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(Securities Code: 3864)
June 3, 2020

To Our Shareholders with Voting Rights

Yukihiro Tachifuji
President and Chief Executive Officer
Mitsubishi Paper Mills Ltd.
2-10-14 Ryogoku, Sumida-ku, Tokyo, Japan

Notice of the 155th Ordinary General Meeting of Shareholders

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 155th Ordinary General Meeting of Shareholders of Mitsubishi Paper Mills Ltd. (hereinafter “MPM”). The meeting will be held for the purposes as described below.

In the event you are not able to attend the meeting, you can exercise your voting rights in writing. If exercising your voting right in writing, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Wednesday, June 24, 2020.

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m.
2. Place: MPM Conference Room (11th Floor, Ryogoku City Core)
2-10-14 Ryogoku, Sumida-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 155th Business Term (from April 1, 2019 to March 31, 2020)
2. Non-Consolidated Financial Statements for the 155th Business Term (from April 1, 2019 to March 31, 2020)

Proposals to be resolved:

Proposal No. 1: Election of Ten (10) Directors

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

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- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk to register your attendance.
 - Please be advised that in the event the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements require modifications, MPM will post such modifications on its website (<https://www.mpm.co.jp/ir>).

Reference Documents for the General Meeting of Shareholders

Proposal No.1: Election of Ten (10) Directors

The terms of the offices of all ten (10) Directors will expire as of the close of this Ordinary General Meeting of Shareholders.

Consequently, we will propose that ten (10) Directors including two (2) Outside Directors be elected.

Regarding the selection of the candidates, in accordance with the Director Qualification listed in “MPM Basic Policies on Corporate Governance”(*), the Board of Directors has decided after seeking and receiving advice from the Nomination and Remuneration Committee chaired by an independent outside director.

The candidates are as follows:

| No. | Name | Current position in MPM | |
|-----|--------------------|--|--------------------------------------|
| 1 | Kunio Suzuki | Chairman of Board of Directors | REAPPOINTMENT |
| 2 | Yukihiro Tachifuji | President & CEO | REAPPOINTMENT |
| 3 | Yoshiaki Takeda | Advisor | NEW |
| 4 | Naoki Okawa | Director and Managing Executive Officer In charge of General Affairs & Personnel Department and Legal Dept. | REAPPOINTMENT |
| 5 | Nobuhiro Sato | Director and Managing Executive Officer In charge of Paper Div. and German Operations General Manager, Paper Div. | REAPPOINTMENT |
| 6 | Shinpei Yamada | Managing Executive Officer In charge of Imaging Div. and Kitakami Div. General Manager, Imaging Div. Deputy person in charge of German Operations | NEW |
| 7 | Kazuyoshi Ando | Director and Managing Executive Officer In charge of President’s Office General Manager, President’s Office | REAPPOINTMENT |
| 8 | Shigeharu Sanada | | NEW |
| 9 | Somitsu Takahara | Outside Director | REAPPOINTMENT Outside Independent |
| 10 | Yoshihiro Kataoka | Outside Director | REAPPOINTMENT Outside Independent |

(*) For your reference, the relevant provisions of “MPM Corporate Governance Basic Policy” pertaining to Directors are listed below:

(Director Qualification and Nomination Procedures)


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

2. When determining a director candidate, MPM shall pay attention to the diversity of those who compose the Board of Directors, weighing the balance between personnel who can play to their strengths in corporate management in a business area in which the group currently operates, or may operate in the future, personnel who are fit for business administration, personnel who can adequately fulfill supervising functions and others.
3. With respect to outside director candidates, MPM shall nominate personnel who can provide suggestions and advice aimed at frank and active, and constructive deliberations regarding corporate management based on their experience, knowledge, expertise, etc., and, from his/her independent standpoint, supervise corporate management and monitor any conflict of interest between the management team, etc. and MPM and have opinions of stakeholders reflected appropriately.
4. The independence of an outside director shall be judged based on the Independence Criteria in the Appendix.
5. A decision on any director candidate nomination shall be made by the Board of Director In light of the preceding four paragraphs after seeking and receiving advice from the Nomination and Remuneration Committee.
6. All directors shall be appointed to a one-year term of office and shall be subject to an election at an ordinary general meeting of shareholders.


