal year ending March 2016 is also forecasted to exceed the target at 2.5 billion yen.



Imaging Media Business — Our Products

Printing plate materials

● CTP (Computer to Plate) Printing plate systems

- Silver Digiplates (SDP)
- Thermal Digiplates (TDP)
- Violet Digiplates (VDP)

● CTPs for newspaper printing Printing plates

- PD-NEWS



● Analog printing plate systems

- Silver Masters (SLM)



● Software

- DIALIBRE series

● Photographic inkjet paper (individual use)



Inkjet proofing paper

● Inkjet proofing paper (for calibration)



Photographic paper

● Photographic paper

- Mitsubishi Grace Color Paper — MG-1000
- Color paper treatment chemicals



三菱カラー 2015
気軽にフォトコン

● Resin coated base paper

- For photographic paper
- For inkjet paper
- For sublimation heat transfer paper

● Speciality paper

- Processing base paper (casting paper)



Products made from photographic base paper

Resin coated base paper

New business

● Electronic material-related products

- Transparent electro-conductive films for touch panels
- Silver nanoparticle ink
- Photosensitive resists
- Sensitizing dyes for solar cells



New Resist layer Formation system



Silver nanoparticle ink

● Rear projection Screen films

- SaiVis



my dome

● Sleep hoods for a good sleep, keeping warm and moisturizing in the self-breath

- my dome



DiaEkur

● Medical device

- DiaEkur (indwelling needle fixing tape)

Speciality Materials Business

Our Speciality Materials Division consists of the Head Office Business Division, which handles products made with non-woven materials such as filters, non-woven fabric, and battery separators, in addition to speciality materials including rewritable media and heat storage materials; KJ SPECIALTY PAPER Co., Ltd. which handles products including base paper for decorative laminates, wall coverings base, and masking tape backing; and subsidiaries established in China (Zhuhai and Hong Kong). This business handles a very large variety of products and aims to make the company the top manufacturer in each of the niche markets in which it operates.

Junji Harada
Director and Managing Executive Officer
General Manager, Speciality Materials Div



Vision for the Future

The Speciality Materials Division provides products for various growth industries such as non-woven fabrics and filters, battery separators, rewritable media, base paper for decorative laminates, and masking tape backing, as well as for customer-oriented niche markets requiring highly-specialized features.

There is considerable growth potential for functional products such as reverse osmosis membranes used in lithium ion batteries and seawater desalination systems, which are an area of strength for Japan, but more and more companies are producing these products in China and other emerging countries. With the product development know-how and analytical ability Mitsubishi Paper Mills has built-up in Japan, we make products that perfectly match the desires of customers and, while carrying out direct technological exchanges with customers in various countries, provide products that meet their needs, such as separators for secondary batteries with superior heat resistance and RO membrane supports with high flow rates and uniformity. Exports accounted for nearly 50% of net sales for the Speciality Materials Division last year, a clear indication that its business base is rapidly globalizing.

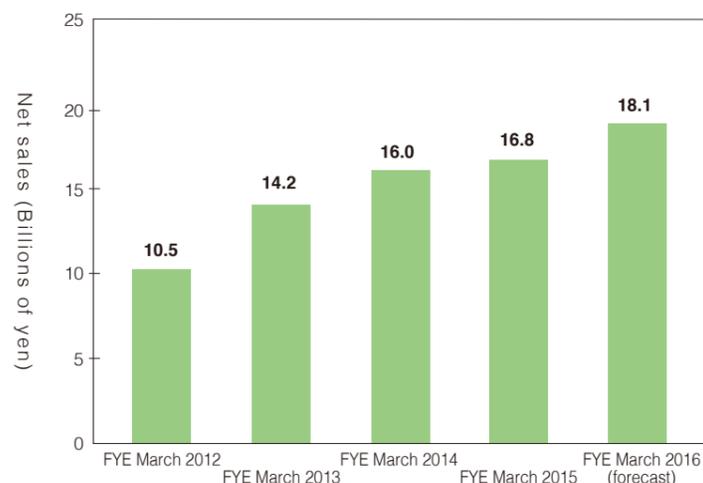
In order to satisfy a growing industry by keeping up production volume for functional products while at the same time speeding up the pace of new product development, we are continually deploying equipment at our Takasago Mill, our main mill in Japan. The mill will be investing capital into areas such as solvent coaters for rewritable media, papermaking machines for non-woven fabrics, and coaters for separators, with plans next year to install new papermaking machines for separators. In expectation of considerable demand growth in China, we have built production and sales facilities in Zhuhai and Hong Kong. We have also constructed a new filter assembly line in Mexico, where more automakers are doing business every year.

We will be adding functionality to our products in Japan, taking advantage of the country's sophisticated infrastructure for product development and finishing these products at sites close to our consumers as we look to develop our business globally with an emphasis on speeding up our response to our customers and promoting further growth.

Leveraging products invested with distinctive functionality in growth markets such as those for lithium batteries, water treatment, automotive parts, and rewritable display materials, our sights are set on strengthening business performance as a force for growth at Mitsubishi Paper Mills under a business model based on capital investment and growing together with our customers around the world.

Sales by segment

Sales increased overall, and while operating profit experienced a temporary downturn, it has since gotten back on track. We have seen particularly strong sales since the fiscal year ended March 2013, when the Takasago Mill deployed new papermaking machines for making non-woven fabrics. Sales of non-woven fabrics and battery separators have seen dramatic growth--an average of nearly 20% annually. With additional new hiring and other factors at work, this market is expected to see further growth from the present fiscal year on.



Speciality Materials Business — Our Products

[Water treatment elements]



Reverse osmosis membrane supports are used.

[Battery separators]



These are used as insulators for batteries.

[Thermal rewritable cards]



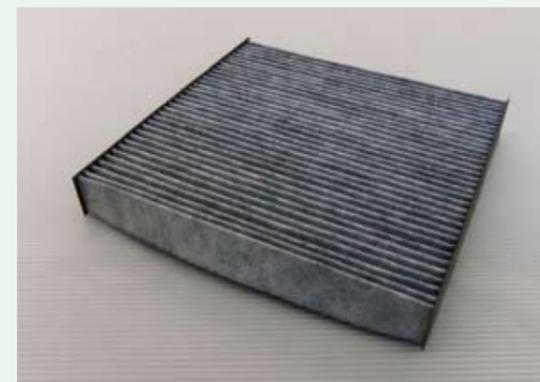
Data such as points and expirations can be rewritten.

[Liquid filters]



These are used in filtering mediums as industrial filtering elements.

[Automotive cabin filters]



These are used to clean the air from car mounted air conditioning systems.

[Specialty paper (base paper for decorative laminates)]



These are used as surface materials for decorative laminates and are produced by KJ SPECIALTY PAPER.

Research and Development

Since its founding, the Mitsubishi Paper Mills Group has contributed to society by offering products that made full use of technological skill founded in reliability and results, and suited to the times.

As a corporate group always on the leading edge of technology, we view research and development as a critical foundation for improving corporate value, and we will continue to enhance our technologies in our efforts to become a corporate group that lives up to the trust of its customers in the world market.

■ The foundation of product and technology development



Tsukuba R&D Laboratory

In addition to technologies for existing products such as battery separators and water treatment membrane supports, which use non-woven fabrics as base materials, the Tsukuba R&D Laboratory develops next-generation products that include functional micropores made using nanocellulose.

To further improve product quality, the laboratory conducts analyses tailored to rapidly advancing analysis technologies.



Kyoto R&D Laboratory

In Kyoto R&D Laboratory, environmentally-responsible printing plate materials have been developed.

And also, products often used in the electronics field, including transparent electro-conductive film for touch screen panel, resist technology applicable to increasingly fine electronic products, and printed electronics materials (silver nano particle inks and special media) are developed.