(Establishment of a Voluntary Nomination and Remuneration Committee)


Article 23. MPM establishes a Nomination and Remuneration Committee as an advisory body for the Board of Directors.


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


| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 41,300 Attendance of Board of Directors meetings 100% (14/14) |
|--|---|--|
| 1 | Kunio Suzuki | |
|  (October 12, 1950) age 69 REAPPOINTMENT CANDIDATE | Profile and position in MPM | |
| | April 1974 | Joined MPM |
| | June 2005 | Executive Officer, Head, Hachinohe Mill |
| | June 2006 | Senior Executive Officer, Head, Hachinohe Mill |
| June 2007 | Director, Managing Executive Officer, Head, Hachinohe Mill | |
| June 2009 | President and Chief Executive Officer | |
| June 2019 | Chairman of the Board of Directors (Representative Director) (to present) | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Kunio Suzuki has been involved in the production of paper, and over the ten years since he became President and Chief Executive Officer in 2009, he has strongly led MPM's recovery from the damage caused by the Great East Japan Earthquake, reconstruction of the business portfolio and the progress of alliances. After taking office as Chairman of the Board of Directors in June 2019, he has been operating the Board of Directors as Chairman. In order to use his experience and knowledge to properly lead the management, he has thus been nominated as a candidate for Director. | | |


| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 1,700 Attendance of Board of Directors meetings 100% (10/10) |
|---|---|--|
| 2 | Yukihiro Tachifuji | |
|  (October 12, 1960) age 59 REAPPOINTMENT CANDIDATE | Profile and position in MPM | |
| | April 1985 | Joined MPM |
| | June 2013 | Executive Officer, Head, Takasago Mill, Deputy General Manager, Paper Division, Deputy General Manager, Imaging Division, Deputy General Manager, Speciality Materials Division |
| | January 2016 | Senior Executive Officer, Head, Takasago Mill, Deputy General Manager, Paper Division, Deputy General Manager, Imaging Division, Deputy General Manager, Speciality Materials Division |
| January 2018 | Director and Managing Executive Officer, Senior Executive Officer, Head, Takasago Mill, Deputy General Manager, Paper Division, Deputy General Manager, Imaging Division, Deputy General Manager, Speciality Materials Division | |
| June 2019 | President & CEO (to present) | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Yukihiro Tachifuji has been involved in Mill operation and has experience and knowledge about technology and manufacturing. After taking office as President & CEO in June 2019, he has been working vigorously to build a business foundation for the next era under a capital and business alliance with Oji Holdings Corporation. Hoping that he can be the new leader of MPM Group's next era amid a rapidly changing business environment, he has thus been nominated as a candidate for Director. | | |


| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 0 |
|---|---|-------------------------------------|
| 3 | Yoshiaki Takeda | |
|  (March 29, 1954) age 66 NEW CANDIDATE | Profile and position in MPM | |
| | April 1977 Joined Oji Paper Co. Ltd. (current Oji Holdings Corporation) April 2011 Corporate Officer, Oji Paper Co. Ltd. October 2012 Corporate Officer, Oji Holdings Corporation (hereinafter June 2013 “Oji”) June 2017 Executive Officer, Oji April 2018 Director of the Board and Executive Officer, Oji April 2020 Director of the Board and Senior Executive Officer, Oji Director of the Board, Oji (to present) Advisor, MPM (to present) | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Yoshiaki Takeda has long been at the heart of management at Oji, and has extensive knowledge of the corporate, finance and accounting departments, as well as a track record of managing a wide range of businesses, not just the paper business. In order to survive the fierce competition in the pulp and paper industry, MPM must realize the effects of the capital and business alliance with Oji at an early stage. MPM expects that he will demonstrate accurate management skills based on his high insight and extensive experience, and has thus been nominated as a candidate for Director. | | |


| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 2,400 Attendance of Board of Directors meetings 100% (14/14) |
|---|---|---|
| 4 | Naoki Okawa | |
|  (May 1, 1958) age 62 REAPPOINTMENT CANDIDATE | Profile and position in MPM | |
| | April 1982 Joined MPM January 2015 Executive Officer, General Manager, General Affairs & Personnel Department June 2015 Director and Executive Officer, General Manager, General Affairs & Personnel Department January 2017 Director and Senior Executive Officer, General Manager, General Affairs & Personnel Department June 2018 Director and Managing Executive Officer (to present) [In charge of General Affairs & Personnel Department and Legal Department] | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Naoki Okawa has been long involved in the Personnel and General Affairs Departments, and has a wealth of experience and great insight related to the corporate sector. He is in charge of the General Affairs & Personnel Department and the Legal Department, and working to strengthen corporate governance. In order to advance the Medium-term Management Plan strongly, MPM has large expectations for his ability to use management resources effectively and to fulfill the supervision of management appropriately. He has thus been nominated as a candidate for Director. | | |


| No. (Date of birth, etc.) | Name | Number of shares of MPM held.....4,100 Attendance of Board of Directors meetings 100% (14/14) |
|--|--|---|
| 5 | Nobuhiro Sato | |
|  <p>(September 7, 1957) age 62</p> <p>REAPPOINTMENT CANDIDATE</p> | Profile and position in MPM | |
| | April 1980 | Joined MPM |
| | June 2013 | Executive Officer, General Manager, Business Communication Paper Sales Dept. Paper Division |
| | June 2015 | Executive Officer, Deputy General Manager, Paper Division |
| | January 2016 | Senior Executive Officer, Deputy General Manager, Paper Division |
| | January 2018 | Senior Executive Officer, General Manager, Paper Division |
| | June 2018 | Director and Senior Executive Officer, General Manager, Paper Division |
| | June 2019 | Director and Managing Executive Officer, General Manager, Paper Division (to present) 〔 In charge of Paper Division and German Operations General Manager, Paper Division 〕 |
| | Reasons for nominating as a candidate for Director | |
| | Mr. Nobuhiro Sato has been long involved in the sales section of the Paper Division, and has a wealth of market experience and knowledge. As General Manager of the Paper Division, he is overseeing the rationalization of distribution and structural reform of our paper business. In consideration of the future business development of MPM, he is expected to leverage his judgment and execution toward growth and improvement of corporate value over the mid- to long-term. He has thus been nominated as a candidate for Director. | |

| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 1,000 |
|--|---|--|
| 6 | Shinpei Yamada | |
|  <p>(May 16, 1959) age 61</p> <p>NEW CANDIDATE</p> | Profile and position in MPM | |
| | April 1983 | Joined Mitsubishi Corporation |
| | July 2003 | Vice President & CFO, Mitsubishi Imaging (MPM), Inc. |
| | April 2009 | Seconded to MPM |
| | June 2014 | Executive Officer, General Manager, Ink Jet & Photo Sales Department |
| | June 2015 | Executive Officer, General Manager, Imaging Media Division and General Manager, Ink Jet & Photo Sales Department |
| | June 2017 | Executive Officer, General Manager, President's Office |
| | June 2018 | Senior Executive Officer, General Manager, President's Office |
| | June 2019 | Executive Officer, General Manager, President's Office Managing Executive Officer, General Manager, Imaging Division (to present) 〔 In charge of Imaging Division and Kitakami Division General Manager, Imaging Division Deputy person in charge of German Operations 〕 |
| | Reasons for nominating as a candidate for Director | |
| | Originally from a major general trading company, he has long been involved in sales in the field of imaging business, which characterizes MPM, and has extensive knowledge not only in Japan but also in overseas markets. With the expectation that he will demonstrate his skill in marketing new products as a person who will play a key role in business operations in the age of globalization, he has thus been nominated as a candidate for Director. | |

| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 800 |
|---|--|---|
| 7 | Kazuyoshi Ando | Attendance of Board of Directors meetings 100% (10/10) |
|  (May 12, 1963) age 57 REAPPOINTMENT CANDIDATE | Profile and position in MPM | |
| | April 1986 | Joined Kanzaki Paper Manufacturing Co., Ltd. (current Oji Holdings Corporation) |
| | October 2012 | Director, Oji Imaging Media Co., Ltd. |
| | April 2014 | Vice President, Oji Papéis Especiais Ltda. |
| | April 2016 | Director, Oji Functional Materials Progressing Center Inc. |
| April 2018 | Director, Oji Imaging Media Co., Ltd. | |
| May 2019 | Advisor, MPM | |
| June 2019 | Director, Managing Executive Officer, General Manager, President's Office (to present) [In charge of President's Office, General Manager, President's Office, Director responsible for CSR] | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Kazuyoshi Ando has extensive experience in planning divisions, etc. in Oji Group, and has extensive global knowledge of the pulp and paper industry. He is expected to be an indispensable human resource to pursue the synergy effects and maximize the effects of the capital and business alliance with Oji. He has thus been nominated as a candidate for Director. | | |

| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 0 |
|--|------------------------------------|--|
| 8 | Shigeharu Sanada | |
|  (July 1, 1967) age 52 NEW CANDIDATE | Profile and position in MPM | |
| | April 1990 | Joined The Mitsubishi Bank Ltd. (current MUFG Bank Ltd. (hereinafter "MB")) |
| | May 2016 | General Manager, General Affairs Department, Mitsubishi UFJ Financial Group Inc. (hereinafter "MUFG") General Manager, General Affairs Department, MB |
| | June 2016 | Executive Officer, General Manager, General Affairs Department, MUFG Executive Officer, General Manager, General Affairs Department, MB |
| | April 2020 | Executive Officer, Headquarters counselor, MB (to present) |
| Reasons for nominating as a candidate for Director | | |
| Mr. Shigeharu Sanada has experience in business execution at a mega-bank, and is familiar with management and finance. He also has a broad network of contacts and a great insight. In order to achieve the goals of the Medium-term Management Plan and to improve the corporate value over the medium to long term, MPM expect that he will demonstrate excellent management skills in overseeing the promotion of MPM's structural reforms. He has thus been nominated as a candidate for Director. | | |

| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 0 |
|---|---|---|
| 9 | Somitsu Takehara | Attendance of Board of Directors meetings 100% (14/14) |
| Profile and position in MPM | | |
|  <p data-bbox="277 613 450 674">(April 1, 1952) age 68</p> <p data-bbox="272 707 454 757">REAPPOINTMENT CANDIDATE</p> <p data-bbox="261 790 466 840">OUTSIDE DIRECTOR CANDIDATE</p> <p data-bbox="233 873 494 922">INDEPENDENT DIRECTOR CANDIDATE</p> | January 1977 | Joined Peat Marwick Mitchell & Company |
| | December 1981 | Joined Coopers & Lybrand |
| | July 2000 | General Manager, Transaction Service Division, ChuoAoyama |
| | April 2005 | Representative Director, ZECOO Partners Inc. |
| | June 2005 | Outside Director, CDG Co., Ltd. |
| | February 2007 | Outside Director, S-Pool, Inc. |
| | June 2014 | Outside Audit & Supervisory Board Member, EDION Corporation (to present) |
| | April 2015 | Concurrently Appointed Lecturer, Graduate School of Professional Accountancy, Meiji University |
| | June 2015 | Outside Director, GENKI SUSHI Co., Ltd. (to present) |
| | June 2016 | Outside Director, MPM (to present) |
| November 2017 | Director & Chairman, ZECOO Partners Inc. (to present) | |
| October 2018 | Outside Director, Shinmei Holdings Co., Ltd. (to present) | |
| Important positions concurrently held at other companies, etc. | | |
| Representative Director, ZECOO Partners Inc. | | |
| Outside Audit & Supervisory Board Member, EDION Corporation | | |
| Outside Director, GENKI SUSHI Co., Ltd. | | |
| Outside Director, Shinmei Holdings Co., Ltd. | | |
| Reasons for nominating as a candidate for Director | | |
| <p>Mr. Somitsu Takehara has expertise in finance and accounting as a certified public accountant. He is a corporate manager of ZECOO Partners Inc., and has a wealth of experience of management consulting business and great insight into corporate management. He is expected to contribute to corporate governance reinforcement by making the most of his experience and providing advice over the overall management, MPM also has large expectations for his supervisory function for the determination of important business operations and execution from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Director.</p> | | |