We would like to introduce an example of such product: Metal-free sensitizing dye for the dye-sensitized solar cell.

It achieved the highest conversion efficiency in the world.

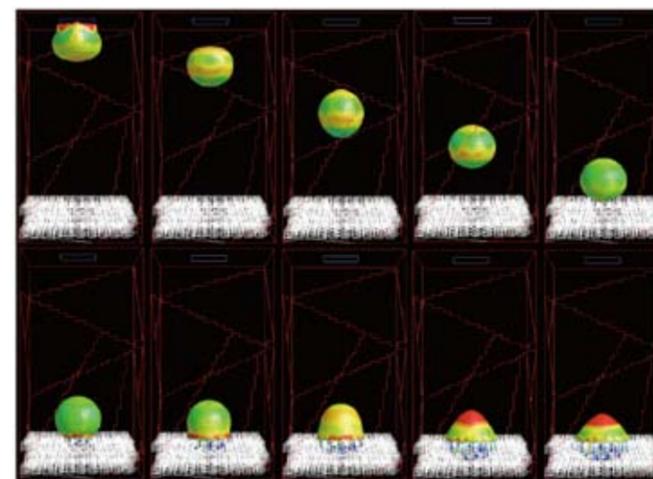


Process Development Laboratory

With staff certified as "printing technicians" offering technical support to customers, this laboratory works to quickly launch products created through new technologies it develops.

The Process Development Laboratory uses testing plants with papermaking machines, coaters, and other technologies as well as plate making and printing machines that are as sophisticated as those of our customers. It also creates product prototypes and evaluates quality for marketability surveys. Additionally, it creates product models that intuitively communicate the features and appeal of our products while developing new applications for these products.

■ Coating flow analysis business



MPM CAE Center Co., Ltd. (established in April 2011) conducts contracted research and provides consulting services using numerical analysis technologies. Through the use of coupled analysis technologies and fast analysis systems, it provides services that meet users' needs.

With its extensive technological expertise, the company has long been engaged in scientifically elucidating coatings, which involve applying liquids to base materials, and has created a numerical analysis (computer simulation) technology for optimizing the process.

In recent years, we have received many requests for contracted research services, a fact that owes to increased interest in numerical analysis technologies in not only the paper and pulp industries but also advanced fields that include electronic materials.

■ Accumulation of intellectual property

Intellectual property is an important asset in the continued development of our business.

Patents, in particular, are what maintain and strengthen the competitive strength of new products. Consequently, we submit about 200 patent requests every year in Japan and abroad. Although we have traditionally submitted patent applications in mainly Japan, the U.S., and Europe, recent years have seen more of a focus on China, Korea, and other Asian nations.

We have also been actively applying for and registering trademark in order to improve customer confidence for new products.

Patents held

(Japan)	690
(Overseas)	258
(Group companies)	198

As of March 31, 2015

KJ Specialty Paper Co., Ltd.: About CNT (Carbon Nanotube) Aqueous Dispersion



Using proprietary dispersion technologies, KJ Specialty Paper creates highly-concentrated, low-viscosity, homogeneous aqueous dispersions from CNT that have a variety of shapes and characteristics. Homogeneously dispersed CNT demonstrate outstanding performance--in terms of electrical conductivity, heat conductivity, electromagnetic wave shielding performance, tensile strength, etc.--that is not achievable in a flocculated state. This gives the technology great potential for use in such products as conductive films, exothermic sheets, electromagnetic wave shielding materials, electrically conductive paints, and antistatic paints.

Mitsubishi Paper Mills Group CSR

The Mitsubishi Paper Mills Group engaged in dialogue with our stakeholders to select material issues for the Group and to determine priority themes that will lead to increased corporate value.

In executing an action plan for achieving our targets, we follow the PDCA cycle in order to further raise the quality of our CSR activities.

Please see ▶ **P33-34** regarding our CSR activities.

Corporate Governance (Organizational governance)

In order to ensure the most transparent management practices, the Mitsubishi Paper Mills Group recognizes the enhancement of corporate governance as an important material issue and pursues business management with an emphasis on corporate social responsibility (CSR). An amendment to the Companies Act of Japan came into force in May 2015, with a Corporate Governance Code taking effect in June of the same year. As calls for stronger group governance and more effective decision making frameworks increase, our Group is working to build a governance structure that meets the demands of our shareholders and other stakeholders.

Overview of Corporate Bodies

Mitsubishi Paper Mills separates supervisory and executive functions and has adopted an executive officer system for the sake of streamlining our Board of Directors and speeding up management's decision making.

Organization for Promoting CSR

The CSR Committee, chaired by the Company's President & CEO, is a cross-divisional body for gaining an overall grasp of our nine CSR activity areas (compliance, risk management, health and safety, the environment, product safety, product quality, human rights and labor, information, and social contributions). The committee creates overall CSR policies, formulates annual action plans, and regularly reports and reviews the plans' content and results before the Board of Directors.



Implementation of CSR awareness activities (from FY 2010)

All employees from domestic Group companies participate as part of efforts toward awareness and understanding of CSR activities.

Compliance

The Mitsubishi Paper Mills Group carries out management with an emphasis on compliance, under the assumption that compliance is a prerequisite for being a robust and fair company trusted by society.

Under the Code of Conduct of the Mitsubishi Paper Mills Group (enacted in January 2007), legal compliance is thoroughly communicated from top management to each employee, while corporate conduct is controlled according to the Compliance Conduct Standards stipulating matters to adhere to in the course of business.



Details are available on the Mitsubishi Paper Mills website.
<https://www.mpm.co.jp/eng/company/kensyou.html>

Compliance Training

Compliance training is provided to all domestic employees. The managers of each department or division, including at affiliated companies, participate in training programs taught by specialists. Those participants then carry information back to their workplaces and share it with their employees so that all members of the Group receive training.

In FY 2015, we carried out Worksite Inquiries using compliance check sheets and held training sessions in a debate/discussion format in order to deepen mutual awareness of related topics.

Disseminating Compliance-related News

Compliance news is regularly published by the Compliance Committee with the objective of improving the overall legal mindset of all Group employees.

The content primarily covers case studies and also uses compliance news items to help employees raise their personal awareness, while leaders present the information to workplace groups to raise general awareness at workplaces.

Whistleblower (Hotline) System

The Mitsubishi Paper Mills Group has established its own internal and external reporting system similar to a whistleblower hotline. We strive to cultivate a corporate culture conducive to peace of mind for all employees by providing helpful means for improving business activities concerning the Company and each of our workplaces.

Legal Education

Legal education seminars are given twice a year to line managers in Japan. Education programs carried out by the Legal Department are taught by an attorney so that the events can serve as opportunities for explaining compliance to social norms and for informing participants of the necessary legal knowledge important in the course of conducting business.

Risk Management

The Mitsubishi Paper Mills Group recognizes the importance of appropriately responding to the variety of risks occurring in the course of our business activities, and believes that our response is crucial for the continuation of business and the improvement of corporate value. Based on analysis of our business activities from a variety of angles, we have developed a risk map and established a framework for appropriately responding to risks.

Business and Other Risks

The following are the primary risks judged to have the potential for having a serious effect on stakeholders, as selected from the overall risks related to business, finance, and other conditions.

※ Reduction in domestic demand and market prices

Should a significant recession occur in the domestic market, such that domestic demand falls substantially for paper, pulp, and photographic sensitive materials of the Mitsubishi Paper Mills Group, there is the risk of a potential impact on earnings and on the Group's financial standing.

※ Surges in raw material prices

Prices of the principal raw materials, such as wood chips, paper pulp, crude oil, and coal, procured by the Mitsubishi Paper Mills Group fluctuate in relation to global supply and demand. Consequently, any surge in the prices of these materials has the risk of a potential impact on earnings and on the Group's financial standing.

※ Currency fluctuations

A considerable amount of our purchase of raw materials and sales of Company products are foreign currency transactions or are foreign currency-based yen transactions. Although neither import nor export transactions command a disproportionate share of our business, there is the risk of a potential impact on earnings and on the Group's financial standing from the effects of fluctuating exchange rates.

※ Capital investment

The core businesses of the Mitsubishi Paper Mills Group—our Paper and Pulp Business, Imaging Media Business, and Speciality Materials Business—span the mechanical apparatus industry and the large-scale process industry and therefore require considerable capital investment in equipment, etc. Although large-scale capital investment is carried out based on future demand forecasts, changes in market direction could potentially lead to lower than expected operating rates for new machinery. In such an event, there is the risk of a potential impact on earnings and on the Group's financial standing.

Relationship with Stakeholders

In order to increase stakeholders' understanding of the activities of the Mitsubishi Paper Mills Group, we strive to actively communicate and engage in appropriate information disclosure.

By enhancing communication through our investor relations (IR) activities, we implement high quality initiatives for raising our corporate value.

Information Disclosure and Communication

Corporate communications & IR Dept handles information disclosure for the whole Mitsubishi Paper Mills Group and manages and maintains our Disclosure Policy formulated as a basic measure for external information disclosure.

Timely information disclosure, press releases, and announcements about new products, etc. are posted to our website under our philosophy of fair disclosure.

 Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/ir/index.html>



An analyst briefing session

※Communication with Shareholders

We incorporate visuals, audio narration, and other aids in our reports at regular General Meetings of Shareholders as part of our efforts to better facilitate participants' understanding of the Company. In addition, in order to allow even more shareholders to exercise voting rights, we strive to send out notices of General Meetings of Shareholders at an early date and include English translations of meeting reports.

Enhancing Information Disclosure

We anticipate the needs of each group of viewers of our Mitsubishi Paper Mills website and categorize site contents in order to realize our goal of conveying information clearly and concisely. Furthermore, we have revised our English language pages and embedded a search engine.

※About Our Investor Relations Information

We have created an IR information microsite on the Mitsubishi Paper Mills website. On the microsite, we strive to distribute information and provide financial highlights, an IR calendar, an IR library (containing earnings reports, securities reports, annual reports (in English), financial management presentation materials, Medium-Term Management Plans), material for General Meetings of Shareholders, and information on company stock.

※Head Office Gallery

We have built a gallery inside our head office to offer a more close-up view of products made by the Mitsubishi Paper Mills Group. In addition to permanent exhibits, we hold several other display events each year.



Paper Design Square—Mitsubishi Paper Mills Head Office gallery (11th floor)

Company Executives

(as of August 31, 2015)

Board of Directors and Corporate Auditors

Kunio Suzuki, President (Representative Director)
 Kazuhisa Taguchi, Representative Director
 Kanji Morioka, Director
 Junji Harada, Director
 Masaki Shuto, Director
 Tsuneaki Handa, Director
 Naoki Okawa, Director
 Tomohisa Shinagawa*¹, Director
 Kenji Oka, Standing Corporate Auditor
 Yasuharu Takamatsu*², Corporate Auditor
 Koji Kaihotsu*², Corporate Auditor
 Tsuyoshi Inoue*², Corporate Auditor

*1: Tomohisa Shinagawa is an Outside Director.

*2: Yasuharu Takamatsu, Koji Kaihotsu, and Tsuyoshi Inoue are Outside Corporate Auditors.

Executive Officers

Kunio Suzuki*³, President and Chief Executive Officer
 Kazuhisa Taguchi*³, Senior Executive Vice President
 Kanji Morioka*³, Senior Managing Executive Officer
 Naoya Tashiro, Managing Executive Officer
 Kiyoshi Maeda, Managing Executive Officer
 Junji Harada*³, Managing Executive Officer
 Masaki Shuto*³, Managing Executive Officer
 Tsuneaki Handa*³, Managing Executive Officer
 Kiyoharu Yamada, Senior Executive Officer
 Yutaka Oka, Senior Executive Officer
 Makoto Fujita, Senior Executive Officer
 Nobuhiro Sato, Executive Officer
 Yukihiko Tachifuji, Executive Officer
 Shinpei Yamada, Executive Officer
 Naoki Okawa*³, Executive Officer
 Akira Inoue, Executive Officer
 Kenji Manabe, Executive Officer

*3: Officers concurrently serve as Directors.

Auditing Framework

Corporate auditors attend meetings of the Board of Directors, the Executive Committee, the Mill Managers' & Executives' Committee, the Business Review Committee, and other important gatherings, while also conducting business audits within the Group (including at subsidiaries) as they work to strengthen auditing functions. In addition, corporate auditors keep sufficiently close ties with accounting auditors, including regularly receiving reports on the results of accounting audits. Corporate auditors are also invested with the power to designate the Internal Audit Department and Accounting Department as support bodies, to order employees of these departments to assist with necessary tasks, and to select employees as assistant auditors to help with auditing tasks.

Appointment of Outside Directors and Outside Corporate Auditors

Mitsubishi Paper Mills considers it beneficial to have a corporate leadership structure wherein a core of internal managers well versed in the Company's business circumstances amply includes external opinions from outside directors in positions allowing independent judgment. We have determined the current structure of our Board of Directors, with one outside director, to be a suitable structure.

In addition, we believe our appointed outside corporate auditor possesses sufficient knowledge and ability, and meets the legally prescribed requirements of his position.

Fair Operating Practices (※Fair Operating Practices)

In the Code of Conduct of the Mitsubishi Paper Mills Group, the Group has stipulated appropriate conduct for its executives and employees.

Fair Competition

In our corporate philosophy, the Mitsubishi Paper Mills Group has announced goals to "live up to the trust of its customers in the world market," "always [remain] on the leading edge of technology," and "contribute to preserving the global environment and creating a recycling society." With respect to all of these goals, we believe that true reliability, valuable technology, and meaningful contributions are all found through fair competition involving constructive and productive rivalry.

To enable the Group to learn about the Competition Act and to engage in appropriate conduct at our business sites, we have revamped our Antimonopoly Act Manual. We also strive to increase employee awareness by publishing Compliance News bimonthly. The news includes up-to-date information such as reports on violations by international cartels.

Fair Subcontracting Transactions

Mitsubishi Paper Mills and its subsidiaries are often in the position of "main contractor" as defined by the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. In addition to internal audits, etc. to help ensure that fair subcontracting is carried out, the Group uses an internal newsletter to expand the knowledge and understanding of employees.

Preventing Corruption

To avoid business practices that may lead to corruption in the Group, Mitsubishi Paper Mills has created Compliance Conduct Standards stipulating that entertaining and rewarding civil servants (including vice-servants) is not carried out, and that illegal payoffs, etc. are not made to foreign civil servants and representatives of public corporations or organizations.

Promoting CSR in Our Supply Chain

The Mitsubishi Paper Mills Group implements responsible and ethical conduct toward society and strives to encourage a similar approach (including legal compliance, protection of intellectual property, protection of human rights, concern for employees' health and safety, and concern for the environment), as well as fair transactions, with the companies that supply our raw materials, etc.

※Security Export Control

The Mitsubishi Paper Mills Group has created Security Export Control Regulations. We appropriately implement export and other controls to prevent supplying goods, technology, or weapons that may be expropriated for military use by countries or terrorists that potentially or actually threaten Japan's or the global society's security as defined by the Foreign Exchange and Foreign Trade Act.