| No. (Date of birth, etc.) | Name | Number of shares of MPM held..... 0 |
|--|------------------------------------|--|
| 10 | Yoshihiro Kataoka | Attendance of Board of Directors meetings 100% (10/10) |
|  <p>(July 30, 1954) age 65</p> <p>REAPPOINTMENT CANDIDATE</p> <p>OUTSIDE DIRECTOR CANDIDATE</p> <p>INDEPENDENT DIRECTOR CANDIDATE</p> | Profile and position in MPM | |
| | April 1980 | Registered as an attorney-at-law (Tokyo Bar Association) |
| | April 1983 | Hosoda and Kataoka Low Office |
| | September 1984 | Chief, Yoshihiro Kataoka Low Office |
| | June 1990 | Partner Chief, Kataoka & Kobayashi Lpc. (to present) |
| | April 2007 | Visiting Professor, Chuo Law School (to present) |
| | June 2010 | Supervisor, Comforia Residential REIT, Inc. |
| | June 2011 | Outside Audit & Supervisory Board Member, The Higo Bank, Ltd. (to present) |
| | March 2013 | Outside Audit & Supervisory Board Member, Silis Holdings Co., Ltd. (current Silis Co.) |
| | April 2014 | Outside Audit & Supervisory Board Member, Casa Inc. |
| June 2019 | Outside Director, MPM (to present) | |
| Important positions concurrently held at other companies, etc. | | |
| Partner Chief, Kataoka & Kobayashi Lpc. | | |
| Outside Audit & Supervisory Board Member, The Higo Bank, Ltd. | | |
| Visiting Professor, Chuo Law School | | |
| Reasons for nominating as a candidate for Director | | |
| Mr. Yoshihiro Kataoka has legal expertise as a lawyer and many years of experience in corporate legal affairs, and has sufficient insight to oversee corporate management. Corporate governance is expected to be strengthened through recommendations to the overall management of the Company. As an Outside Director, he is expected to play a role in determining important matters and supervising business execution from an independent position. He has thus been nominated as a candidate for Director. | | |

Notes:

1. No conflict of interests exists between MPM and each candidate.
2. Mr. Somitsu Takehara and Mr. Yoshihiro Kataoka are candidates for Outside Director.
 - (1) Limitation of Liability Agreements

MPM has entered into a Limitation of Liability Agreement with Mr. Somitsu Takehara and Mr. Yoshihiro Kataoka.

The agreements set forth provisions on limiting their liability pursuant to Article 427 Paragraph 1 of the Companies Act. Based on these agreements, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.
 - (2) Independent Director

MPM has notified the Tokyo Stock Exchange Mr. Somitsu Takehara and Mr. Yoshihiro Kataoka as Independent Directors.