Compliance Conduct Standards (excerpts)

Article 6: Refusal to Interact with Anti-Social Forces (such as gangs)

Strive to always act with sound judgment, knowledge of basic laws, social common sense, and a sense of justice so that we neither willfully nor accidentally engaged in illegal conduct or anti-social conduct.

2. Firmly oppose anti-social forces and have no relationships with them of any kind. When faced with an illegal demand from an anti-social force, respond in a resolute manner and refuse to settle the matter evasively, such as through monetary payment.

3. Refuse to utilize anti-social forces for corporate or personal gain.

4. Conduct absolutely no transactions with anti-social forces or business partners affiliated with anti-social forces.

Article 12: Compliance with the Antimonopoly Act

Compete fairly and freely with other companies and under no circumstances engage in cartels, bid rigging, restricting resale prices, abusing a position of advantage, or other conduct in violation of the Antimonopoly Act.

Article 13: Appropriate Transactions with Suppliers; Compliance with the Subcontract Proceeds Act

1. Act with sound judgment and sincerity in transactions with suppliers, treating them fairly and justly.

2. When selecting suppliers from multiple candidates, fairly compare and evaluate them with criteria including quality, price, delivery time, R&D capacity, supply stability, etc., in order to make an optimal final decision.

3. Do not act in a way that arbitrarily benefits a specific supplier with privileged treatment.

4. When subcontracting manufacturing or repair tasks to a business partner, utilize sufficient knowledge of the Subcontract Proceeds Act so that delayed payment, etc. is not carried out.

5. With overseas transactions in particular, finalize transactions after confirming that the opposite party has paid sufficient attention to preventing environmental damage, child labor, etc.

Article 16: Entertainment and Gifts

Do not entertain or give gifts to civil servants or persons of similar position.

2. When entertaining or giving a gift to a business partner, do so within the bounds of common sense.

3. If receiving entertainment or a gift from a business partner, do so within the bounds of common sense.

Article 17: Prohibition Against Bribing Foreign Civil Servants

With regard to foreign government officials or representatives of regional public organizations, do not provide, promise, or offer illegal payoffs (monetary or otherwise) for the purpose of attaining unfair business advantage or as a gesture providing luxuries and/or conveniences as part of business.

Responsible Procurement of Raw Materials

The Mitsubishi Paper Mills Group confirms that timber, wood chips, and wood pulp used for FSC®-certified products are sourced from forests that are legally and responsibly managed.

Proof of legality

1. Utilize forest certification or COC certification (for FSC-certified wood, FSC-controlled wood)
2. Proof provided through independent verification by individual companies, etc. (for controlled wood)
 - We confirm that timber are controlled according to FSC-STD-40-005 (V2-1).

Verification required by above FSC-STD

■ Confirming origin of timber

■ Implementing risk assessments

- We confirm and evaluate that risks A - E (shown below) are low in the region of timber.
 - A) Illegal logging
 - B) Violation of indigenous rights and citizens' rights
 - C) Threats to forests with high conservation value
 - D) Conversion of natural forests for other land uses
 - E) Genetically modified tree
- The results of assessment are audited by FSC certification body.

※The FSC Forest management system

FSC was established in 1993 by environmental NGOs, forest companies, indigenous groups, etc. To promote responsible forest management. The FSC forest management is composed of two systems, Forest Management (FM) certification and Chain of Custody (COC) certification for processing and distribution step. The inspections and verifications are carried out by third party. Organizations are allowed to carry the FSC logo, if they distribute certified products from FM-certified forests through a COC-certified supply chain.

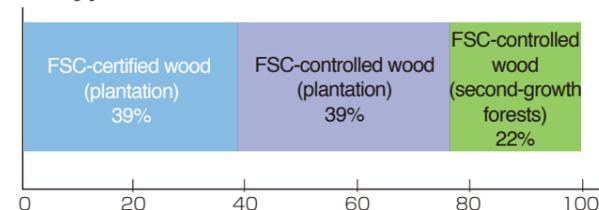
Also see ▶ **P27** regarding FSC-COC certification system

Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/eng/env/fsc.html>

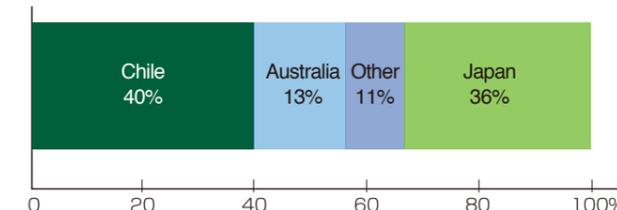
※Act on Promoting Green Purchasing: a law regarding procurement, etc. of eco-friendly goods and services by countries and other entities

Mitsubishi Paper Mills supplies compliant products with an overall score of 80 or more according to a printing paper evaluation equation under the Act on Promoting Green Purchasing.

■ Types of sourced wood



■ Countries of wood sourced



We used 1.13 million tons (dry weight) of wood chips for pulp production in FY 2015. The ratio of FSC-certified chips was approximately 40% of our total wood chip. We also purchased approximately 13,000 tons (dry weight) of wood pulp. Of that amount, approximately 24% was FSC-certified.

WWF Japan (The World Wildlife Fund Japan) Receiving the Special Prize in the "Business & Biodiversity Katte-ni Award" (February 19, 2015)

The Mitsubishi Paper Mills Group received special recognition with the "koketsu de koji" Prize in an award program being held for the first time by WWF Japan.

The award program selects companies that contribute to preserving biodiversity through their procurement of raw materials. The distinctive award communicates achievements to society through assessments carried out by the WWF Japan. Mitsubishi Paper Mills was the only company in the paper and pulp industry to receive the award.



Relationship with the Environment (※The environment)

The Mitsubishi Paper Mills Group aims to be a corporate group able to actively contribute to preserving global environment and to building a recycle-oriented society. The Group supports global warming countermeasures and the preservation of robust biodiversity by using sustainable forest resources and supplying environmentally conscious products as we strive to live up to the trust of stakeholders.

The Group's environmental management has received high praise, including the highest rating three years in a row in the DBJ Environmental Rating carried out by the Development Bank of Japan.



The Company received preferential Environmental Rating Financing in March 2016 from the Development Bank of Japan (DBJ). Results of the rating evaluation recognized our initiatives as being "excellent advanced environmental initiatives."

Mitsubishi Paper Mills' environmentally friendly products

Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/di/eng/index.html> (and elsewhere)

Environmental Management System

We have built an independent framework for taking concrete action to implement our Environmental Charter's fundamental principles and basic policies.

All of the Mitsubishi Paper Mills Group's mills and business offices have received ISO 14001 certification and follow environmental management practices. The Technology & Environmental Department carries out internal environmental audits once a year for our major mills and the division checks their status of environmental performance.

Environmental Charter

Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/eng/env/charter.html>

Preservation of Biodiversity

Initiatives for Forest Conservation

The Mitsubishi Paper Mills Group conscientiously utilizes wood resources produced through responsible forest management following FSC certification system, while also striving to disseminate understanding of the FSC certification throughout our entire supply chain.

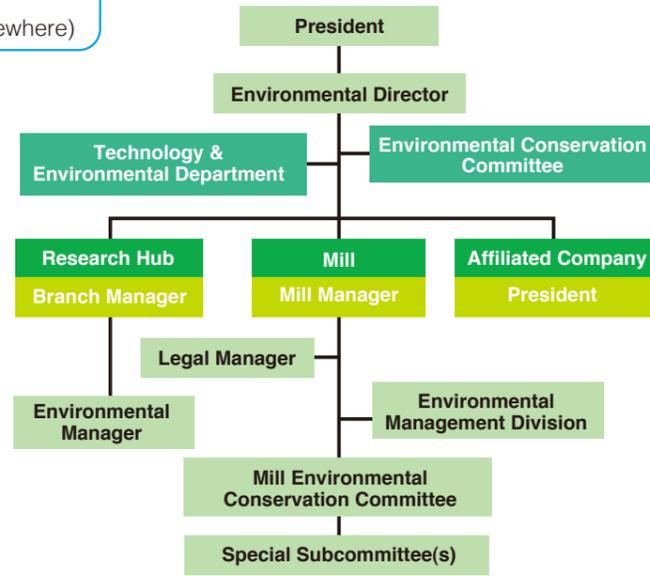
We support regional forest industries and the healthy production of timber through efforts centering on FSC certification, including the Mori-Smile Project and the promotion of sustainable use of second-growth hardwood forests from Iwate prefecture.

Eco System Academy

Through environmental education focusing on hands-on learning, environmental seminars, and forest surveys/research, we teach the importance of protecting forest ecosystems and timber. The theme for the Academy is "collaboration between industry and nature with its many blessings." The Academy, based out of the Nishigomura Visitors' Center (in Nishishirakawa, Fukushima prefecture), includes company-owned forests, a research laboratory, and more. In June 2014, we held a hands-on environmental education class at Ryogoku Elementary School in Sumida ward, Tokyo, where our head office is located.

※*Exhibiting at Eco-Products 2014

We presented our environmentally conscious products along with our environmental preservation initiatives at this product fair, where we focused on FSC-certified products and the theme of "Wisdom for Ecology of Mitsubishi Paper Mills Group." (Held December 2014 at Tokyo Big Sight)

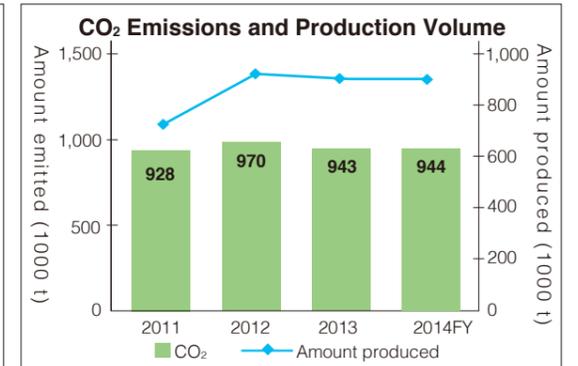
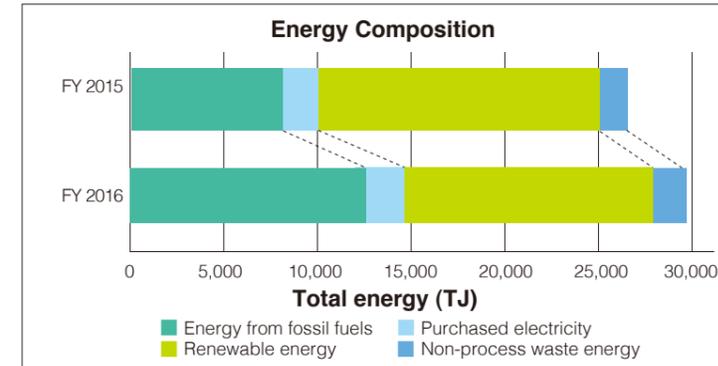


Also see ▶ P26 regarding FSC-COC certification system.

Global Warming Prevention

Fossil fuel reduction efforts in each production division

The Mitsubishi Paper Mills Group set a CO₂ emissions target of "less than 1.016 million tons by FY 2016" and we are endeavoring to reduce our CO₂ emissions from energy from fossil fuels. With emissions of 0.944 million tons in FY 2015, we were able to clear this target. Looking at our energy composition ratio, we have substantially reduced, compared to FY 2006, the proportion of energy we use from fossil fuels. In FY 2015, we reduced CO₂ emissions approximately 17% over our FY 2006 level, and were able to greatly lower energy from fossil fuels at the same time.



Initiatives in our Logistics Division

※Approval to Carry the Eco Rail Mark

(first received in October 2010, making us the first company in the paper industry to qualify)

Mitsubishi Paper Mills uses environmentally friendly rail transportation above a fixed level and actively strives to address global environmental issues by disseminating use of the Eco-Rail Mark.

※Green Management Certification

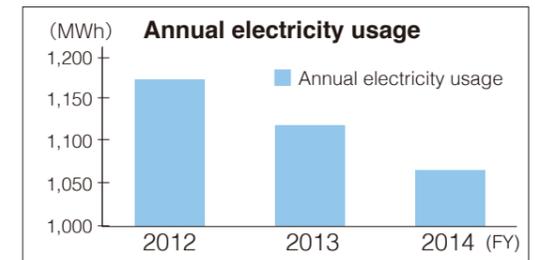
Major hubs at Namitsu Co., Ltd. have acquired Green Management Certification as efforts are made to lower CO₂ emissions from truck transportation. Improved fuel efficiency from continual measures such as cutting engines while idling has led to reduced fuel usage.

Green Management Certification is a program that recognizes companies implementing initiatives at or above a fixed level based on the Green Management Promotion Manual and is intended to reduce the environmental burden of the transportation industry. Inspections and registration are carried out by the Foundation for Promoting Personal Mobility and Ecological Transportation (a public interest incorporated association).

Initiatives in Offices and Homes

※Saving electricity in our office buildings

In our Offices Division, we are working to conserve electricity used in our buildings. The graph shows the total electricity consumption in the head office building of the Mitsubishi Paper Mills Group and the buildings (main office and Osaka branch office) of Mitsubishi Paper Sales Co., Ltd.



※Participation in the household environmental accounting booklet program

We use this tool for conveniently tracking CO₂ emissions as we try to reduce this category of CO₂ at home.

Effectively Utilizing of Resources

Effectively Utilizing of waste paper

For raw material at our used paper plant (the Hachinohe Mill), we primarily utilize used colored poster paper and colored craft paper generated in the greater Tokyo area and in the areas around the mill.

Effectively Utilizing of secondary products

Rather than disposing of them, we recover secondary products generated through pulp and paper production and use them, for example, as fuel for our specialized boiler. This leads to reductions in our final amount of disposed waste as well as the amount of fossil fuels we use.

Recycling waste products as resources

Waste products generated at the Hachinohe mill are reused, primarily as raw material for cement. We are also considering ways to reuse, as roadbed improvement material, incinerator ash from our waste product boiler.

Ecological Balance

Focusing on Mitsubishi Paper Mills' production mills, we have listed raw materials and energy used for paper production in FY 2015 as "resource investments," and emissions during paper production as "environmental emissions."

Data for our two German mills are included for reference purposes, but are not included in Group totals due to the different systems in use. (Statistics include: Mitsubishi Paper Mills and four Group production companies)

Resource investments

Primary raw materials (1,000tons)

Imported wood chips	773
Domestic wood chips	387
Purchased wood chips	36
Used paper	43
Inorganic pigments	61

Energy(1,000kl crude oil equivalent)

Fossil fuels	230
Purchased electricity	45
Biomass	318
Refuse-derived fuel	40

Municipal water (million tons)

Industrial water	126
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[Reference data only] Two mills in Germany

Purchased wood pulp (1,000 tons)	137
Used paper (1,000 tons)	0
Municipal water (1,000 tons)	2,825

Mitsubishi Paper Mills Group (domestic)



Environmental emissions

Atmospheric release

CO ₂ emissions (1,000 tons)	948
NOx emissions (1,000 Nm ³)	849
SOx emissions (1,000 Nm ³)	263
Dust and soot (tons)	356

Released into water

Amount released (million tons)	124
COD (tons)	6,763
SS (tons)	3,738

Waste (1,000 tons)

Waste generated	91
Amount repurposed	74
Final disposal amount	9

Products sold

Paper (1,000 tons)	816
Sensitive materials (million m ²)	43
Wood pulp (1,000 tons)	68

Chemical Substances Management

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

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

No.	Class 1 Designated PRTR substances	Ordinance no.	Amount emitted		Amount transferred	
			Atmospheric	Water systems	Sewer system	Off site
1	Ferric chlorides	71	0	0	0	0
2	Silver and water-soluble silver compounds	82	0	0	0	0
3	Chloroform	127	19,300	5,200	0	0
4	Cyclohexylamine	154	0	0	0	0
5	2,2-dibromo-2-cyanoacetamide	210	0	738	0	14
6	Dioxins	243	11	6.36	0	0.0074
7	Triethylamine	277	2,000	0	0	0
8	Toluene	300	2,900	0	0	6,400
9	Hydrazine	333	0	0	0	0
10	Hydroquinone	336	0	0	300	0
11	Boron and boron compounds	405	0	0	280	0
12	Formaldehyde	411	276	0.6	76	2.6
13	Methylnaphthalene	438	260	0	0	0

(Statistics include: Mitsubishi Paper Mills and Kitakami HiTec Paper Corp.)