(Reasons for notification as Independent Director)

Mr. Somitsu Takahara and Mr. Yoshihiro Kataoka meet the Independence Criteria of the MPM's Independent Directors. In consideration of this and the expertise that they have, MPM has appointed them as Independent Directors.
 - (3) Terms as Outside Director

Mr. Somitsu Takehara will have served as Outside Director for four (4) years, and Mr. Yoshihiro Kataoka, for one (1) year, at the close of this Ordinary General Meeting of Shareholders.

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Hiroaki Tonooka will expire as of the close of this Ordinary General Meeting of Shareholders.

Consequently, we hereby propose that one (1) Outside Audit & Supervisory Board Member be elected.

The submission of this proposal has been approved by the Audit & Supervisory Board.

The selection of the candidate is carried out according to the requirements and the nomination procedures listed in “MPM Basic Policies on Corporate Governance”(*).


(*) For your reference, the relevant provisions of “MPM Basic Policies on Corporate Governance” pertaining to Directors are listed below:

(Audit & Supervisory Board Member Qualification and Nomination Procedures)

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

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

The candidate is as follows:

| Date of birth, etc. | Name | Number of shares of MPM held |
|--|---|--|
| | Hiroaki Tonooka | 0 Attendance of Board of Directors meetings 100% (14/14) Attendance of Audit & Supervisory Board meetings 100% (12/12) |
| Profile and position in MPM | | |
|  (January 23, 1953) age 67 REAPPOINTMENT CANDIDATE OUTSIDE AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE INDEPENDENT AUDIT & SUPERVISORY BOARD MEMBER CANDIDATE | April 1976 | Joined Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company) (hereinafter “MY”) |
| | July 2005 | Director, General Manager, Group Market Planning & Research Department, MY |
| | December 2005 | Director, MY |
| | April 2006 | Director, Managing Executive Officer, MY |
| | July 2006 | Managing Executive Officer, MY |
| | April 2008 | Senior Managing Executive Officer, MY |
| | July 2012 | Deputy President, Director, MY |
| | June 2014 | Outside Audit & Supervisory Board Member, Nippon Kayaku Co., Ltd. |
| | April 2016 | Director, MY |
| | June 2016 | Advisor, MY Outside Audit & Supervisory Board Member, MPM (to present) |
| July 2016 | Director, The Kitasato Institute (to present) | |
| Important positions concurrently held at other companies, etc. | | |
| Director, The Kitasato Institute | | |
| Reasons for nominating as a candidate for Audit & Supervisory Board Member | | |
| Mr. Hiroaki Tonooka has served as Deputy President and Director of MY. He has expertise in finance and accounting and a wealth of experience of management. MPM has large expectations for his appropriate and effective audit function from an independent viewpoint as an Outside Audit & Supervisory Board Member by making the most of his experience. He has thus been nominated as a candidate for Audit & Supervisory Board Member. | | |

Notes:

1. No conflict of interests exists between MPM and Mr. Hiroaki Tonooka.
2. Mr. Hiroaki Tonooka is a candidate for Outside Audit & Supervisory Board Member.

(1) Limitation of Liability Agreements

MPM has entered into a Limitation of Liability Agreement with Mr. Hiroaki Tonooka, limiting his liability pursuant to Article 427 Paragraph 1 of the Companies Act. Based on the agreement, liability for compensation for damages under Article 423 Paragraph 1 shall be limited to 10 million yen or the minimum amount stipulated by law, whichever is greater.

(2) Independent Audit & Supervisory Board Member

MPM has notified the Tokyo Stock Exchange Mr. Hiroaki Tonooka as Independent Audit & Supervisory Board Member.

(Reasons for notification as Independent Audit & Supervisory Board Member)

Mr. Hiroaki Tonooka meets the Independence Criteria of MPM's Independent Audit & Supervisory Board Members. In consideration of it and the expertise that he has, MPM has notified him as an Independent Audit & Supervisory Board Member.