PCBs

We outsourced treatment of transformers and condensers containing high-concentration PCBs to Japan Environmental Storage & Safety Corporation (JESCO), reducing harm of pre-registered transformers and condensers by approximately 62%.

Going forward, we will continue appropriate management of this equipment in accord with laws and regulations.

* We are also gradually proceeding with treatment of high-concentration PCB-containing equipment other than transformers and condensers. (Statistics include: Mitsubishi Paper)

Environmental Indicators

Environmental impact data FY 2015 environmental impact data

		FY 2006 results	FY 2014 results	FY 2015 results	Target	Notes	
Resources	Fossil fuels consumed	TJ	14,818	10,596	10,528	-	Fossil fuels+purchased electricity
	Fossil fuel energy consumption rate	GJ/product-ton	13.9	11.8	11.8	12.1	FY 2015 target
	Municipal water used	Million tons	125	124	123	-	
	Wastewater	Million tons	-	123	123	-	
Atmospheric	Area of overseas planted forests	1,000 ha	24	28	10	-	
	CO ₂ emitted*1	1,000 tons	1,130	943	944	1,016	FY 2016 target
	NOx	1,000 Nm ³	1,076	878	849	-	
	SOx	1,000 Nm ³	247	265	263	-	
Water quality	soot and dust	Tons	444	322	356	-	
	COD	Tons	7,717	6,359	6,763	-	
Waste	SS	Tons	3,417	3,599	3,738	-	
	Waste generated	1,000 tons	120	95	91	-	
	Final disposal amount	1,000 tons	15	10	8	-	
	Final disposal rate*2	Percentage vs. amount produced	1.40%	1.09%	0.95%	0.30%	FY 2014 target

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

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

(Statistics include: Mitsubishi Paper Mills, Kitakami HiTec Paper, and KJ SPECIALTY PAPER)

Environmental Accounting

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

Applicable period: April 1, 2014 - March 31, 2015

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

Environmental conservation costs

Units: million yen

Categories	Primary initiatives	Investment	Cost
(1) Business Area Costs		211	2,356
1. Pollution prevention costs	Countermeasures, etc. against air pollution, water pollution, odor pollution, noise pollution, vibrations pollution	24	1,413
2. Global environment conservation costs	Measures, etc. for domestic afforestation, overseas afforestation, and energy saving measures	128	0
3. Resource Circulation costs	Countermeasures against waste products, recycling of used paper and other products	59	943
(2) Upstream, downstream costs	Recovery and recycling of container and packaging materials	334	357
(3) Administration costs	Environmental education, environmental management system, acquisition of certifications	4	74
(4) R&D costs	Development of environmentally conscious products	0	220
(5) Social activity costs	Greenification, beautification, disclosure of environmental information	29	34
(6) Environmental Remediation costs	Monetary charges for pollution-related health damage	0	55
Total		578	3,096

Economic benefits accompanying environmental conservation measures

Units: million yen

Category	Details of benefits	Yen amount
Revenue	Benefits from reused palettes	436
Costs saving	Profits from sale of repurposed resources	52
	Costs saving from energy efficiency	79
	Costs saving from increased resource yields	237
Total		804

Relationship with Employees (※Human rights, ※Labour practices)

Based on our Philosophy and Principle for Human Rights and Labor, Mitsubishi Paper Mills strives to maximize our employees' full capacities in order to create a comfortable and fulfilling workplace environment.

Creating Comfortable Workplaces

In our Manual for Group Health and Safety, the Mitsubishi Paper Mills Group has stated a basic philosophy of "prioritizing health and safety for all people involved in our business activities, creating a corporate culture conducive to anxiety-free work, and realizing a healthy work environment without occupational accidents." These are initiatives that we will continue to push forward.

Occupational Health and Safety Management (FY 2015 results)

We pursued enhanced initiatives for inspecting our activities, including safety information exchange across divisions, collaboration committee subcommittees, and audits of our safety systems. We also announced the elimination of accidents from unsafe behavior as a focus initiative for all employees.

We were able to reduce the rate of lost work time accidents compared to the previous fiscal year.

※Responding to emergencies

We held regular, comprehensive disaster training drills at each worksite in the Mitsubishi Paper Mills Group as we implemented efforts to prepare for emergencies.

※Safety Awards

Receiving a Safety Award at the 54th Japan Paper & Pulp Safety and Health Conference

Top Safety Award	Mitsubishi Paper Mills' Hachinohe Mill
Class II Safety Award	Mitsubishi Paper Mills' Shirakawa Office Safety Collaboration Committee
Safety Recognition Award	Mitsubishi Paper Mills' Takasago Mill Health and Safety Committee

System Inspections

We carry out regular inspections and checks in special committees with our labor union, in addition to labor-management discussions, to create better systems for handling the number of hours worked, the utilization of paid annual leave, the utilization of childcare and nursing care leave, employee wages, retirement stipends, retired employee rehiring programs, and other human resources programs.

※Pursuing Work-Life Balance

We believe in not only bringing healthy and abundant lifestyles to each employee, but also in growing into a corporate Group that fosters more productive, satisfied workers in a way that also helps the competitiveness of the Company.

Relationship with Customers (※Consumer issues)

In order to provide customers with products they can use with peace of mind, we have formulated a Product Safety Code and continue to promote the improvement of product safety.

In addition, we strive to use accurate labels that will prevent misunderstandings of the quality and content of our products and services. We are working to ensure fair marketing in compliance with laws and regulations.

Quality Control Systems

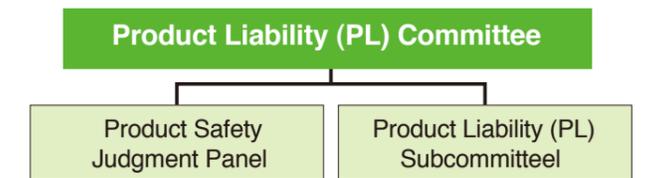
We have built a quality control system that appoints the mill manager at each mill as the quality control supervisor in our system for swiftly addressing customer feedback and problems related to our products.

All of Mitsubishi Paper Mills' production mills (the Hachinohe Mill, the Kyoto Mill, and the Takasago Mill) as well as our Pressboard section (in the Shirakawa site), Kitakami HiTec Paper., KJ Specialty Paper Co., Ltd., Toho Tokushu Pulp Co., Ltd., Mitsubishi Paper Engineering Co., Ltd., and Mitsubishi HiTec Paper Europe GmbH have attained ISO 9001 certification.

Going forward, we will continue working to maintain and improve our level of product quality.

Product Safety Control Systems

In order to proactively promote concrete measures for product safety, we have created a Product Liability (PL) Subcommittee and Product Safety Judgment Panel under the larger Product Liability (PL) Committee.



Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/eng/env/community/customers.html>

Topics

The Mitsubishi Paper Mills Group works to proactively interact with customers by attending exhibitions and product briefing sessions as we provide society with useful value-added products.



A product briefing session



Winners of the Pictorico PhotoContest 2015

Relationship with Communities (※Community involvement and development)

The Mitsubishi Paper Mills Group strives to create vibrant workplaces around its local business sites and works to contribute to vitalizing these regions through on-going business activities.

Communication with Society

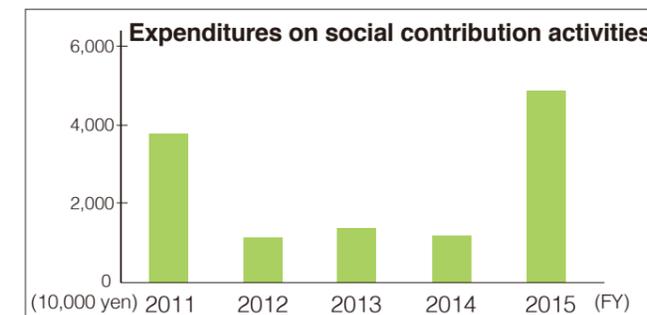
It is important to Mitsubishi Paper Mills to communicate with our stakeholders and be actively involved as a member of the communities where our Group has business hubs.



Details are available on the Mitsubishi Paper Mills website. <https://www.mpm.co.jp/eng/env/community>

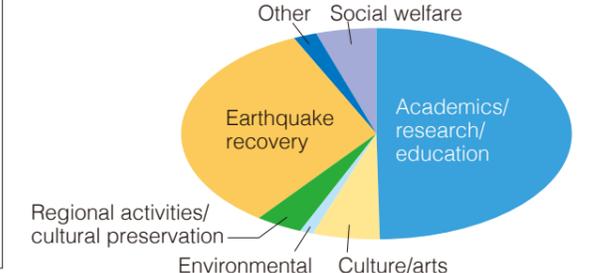
※Expenditures on social contribution activities

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



A regional social event (Kitakami HiTec Paper)

Breakdown of expenditures on social contribution activities



FY 2015 Activity Results

In FY 2015, we honed our focus toward improving safety results and ensuring sound compliance with related laws and regulations. We specifically identified “enhancement of activities for safety” and “initiatives to ensure strict legal compliance” as priority issues and engaged in activities for raising corporate value. Additionally, we enhanced our lineup of environmentally conscious products, starting with FSC®-certified paper, while also promoting the reduction of industrial waste, the increase of regional environmental activities, and the preservation of biodiversity.

Basic Policy 1. Strengthening our CSR management foundation

Priority Issue	Action Plan	Activity Results	Evaluation
· Further enhance governance structure	· Follow up on corporate governance structure (newly establish a Legal Department)	· Worked to fully disperse information on the integration of our CSR promotion and internal control frameworks using education activity and content inserted in our CSR Report, etc.	○
	· Review development of a structure that takes into account the direction of legal revisions taking place	· Gathered information on the direction of amendments to the Companies Act and prepared to reflect changes as necessary in our CSR promotion framework.	○
· Establish a risk management framework	· Enhance our risk map through meetings of the Risk Management Committee	· Revised our risk map. Placed PHS wireless handy phones at each site and each major affiliated company to handle emergency communications	○
· Thoroughly disseminate information on our Code of Conduct and Compliance Conduct Standards	· Thoroughly disseminate information on our Code of Conduct and Compliance Conduct Standards by further enhancing compliance education	· Carried out compliance education for all employees (facilitated by training line managers and having those managers relate information back to worksites). Education theme: compliance checks inside worksites	○
· Thoroughly ensure strict legal compliance	· Strengthen legal functions	· Implemented support for legal procedures, such as legal reviews of contracts, etc.	○
	· Promote understanding and strict compliance (improve our "legal mindset") to laws necessary in conducting business	· Carried out legal training (5/23, 3/11) and issued six compliance news releases	○
	· Establish various types of regulations (including Security Export Control Regulations)	· Held interviews at related departments and formulated Security Export Control Regulations	○
· Promote communication with stakeholders	· Further enhance IR information on our website and elsewhere	· Issued CSR and Annual Reports (tools of communication with our stakeholders) containing information related to General Meetings of Shareholders, analyst briefings, etc.	○
	· Communicate information on new products, etc. (including information on affiliated companies)	· Disclosed in a timely fashion information on exhibitions and new products (established an English website for our industrial inkjet printing paper)	○
	· Enhance and make full use of our Head Office Gallery	· Held eight product display events; held product exhibitions at subsidiaries and used them as opportunities for promoting sales	○
	· Further enhance our CSR Report	· Urgently need to address better visual presentation and a transition to an integrated report format	△
· Expand initiatives out to affiliated Group companies	· Deepen information-sharing activities through visits by the CSR Committee	· Held opinion exchange gatherings on CSR promotion activities with line managers	○

Basic Policy 2. Promoting environmental management

Priority Issue	Action Plan	Activity Results	Evaluation
· Promote activities for global warming prevention	· Promote CO ₂ emission reductions in our business activities and in homes	· Improved fossil fuel energy consumption rate (4% improvement YoY)	○
	· Review the promotion of greater CO ₂ absorption using domestically owned forests	· Reviewed effective use of our carbon offsetting credits	○
	· Follow up on changes in the Scope 3 CO ₂ category	· Proactively gathered related information and analyzed movements in the manufacturing industry	○
· Promote activities toward preserving biodiversity	· Expand procurement rate of FSC-certified materials	· 60.2% of imported wood chips purchased were FSC-certified	○
	· Participate in the Japan Business Initiative for Biodiversity (JBIB)	· Worked to achieve stable supply of FSC-certified wood chips	○
		· Took part in a working group and engaged in joint research on preserving biodiversity by drafting raw material procurement guidelines, etc.	○
· Enhance and expand environmentally conscious products	· Promote environmentally conscious products such as FSC-certified paper, etc.	· Worked on PR efforts by participating in environmental events (exhibitions), etc.	○
	· Roll out to emerging countries our new, environmentally conscious products in our photosensitive material business	· Launched TDP-IFL100 (thermal imagesetting film) and shipped to Thailand and Hong Kong	○
· Respond to environmental risks and reduce our environmental burden	· Reduce industrial waste	· Improved industrial waste final disposal rate 0.14% YoY	○
	· Promote regional environmental activities	· Held "environment monitor" gatherings and briefing sessions covering our operations; engaged in communication with regional parties	○

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

Priority Issue	Action Plan	Activity Results	Evaluation
· Ensure product safety	· Enhance chemical substance management	· Updated CAS and other controlled substance files; promptly responded to SVHC surveys, etc.	○
	· Enhance activities of our Product Liability (PL) Subcommittee	· Worked to ensure product safety and share industry information, etc. without delays.	○
· Ensure product quality	· Promote thorough adherence to ISO 9001 and boost customer satisfaction (fewer complaints, etc.)	· Reduced complaints in Q1 & Q2, prompting new, more ambitious targets	○
· Improve CS reflecting user needs	· Set themes to facilitate eliciting high quality idea proposals	· A client adopted a proposal we had recognized through our internal award program	○