End

Appendix

(1) Analysis and Evaluation of the Effectiveness of the Board of Directors, 2019

In order to analyze and evaluate the effectiveness of the Board of Directors as a whole, MPM's Board of Directors conducted questionnaires to the Directors and Audit & Supervisory Board Members, and conducted discussions at the Board of Directors meeting based on the results. The Board of Directors will continue to improve the effectiveness of the Board of Directors by sharing its awareness of the current situation and by identifying and examining issues to improve it in the future.

The summary is as follows.

- i) The date of the analysis and evaluation of the effectiveness of the Board of Directors
 - Questionnaire conducted: December 26, 2019 - January 10, 2020
 - Discussion at Board of Directors: February 10, 2020
- ii) Questionnaire items
 - a) Composition of the Board of Directors
 - b) Management of the Board of Directors
 - c) Functions of the Board of Directors
 - d) Other recommendations for improvement
- iii) Results of analysis and evaluation of the effectiveness of the Board of Directors, 2019
 - a) Composition of Board of Directors

The current Board of Directors is composed of individuals with diverse careers and experience, and is rated as generally appropriate in terms of the number of members of the Board, the balance of its members, and the knowledge and understanding of each member. As future issues, it is necessary to secure diversity including the appointment of female directors, acquire broad knowledge across departments, and develop human resources.
 - b) Management of the Board of Directors

The frequency of holding, the time required, the management of the agenda, and status of reviews are generally rated as appropriate. Although a system for providing information is in place, such as sending materials in advance for important projects, there is a need to provide information to further deepen discussions and improve operational efficiency. Effective management of the Board of Directors is required so that there is sufficient time for discussion of important issues such as medium- to long-term management and investment strategies, as well as for follow-up on issues that have been discussed or resolved in the past.
 - c) Functions of the Board of Directors

As the alliance with the Oji Group moves forward in earnest, it is becoming more important for MPM to discuss its management strategy with an eye on investment and capital costs to improve corporate value over the medium to long term. MPM needs to build a system to further improve the effectiveness of monitoring and supervising business execution. In addition, there are other issues that the Board of Directors should continue to address, such as discussions from the perspective of ESG and external communications, discussions from the perspective of the corporate group, listening to the opinions of stakeholders such as employees, customers, and sales agents in relation to the status of IR and SR, and considering stock-based compensation for medium- to long-term incentives.
 - d) Other recommendations for improvement

While the issues identified in the previous Analysis and Evaluation of the effectiveness were generally judged to have been improved, it is necessary to continue discussions on improvements, such as the appointment of female directors and the introduction of stock-based compensation as a medium- to long-term incentive. In order to further strengthen corporate governance, there is a need to deepen discussions on management

strategy through cross-departmental exchanges of opinions that are not related to the jurisdiction of each director.

(2) Basic Policies on Corporate Governance Independence Criteria

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

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

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

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

(*3) A major business partner of MPM means a business partner that makes the payment to MPM in an amount that exceeds 5% of the consolidated net sales for MPM's most recent business year.

(*4) A major lender to MPM means a lender that is necessary and essential for MPM's financing and on which MPM relies to an irreplaceable degree.

(*5) A large amount of money or other asset means such an asset of which total value for the most recent business year of the party that receives such an asset is: (i) in the case of an individual

person, 10 million yen or more or; (ii) in the case of an organization, such as a corporation: (ii-1) in the case of a consultant, etc., 2% or more of the consolidated net sales of that organization (a law firm, etc.) or; (ii-2) in the case of donation, more than 30% of the gross annual expenses of that organization (a public-interest incorporated association, etc.).

(*6) A person who is in a significant position means: an executive director, corporate officer, executive officer, or an employee in the position of general manager or a higher senior managerial position; a certified public accountant among those who belong to an auditing firm or accounting firm; a lawyer among those who belong to a law firm or; an officer, such as a councilor, trustee or auditor among those who belong to a foundation, association, educational institution or other corporation, or any other person who can objectively and reasonably be deemed to be of the level of significance equivalent thereto.

(*7) A close relative means a spouse, or a relative within the second degree of kinship.