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

Priority Issue	Action Plan	Activity Results	Evaluation
· Enhance activities related to health and safety	· Strengthen initiatives involving all employees in efforts to eradicate unsafe practices Initiatives for "strictly adhering to set guidelines"	· Under our themes of promoting independent actions focusing on line managers, and involving all employees in eradicating unsafe practices, we moved forward with initiatives for auditing safety systems and confirming progress in sharing safety information between worksites. Overall performance results declined, despite gains made in reducing serious incidents.	△
	· Strengthen initiatives toward preventing self-inflicted illnesses/injuries		
	· Thoroughly follow up on results of regular health checks Promote mental health measures		
· Promote various measures for improving employee performance	· Achieve optimal employee placement across the Group overall	· Rehire employees (after voluntary retirement) in an optimal fashion	○
	· Promote work-life balance	· Provided information and guidance in order to thoroughly manage working hours	○
	· Build a framework for helping employees' career development	· Implemented Stage 2 of our program for fostering global employees (1 employee seconded to Germany)	○
	· Review our employee benefits and welfare system in order to improve employee	· Encouraged use at Mitsubishi Paper Mills of an outsourced employee benefits and welfare system (implemented a campaign that delivered catalog products and utilized surplus funds)	○

Basic Policy 5. Promoting activities that contribute to society

Priority Issue	Action Plan	Activity Results	Evaluation
· Promotion of regional contribution activities	· Participate in regional activities at each of our sites and maintain good relations in those regions	· Participated in regional activities at each of our sites, accepted visitors at our mills, and engaged in sponsorship by donating paper, etc. Also supported independent participation by employees by purchasing volunteer insurance.	○
· Promote cultural contribution activities	· Implement on-going support focusing on the Mitsubishi Group and related industry groups	· Made donations to and sponsorship of various related groups and projects	○
· Promote activities of the Eco System	· Promote renewed activities	· Expanded the scope of activities, including holding activities in the Shirakawa region (tree planting festival in May, vegetation survey, etc.) and teaching environmental education at Ryogoku Elementary School	○

High Priority Issues

(Evaluation) ○: target achieved △: partial implementation

FY 2016 Targets

In FY 2016, we will dedicate effort toward the priority issues of “enhancing activities related to health and safety” and pursuing “initiatives to ensure strict legal compliance” in line with our on-going themes of improving safety results and ensuring sound compliance with related laws and regulations, which are activities we engage in to raise corporate value.

With 20 years having passed since the Great Hanshin Awaji Earthquake, we will embrace the lesson of "not forgetting the calamity" and estimate various business risks that could arise from injury to employees, interrupted operations, etc. At the same time, we will proceed to formulate a Business Continuity Plan (BCP) to prepare for natural disasters, such as a major earthquake in the Tokyo metropolitan area, or the pandemic spread of a communicable virus, etc.

Basic Policy 1. Strengthening our CSR management foundation

Priority Issue	Action Plan
· Ensure the effective of corporate governance	· Establish a governance framework while incorporating amendments to the Companies Act and the new Corporate Governance Code · Inspect governance functions
· Establish a risk management framework	· Establish a framework from the perspective of Group management and enhance our risk map · Review BCP formulation
· Thoroughly disseminate information on our Code of Conduct and Compliance Conduct Standards	· Deepen understanding of our Code of Conduct, Compliance Conduct Standards, and related laws and regulations by further enhancing compliance education
· Thoroughly ensure strict legal compliance	· Strengthen legal functions · Promote understanding and strict compliance to laws necessary in conducting business · Formulate information management regulations
· Promote communication with stakeholders	· Further enhance IR information on our website and elsewhere · Communicate information on new products, etc. (including information on affiliated companies) · Enhance and make full use of our Head Office Gallery · Enhance our Corporate Report
· Expand initiatives out to affiliated Group	· Accompanying amendments to the Companies Act, strengthen efforts to expand initiatives out to subsidiaries

Basic Policy 2. Promoting environmental management

Priority Issue	Action Plan
· Promote activities for global warming prevention	· Promote CO ₂ emission reductions in our business activities and in homes · Review the promotion of greater CO ₂ absorption using domestically owned forests · Follow up on changes in the Scope 3 CO ₂ category
· Promote activities for biodiversity conservation	· Expand procurement rate of FSC®-certified materials
· Enhance and expand environmentally conscious products	· Participate in the Japan Business Initiative for Biodiversity (JBIB) · Promote environmentally conscious products such as FSC-certified paper, etc.
· Reduce environmental risks and our environmental burden	· Develop and roll out our new, environmentally conscious products · Reduce industrial waste · Enhance environmental communication

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

Priority Issue	Action Plan
· Ensure product safety	· Enhance chemical substance management · Enhance activities of our Product Liability (PL) Subcommittee
· Ensure product quality	· Promote thorough adherence to ISO 9001 and boost customer satisfaction (fewer complaints, etc.)
· Start to roll out products based on user input and build optimized sales channels	· Promote commercialization of proposed ideas and offer backup support for business activities emphasizing customers' purchasing processes

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

Priority Issue	Action Plan
· Enhance activities related to health and safety	· Thoroughly promote education for employees and workers engaged in new or unfamiliar works tasks · Promote mental health measures accompanying amendments to the Industrial Safety and Health Act · Implement checks (with follow up measures) for physical fitness in order to support and increase employee health
· Promote various measures for improving employee performance	· Achieve optimal employee placement across the Group overall · Promote work-life balance · Build a framework for helping employees' career development

Basic Policy 5. Promoting activities that contribute to society

Priority Issue	Action Plan
· Promotion of regional contribution activities	· Participate in regional activities at each of our sites and maintain good relations in those regions
· Promote cultural contribution activities	· Implement on-going support focusing on the Mitsubishi Group and related industry groups
· Promote activities of the Eco System Academy	· Entrench and expand efforts in the form of on-going activities

High Priority Issues

Corporate Data (as of March 31, 2015)

Corporate Name

Mitsubishi Paper Mills Limited

Address

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

Representative

Kunio Suzuki, President and Chief Executive Officer

Founded

1898

Paid-in Capital

32,756 million yen

Consolidated Number of Employees

3,622

Shareholder register administrator

Mitsubishi UFJ Trust and Banking Corporation

Independent auditor

Ernst & Young ShinNihon LLC

Main Business Activities

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

[Paper and Pulp Business]

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

[Imaging Media Business]

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

[Specialty Materials Business]

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

[Other Businesses]

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



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

Consolidated subsidiaries

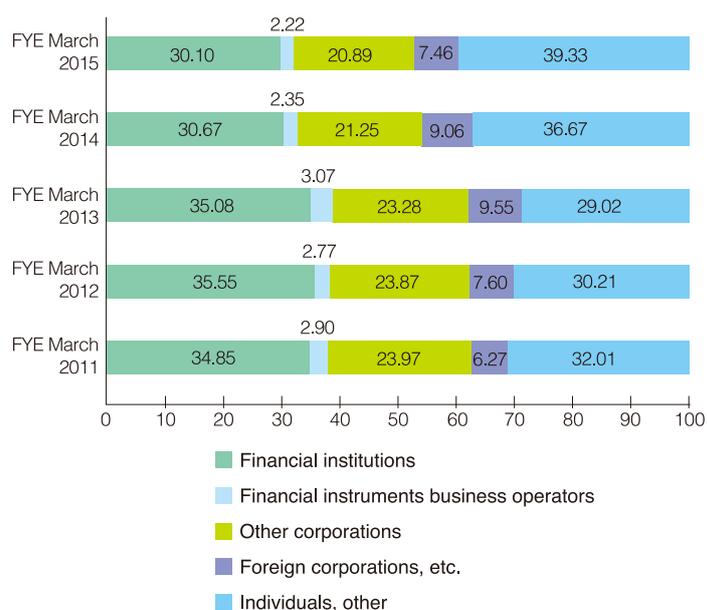
20 in Japan, 5 overseas

Main Consolidated Subsidiaries

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

- Total number of authorized shares 900,000,000
- Total number of outstanding shares 342,584,332
- Shareholders 21,482
(1,026 year-over-year decrease)

● Composition of shareholders



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